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## **Higher Education in Scotland: Exploring Funding Opportunities for Post-Secondary Learning**

### Introduction

Within the financial structure of higher education lie several avenues for partnerships in the United States, however, the varying number and types of financial resources for higher education may differ abroad. This research paper will address major aspects surrounding higher education funding issues and opportunities in Scotland as well as neighboring countries in the United Kingdom. The topic of higher education funding will first be introduced with a brief history of its origin within the Scottish culture, noting past and present funding trends within Scotland's higher education system and Scotland's growth in terms of the number of higher education institutions (HEI) it houses. The review will also highlight how funding is currently allocated and how funding considerations correspond with a student's choice of major. After taking a more in depth analytical approach into funding opportunities for Scottish students, the paper will discuss similarities and differences among government interaction in higher education between the United States and United Kingdom. Literary works will be critiqued in an effort to demonstrate different viewpoints in HE funding concerns.

### *History in Context*

Scotland, known for its scenic routes, lakes (*lochs*), and bagpipes; stretches approximately 275 miles long, 150 miles wide, is home to approximately 5 million residents, and carries with it a rich history (Porter & Prince, 2006). Sloan (1971) notes that independence was for a long time, the very reason for many of Scotland's battles and the thought of having its own freedom from England was enough to fill the hearts and spirits of the Scots. The Union of Scotland and England in 1707 brought with it the economic opportunity to trade abroad, thus forming an alternative solution to chronic poverty in Scotland (Sloan, 1971). The union also left several areas under the rule of Scotland without English influence. These areas included law, the Church, and the education system (Cowper & Neave, 1979).

In regards to higher education in Scotland, Cowper and Neave (1979) noted that institutions of higher learning date back as early as the 14<sup>th</sup> century. During the 1960s, it was reported that there were a total of four universities in Scotland: the University of Aberdeen, the University of Glasgow, the University of St. Andrew's, and the University of Edinburgh (Cowper & Neave, 1979). Today, there are 13 universities in Scotland, six colleges in higher education, three colleges of education, and the Open University in Scotland ([sfc.ac.uk](http://sfc.ac.uk), 23 June. 2006).

Higher education in Scotland is quite unique in that access to higher education has always been easier in Scotland than in England (Cowper & Neave, 1979). In fact, Cowper and Neave (1979), suggested that one Scottish person out of a thousand was a

university student during the 19<sup>th</sup> century. Cowper and Neave (1979) also suggested that Scotland's higher education system is unique in that most Scottish students live off-campus and commute approximately 30 to 40 miles to campus. Perhaps the most significant historical element in higher education for Scotland is that traditionally, Scotland's educational system reached all classes of society, not just privileged residents (Sloan, 1971). Lower class and middle-class parents alike would send their children to be taught with their more affluent counterparts, thus Scotland's higher education system serves as a means of supplying skilled and talented students into the workforce (Sloan, 1971). In regards to diversity, there were no barriers to education in terms of ethnicity or religion. The only barrier to education was gender until the late 1890s when women were allowed to matriculate into college (L. Richmond, personal communication, July 19, 2006).

### Current Trends

According to Gill Troup, Head of Higher Education and Science with the Scottish Executive (Scottish Government System), some of the challenges currently facing Scotland include a low labor market for 16-24 year olds, an unemployment / uneducated rate of nearly 14 percent for 16-24 year olds, low business start-up for the country, and a declining population (G. Troup, personal communication, July 18, 2006). For Scotland's higher education system, this suggests that colleges will need to find alternative ways to reach current and prospective students as well as potential employers in order to grow Scotland's economy. Today, the most popular major for many Scottish students is business administration. Other popular majors include engineering, social studies, and law (J. Alexander, personal communication, July 19, 2006). Also increasingly popular are Further Education Colleges (FE colleges), which are similar to community colleges in the United States. At FE colleges, students focus on vocational skills and trades that are in high demand. These colleges were also created to meet the demands of having a more technology-based society and are often recognized as a link between secondary schools and higher education institutions in Scotland (Cowper & Pickard, 1981). During the 1980s, enrollment rates of full-time students in Scotland were relatively low. According to Cowper and Pickard (1981), in comparison with the United States, full-time enrollment rates for 15-19 year-old youths were 77 percent for the U.S. and 48 percent for Scotland, thus FE colleges served as an alternative option for students wanting to gain a hands-on approach to education. In summary, a traditional pattern in Scotland's history and culture continues to shape its higher education system today.

### *Funding Opportunities*

Higher education funding options vary throughout Scotland. In regards to research funding, three primary sources of income provide funding for Scotland's institutions of higher learning: OST (the UK Department of Trade and Industry's Office of Science and Technology), SFC (Scottish Funding Council), and charitable research donors. With OST, funding is granted for particular research projects and post-graduate research work throughout the United Kingdom. However, the Scottish Funding Council only administers research aid to Scotland's colleges and universities ([www.sfc.ac.uk](http://www.sfc.ac.uk), 23

June, 2006). Private charitable donors usually have a set agenda for a particular project and fund schools on specific terms.

In regards to student funding in Scotland, otherwise known as *student financial aid* in the United States, the two primary contributors to funding are the Student Awards Agency for Scotland (SAAS), and the SFC. Though both provide a variety of funding options for Scottish students, the two centers are quite different with their approach. The SAAS, United Kingdom's largest awards processing body, has a mission to provide support for eligible Scottish students in higher education by maintaining educational endowments, graduate endowments, childcare funds, hardship funds, and student loans for every Scottish university and college ([www.student-support-saas.gov.uk](http://www.student-support-saas.gov.uk), 23 June 2006). Agency goals for the 2006-2007 academic term include having installments of bursary or supplementary grants made payable at the start of the first term and paying tuition fees directly to the institution on the student's behalf ([student-support-saas.gov.uk](http://student-support-saas.gov.uk), 23 June 2006).

SAAS support is available to any Scottish or European Union (EU) student entering a higher education course. Scottish and EU students are also entitled to free tuition up to £1,200 and pay a small portion back in the form of a graduate endowment based on parental income and time of matriculation. ([student-support-saas.gov.uk](http://student-support-saas.gov.uk), 23 June 2006). The current endowment rate for 2005-2006 is £2,216 ([www.registry.ed.ac.uk](http://www.registry.ed.ac.uk), 20 July, 2006). Also available to Scottish students is the Young Students' Bursary and additional loans for living expenses. The Young Students' Bursary, similar to the Federal *Pell Grant* in the United States, allows Scottish students from low-income families to receive up to £2,455 (4,665 US dollars) for living expenses ([student-support-saas.gov.uk](http://student-support-saas.gov.uk), 23 June 2006). This grant does not have to be repaid. Other significant information includes a cap on total family income of approximately £31,000 and an age older than 25, which will make any Scottish student ineligible for the Young Students' Bursary award ([student-support-saas.gov.uk](http://student-support-saas.gov.uk), 23 June 2006). For international students, additional loans are available depending on the type of major and number of courses taken. For U.S. citizens, a Stafford loan can be awarded for study at an institution located in the United Kingdom, providing the host institution adheres to the rules and regulations of the U.S. government in regards to the award (C. Lowther, personal communication, July 19, 2006). Scottish and EU students are also entitled to apply for loans with the current loan award system. If any Scottish or EU student makes less than £12,000 annual income after graduation, the loan amount is deferred. If the student continues to make less than £12,000 after a period of 25 years, the loan repayment amount is forgiven (C. Lowther, personal communication, July 19, 2006).

In reference to the social economic status of students who apply for funding, a similar formula for calculating student financial aid in the United States applies to the United Kingdom. Low-income families (£16,000 - £20,000) have a parent contribution (otherwise known as *expected family contribution* or EFC in the US) of zero ([student-support-saas.gov.uk](http://student-support-saas.gov.uk), 23 June 2006). The parent contribution rate increases as the total family income increases. Likewise, bursary amounts decrease as the parent contribution / total family income amount increases.

Other sources of funding such as hardship funds, childcare funds, and travel funds, are administered by the government to each Scottish college in an effort to help defray the cost of some services that low-income students would otherwise not be able to

afford ([www.caledonian.ac.uk](http://www.caledonian.ac.uk), 20 July. 2006). Each college is allotted a certain amount of funding in which their student services office uses a specific formula to decide how much funding is awarded to each student on the basis of financial need. In order to be considered for a hardship fund; each student must apply with their individual institution ([www.caledonian.ac.uk](http://www.caledonian.ac.uk), 20 July. 2006). Although these funds are administered by the Scottish Parliament, the funds are considered private as the college is the ultimate deciding factor in how much hardship funding, if any, is awarded to a student.

In comparison to the award, grant, and loan opportunities from the SAAS, the United States continues to fund programs such as Federal Work-Study (FWS), Federal Perkins Loan, and the Federal Pell Grant (*U.S. Department of Education Annual Report-2005*, [www.ed.gov](http://www.ed.gov), 23 June 2006). The Pell Grant in particular held a maximum award of 4,050 dollars (£2,132) in 2005 ([ed.gov](http://ed.gov), 23 June 2006). In regards to loans, each U.S. student is required to start repayment of a loan six months after graduation. If there is a case of hardship, each case will be heard individually and the loan may be deferred for a period of time, however, it will not be forgiven ([ed.gov](http://ed.gov), 23 June 2006). It is not difficult to pinpoint the similarities and differences between the two nations although many will argue that an education in Scotland, financially, is much easier to obtain than in the United States.

### *Financial Perspective*

The Scottish Funding Council is much different from most funding agencies in that they provide funding to increase and promote healthy development within Scotland's institutions of higher learning. Established in 2005, SFC provides funding for 43 colleges and 20 higher education institutions in Scotland ([sfc.ac.uk](http://sfc.ac.uk), 23 June. 2006). In recent years, the council has provided over £1.3 billion in support for teaching, research, and facility restoration ([sfc.ac.uk](http://sfc.ac.uk), 23 June. 2006). Funding considerations before and after the creation of SFC consist of research grants, tuition fees, endowments, and council grants (*SFC Financial Statistical Bulletin 3/2004*, [www.sfc.ac.uk](http://www.sfc.ac.uk), 23 June. 2006). With a combined higher education income of £1,722 million in 2002-03, funding council grants made up 41.2 percent of the overall income in Scotland's colleges while research grants came in second with 19.8 percent and tuition fees came in third with 19.4 percent of the total higher education income in Scotland (*SFC Financial Statistical Bulletin 3/2004*, [www.sfc.ac.uk](http://www.sfc.ac.uk), 23 June. 2006).

To better understand the impact that these funds bring to each Scottish university, the *SFC Financial Statistical Bulletin* (2003) reported that within the total percentage of income, the University of Edinburgh received 35.2 percent in funding council grants and 13.7 percent in tuition fees; Glasgow Caledonian University received 51.8 percent in grants and 15.9 percent in tuition fees; the University of Glasgow reported 40.6 percent in grants and 13.5 percent in tuition fees; Napier University with 50.3 percent in grants and 32.2 percent in tuition fees, and the University of St. Andrews received a total of 36.7 percent in funding council grants while maintaining 20.8 percent in tuition fees ([www.sfc.ac.uk](http://www.sfc.ac.uk), 23 June. 2006).

Although the data represents a small sample size in terms of institutions, the findings represent how essential the Scottish Funding Council is to Scotland's higher education sector. Although it is not specified in the literature, variations in the amount of funding for research grants and tuition fees may be influenced by strong academic

programs or the public/private status of the institution. In reference to income by research grants, the majority of Scottish colleges report that biological and health related fields produce the most income, but, not far behind is engineering technology and mathematics (*SFC Financial Statistical Bulletin 3/2004*, [www.sfc.ac.uk](http://www.sfc.ac.uk), 23 June. 2006).

#### *Napier University*

With approximately 13,000 students, Napier University is known for its vocational studies with an emphasis on business and industry. The university also works closely with poorer communities throughout Edinburgh to recruit first generation students. Tuition fees vary according to a student's major and residency, but standard fees for full-time Scottish or EU students entering postgraduate studies is approximately £3,085 and the fee amount varies for international students; ranging from £8,000 to £10,000 ([www.napier.ac.uk](http://www.napier.ac.uk), 14 June. 2006). Undergraduate fees for Scottish and EU students are based on SAAS standards. Private funding opportunities include childcare funds, hardship funds, scholarships, and studentships; otherwise known as assistantships in the United States ([www.napier.ac.uk](http://www.napier.ac.uk), 14 June. 2006).

#### *University of Edinburgh*

Founded in 1583, the University of Edinburgh is known for its research facilities. With over 24,000 students coming from 140 countries around the world, the university prides itself on its rich history and closeness to the capital city of Scotland. In regards to tuition fees, Scottish and EU students pay approximately £1,100 annually while international students pay approximately £11,000 a year ([www.registry.ed.ac.uk](http://www.registry.ed.ac.uk), 20 July. 2006). According to Ms. Rio Watt, Director of the Registry for the University of Edinburgh, private funding sources include hardship funds, alumni donations, private charities, and scholarships (R. Watt, personal communication, July 24, 2006). The University of Edinburgh plans to build more funding partnerships through alumni support in the future.

#### *Glasgow Caledonian University*

Originating back to 1875 with the Glasgow and West of Scotland College of Domestic Science, Glasgow Caledonian University received its institutional title in 1993 with the merge of Queen's College and Glasgow Polytechnic College (Thompson & McCallum, 1998). With over 10,000 students, Glasgow Caledonian University focuses on vocational education with a hands-on approach. In regards to private funding; hardship funds, part-time post-graduate endowments, and scholarships are all included under student funding services at the university (J. Dawson, personal communication, July 19, 2006). Tuition fees vary according to a student's major and residential status (Scottish, EU, or International). Average tuition fees for a Scottish or EU student is approximately £3,000 and £10,000 for international students ([www.caledonian.ac.uk](http://www.caledonian.ac.uk), 20 July. 2006).

#### *University of Glasgow*

Founded in 1451, the University of Glasgow is the second oldest University in Scotland. The university is known for its efforts in research, enterprise, and student debates. Private funding for the university includes work assistance, endowments from private donors, and student hardship funds (J. Alexander, personal communication, July

19, 2006). Current tuition fee rates for Scottish and EU students are £3,000 per year and approximately £8,500 per year for international students (www.gla.ac.uk, 20 July, 2006).  
*University of St. Andrews*

Known throughout the United Kingdom as the oldest university in Scotland, the University of St. Andrews was recognized by the Pope as an institution of higher learning in 1413 and was famous for its studies in religion (D. Corner, personal communication, July 21, 2006). According to David Corner, Deputy Principal for St. Andrews, the student body consists of approximately 5,000 undergraduates and 2,000 post-graduate students with roughly 30 percent coming from Scotland, 30 percent coming from other EU countries, and 30 percent international; representing nearly 97 countries outside of Europe (D. Corner, personal communication, July 21, 2006).

In regards to funding, current EU and Scottish students pay approximately £3,000 in tuition fees while international students pay £15,000 (www.st-andrews.ac.uk, 20 July, 2006). For private funds, Mr. Corner notes that the university awards hardship funds, charitable funds from private donors, student endowments, scholarships, and “ransom studentships” in which partners throughout Europe and abroad will sponsor a student’s educational efforts based on certain criteria such as nationality and state of residency (U.S.) (D. Corner, personal communication, July 21, 2006).

#### *Government Influence*

Universities in Scotland are seen as *autonomous bodies* in that each institution works independently in their own private manner with little influence by the government, but, each institution is provided public funds from the Scottish Parliament. In comparison, the United States requires that each U.S. institution receiving public or federal funding to follow the rules and regulations administered by the Department of Education (www.ed.gov, 23 June, 2006).

According to Dr. Bruce Nelson from the University of Edinburgh, funding was first introduced in the United Kingdom in 1919 following World War I and was administered by the University Grants Committee (B. Nelson, personal communication, July 25, 2006). In 1997, the government introduced student loans with a maximum amount of £4,000 as well as the graduate endowment; a payment made upfront shortly after graduation. If a student came from a low-income family, the endowment was waived. In 1997, the endowment rate stood at £1,250 and rose to £2,145 in 1999 (B. Nelson, personal communication, July 25, 2006). In 1999, the Scottish Parliament issued free tuition to Scottish and EU students, but left other students in the UK paying tuition fees, which started a political debate in the United Kingdom (B. Nelson, personal communication, July 25, 2006).

The debate over tuition fees is still prevalent today as the Higher Education Act was introduced in 2004, which allowed colleges to collect top-up fees in England and Northern Ireland of up to £3,000 starting during the 2006-2007 academic year (MacDonell, 2006). MacDonell (2006) also notes that this change in funding will affect Scottish universities greatly in that English universities would have a greater income from the top-up fees that could be used to upgrade university research/lab facilities, while Scottish universities would lack the extra funding, thus losing faculty members to their English counterparts. The benefits of having advanced technology would persuade professors and scientists at Scottish universities to move to universities in England and

Northern Ireland, thus depriving the students in Scotland of a quality education (MacDonell, 2006).

Though the tuition fee debate (which does not include room and board) continues to be on the minds of every Scottish student, the Scottish Parliament is considering different methods to provide a quality education at a low cost. It may be that Scotland will do as their English counterparts did and introduce top-up fees, but the issue is still up for debate. What is certain is that Scotland is moving towards an economic based approach to higher education (Alexander, 2000). Alexander (2000) adopts this approach from the United States higher education model where a link between higher education and governmental influence exists primarily to devise a way to stretch public funding in order to serve more students as well as gain a profit in return (Alexander, 2000). The end result, however, is that yes, more students are reached, but each student receives less funding for education.

### Implications for Future Research

There is no question that higher education funding options continue to play a vital role in Scotland's higher education system. Although literature supports the government's efforts to support education, current information is needed in order to understand a society's need for educators as well as a student's need for funding. Future research in how the Scottish Parliament's new plan for funding will affect Scotland's colleges and universities may bring some insight to higher education administrators who wish to obtain funding stability for their respective institutions of higher learning. Current research on each university's private endowment or scholarship opportunities would also bring some insight into how much funding is available per student for each university.

Also significant is the voice of the student. Little research suggests that the interests of the students are considered when debating over the issue of increasing student fees. Research on the economic outlook of student attendance and retention may bring a different perspective to how funding affects higher education in Scotland and abroad.

In conclusion, it is important to remember that financial affairs and funding brings with it both positive and negative aspects to higher education and it is with careful consideration of both parties; administrators and students alike, that a consensus can be obtained.

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