

# IMPACT OF CHANGES TO G.A.T.E ON THE UWI: CONSIDERATIONS FOR ENROLMENT AND FUNDING PROSPECTS

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## Acknowledgements

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## **Introduction**

Trinidad and Tobago is one of the few countries in the world that offers tuition-free tertiary level education. This is offered through a programme called GATE: Government Assistance for Tuition Expenses. The government has been providing assistance to its tertiary level education enrolled students since 2001. However, the programme has come under severe pressure due to a precipitous fall in oil price (a major source of revenue for the Government of Trinidad and Tobago). The 2017 Budget Statement presented by the Minister of Finance on 30<sup>th</sup> September 2016 indicated that following a series of public consultations, GATE has been reformulated. The following approach was announced in the Budget and would become reality for the most part in the 2017/2018 academic year.

### Financing tertiary education

- Increase in the loan ceiling for students at local institutions will be raised to \$35,000 annually while the loan ceiling for international students stays at \$75,000 from August 2016
- Government will establish a National Education Savings Fund, and will consider offering education savings bonds
- Introduction of means test for tertiary funding from the academic year 2017/2018 with relief being adjusted as follows:
  - students whose household income falls below \$10,000 per month will be eligible for 100% funding;
  - students whose household income is above \$10,000 per month students would be required to pay 25% of their tuition fees; and
  - students whose household income is above \$30,000 students would be required to pay 50% of their tuition fees.

### Funding for education programmes outside of the UWI St Augustine Campus:

- students enrolled in non-medical programmes at regional campuses of the University of the West Indies (UWI) which are offered at The UWI will only be funded at the equivalent level of funding at the St. Augustine Campus.
- students in the medical programme at St. Georges University, Grenada will no longer receive funding as it was one of the most expensive programmes and also that based on studies the enrollment figures were 'very low'.

### Accredited institutions:

- only institutions and programmes accredited by the Accreditation Council of Trinidad and Tobago (ACTT) would receive funding.

### Postgraduate programmes:

- students pursuing post-graduate programmes would be funded subject to their programmes being in alignment with the country's developmental needs.

### General:

- students would only be funded for one undergraduate programme and one post-graduate programme
- students over the age of 50 will no longer receive funding.

### **Financing tertiary education - tuition fee subsidies**

The approach articulated in the Budget Statement is intended to promote cost containment and a rationalisation of subsidies and transfers. According to the Minister of Finance, it will allow the government to reduce expenditure on the GATE programme from \$650 million in 2016 to \$600 million in 2017, with a further reduction to \$500 million in 2018. Also, in the context of global debates on whether tertiary education is a public, private or a quasi-public good, and the extent to which benefits are shared by the state, society and the individuals, it is not unreasonable for the costs to be shared. As such, the Government of the Republic of Trinidad and Tobago has (re)introduced a cost sharing approach in 2016.

It will be recalled that previously, students contributed to the cost of their education. The following are some examples of the approaches to tuition fees over the years.

#### CESS: 1990 TO 2000

In the wake of the recession in the 1980s, the Government introduced the Student CESS Act in 1989. The CESS was a 10% charge on the economic cost of attending university (Hosein and Franklin 2011, 6). The University Grants Committee (UGC) recommended that for 1996/1997, 15% of economic costs should be made up of tuition fees and in 1997/1998 a further adjustment was made by the UGC that tuition fees would be 20% of economic costs with future reviews (Downes 2013). Loans were available from the commercial banks on behalf of the Government, under the usual requirements, for any students wishing to attend university but who could not afford the tuition.

#### Dollar for Dollar 2001 to 2003

After 1998, the economic environment in Trinidad and Tobago improved, resulting in buoyant economic growth rates leading the government to make modifications to the funding of tertiary institutions. One of the outcomes was the Dollar for Dollar initiative (DfD) introduced in 2001, which represented a lump sum subsidy paid by the Government to local students enrolled at selected tertiary institutions in the country. Students applying for the DfD facility had 50% of their tuition fees covered by the state.

#### GATE: 2004 TO 2016

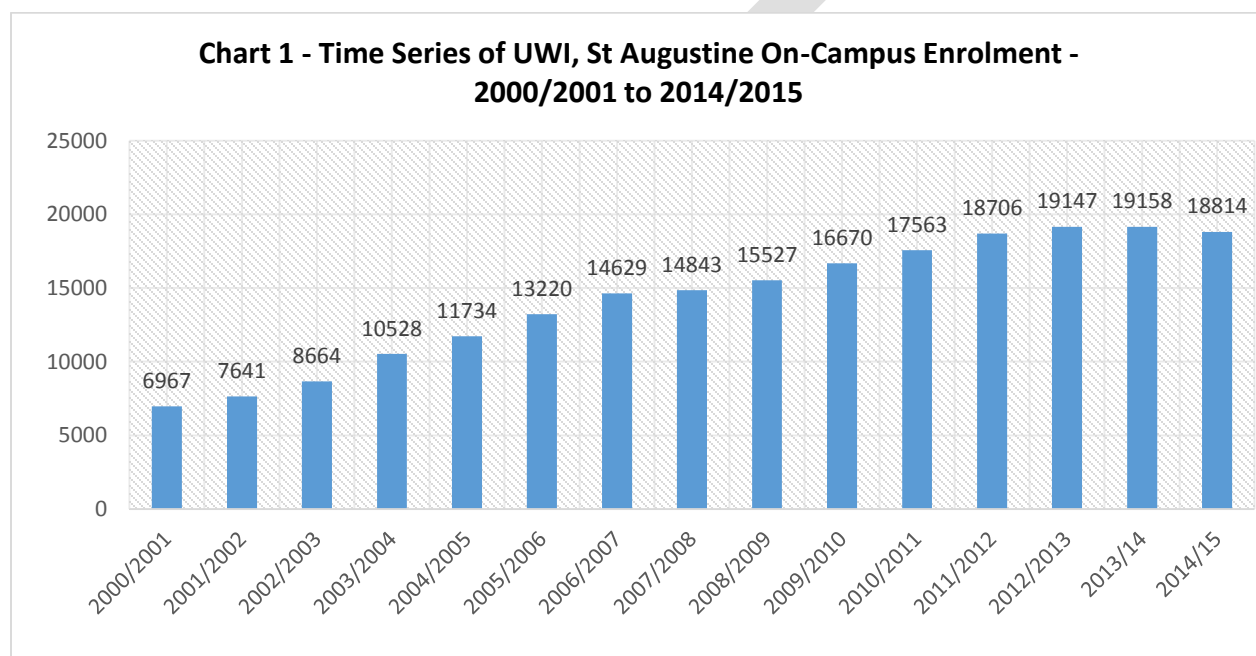
In 2004, the Government introduced the GATE programme, which not only guaranteed 50% of tuition fees but also, through a means testing approach, offered additional funding up to a maximum of full financial assistance for tuition fees to deserving applicants (Hosein and Franklin 2011, 7).

Subsequent to 2004, oil prices increased astronomically which resulted in a significant increase in revenues to the Government. This windfall from the oil positive oil price shock led the Government to introduce a modified version of the GATE programme that was introduced in 2006 (here after referred to as the Oil Windfall GATE). Oil windfall GATE financed the full cost of tertiary education for all students (Hosein and Franklin 2011, 7). However, there were certain stipulations to access oil windfall GATE namely: (i) a student had to be registered in an approved programme at an accredited institution, (ii) students had to meet the stipulated requirement for the rate of progress in that programme and required to work in Trinidad and Tobago for three years irrespective of the level of tertiary level funding received.

The government in 2006 introduced the Higher Education Loan Programme (HELP), which is special soft loan facility that funds non-tuition costs for undergraduate and postgraduate students in their various programmes at accredited TLIs.

Indeed, as the research shows, since the 1990s, there has been different methods employed in dealing with tuition payments at the tertiary level. It is clear however, that the aim of all the schemes was to promote widening of participation and equal opportunity for all, to tertiary education.

To better understand the implications of modification of GATE in 2017, it useful to examine how tuition fee subsidisation impacted enrolment and access for Trinidad and Tobago nationals over the years at the University of the West Indies (UWI). The data in Chart 1 below suggest that enrolment expanded significantly with the introduction of the DfD and subsequent GATE initiatives. Overall, there was a cumulative increase of 170%, moving from 6,967 students in 2000/2001 to 18,814 students in 2014/2015. This represents, an absolute increase of 11,847 students over a 15 year period (*see Chart 1*).



*Note due to the availability of reliable data for 2015/2016 the most recent verifiable data was used to show trends over the last fifteen years.*

### **Implications of imposition of tuition fees: The recent case of Barbados**

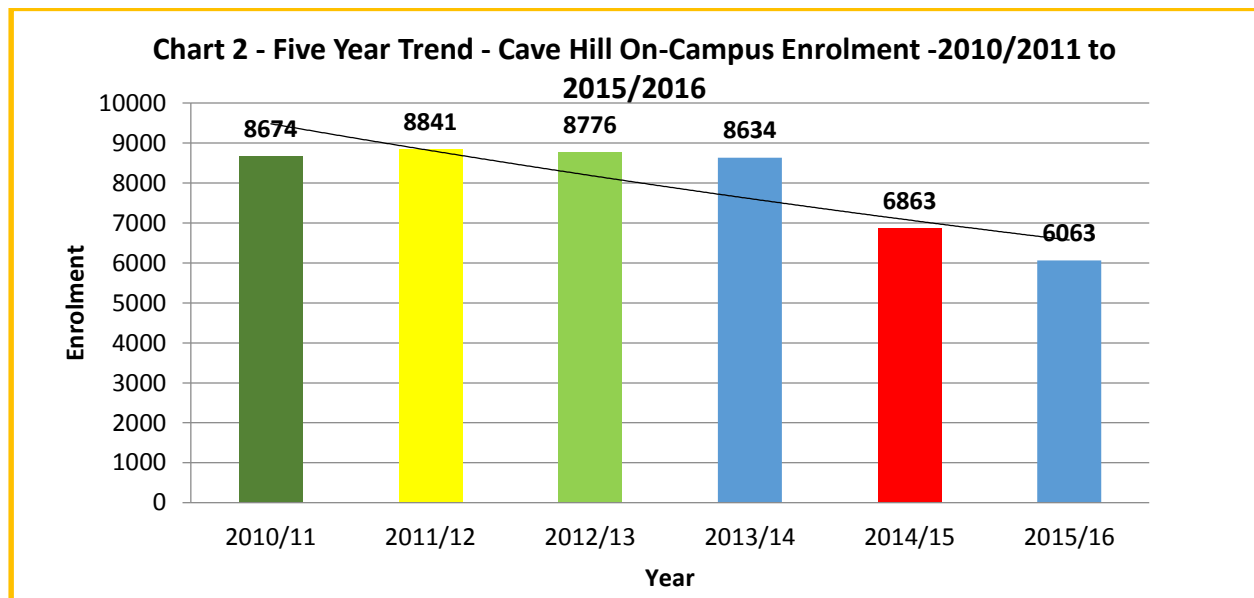
To appreciate the potential impact on enrolment in The UWI St. Augustine Campus, it is useful to look at a recent case study of a similar policy shift from no tuition payment to payment for tertiary education. The Barbados case is reviewed below. For the first time in post-Independent Barbados, Barbadians were required from 2014 to pay tuition fees to attend The UWI. This was a departure from the concept of democratisation of the society through education which served as a vehicle for the advancement of working class children in Barbados, and to some extent the Eastern Caribbean. Inevitably, the new policy impacted access to tertiary education from persons in the lower socio-economic class in society. Effective 2014 Barbadian citizens pursuing studies at campuses of the UWI were required to pay tuition fees (20% of economic cost), while the Government continued to fund 80% of economic costs.

According to the most recent scale of fees, tuition fees for undergraduate students in the Faculties of Humanities and Education, Social Sciences, and Science and Technology are BD\$5,625 for a full time student (half for part-time) and economic cost is BD\$28,125. For the Faculty of Law, tuition fees are BD\$8,808 and economic cost BD\$44,040, while for the Faculty of Medical Sciences — Clinical tuition fees

are BD\$16,618 and economic cost BD\$83,090, and for Medical Sciences — Pre-Clinical tuition fees are BD\$65,000.

Barbados also introduced a financial support assessment (means test) for undergraduates studying at the campuses of the UWI and based upon meeting the eligibility requirements; will provide full or partial support.

With the introduction of this tuition fee policy, there has been a significant decline in enrolment of approximately 30% over the first two years since its implementation. The introduction of the policy resulted in the campus devising new strategies to address the challenges to Access. One critical initiative has been the hosting of a private sector loans fair in which banking entities, credit unions and insurance companies were invited to the Campus to give students information on accessing educational loans.



**What are the possible implications of changes in oil windfall GATE on enrolment at St Augustine campus?**

While the imposition of tuition fees at Cave Hill has impacted significantly on enrolment it is not expected that this precipitous fall will happen at The UWI St. Augustine given that, the new measures to modify oil windfall GATE appears to be less harsh compared to the Barbados case. The expected introduction of tuition fees will range from 0% to 10% at St Augustine as opposed to 20% at Cave Hill. Table 1 shows the fees payable at St Augustine Campus in 2016/2017 by all students sponsored for economic cost by the governments of countries contributing to the University. As noted earlier, students who are nationals of Trinidad and Tobago would pay no tuition fees for 2016/2017 academic year. Using the tuition fees provided for St Augustine in 2016/2017, the possible cost to be borne by the student in 2017/2018 is calculated by programme using the scale provided in 2017 Budget. Table 1 below provides an indication of this.

Table 1: Indicative undergraduate tuition fees by programme at St Augustine Campus based on the 2016/2017 tuition fees				
Faculty	Tuition fees per year (TTS)	Indicative tuition fees for 2017/2018 under the new cost-sharing arrangement		
		Monthly income under \$10,000:	Monthly income \$10,000-\$20,000	Monthly income: Over \$12,000
Humanities and Education (3 years)	\$12,000	Free subject to grade requirements	\$3,000/yr	\$6,000 /yr
Social Sciences (3 years)	\$12,000		\$3,000 /yr	\$6,000/yr
Engineering (3 years)	\$18,000		\$4,500 /yr	\$9,000 /yr
Medical Sciences (5 years)				
MBBS	\$71,100		\$17,775 /yr	\$35,550 /yr
Doctor of Veterinary Medicine (DVM)/ Doctor of Dental Surgery (DDS)	\$75,000		\$18,750 /yr	\$37,500 /yr

Despite the more benign modifications to oil windfall GATE compared to the Barbados case, The UWI St. Augustine Campus should brace for some fall out. The possible impacts are:

*Institutional level:*

- Reduction in the anticipated revenues from tuition fees due to less students paying
- Increase in the economic cost per student resulting in increasing fees over time
- The need for the introduction of new financial aid or incentives and support systems
- Increase in part-time students as individuals work to finance their education which means that the institution has to put in place additional support systems for part-time students

*Individual-level:*

- Higher cost of access to tertiary education could significantly increase their debt burden.

Inequalities and access to tertiary education remains a concern given the tertiary education participation rate. In the region, only 15% of secondary graduates go on to tertiary education, which is about half the OECD average enrolment rate of 28% (ECLAC 2015, 23). At the 2015/2016 midyear budget review, the government indicated that the rate of participation in tertiary education moved from 11% in 2003 to over 55% tertiary education participation rate. Financial aid contributes to improving access thus having a positive effect on enrolment rates. The modified oil windfall GATE will possibly impact this participation rate.

**Impact on Age Profile**

The UWI student demographic profile showed that over the last four years, the age distribution of university population did not significantly change with the 55 years and over representing just over 5% of the total student population. The Budget Statement referenced that students over the age of 50 will no longer receive funding. Population data for 2015 from the UN Population Division suggests that the over 50 population is over 25% of the total population. The new measure presupposes that persons aged 50 and over form part of the economically active sub-population and as such, can afford to finance their own education. However, this group may be pursuing tertiary education for a number of reasons – a lifelong dream, an opportunity for a second or third career post-retirement (contract work), retooling, etc. As the population is living longer (an average of 70 years and over) there is also a commensurate increase in retirement age especially for economic reasons and as such, population over 50 years pursuing education can also be expected to increase. The expected impact of the modification of oil windfall GATE on this

area will be minimal, but the future prospects of persons over 50 wanting to study is where The UWI might lose some enrolment. Table 2 below provides some insights into this population.

Campus/Age Group	2010/11		2012/13		2014/15	
	Headcount	% Dist.	Headcount	% Dist.	Headcount	% Dist.
24 and under	10,094	57.5%	10,452	54.6%	9,290	49.4%
25 to 34	4,485	25.5%	5,285	27.6%	5,844	31.1%
35 to 44	1,752	10.0%	2,004	10.5%	2,210	11.7%
45 to 54	921	5.2%	1,081	5.6%	1,052	5.6%
55 and Over	311	1.8%	325	1.7%	418	2.2%
Total	17,563		19,147		18,814	

### ***A look at Means testing***

In relation to the means testing, the only information available to date is that a special team from the Ministry of Education will be identified for the management and administration of the Means Test and that students from households with income below a certain level will be eligible for full funding. Means tests increase administrative costs (overhead), due to the work of determining eligibility and verifying that the criteria is satisfied. Conversely, it may be argued that the associated administrative costs may offset the savings earned by universal programmes. Targeting aid at lower income households also entails that information has to be specifically directed by them so as not to create further inequities. This entails additional costs.

It is still unclear what percentage of the population have household incomes below the \$10, 000 per month. According to the *Trinidad Guardian* (2015:03:16), by 2012, the most up to date Continuous Sample Survey of Population (CSSP), 42.95% of the population worked for an income below the average and 8.5% of the population worked for more than twice the average income (\$4,955). The focus of the means test is on household earnings however; other proxy measures may need to be considered such as household assets to determine household welfare. Proxy measures such as household assets are important where there is a high level of informality.

Higher education also has additional costs associated with non-tuition expenses such as administrative fees. In the case of The UWI, students pay approximately TT\$1465 which includes caution money (first years students only and refundable on completion), identification card (first issue only), guild fees, a health plan, amenities fee, etc. in their first year and TT\$845 thereafter. There is also hidden costs associated with programmes/courses and living and accommodation costs for students who live either in the Halls of Residence or in off-campus accommodation. The UWI conducted a non-tuition student expense survey in November 2014 at St. Augustine campus which showed that rental and mortgage costs represented 11% of overall expenses incurred by students. Non-UWI medical expenses and food costs were 10% and 14%, respectively of overall expenses. Costs for books and stationary were also high and accounted for 20% of overall expenses, while computer software and printing supplies was 7%. In this regard, note is taken of the HELP programme that can assist with non-tuition costs.

### ***Cost-sharing strategies***

With the reduction of universal funding for tertiary education the increased loan ceiling for students studying at local institutions has increased as noted in the 2017 Budget. At the same time, concern lies with what guarantee is there that there will not be an increase in interest rates and other charges on student loans. While a well-structured student loan system can broaden access and support greater equity

in tertiary education, it imposes an additional cost on the student after graduation. This consideration is particularly important in the context of the absorptive capacity of labour markets for university graduates and potential earnings and their serving of loans. Cost-sharing mechanisms like student loans need to be seen as only part of a requirement for a comprehensive student financial support system.

### **Accredited Institutions**

The Budget presentation made certain policy statements regarding the funding of students at accredited institutions. *It should be noted that students enrolled in non-medical programmes at regional campuses of the UWI will only be funded at the equivalent level of funding at the St. Augustine Campus.* This will have implications for persons who want to study at other UWI campuses with higher cost for their programmes. The UWI might see a fall-off in Trinidadian students going to other Campuses of The UWI. This will have implications for the spirit of regionality which The UWI is trying to revitalise in its new strategic plan.

### **Conclusion**

The importance of developing a comprehensive system for funding tertiary education is critical while promoting social cohesion and equity and national and regional development. In that regard, financing mechanisms such as education savings plans, education development funds, and income contingent loans are seen as positive actions. For example, the Government recently announced that it would seek to establish a National Education Savings Fund and will encourage the private sector, via tax incentives, to make fund contributions for children of employees is seen as positive; though further details on its operationalisation is required. Issues relating to access and affordability for the 50 plus age to higher education, the student loan mechanism, the operationalising of the means test and the set of development goals used to determining funding for postgraduate programmes need to be further defined.



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