

Universities as Urban Anchors: Examining the Socio-Economic Impact and Support Dynamics in Italy

KEYNOTE SPEAKER

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What does it mean for a city to be a university city? In other words, what impact do universities have on the areas in which they reside? Universities undoubtedly have important direct and indirect effects on local economies. The direct economic effects are driven in large part by the student population. In Piedmont, for instance, a combined total of over 130,000 students are enrolled in the region's four universities, with 42,000 of them coming from outside the region. That's roughly the population of a mid-sized Italian town. And according to a 2020 estimate by IRES Piemonte, these 42,000 students spend an average of 800 million euros per year on food, lodging, school supplies, recreational-sports activities, and transportation, determining a substantial economic return to the region. Even more striking is the universities' indirect economic contribution. According to data from the Rosselli Foundation, universities in the Turin metropolitan area make up the region's fourth most productive sector in Piedmont in terms of indirect economic impact, ranking just behind the construction, transportation, and agricultural sectors, with a total estimated value of nearly 2 billion euros. The economic advantages of having a university located in the community have not escaped the notice of local administrations, who are eager to encourage the establishment of university programmes not just in large cities, but also in smaller towns.

Additionally, the impact of universities extends beyond the economic to the social fabric of a territory. Institutions of higher education play a crucial role in the formation of human capital and in shaping the urban environment. The sort of changes in Milan we heard about in Professor Balducci's presentation this morning can also be seen in Turin, where university expansion has quite literally reconfigured entire areas of the city. One example of this is the Luigi Einaudi Campus, which was completed in 2013 and has led to the complete revitalisation and redevelopment of the neighbourhood known as Aurora. Students at the University of Padua have gone so far as to coin the slogan: "Without us, Padua dies!" This phrase reflects just how tightly intertwined the city-

university relationship can become, even to the point of completely transforming the urban and social landscape. Nevertheless, “town/gown” relations are not always easy and are frequently marked by mixed feelings towards the student population.

In a recent EU survey [QS, 2021], international students were asked – and for the present purposes one can replace “international” with “non-local” – what they consider to be the five most important factors when choosing a city to study in. The safety of the city and its being welcoming to students were ranked in first place, and cost of living in second, with quality of teaching, recreational opportunities, and affordable housing following close behind [Figure 1]. In short, the cost of living and of accommodation are among the top considerations for students when choosing a town or city in which to study.

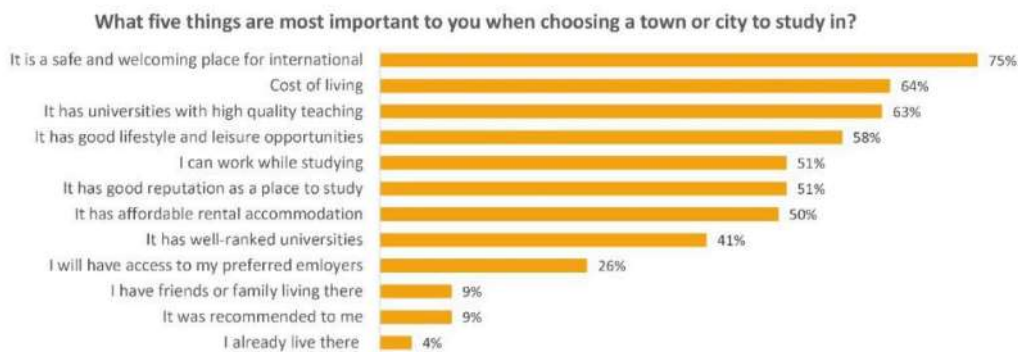


Figure 1 | Data Source Provider: EU International Student Survey 2021, QS

So, in Italy, who bears the cost of maintaining university students? It is a fairly well-known fact that the Italian government provides study grants and scholarships to defray the costs of higher education. Less commonly known, however, is that only around 14% of university students in Italy actually benefit from this form of financial assistance. In the 2021/2022 academic year, that came to approximately 235,000 students out of a total of 1,700,000. In a uniquely Italian twist, not everyone who satisfies the economic and merit criteria for government-funded financial aid can expect to receive any—and here it bears emphasising the word merit, which is so often overlooked—and the reason for this is the lack of sufficient funding. Consequently, as can be seen in Figure 2, the number of students receiving government aid has never caught up with the number of students eligible for it.



Figure 2 | Number of grant-holders and number of beneficiaries in Italy, 2002/03-2021/22. Source: Office II – MIUR until 2013/14; usta.t.miur.it from 2014/1

Government-funded university scholarships are not only few and far between, but the transfer of funds to students is slow to arrive, meaning that they often serve mainly as reimbursement (or partial reimbursement) for expenses already incurred. Grants generally come in two instalments, with the first half typically paid out between November and the end of December, which is three to four months after courses have begun. In some cases, first-year students must satisfy the merit requirement (earning 20 credits by August 10) before receiving the entire amount in a single instalment, which could be at the end of the June at the earliest, or as late as in the autumn. One has to wonder how students manage to support themselves while waiting for their grant money to arrive if their families are unable to provide support.

Across the border, in France, government study grants are paid in monthly instalments, on the 5th of each month, beginning in September (provided the proper documents have been submitted by the end of August) or in October. Another advantage of the system of student financial support in France is that it is managed uniformly nationwide. In Italy, instead, each of the different educational authorities operates according to its own set of rules and regulations concerning application deadlines and disbursements. Consequently, there are over thirty different financial aid systems, without even counting the region of Lombardy, where each higher-education institution is responsible for handling its own students' financial aid.

The fragmented nature of the financial aid system in Italy makes it difficult for students to be properly informed about the opportunities available, and there is no dedicated office responsible for disseminating this information to high school students. A number of recent studies confirm how little students know about their right to higher education. For example, the Region of Piedmont's Regional Observatory for the University and for the Right to Higher Education analysed data from students at two universities in Piedmont during the 2016/17 academic

year. It was found that 58% of those interviewed who met the eligibility requirements for need-based financial aid had never even applied for it. In another study conducted at the University of Udine over three academic years from 2015/16 to 2017/18, approximately 45% of students reported being unaware of initiatives supporting the right to higher education, even though they were already attending university. A student at a conference in Bologna described his personal experience with ER.GO, the Regional Authority for the Right to Higher Education of Emilia-Romagna like this: "My life changed completely after a chance meeting with a friend, who told me about ER.GO," he explained. "At the time, I wasn't even sure I wanted to go to university. I had no idea what I wanted to do. But when I heard about the opportunity to apply for a scholarship and a place to live, that's what I did. It was a pivotal moment in my life." Stories like this show how information about student aid is most often obtained through informal channels.

And what about housing costs? How are they covered? All non-local students who meet the financial and merit requirements for a scholarship are entitled to a place in affordable student housing. Currently, 29,000 of Italy's approximately 97,000 non-local scholarship holders live in university residence halls, meaning that, on average, one in three of them benefits from the opportunity of being assigned student accommodation. However, it needs to be borne in mind that this national average conceals significant regional variations in the ability to meet housing demand [Figure 3].

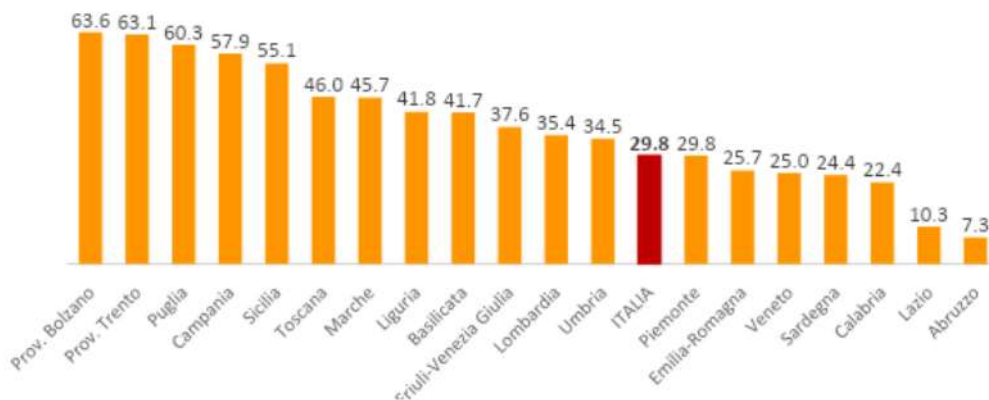


Fig. 3| Percentage of off-site fellows receiving accommodation, a.y. 2020/21. Note: The percentage is calculated by comparing the number of beds occupied by eligible non-local students to the number of eligible non-local students. In Molise and Valle d'Aosta, student accommodation is not managed by the regional authorities for the DSU.

Source: Elaboration on MUR data, ustat.miur.it

We have seen that only 29,000 scholarship holders in Italy reside in university housing. Nonetheless, the potential supply of student housing is greater than that. If we include accommodation managed by legally recognised non-state colleges and university residence halls, there are

roughly 51,000 beds. Still, this pales in comparison to the 175,000 residential places available in France, and 195,000 in Germany. Our French and German cousins outperform us not only in terms of the number of available places - which is three to four times that in Italy - but also in terms of the percentage of students who live in university accommodation, which is 3% in Italy, 6.5% in France, and nearly 8% in Germany. Moreover, because student housing in France and Germany is maintained by local institutions for the right to study (CROUS and Studentenwerk), average rents are €250-260 per month. In Italy, there is no rent relief for housing located in university residences or operated by private organisations.

As another measure to ease the expense of accommodation for non-local students, the Italian government allows students to claim 19% of their rental expense as an income tax deduction. Since the maximum deductible is capped at €2,633 annually, the tax refund amounts to €500 at most, and is, of course, only received the following tax year, after the rent has already been paid. Yet again, one wonders how much of a difference such a modest figure can make to a student facing financial hardship who wishes to attend a non-local university. Given the present circumstances, it is hardly surprising that a wave of student protests over the high cost of housing has arisen in many Italian university cities. For one thing, soaring rents are unaffordable for those with less privileged backgrounds; for another, the availability of private living options for non-local students is rapidly diminishing, particularly in popular tourist destinations like Bologna, Florence, and Padua. This is mainly due to the large number of flats being converted into bed and breakfasts in recent years, which has significantly reduced the supply of housing available.

What potential impacts can be expected in the future as a result of the implementation of the National Recovery and Resilience Plan (PNRR)?

First and foremost, it is encouraging that the PNRR has acknowledged the dire shortage of university housing in Italy. To address the issue, the proposal calls for a significant investment of 960 million euros and aims to develop housing capacity by adding more than 100,000 beds by 2026, which means 60,000 additional beds over the next four years. Given that only 14,000 new beds were created during the fifteen-year period between 2005 and 2020, the PNRR target almost seems a “mission (im)possible”. The plan, which consists of two milestones, is indeed quite ambitious. The first milestone, budgeted at EUR 300 million, envisages the creation of 7,500 additional beds by December 2022, and the second, with a budget of EUR 660 million, will add 52,500 more beds by the end of 2026. In practical terms, what does reaching these milestones entail?

Regarding the first milestone, two public calls were issued - in August and December 2022 (due to the failure of the first call to meet the target) - to co-finance public or private entities, including partnerships, for the purchase or long-term lease (at least nine years) of real estate to be used

as university lodging. Currently, over 9,000 beds have been co-financed with the stated intention of prioritising non-local students. However, it is unclear how this can be guaranteed in residences managed by private operators, since they do not have access to the rankings issued by the authorities for the right to education. Who will be responsible for verifying that grant recipients receive priority access?

In terms of the second milestone, in September 2023, the University Housing Fund was established to cover all or at least part of private operators' management costs for three years and providing them with tax breaks. According to the PNRR: *"It is based on an innovative and original design that aims to encourage private subjects to build new university buildings, by having the MUR cover the costs of managing the facilities for the first three years."* It is not exactly clear why the plan has been defined as "innovative and original design" since private investors have been investing in university housing for years and continue to do so in response to rising demand and the potential for profit. In fact, the rents charged by private operators are market-driven, and only some of the wealthiest university students can afford them.

The key issue that not yet been addressed by any ministerial act as part of either the first or the second milestone is that of student accommodation fees. Will students be guaranteed discounted rents for university housing? And presuming that rents will be controlled for at least the first three years thanks to the PNRR, what will happen thereafter? Posterity will be a harsh judge. For genuine innovation would be to implement solutions that allow our current public support system to function effectively. Until that happens, students will "vote with their feet" by enrolling in universities abroad as international students to gain access to resources that Italy is, unfortunately, still unable to provide. The loss of human capital is a setback not just to the development of our cities, but to the nation as a whole.