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## The costs of studying and the structure of student budgets - a review

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## **THE COSTS OF STUDYING AND THE STRUCTURE OF STUDENT BUDGETS – A REVIEW**

**Abstract:**

*The article describes the economic and social conditions of students in Polish universities. The author describes the basic costs that must cover the average student in the course of several years of study. Based on available data, she makes the analysis of the structure of student budgets, indicating the main source of their monthly income.*

*According to information published by the Central Statistical Office<sup>1</sup>, during the academic year 2010/2011 1,841.3 thousand students attended post secondary institutions in Poland, of which 949.5 thousand were enrolled in stationary programs, and 891.8 thousand in non-stationary programs. Each of the students, regardless of the mode of the study, incur certain costs associated with it.*

**Keywords:** *student, paid work, cost of living, cost of education, income.*

### **The general outline of the expenses incurred by students during the course of study**

The main cost associated with the post secondary education is the cost called an alternative cost<sup>2</sup>, representing the wage that the person would receive if it did not take up the study. But aside from that, according to an international report, “EUROSTUDENT IV”<sup>3</sup>, expenses incurred in the course of study can be divided into the ones providing the sustenance and the ones as-

<sup>1</sup> [http://www.stat.gov.pl/gus/foldery\\_PLK\\_HTML.htm](http://www.stat.gov.pl/gus/foldery_PLK_HTML.htm), *Polska w liczbach 2011*, p. 15, 10.03.2012.

<sup>2</sup> W. Jarecki, *Praca i dochody studentów*, „Polityka Społeczna”, 2010, no. 1, p. 21.

<sup>3</sup> [http://www.eurostudent.eu/download\\_files/documents/EIV\\_Synopsis\\_of\\_Indicators.pdf](http://www.eurostudent.eu/download_files/documents/EIV_Synopsis_of_Indicators.pdf) p. 129-153, 21.02.2012.

sociated with enrolling in the post secondary institution – the report describes them as the costs of living and the costs of education. The first category includes accommodation, transport, daily expenses, social activities and leisure time expenses, child care (if the student is already a parent), health and other expenses (e.g. purchase of cigarettes and pet related expenses). Accommodation does not include only renting of the apartment, but also other related expenses such as electricity or other utilities. The fees for study include: tuition, the cost of recruitment and examination, insurance premiums, purchases of materials necessary for learning and others, such as courses, private lessons. Transportation costs are associated with all methods commuting to college or university, regardless of whether the student uses her own car or public transport.

### **The costs of living**

As reported by the report, the majority of the students spend their budgets to cover the basic cost of living, regardless of whether they live with their parents or not. In Poland, such basic daily expenses make up as 81% of the total student budget. Their most expensive component is accommodation, the second - everyday living expenses, the food, the clothing, etc. Their size largely depends on the form of student's residence. The report lists the following: living with parents, living alone, with a partner and/or a child, living with another person and living in a dorm.

Excluding students living in dormitories, 49% of Polish university students are living with their parents. The main advantage of this is the fact, that they do not incur any additional costs of renting and maintaining apartments. Most are also provided with meals, clothing and other expenses, usually covered by the parents. It is worth to mention that these costs are often greater than the amount of money the student would receive if he would not live with the parents.

All other forms of residence are associated with the costs of living after moving out from the parents house. Therefore, additional the costs incurred

in the course of study must include the fees for apartment or room rental and various daily expenses associated with the cost of food, etc. The money spent on them are the cost of living<sup>4</sup>.

Analysing daily expenses of individual households, the Central Statistical Office constructs the so-called ‘basket of goods and services’, representing the set of such goods and consumer services which reflects the structure of the expenditures of an average household<sup>5</sup>. Statistical study of the Office<sup>6</sup> represents the structure of these expenditures for the year 2010 as follows: the largest amount the average household spent on the food and soft drinks as well as housing and energy, which largely coincides with the data from the report “EUROSTUDENT IV”. Other costs include successively: transportation, recreation and culture, clothing and footwear, equipment, housing and maintaining a household, other goods and services, health and other expenses, telecommunications, alcoholic beverages, tobacco and other stimulants, restaurants and hotels, and education. Of course, one must remember that in the case of students, the spend pattern look a bit different; however, the ‘basket of goods and services’ gives a good overall picture of the percentage break down of the costs spent in various areas of daily life by an average household.

The proportion of Polish students living separately represents 5% of all students. This applies to independent living in rented accommodation, ownership of an apartment or living a single room in a dorm. Another 20% of students are those who live with their partner and/or child – but it’s more common among older students, especially over 30 years old. The remaining 25% are the students living with other roommates. Most often it involves several people renting together an apartment and sharing costs. This group also include students living in a high occupancy dorm rooms. In contrast to the reported results of international research, this particular form of housing is the most commonly chosen by Polish students<sup>7</sup>.

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<sup>4</sup> [http://www.rynekpracy.pl/artukul.php/typ.1/kategoria\\_glowna.317/wpis.15](http://www.rynekpracy.pl/artukul.php/typ.1/kategoria_glowna.317/wpis.15), 21.02.2012.

<sup>5</sup> D. Begg, S. Fischer, R. Dornbusch, *Mikroekonomia*, Warszawa, Polskie Wydawnictwo Ekonomiczne, 2007, ISBN 83-20816-41-6.

<sup>6</sup> [http://www.stat.gov.pl/gus/5840\\_3467\\_PLK\\_HTML.htm](http://www.stat.gov.pl/gus/5840_3467_PLK_HTML.htm), 21.02.2012.

<sup>7</sup> <http://www.hrnews.pl/reports/Studenci%20vs%20wyzwania%20rynku%20pracy%202011>.

The other option, usually the cheapest one, is living in a dorm. According to the publication of the Central Statistical Office<sup>8</sup>, in the academic year 2010/2011 119 thousand students (6.5% of the total) benefited from the available dorm accommodations. As notes the “EUROSTUDENT IV” report, the main advantage of this option is not only lower cost, but also the fact that when coming to a strange city, students often feel lonely and lost. Sharing accommodation with other students facilitate their integration and in some sense compensate for separation from family and friends left behind in their home towns. During this period of life social skills are still being developed<sup>9</sup> and their shaping is facilitated by participation in the “self-governance” of such shared residence community.

### **The costs of learning**

Turning to the fees associated with studying, it should be noted that to a large extent they depend on the studying mode of choice (in Poland, in the case of stationary, full-time study mode, the expenditures are automatically reduced as the students do not pay any tuition fees). For the non-stationary students, tuition fees are the main costs associated with studying. According to the report “EUROSTUDENT IV”, Polish students paying tuition fees, spend around 60 €, i.e. about 250 zł per month.

### **The costs of studying through the Internet**

The issue of student expenses is also addressed by various Internet portals, offering information for persons taking or planning to take university courses

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pdf, 21.02.2012.

<sup>8</sup> [http://www.stat.gov.pl/gus/5840\\_737\\_PLK\\_HTML.htm](http://www.stat.gov.pl/gus/5840_737_PLK_HTML.htm), 21.02.2012.

<sup>9</sup> J. Piwowarski, *Kapitał ludzki i kapitał społeczny. Podejście securitologiczne*, [in:] *Wzrost ludzkiego potencjału w regionalnym rozwoju* – 2. rocznik, EEDA, Dudince 2011, ISBN 978-80-970277-8-0.

thought the Internet. The reason for this is the large number of students who study often from a remote areas of their places of residence. Such persons, wishing to begin studying at the university in a big city, often do not know the cost breakdown needed to study there, such as rent, meals or entertainment. And for this, they are looking for the information on the Internet.

Portal [dlastudenta.pl](http://dlastudenta.pl)<sup>10</sup>, after a survey done among students in Gdansk, identified four key types of costs, which affect student's budget the most:

1. Accommodation.
2. Tuition.
3. Entertainment.
4. Food.

As the authors point out, the costs of entertainment vary and strongly depend on its type and place. The most financially noticeable events are the ones in the clubs – entry fee and higher prices than in the shops are strongly affecting student's budget – which is the reason why the students are opting for more intimate, and simply cheaper places. The amount of money spend of food, on the other hand, is often related to the number of visits to the family home and the provisions brought from there. Some students have other ways to minimize these expenses – some work while studying in the food industry, where the meals are often included in the salary .

The authors estimate that the monthly cost of living of a student outside of his home is 800-1000 zł for the stationary program and 1400-1600 zł for the non-stationary one. It should be emphasized that these estimates relate to the students of Gdansk. The cost of living in Warsaw and Krakow are higher<sup>11</sup>, therefore student's total spending also depends on the place of study.

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<sup>10</sup> [http://trojmiasto.dlastudenta.pl/studia/artukul/Kryzysowy\\_student,47346.html](http://trojmiasto.dlastudenta.pl/studia/artukul/Kryzysowy_student,47346.html), 21.02.2012.

<sup>11</sup> <http://www.rynekpracy.pl/artukul.php/wpis.69>, 21.02.2012.

## Sources of student finances

While having a good picture of what the average student spends the money for, it is worthwhile to ponder what are the sources of income. The issue of student income is a rather poorly developed area in theoretical terms. One must remember that the most basic responsibility of the student should be diligent studying, and the issue of student entrepreneurship<sup>12</sup> is, in this context, of secondary nature. Nevertheless, as mentioned above, the issue is the subject of analysis of many websites, resulting in monthly estimates of student finances, based mostly on online surveys. It is hard to determine the reliability of these sources, though, due to the fact, for example, that only a small percentage of students choose to complete them. Also, many factors should be considered as an existing fact - for example, that the survey questions were answered by an actual student, and not by someone who just described himself as a student on the Internet. In addition, these portals are focused more on how much money should be spent on education in the big city, not on the structure and sources of the student income.

Much more credible and worth citing source of information on this subject matter is the already mentioned report “EUROSTUDENT IV”<sup>13</sup>, analysing economic and social living conditions of students from 24 countries, including Poland. The authors focused on the sources of income, which make up the overall monthly budget of the average student. They distinguished four basic categories of income of people enrolled in post secondary education programs: the funding provided by the parents, other relatives or partners, the assistance from the state, the money earned personally by the student, and the group of “other” sources. The structure of the constructed in such way total budget, as demonstrated, differs significantly in the case of students of first and second degree, but also depends on the age of students, their gender and the affluence of the environment they come from.

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<sup>12</sup> *Podstawy ekonomiki i zarządzania przedsiębiorstwem*, (ed.) J. Kortan, Wydawnictwo C. H. Beck, Warszawa 1997.

<sup>13</sup> [http://www.eurostudent.eu/download\\_files/documents/EIV\\_Synopsis\\_of\\_Indicators.pdf](http://www.eurostudent.eu/download_files/documents/EIV_Synopsis_of_Indicators.pdf), p. 103-127, 22.02.2012.

The funds from family or partner might be received by the student in two ways – as a financial support in the form of cash or bank transfer (transfer in cash) or by family or partner paying the bills for the rented accommodation and tuition fees (the transfer in kind). As shown by the studies, it is the largest component of student's budget in the majority of surveyed countries. In Poland, financial support from family constitutes only 15% of the total income for those living with their parents, but as much as 46% for those who had to move out from the house to study. It should be noted, that the form of assistance such as paying the bills (the transfer in kind) was not taken into account here, which may be the main cause of such percentage difference between the two groups.

True is also the fact, that the graduate students receive less financial aid from family, than the students in the first year of study. The difference is approximately 5% of the total student income. The affluence of the environment the student comes from also has a significant effect on the amount of financial support (if any) he gets from his family. Among those from the less affluent families, such aid is received by 65% of the students, and for the ones coming from the more wealthy families – as much as by 88%.

The next category the creators of the report focused on was State assistance. It includes all discounts and support programs designed for those with the student status, as well as repayable assistance (loans) and non-repayable assistance programs (grants and scholarships). Such assistance depends usually on person's social status (social grants), but also on its scientific achievements (scholarships) and others. The budgets of Polish students are supplemented in this way for 8% students living with their parents, and for 6% of those living alone. The Central Statistical Office – not considering the division into the two groups – indicates that in the academic year 2010/2011 grants of a social nature received 199.9 thousand students, and for academic or athletic accomplishments – 230.6 thousand students<sup>14</sup>.

The third category considered in the report “EUROSTUDENT IV” is the money that students earn on their own. For some it is a necessary way to

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<sup>14</sup> [http://www.stat.gov.pl/gus/5840\\_737\\_PLK\\_HTML.htm](http://www.stat.gov.pl/gus/5840_737_PLK_HTML.htm), 22.02.2012.



supplement their monthly, needed for survival, budget, whereas for others – a form of its increase. Funding for the students living with their parents are supplemented in this way in 59%, while the budgets of those who moved away from home – in 38%. Among the latter there is also a difference between the students of first- and second-degree – income received from paid work for the students in the undergraduate programs represents 35% of their total income, while in the Master programs – 45%.

Among other sources making up the last category considered by the authors, listed are all other private or public sources that were not included in the previously described groups. Financial means derived from those sources are received by the students in cash or, for example, in the form of discounts on specific goods. Included in this category is also the money saved before entering the university. In the case of Polish students living with their parents they make up 19% of monthly budget, and for the students living outside the family home – 11%.

Student income was the subject matter that received attention from W. Jarecki<sup>15</sup>, who in his work mentioned its primary sources: parents, paid work while studying, savings, scientific and social scholarships, scholarships from companies and other organizations, relatives (except parents) and friends, parent retirement pensions or health pensions, student loans and other. Students may also receive financial support from the

State through grants, low interest loans, dorm fee assistance, transportation fee or admission discounts. These studies relate to Polish students enrolled in four programs (Economics, Management and Marketing, Finance and Banking, and Computer Science and Econometrics); however, they provide a good base for reaching general conclusions that can be successfully applied to the total number of students in universities. According to the author, the main source of student income are the parents. The higher the level, the more money comes from their paid work, undertaken in the course of study. The relatively low income is received by the respondents thought scholarships.

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<sup>15</sup> W. Jarecki, *Praca i dochody studentów*, „Polityka Społeczna”, 2010, nr 1, p. 21-25.

## Summary

The data presented shows that post secondary education brings with it the necessity to incur various costs, the size of which depends on many factors, such as the mode of study and its place. The minimum size of the every month budget must allow the student to cover all basic living expenses. Only later these expenditures may be extended to the areas deemed by some as unnecessary (e.g., entertainment). The above data also shows that students' budgets differ not only in size but also in structure. The sources the student receives the money from also depend on the various aforementioned factors. One gets the impression, that a large part of today's students belong to the so-called generation of born winners<sup>16</sup> – active, ambitious and striving for improving their potential, defined as human capital, people, which is reflected, among other thing, in a percentage of students undertaking paid work during their studies<sup>17</sup>. The scale of this phenomenon has been very large in recent years and today, a “trapped” between the university and a job student is a normal view, demonstrating the great potential of the modern generation of the young people.

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<sup>16</sup> S. M. Kwiatkowski, Z. Siroj (ed.), *Młodzież na rynku pracy. Od badań do praktyki*, Warszawa, Ochotnicze Hufce Pracy, 2006, ISBN 83-60398-03-8, p. 32.

<sup>17</sup> M. Piasecki (ed.), *Młodzi końca wieku*, Warszawa, WAB/GAZETA WYBORCZA, 1999, ISBN 83-88221-06-X.

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