

How do students finance their studies after the change in tuition fees, loans and grants? Timeline of financial transitions at a Northern Red-Brick University (0319)

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This paper looks at the student budget post-2012, contrasting the experiences of low and high income students of the second generation who started their studies under the new tuition fee regime. Building on the first and second year interviews with students from an ongoing longitudinal study at a Northern Red-Brick University, the paper highlights similarities and differences in budgeting. Using the academic calendar as the guideline, the paper provides an overview of how the national and institutional timeline for financial support to students has a mismatch with the expenditure side of the student budget, culminating in shorter or longer periods of crises and pressure points. Following Gale and Parker's (2014) outline on analysing transitions in the higher education setting, this paper suggests refocusing attention from the institutional/structural view onto how different individuals experience their student lives. The paper suggests that informing students and their families about the potential temporary financial shortfalls and setting up a flexible, local and accessible support structure available for students is absolutely crucial.

In 2012, university undergraduate degree level students in England and Wales became responsible for all or most of the costs of study. Although fees are currently capped at £9000, these changes are largely considered to have transformed the sector of Higher Education. However, this policy of 'full tuition fees' built upon two earlier policy initiatives. In 1992, the first of these initiatives sought to expand the HE sector by transforming polytechnics and colleges into universities and, following moves by the New Labour Governments of 1998 and 2004 respectively, maintenance grants were also phased out and replaced by a scheme of subsidised fees and loans. After opening out the sector yet further to entirely private operators, full tuition fees then followed (Callender, 2012, McGettigan, 2013). One of the crucial issues with the current system is pointed out by Dearden et al. (2012); analysing the post-2012 student support across the HE sector, they found that future students cannot know the exact amount of student support in advance mainly due to the pace and level of changes and the resulting complexity within the system.

This paper outlines the baseline assumptions of the current financial support system comprising of the central maintenance loans and grants and institutional statutory bursaries and some extra scholarship provision for the poorest students. Students' maintenance loans and grants are based on their parents' household income up to the age of 25 years – despite the wide-spread use of 21 years as a definition of a mature student. The way the loan and grant system is set up it takes for granted a substantial family contribution from higher earner households. On the other hand, students from households below the yearly income of £25,000 a year do not need extra support as the central provision covers the supposed maintenance. The system adjusts for change in circumstance over time, means testing the household income each year.

The maintenance loans and grants are issued to students in a peculiar way, not usual to any other situation throughout an individual's life course: instead of monthly instalments they receive the money in a few bigger blocks. When looking at the extra costs starting a university course, having a bigger lump sum at the start does make sense from the individual's perspective. However, it is more likely that in an administrative sense, it's cheaper giving out a lump sum than a monthly amount to students. In the context of transitioning into independence this unusual financial situation goes along with learning to budget for daily maintenance. Moreover, the few instalments do not seem to match the timeline of expenditures creating multiple pressure points over time as illustrated in this paper.

This paper discusses *first* the generic mismatch between the institutional set-up of loan instalment and how the academic year brings different pressure points on the student budget. For example, due to the 'hysteria' around second and third year housing, whereby students chase each other into signing for their next year accommodation with private landlords within 2-3 months of arriving to the university and similarly early in during their second year, they also need to pay their deposits over the spring. Moreover, despite the vast majority of students staying with their parents over the summer, they still need to pay rent to the private landlords for the houses they move into at the end of September.

Second, this paper discusses the diversity and the diverging needs within the student body, pointing to the differences in the financial aspect of the student experience along multiple characteristics. Our data allows us to tease out multiple different stories, whether the students are on a three year Bachelor's programmes or have further academic years to finance; whether they are 18-19 years old, having moved away for university or carers living with their family in the city; whether their second year loans and grants saw them being better off compared to the first year or they lost out on funds, and so on.

Third, this paper provides an overview about the processes how the different student groups balance their budgets especially during the pressure points. Drawing on the first two points discussed in this paper, this section draws on narratives of the diverging experiences in terms of financing university depending on the background of the student and what ways they can tackle said pressure points. Suggestions include building higher flexibility into the financial support system, both at the national and the local level for it to support university students more adequately.

References

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