

Student debt, higher education participation, and intermediate skills development (0045)

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Background and Context

The increasing use of student loans to fund higher education (HE) is a global phenomenon, fuelling HE expansion and participation, and social mobility (Heller & Callender 2013). Policy goals of loan schemes vary (Ziderman, 2013). In England the central objective is cost-sharing, another global HE trend (Johnstone & Marcucci, 2010). Loans aim to reduce public expenditure by shifting HE costs away from government and taxpayers so more of the costs are borne by students and/or their families. Simultaneously, they facilitate, and make more acceptable, tuition fee increases.

These aims were clearly articulated in the Labour government's 2004 Higher Education Act and again in the Coalition's 2011 Higher Education White Paper (BIS, 2011), which signalled a radical change in England's funding system. In 2012/13, the maximum tuition fees HE institutions were allowed to charge rose from £3,000 to £9,000 per annum for their full-time undergraduate courses with students eligible for government subsidised income-contingent loans to repay these higher tuition fees.

Consequently, England now has a student funding system predicated on debt accumulation with the vast majority of undergraduates dependent on loans. In 2012/13, 92% of English domiciled students at public institutions had taken out a fees loan and 89% a maintenance loan (SLC/BIS, 2014). Student borrowing is estimated to rise to £44,035 for those graduating in 2016 under the new funding regime, up from an average of £ 24,754 under the pre-2012 system (Crawford and Jin, 2014, p2).

Despite these very dramatic changes, relatively little rigorous empirical research has been conducted in England on students' attitudes towards debt and risk-taking and how these attitudes affect their HE decisions and choices. The majority of English studies that do explore students' attitudes to debt and/or their expectations of debt incurred through HE study are conducted among existing students rather than prospective students and so, by definition, exclude potential students who decide not to enter HE, including those who may

be deterred by debt (e.g. Harrison et al, 2015; Bachan, 2013). Moreover, these studies are often small scale and conducted in just one HE institution (or Department) rather than drawing on a nationally representative sample of students.

There are a few national studies which examine potential students attitudes to debt but these were undertaken several years ago (e.g. Scott et al, 2001; Callender and Jackson, 2005; 2008) when student funding and the HE landscape were very different and there were limited alternatives to HE. More recently, Wilkins et al (2012) assessed the key influences on student decision-making and the impact of increased tuition fees in England from 2012 on the intended behaviour of potential HE students. They concluded that students show high levels of anxiety regarding financial issues and consequently consider a much broader range of study options: within or outside higher education; in publicly funded or for-profit institutions; and in the UK or elsewhere. Ertl et al (2013) similarly examined the differential effects of financial factors on HE applicant decisions under the new funding regime. They too found that financial considerations influenced potential applicants' HE decisions, especially their views about potential graduate labour market premia which had a profound impact on whether or not they applied to HE. Among university applicants, the high level of debt that prospective students expected to incur also played an important role in their decisions about HE. Both these studies explore financial issues and costs in depth but shed little light on students' attitudes towards debt.

Our new study aims to fill these gaps in research on HE participation.

The study and its approach

The study, funded by the ESRC and part of UCL IoE's Centre for Research on Learning and Life Chances (LLAKES), is being conducted by Professor Claire Callender of UCL IoE and Geoff Mason from the National Institute of Economic and Social Research (NIESR).

It poses the following research questions:

- What are potential HE students' attitudes to debt, risk-taking, HE and the labour market, and how have these changed over time?
- Do concerns over debt and the costs of HE influence potential students' decisions about entering HE, where and what to study and their mode of study?

- Do potential students perceive HE and its costs as debt accrual or as a beneficial investment?
- How willing are potential HE students to study part-time while in employment and combine such studies with apprenticeship training?
- How do these perceptions, attitudes and aspirations vary by students' socio-economic characteristics and previous academic attainments?
- What are the implications of the findings for policy?

Callender et al's (2005, 2008) work will be used as a baseline for assessing changes in attitudes.

The study consists of:

- Statistical and literature review
- Survey of nationally representative sample of 2,000 school leavers (state and independent schools) and FE college students in England in their final year of study, all of whom are taking HE entry-level qualifications (eg, A levels or other Level 3 qualifications)
 - Sample – drawn from National Pupil Database (NPD) and Individual Learner Records (ILR) held by DfE
 - NPD has the postal addresses of state school pupils
 - ILR has email addresses of FE students
 - Sample of independent pupils to be obtained through a direct approach to independent schools
 - Mix of online and paper questionnaires
 - Survey carried out by NatCen Social Research, started in March 2015 and will end in July

The questionnaire covers the following areas:

- Socio-economic characteristics of students
- Previous academic attainments
- Views on:
 - higher education and employment
 - likely costs of studying for a HE qualification
 - on borrowing money and taking risks

- financial support for HE students
- non-HE options relating to intermediate-level education and training
- Plans for the future
- Applying to university

At the time of writing, the fieldwork is ongoing. The proposed paper will present some early survey findings, focusing on attitudes towards debt and risk-taking.

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