

The public student support system in Germany

Features, achievements, challenges

Warsaw, June 18th 2019
Dr. Christoph Gwosć

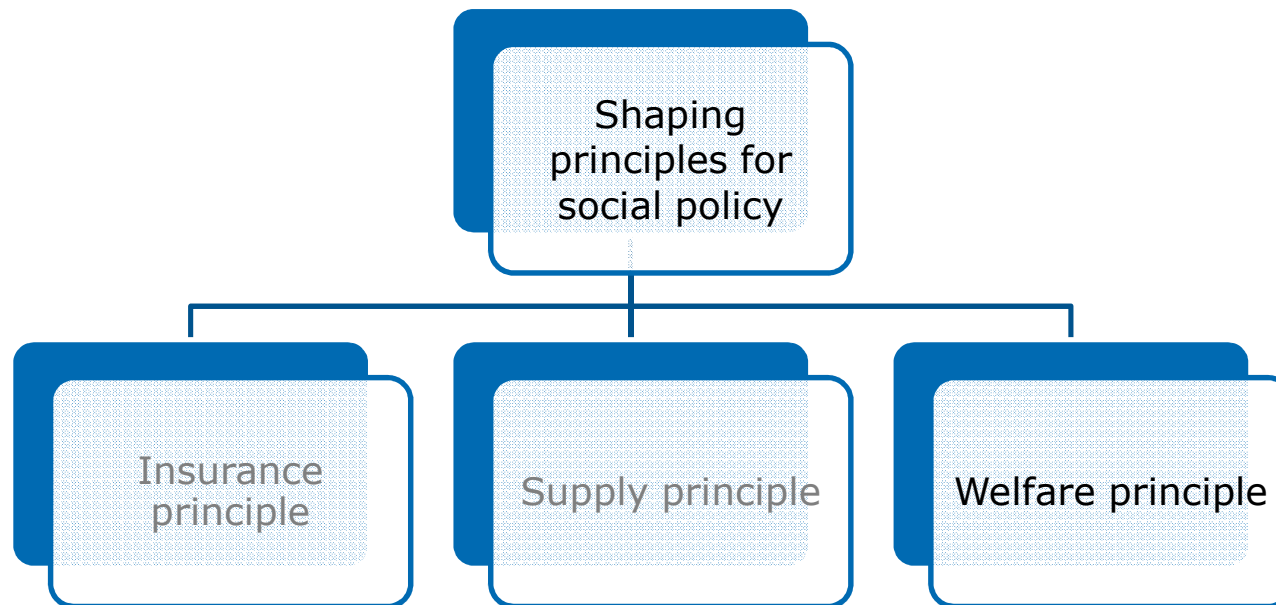
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- II. BAföG as main instrument of public student support
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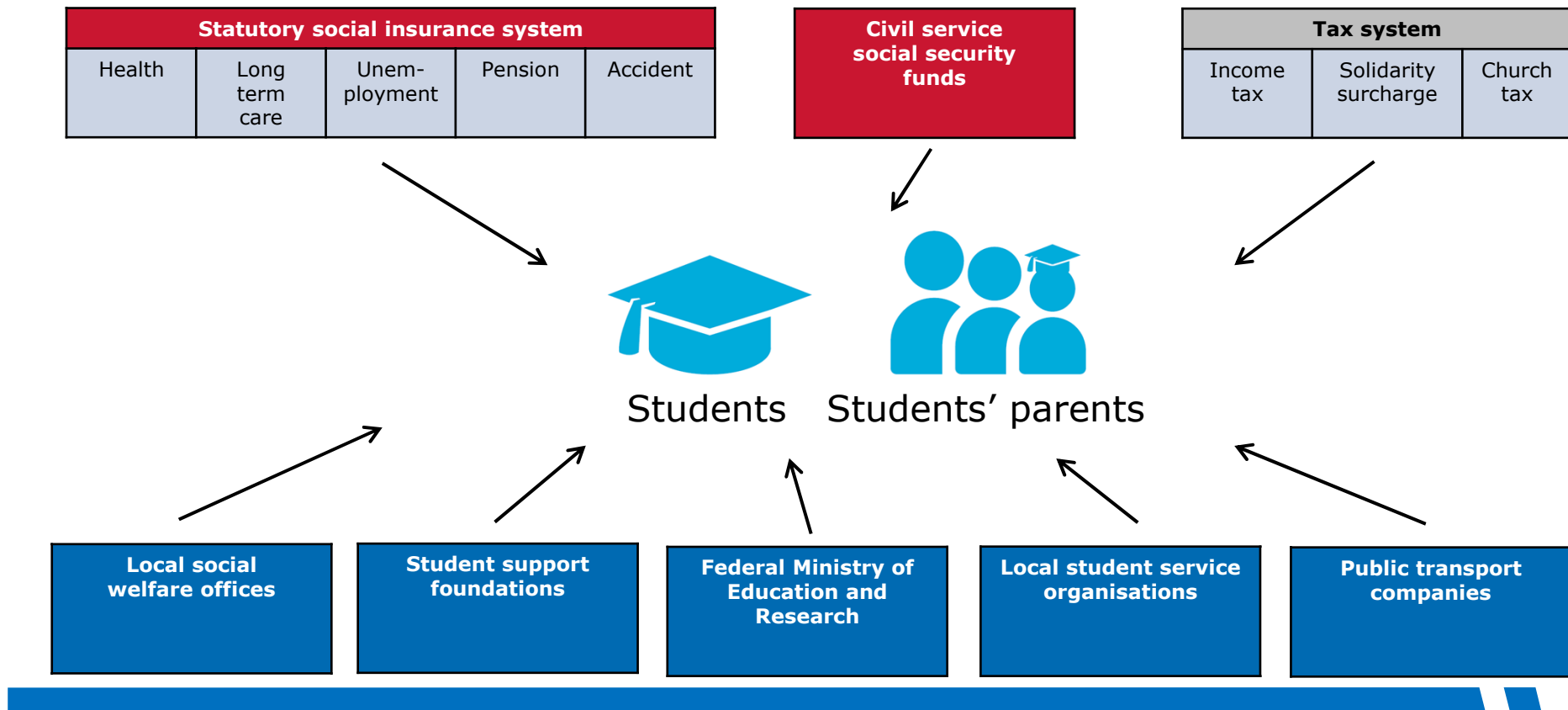
The social principle and public student support in Germany



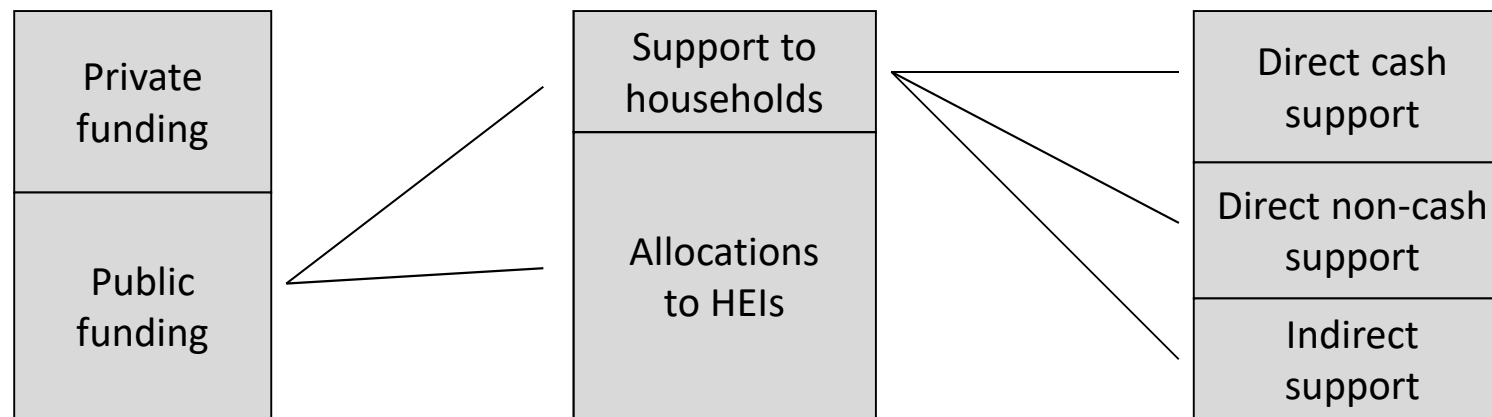
Public student support according to the welfare principle

- Public support is tied to special indigence
- Recipients have to demonstrate their neediness
- Support is (mainly) geared towards rather small low-income groups

Institutions/organisations involved in public student support in Germany



Perspective for empirical macro level analysis of the student support system



Public expenditure on higher education, 2004

Category	Total in 1,000 Euro	Share of total in %
Teaching allocations	9,888,680	58.493
Direct support (cash)		
Grants from student support system (<i>BAföG</i>)	760,115	4.496
Scholarships from various foundations	92,043	0.544
Orphans' pensions from statutory pension insurance, statutory accident insurance, and civil service social security funds	165,999	0.982
General housing benefits	66,484	0.393
Unemployment benefits (<i>Arbeitslosengeld</i>)	1,706	0.010
Subsidies on interest for public loans (<i>BAföG</i>)	89,103	0.527
Intended cancellation of public debt (<i>BAföG</i>)	99,670	0.590
Unintended default of public debt (<i>BAföG</i>)	20,931	0.124
Total of direct support (cash)	1,296,051	7.666

Public expenditure on higher education, 2004

Category	Total in 1,000 Euro	Share of total in %
Direct support (non-cash)		
Benefits from non-contributory statutory health insurance	1,225,788	7.251
Benefits from reduced contribution to statutory health insurance	384,857	2.276
Benefits from non-contributory statutory long term care insurance	152,443	0.902
Benefits from reduced contribution to statutory long term care insurance	34,965	0.207
Subsidies for facilities	667,587	3.949
Subsidies for transportation	130,994	0.775
Total of direct support (non-cash)	2,596,634	15.359

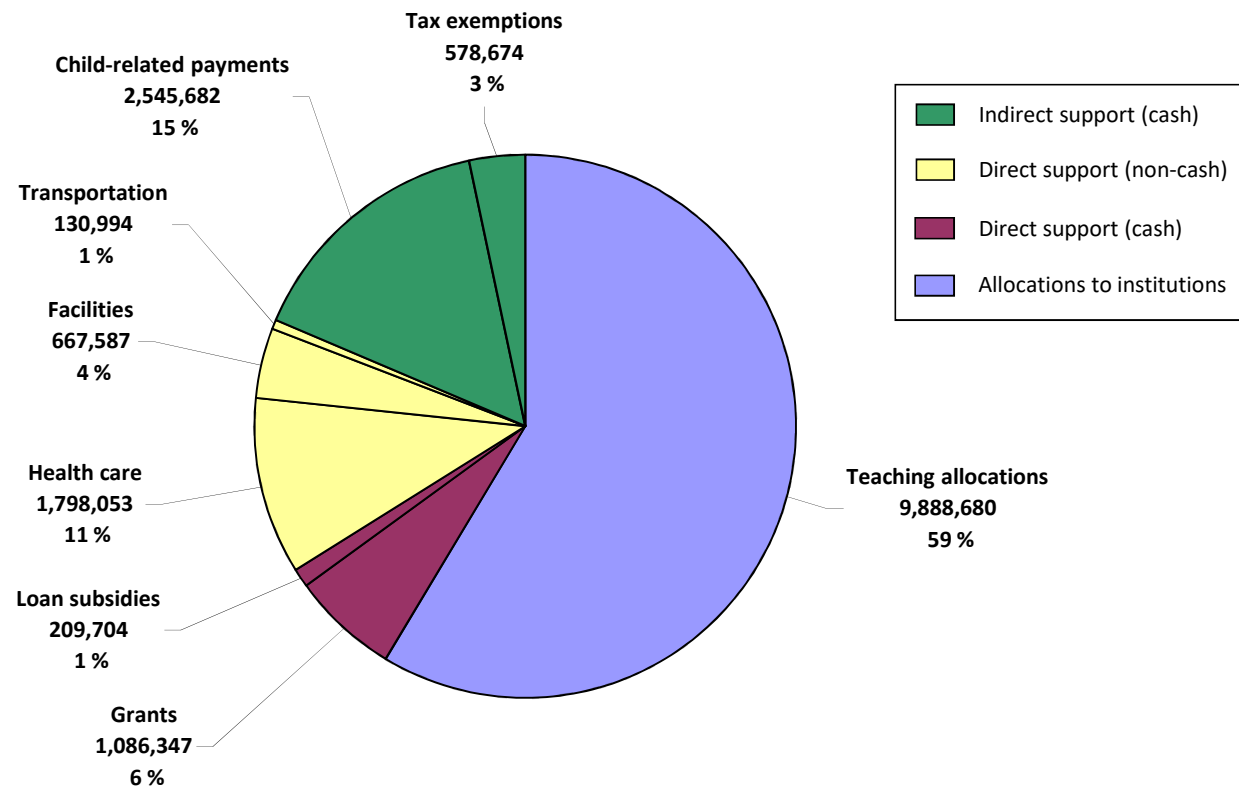
Public expenditure on higher education, 2004

Category	Total in 1,000 Euro	Share of total in %
Indirect support (cash)		
Child benefits (parents working outside the civil service)	1,442,083	8.530
Child benefits (parents working for the civil service)	477,913	2.827
Family allowances, local allowances, and social allowances (parents working for the civil service)	276,421	1.635
Financial aid to civil servants and judges	196,525	1.162
Child-related add-on to unemployment benefits (<i>Arbeitslosengeld</i>)	27,230	0.161
Child-related add-on to unemployment benefits (<i>Arbeitslosenhilfe</i>)	14,594	0.086
Child-related add-on to short-time working benefits	570	0.003
Child-related add-on to allowance for retirement provisions	11,282	0.067

Public expenditure on higher education, 2004

Category	Total in 1,000 Euro	Share of total in %
Indirect support (cash)		
Child-related add-on to home owners' allowance	99,064	0.586
Tax exemption for dependant children according to § 32 Income Tax Act (<i>Kinderfreibeträge</i>)	100,620	0.595
Tax reduction for single parents according to § 24b Income Tax Act	28,144	0.166
Tax exemption for children in education according to § 33a (1) Income Tax Act (<i>Unterhaltsfreibetrag</i>)	168,859	0.999
Tax exemption for non-resident children in education according to § 33a (2) Income Tax Act (<i>Ausbildungsfreibetrag</i>)	170,648	1.009
Tax exemption for add-on taxes (church tax and solidarity surcharge)	110,403	0.653
Total of indirect support (cash)	3,124,356	18.481
Indirect support (non-cash)	-	-
Total	16,905,721	100

Composition of public expenditure on higher education in Germany, 2004 in 1,000 Euro and per cent



Results of empirical micro level analysis – Public support by students' form of housing and socio-economic status, 2006 in Euro per year

	Students living with parents				Students not living with parents			
Type of support	Low ses	Lower medium ses	Higher medium ses	High ses	Low ses	Lower medium ses	Higher medium ses	High ses
Grants	793	427	265	132	1,735	1,154	689	337
Loan subsidy	94	55	33	13	203	142	81	35
Indirect support (excl. child benefit)	0	264	251	597	0	572	571	982
Child benefit	1,848	1,848	1,848	1,848	1,848	1,848	1,848	1,848
Health care subsidy	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
Subsidies for facilities and transportation	422	422	422	422	422	422	422	422
Total	4,669	4,527	4,330	4,523	5,720	5,650	5,122	5,135

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Eligibility criteria for *Bafög* support

Institution-related criteria

- Type of HEI: Public and publicly recognised higher education institutions
- Type of education: Full-time first degree courses in general; Master's degree, if it is consecutive

Individual-related criteria

- Citizenship: German citizens, EU-citizens with permanent permit of residence, refugees with permit of residence for humanitarian reasons, tolerated foreigners with at least 15 months duration of stay in Germany
- Age: Upon enrolment, applicants must be younger than 30 years; for Master's degree younger than 35 years
- Skill-related suitability: After the intermediate examination or the fourth semester, students need to submit proof of performance
- Income: Income of students, their partner and parents is taken into account in most cases

Two basic types of *Bafög* support

Parent-dependent support

- Takes income of students, their partner, and the students' parents into account (e.g. income from gainful employment, from self-employment, from capital assets, pensions)
- Takes students' assets into account (e.g. movable and immovable objects, legal claims)

78 % of *Bafög* recipients receive this type of support

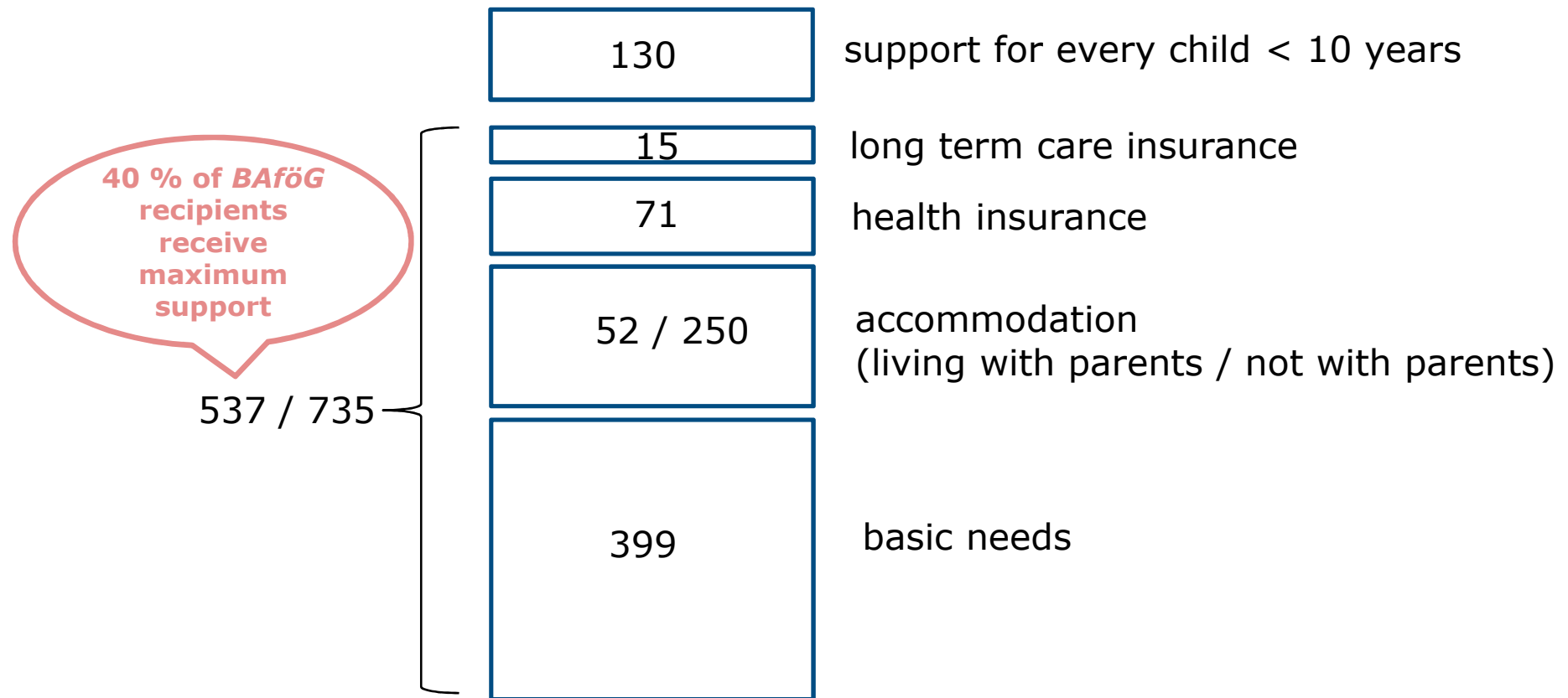
Parent-independent support

Applicability:

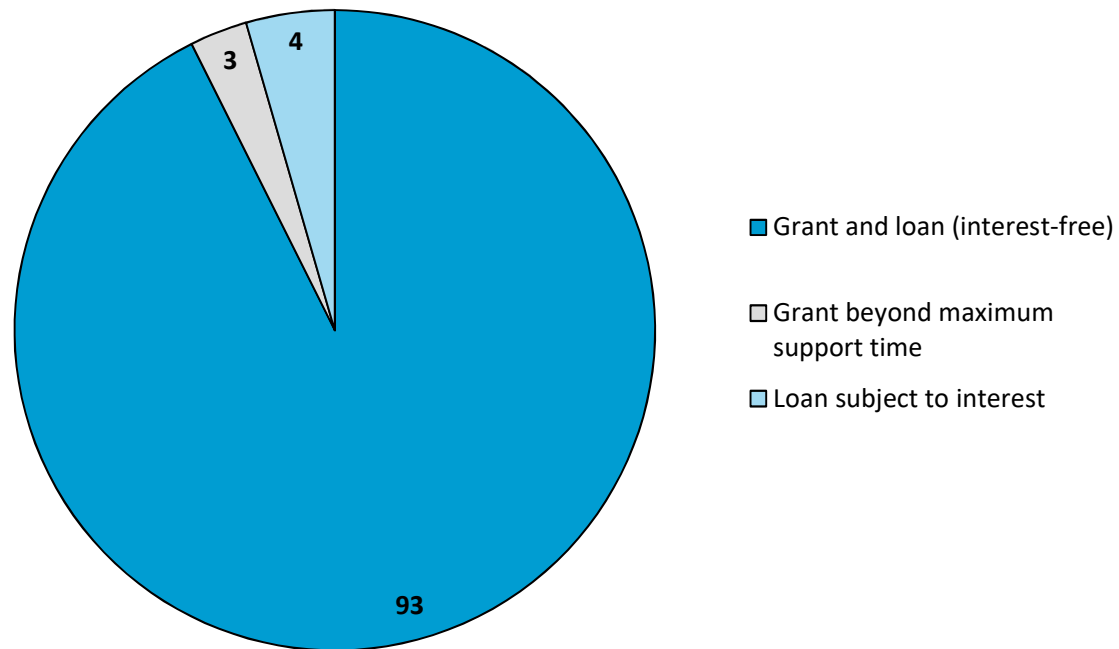
- Beginning of studies at the age of 30 or beyond (seldom eligible)
- Orphans
- At least 5 years employment after the age of 18 and before enrolment in HE
- 3 years apprenticeship and subsequent 3 years of employment before enrolment in HE

22 % of *Bafög* recipients receive this type of support

BAföG support items and current maximum amounts, in Euro per month



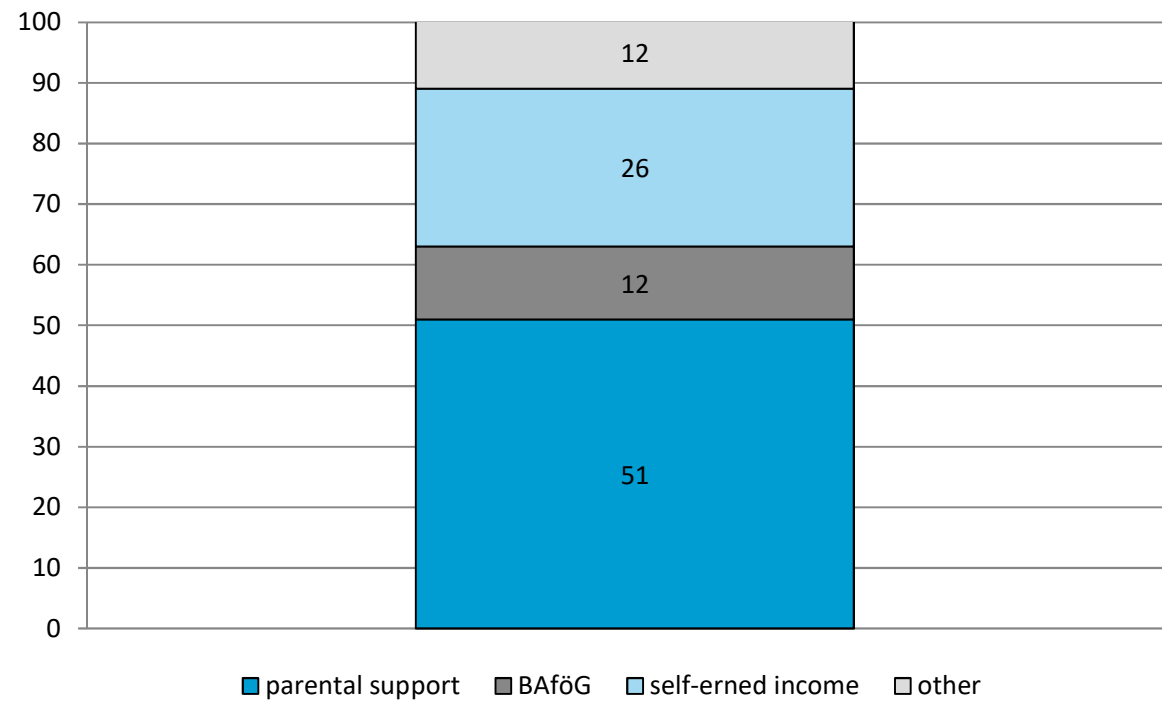
BAföG support forms – *BAföG* recipients by type of support,
2016 in per cent of all recipients



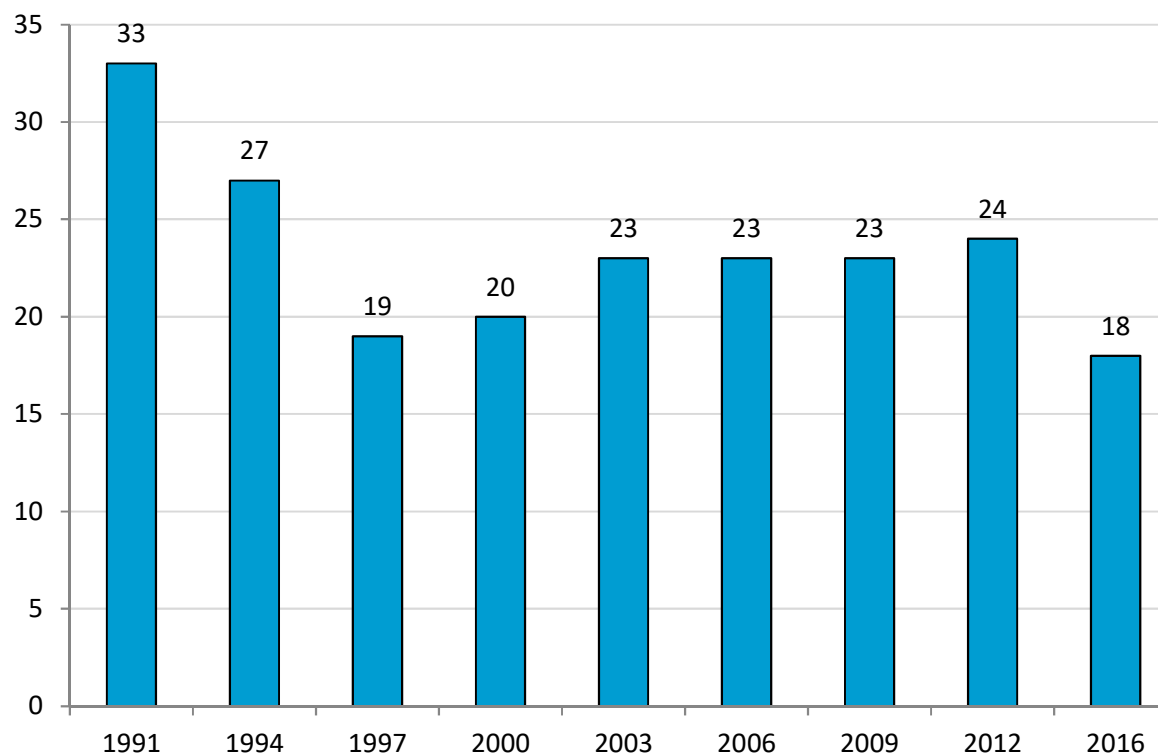
Sources of student funding – Utilisation and amounts, reference group 'Focus type', 2016 in per cent and Euro

Source	Share of students (%)	Monthly amount, mean (Euro)
Parental support	86	541
- in cash	82	407
- in kind	43	309
Self-earned income	61	385
BAföG	25	435
Use of savings	18	171
Support from other relatives, friends	19	92
Orphans' pensions	3	222
Support from partner	1	143
Scholarships	5	423
Education loan (KfW)	1	264
Study loan (KfW)	5	463
Loans from private banks	< 1	450
Other sources	2	455

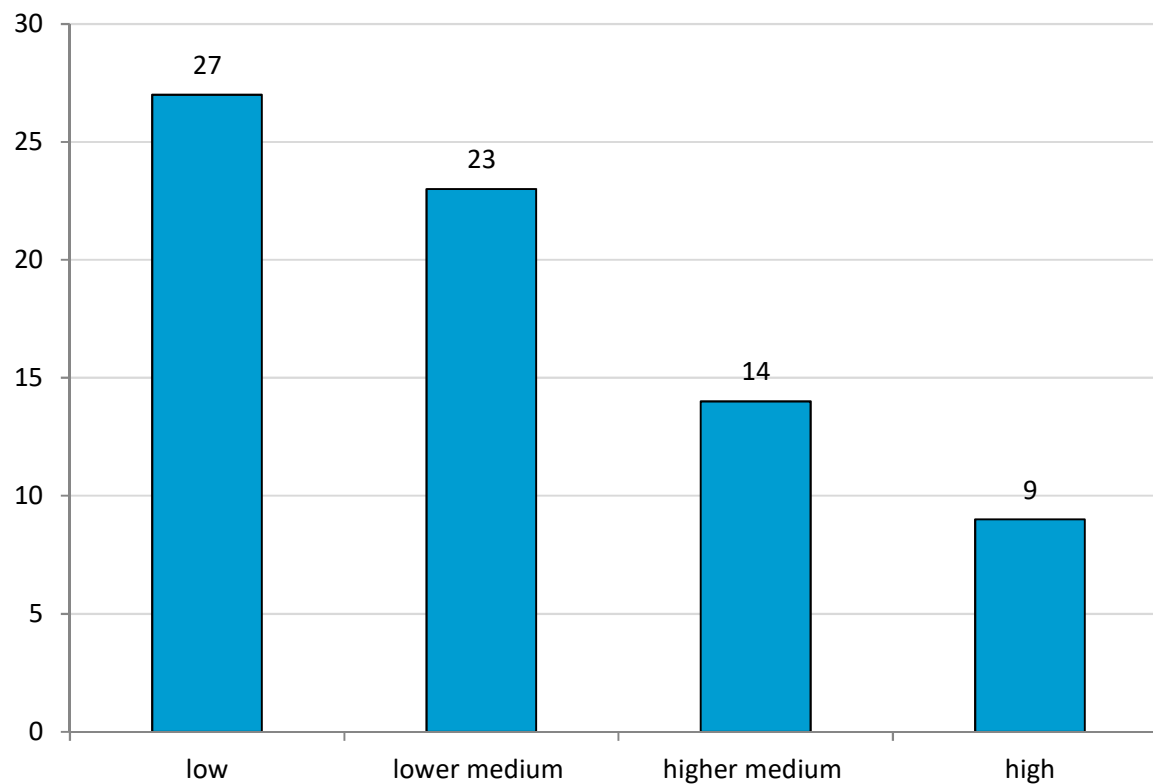
Composition of students' monthly income, reference group 'Focus type', 2016 in per cent



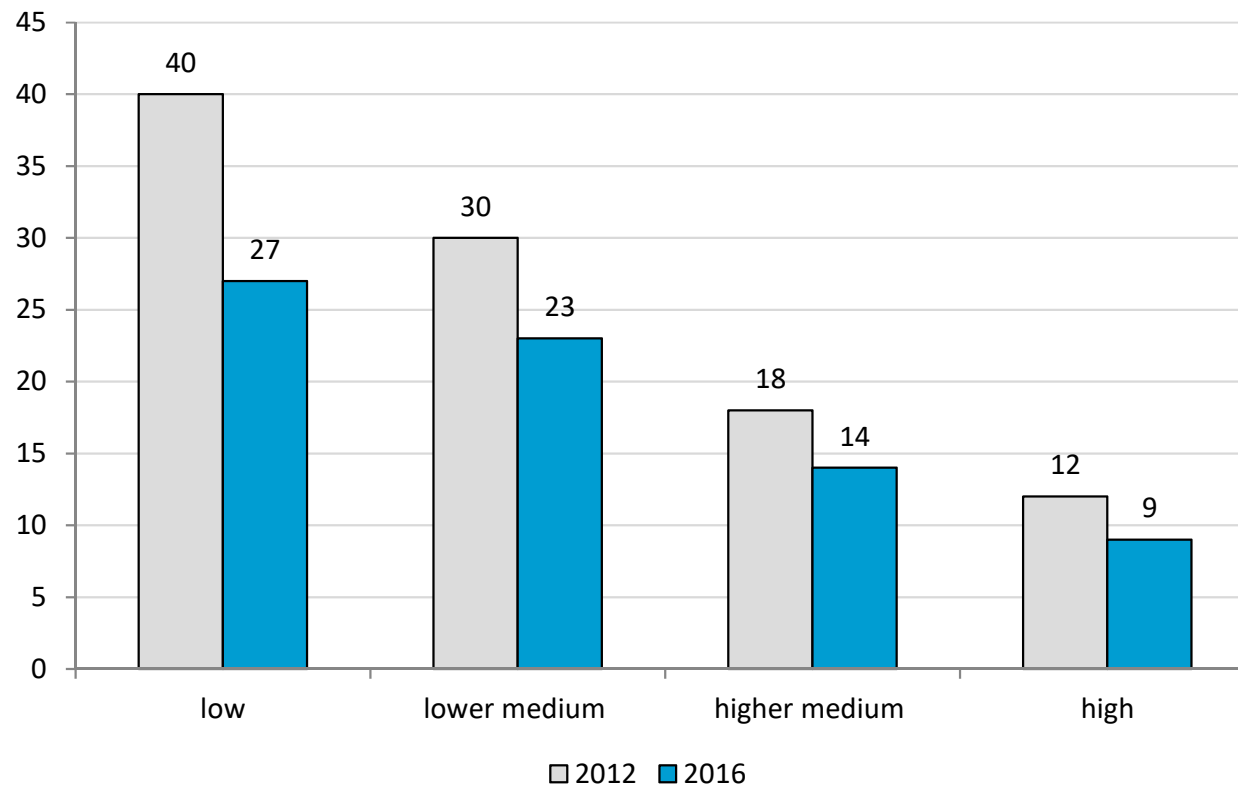
BAföG quota – Share of recipients among all students,
1991-2016 (summer semester) in per cent



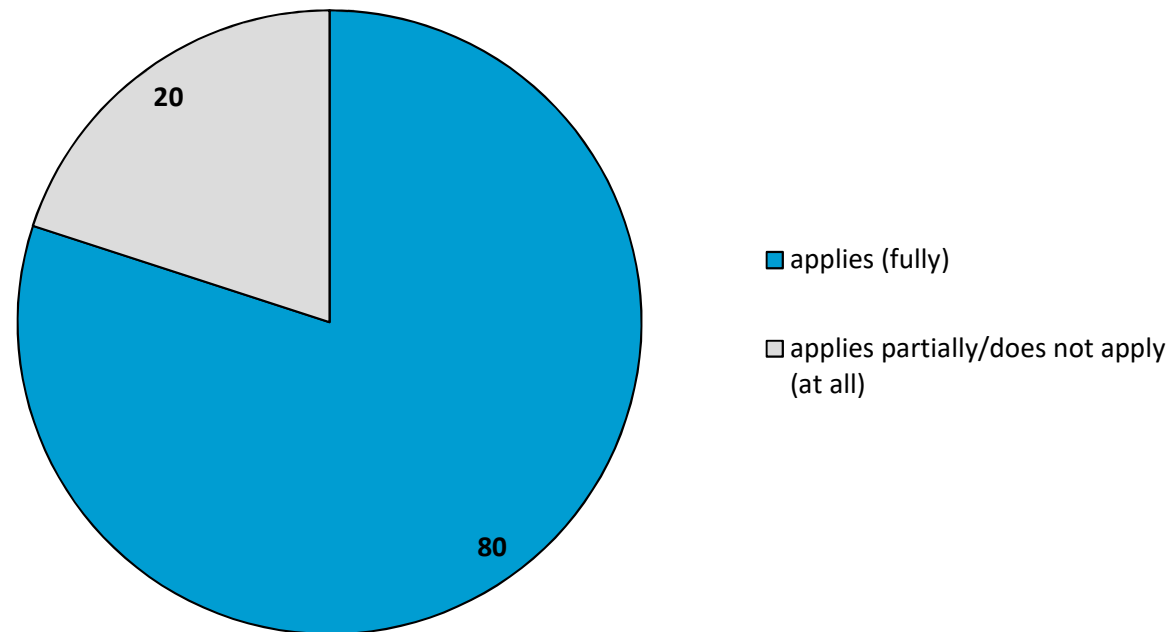
BAföG quota – Share of recipients by students' educational background, 2016 in per cent of origin group



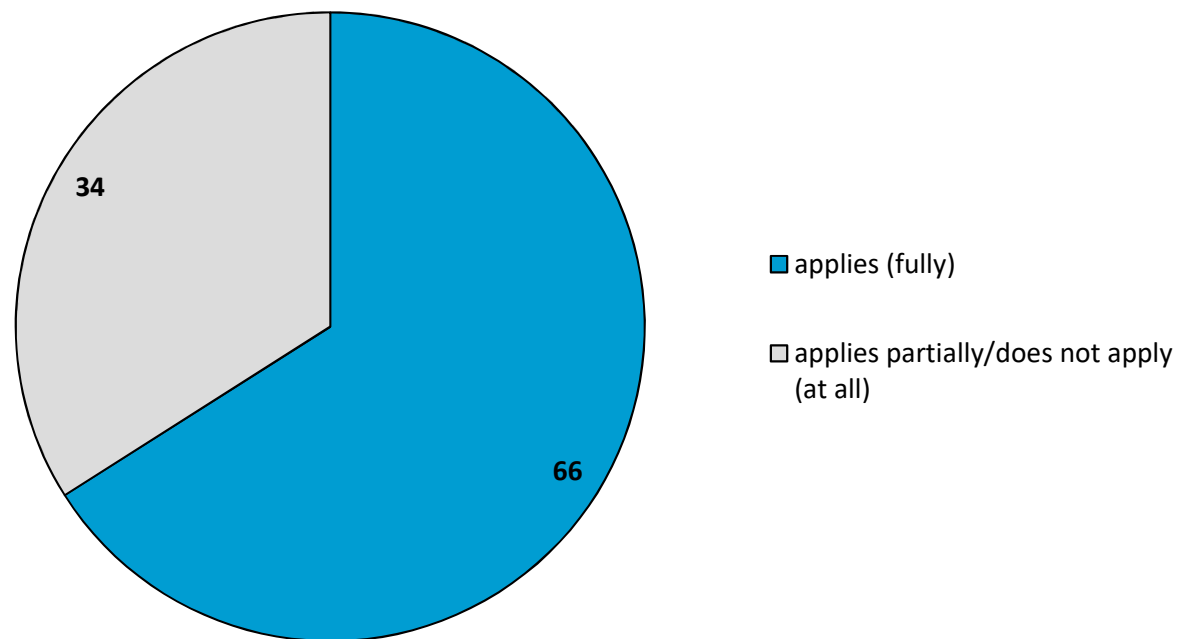
BAföG quota – Share of recipients by students' educational background, 2012 and 2016 in per cent of origin group



Importance of *BAföG* –
Agreeing to the statement: 'Without *BAföG* I could not participate in HE.'
Share of *BAföG* receivers, 2016 in per cent



Importance of *BAföG* –
Agreeing to the statement: '*BAföG* support provides me with a secure
planning perspective.' Share of *BAföG* receivers, 2016 in per cent



Some major *BAföG* reforms

- 1974: A loan part (interest-free) of 70-150 DM per month is introduced to *BAföG*, which was given out as a full grant until then
- 1982: From now on, *BAföG* is only available as a full loan
- 1990: *BAföG* is converted into a grant (50%) and a loan (50%), which is free of interest
- 1991: After reunification, the *BAföG* system is applied to the Eastern German *Länder*

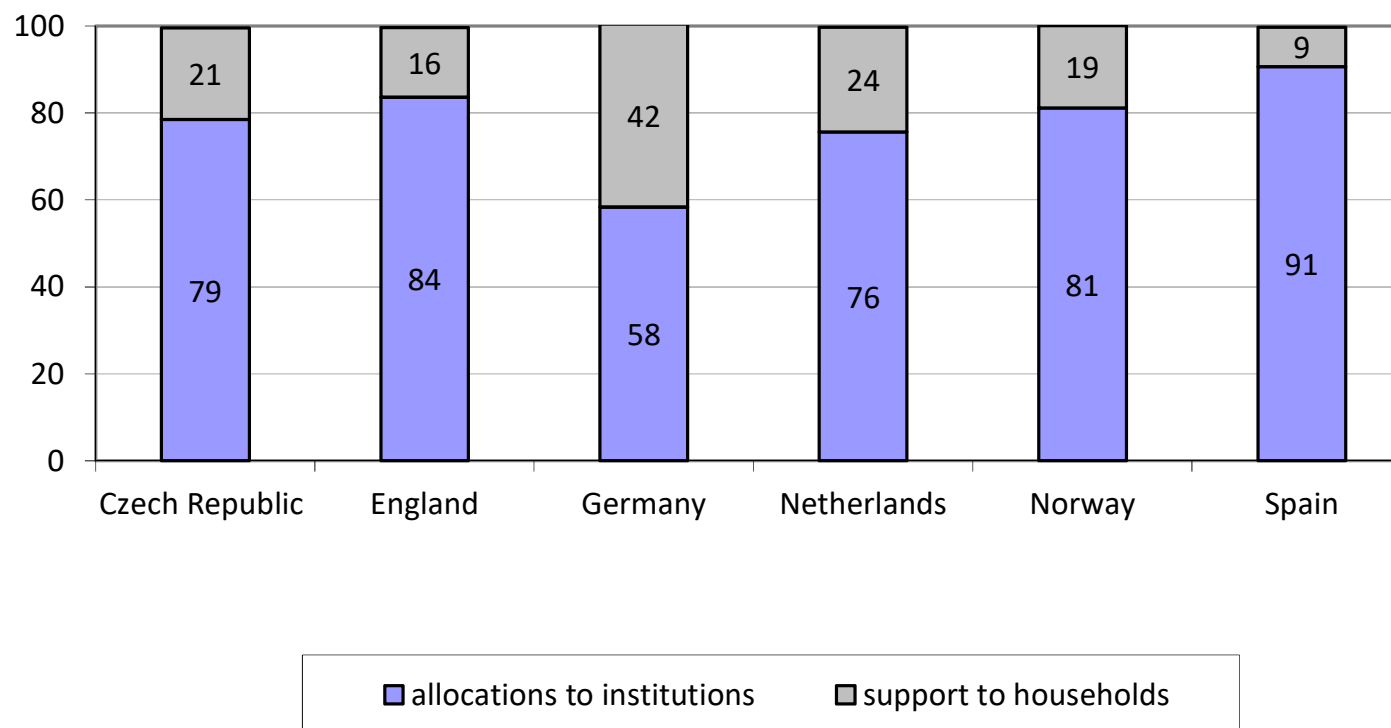
Some major *BAföG* reforms

- 2001: The repayment of the loan part is limited to 10,000 Euro; for the calculation of the *BAföG* claim, child benefit is no longer considered as part of students' income anymore.
- 2015: The funding of *BAföG* is now provided only by the federal level (prior to 2015, the burden was shared by the federal level [65%] and the *Länder* [35%])
- 2019: accommodation supplements for students not living with parents will increase by 30%, *BAföG* ceiling will increase by 17%, tax exemption for students' parents will increase by 16%

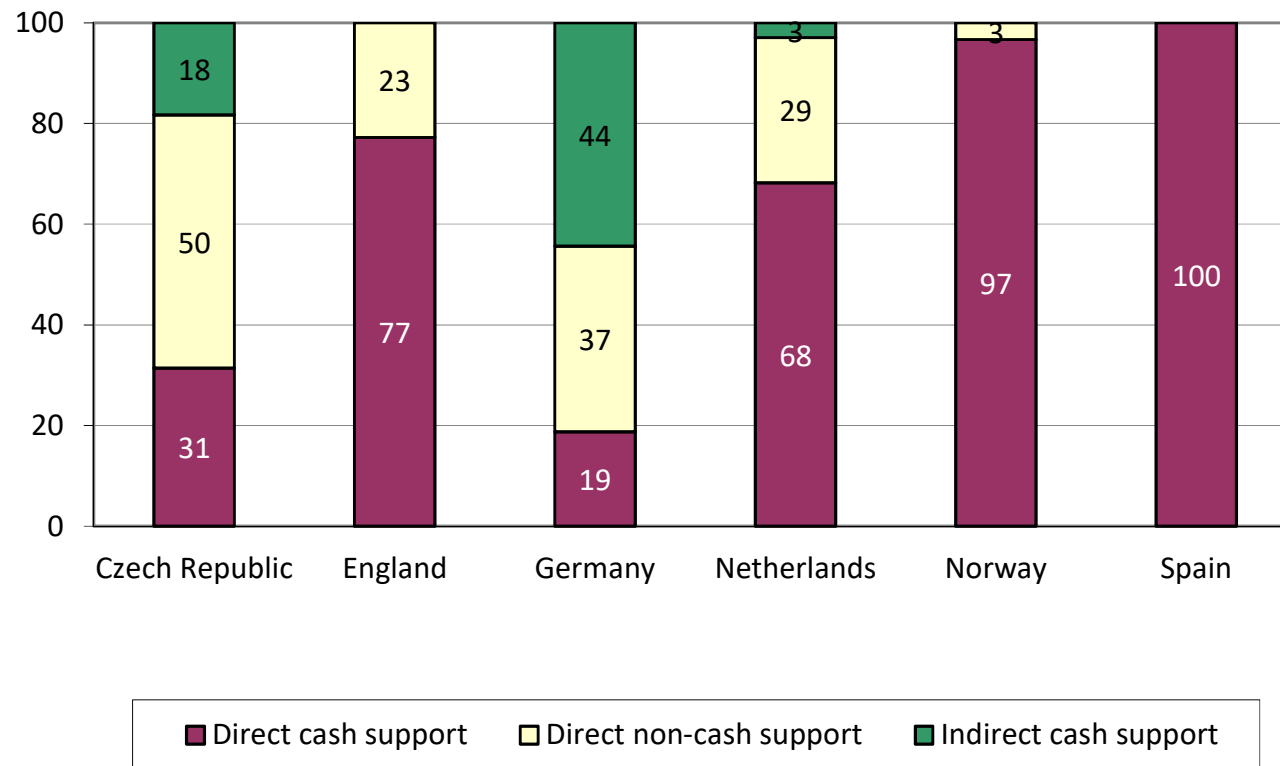
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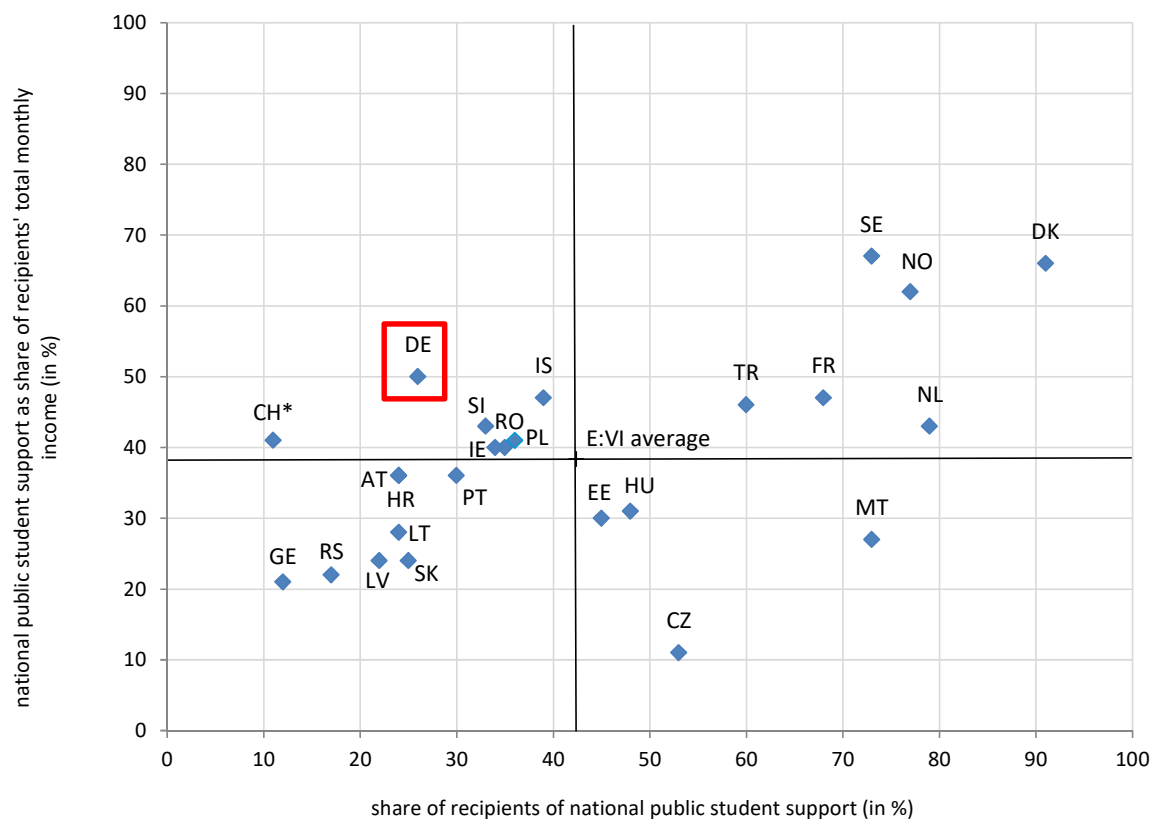
Public support to higher education institutions and private households as part of public teaching-related expenditure, 2004 in per cent



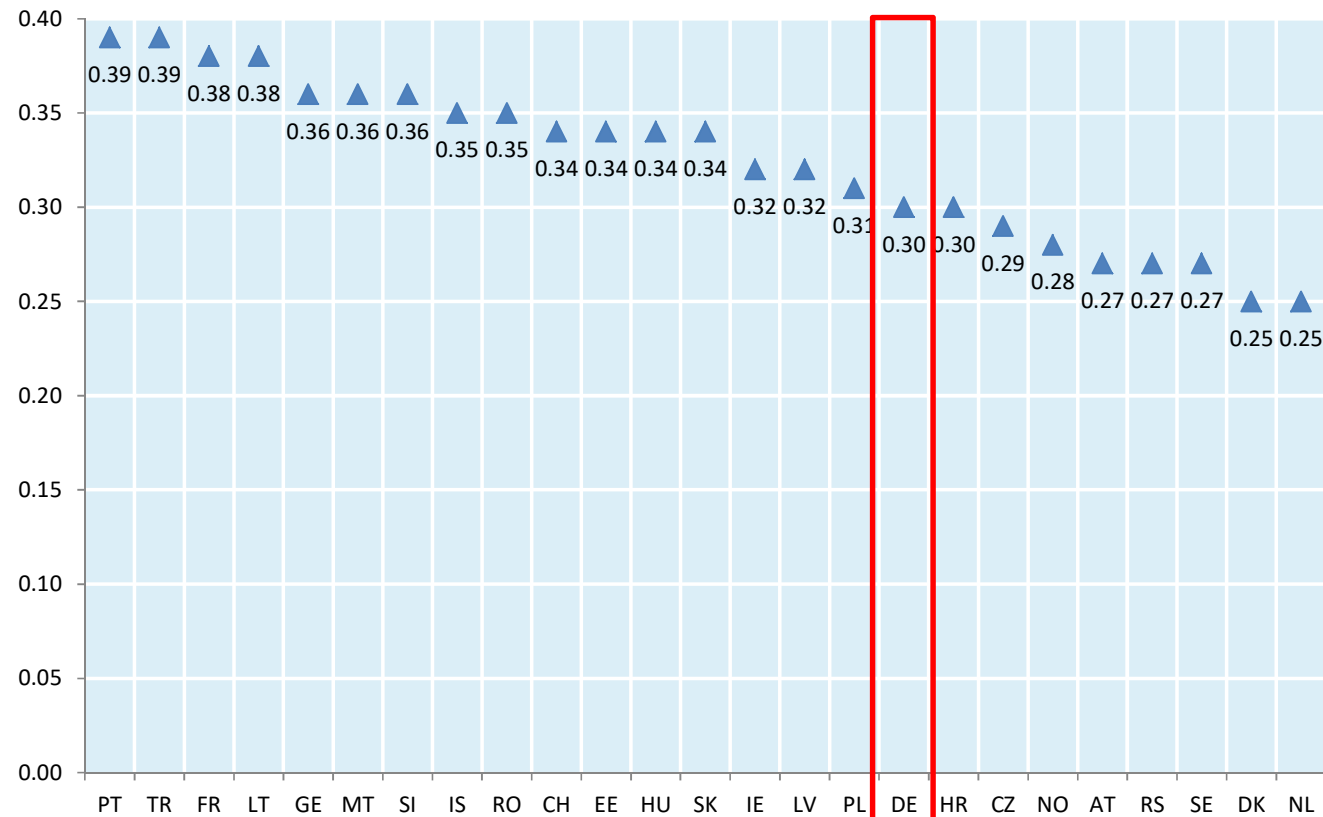
Composition of public support to private households by type of support, 2004 in per cent



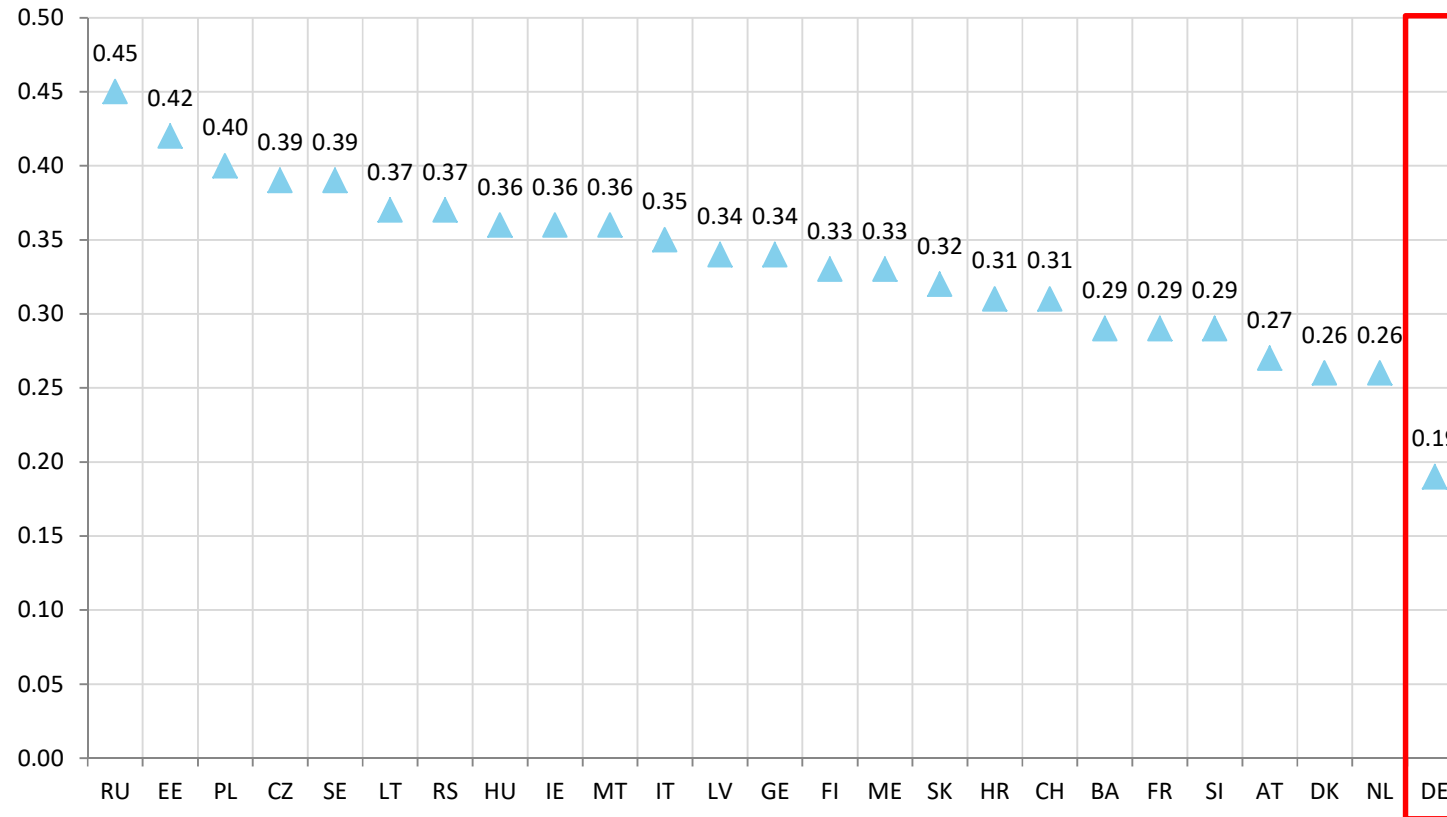
Recipients of national public student support and importance of income source – based on total monthly income (incl. transfers in kind), 2016-2018



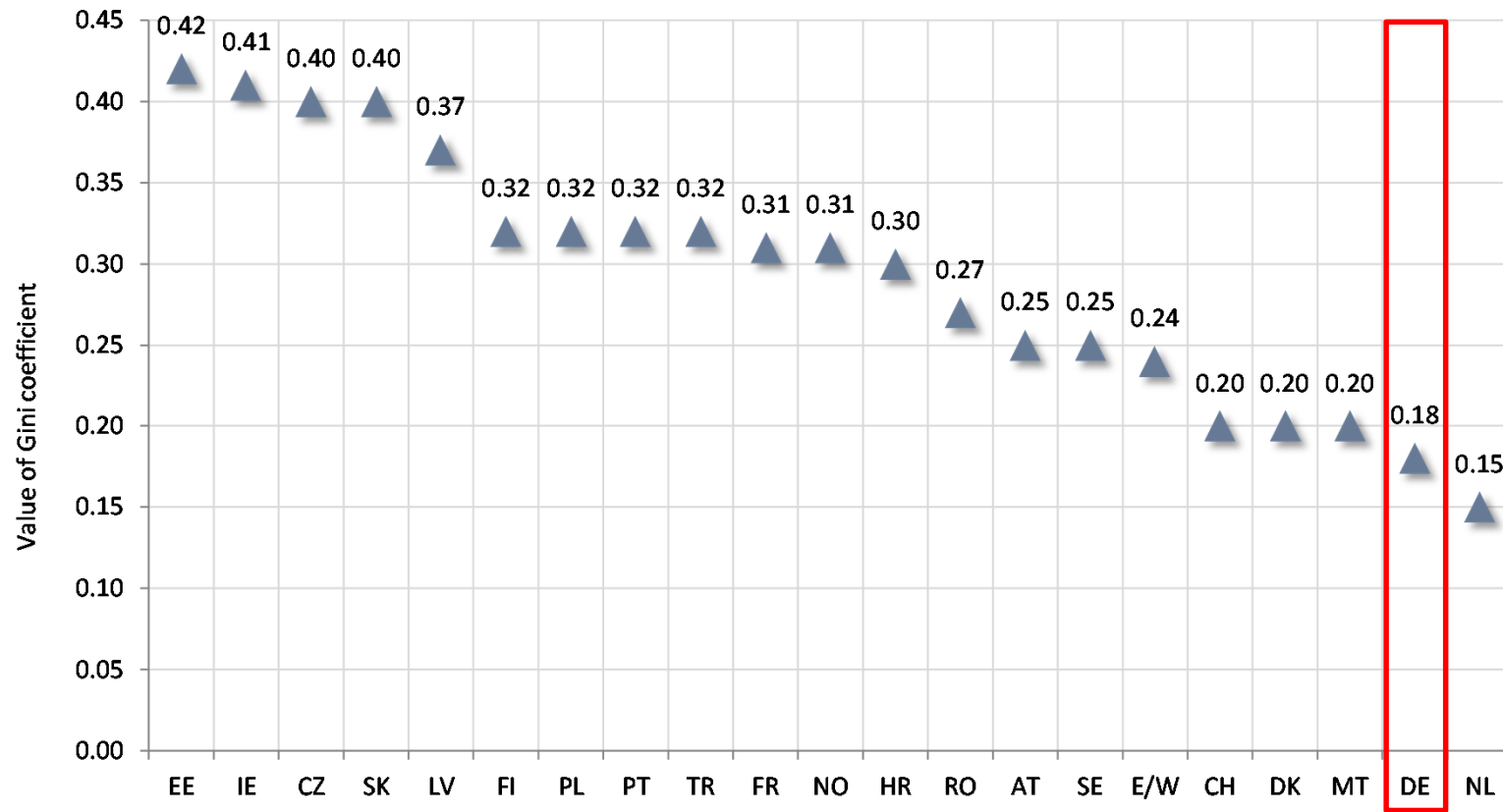
Concentration of students' income – Gini coefficient based on total monthly income (incl. transfers in kind), 2016-2018



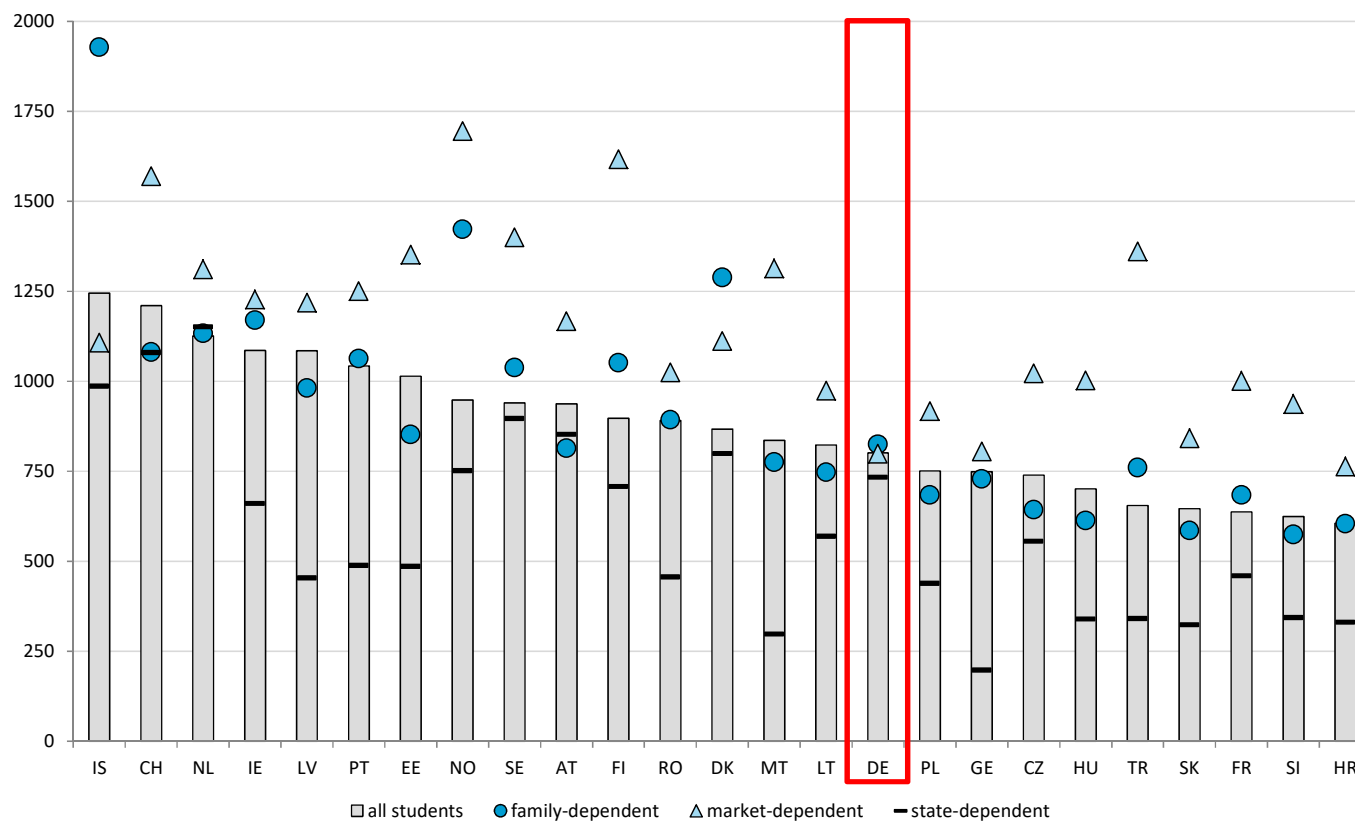
Concentration of income of students not living with parents – Gini coefficient based on total monthly income (incl. transfers in kind), 2012-2015



Concentration of income of students not living with parents – Gini coefficient based on total monthly income (incl. transfers in kind), 2008-2011



Income of students by dependency on income source, total monthly income (incl. transfers in kind), median in PPS, 2016-2018

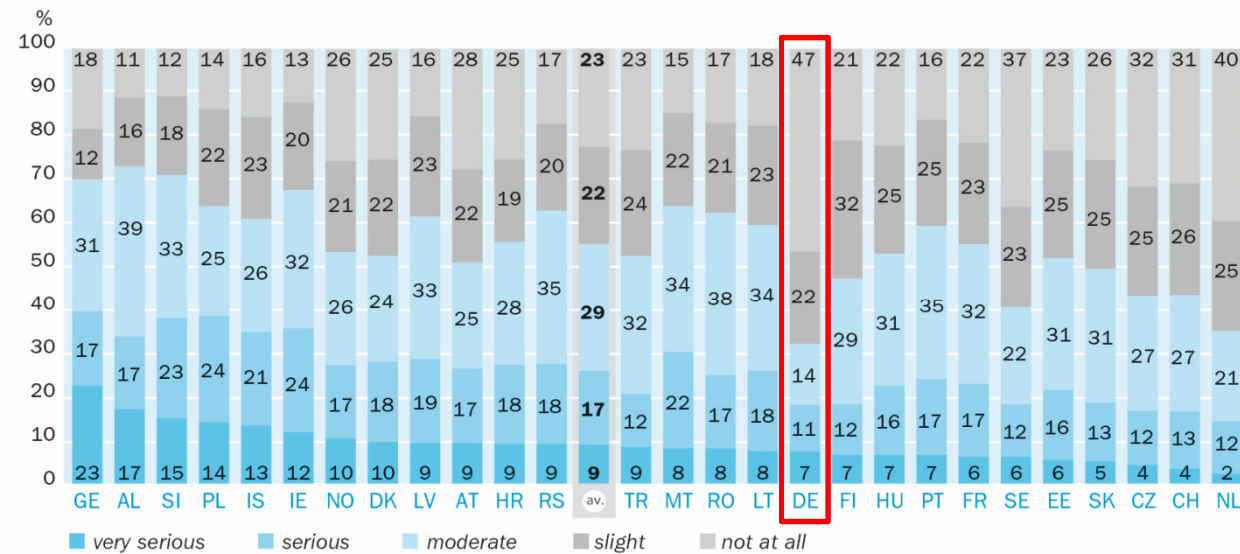


Students' assessment of their financial situation – Extent of current financial difficulties of all students, 2016-2018, share of students in per cent

Figure B7.1 [↓](#)

Students' assessment of their financial situation

Extent of current financial difficulties of all students. Share of students (in %)



Data source: EUROSTUDENT VI, F.168. No data: IT.

EUROSTUDENT question(s): 3.5 To what extent are you currently experiencing financial difficulties?

Deviations from EUROSTUDENT standard target group: AL, DE, IE, IT, LV, RS.

Source: EUROSTUDENT VI

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Achievements of the public student support system

- Since its introduction in 1971, more than 4.8 million students have received *BAföG* support
- Since 1974, more than 252,000 students have had study-related experiences abroad with *BAföG* support
- Due to its design, *BAföG* reduces socio-economic disparities among students

Achievements of the public student support system

- In international comparison, the German public student support system shows a rather low degree of income concentration among the student population
- In international comparison, the share of national public student support in the recipients' total monthly income is rather large in Germany (50%)

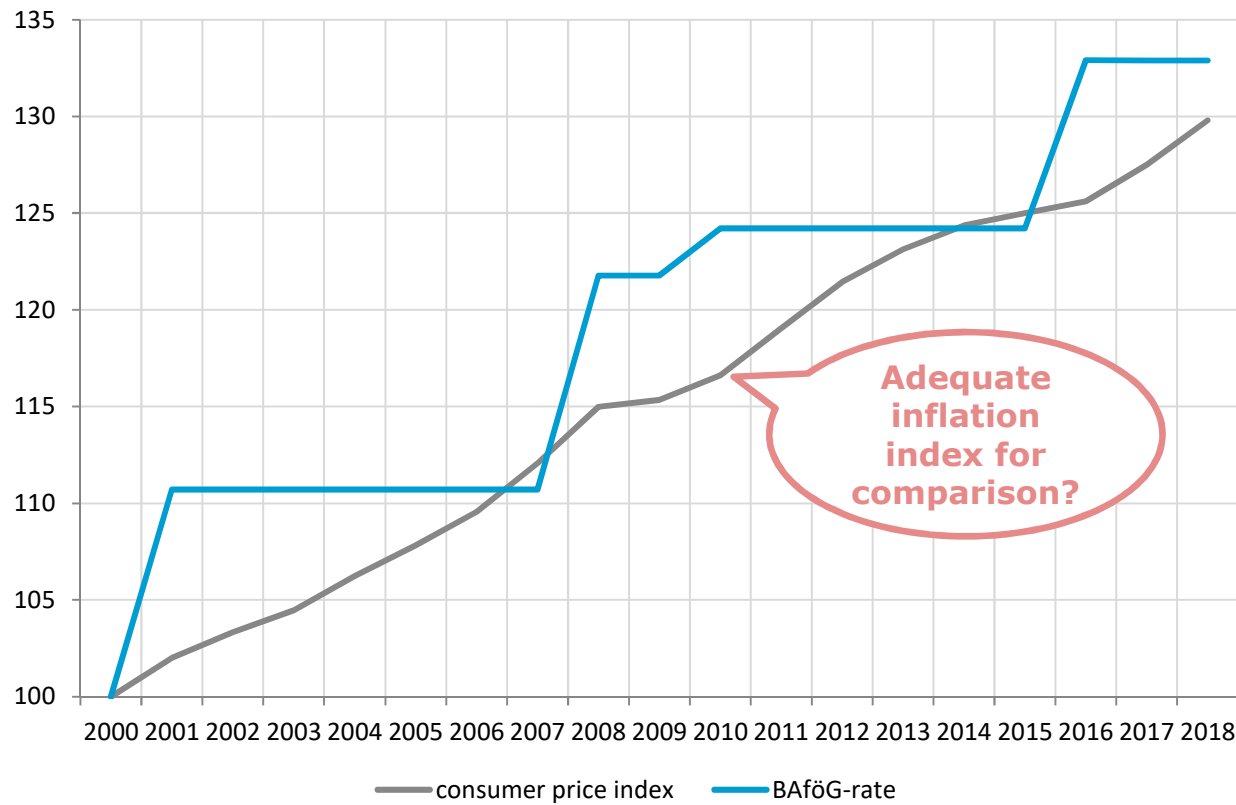
Challenges for the public student support system

- (Assumed) bureaucratic inefficiency due to the large number of subsystems and support items used
- Risk of user inefficiency due to the large part of support geared towards students' parents
- Lack of transparency for applicants and policy-makers
- Low steering capacity due to complexity of the system and partially counteracting support items

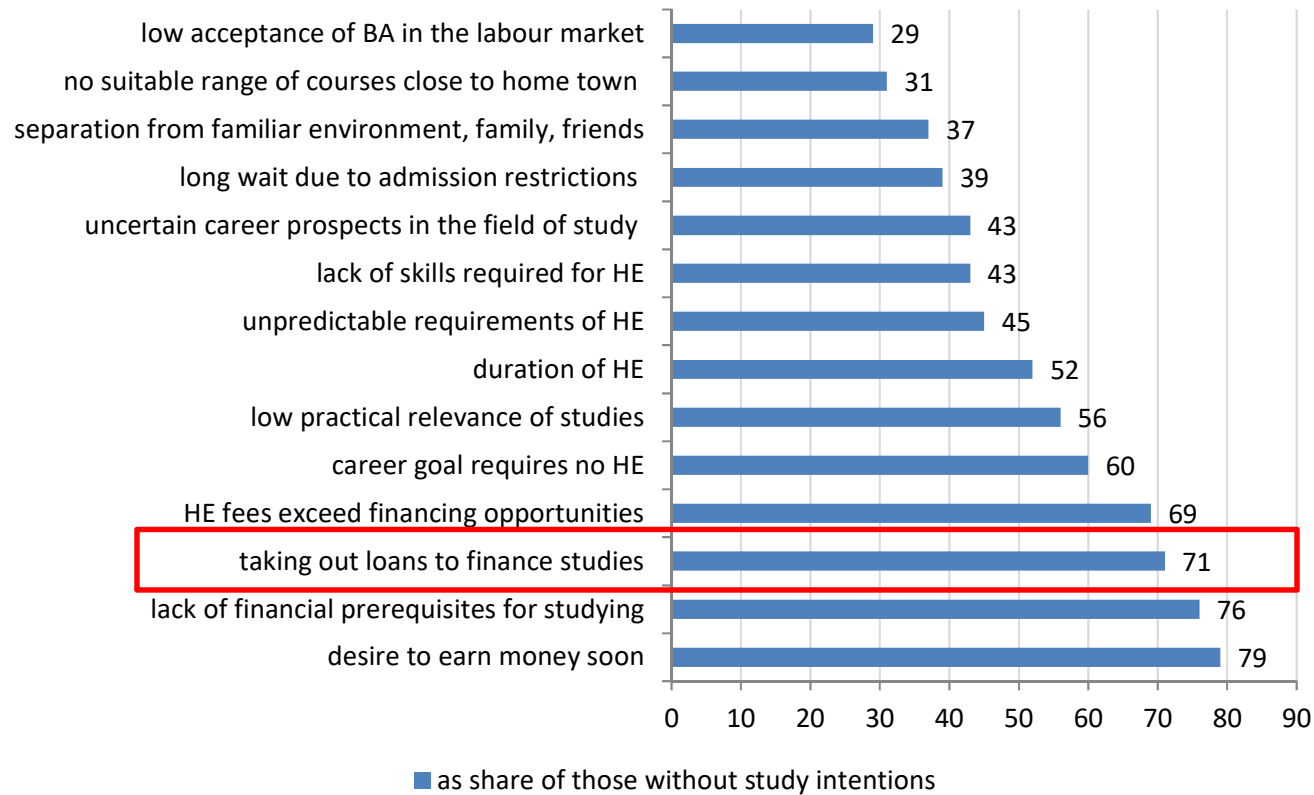
Challenges for the public student support system

- Diminishing number of *BAföG* recipients in recent years
- Loss of purchasing power of recipients due to insufficient increase of *BAföG* rate in the past?
- Possible deterrent effect of *BAföG* loan on potential students from low social backgrounds

Development of consumer price index and *BAföG*-rate, based on year-on-year change in %, 2000-2018



Holders of HE entrance qualification in Germany 2008 6 months after leaving school, selected arguments speaking (very) strongly against HE



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