

Executive Summary

Since September 2013 higher education students in Estonia can apply for needs-based student allowance, which replaced the previous system, where student support was mostly based only on merit. The new system increased the amounts of support given as well as changed the criteria of application. Although around 30% of the students who started their studies in 2013/2014 or later were expected to receive needs-based allowance, in reality the share of students applying as well as receiving the new support remained considerably lower. To find out possible reasons why many students have not yet applied for needs-based student support, the Ministry of Education and Research ordered the current study to explore students' knowledge, awareness and assessments about the new student support system.

For these reasons, a web-based quantitative survey was carried out among students in Estonian higher education institutions who had enrolled in study year 2013/2014 or later and who studied at Bachelor's, Master's, integrated Bachelor's and Master's, or professional higher education level. In total, 3,706 students participated in the survey from 22 different higher education institutions (the average response rate was 15%). Based on the results of the student survey, three focus group interviews were carried out with a total of 12 students in order to explore some of the results in more depth.

The main findings of the study:

- **Needs-based student allowance is considered to be very important.** Almost all students who participated in the study found that needs-based allowance is necessary to support the student subsistence. In addition, respondents found that the allowance helps students to study full-time, graduate in nominal time and commit to studying instead of working. Many pointed out that it helps to avoid dropping out. Opinions differ when it comes to discussing the effect of needs-based allowance on applying for higher education – some say the allowance motivates it, some say it does not.
- **The necessity for needs-based allowance is assessed as high among students.** Students quite unanimously find that the needs-based allowance is for those whose family is not able to support them enough financially and who otherwise would not be able to obtain higher education, those whose other income is very small or non-existent or those whose income is not sufficient to successfully complete their studies. It is important to note that more than half of the students believe that many of their fellow students need needs-based allowance. In addition, a small, but significant share of the students find that they have a greater right for the allowance due to their economic situation compared to other students. It is an interesting paradox that among students who have benefitted from the needs-based allowance, there is still a significant proportion (about a quarter) of those who think that they do not have a greater right for it compared to fellow students. On the other hand, some students perceive that they have a right for the allowance, but for some reason so far have not applied for it. The student's own subjective assessment of their right for the allowance could be one of the possible reasons why some students fail to apply for the allowance, despite having the chance to benefit from it.
- **The application process for the needs-based allowance is considered to be clear, understandable and easy and it is generally thought that it does not take much bother.** Those few students who failed to finish the application process clarified it by saying that the process was incomprehensible, too time-consuming and technically complex and sometimes they mentioned that there was a technical error in the system. However, it is important to note that a number of students do not know that the application process is electronic and result checking is

automatic and that except for special circumstances there is no need to deal with a wide variety of papers.

- **Needs-based student allowance is most often applied for to ensure economic subsistence, to gain additional income and to avoid the need of finding employment during the studies.** First degree students, students who are not employed, students whose income depends on the allowance and/or the loan and students who evaluate their economic situation as bad or as rather bad apply for the allowance in order to ensure their economic subsistence the most. Postgraduates, full-time employed students and students who evaluate their economic situation as good or as rather good apply for the allowance in order to gain additional support. Undergraduate students, students up to the age of 24 and students who are not employed apply for the allowance in order to avoid the need of finding employment during the studies. While the goal of the needs-based student allowance was to ensure that the students who do not want to work during their studies would not need to do it, the allowance has to some extent achieved its objective. This is because one of the main reasons why the students who do not work applied for the allowance was so that they would not have to find employment and among the recipients of the allowance there are many students with the same reason of application.
- **Students with low incomes and students who consider their economic situation as poor apply for the needs-based student allowance the most and students who get their main income from their parents apply for the needs-based student allowance the least.** The study showed that the student's higher education entrance year, academic degree, nationality, income, evaluation of the economic situation, the main source of income, family status were all linked to the likelihood of applying for the allowance. In particular, students who entered the higher education in the academic year 2013/2014, Bachelor or applied higher education students, students with low incomes and students who consider their economic situation as poor have applied for the needs-based student allowance the most. Students whose income depends on the allowance and/or the loan have most likely applied for the needs-based student allowance, followed by the students who are employed and thereafter students who are reliant on their parents or family.
- **The main reasons why students do not apply for the needs-based allowance are the perceptions that they have no right for it, that they would not get it and that they will not need it.** All students who did not apply for the allowance thought that they had no right for it. Students who are 25 years of age and older, students who work full-time while studying and who are dependent on the salary, students who rely on the support from family/parents and students who evaluate their economic situation as good or as rather good did not feel the need to apply for the allowance. It is important to note that while students with higher incomes and perceived better economic situation find more frequently that they do not need the allowance, students with a lower income and perceived worse economic situation find that they do not have the right to apply for the allowance. Thus, for some reason many students who have the right to apply for the needs-based student allowance believe that they have no right to apply for it. This misconception may have been caused by the prejudices and attitudes and students' subjective perception of their rights. In addition, students living in poor economic situations may have parents with high incomes who prevent the student from applying for the allowance, but who in reality do not support the student.
- **Significant share of students find the conditions for allowance unfair and think that it does not reach those who really need it.** It is noteworthy that both the students who have benefitted from the allowance and those who have not applied for it find the conditions unfair. Free-form

answers from the web survey and focus group interviews revealed that the main thing considered unfair by the students was the fact that their income until the age of 25 is taken together with the income of their parents. It is particularly disturbing that the current system does not take into account the actual situation of the student – are the parents in reality supporting the student and what are the actual study-related expenses. For example, whether the student is living in the parental home or alone, whether the student studies in his hometown university or the student has moved elsewhere. These factors affect the expenses of the student and therefore the expenses can vary greatly.

- **Consequently, half of the respondents find that the allowance does not reach those who need it.** Many situations were described where some students were benefiting from the allowances based on the official information although they did not really need it. For example, in the case where one of the parents works abroad and the parent's revenues are not included in the Estonian registers. On the other hand, there are students who have been deprived of the allowance even though they need it. For example, in the case where parents have high incomes, but they do not support their children. Since similar situations were often cited in the survey, there is reason to believe that as a result of such stories many students have formed certain prejudices and attitudes towards needs-based allowances which affects the above-mentioned perception of rights. Students, who see that fellow students, who are financially less well-off than themselves, are deprived of the allowance, will not apply for it, because they may feel that there is no chance for them of getting it.
- **Although the majority of students evaluate their knowledge about the needs-based student allowance as good, there is still much widespread misconception and ignorance about the conditions for application among both the applicants and recipients of the allowance.** Approximately one-third of the students assess their knowledge about the allowance as poor. Many of them are postgraduates and/or students with the higher education entrance in 2014/2015, therefore more outreach work should be done among them. Although the majority of students think that allowance application terms are clear and understandable, in reality there are also many misconceptions spreading among the students. The web survey showed that a large number of students cannot answer many allowance-related questions. The least known information was when to apply for the allowance (during the semester), where to do it (only on the website eesti.ee), who has a right to apply for it (all students who entered higher education in the year 2014/2015 or later) and by what criteria the applications are evaluated (income from the last calendar year). Poor results in the survey were not peculiar only to the students who have not applied for the allowance, but also to students who have benefitted from the allowance.
- **The most used sources of information were the websites of higher education institutions and the website eesti.ee, but the most useful in terms of information was the Estonian Ministry of Education and Research website.** The main sources of information that the students use to find information about the needs-based student allowance are the eesti.ee website, website of the higher education institution, fellow students, Study Information System, higher education institution, Estonian Ministry of Education and Research website and independent inquiry. Both the students who applied for the allowance and the students who did not used the Study Information System and information channels of the higher education institutions. Students who applied for the allowance searched for information considerably more from eesti.ee website, Estonian Ministry of Education and Research website and used independent inquiry.

Policy recommendations in order to increase the applicant numbers of the needs-based student allowance:

- **Promoting activities for the needs-based student allowance need to focus more on transforming prejudices and attitudes that have spread in the student society.** Since the higher education institutions and fellow students are important primary information channels on the needs-based student allowances, the promoting activities should target the employees of the higher education institutions, tutors, mentors, student representatives and other so-called first-hand sources, who come into contact with students on a daily basis and thus have an important effect on the formation of their prejudices and attitudes. In addition, this would improve the quality of the information reaching the potential applicants. Promoting activities (campaigns) should be focused more on shaping the attitudes and prejudices of the students.
- **Promoting activities should focus more on directing students to the eesti.ee website so that they can easily try out whether they meet the requirements for the allowance or not.** Since the survey revealed that many students who evaluate their economic situation as poor have not applied for the needs-based allowance because they think they have no right to apply for it or that they will not meet the criteria to get it, it is important to explain the students that they can easily try out whether they meet the criteria or not on the eesti.ee website instead of not applying due to prejudices.
- **All frequently used information channels (higher education institution websites, Study Information System, eesti.ee website) should have as high-quality information available as the Estonian Ministry of Education and Research website.**
- **Students should be better provided with the information that they can apply for the needs-based student allowance during the whole semester and that they can apply for it only through the eesti.ee website.** In addition, the criteria for the allowance needs to be explained more (previous calendar year income). Results of the study showed that while the vast majority of students assess their knowledge on the needs-based student allowance as good there is a lot of misconception and ignorance, students are least familiar with the previously mentioned conditions.
- **More promotion activities should be done towards the postgraduates and students who entered higher education from the 2014/2015 academic year onwards.** Results of the survey indicated that the above-mentioned students have the worst knowledge about the needs-based student allowance criteria, although some of them need the allowance.
- **For the further development of the student support system it is important to identify the difference between official income of student's family (register data used to identify student's financial situation) and the real economic situation of the student (if the family income actually reaches the student).** It is necessary to address the question of whether and how to determine and take into account the actual financial needs of the student in the provision of needs-based support.