

Burden of student debt lasts longer for female graduates

Female graduates face 16 years of university debt, but men are likely to clear their student loan in just 11 years, figures released yesterday show.

The five-year gap in the time it takes male and female graduates to get back into the black is a result of the gender pay gap, which sees men earning up to 20% more than women, as well as the fact that women are more likely to take career breaks to have children.

The figures, which are based on Government projections for students who started university in 2006-07, were published in response to a Parliamentary question tabled by the Conservatives.

Minister for Lifelong Learning, Further and Higher Education Bill Rammell said, "We estimate that a male student who entered higher education in 2006-07 will take an average of 11 years to repay their student loan. We estimate that this will be 16 years for a female.

"The calculations are based on assumptions about graduate lifetime earnings, derived from the British Household Panel Survey and the Labour Force Survey.

"The calculations therefore take account of earnings growth due to career progression, gender, age and periods spent unemployed or inactive for other reasons such as having children."

But he added that separate analysis had shown that graduates could expect to earn an average of "comfortably over £100,000" more during the course of their working life in today's money, compared to what a similar individual would have earned with just A-levels.

Shadow Education Minister David Willetts said, "This shows that women get a raw deal in the labour market. Women's earnings are more intermittent and still lower than men's.

"This year interest rates on loans doubled from 2.4% to 4.8% and this shows that those debts hit women the most."

But Mr Rammell added, "Employers appreciate the highly-developed skills and talents that all graduates bring to their businesses and are willing to pay accordingly. Both male and female graduates can expect to earn considerably more over their careers than those workers without a degree.

"We are committed to ensure that everyone in our society has equal access to the high quality education provided by our universities and colleges and to the clear opportunities that this brings."

Marcella Maxwell, Chief Executive of Chwarae Teg, the organisation that promotes the role of women in the Welsh economy, said it was disappointing but not surprising that women will take on average five years longer to repay student debts.

She said, "This is another consequence of the continuing disparity in earnings between men and women and means that in effect a generation of women are being kept in debt for longer.

"Within three years of graduating, over 40% of men are earning over £25,000, compared to just over a quarter of women.

"There is simply no excuse for the lack of parity between working men and women but until women and men are given genuinely equal status, pay and reward in the workplace, this disparity looks set to continue. Longer repayment periods for female student debt is just one of many far-reaching social and economic consequences of the gender pay gap.

"Eighteen months ago Chwarae Teg launched Bridging the Gap Together, a collaborative approach to addressing the gender pay gap in Wales, one of the most comprehensive pieces of European-wide research into the reasons for the continued gender pay-gap in Wales.

"The report found that while awareness of the gender pay gap appears to be high among workers in Wales, with more than three-quarters of respondents acknowledging that a marked pay gap does exist, many organisations still have not formalised equal opportunities policy or undertaken proper equal pay reviews and so have no basis on which to make informed decisions about fairness of pay.

"We want to provide proactive and positive measures that employers in Wales can adopt and take forward, to reduce the gap between men and women's earnings in Wales. Gender equality makes good economic sense for Wales."

Source: Western Mail, Education Wales Thursday 3rd January 2008