Higher Fees, Higher Debts: Greater Expectations of Graduate Futures? (0096)

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Student finance in higher education (HE) in England has been radically reformed and these changes have been the focus for a growing body of educational research (see for example, Bowl and Hughes, 2014; Bachan, 2014; Wakeling and Jefferies, 2013; Wilkins et al., 2012; Dearden et al., 2011; Moore et al., 2011; McCaig, 2010). The majority of these existing studies, however, focus on the impact of student finance policies on students' *enrolment* behaviour. There is little research that has investigated how the most recent increase in tuition fees and changes to student loans have affected the views of graduating students and their approaches toward their graduate futures. This paper presents findings from a recent study that starts to address this gap in knowledge.

This study produced a qualitative baseline of the views of a sample of undergraduate students who were graduating in the summer of 2014. These graduates were part of the last cohort of students to have paid lower tuition fees and were therefore graduating with less student debt (approximately £26,000). A follow-up study with a comparable sample of undergraduate students who were graduating in 2015, with much higher levels of debt (approximately £44,000), allowed a comparison to take place of graduates' views, ambitions and experiences under different finance systems. In 2014, twenty-four interviews were conducted at a Russell Group (RG) university and twenty-four at a Million+ (M+) university. These 48 semi-structured interviews were audio-recorded and conducted by the same researcher. The sample of participants at both institutions were selected using three main criteria:

- Final year of full time, 3 year undergraduate study,
- Studying either a STEM subject or an arts/humanities subject,
- Aged between 20-23

Additionally, a portion of the participants at both institutions was selected using widening participation (WP) indicators (e.g. parental income, school type, bursary eligibility, etc.) to ensure a mix of socio-economic backgrounds in the sample. This research design was repeated one year later with a comparable sample of graduating students at the same two universities.

This study provides a qualitative evidence base to build ongoing understanding of how students under the new HE finance system in England are experiencing and responding to the higher levels of fees and debt, particularly in relation to their graduate decision-making. It finds that the majority of graduands in both the 2014 and 2015 sample were anxious about their futures, but this was increased under the 2012 financial support system, and is greater amongst WP students and those with degrees that are perceived to be less in demand by graduate employers.

In terms of post-graduation decisions and plans, there were clear differences between the 2015 and 2014 graduates. The plans of some of the 2015 WP students in both HEIs are worth noting as the decision to accept a non-graduate job on graduating is more prevalent than in the non-WP groups. Often this decision is made due to short- to medium-term financial concerns. Some have deliberately planned to take what they term 'a year out' after graduation, by which they mean working in non-graduate employment in order to save money or buy them some thinking time in relation to future decision-making.

Elsewhere, there were examples of 2015 graduates who had started to plan their futures from the beginning of university or even earlier. Often this sort of pro-active, focussed planning was motivated by one of two goals: (1) to try to ensure financial prospects and stability (e.g. by choosing a vocational degree linked to a high salaried graduate job, such as Actuarial Science, or competing for highly sought after internships); or (2) to protect against financial uncertainty (e.g. saving money whilst studying to create a financial 'safety net'). In a few cases, students employed both strategies. There were more 2015 graduates in the RG HEI, who employed the first strategy in terms of specifically choosing a degree that would lead them more directly to a graduate career. There were also more 2015 graduates in the RG HEI, who employed the first strategy in terms of completing internships whilst at university to 'enhance their CVs' in a bid to increase their chances of securing a graduate job straight after graduation.

Five RG WP students in 2015 talked about the act of saving money whilst at university, which was used to both prevent them having to make rushed or fraught decisions and to allay financial anxiety in the short-term. Neither WP nor non-WP 2015 students at the M+ HEI were able to save money whilst at university. Other students either lacked a clear direction post-graduation, which was raising levels of financial anxiety, or they were making frantic, last minute decisions, which were often prompted by financial concerns.

There is evidence that the graduates of 2015 were more worried about their futures as they approached graduation, not only in terms of entering either postgraduate study or the graduate labour market, but also in how their future finances (in both the short term and long term) might be affected by larger debts. This was seemingly compounded by a lack of awareness and detailed understanding of how the new loan repayment terms could impact upon their future lives (for example, in relation to home ownership, raising a family and retirement). In the absence of such knowledge and understanding, many students were making a 'best guess' as to the potential impact of the debt repayment on their futures (indeed, many inaccurately under the new loan terms), and these 'guesses' were directly influencing what graduate choices they saw as available and viable for them. In many cases the choices they perceived, and therefore the decisions they made, were unnecessarily constrained. Findings suggest that students from widening participation and low-income backgrounds may not only reconsider participating in higher education if they have to encounter higher debt, but may also see fewer opportunities *and* make less well-informed choices about their graduate futures. Thus creating a potential site for further inequality and inequity in higher education, and especially in relation to graduate outcomes.

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