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LÍS's resolution on the allocation rules of the Student Education Fund 2020-2021

On 23 July, [new allocation rules](#) were issued by the Student Education Fund for the 2020-2021 school year. The laws themselves include various improvements for student benefits: a 30% cancellation of loans if studies are completed within a certain time frame and the introduction of grants for child support. The aspects of the allocation rules that concern these issues should, of course, be celebrated.

The National Union of Icelandic Students, hereinafter LÍS, has pointed out that a new student loan system is only beneficial if necessary changes are made to the fund's allocation rules. [In a statement on Menntasjóður's bill](#), LÍS regrets that no clearer restrictions have been placed on the role of the fund's board in deciding on allocation rules. However, it was LÍS's hope that further improvements in students' conditions could be achieved through allocation rules, but it is clear that few changes took place outside of what was explicitly stated in the law. As the law does not define a minimum basic support level or any criteria for its calculation, the result is that basic support loans are still far too low.

A vicious circle of low basic support and maximum permitted income limit

LÍS would have liked to see a guarantee of sufficient basic support in law, but with the allocation rules 2020-2021, students are once again put in the position of having to work with their studies to be able to afford expenses, either to make up for too low subsistence loans or instead of borrowing.

Students, incl. [LÍS](#) and the [Student Council of the University of Iceland](#), have pointed out the vicious circle that borrowers experience in trying to earn income in order to compensate for low subsistence loans, but then to have their loans reduced by exceeding the permitted maximum permitted income limit defined in allocation rules. It is gratifying that LÍSs' demand for a [fivefold increase](#) in the maximum permitted income limit for those coming from the labor market has become a reality, but there is still a need to increase the maximum permitted income limit for those currently enrolled and to reduce the reduction rate. The maximum permitted income limit has remained almost unchanged between years. It was ISK 1,300,000 last year and increased by 64,000. As a result, part-time students may accumulate ISK 5,000 extra per month throughout the year, but monthly salaries in excess of ISK 113,000 will reduce subsistence loans by 45%. That is unacceptable.

Basic support loans do not pass inspection

In the allocation rules, the basic support of an individual in their own or rented housing is ISK 189,000, of which ISK 77,000 is assumed for housing costs. In the allocation rules from 2019-2020, the additional loan for housing was ISK 75,000, so this is a slight increase, but nowhere near the actual rental cost of ordinary students. When student support is determined with regard to housing costs, the allocation rules of LÍN, and now Menntasjóður, looked at rental terms that are offered almost exclusively in student

apartments. The fact is that only 10% of students live in such apartments. Allocation rules must be based on the actual situation students are in, which is currently not true for basic support loans and housing loans. For example, as indicated by the [National Registry's figures](#) for the average rental price so far in 2020, a studio apartment in the capital area costs around ISK 150,000 per month. Student representatives on the board of LÍN have long advocated that loans for housing be recalculated, but have so far not been listened to.

The interplay between basic support and maximum permitted income limit and comparison with other groups

The estimated disposable income of a student (an individual in rented accommodation) who earns up to, but not exceeding, the maximum permitted income limit is ISK 249,438. This amount is far below the minimum wage, [which is generally over ISK 300,000](#), and [unemployment benefits, which are ISK 289,510](#), per month based on 100% entitlement to benefits. It is clear that maintenance loans must be increased in order for students to be able to support themselves and that it is actually possible to speak of equal rights to education in Iceland.

On behalf of The National Union of Icelandic Students



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