



Undergraduate applicants' and students' experiences of funding following the HE Act (2004)

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Home UG fees and funding at English HEIs 2006-2011



	Fees	State student funding
until 1989	No student fee contribution	Means-tested grants
1990 – 1997	No student fee contribution	Loans and means-tested grants
1998 – 2005	Means-tested student contribution - max £1,000	Loans
2006 – 2011	Deferred partial fee liability - max £3,000	Means-tested grants and income-contingent loans (grant eligibility adjusted for 2008 & 2009)
2012 -	Deferred (partial) fee liability - max £9,000	Means-tested grants, NSP and loans (revised loan repayment terms)

UG experiences 2006-11: expectations and realities



- Entering a new 'market' – political and institutional expectations of applicant/student behaviours
- From expectations to 'market positioning' – the setting of fees and design of bursary schemes for 2006 entry
- Applying initial understandings of actual applicant/student behaviours to 'market positioning' strategies
- Reflections of applicants/students on the costs and benefits of their higher education

HE Act (2004)

The political context



“By far the fairest way of paying for [higher education] is I believe the one we are putting forward – a new partnership between the government and the student who benefits directly, who will make a fair contribution to the cost, but only after graduation, through the tax system, on the basis of ability to pay.” Tony Blair, Prime Minister, January 2004

Labour’s parliamentary majority was 161 but the legislation passed a crucial Commons vote on 27 January 2004 by five

How would students react?



“I recognise that for many lower-income families the fear of debt is a real worry and could act as a bar to higher education. I want to make sure that our future reform tackles this problem. Our aim is to get more children from less privileged backgrounds into higher education and we hope to better achieve this by changing the combination of family, student and state contributions.”

Estelle Morris, Secretary of State for Education (2001)

HE Act (2004) in theory



Objective

- variability in fees
- increased participation rate
- social mix of students widened
- incentive to improve TQ and student satisfaction
- more support for knowledge economy

OFFA and Access Agreements



OFFA – the Office for Fair Access

- Concern that this would challenge ‘academic freedom’ in relation to admissions decisions
- First Director – Sir Martin Harris – former VC

Access Agreements

- Commitment to provision of financial support and other steps to promote equality of opportunity in HE (for students from low-income backgrounds minimum amount to cover gap between £2700 grant and fees)
- Requirement to set and monitor achievements against ‘milestones’ identified by institutions

Institutional responses to the HE Act (2004)



Categories of bursary schemes introduced from 2006

- **basic** – one criterion for eligibility, generally means-testing (eg Oxford)
- **basic-plus** - low basic bursaries (to meet the OFFA requirements), plus broad range of high-value scholarships (eg Keele)
- **automatic** - those with a non-means-tested element (eg Sunderland)
- **non-compulsory** - where fee <£2,700 pa (eg Leeds Metropolitan)
- **complex** – many types of bursaries offered individually or together (eg Reading)

An imperfect market?



Potential to create a quasi-market in which:

- profit-maximisation would not be the sole motivation of the suppliers
- purchases would be made not directly or cash, or even by the consumer

Le Grand and Bartlett (1993)

But there were information gaps within universities in:

- knowing the true cost of delivering a degree programme
- understanding applicants' perceptions of differential values

And information gaps for applicants who were mainly first-time UGs choosing an 'experience good'

HE Act (2004) in practice



Objective

- variability in fees
- increased participation rate
- social mix of students widened
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- more support for knowledge economy

Practice

- variability in bursaries
- increased participation rate
- social mix of students not significantly changed
- more measurement tools introduced
- closure of some pure science courses

Normalisation of UG fees?

2012 Study



Research to understand attitudes of potential UGs to fees, and loans and expectations of graduate debt

- Sample from six secondary schools/colleges (five in Oxfordshire, one in Buckinghamshire)
- Questionnaire survey (online or paper) of all students in year 13, taking courses that would make them eligible to apply for higher education : 723 usable responses
- Follow-up focus group interviews at five participating institutions: 43 respondents, all of whom had applied to HE

Findings – where to apply



73.6% of respondents applied to at least one pre-1992 university; of those, 75.3% applied to at least one Russell Group university.

Focus groups: differences in fee levels between universities are perceived as small – not central to institutional choice

Questionnaire: cost concerns have more impact on:

- men
- applicants to post-1992 universities
- those concerned about the debt burden
- those who expect to earn above the loan repayment threshold (£21,000)

Findings – reasons *not* to apply to HE



Top ranked items (out of 13 items provided):

I want to earn money

I don't want to get into debt

I want to find a job straight away

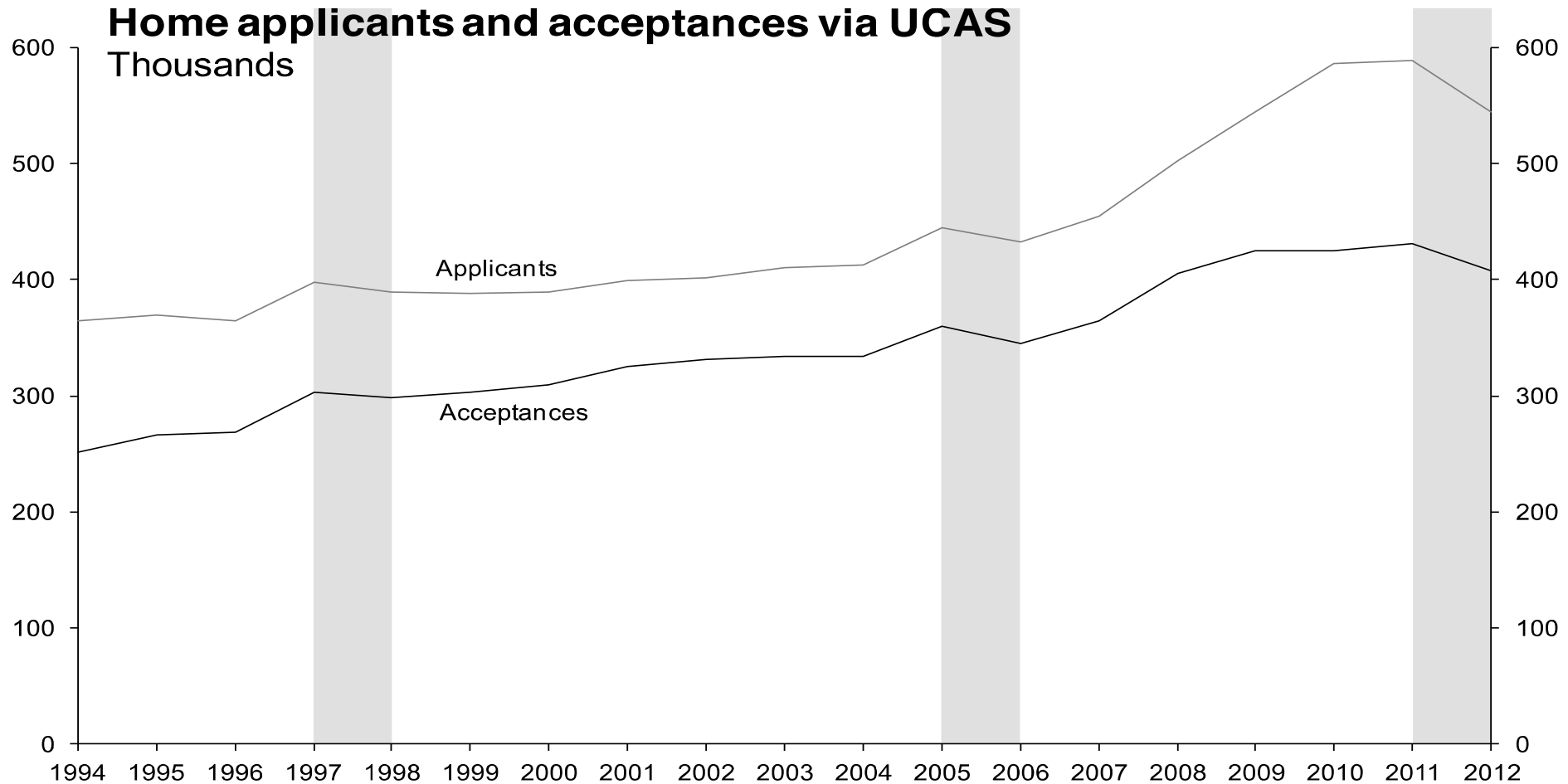
I want to do an apprenticeship

Factor analysis:

- financial motives related to prospect of lost earnings
 - stronger for those who are the first in their family to go onto university and for those that don't believe in graduate premium
- ability to find employment and start a career
 - stronger for those that don't believe in graduate premium

Focus group discussions highlighted that a perceived lack of alternatives to HE plays an important role in decisions to apply

English HEIs – UG numbers



Source: UCAS



References

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