

For The Independent, May 2004

## **'Matching' Scholarships**

by

Andrew Oswald, Professor of Economics, University of Warwick

There is much talk about how to get youngsters from hard-up homes into our universities. With a bit of ingenuity, I think we could manage it. We ought to have what you might call Matching Scholarships.

My suggestion is this: the government should announce a pound-for-pound 'matching' fund. The idea would be to mix charity and taxpayers' cash. For every pound donated by the alumni of a university, the government would give one pound to that university's scholarship fund. The scholarships would be explicitly for undergraduates who come from low-income homes.

What are the advantages of such a programme?

First, as I am sure today's Thomas Review of alumni giving in UK universities will say, we need to find ways to increase donations from past students. Having a matching arrangement with government funds would help to do that. Such a scheme would be far more than simply tax breaks for alumni giving (we need those as well). It would actually produce a multiplier effect, where I start to bear in mind that when I give to my old undergraduate university -- Stirling in Scotland, in my own case -- the effect would be far larger than my own cash payment. Lots of people believe that we must sharpen the incentives for charitable donations to universities. Let's be serious. This would.

Second, a nice feature of a Matching Scheme is that it would put the onus onto old graduates. It would focus their minds and encourage a useful life-long relationship between students and their university.

At the moment anyone can give to a university: higher education institutions are registered charities. That is fine, of course, but it leaves past students in no different a position financially than UK citizens

generally. A new matching method of donation would be better, because it would encourage students to think of themselves as responsible for their old university.

Third, in this country we have public universities that are in dire need of private donations. As the Thomas Review will probably mention, a large proportion (often more than 60%) of students from Ivy League US universities go on to donate regularly to their institution. Somehow the UK has to create such a tradition -- and in double quick time. I believe a matching approach would help do so. It would create an immediate tie between a past student's generosity and availability of extra government money.

Fourth, if the matching-fund money were directed exclusively to scholarships for financially disadvantaged young men and women, it would, in my judgment, enormously increase the donation rate.

Fifth, we have to find a way to raise esprit de corps among old students. With a matching scheme, they would know that if they could work as a group of givers they would be markedly helping their own university's balance sheet. The flames of alumni spirit -- something we are short on in the UK -- would thus be kindled.

Would there be disadvantages?

Some would grumble that the government should put in all the money. I view this as regressive. There is no good reason to think that taxpayers' pounds should on their own fund universities that are disproportionately full of middle-class, well-off young men and men.

Alternatively, a hard-liner might argue that the whole of university funding should come from individuals anyway, and that the state should not in 2004 be giving more tax revenue because there are better causes like primary schools or hospitals. I have some sympathy for that. Nevertheless, we cannot move swiftly to an essentially private, market-dominated university sector. So this would be a step in the right direction.

Another opinion might be that a matching fund sounds fine in theory but would not work in practice. To that I have only one thing to say.

Telephones. At my university I have seen telephone campaigns work extraordinarily successfully. If current students call up past students in the evenings, the rate of giving is high. About 25% of all those telephoned agree to make a donation. If the alumni could be told that there was government matching, pound-for-pound, my hunch is that that donation rate would rise to about 50%.

If we are serious about having more scholarships in the UK, a matching scheme would do it.