



Does Cost Matter? Students' understanding of the higher education finance system and how cost affects their decisions (NEON)

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Citation for published version (APA):

Atherton, G., Jones, S., & Hall, A. (2015). Does Cost Matter? Students' understanding of the higher education finance system and how cost affects their decisions (NEON). NEON.

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National Education Opportunities Network

**Does Cost Matter? Students'
understanding of the higher
education finance system and
how cost affects their
decisions
A NEON Report**

Dr. Graeme Atherton, Dr. Steven Jones and Alex Hall

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What is NEON?

The National Education Opportunities Network (NEON) is the professional organisation in England for those involved in widening access to higher education (HE) and social mobility founded in 2012. NEON has nearly 500 individual members drawn from over 80 organisations. NEON delivers training activities, facilitates knowledge exchange and the production of thought leadership.

This report is the first in a series of thought leadership publications NEON plans to produce in the next 2 years as it seeks to utilise its position as the largest member based organisation focused on access to higher education in England.

To find out more about the work of NEON please go to www.educationopportunities.co.uk.

Acknowledgements

NEON would like to thank Dr. Claire Crawford of the University of Warwick for her comments and the Higher Education Institutions/organisations listed below for their support and work on this project.

- AccessHE (assembling the London sample)
- University of Liverpool
- University of Bedfordshire
- University of Hull
- University of Manchester
- University of East Anglia
- University of Leicester
- University of Sheffield

Executive Summary

Why this research?

Higher Education (HE) participation amongst young learners has not declined as expected by some after the increase in tuition fees in 2012, and has increased amongst those from lower socio-economic groups. This research looks at the decision making of young learners at the point of application. It asks: where applying to HE is concerned, does cost matter?

Methodology

Nearly 1500 year 13/equivalent students applying to university in the 2015 cycle completed an online survey from November 2014 to February 2015. They were drawn from 8 areas of the country.

Key findings

Cost does not dominate applicant decision making

Over 70% of respondents agree with the statement 'learning about my subject and having a student experience is more important than the cost'.

But it matters more to some young people than others

Compared to pupils living in the 20% highest participation neighbourhoods, those living in the 20-40% lowest participation neighbourhoods are nearly 20 percentage points more likely to report agreeing or strongly agreeing that they will go to university nearer home or live at home as a result of the costs.

Do young people know enough about the student finance system?

The majority of the respondents had a good understanding of how much universities can charge in tuition fees each year and the fact that they can borrow money to cover these fees. But they had a less clear understanding of the extent of maintenance support available. For example, less than one fifth of Year 13 students applying to HE know how much they can borrow to help with living costs and over 40% do not know if they are eligible for a maintenance grant. Those living in lower participation areas and those eligible for free school meals tended to have a poorer understanding of the system too. For example, those living in the 20% lowest participation neighbourhoods were 13 percentage points more likely to say that they didn't know whether or not they were eligible for a maintenance grant than those living in the 20% highest participation neighbourhoods.

Could lowering fees support student success?

Research shows that term time working can have a negative impact on student success in HE. Nearly 60% of respondents reported that reducing fees to £6000 would reduce how many hours of paid work they would undertake during term-time.

Higher Education participation may be cost elastic (but may not be)

The majority of learners report that they would re-consider higher education if annual tuition fees were increased to over £15,000, but even at any price many students report that they would still attend if they could borrow the money to do so.

What impact did Aimhigher really have?

Around 35% of respondents agreed that it had a positive impact on their decision making. But this is in the context of only around 50% of learners recalling receiving any support at year 10 or below. Thus, the majority of learners who participated in Aimhigher felt it had a positive impact on their decision making.

Support from school and colleges matters

Those who report that their school offers HE progression support activities less than once a month are 15 percentage points more likely to know what a loan is than those who report that their school offers no activities. This gap increases to over 20 percentage points amongst those who report that their school offers support activities at least once a week.

Are HEIs and schools doing enough pre-16?

Less than 35% of respondents remember doing any specific work via their school on HE progression in Key Stage 3. Even fewer remember doing anything with HE institutions: less than 20% of learners report having contact with HE institutions at Key Stage 3.

It is true that HEIs are investing significant amounts of resources in outreach work. But if an increasing number of learners including those from lower socio-economic backgrounds are so determined to go onto higher education we have to ask: is the combined support package from HE, school, colleges and the state enough?

1. Introduction

The popular perception prior to the increase in higher education (HE) tuition fees in 2012 was that participation would decline, possibly significantly, especially amongst learners from lower socio-economic groups. This has yet to happen for younger learners. In fact there are now more young learners entering higher education from lower socio-economic groups than at any time before. It seems strange on the face of it that so many young people appear not to have been dissuaded from entering higher education by the fact that the price of it has nearly trebled, while the 'product' appears the same. This study seeks to explore why this might be. Does cost not matter to young people? Or do they not know what the cost is? Or are they so determined to go into higher education they will endure a much higher cost than before?

There has been surprisingly little research so far that has attempted to explore the 'high price:high participation' HE system in England. This research aims to try and start to address this gap and unpack the relationship between cost and HE participation for young students, in particular those from lower socio-economic backgrounds. Taking its cue from work such as that by Callender et al in 2008, the aim is to look at how cost may affect the decision making of prospective HE students across a number of dimensions beyond just the decision regarding why to apply for HE.

It focuses entirely on those applying for HE. The rationale here is that it is this group who in some ways have become the most interesting, as they are behaving against the hypothesised 'type'. This does not mean that those choosing not to attend are not of interest. Nor is this decision intended to support a view that 'higher fees are not putting off young people applying to HE'. We do not know this. Just because participation has not declined as much as expected doesn't mean that there are not thousands more who would have applied if fees had been lower. Ascertaining the size of this group requires another piece of work.

Understanding of costs

The research starts by exploring young people's understanding of the costs of going to university. Do they understand the difference between a grant and a loan? Do they know how much tuition fees are and that these do not have to be paid upfront? What about support for maintenance costs? It tries to provide a detailed understanding of whether, amongst those applying to university, students have a good understanding of the likely costs and amount of debt they will be in when they leave.

Effect of cost on HE decisions

It then goes on to explore what role cost plays in learners' decisions about whether to go to university, what and where to study, and whether to work whilst they are there.

What would be the effect of reducing or increasing fees?

The research also explores the potential implications of different fee and support regimes for students decisions about university. As we approach another general election there appears some clear water between the major parties where the cost of tuition is concerned. Again, the biggest impact of reducing fees may be on encouraging more applications from the dissuaded but this does not mean that the level of fee is not relevant to the actual applicant. As the research shows, there

does appear to be a level of elasticity where the price of HE is concerned and the level of fee may be having a significant impact on how student's behave when they enter HE.

What support do young learners receive and need?

Finally, the research also looks at the support that applicants have received through their school career where learning, thinking about and applying to HE is concerned. Higher Education Institutions (HEIs) have been mandated since 2012 to provide greater support for schools and colleges to enable their learners, in particular those from lower socio-economic groups, to progress to HE. This responsibility is one that builds on the work funded by the state itself via the Aimhigher programme in the 2000s, and delivered by the HEIs themselves. There has long been debate about the efficacy and impact of this work. There has also been ongoing debate about the restructuring of careers provision in England since 2011 and its impact on how young people are supported to make decisions. This research helps build a better picture regarding what support young people report they are receiving to help them in their decision making and the importance of this support.

2. What has happened to HE participation since fees were increased?

Up to the 2012/13 academic year, higher education institutions in England could charge a maximum annual fee of £3,375. This changed in 2012/13 when this maximum increased to £9,000. Contrary to the government's hopes that universities would compete on price, the vast majority of universities and courses charge the £9,000 maximum. The Office for Fair Access (OFFA) reported in 2014 that the average fee being charged by HEIs was at £8,601. (This does not take into account however the range of bursaries, fee waivers and other forms of support on offer which will mean the 'real cost' varies significantly between institutions and of course between individuals, e.g. see Dearden et al (2014).)

In many countries it is difficult to assess changes in participation in higher education by different social groups as data on such participation is simply not collected. In England this is not the case. There is a relative surfeit of such information on who goes to HE. There are different ways of measuring and conceiving of lower socio-economic group, with data produced by different agencies and produced over contrasting time frames. Taking an overview of these different data sources and what has become available since tuition fees were increased to a maximum of £9000 in 2012, it appears that overall participation by young people has not decreased. Neither has participation amongst those from lower socio-economic groups decreased; in fact it has increased. The situation is somewhat different for part time learners where there has been a distinct decline in participation. This is a serious issue, but is not one that this report attempts to address. It could be argued though that there is an even greater need to understand the nature of decision making where HE application is concerned amongst older learners than the group who are examined.

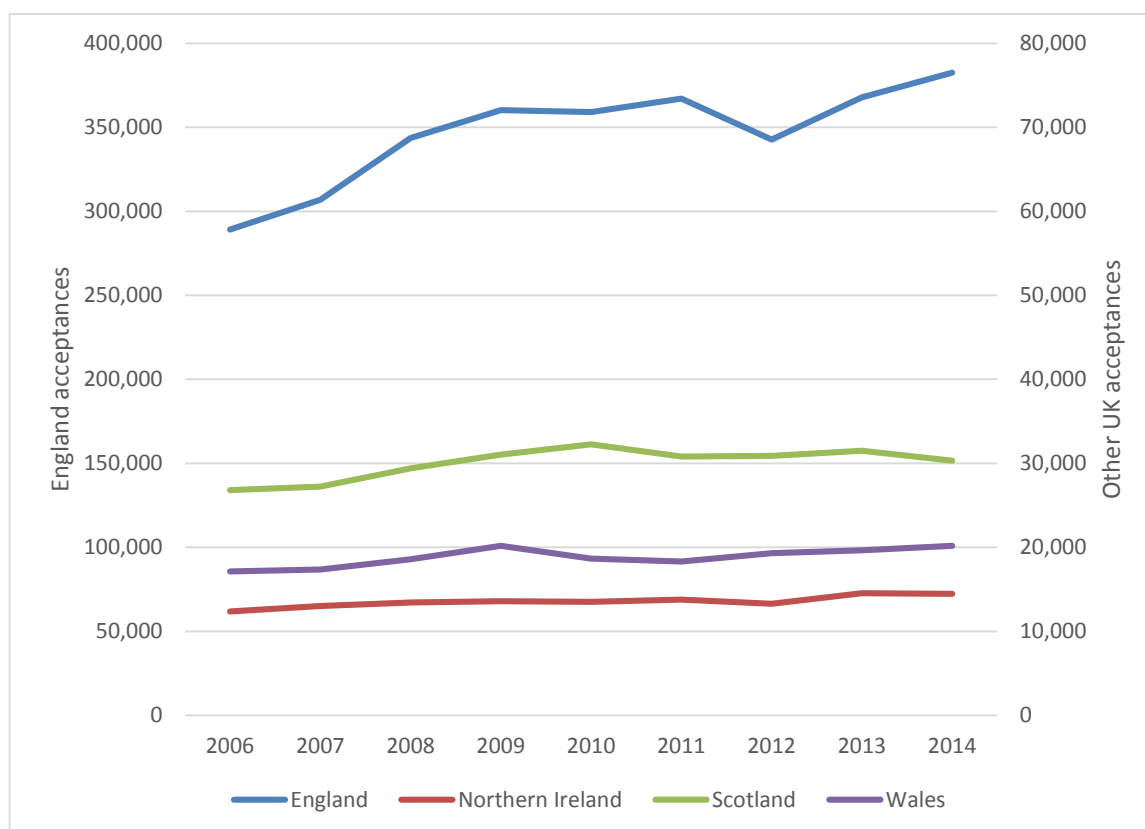
The situation with regard to demand for HE amongst younger learners is summarised by UCAS in early 2015:

'Young application rates fell in 2012 after a long pattern of annual increases, making young people around 5 per cent or so less likely to apply than expected. But higher fees do not seem to have slowed the long term trend of increasing demand. Application rates increased at around their long term trend in both 2013 and 2014, so that demand is now at the highest ever levels. But it is likely that application rates remain a little below what they would have been if higher fees had not been introduced.'

UCAS (2015)

Diagram 1 shows how actual acceptances have fared since 2010 for learners in England compared to those from the other home nations (who have different fee and student support arrangements), and the picture is broadly consistent with what happened to applications as described by UCAS above.

Diagram 1: Acceptances by UK country of domicile



(UCAS 2014a)

The situation is similar where enrolments are concerned. Table 1 below shows the numbers of young first year students entering English institutions over the period 2011-12 to 2013-14. Numbers have still not recovered however to pre-fee levels here.

Table 1: Number of first year undergraduates enrolled on HE courses (including part-time and full-time courses), by country of domicile

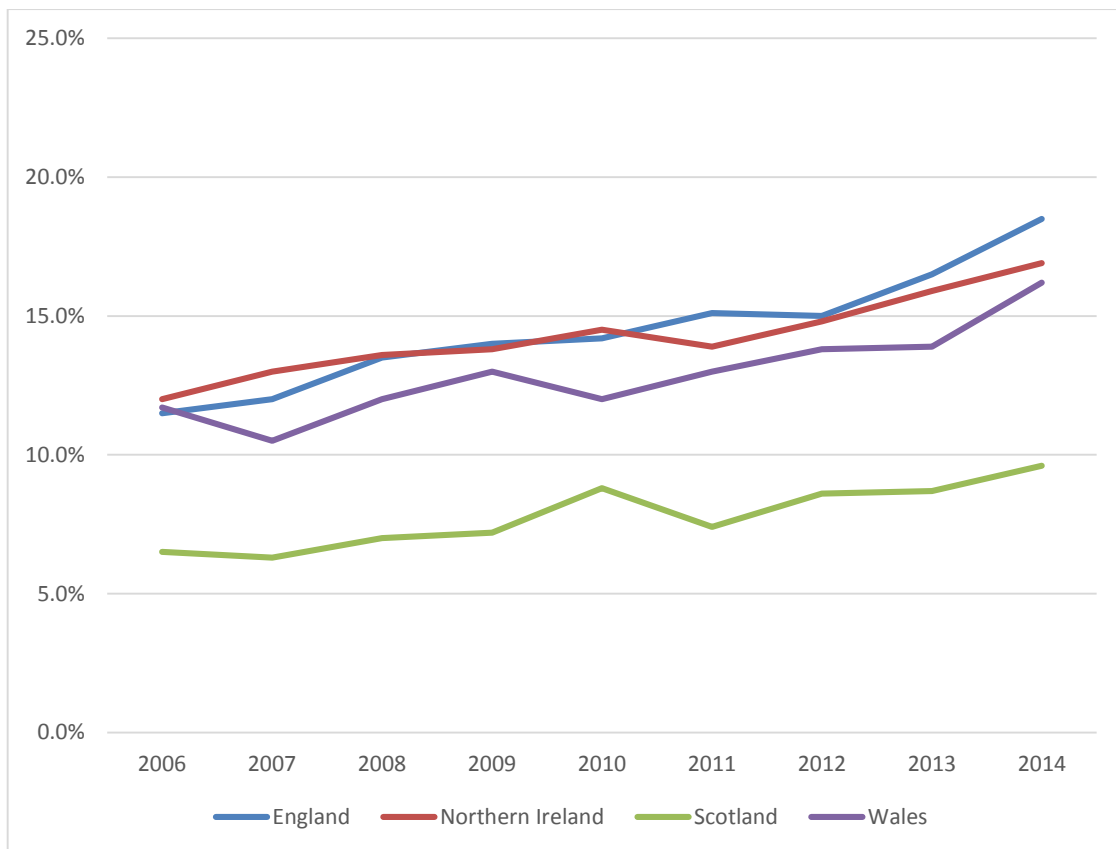
	2011/12	2012/13	2013/14
England	261390	229725	252960

HESA (2014)

As outlined above, different measures are used to capture the socio-economic background of learners. The one favoured by the Higher Education Funding Council for England (HEFCE) is geographical. The POLAR (Participation of Local Areas) measure of disadvantage was first produced by HEFCE in the mid-2000s. It classifies applicants on the basis of the university participation rate of their home area. These are small areas, the size of census sub-wards. These areas are classified into five equally sized groups (quintile groups). The lowest participation quintile (the 20% of areas with the lowest higher education participation rates) are taken to be the most disadvantaged, where entry to HE is concerned.

Diagram 2 again draws on the work of UCAS to show how acceptances of those from these POLAR 1 areas (the 20% lowest participation areas) has changed since fees were increased.

Diagram 2: 18 year old entry rates for disadvantaged areas (POLAR2 Q1) by country of domicile



UCAS (2014a)

It is quite interesting here to show the situation in the four different home nations as they all have their own student finance regimes, yet they show a broadly similar trend. Strikingly, England despite its far higher fees than any of the other countries has experienced the strongest growth in acceptances amongst learners from POLAR 1 areas since 2012. The entry rate ratio from the highest to lowest participation areas has decreased from 3.2 to 2.8 from 2010 to 2013.

These figures confirm that despite higher fees there are more students from POLAR Q1 areas going onto higher education than ever before. There was the drop as expected in 2012/13 but then a big increase in 2013/14. What is particularly interesting here is to compare the figures for Table 2 to Table 1. While overall numbers have not yet recovered pre-fee levels; they are exceeding such levels where those from low participation neighbourhoods are concerned.

Table 2: Young full time HE entrants to institutions in England by POLAR Q1 background

Year	2010/11	2011/12	2012/13	2013/14
Number of students from POLAR Q1 background	23940	26520	25050	27345

HESA (2014)

Other measures of lower socio-economic group

While POLAR may be the favoured metric by HEFCE and to an extent OFFA, in the school sector eligibility Free School Meals (FSM) is the preferred marker of disadvantage. This is an individual measure, not geographical. It also shows as with POLAR though that progress in participation amongst 'lower socio-economic groups' has not stalled despite fees increasing.

Table 3 below shows the progress in the participation of learners from FSM backgrounds since 2010. It also breaks down this progress by gender. What Table 3 does bring out clearly however is the widening gap between men and women for both those in receipt of FSM and those not in receipt of FSM. It supports the other recent work by UCAS that has emphasised the extent to which progression pathways for young people into higher education are being stratified by gender.

Table 3: Application rates by English 18 year olds to March deadline(2014), by gender and FSM status

	2010	2011	2012	2013	2014
Non-FSM Women	39.8%	41.2%	39.7%	40.9%	42.4%
Non-FSM Men	30.8%	31.9%	30.0%	31.1%	32.2%
Difference (Non-FSM women minus non-FSM men)	9ppts	9.3ppts	9.7ppts	9.8ppts	10.2ppts
FSM Women	17.8%	19.5%	19.2%	20.0%	21.5%
FSM Men	11.8%	13.0%	12.9%	13.2%	14.3%
Difference (FSM women minus FSM men)	6ppts	6.5ppts	6.3ppts	6.8ppts	7.2ppts

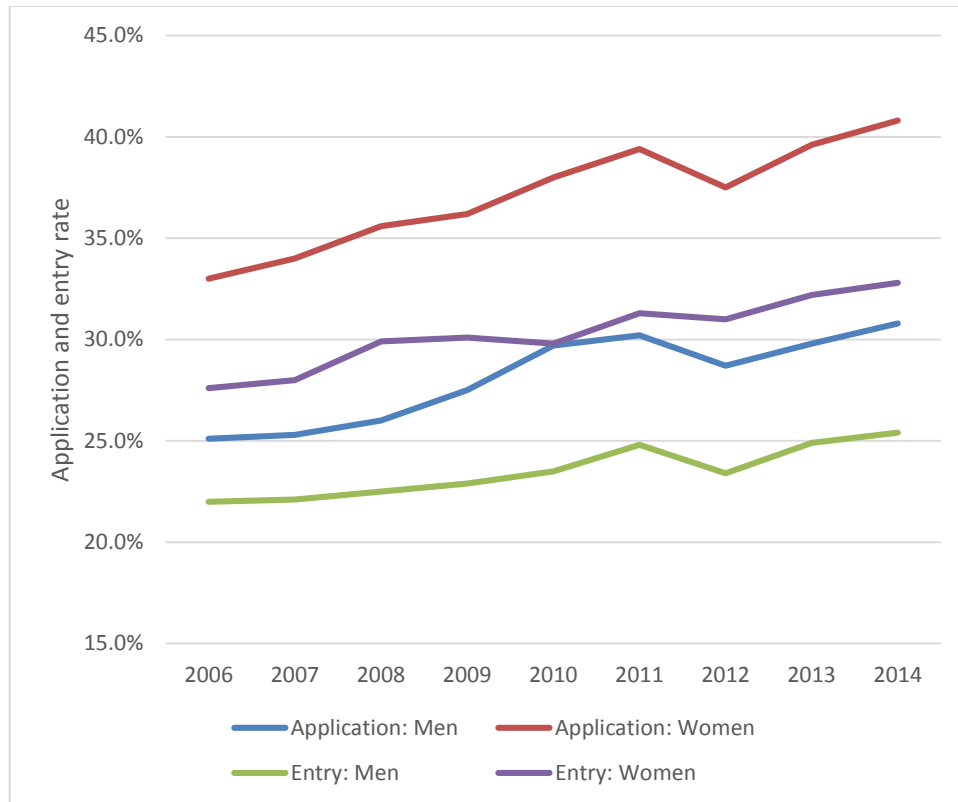
UCAS (2014b)

Participation by Gender

The primary focus of this report is the role of cost in the decision making of all learners and in particular those from different socio-economic groups. However, we have to be cognizant of the issue of gender where HE participation is concerned in England. As Diagram 3 below shows clearly the participation gap between women and men is growing. In 2014, 18 year old women were around a third (32 per cent) more likely to enter higher education than 18 year old men. This is especially

relevant to this study as the majority of respondents are female. We intend to undertake some further analysis of the data in this survey to examine where there may be key contrasts in the answers of male and female respondents.

Diagram 3: UK domiciled 18 year olds, application and entry rates by sex



Where learners from different social backgrounds are concerned the gap between genders is a very significant one. Building on the FSM data before when we look at the POLAR quintile gap, data from UCAS shows us that in 2014, 18 year old women living in disadvantaged areas were around 50 per cent more likely to enter HE than men.

How do students make decisions regarding higher education?

The literature regarding how students make decisions regarding higher education in the UK is not as extensive as the attention paid to the issue by politicians and the media (the balance appears more even in the US, where the issue has been researched more extensively). Nor has there been a great deal of work done yet looking at how decision making may have changed since the introduction of higher fees.

Callender and Jackson’s study of just over 1500 students in their final year studying for a qualification giving access to higher education in 41 sixth forms and 60 further education colleges in the UK in 2002 is still one of the most comprehensive attempts to explore the different ways in which cost could affect the decision making of potential HE students. The research showed that overall the cost of HE had a greater impact on the decision making of learners from lower socio-economic groups. The only area however, where the majority of learners felt their decisions would be affected was in thinking about studying closer to home. Over 40% felt that they would be more

likely to take a subject with better employment prospects and live with parents, but less than 10% from any socio-economic group felt that they would take a shorter course, a more vocational one, change the university they apply to or choose a part time course as result of cost factors. This research was however conducted when fees were very much lower than today.

The importance of finance in the decision making process of students regarding higher education is also highlighted in more recent research. Work undertaken by Wilkins et al in 2012 with again just over 1500 students who were in year 12, thus just before the point of HE application, also argued that finance is an important consideration for students. They found a significant minority of students considering study abroad, and a minority re-considering HE entry at all as they faced the prospect of higher fees. This research was again, though, undertaken before the increase in the annual tuition fee cap to £9000. Interestingly, it found less of a difference in the degree of concern by socio-economic group than the earlier work by Callender and Jackson.

An attempt to assess young people's attitudes to HE drawing on a much larger sample was undertaken by Bates et al in 2009. *Who is Heading for HE? Young People's Perceptions of, and Decisions About, Higher Education* was a study commissioned by the Department of Business Innovation and Skills (BIS) looking mainly at the results of the Longitudinal Study of Young People in England (LSYPE) in Wave 4. This entailed face-to-face interviews during spring and summer 2007 with around 11,000 young people predominantly aged 17. The study found that the majority of respondents were not deterred from HE entry by cost. Those who were deciding not to go to HE did so in the main because it did not fit with their future career plans, not because of the cost. It did find though that 40% of those from routine / manual and intermediate occupational backgrounds were concerned enough about cost to consider not applying to HE.

There has been some work undertaken that looks at how decision making has been affected in the post £9000 era. Research involving the first cohort affected by higher fees in late 2011 by the Opinion Panel organisation concluded that:

'Amongst applicants who have made the decision to go to university, fees are a far less significant consideration in university choice than course fit, employability and university reputation. Tuition fees are ranked as one of the three most important factors in university choice by only 12% of 2012 applicants, far lower than course content (49%), university reputation (42%) and future employability (36%)'.

Opinion Panel (2012:3)

They did find however that those from lower socio-economic groups (SEGs) were the most concerned by cost. Even here, however, it is only a minority of respondents from such groups who say that as a result of higher tuition fees, they are now more likely to choose a university with lower tuition fees (23% compared to 11% for applicants from higher SEGs) or say they are now more likely to choose a university where they can live at home (30% compared to 16% from higher SEGs).

The above analysis implies that where those who are applying/close to application to higher education are concerned, cost while important or a 'concern' is not necessarily the dominant factor shaping the choices they make regarding course, institution or HE entry per se. This is not to

downplay the importance of cost earlier on in the decision making process nor the extent to which it interacts with other factors grounded in the environment in which decisions are made.

A complex and under-researched choice

The choice process regarding higher education is complex, and it could be argued in the UK at least under-researched (Helmsley-Brown & Oplatka 2015). It does not begin at the point of application. Research indicates that children start thinking about their futures and the role of higher education in it before the age of 10 (Atherton et al 2009). It is the product of the interaction of their home environment, school, peer groups and the prospective job opportunities they see as available to them which produces what Roberts described as long ago as the late 1960s different opportunity structures for young people from different social backgrounds. These opportunity structures frame the choices young people make, based on the options they at least think are available to them. While it is generally agreed that this interaction is a complex one the relative importance of different factors within this matrix is less consensual either empirically or theoretically. A number of sociologists have drawn upon the work of the French sociologist Pierre Bourdieu to understand how relationships between different social groups and education are best understood. Bourdieu's work emphasises different endowments in 'cultural capital' i.e. sets of attitude and values regarding the importance of education which frame how to actually behave and act in educational settings via the production of habitus which is described by Archer (2007) as:

'an amalgamation of the past and the present that mediates current and future engagement with the world, shaping what is perceived as ab/normal, un/desirable and im/possible'.

Archer (2007:220)

Reay et al in particular, in their 2005 work *'Degrees of Choice: Social Class, race and gender in higher education'* illustrates through a detailed quantitative and qualitative examination of the attitudes of over 500 young people in 6 different schools/colleges the extent to which the process of choice, in particular of institution manifests itself via both the role of habitus and also the school itself and how it supports the learners. A range of studies point to the importance of the school as an environment that structures the choices available to learners where higher education is concerned (Foskett et al 2007). More recent work by Crawford (2014) uses national linked individual level administrative data from schools and universities to look at the relationship between secondary school characteristics and HE participation. The report argues that there are 'substantial differences' in HE participation rates overall and at different types of higher education institution on the basis of the type of secondary school attended by students. Crawford concludes that the differences in HE participation by school type that remain after accounting for differences in other characteristics – notably prior attainment – are small, however. She argues that:

'To the extent that schools have an effect on their pupils' HE decisions, it is likely to come primarily via their effect on Key Stage 4 attainment'.

Crawford (2014:9)

That is not to say that WP activities undertaken by schools have no influence on students' subsequent decisions over whether and where to go to university; simply that they are dwarfed by (or highly correlated with) students' attainment at the end of secondary school.

Crawford's work suggests that attainment, by unlocking post 16 progression, then underpins the decision to go onto HE. This in some ways makes aspects of the decision making picture look 'simpler' i.e. if we can raise attainment then this will drive the participation decision for us. It also makes it more complex though. While there is far more evidence than there ever has been regarding what drives attainment pre 16, we still do not know exactly how to ensure all young people achieve good GCSEs (or at least we are not close to implementing this for all learners). As illustrated above, there is far less work that looks at how attitudes to higher education are formed and shaped up to 16, and how these views interact with attainment, yet we know that this is where young people form many of these views. While this piece of work makes a valuable contribution to the discussion regarding the relationship between cost and student decision making regarding higher education, it does not mitigate the need for more research with younger learners.

3. Methodology

How the sample was constructed

The sample for this work has been developed through the work of the eight NEON member HEIs/organisations listed below.

- AccessHE (assembling the London sample)
- University of Liverpool
- University of Bedfordshire
- University of Hull
- University of Manchester
- University of East Anglia
- University of Leicester
- University of Sheffield

All NEON member HEIs were asked if they wished to participate in this work and the HEIs listed volunteered their participation. They were asked to assemble a group of post-16 providers who were willing for their students to complete a brief online questionnaire which addressed the following themes:

- Knowledge of Higher Education Finance
- Views on borrowing money
- How does the cost of university affect decision making?
- Support from schools, colleges and universities

The HEIs assembled post 16 providers via their existing relationships with providers in their local areas. Young people asked to participate in the project and complete the questionnaire were 17/18/19 years old and applying for HE entry through the 2015 application round. The questionnaires were completed across the period from November 2014 to February 2015. The total number of questionnaires completed was 1490 and the total number of participating post 16 providers was 106.

How the data was analysed

The analysis provided in this report is descriptive: it shows the raw outcomes reported by young people in the survey and the differences between some groups of interest.

Of particular interest are differences between young people from different socio-economic backgrounds. To explore this, we use two measures: the first is the young person's response to a question asking whether they are eligible for free school meals. The second is a measure of the higher education participation rate in their local neighbourhood (HEFCE's POLAR measure, described above). This was merged in on the basis of the individual's home postcode.

To analyse the differences between groups – and assess whether they are significantly different from each other – we run probit regression models and estimate the resultant marginal effects. (This is effectively the same as conducting a t-test of the differences between groups.)

It is also worth noting that:

- Respondents who said that they were unsure of the answer to a question were included in the analysis, but those who did not answer a particular question were excluded. For example, where we create a binary indicator for whether learners were more or less likely to (strongly) agree with a particular statement, those who said they were unsure are included in the zeroes.
- We included everyone who answered a particular question, regardless of whether they answered all questions. This means that different questions are answered by different numbers of people and hence apply to different groups of students.

The limitations of the sample and research

While the post 16 providers from which the sample was drawn give a good national spread it does not draw from all areas across the country. The post 16 providers were not assembled randomly and may well have stronger links with HEIs than a random sample of such providers. Not all students at each post-16 provider responded to the survey either. This means that they are unlikely to be a random sample of students. The sample has not been weighted to reflect the composition of the post 16 learner population nationally. Hence, while it is legitimate to claim that this piece of work advances our understanding of how young learners applying for higher education formulate their decisions there is the caveat that this sample may not represent the population of such learners nationally.

The sample itself

- Is predominantly female: about two thirds of respondents are female and one third male.
- Around 14% of the sample report being eligible for free school meals.
- Nearly 30% of the sample lives in the 20% most deprived areas according to either Index Multiple Deprivation (IMD) or IDACI scores.
- In terms of local area participation rates (POLAR), the sample is relatively evenly divided across the quintiles, with around 20% coming from each of the four lowest participation quintiles.
- Almost 80% of pupils responding to the survey attend a school that is rated outstanding (35%) or good (43%) by Ofsted in their latest assessment. Pupils living in the 20% highest participation neighbourhoods are twice as likely to have attended a school graded outstanding as those in the 20% lowest participation neighbourhoods

4. Results

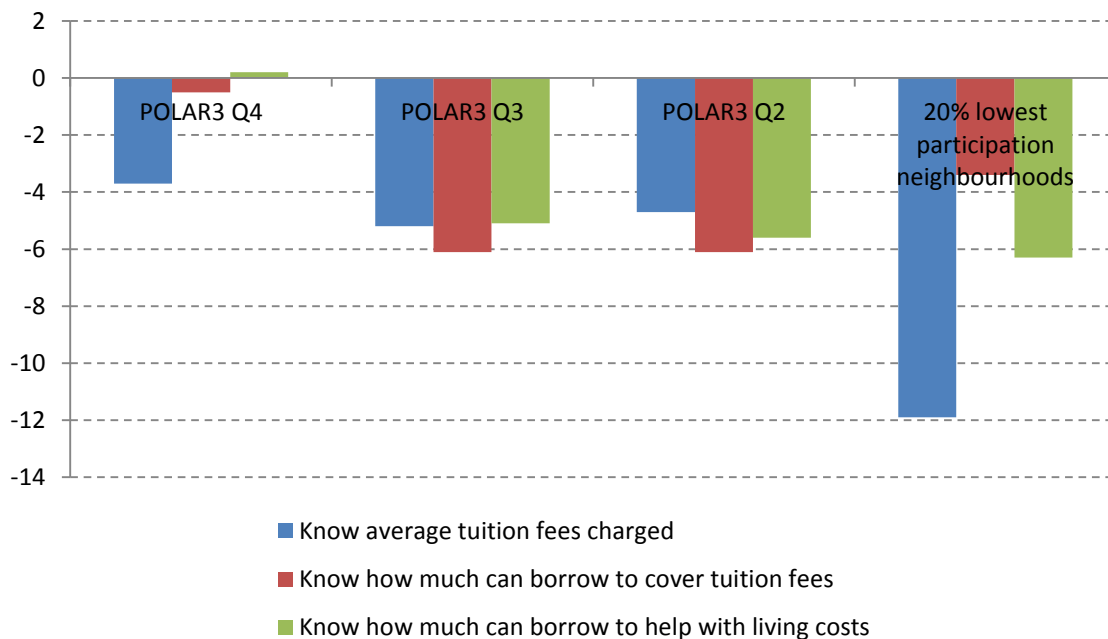
Knowledge regarding the HE finance system

There has been much concern regarding the level of understanding that prospective students have of the relatively new HE finance system. There is some evidence that there are still gaps in this knowledge amongst the present HE student body (Burek 2013). Our survey shows that the majority of respondents had a good understanding of how much universities can charge in tuition fees each year and the fact that they can borrow money to cover these fees. But they had a less clear understanding of the extent of maintenance support available, which meant that they underestimated the amount of debt they were likely to be in at the end of their university education.

Over 90% of those who responded to the survey know that the maximum annual tuition fee that universities can charge is £9,000. They also understand that they can borrow the full amount of these fees. They have a much less good understanding of the amount of maintenance support available: **less than one fifth of those who responded (18%) know that they can borrow up to around £5,700 per year towards maintenance costs if they live away from home outside London, and around one third are unsure.**

Pupils living in lower participation neighbourhoods and those eligible for free school meals seem to understand less about the student support system than those living in higher participation neighbourhoods. As illustrated in Diagram 4 **those living in the 20% lowest participation neighbourhoods are 12 percentage points less likely to know that average tuition fees charged are around £9,000 per year than those in the 20% highest participation neighbourhoods**; they are also around 6 percentage points less likely to know how much you can borrow to help cover maintenance costs. Pupils who are eligible for free school meals are also 6 percentage points less likely to correctly answer how much they can borrow to help with living costs than those who are not eligible for free school meals.

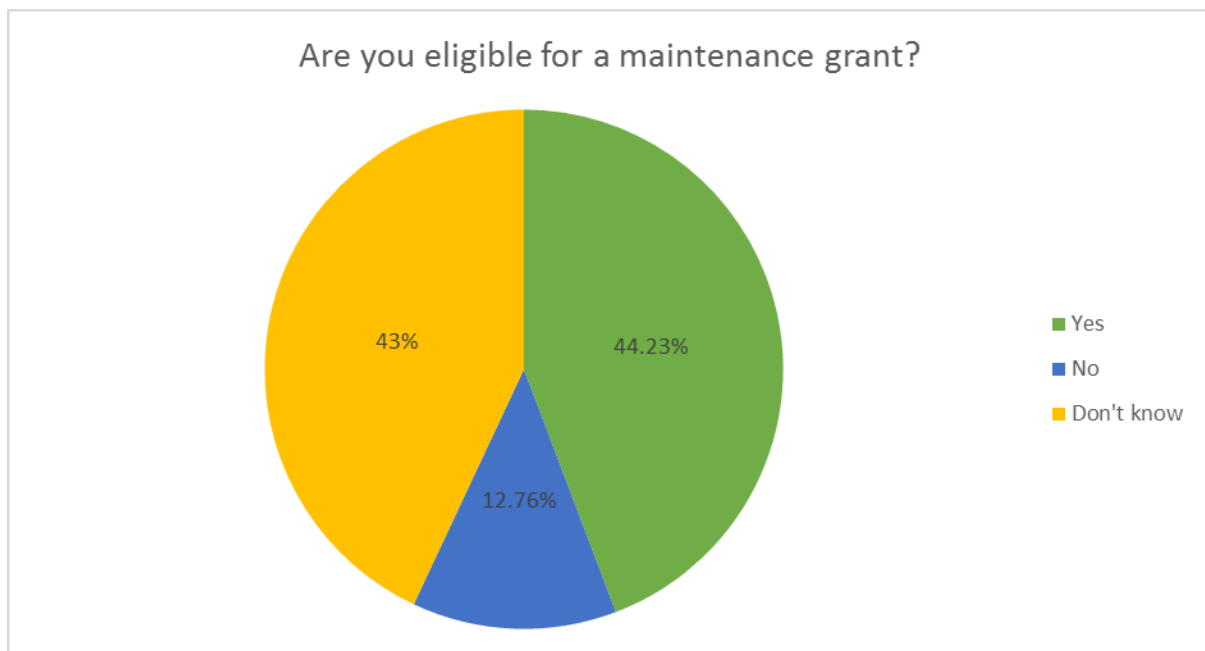
Diagram 4: The relationship between POLAR quintile of residence and knowledge of tuition fees charged, support available for tuition fees and living costs: differences relative to pupils living in the 20% highest participation neighbourhoods (POLAR Q5)



Notes: estimated effect of living in a lower participation neighbourhood (relative to pupils living in the 20% highest participation neighbourhoods). The percentage of pupils in the 20% lowest participation neighbourhoods who know average tuition fees charged and how much they can borrow to help with living costs is significantly lower than the percentage of pupils who know in the 20% highest participation neighbourhoods; but no other estimates are significantly different from zero at the 5% level.

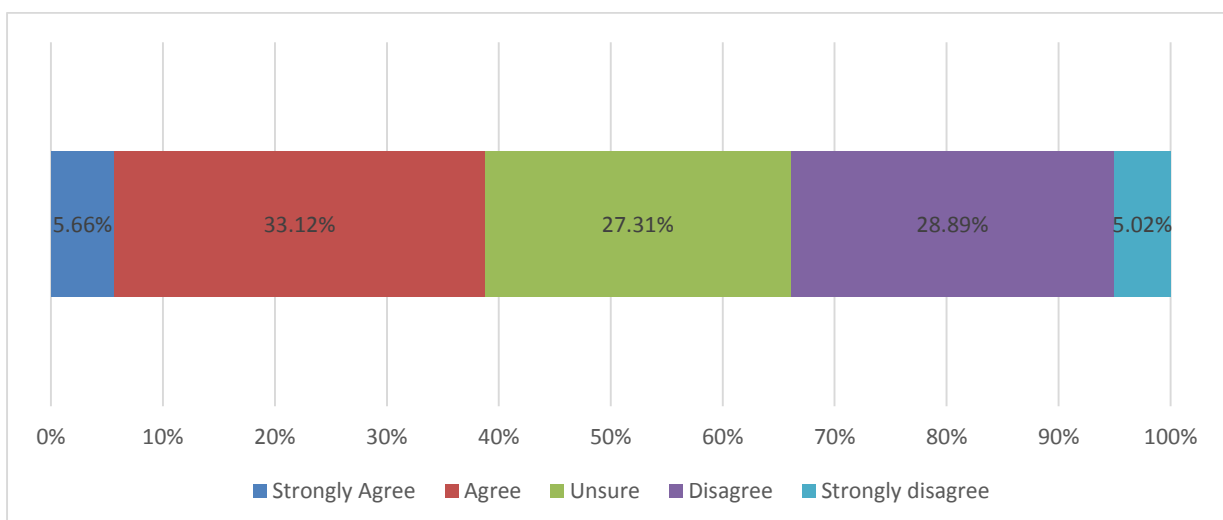
There is also some uncertainty over how much financial support learners themselves would receive as a result of their family circumstances. Over 40% of learners did not know whether they were eligible for a maintenance grant or not as Diagram 5 below shows. **Those living in the 20% lowest participation neighbourhoods were 13 percentage points more likely to say that they didn't know whether or not they were eligible for a maintenance grant than those living in the 20% highest participation neighbourhoods.** By contrast, those eligible for free school meals were 13 percentage points *less* likely to say they didn't know whether they were eligible for a maintenance grant than those who were not eligible for free school meals.

Diagram 5: Are you eligible for a maintenance grant?



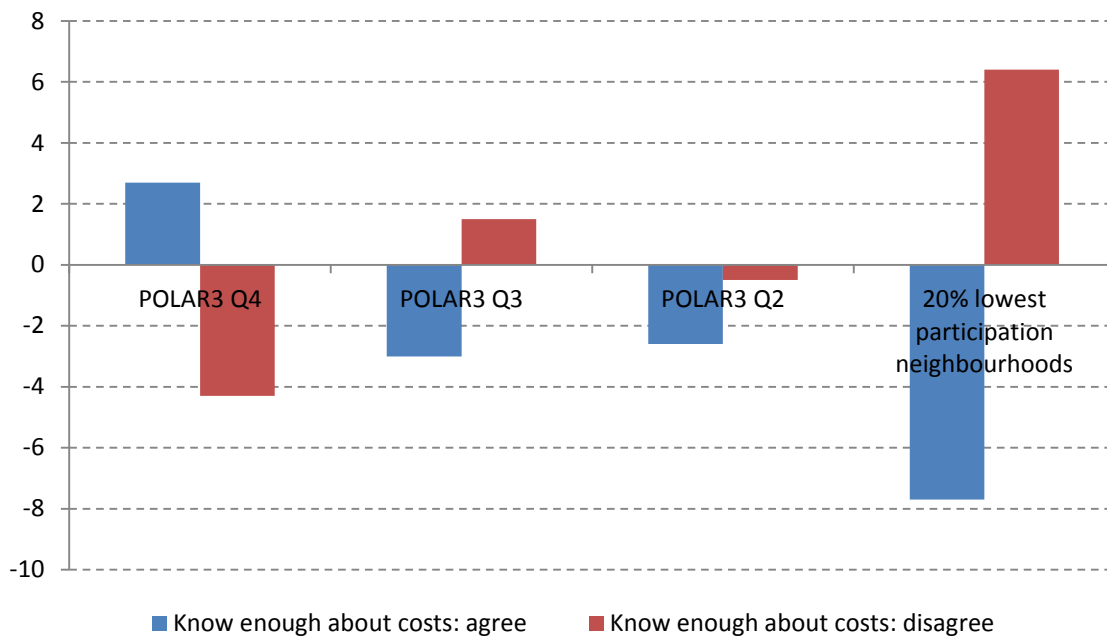
These uncertainties give rise to differences in the extent to which learners think that they know as much about the cost of university as they need to. As Diagram 6 shows, while slightly more agree with this statement than disagree, the gap is not large. There are also a large number who say they are unsure.

Diagram 6: I know as much about the cost of university as I feel I need to



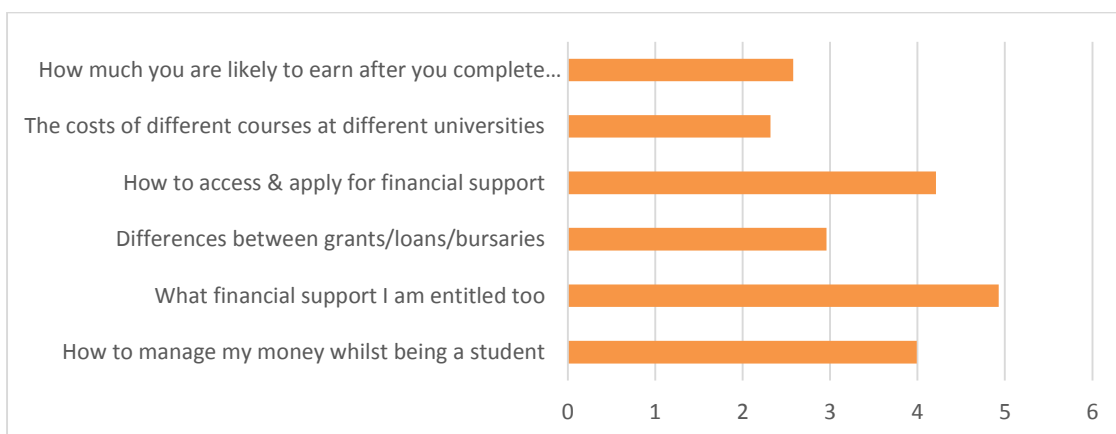
There are some slight differences by background here too. As Diagram 7 shows, pupils living in lower participation neighbourhoods are slightly less likely to agree (and slightly more likely to disagree) that they know as much about the cost of going to university as they need to (although the gaps relative to those from the 20% highest participation neighbourhoods are not significantly different from zero at the 5% level).

Diagram 7: The relationship between knowing enough about the costs of higher education and POLAR quintile of residence: differences relative to pupils living in the 20% highest participation neighbourhoods (POLAR Q5)



Respondents were asked to rank from one to six what they would like to know more about in terms of costs. The diagram below illustrates their average responses. The higher the number; the higher ranked the answer. **Financial support appears the most important issue to the respondents** – more so than differences between universities in particular which is interesting because as we will see later, there does appear quite an interest in this area where decision making is concerned

Diagram 8: In terms of the financial aspects of going to university, what would you like to know more about?



How does the cost of higher education affect your decision making?

In many ways the pivotal section of the survey suggests that cost is one, but by no means the only, consideration students take into account when making decisions regarding HE entry. As Diagram 9 below shows, looking at motivations to enter HE, **over 70% of respondents agree with the statement ‘learning about my subject and having a student experience is more important than the cost’.**

Interestingly though this does not mean the majority of respondents are fully comfortable with accumulating debt to enter higher education. Less than 40% agree with the statement ‘*Debt is part of 21st century life and I accept that it has to be accumulated some time*’ and over 60% agree that ‘*I am not not comfortable being in debt but I have wanted to go to university for a long time*’. Compared to those who report that they are not eligible for free school meals, those who report being FSM eligible are 8.5 percentage points more likely to agree that they are not comfortable being in debt, but have wanted to go to university for a long time.

In addition, less than 25% disagree or strongly disagree with the statement ‘*the alternatives to going to university are not good enough to persuade me to pursue them*’. Furthermore, those who report attending schools in which WP activities are offered at least once a month are significantly more likely to agree that they are likely to get a better job as a result of going to university and hence more likely to be able to pay off their debt as shown in Diagram 10.

Those who report that their school offers any HE progression support activities are also significantly more likely to agree (and significantly less likely to disagree) that the alternative to going to university is not good enough to persuade them not to go.

The final result to specifically note is the numbers of participants who agree or strongly agree with statement ‘***I participated in Aimhigher activities earlier in my school career and they made me think that university was an option for me and I don’t want to let cost put me off***’. **Over 35% of learners agreed with this statement.** Those who report being FSM eligible are 11 percentage points more likely to agree with this statement than those who are not eligible for free school meals.

Diagram 9: Even though it can cost up to £9000 a year to go to university I still want to go because..

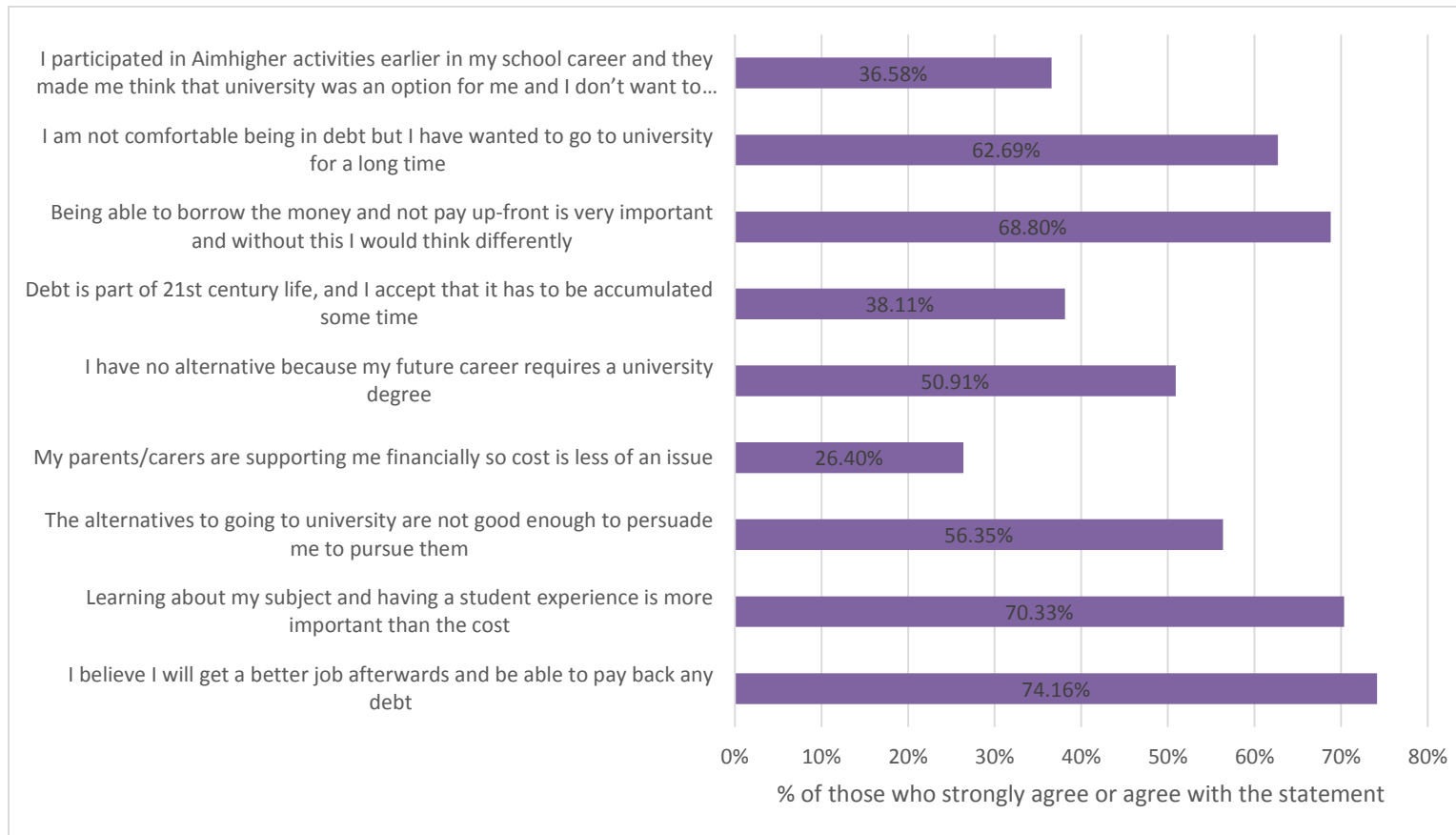
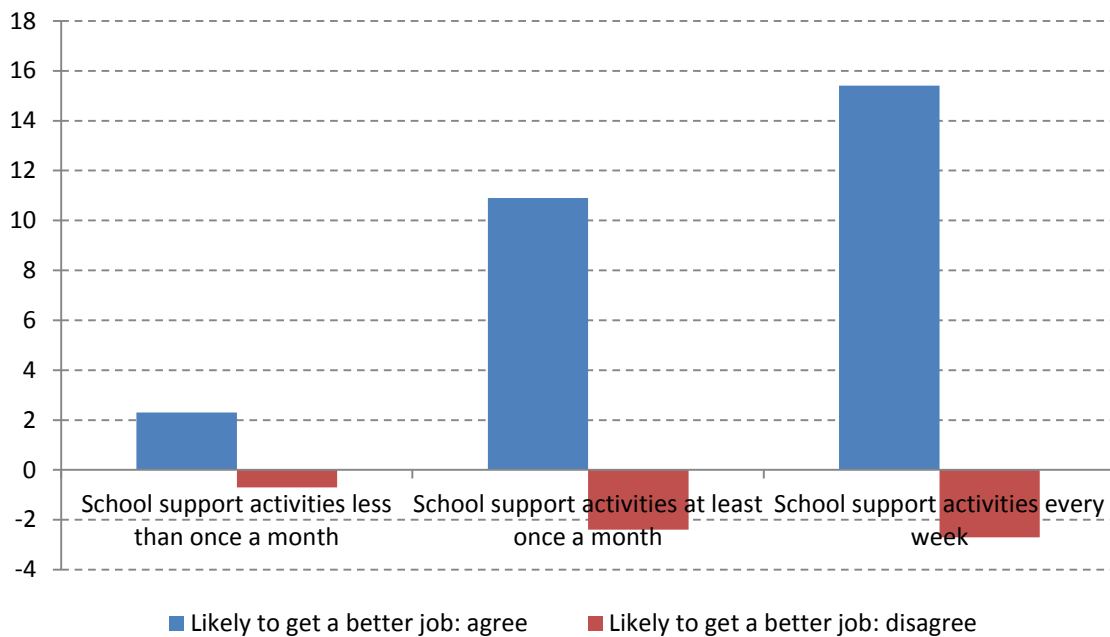


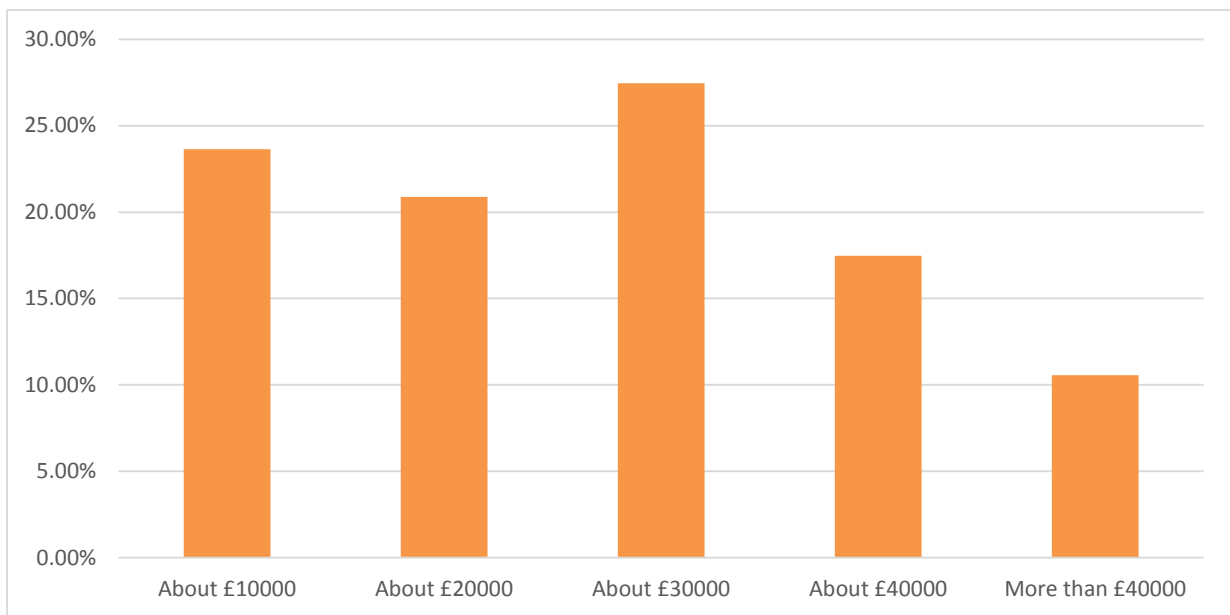
Diagram 10: Relationship between school support activities and views regarding the likelihood of getting a better job after HE: differences relative to pupils attending schools reported to offer no support activities



Borrowing Money

The respondents in the survey again illustrated that there might be a need for more preparation where student finance was concerned. Only around half of respondents know that they will need to make loan repayments for up to 30 years. Moreover, Diagram 11 below shows the maximum that students are willing to borrow over their university career. **Only a minority of students are prepared to borrow over £40000, when recent research indicates that students in the 2012 cohort are expected to leave university with debts of £44,000, on average** (Crawford & Jin 2014) (although over £40,000 was the highest option available which may have affected their perceptions). There are no differences by free school meal eligibility or local neighbourhood participation rates, however.

Diagram 11: What is the maximum you would be willing to borrow over your university career?



The study also asked students how their decisions about going to university might change if the tuition fee cap were reduced to £6000 per year, as the Labour party have suggested. Diagram 12 below shows that students reported that it would have a bearing on all of the four options offered to them. For example, **nearly 60% of respondents reported that it would reduce how many hours of paid work they would undertake during term-time if fees were reduced to £6000.** (Nearly 80% of learners expect to work at least 10 hours per week during term time as Diagram 13 shows.) This figure was slightly higher amongst those eligible for free school meals (although not significantly so), but there were few differences by local participation rate.

Diagram 12: If fees had been £6,000 would this have made a difference to your decision making?

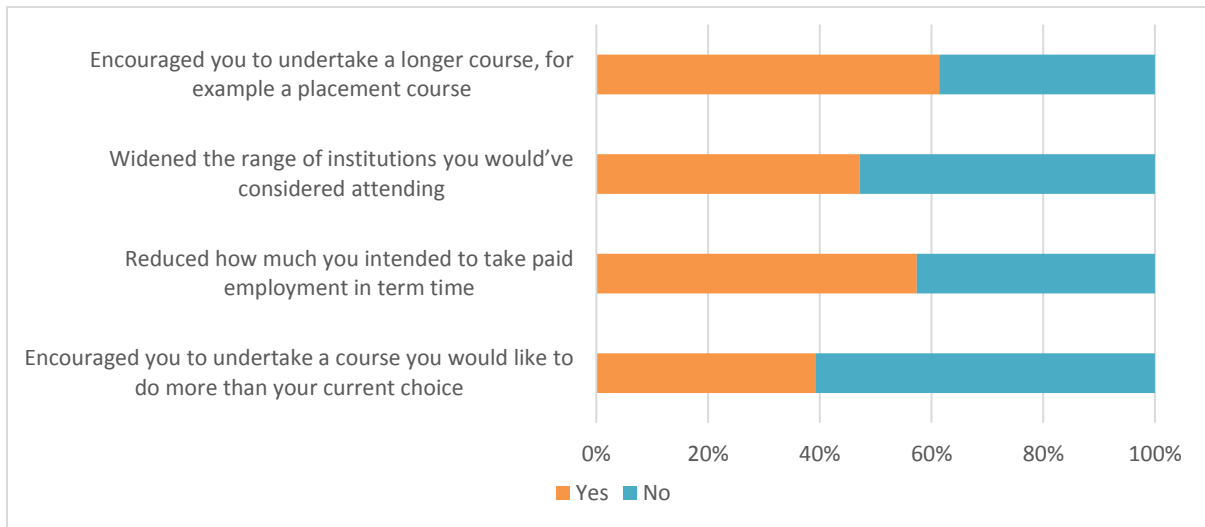
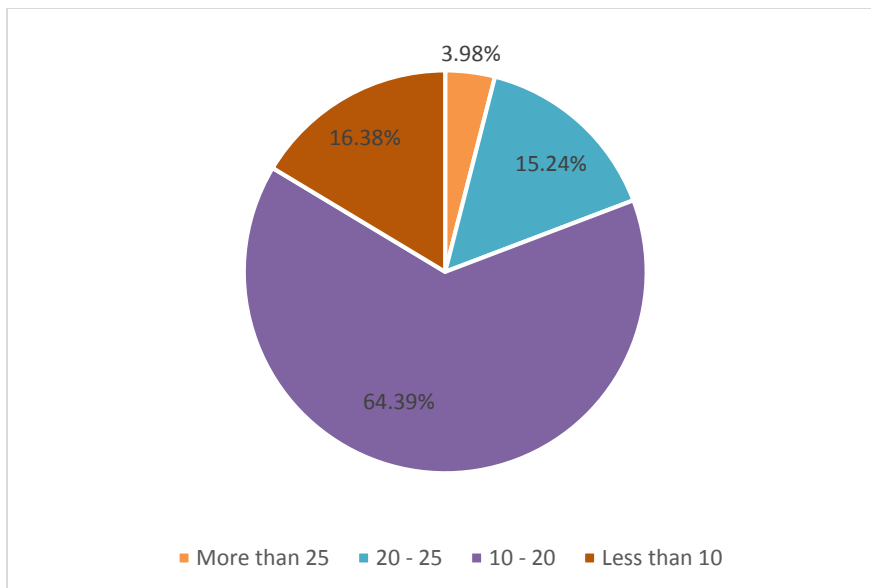
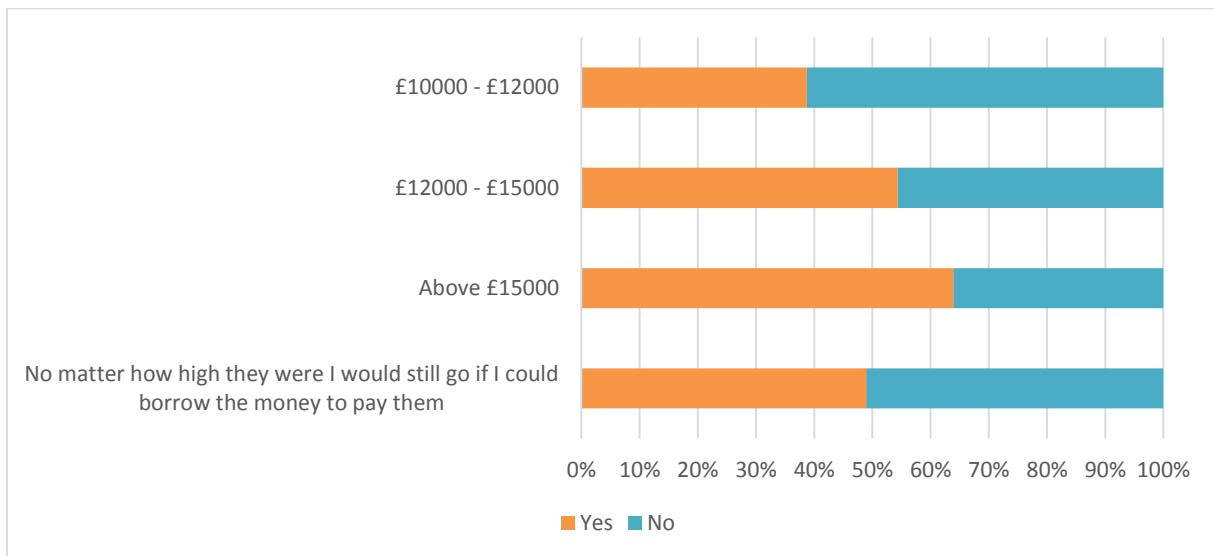


Diagram 13: Please can you estimate the no. of hours you expect you will work in a term-time job?



The resilience of applicant’s commitment to higher education may be tested if fees are increased – but apparently not for all learners. As Diagram 14 below shows **the majority of learners report that they would re-consider higher education if annual tuition fees were increased to over £15,000**, but even at any price many students report that they would still attend if they could borrow the money to do so. There are no significant differences in these figures by socio-economic background.

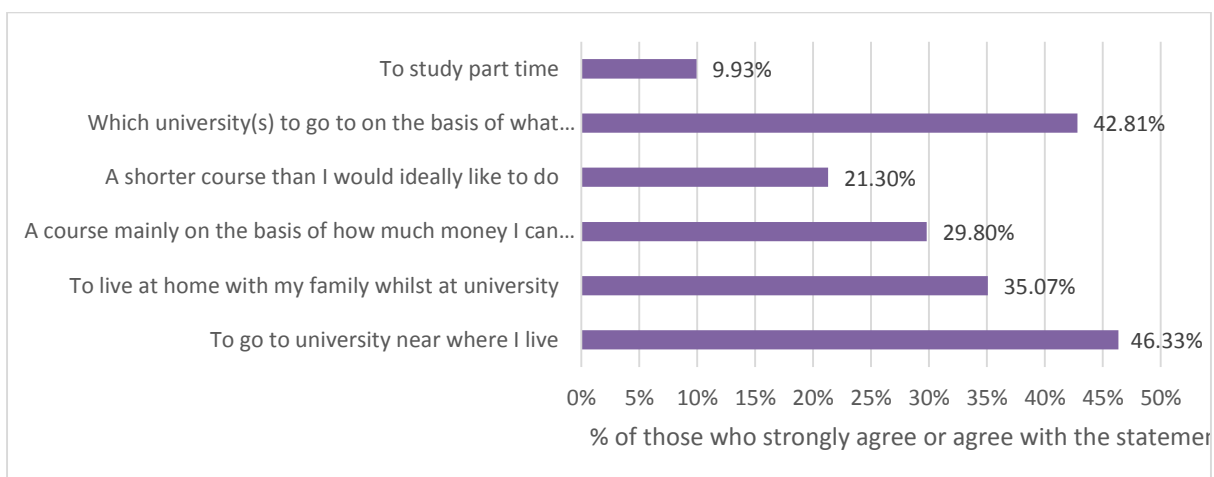
Diagram 14: If the annual fees has been those listed below, would this have made you think differently about going to higher education?



How does the cost of university affect decision making?

Diagram 15 below offers a more in depth look at how decisions regarding HE are affected by cost. It shows that in no case do the majority of learners see their decisions affected by cost. **Over 40% state that cost has made them more likely to go to a university near where they live. And over 40% agree or strongly agree with the statement that they would choose a university on the basis of the financial support they can offer.** This shows a substantial increase on the work by Opinion Research recently. It illustrates that in some ways potential students may be becoming more price sensitive. Very few learners are considering part time study however, as Callender and Jackson found and the majority would not go as far as to base their course decision solely on future earnings.

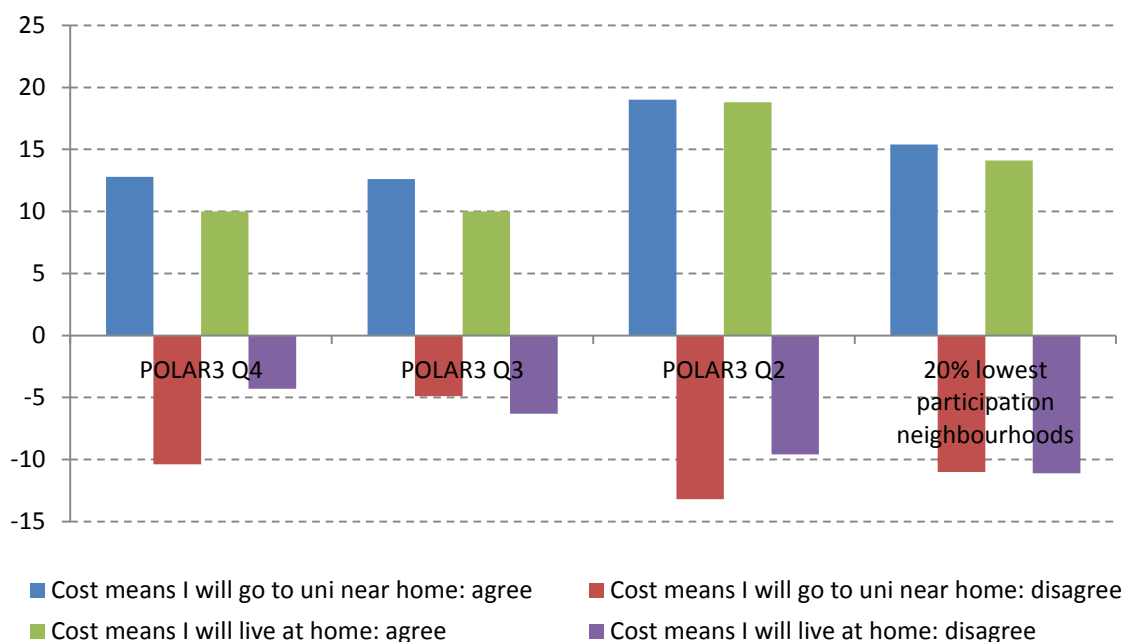
Diagram 15: Because of the cost of going to university, I am likely to choose...



Those living outside the 20% highest participation neighbourhoods are significantly more likely to agree that the cost of going to university means they are more likely to go near where they live and more likely to live at home than those living in the 20% highest participation neighbourhoods. As shown in Diagram 16 below, these differences can be very large indeed: for example, **compared to**

pupils living in the 20% highest participation neighbourhoods, those living in the 20-40% lowest participation neighbourhoods are nearly 20 percentage points more likely to report agreeing or strongly agreeing that they will go to university nearer home or live at home as a result of the costs.

Diagram 16: The relationship between costs and attending a university near home and living at home by POLAR quintile of residence: differences relative to pupils living in the 20% highest participation neighbourhoods (POLAR Q5)

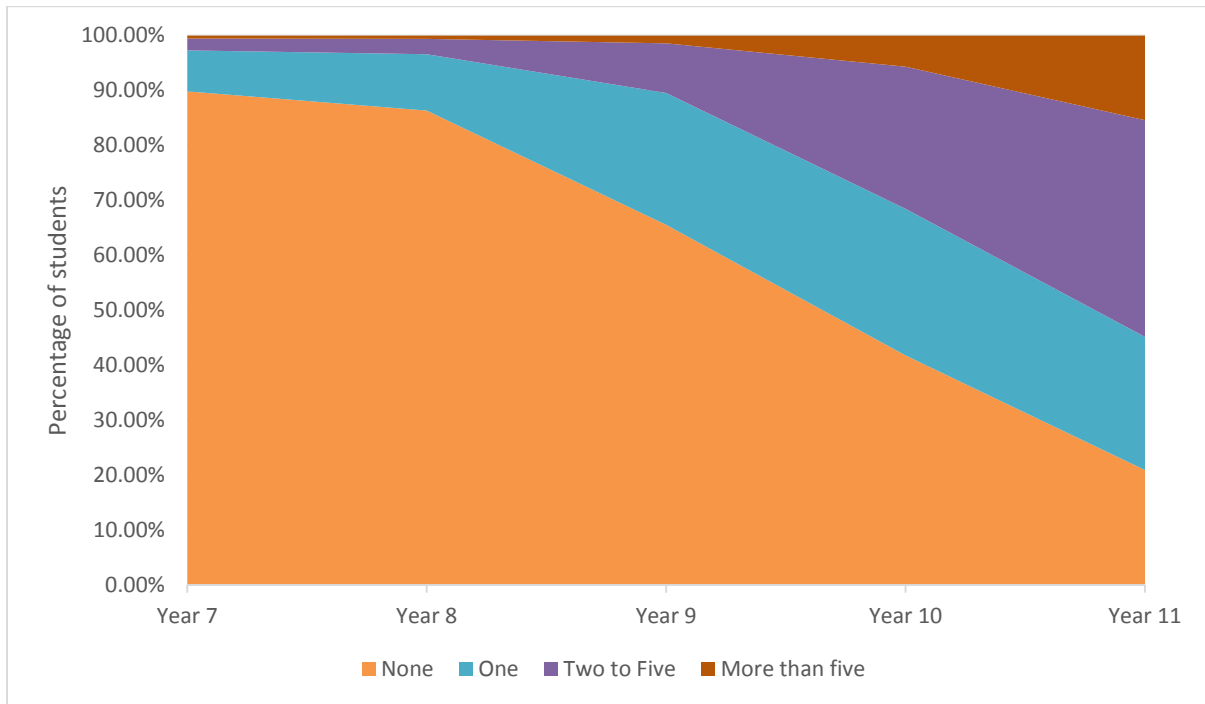


Notes: estimated effect of living in a lower participation neighbourhood (relative to pupils living in the 20% highest participation neighbourhoods). Amongst estimates of effect of cost on going to university near home, all but Q3 disagree are significantly different from zero at 5% level. Amongst estimates of effect of cost on living at home whilst studying, estimates for agree and disagree for Q2 and Q1 (20 lowest participation neighbourhoods) are significantly different from zero at 5% level.

Support from schools, colleges and universities

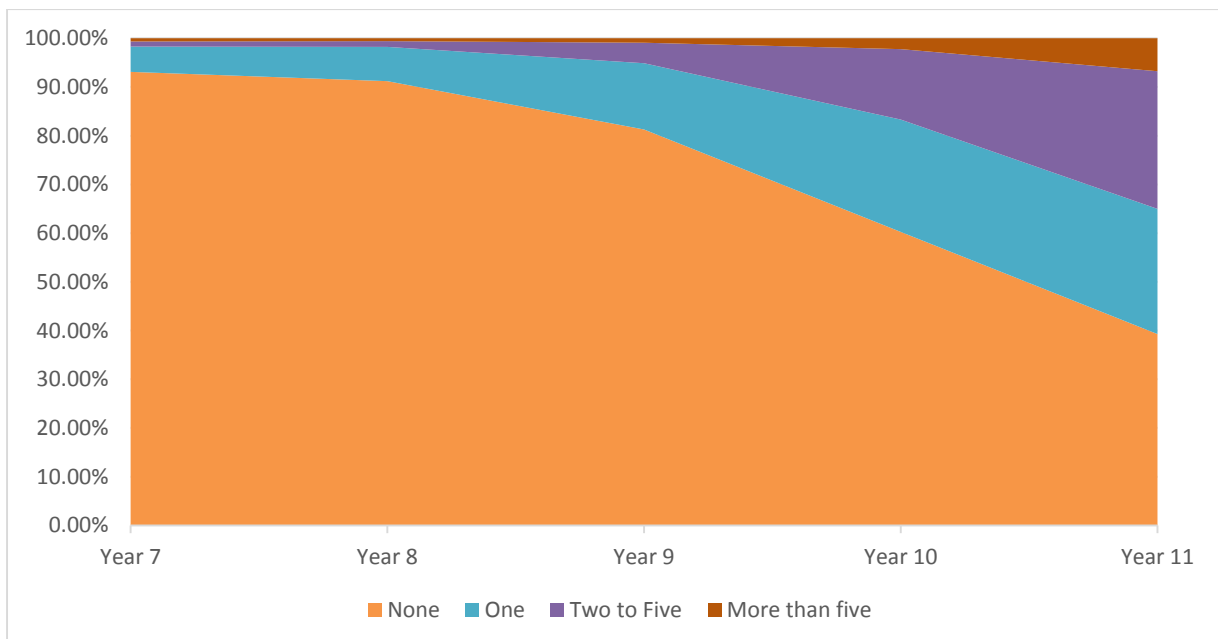
The extent of overall support for learners from either school or HEIs does look limited on the basis of the information reported by students as part of this survey. As Diagram 17 below shows, **less than 35% of respondents remember doing any specific work via their school on HE progression in Key Stage 3.**

Diagram 17: Whilst at school (11-16) did you receive any specific lessons/activities about higher education from your own school? If so can you try and remember how many you received in each year?



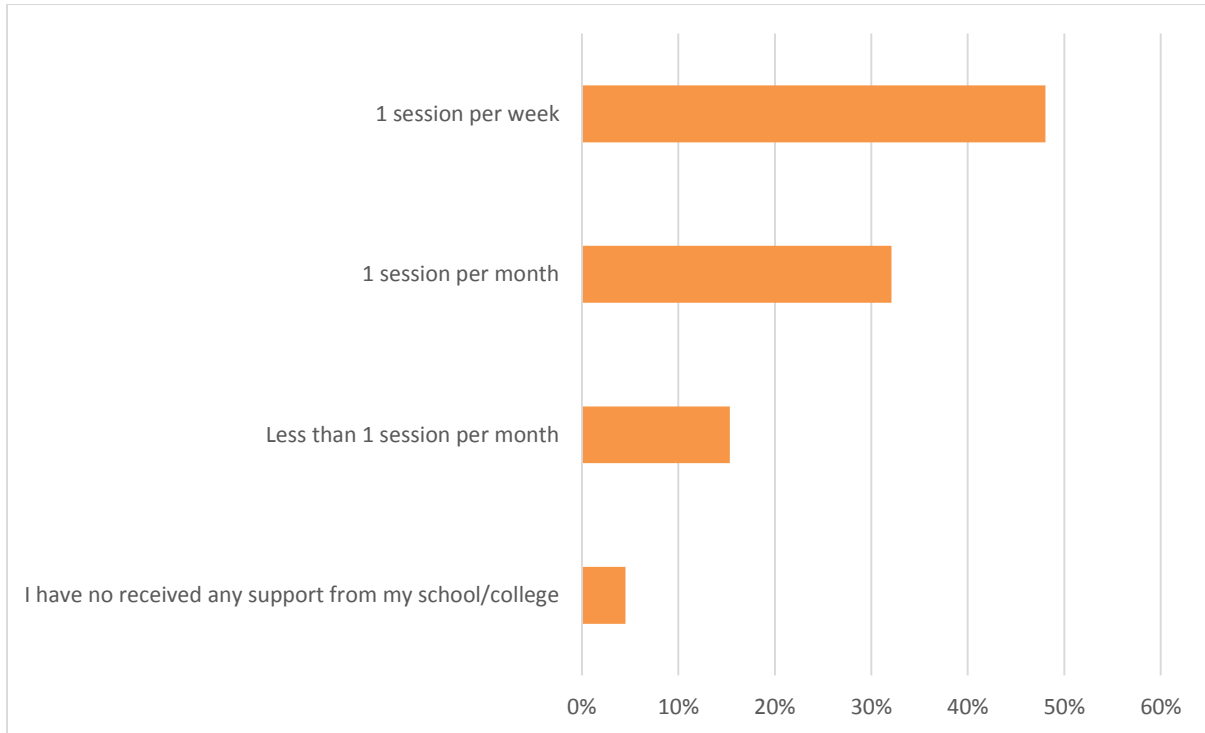
Even fewer remember doing anything with HE institutions. As Diagram 18 shows **less than 20% of learners report having contact with HE institutions at Key Stage 3.**

Diagram 18: Whilst at school (11-16) did you receive any specific lessons/activities about higher education from your external institutions such as universities? If so can you try and remember how many you received in each year?



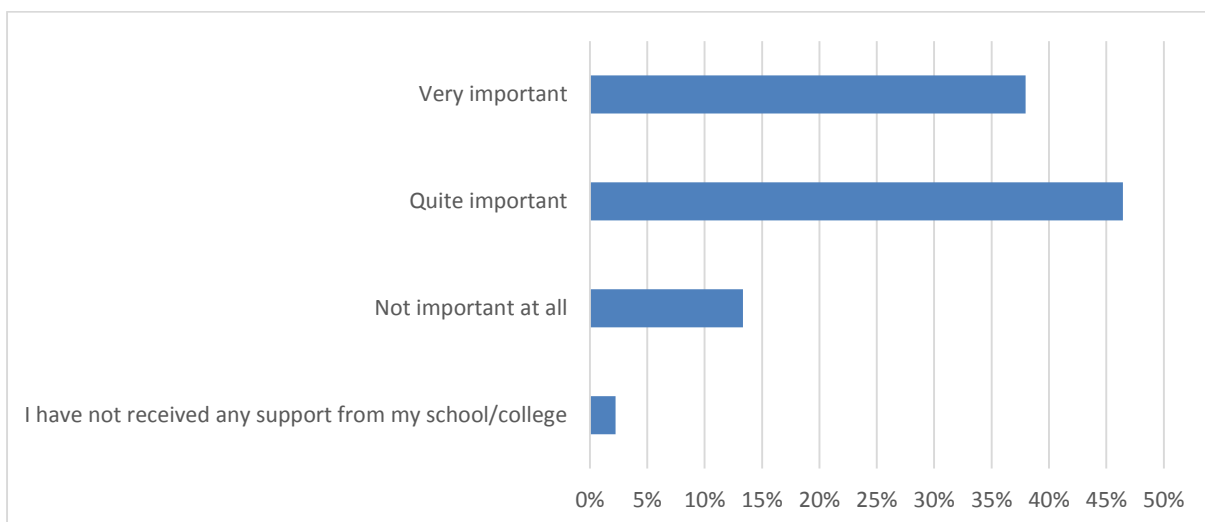
The level of support does increase post 16 as the Diagram below show. In fact nearly half of all respondents have been receiving 1 session per week on HE, which could be seen as quite high.

Diagram 19: In the last year how much support have you received from your school/college in making decisions about higher education?



This support also seems to matter to learners, as Diagram 20 shows: nearly 85% of respondents thought it was quite important or very important in helping them to make decisions about HE.

Diagram 20: In terms of helping you make decisions about higher education, how important do you think the support you have received from school/college has been?

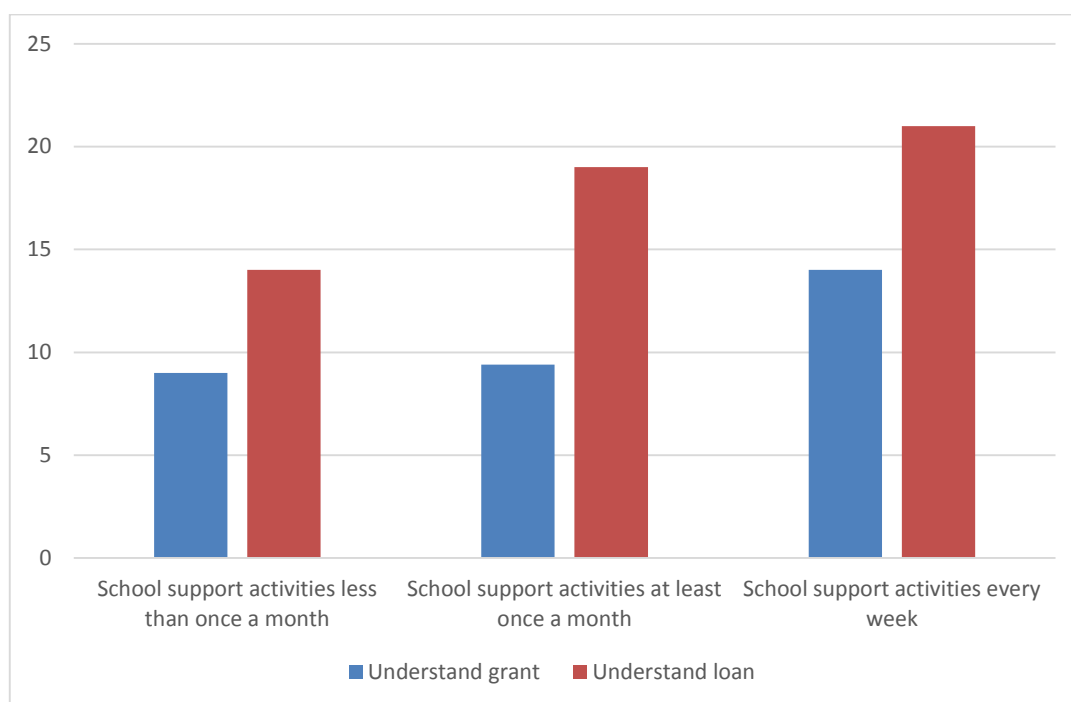


How does support from schools help?

Pupils who report that their schools offer HE support activities seem to have a much better understanding of the student support system than those who report that their school does not offer such activities. As Diagram 21 shows even those who report that their school offers HE support activities less than once a month are still nearly 15 percentage points more likely to know what a loan is than those who report that their school offers no HE support activities. This gap increases to over 20 percentage points amongst those who report that their school offers HE support activities at least once a week.

Those whose school offers WP activities at least once a week are also slightly more likely to agree (and slightly less likely to disagree) that they know as much about the cost of going to university as they need to know (although the gaps relative to those who report that their school offers no HE support activities are not significantly different from zero at the 5% level).

Diagram 21: The relationship between school support activities and understanding of grants and loans

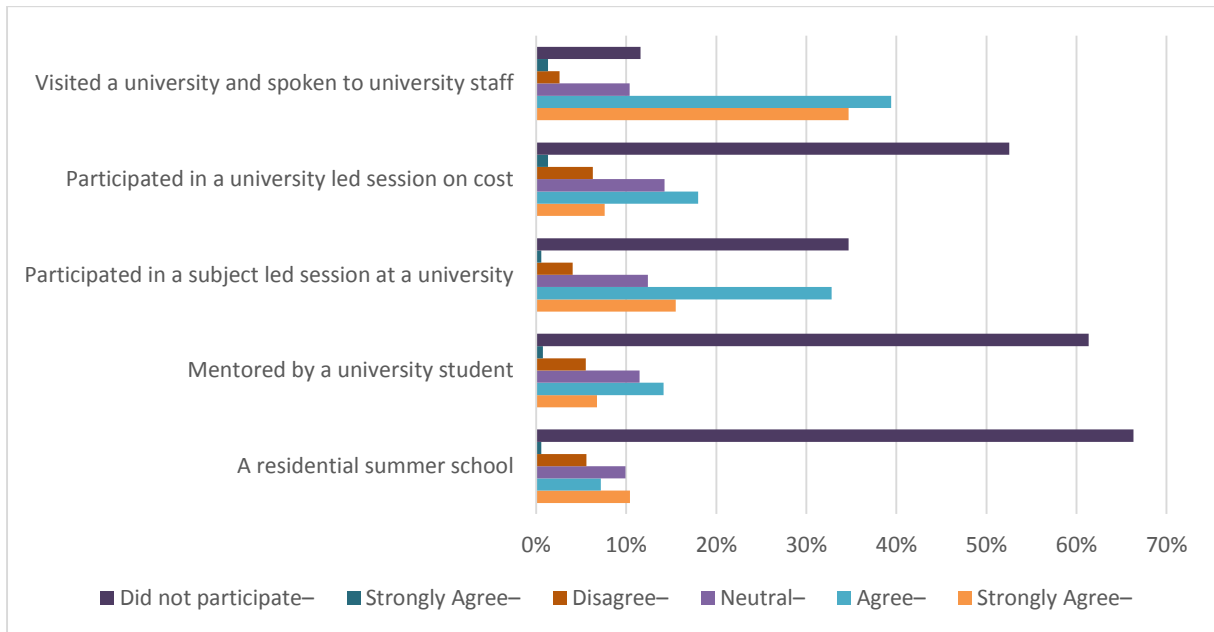


Notes: estimated effect of attending a school with regular WP activities (relative to pupils who report that their school offers no WP activities). All loan estimates significantly different from zero. Only effect of attending a school with WP activities every week significant at the 5% level in terms of grant understanding.

Engagement with universities

When it comes to engagement with HE, though it does look much higher at post 16 it is focused very much on university visits (which may mean open days for instance rather than the more comprehensive form of targeted support that HEIs deliver as part of their Access Agreements for example).

Diagram 22: Have you participated in any of the following university led activities in the last year? If so, please state whether you strongly agree, agree, neither agree or disagree, disagree or strongly agree whether these activities helped you decide whether to go to university.



5. Conclusions

Cost does not dominate applicant decision making

Consistent with the work undertaken through the 2000s, prior to the sharp increase in fees of 2012, this research suggests that the decision making processes of students when they are applying for HE are not shaped mainly by concerns over the cost of HE. They are not oblivious to its importance. Neither are they blasé about its impact on their lives. But they look at a range of factors when it comes to higher education progression decision making. This research suggests that there is a difference between being concerned about cost and letting cost structure your decision making.

But it matters more to some young people than others

Respondents from low participation neighbourhoods or those claiming free school meals are more likely to report that their choices may be influenced by cost. Compared to pupils living in the 20% highest participation neighbourhoods, those living in the 20-40% lowest participation neighbourhoods are nearly 20 percentage points more likely to report agreeing or strongly agreeing that they will go to university nearer home or live at home as a result of the costs. This implies that some learners are operating with restrictions to their choices where HE is concerned.

We do not observe attainment in the survey, hence it is not possible to say whether high attaining learners from poorer backgrounds feel constrained in this respect. However, previous research (e.g. Crawford et al, 2014) has suggested that there may be a group of young people from poorer backgrounds with the grades to go to more selective institutions who are currently not going there. More work looking at how this group make choices, given the high priority placed by OFFA and the government on widening access to more selective institutions in particular, would thus appear important.

And could become more important

,this research does show that cost is a factor in student decision making and could become a more important factor in certain respects in comparison to earlier similar research conducted before student fees increased. Over 40% of the respondents agree or strongly agree with the statement '*I would consider which university(s) to go to on the basis of what financial support they can offer me*'. Research conducted by OFFA under the old fee regime in 2010 argued that bursaries made little difference to student choice (OFFA 2010). Under the new system the financial support packages are very diverse between institutions and individualised in relation to the background of learners. Average financial support from universities also seems to have fallen since 2012 (e.g. Dearden et al, 2014). Whether this support will be more any more effective than under the old regime it is not clear. However, if HEIs can 'get it right' they may be able to attract more learners. It is crucial, however, that financial support is used to enable participation amongst learners from lower socio-economic groups

Do young people know enough about the student finance system?

This research showed that there may be gaps in the understanding of the student finance system that need to be addressed to support the decision making of young applicants. Ascertaining what exactly young people should know at different points in their educational career where the student finance system is concerned is critical. This survey looks at only one group of learners in year 13 or equivalent but there is a need to extend this kind of work to consider what young people should know about student finance at pre 16. A perceived lack of knowledge amongst young people (when they may know all they need to at that point of time), could be a potential barrier to their consideration of HE. It would be a valuable investment of resources if relevant sector bodies including for example Student Finance England, who have an active outreach programme, BIS, HEFCE and OFFA were able to consider piloting work which could produce a student finance curriculum which outlines what young people should know from primary to point of application.

Higher Education is not a product

It is clear that decision making regarding HE cannot be seen as the same as the purchase of many other 'goods'. Rationality where the 'consumption decision' is concerned appears far more complex. While perceived post-graduation outcomes are important for applicants, it is closely rivalled by a commitment to attending HE as an experience and the virtue of further learning. This is an important message. There has been a growing belief that students are becoming very instrumental and hence 'lack' a form of commitment to HE that their predecessors had. This belief needs to be examined carefully, as it may be doing the students of the 2010s a significant disservice (and also contributing negatively to student: institutional/academic relations). Given what current students have to contend with in terms of financial burden, they may be far more committed to HE than previous generations.

Could lowering fees support student success?

Given that the group of interest in this survey are already applying for HE, whether reducing fees to £6000 would elicit more applications is not possible to ascertain. However, it may have an impact on what students do when they enter HE and the courses they choose to take. This raises the possibility that the chances of students achieving their potential when they enter HE are compromised by the present cost of HE. In particular, if worries about the accumulation of debt are pushing students into part time working whilst studying this may be having a negative effect on how they perform whilst in HE. HEFCE have been rightfully emphasising the importance of student success within the widening participation agenda. Access without success is not access at all. This research suggests that when the merits or not of different fee levels are debated by policymakers we need a broader discussion that one couched entirely in the context of the distributional impacts of fee changes on different groups of learners.

Higher Education participation may be cost elastic

The research also suggests that while the commitment of young people in England to HE study remains remarkably resilient, it may not always be so. There are those who support the increasing of student fees (albeit often with more commensurate support). It may also be politically tempting to do so given what has happened since the last rise in cost. Above £12000 the majority of students

would be thinking differently about going onto HE. However, it must also be recognized that almost half would go to HE whatever it cost if they could borrow the money to do so.

What impact did Aimhigher really have?

Given the doubts raised regarding the impact of Aimhigher which were used to justify its abolition, what the study shows is that gauging the impact of widening participation initiatives does need a long term lens. While around 35% of respondents agreed that it had a positive impact on their decision making this is in the context of only around 50% of learners recalling receiving any support at year 10 or below (this cohort would have been in year 10 when Aimhigher was abolished). It can be hypothesised then that for the majority of learners in this study who participated in Aimhigher activities, these experiences helped convince them that university was for them. This looks like a good return for a programme of this nature. While Aimhigher cannot and should not be re-created as it was, policymakers need to consider seriously the case for how funds used to support HE progression for those from lower socio-economic groups should be utilised and the case for a collaborative, funded school based infrastructure.

Support from schools and colleges matters

School and college support is vital. Those who report that their school offers support activities less than once a month are 15 percentage points more likely to know what a loan is than those who report that their school offers no activities. This gap increases to over 20 percentage points when amongst those who report that their school offers support activities at least once a week. These results suggest that support activities may be positively influencing young people's understanding of the student support system (although we cannot rule out that those pupils who participate in the activities available in their school may also have a greater understanding of the student support system even in the absence of support activities). However, while most students who responded seem to know the average level of tuition fees charged, they appear to be much less clear about the level of support available to help cover maintenance costs, and also tend to underestimate the total amount of debt with which they are likely to graduate, on average.

This suggests that future activities delivered by schools, colleges and HEIs could perhaps usefully focus on increasing understanding of the difference between grants and loans, and the amount of each that may be on offer to students from different backgrounds, particularly in terms of support for living costs.

Are HEIs and schools doing enough pre-16?

Given when perceptions are constructed regarding HE and the commitment of many HEIs to their outreach work, it might be seen as somewhat surprising that the vast majority of learners do not recall participating in any specific HE related work before year 10. These learners would have been through this period of their educational career before fees were increased and the role of OFFA enhanced, so things may be different for present Key Stage 3 learners. However, any potential improvement here would have to occur in the context of the disappearance of the school based infrastructure provided by Aimhigher. The recent investment of over £20 million in the National Networks of Collaborative Outreach (NNCO) programme by the government is an acknowledgement of the challenges here. The research suggests **at least** a distinct need for detailed work to identify

exactly what HEIs/schools are doing and at what level which is published publicly and debated. Finally, even at post 16 the majority of learners are not engaging with HEIs outside of university visits.

Summary

This survey has provided new evidence on the understanding of the student support system and the extent to which cost is a factor in young people's decision making since the rise in the annual tuition fee cap to £9,000. It suggests that learners applying to university have a good understanding of how much tuition they are likely to pay, and know that they do not have to pay these fees upfront. However, they seem to know much less about what support that is available to help with living costs, and most do not know whether they would be entitled to a maintenance grant. These differences are particularly apparent amongst those from lower participation neighbourhoods and those who are eligible for free school meals. This may be contributing to the relatively high percentage that report they are likely to undertake paid work whilst at university. In addition to ensuring support begins earlier in the school system and continues over the longer-term, it may thus be useful to focus some efforts on helping students to understand what financial support is available to help with living costs and perhaps some work to help them budget appropriately.

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