Attitudes to debt

School leavers and further education students’ attitudes to debt and their impact on participation in higher education
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A report for Universities UK and HEFCE by Professor Claire Callender, South Bank University
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The views expressed in this report are solely those of the author.

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Executive Summary

Introduction
This study aimed to investigate the impact of debt and perceptions of debt on participation in higher education (HE). It was commissioned by Universities UK and the Higher Education Funding Council for England (HEFCE) and undertaken by Professor Claire Callender of South Bank University and the Centre for Higher Education Research and Information (CHERI) at the Open University.

The findings are based on a survey of a nationally representative sample of just under 2,000 UK school leavers and FE college students in their final year of study all of whom were working towards an HE entry qualification. The survey was undertaken between March and July 2002 and the response rate was 55 per cent.

Decisions about HE entry
Of the respondents surveyed:
• 15 per cent had decided not to enter HE;
• 12 per cent were still undecided; and
• 73 per cent of respondents had applied or intended to apply to university.

Non-entrants
Those most likely to reject HE were:
• white - they were 8.5 times more likely to reject HE compared with black and minority ethnic respondents;
• from lower social classes;
• women;
• aged over 21;
• studying at an FE college rather than an independent or state school; and
• held anti-debt attitudes.

Undecided
Those most likely to be still undecided about HE entry were:
• white - they were over 2.5 times more likely than black and minority ethnic respondents to be in doubt;
• from lower social classes;
• women;
• aged 21 and over;
• studying at an FE college rather than an independent school;
• had a partner or a sibling who had been to university - they were nearly 2.5 times more likely to be ambivalent than those with a partner who had not been to university and 1.5 times more likely to be undecided than those with a brother or sister who had not experienced university; and
• agreed that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent – they were over 1.5 times more likely to be uncertain than those disagreeing with these statements.

Entrants
Those most likely to enter HE were:
• attending an independent school – they were 20 times more likely to enter HE than those in the FE sector;
• studying at a state school – they were 1.5 times more likely to go to university than those in the FE sector;
• aged under 21 – they were 2.5 times more likely to go to university than those aged over 21;
• from the highest social classes – they were twice as likely as those from the lower social classes to opt for HE;
• from a black or minority ethnic group;
• held debt tolerant attitudes – they were 1.5 times more likely to enter HE than those with anti-debt attitudes; and
• rejected rather than accepted that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent.

Factors influencing respondents’ HE entry decision
Prospective students’ values as well as economic considerations influenced the way they framed and made their educational decisions.

Attitudes to debt in general
Prospective students with tolerant attitudes towards debt were one and quarter times more likely to go to university than those who were debt averse, all other things being equal. Debt aversion deterred entry into HE but was also a social class issue. Those most anti-debt are the focus of widening participation policies and include:
• those from the lowest social classes;
• lone parents;
• Muslims, especially Pakistanis; and
• black and minority ethnic groups.
The least anti-debt were:

- attending independent schools;
- from the highest social classes; and
- men.

Attitudes to the labour market

The pull of the labour market, getting a job and earning a wage were the most common reasons for not going to university, mentioned by 70 per cent of non-entrants. Non-entrants were five and half times more likely to express such views compared with those who had decided to enter HE (66 per cent compared with 12 per cent). The need to earn money was the most common reason the undecided gave for their indecision about university. This was mentioned by nearly three-quarters of them, especially those from the two lowest social classes. Unlike non-entrants, the indecisive stressed the need to earn money rather than just a desire for a job. They were three times more likely than entrants to say that they wanted to earn money rather than go university (37 per cent compared with 12 per cent).

Attitudes towards HE

Non-entrants were unconvinced of the benefits of HE, unlike entrants. Nearly four times fewer non-entrants than entrants believed in the need for a degree to get a decent job (16 per cent compared with 61 per cent). Nearly half as many non-entrants as entrants subscribed to the promise of the financial returns of HE (41 per cent compared with 74 per cent) and thought that university was a worthwhile experience (56 per cent compared with 96 per cent). Non-entrants rejected the culture and values of HE, entrants embraced them. Well over half of non-entrants felt university was not for them and a third thought the student lifestyle was not for them, compared to hardly any entrants. The undecided held ambivalent attitudes to HE.

Finances and financial barriers to HE entry

These barriers were particularly marked among those undecided about HE entry. Both a lack of money and concerns about accumulating debts contributed to their indecision. Not being able to afford university was the second most common reason for their ambivalence about HE entry. This was mentioned by over a half, but by three-quarters from the lowest social classes. The undecided were the most likely to think that poor student finances and student debt were negative features of university life. Those believing this were one and half times more likely to be ambivalent about HE entry compared with those rejecting these views. Although this group were not debt averse per se, half cited not wanting to build up debt as a reason for being unsure about HE entry, rising to over three quarters from the poorest households.

Views on student financial support arrangements

Non-entrants were far less likely than either entrants, or the undecided, to view student financial support as a long-term investment in their future. Nearly three times as many non-entrants as entrants thought it was not worthwhile getting into debt to get a degree. A third of non-entrants felt
that borrowing money to pay for a university education was a good investment compared with half of entrants. Entrants had more contradictory views. They were more likely than either non-entrants or the undecided to also believe that student funding and debt were deterents to HE entry. Entrants were more worried than non-entrants about accumulating debts at university (86 per cent compared with 75 per cent non-entrants). Entrants were more likely than non-entrants to think that the re-introduction of grants would facilitate HE participation (81 per cent compared with 60 per cent), especially those from low-income families.

**Awareness, knowledge and understanding about HE student finances and funding**

All prospective students had unrealistic expectations about the actual financial situation of HE students. They under-estimated both HE students' income and expenditure and over-estimated students' final debt. A minority of all prospective students said they were well informed about student funding arrangements and the costs of going to university, but even a smaller proportion of non-entrants and the undecided reported that they were well-informed. Those who were undecided were most likely not to have looked for information. They were three times more likely than entrants not to have done so. A minority of all respondents found it easy to access information on financial support for HE students and the costs of HE. Potential widening participation students found it the most difficult while the groups most likely to attend university the easiest.

**Encouragement to enter HE and financial support from family**

Non-entrants received far less encouragement from their wider network of friends and family to apply to university compared with either entrants or the undecided. The amount of financial support anticipated was strongly associated with respondents' HE entry decision with entrants expecting the most, and non-entrants the least. Non-entrants could not rely on financial support from their family, had they chosen to go to university, unlike entrants and the undecided.

**HE choices and paying for HE**

Entrants, especially from low-income families, adopted a range of strategies to minimise HE costs and debt, and to save money, all of which limited their HE choices such as which university to attend, and what course to take. Entrants' intentions about paying for HE varied considerably by social class. Wealthier entrants anticipated relying on their family and commercial credit to help pay for their time at university while poorer entrants were more likely to depend on student loans and paid employment. Prospective students' religion and attitudes to debt were the most important factors predicting likely student loan take-up. Non-Muslims were three and half times more likely than Muslims to anticipate taking out a loan while those with tolerant attitudes to debt were two and half times more likely to take one out.

The amount of savings and parental support entrants had or could expect, and payment of tuition fees were the most significant factors predicting likely non-student loan take-up, suggesting they did not need the money from loans.
The impact of HE costs and the student financial support system on HE entry and widening participation

The costs of HE
The costs of HE and financial concerns affected participation, especially of those from low-income families. The costs were a barrier to HE entry, especially among those ambivalent about HE. For non-entrants, the overall costs of HE - both the direct costs and the opportunity costs of participation - outweighed the benefits of HE including its long-term returns.

Debt aversion
Debt aversion deterred entry into HE, especially for the very groups the government most wants to attract. Debt aversion was also the key determinant of potential student loan take-up. Debt averse entrants were intending to trade off term-time employment against debt accumulation through student loans, once at university, which is likely to negatively effect their academic achievement.

Adequacy of provision in the student support system
The level of funds available to HE students through the student financial support system were a barrier to participation. The funds were considered insufficient, and were a major contributor to the indecision of those ambivalent about HE. The current funding led HE entrants to compromise and limit their educational choices. They opted for financial security at the expense of their human capital, which can reproduce status differentiation and the polarisation of HEIs along class and ethnic lines. Lack of certainty about which discretionary funds might be received by potential students also acted as a hindrance.

Information gap and complexity of student financial support
The lack of information on student financial support and poor dissemination of the information were obstacles to entry. The complexity of student funding arrangements was an impediment to entry and made the interpretation of information supplied difficult, especially for older low-income prospective students with children.
The impact of non-financial factors on HE entry and widening participation

The notion of the ‘poverty of aspirations’ is unhelpful in explaining peoples’ rejection of HE. It individualises non-participation, assumes the individual is lacking, and fails to locate individuals in a world shaped and influenced by structural, social, and cultural forces. Prospective students’ decisions were structured both by the culture and values informing their schooling and family environment and by different opportunity structures, including their cultural and social capital. These influenced their attitudes towards HE and the way they framed and made their educational choices.

Non-entrants, by rejecting the values and culture of HE, rebuffed a student identity. They did not buy into the whole idea of HE, what it stood for, or what it offered, and devalued its benefits. Instead, they opted for the identity, social status, and income derived from employment. Non-entrants lacked self-esteem and faith in their ability to succeed in HE. Their wider network tended to reinforce this, and their rejection of HE. In contrast, entrants’ social capital strengthened their decision to enter HE.
1 Introduction

This report is about school leavers’ and FE students’ perceptions of debt and its impact on their participation in higher education (HE). It is based on research commissioned by Universities UK and the Higher Education Funding Council for England (HEFCE) and conducted by Professor Claire Callender of South Bank University and the Centre for Higher Education Research and Information (CHERI) at the Open University.

1.1 Background

1.1.1 Changes in student financial support in higher education
There have been radical changes to the system of student financial support for full-time higher education students over the past decade, especially since 1998. The most far-reaching are:

- the introduction of student loans following the 1990 Education (Student Loan) Act;
- the introduction of means-tested contributions towards tuition fees, following the 1998 Teaching and Higher Education Act;
- the abolition of maintenance grants and their complete replacement with student loans, following the 1998 Act; and
- changes in the way these loans are repaid.

Since 1998/99, new entrants have had to contribute towards the costs of their tuition. Their contributions are means-tested, and the maximum fee payable was initially set at £1,000. Students entering higher education in 1999/2000 (together with those who started the previous year) received support for living costs solely through student loans, a quarter of which is income assessed. Since the 1998 Education Act, the repayments on these loans have been linked more directly to students’ income once they graduated, but the income threshold – the point at which students have to start repaying their loans – was reduced to £10,000. This is considerably lower than the previous threshold of 85 per cent of the national average earnings, which in 1998/99 was £17,784.

Other reforms have been introduced since the 1998 Act, such as those announced in January 2000 (DfEE, 2000) that were targeted at specific student groups, especially students with children and young people from disadvantaged backgrounds. Several of these reforms are to be changed following an announcement by Margaret Hodge (2002a).
1.1.2 Rising student debt

The replacement of grants with student loans and the introduction of tuition fees have led to a radical restructuring of students’ incomes (Callender and Kemp, 2000). Students’ income arising from grants and their parents has fallen, while their ‘income’ from borrowings and savings has risen. Consequently, more students are borrowing more money, from more diverse sources of credit, than ever before to fund their education, and, consequently are more in debt (Callender and Kemp, 2000).

The largest proportion of students’ borrowings consists of student loans – so any changes to the loan system affects student debt. With the phasing out of grants, more students are taking out student loans and borrowing larger sums of money. For example, loan take-up rose from 28 per cent in 1990/91 to 81 per cent in 2001/02 while the average size of the loan increased nearly eight-fold, from £390 to £3,070 (DfES, 2002). With their growing value student loans also form a larger share of students’ total income, especially for lower-income students. However, increasingly students are also borrowing more money from commercial sources of credit. Consequently, by 1998/99 just over one in ten students were debt free compared with 25 per cent in 1995/96 (Callender and Kemp, 2000).

The move from grants to student loans resulted in a threefold increase in the level of student debt between 1995/96 and 1998/9 (Callender and Kemp, 2000) and nearly a sixfold increase between 1992 and 2001 (Barclays, 2001). By May 2001, students had debts averaging £5,961, but anticipated owing up to £10,000 by the end of their studies (Barclays, 2001).

Students from low-income families and those from the most disadvantaged backgrounds end up accumulating the largest debts while at university, and are the least likely to have access to the safety net of parental subsidies. Consequently, the most financially vulnerable groups are lone parents and students from social classes IV and V (Callender and Kemp, 2000). More recent research (Unite/Mori, 2002) shows the increasing disparity in the levels of debt between students from low and high-income families. Between 2000 and 2001, students from poorer families saw their debts rise by 46 per cent – over three times the growth (14 per cent) experienced by students from the highest social classes.

1.1.3 Government concerns about student funding and participation in higher education

Central to the Government’s policies in higher education are increasing and widening participation. They are committed to raising participation to 50 per cent among young people by 2010 (Labour Party, 2001). Recent Secretaries of State for Education have linked access and participation to student finances. Estelle Morris, in her speech at London Guildhall University on 22 October 2001, said:
“... Whenever I have conversations about access and about participation, many connect those issues to student finance. We want to think again about any obstacles – real or imagined – that could discourage young people from low-income families from taking up higher education. All of us would like to produce a system of student support which is simpler than the present one …”  (DfES, 2001a, p. 6-7).

She continued:

“... however much money we choose to put into student support it will not be, by itself, the answer to the access challenge. The problems are more complicated and more profound: they are about ethos, about perception and about prior attainment. So I want to satisfy myself and to be absolutely certain that there is nothing in the student support system that might act as a disincentive to those we most want to attract. But we must not see this as the only issue in the debate, and we must not let it distract us from more fundamental and more difficult challenges.”  (DfES, 2001a, p. 7-8)

It was these types of concerns that prompted the then Secretary of State for Education and Skills, Estelle Morris, to announce a review of student support arrangements in October 2001:

“Four years ago, we took the brave and right decision to expand higher education by changing the way we funded student support. However, it was clear during the general election that student debt was a major issue. I recognise that for many lower income families the fear of debt is a real worry and could act as a barrier 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.”  (DfES, 2001a)

The aim of the cross-departmental review involving the DfES, Number 10 and the Treasury is:

• the simplification of the system, especially in the area of hardship support;
• the provision of more up-front support for students from less well-off backgrounds;
• to ensure that all students have access to sufficient financial support throughout their years of higher education; and
• to tackle the problem of debt and perceptions of debt. (DfES 2001b)

At the time of writing, the outcome of the review was unknown.
1.1.4 Research on participation

Research into participation of socially excluded populations in post-compulsory education has emphasised the complex choice processes involved. Typically, these processes involve interactions between age, social class, gender, ethnicity, place, and family. This research has identified a shift from ‘normal’ to ‘choice’ biographies (Du Bois-Reymond, 1998; Ball et al, 2000; Dwyer and Wyn, 2001; NAO, 2002; Callender, 2002; Connor et al, 2001; Forsyth and Furlong, 2001). ‘Normal’ working class biographies, for instance, have often meant that university was a non-choice, an option that lay outside normal social landscapes. Recent economic and social changes, however, have generated new ‘choice’ biographies whereby higher education increasingly becomes something that has to be decided upon, even if this means refusal and rejection (see also Giddens, 1991; Beck, 1992; Beck et al, 1994).

This research also details the way these ‘choice’ biographies often involve complex negotiations between family, work, and friendship commitments. These negotiations highlight the way learner identities are not necessarily dominant features of these young people’s lives. Recent research into mature students’ decisions to enter higher education (Davies et al, 2002) and their experiences of higher education reiterate this point (Reay et al, 2002). The degree to which individuals can engage with this kind of choice is likely to be structured both by cultural frames of reference and the different ‘opportunity structures’ in varying locales. For instance, the cultures and values informing individuals’ earlier schooling and family environment can have a considerable influence on the way they frame and make educational choices. Thus we cannot assume that all potential HE students make choices under similar circumstances, in similar situations and contexts. For example, students from excluded populations have been found to engage in processes of class and ethnic choosing, where the degree of cultural or ethnic symmetry or mix is of considerable importance in making higher education a realistic choice (Gorard et al, 1998a, 1998b, 1998 c; Ball et al, 2001 & 2002; Reay et al, forthcoming).

The possibility of engaging in such a way will vary depending on the ‘opportunity structures’ within different locales (Roberts, 1993). Drawing on research into choice processes in compulsory education in England (Gerwirtz et al, 1995), it is possible that these different ‘opportunity structures’ are differentiated through local circuits of higher education that are closely correlated with class and ethnicity, where choice reproduces status differentiation within the higher education sector. Consequently, policies that simply attempt to increase access to education, or which only address cost, time and lack of childcare issues founder because education is not deemed relevant by the target populations (Gorard et al. 1999).
1.1.5 Existing research on the effects of student funding on participation
While research has examined non-participation in general, there are no comprehensive studies in the UK which systematically examine the impact of debt, or the changes in student financial support, on access to HE and completion. Such a study would need to be longitudinal, tracking individuals over time. It would need to compare those entering HE and those who do not, and those who drop out of their studies with those who do not. It would require detailed information on the financial situations of the individuals involved.

Indeed, there is a dearth of UK literature on the impact of debt and the student support system on access and participation. What little does exist, tends not to separate concerns about student debt from wider concerns about the impact of changes in student financial support. Moreover, nearly all of these studies were undertaken before all of the 1998 reforms came into effect. This is inevitable because the first cohort of students who were liable for tuition fees and relied exclusively on student loans throughout their time at university did not graduate until 2002.

Implicit in our discussion so far, is the assertion that student funding mechanisms can influence access to higher education. What evidence do we have for such an assumption? To address this issue, we turn to the very extensive research undertaken in the United States. The aim of the discussion is to provide an evidence-based framework within which to assess the situation in the UK.

1.1.6 Evidence from the United States
While the research in the UK is limited, studies from the United States do offer some interesting insights into the impact of student funding on participation. The United States has been selected over other countries for several reasons, which, together, make the States a particularly useful and fruitful source of information. Firstly, the US is a good example of a market driven higher education sector concerned about the factors impacting on supply and demand. It is especially attentive to the issues of price sensitivity and cost, and how these affect students' choices, access, enrolment, completion, and attainment. These concerns have helped drive the research agenda and questions about the overall impact and efficiency of student financial support. Secondly, the amount of money spent on student aid at a federal, state and institutional level is very considerable compared to other countries. In 1998/99, $64.1 billion (Terenzini et al, 2001) was spent, an increase of about 85 per cent over the past decade, and two-thirds of this growth is associated with an increased reliance on student loans. Consequently, there are various stakeholders with large investments interested in their returns and the overall effectiveness of support packages. Thirdly, unlike other countries, the US has a range of student aid packages (covering both tuition and maintenance) such as grants, a diverse loans system, and work programmes that have been in existence for many years. So, the effectiveness of different types of aid for different student groups can be assessed along with the impact of changes over time. Fourthly, long-standing concerns about the links between inequalities in educational opportunities,
educational attainment and poverty in the United States mean that research has examined, in particular, the effects of student aid on disadvantaged and socially excluded groups. Finally, what makes all this research possible, again unlike other countries, is an enviable array of well-established longitudinal and time-series datasets, which allow robust and sophisticated analyses.

Evidence from the United States, like the UK, shows that participation rates in higher education increase with family income, even when ability is controlled for (Choy, 1999). Decisions to attend university and choice of educational institution are highly sensitive to tuition and financial aid levels for all students, except those from the highest income families. Low-income students are much more likely than those from wealthier backgrounds to be concerned about costs and the availability of financial aid in choosing an institution to attend (Berkner and Chavez, 1997), and to single out financial aid as a key factor in their decision-making (Paulsen and St John, 2002). These factors, along with the growing costs of higher education, have contributed to ‘an increasing stratification of public higher education by income’ (McPherson and Shapiro, 1999 p. 26), and, especially, the increasing concentration of low-income students in less expensive community colleges. By 1998, five times the proportion of low-income students as those from the wealthiest families attended a two-year course at a community college. However, three times the proportion of students from the richest families as those from the poorest families attended four-year courses at a university (private or public) (McPherson and Shapiro, 1999 p. 21). In addition, they are far more likely to be drawn from minority groups. So where students enrol is strongly related to their family income and ethnicity.

American research shows unequivocally that financial aid has a positive impact on student enrolment while net cost has a negative impact for low-income students, but not for the most affluent students. Moreover, the research has identified the extent to which cost rises impact on low-income students’ participation. For instance, McPherson and Shapiro (1999 p.14) observe ‘A consensus in econometric literature is that a $150 increase in net cost reduces enrolment rates by 1.8 per cent.’ They conclude that policies which cross-subsidise students and which are redistributive in effect make sense in terms of economic efficiency.

The evidence about the impact of rises in tuition fees is particularly important for Britain and current debates about top-up fees. There is a broad agreement that increases in tuition costs depress enrolment levels amongst students from low and middle-income groups but not for those from high-income groups. For example, there are inter and intra-state differences in enrolment rates depending on the level of tuition fees. States with high public tuition fees enrolment rates are lower, and the gap between the participation rates of students from low and high-income families are wider (McPherson and Shapiro, 1999).
Other research has adopted a differentiated-price approach (St John and Starkey, 1995) by identifying the effect of changes in tuition fees, maintenance grants, and loans on enrolment and examines how different types of financial help affect individuals' decisions to enter education. It shows how students do not necessarily respond to grant awards and/or loans in the same way that they respond to tuition charges (St John, 1990; McPherson and Shapiro, 1991). Students respond to a set of prices rather than a single price, and students with different levels of need respond differently to tuition fees and student aid. So low-income students can be adversely affected by tuition fee increases, but financial support can positively predispose them to enter higher education (Berkner and Chavez, 1997).

The emerging consensus in this research is that financial aid packages, which include monies for both tuition and maintenance, do have a positive impact on enrolment. Moreover, the amount of the grant awarded has far more influence on enrolment decisions by low-income students than do tuition charges. Most research also indicates that grants are a far more effective tool than loans, or other forms of student aid, in encouraging enrolment among students from the lowest income groups and minority groups (St John and Noell, 1989; St John, 1990; McPherson and Shapiro, 1999). However, middle-income students are influenced more favourably by loans, while loans have little impact on high-income groups' enrolment. Diverse types of financial help, therefore, have a differential impact on different student groups attending different types of educational institutions (see Leslie and Brinkman, 1988; St John and Noell, 1989; Somers and St John, 1993).

McPherson and Shapiro (1999) question how we can reconcile the continued growth in HE participation with the rising costs (which have escalated even allowing for inflation) and reductions in student grant aid, and the tendency for these to discourage entry. They show that underpinning this growth are significant and worrying changes in the composition of the student body, and in the distribution of students among different types of higher education institutions (discussed above). In particular, enrolment rates have not been uniform across income groups and certain groups are more vulnerable to increases in tuition that others. The gap in enrolment rates between low- and high-income students has grown, as has the gap between white and black and hispanic students. Moreover, these gaps hold even when students' ability is controlled for (McPherson and Shapiro, 1999). Similarly, poor and working class students aspire to substantially lower levels of post-compulsory education attainment even when ability is controlled for (Paulsen and St John, 2002). Despite the United States' emphasis on meritocracy, family background rather than academic ability still determines who participates in higher education, the type of higher education institutions attended, and qualification aims.
Other American research highlights how low-income students are less likely to complete their studies. Those who do, are less likely to do well in terms of their grades and the jobs they obtain on graduation (Mortenson, 1990; Mumper and Vander Ark, 1991; Terenzini et al, 2001). Other studies have explored, in particular, the relationship between student financial support and retention and degree attainment. For instance, sociological studies examining the relationship between aid and completion see attrition as attributed to a lack of congruency between students and their institutions (Tinto, 1975, 1993; Cabrera et al, 1992). Financial aid has a significant total effect on persistence, but only indirectly, by facilitating the 'fit' between students and their institutions. Such studies have also shown that financial aid can counter the impact of disadvantage associated with low income. Hence, students who receive means-tested student aid are as likely to persist as their more affluent peers are.

Other types of research in the United States have modelled the interplay between completion and financial support. They too show a positive association between financial assistance and retention rates, especially when models separate out the effects of tuition costs and various forms of financial aid (Leslie and Brinkman, 1988; St. John, 1991). For instance, grants, but not loans, are positively associated with completion (Terenzini et al, 2001). St. John (1991) found that loans were the only form of aid that was negatively associated with degree completion. He concluded that:

‘... national studies consistently find that student aid has a positive influence on persistence ... However, it is possible that large levels of debt could have a detrimental influence on persistence to degree completion’ (St. John 1991, p. 26).

This American research has tended to focus on the impact of the direct costs of higher education, namely individual responses to prices and subsidies. Only recently has it explored the influence of students’ perceptions and expectations of the affordability of higher education costs on their choice of institution and completion. Such research has revealed clear and substantial class-based patterns of enrolment behaviour related to students’ perceptions and expectations about college costs. Middle- and high-income students who select their college because of concerns about the fixed costs of going into higher education (ie tuition net of financial aid), are more likely to persist than poor and working class students who make similar cost-conscious choices (Paulsen and St John, 2002). The way the students perceive and respond to higher education costs, especially the availability of student financial support and low tuition fees, is class based. Thus even when poor and working class students try to plan ahead and intentionally select a college because of the availability of student aid and low tuition fees, they are still more likely to drop-out.
1.1.7 Evidence from the UK

The absence of robust studies in the UK, which follow individuals as they decide whether to enter HE, means that it is not possible to reach any firm conclusions about the impact of debt or student funding on prospective students’ actual behaviour, choices and decision making. There is evidence, however, on potential and existing students’ attitudes toward debt. Thus we can make inferences from existing cross-sectional UK studies, and these inferences can be informed by other evidence-based studies such as the research conducted in the United States discussed above. However, the relationship between attitudes towards debt and actual debt is not clear. We cannot assume that attitudes towards debt affect borrowing behaviour. Both cognitive dissonance theory (Festinger, 1962) and self-perception theory (Bem, 1972) suggest that if people must acquire debt, they will adjust their attitudes so that they accept debt.
Impact of financial concerns on initial entry

The studies examining initial entry into higher education suggest that:

- Financial concerns play a major role in the decision making process of whether or not to enter higher education (Connor et al, 1999; Forsyth and Furlong, 2000; Knowles, 2000; Archer 2001; Connor et al, 2001; Davies and Williams 2001; NAO 2002) and the 'overriding negative perception of going to university, for all the potential entrants, was its cost' (Connor et al, 2001).

- Costs are often understood very broadly to include not only the direct costs of participation (e.g. living and travel costs) but also the indirect costs of lost income, particularly when contrasted with the better financial position of friends who would be earning an income (Connor et al, 2001).

- Prospective students from lower socio-economic classes are more likely than those from better-off families to report that they are deterred by the costs of HE and the prospects of debt (Woodrow, 1998; Watt, 1999; Woodrow, 1999; Connor et al, 1999; Connor et al 2001; Knowles 2000; Forsyth and Furlong, 2000).

- Mature students tended to worry about finances more than younger students, and are more likely to say that they are deterred by the costs and the prospect of debt (Connor et al, 1999; Connor et al, 2001; Ross et al, 2002). Their decision-making is complex and characterised, at a personal level, by the concepts of fragility and risk (Davies et al 2002; Davies and Williams, 2001).

- The cost of studying is not necessarily the main reason why potential younger entrants decide against entering the HE system. More important is the 'pull' of economic independence offered by employment, frequently in a chosen career that does not require a higher education qualification (Connor et al, 2001).

Impact of financial concerns on educational choices

Studies about prospective students' choice of institution, course and qualification aim suggest that:

- Once prospective students decide to go to university, some try to minimise their costs and debt by enrolling in courses offering financial security at the expense of human and cultural capital. This is especially the case for students from disadvantaged backgrounds (Connor et al, 1999; Forsyth and Furlong, 2000; Knowles, 2000).
To reduce costs and the need to take out a student loan, such students enrol in:

• lower level or less advanced courses (i.e. HND rather than degree course);
• shorter courses;
• vocational rather than academic courses; and
• their local HEI so that they can live in their parental home (Callender and Kemp, 2000; Farr, 2001; Unite/Mori, 2002).

Attitudes toward debt
There is a dearth of studies that have focused on prospective or current students’ attitudes towards debt and its effect on participation although questions about debt feature in many student surveys. In addition, given the focus of the current study, it is worth examining some of these studies in more depth. These studies suggest that:

• Prospective students are worried about the amount of money they might owe when they graduate. One study suggests that two-thirds of sixth formers are worried (Nat West, 2002).

• Expectations of debt are rising among sixth formers. Over a half (56 per cent) in 2002 expected debts of more than £6,000 upon graduation, compared with 44 per cent in 2001. The actual average debt they expect rose by 18 per cent, from £6,390 in 2001 to £7,510 in 2002 (Nat West, 2002).

• There is a consensus among current students that debt deters entry into higher education (Callender and Kemp, 2000; NUS, 1998; Hesketh, 1999;) especially among students from less well-off backgrounds (Marks, 2001). The proportion agreeing with this varies from 66 per cent to 89 per cent and those most likely to agree come from groups most under-represented in the university population. One study of students at a particular university shows that the proportion of students agreeing that student loans may deter some from entering higher education has fluctuated over time and rose dramatically following the introduction of the 1998 Education Act (Shorley et al, 2001).

• Nearly half of students rate debt as one of the worst aspects of university life and the proportions citing this have risen over time (Unite/Mori, 2002).
Some studies suggest that students respond differently to debt, and those with similar incomes but different characteristics may adopt different attitudes towards their financial affairs and debt (Hesketh, 1999; Scott et al, 2001). For instance, Hesketh’s small-scale study conducted in the early 1990s, found that the majority of students were largely confident in their money matters, particularly middle class students. Their confidence stemmed from the fact that they had the necessary resources to survive, but more importantly, they could secure additional funds if required. Less confident students were predominantly working class. They not only had less money, but were less confident that they could secure the resources needed – both because they were suffering from shortfalls in the assessed contribution from their families, but also because they were reluctant to take out loans, primarily because of a negative family attitude towards debt. The most anxious students were those that through financial necessity had taken out loans, but had not come to terms with the debt they had incurred.

Lea et al (2001), from an economic psychological perspective, conclude that current students are more tolerant to debt than either intending students or recent graduates. They suggest that tolerant attitudes towards credit and debt are a consequence rather than a cause of increased credit use. In other words, the experience of using credit, which is a common feature of student life, helps create more tolerant attitudes towards debt. However, Lea et al (2001) found no significant differences in individuals’ attitudes by key demographic variables – the differences instead related to economic circumstances.

These findings help to explain those of other research. For instance, Callender and Kemp (2000) found that students who had taken out student loans were significantly more likely than those who had not taken them out to have commercial loans such as overdrafts of over £500. Similarly, Scott and Lewis (2001) found that the only significant factor predicting students’ acceptability of credit and debt was student loans. This led them to conclude that:

‘The student loan scheme might inadvertently lead to an increased propensity for graduates to take on new borrowings in the future … and the loan scheme … instead of breaking the dependency culture of reliance on the Government has simply transferred this dependency to form a new dependency on banks and financial institutions.’ (Scott and Lewis, 2001 p.57-58).

We do not have enough information to assess whether, or how, students’ attitudes towards debt have changed over time. Nor can we ascertain whether the changes, if any, reflect broader changes in society’s attitudes to credit and debt, and among young people’s in particular, or result from other factors such as the introduction of student loans or other changes in student funding.
• The steady rise in the take-up of student loans and the sums borrowed (see above), however, do signal a change in behaviour and suggest changes in attitudes towards debt. Other less robust evidence suggests that students are increasingly more resigned to student loans (Barclays, 2001). However, different research observes that this overall rise in loan take-up means that students have increasingly negative attitudes towards the student loan system, and student loans in principle (Shorley et al, 2001).

• The changing behaviour of particular student groups is illustrated by Callender and Kemp’s (2000) study. They found that in 1998/99 the take-up rates of student loans were similar among young and old students, and between men and women, while in Callender’s earlier 1995/96 study (Payne and Callender, 1997), older students and women were significantly less likely than younger students and men to take out loans. Yet, the very low take-up of loans among Asian and ethnic minority students in 1998/9 was consistent with the findings from Callender’s 1995/6 study.

• A key reason students do not take out student loans is concern about debt. Callender and Kemp (2000) found that nearly one in three students who had not taken out a loan claimed that they did not need one. However, 56 per cent of students were without one because of their or their family’s concerns about debt and borrowing. Students from the poorest backgrounds and those most under-represented in the student population were most debt-averse. Elsewhere, Callender (2002) suggests that these students’ debt-aversion highlights the contradictory nature of the student funding policies. Ultimately, such groups may be deterred from entry into higher education because of worries about escalating debt, yet they are the very focus of widening participation policies.

• We also do not have an adequate and detailed understanding of the motivations for borrowing among current students. Decisions about whether to borrow, be it in the form of a student loan or commercial credit, are unlikely to be exclusively driven by financial need or perceptions of financial advantage. However, the extent to which students go into debt purely to finance a particular lifestyle and consumption of goods is unclear. An examination of students’ spending patterns provides few clues because their spending behaviour tends to reflect that of other low-income young people in the population at large (Callender and Kemp, 2000). What is clear is that the distinction between borrowing to finance current consumption and borrowing to invest in the future appears to have become blurred. The expanded provision of loans as part of Government student support policies, therefore, may be fostering a student culture unworried by debt.
Some data is available on the short-term impact of debt on students’ well-being, especially on levels of stress and depression (e.g. Stradling in Scott et al, 2001). However, we have no information on the longer-term consequences of student debt on the individual’s life chances and opportunities.

It is against this background that Universities UK and HEFCE commissioned this study on the impact of debt on prospective HE students’ perceptions of debt.

### 1.2 Aims and objectives of the study
The overall aims of the study were to examine prospective HE students’ perceptions of debt, and to explore what impact this has on participation in HE.

To meet this aim the study had the following objectives:

- to identify prospective students’ attitudes towards debt;
- to examine their attitudes towards higher education;
- to ascertain their knowledge about and attitudes towards student funding; and
- to identify factors influencing their decision to enter or not to enter higher education.

### 1.3 Research Methods
The research consisted of:

- A literature review of existing research and studies on the impact of debt on participation in HE.
- A survey of a nationally representative sample of UK school pupils in Year 13 / Sixth Year and students attending FE colleges who were in their final year of study working towards an HE entry qualification.
- Focus groups with prospective HE students.

#### 1.3.1 Literature review
Extensive trawls of a variety of electronic databases were undertaken as well as searches in library catalogues. Some of the key findings of the review have been discussed above.
1.3.2 Survey of school pupils and FE students
Just under 2,000 individuals participated in the survey and the overall response rate was 55 per cent. These individuals were drawn from 61 FE colleges (including three sixth form colleges) and 40 schools in both the independent and state sectors in Great Britain. The self-completion questionnaires were distributed by the respondents’ institutions, on behalf of South Bank University and CHERI, between March and July 2002. Full details of the methodology employed in the survey are included in the methodological appendix.

1.3.3 Focus groups
Four focus groups were conducted. The aim of these focus groups was to gain deeper insights into how perceptions of debt may affect individual’s attitudes towards HE and their decisions about entering HE. The institutions from which the groups were recruited were a mix of FE colleges and schools in different parts of the country. No attempt was made to obtain focus groups which were representative of the student population, so the selection process was purposive. There was particular interest in talking to students who are particularly likely to be debt averse and/or have low student loan take-up rates namely, those from low-income backgrounds, older students, students from ethnic groups, those likely to live at home while studying for an undergraduate degree, and those studying in London (Callender and Kemp, 2000). Table 1.1 summarises the composition of the four focus groups.
Table 1.1 Composition of the focus groups

<table>
<thead>
<tr>
<th>Focus groups</th>
<th>Location</th>
<th>Qualification Aim</th>
<th>Ethnic mix</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus group 1</td>
<td>London</td>
<td>A-Levels</td>
<td>Bangladeshi</td>
<td>Younger</td>
</tr>
<tr>
<td>Focus group 2</td>
<td>London</td>
<td>Access course</td>
<td>Black African, Bangladeshi and black British</td>
<td>Older</td>
</tr>
<tr>
<td>Focus group 3</td>
<td>Midlands</td>
<td>Access course</td>
<td>Ethnically mixed</td>
<td>Older</td>
</tr>
<tr>
<td>Focus group 4</td>
<td>W Midlands</td>
<td>A-Levels and vocational qualifications</td>
<td>Ethnically mixed</td>
<td>Younger</td>
</tr>
</tbody>
</table>

1.4 Structure of the report
The rest of this chapter examines the key characteristics of the individuals surveyed. Chapter two examines school leavers’ and FE students’ attitudes towards debt while chapter three explores their attitudes to higher education. Chapter four focuses on these individuals’ attitudes to HE students’ financial support. Chapter five focuses on their knowledge of the HE students’ finances and funding including access to information on these. Chapter six examines the factors influencing school leavers’ and FE students’ decisions to enter higher education, distinguishing between those who have decided against entering HE, those who are undecided and those who definitely intend to enter HE. Chapter seven will concentrate solely on those who have decided to go to university and will examine the impact of the costs of HE on their behaviour and choices including their plans for paying for HE. The final chapter will summarise some of the key findings and discuss their implications for policy.

Each chapter will follow a similar format. Each will examine the situation of all respondents and then any variations by their key socio-economic characteristics (outlined in Table 1.2), and any variations by the type of institution they attended, and their decision about whether or not to enter higher education. Only variations that are statistically significant will be commented upon, unless otherwise stated.

For ease of expression, respondents who have decided against going into HE will be referred to as non-entrants while those who do intend to participate in HE will be referred to as entrants. In addition, at times during the report, the phrase ‘enter into university’ will be used. It should be noted that this denotes all HEIs, whether or not they have university status, and HE courses at FE colleges and HEIs, and not just HE provision within universities.
1.5 The individuals surveyed
The last column of Table 1.2 shows the key socio-economic characteristics of the school leavers and FE students surveyed while the last column in Table 1.3 gives details of the type of education institution they attended and their qualification aim. It also shows the proportion of respondents who had decided to go on to HE, those who were still undecided about university entrance at the time of the survey, and those rejecting HE outright. Finally, Table 1.4 gives the expected grades for those taking A-levels and Scottish Highers.

Table 1.2 shows that the majority of respondents were women and under the age of 25. Thus unsurprisingly, the vast majority were single and childless. Most were white and just over half (55 per cent) came from families in the top three social class while just over a quarter were from lowest three social classes. However, care must be taken when interpreting this data on social class as there were a large number of missing cases.

Two-thirds of all respondents were studying in the FE sector, which included general FE colleges and some sixth form colleges. Just over a quarter of all those surveyed were attending state secondary schools and less than one in ten attended private schools. Nearly half of all respondents were taking A- or A/S-levels or Scottish Highers and most of the rest some type of vocational qualification. Just under two in five anticipated getting high grades in their A-levels. In addition, nearly three-quarters had decided to enter HE and had already, or intended, to apply for a place. A further 12 per cent were still undecided, and 15 per cent had decided not to enter HE.

There were considerable variations between respondents, depending on the type of educational institution they attended. These differences help explain some of the findings in the main body of the report. The gender balance of pupils and students between educational institutions was different. While the majority of those attending both state schools and in FE colleges were women, the opposite was true for pupils at independent schools – most of them were men. The age distribution of school leavers in both the public and private sector was the same – all were aged under 25. Consequently, nearly all were single and childless. However, a sixth of FE students were over 25 and around one in ten had a partner and/or children.

One of the largest and the most significant differences between these three respondent groups was their social class composition. Not surprisingly, pupils at independent schools were far more likely to come from families where the chief earner was in a managerial or professional occupation. Nearly two-thirds were from such families, double the proportion in the FE sector. In addition, 86 per cent of pupils at independent schools came from families in the top three social classes, compared with 58 per cent attending state schools and a half studying in the FE sector. Thus overall, those studying in the private sector came from the wealthiest families while those in FE the poorest families.
Respondents' qualification aim, expected A-level grades and HE entry decision, all of which are interlinked, were also associated with the type of educational institution they attended. Thus, all independent school pupils were taking A-levels, nearly three-quarters expected high grades, and most had decided to go on to university. By contrast, the majority of FE students were taking vocational qualifications. Only a quarter were taking A-levels and less than a quarter of them anticipated getting high scores. Overall, therefore, just over two-thirds of FE students had decided to go to university.

All these very important differences need to be kept in mind when interpreting the data and findings presented in this report.
Table 1.2 The socio-economic characteristics of the students surveyed by type of educational institution attended (weighted)

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>State school</th>
<th>Independent school</th>
<th>FE sector</th>
<th>All respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GENDER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>38</td>
<td>58</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>Female</td>
<td>62</td>
<td>42</td>
<td>60</td>
<td>59</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 25</td>
<td>100</td>
<td>100</td>
<td>84</td>
<td>94</td>
</tr>
<tr>
<td>&gt;= 25</td>
<td>16</td>
<td>6</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>ETHNIC ORIGIN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>80</td>
<td>83</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Non-white</td>
<td>20</td>
<td>17</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>SOCIAL CLASS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial and professional</td>
<td>38</td>
<td>63</td>
<td>31</td>
<td>35</td>
</tr>
<tr>
<td>Intermediate</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Small employer</td>
<td>15</td>
<td>21</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Lower supervisory and technical</td>
<td>8</td>
<td>1</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Semi-routine and routine</td>
<td>10</td>
<td>1</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Never worked/Long-term unemployed</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Missing</td>
<td>19</td>
<td>10</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>MARITAL STATUS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>95</td>
<td>96</td>
<td>89</td>
<td>91</td>
</tr>
<tr>
<td>Married/co-habiting</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Widowed/separated/divorced</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Not stated</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>FAMILY TYPE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, childless</td>
<td>99</td>
<td>99</td>
<td>90</td>
<td>93</td>
</tr>
<tr>
<td>Couple, childless</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Single, living with children</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Couple, living with children</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>N (weighted)</td>
<td>528</td>
<td>137</td>
<td>1,288</td>
<td>1,953</td>
</tr>
</tbody>
</table>

Base: All respondents
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
### Table 1.3  Details of the qualification aim and HE entry decision of students surveyed by type of educational institution attended (weighted)

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>State school</th>
<th>Independent school</th>
<th>FE sector</th>
<th>All respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TYPE OF EDUCATION INSTITUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State secondary school</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>Independent school</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>FE college (inc. sixth form colleges)</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>66</td>
</tr>
<tr>
<td><strong>QUALIFICATION AIM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A/AS-levels/Scottish Highers</td>
<td>87</td>
<td>100</td>
<td>25</td>
<td>48</td>
</tr>
<tr>
<td>NVQ/GNVQ/SVQ Level 3/AVCEs</td>
<td>13</td>
<td>0</td>
<td>64</td>
<td>43</td>
</tr>
<tr>
<td>Access course</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Other FE qualification</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>DECISION ABOUT ENTERING HE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Applied/intend to apply</td>
<td>78</td>
<td>98</td>
<td>68</td>
<td>73</td>
</tr>
<tr>
<td>Undecided</td>
<td>11</td>
<td>1</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Decided not to go</td>
<td>11</td>
<td>1</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>N (weighted)</td>
<td>528</td>
<td>137</td>
<td>1,288</td>
<td>1,953</td>
</tr>
</tbody>
</table>

Base: All respondents

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 1.4  Expected A-level/Higher grades by type of educational institution attended (weighted)

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>State school</th>
<th>Independent school</th>
<th>FE sector</th>
<th>All respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPECTED A-LEVEL/HIGHERS GRADE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>=&gt;280 (BBC+)</td>
<td>37</td>
<td>72</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>1-279 (&lt;BBC)</td>
<td>37</td>
<td>16</td>
<td>45</td>
<td>37</td>
</tr>
<tr>
<td>Not stated</td>
<td>24</td>
<td>12</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>N (weighted)</td>
<td>430</td>
<td>128</td>
<td>303</td>
<td>861</td>
</tr>
</tbody>
</table>

Base: All respondents taking A-levels or Highers

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
2 Attitudes to debt

2.1 Introduction
This chapter explores school leavers and FE students’ views on debt in general, rather than their attitudes to student debt in particular. It does this by examining their responses to a range of statements designed to ascertain attitudes towards debt. These statements originate from earlier studies on student debt where they have been shown to be valid predictors of credit and debt tolerance (Davies and Lea, 1995; Lea et al, 2001).1

This chapter will first outline all school leavers and FE students’ attitudes to debt and then examine any significant differences among the various groups of respondents. Three different measures of respondents’ attitudes to debt have been calculated and they include:

• an overall measure;
• a measure of levels of debt tolerance; and
• a typology of attitudes to debt.

2.2 School leavers and FE students’ views on debt
As Table 2.1 shows, respondents were most likely to believe that ‘I try to manage with the money I have got’ (77 per cent) while they were least likely to think that ‘There is no excuse for borrowing’ (11 per cent).

2.2.1 Overall attitudes to debt2
Attitudes towards debt can be plotted on a continuum. At one extreme are views which characterise strong debt aversion such as believing that owing money is basically wrong. At the other end of the continuum are easy going attitudes towards debt such as those typified by the view that debt is a normal part of today’s lifestyle.

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1 Some minor changes were made to these statements as the language used seemed somewhat outdated.
2 I am grateful to Caroline Roberts of LSE for her help with this analysis.
The ten statements listed in Table 2.1 capture this range of views and it is possible measure where on the continuum respondents’ views lie by examining the mean scores for all the ten statements. Mean scores can range from one to five, a high score of four or five indicates a more tolerant stance towards debt, and a score of one or two indicates an intolerant position. Mean scores of over two and a half or three indicate that the respondents tend to be more tolerant of debt.3

Table 2.1 Attitudes towards debt

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree strongly/ agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree/ strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I try to manage with the money I have got</td>
<td>77</td>
<td>13</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Once you are in debt it is very difficult to get out of debt</td>
<td>63</td>
<td>22</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>I would worry a lot if I got into debt</td>
<td>62</td>
<td>19</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>It is okay to be in debt if you can pay it off</td>
<td>59</td>
<td>23</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>You should always save up first before buying something</td>
<td>49</td>
<td>26</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>Debt is a normal part of today’s lifestyle</td>
<td>47</td>
<td>29</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>There is no excuse for borrowing money</td>
<td>11</td>
<td>28</td>
<td>53</td>
<td>8</td>
</tr>
<tr>
<td>I would rather be in debt than change my lifestyle</td>
<td>12</td>
<td>28</td>
<td>53</td>
<td>6</td>
</tr>
<tr>
<td>It is better to have something now and pay for it later</td>
<td>14</td>
<td>32</td>
<td>48</td>
<td>7</td>
</tr>
<tr>
<td>Owing money is basically wrong</td>
<td>18</td>
<td>35</td>
<td>41</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,953
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

Figure 2.1 shows the overall distribution of the mean scores of school leavers’ and FE students’ attitudes. The average mean score among all those surveyed was 2.78. In other words, they tended slightly towards the more tolerant end of attitudes towards debt on all of the ten statements. Their

3 To measure the mean scores all the statements have to measure the underlying attitude in the same direction so that a high score on one item means a high score on another item. Thus, the four ‘negative’ statements were recoded.
beliefs can be typified as cautious and veer towards a fear of debt, but not an outright acceptance or rejection of debt.

Figure 2.1 Distribution of respondents’ attitude towards debt

Base: All respondents N= 1,872
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

2.2.2 Typology of attitudes towards debt
The above analysis gives a somewhat simplistic picture of school leavers and FE students’ feelings about debt. In fact, their opinions were more complicated and sometimes contradictory. This can be

---

4 Missing data
illustrated by further analysis,\(^5\) which revealed that three sets of statements could be strongly correlated with each other (Table 2.2). The first factor in Table 2.2 accounted for 54 per cent of the variance in response to the ten statements.

**Table 2.2 Pattern matrix (oblique rotation of three factors)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is better to have something now and pay for it later</td>
<td>-.709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would rather be in debt than change my lifestyle</td>
<td>-.702</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is okay to be in debt if you can pay it off</td>
<td>-.403</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt is a normal part of today's lifestyle</td>
<td>-.384</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is no excuse for borrowing money</td>
<td>.739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You should always save up first before buying something</td>
<td>.474</td>
<td>.288</td>
<td></td>
</tr>
<tr>
<td>Owing money is basically wrong</td>
<td>.428</td>
<td>.288</td>
<td></td>
</tr>
<tr>
<td>I would worry a lot if I got into debt</td>
<td></td>
<td>.658</td>
<td></td>
</tr>
<tr>
<td>Once you are in debt it is very difficult to get out of debt</td>
<td></td>
<td></td>
<td>.635</td>
</tr>
<tr>
<td>I try to manage with the money I have got</td>
<td></td>
<td></td>
<td>.365</td>
</tr>
</tbody>
</table>

Extraction method: Maximum Likelihood Rotation method: Oblim with Kaiser Normalisation
Base: All respondents N= 1,872\(^6\)
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

---

\(^5\) This analysis includes principal component analysis, factor analysis, and correlation through an oblique rotation.

For further details of this, and correlations and reliability analysis see statistical appendix.

\(^6\) Missing cases because 'Don’t knows' and 'Not stated' were excluded from this analysis.
Table 2.2 shows which statements are highly inter-correlated and together they suggest a typology of different views about debt that can be characterised as follows:

- liberal (factor 1);
- moralistic/debt averse (factor 2); and
- fearful about debt (factor 3).

Overall, the respondents had quite mixed and divergent views about debt, which included debt averse and moralistic stances, concerns about their own money management, as well as a tolerant acceptance that debt is an integral part of life nowadays. However, they were most likely to be fearful of debt.

Figures 2.2 to 2.4 show the overall distribution of the mean scores of the three dimensions to respondents’ views. Once again these mean scores can range from one to five, where five indicates they strongly disagree with the statements and so have a more tolerant standpoint, and 1 means they strongly agree and thus have an intolerant stance. Mean scores of over two and a half and three indicate that the respondents tend to be more tolerant of debt. The mean score for the ‘liberal’ stance was 2.97, which suggests respondents tended to agree with this position (Figure 2.2). Thus, they concurred that:

- It is better to have something now and pay for it later.
- I would rather be in debt than change my lifestyle.
- It is okay to be in debt if you can pay it off.
- Debt is a normal part of today’s lifestyle.

The mean score for debt averse and moralistic attitudes was 3.17 (Figure 2.3). Overall, respondents were less inclined to believe that ‘owing money is basically wrong’, that ‘there is no excuse for borrowing money’, or that they ‘should always save up first before buying something’.

The mean score for ‘fearful’ attitudes was 2.13, indicating that respondents were most likely to agree with the statements. This shows respondents worried about going into debt believed that ‘Once you are in debt it is very difficult to get out of debt’, and tried to manage on the money they have (Figure 2.4).
Figure 2.2 Distribution of respondents with ‘liberal’ attitudes towards debt

Base: All respondents N= 1,872
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Figure 2.3 Distribution of respondents with ‘debt averse/moralistic’ attitudes

Base: All respondents N= 1,872
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
2.3 Variations in school leavers and FE students’ views on debt

Section 2.2 concentrated on the opinions of all the individuals surveyed but this section will focus on whether there were any statistically significant differences between the various groups of respondents.

2.3.1 Variations in overall attitudes to debt

Statistically significant differences in mean scores were found between the following:

• Age – respondents under 21 were more broadminded about debt than those aged 21 and over (2.8 compared with 2.6).

7 In each case, low scores (1-2.5/3.0) signify a negative attitude to debt, whereas high scores (above 2.5/3 to 5) signify a more positive or tolerant attitude towards debt.
• Social class – respondents from high social classes were less concerned about debt than those from the lowest social classes (2.8 compared with 2.6).

• Ethnicity – white respondents had more tolerant views than respondents from black and minority ethnic groups (2.8 compared with 2.6), especially Pakistani (2.4).

• Religion – people with no religion or other religious backgrounds had much more tolerant attitudes than Muslims and Sikhs (2.8 compared with 2.5).

• Family type – single and childless respondents were less concerned about debt than those with children and/or in a couple (2.8 compared with 2.6) – but lone parents were the least likely to be accepting of debt (2.5).

• Type of institution attended – those attending independent schools were less concerned about debt that those attending educational institutions in the state sector – be it a school or in the FE sector (2.9 compared with 2.8).

• Decision to enter HE – those who had decided to enter HE were less worried about debt than those who had decided not to enter HE (2.8 compared with 2.6), but there were no significant differences between either these two groups and those who were undecided about going to university.

The largest differences in the mean scores were associated with respondents’ religion, ethnicity and family type.

2.3.2 Variations in levels of debt tolerance

To get a better idea of the distribution of respondents’ overall attitudes to debt, all respondents were divided into three groups of equal size to reflect differing opinions along the continuum of debt attitudes (see Section 2.2.1). It should be recalled that all respondents veered towards holding anti-debt opinions, and so the distributions in Table 2.3 show just how far along the anti-debt end of the continuum the different respondent groups lay.
Table 2.3 Levels of debt (in)tolerance (percentages) ¹

Row percentages

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Most anti-debt views</th>
<th>Middling anti-debt views</th>
<th>Least anti-debt views</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td><strong>GENDER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>28</td>
<td>29</td>
<td>43</td>
<td>755</td>
</tr>
<tr>
<td>Women</td>
<td>35</td>
<td>33</td>
<td>32</td>
<td>1,089</td>
</tr>
<tr>
<td><strong>AGE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;21</td>
<td>31</td>
<td>32</td>
<td>37</td>
<td>1,660</td>
</tr>
<tr>
<td>=&gt;21</td>
<td>41</td>
<td>31</td>
<td>28</td>
<td>174</td>
</tr>
<tr>
<td><strong>SOCIAL CLASS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>28</td>
<td>30</td>
<td>42</td>
<td>687</td>
</tr>
<tr>
<td>Intermediate</td>
<td>30</td>
<td>32</td>
<td>37</td>
<td>392</td>
</tr>
<tr>
<td>Low</td>
<td>40</td>
<td>34</td>
<td>26</td>
<td>434</td>
</tr>
<tr>
<td><strong>ETHNICITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>28</td>
<td>33</td>
<td>39</td>
<td>1,488</td>
</tr>
<tr>
<td>Black and minority ethnic</td>
<td>46</td>
<td>27</td>
<td>26</td>
<td>336</td>
</tr>
<tr>
<td><strong>RELIGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other/no religion</td>
<td>29</td>
<td>32</td>
<td>39</td>
<td>1,685</td>
</tr>
<tr>
<td>Muslim</td>
<td>55</td>
<td>28</td>
<td>17</td>
<td>187</td>
</tr>
<tr>
<td><strong>FAMILY TYPE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, childless</td>
<td>30</td>
<td>32</td>
<td>38</td>
<td>1,635</td>
</tr>
<tr>
<td>Children and/or in couple</td>
<td>42</td>
<td>37</td>
<td>21</td>
<td>117</td>
</tr>
<tr>
<td><strong>TYPE OF INSTITUTION ATTENDED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent school</td>
<td>25</td>
<td>22</td>
<td>52</td>
<td>130</td>
</tr>
<tr>
<td>State school</td>
<td>27</td>
<td>33</td>
<td>40</td>
<td>505</td>
</tr>
<tr>
<td>FE sector</td>
<td>35</td>
<td>32</td>
<td>33</td>
<td>1,237</td>
</tr>
<tr>
<td><strong>ALL</strong></td>
<td>32</td>
<td>32</td>
<td>36</td>
<td>1,872</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,872¹⁰

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

8 Only those differences, which are statistically significant, have been included in the table.
9 There are 359 missing cases where not enough information was provided to classify social class.
10 Missing cases because ‘Don’t knows’ and ‘Not stated’ were excluded from this analysis.
Table 2.3 shows that respondents were not equally distributed along the anti-debt end of the continuum but rather that the views of certain groups were quite polarised. Thus, there were some very marked variations in certain groups’ attitudes, all of which were statistically significant. Particularly striking were the differences by religion and ethnicity. Muslim and Sikh respondents were far more likely than respondents of other religions or without a religion to feel strongly anti-debt (55 per cent compared with 29 per cent). Therefore, it was not surprising that black and minority ethnic respondents were also much more likely than white respondents to hold more negative opinions about debt. The respondents who were the most anti-debt included:

- Muslims and Sikhs;
- black and minority ethnic groups;
- those with family responsibilities, especially lone parents;
- older respondents; and
- those from lower social classes.

It is very possible that Muslim respondents’ views on debt are associated with particular cultural and religious factors. Borrowing money that attracts interest – or *riba* – is prohibited under Islamic law. In turn, religion and ethnicity are highly correlated which helps explain why Pakistani respondents, in particular, had the least tolerant attitudes towards debt – 96 per cent of them were Muslim.

Lone parents’ intolerant attitudes towards debt were probably associated with their financial vulnerability. As discussed later (see section 2.6), they were the least likely of all respondents to have any savings to draw upon. They were also the most likely to have debts (see section 2.5). However, other research suggests that as people become more debt tolerant, the more debt they accrue (Davies and Lea, 1995; Lea et al, 2001; Webley, 2001). In addition, lone parents’ could not call upon their family or a partner to help them out financially, unlike other respondents (see Table 6.4). For instance, 80 per cent of them thought that they would get no financial support from their family if they went to university. This is important because overall, among all respondents, there were positive significant correlations between the amount of financial parental support respondents could rely on and their attitudes towards debt. The less respondents could depend on their parents for financial support, the more worried they were about debt.
The respondents who were least anti-debt included:

- those attending independent schools;
- men; and
- those who came from families in the highest social classes.

All these three characteristics were inter-related. Higher proportions of male than female respondents attended independent schools and the vast majority of those studying at independent schools came from the highest social classes.

In contrast to those groups that were very anti-debt, the least anti-debt groups were the most financially secure. Respondents at independent schools were the most likely of all respondent groups to have some savings (see section 2.6) and to have savings of over £5,000. They were also the group least likely to be in debt (see section 2.5). In addition, they could call upon their family for financial support, if needed. For instance, 80 per cent of them anticipated getting a great deal or fair amount of financial support from their family if they went to university, compared with 54 per cent of all respondents. Respondents from high-income families were similarly financially secure. An above average proportion had savings (see section 2.6), few had any debts (see section 2.5), and a high proportion (77 per cent) expected to get a great deal or fair amount of financial support from their family if they entered HE.
Table 2.4 Typology of attitudes towards debt (mean scores)  

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Typology of debt attitudes</th>
<th>Liberal</th>
<th>Moralistic</th>
<th>Fearful</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENDER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td></td>
<td>3.0</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td>2.9</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>AGE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;21</td>
<td></td>
<td>3.0</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>=&gt;21</td>
<td></td>
<td>2.8</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL CLASS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
<td>3.0</td>
<td>3.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Intermediate</td>
<td></td>
<td>2.9</td>
<td>3.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>2.8</td>
<td>3.0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>ETHNICITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td></td>
<td>3.2</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Black and minority ethnic</td>
<td></td>
<td>3.0</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>RELIGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other/no religion</td>
<td></td>
<td>3.2</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Muslim or Sikh</td>
<td></td>
<td>2.6</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td><strong>FAMILY TYPE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, childless</td>
<td></td>
<td>3.0</td>
<td>3.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Children and/or in couple</td>
<td></td>
<td>2.8</td>
<td>3.0</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>TYPE OF INSTITUTION ATTENDED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent school</td>
<td></td>
<td>3.4</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>State school/FE college</td>
<td></td>
<td>3.1</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td><strong>DECISION TO ENTER HE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter HE</td>
<td></td>
<td>3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undecided</td>
<td></td>
<td>3.1</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Not enter HE</td>
<td></td>
<td>2.9</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td><strong>ALL</strong></td>
<td></td>
<td>3.0</td>
<td>3.2</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,872  
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

11 Only those differences, which are statistically significant, have been included in the table.  
12 Missing cases because ‘Don’t knows’ and ‘Not stated’ were excluded from this analysis.
2.3.3 Variations in typology of attitudes towards debt

Table 2.4 examines significant differences in the mean scores in the three dimensions of respondents’ debt attitudes. Starting with liberal attitudes, there were differences by gender, social class, family type, and between those who were undecided about entering higher education and those who had decided against going. Those more inclined to agree with the liberal statements who were the most debt tolerant included:

- those still undecided about going to university (3.1);
- men (3.0);
- younger respondents aged 21 or less (3.0);
- those from high-income families (3.0); and
- those who were single and childless (3.0).

Turning now to respondents with a moralistic standpoint toward debt, again, respondents’ class, ethnicity, religion, family type, the type of institution attended and whether or not they intended to enter HE, were all significant factors in explaining such moralistic/debt averse attitudes. Those groups subscribing to such moralistic views, namely that debt is ‘wrong’ and that there is no excuse for borrowing money, included:

- Muslim and Sikh respondents (2.6);
- those with family responsibilities (3.0);
- black and minority ethnic respondents (3.0);
- those from the lowest social classes (3.0); and
- those who were undecided about entering HE or had decided against going (3.0); and
- those attending educational institutions in the state sector (3.1).

Again, the most striking variations related to respondents’ religion. Muslim and Sikh respondents were far more likely than those of other religions, or with no religion (2.6 compared with 3.2), to hold such moralistic views, and they were the most likely of all respondent groups to subscribe to these values. Respondents from lower social classes were more likely than those from higher social classes (3.0 compared with 3.3) to hold debt averse views, as were those attending state run educational institutions, in contrast to respondents at independent schools (3.1 compared with 3.4). Indeed, those at independent school were the least likely of all respondents to adopt a moralistic stance towards debt.
Finally, the groups of respondents most likely to be fearful of debt and to worry about debt included:

- Muslim and Sikh respondents (1.9);
- those with family responsibilities (1.9);
- black and minority ethnic respondents (2.0);
- women (2.0);
- those from the lowest social classes (2.0); and
- those attending educational institutions in the state sector (2.1).

Such an outlook was particularly prominent among Muslim and Sikh respondents and those with family responsibilities – they were the two groups most wary of debt. By contrast, the group least likely to subscribe to such a view attended independent schools (2.4).

### 2.4 The relationship between attitudes to debt and decisions to enter HE

As discussed above, respondents who decided not to enter HE had different attitudes towards debt than those going to university. Non-entrants were more worried about debt than HE entrants. However, there were no significant differences in attitudes among non-entrants and entrants, and between those who were still undecided about going to university (see section 2.3.1). Nor were there any significant variations in levels of debt tolerance among entrants, non-entrants and those who were undecided (see section 2.3.2).

#### 2.4.1 Does debt act as a deterrent to entry into HE?

In order to assess the impact of respondents’ attitudes to debt on their participation in HE, a better understanding of the factors influencing their decision of whether or not to go to university is needed. The best analysis for this is logistic regression, so that the effects of a number of variables on entry into HE can be isolated. The full findings from this analysis of the determinants of HE entry are discussed at length in chapter six. Here the focus is solely on whether attitudes to debt played a role, after controlling for social class, gender, age, ethnicity, type of institution attended, and whether a member of the family had been to university.

Attitudes to debt in general did have an impact on the decision not to enter and to enter HE, but had no effect on those who were still undecided. As attitudes towards debt became more intolerant, the
likelihood of someone deciding not to enter HE increased. So, overall, the most debt averse respondents were more likely to decide not to go to university. They were half as likely to decide against going compared with those with debt tolerant attitudes. This holds for all respondents and these respondent groups. However, this relationship does not necessarily hold for each sub-group of respondents with debt averse attitudes. This helps explain why although Muslim respondents were highly debt averse, they still were more likely to enter HE than non-Muslims.

The relationship between debt aversion and HE entry decisions was confirmed in the focus groups. Several of the participants said that they would not go to university if it meant getting into debt. For them debt and student loans were inseparable. For example, a student at a FE college undertaking an Access course said she would not go to university if the only way she could attend was through taking out a student loan. She said:

‘People look at me as if I’m stupid … I don’t want a loan and I’m not interested … I’m not going to apply … I know that my fees will be paid for … Everywhere I’ve gone, all they’re offering me is to take out all these loans … I’m sorry, but I’m not putting myself in debt for anybody … I don’t care if they say you can pay it back … over a number of years … but I’m not interested. I’ve never been in debt and I don’t want to be in debt … If it comes to September and they tell that if you don’t apply for this [loan] then I’m sorry you can’t study … Yes, I’d be really disappointed.’

By contrast, those who were more tolerant of debt were more likely to have decided to enter HE. In fact, debt tolerant respondents were one and a quarter times more likely to go to university than those with less tolerant attitudes.

2.5 Experience of debt

It is often assumed that prospective students are debt free and only begin to accumulate debts once they enter HE and take out a student loan. While this is the case for the majority of potential students, it was not true for a very sizeable minority.

Debt was very unequally distributed among the respondents. Sixty-one per cent of all respondents had no outstanding debts whatsoever, while a quarter had debts. There were no significant differences in the experience of debt by respondents’ decision of whether or not to enter HE.
The respondents least likely to have any debts:

- expected to get at least 280 points (BCC) at A-levels (72 per cent);
- were from black and minority ethnic groups (71 per cent);
- attended independent schools (70 per cent); and
- came from families in the highest social classes (69 per cent).

The quarter of respondents with debts were particularly likely to have an overdraft and owe money on credit/store cards. The groups of respondents most likely to have had debts were:

- lone parents (86 per cent);
- aged 25 and over (81 per cent);
- couples with children (80 per cent); and
- on Access courses (74 per cent).

Interestingly, the patterns of debt varied among respondent groups. For example, lone parents with debts were most likely to have unpaid bills (33 per cent) while older respondents and couples with children were most likely to owe money on credit cards (41 per cent and 50 per cent respectively) and to have bank loans (34 per cent and 38 per cent respectively). However, it was couples with children who had the largest debts, with nearly three in five owing more than £1,000 compared with nearly half of those aged 25 and over, two in five on Access courses, and two in five lone parents.

Overall, respondents with debts were significantly more likely to hold the least anti-debt views rather than the most anti-debt views. Conversely, those without debts were over-represented amongst respondents with very anti-debt views and under-represented among respondents with the least anti-debt opinions. In addition, among all respondents there was a small but significant correlation between the number of different types of debt a respondent had, the size of debt, and a more liberal approach to debt. This finding is in keeping with the idea that as individuals become more tolerant of debt, the more debt they accrue.

2.6 Savings

Savings, like debt, were very unequally distributed. Some 30 per cent had savings they could use while at university, while two-thirds had none.
The groups most likely to have savings were similar to those without debts and included:

- those attending independent schools (77 per cent);
- those from families in the highest social classes (74 per cent);
- those who expected to get at least 280 points (BCC) at A-levels (74 per cent); and
- Muslim and Sikh respondents (74%).

The most financially secure of all were respondents at independent schools and men. Those studying at independent schools who had savings were one and half times (18 per cent) more likely than the average (7 per cent) to have savings of £5,000 or more, while 10 per cent of men had savings of £5,000 and over.

Those least likely to have any savings were the same groups as those most likely to have debts, and included:

- lone parents (75 per cent);
- those from families where the main income earner was either unemployed or had never worked (61 per cent);
- on Access courses (59 per cent);
- aged 25 and over (56 per cent); and
- couples with children (52 per cent).

These groups were the most vulnerable financially and would be most in need of financial support if they decided to enter HE. In addition, these groups are the focus of widening participation policies. Overall, among all respondents there was no association between having savings and attitudes to debt or the decision of whether or not to enter HE. However, as demonstrated in chapter seven, those going to university also planned to adopt a range of strategies to increase their savings and minimise their debts and costs once they reached university.

2.7 Summary

School leavers and FE students’ attitudes to debt can be plotted on a continuum. At one extreme are debt averse views and at the other extreme are easy-going attitudes. Overall, respondents’ views can be placed in the middle of this continuum. They can be typified as cautiously debt tolerant but veer towards a fear of debt. So, they neither reject debt outright nor accept it wholeheartedly. However,
their feelings about debt are complex and contradictory. They can maintain ‘liberal’, ‘fearful’, and ‘moralistic’ stances towards debt concurrently. A variety of factors help explain respondents’ differing standpoints on debt. Particularly significant are their:

- religion;
- ethnicity;
- family type;
- social class;
- type of educational institution they attend; and
- gender.

The groups with the most negative views about debt are:

- Muslim, especially Pakistani respondents;
- black and minority ethnic respondents;
- those with family responsibilities, especially lone parents; and
- those from the lowest social classes.

The groups least anti-debt are:

- those attending independent schools;
- those from families in the highest social classes; and
- men.

Concerns about debt among Muslim respondents may be related to particular cultural and religious factors. Borrowing money that attracts interest – or *riba* – is prohibited under Islamic law. And although this group is debt averse, they are still likely to enter HE. Other respondents’ attitudes towards debt are more likely to be associated with their financial circumstances. Thus, those most likely to maintain the most anti-debt stances are the most vulnerable financially and in particular, they cannot look to their family or parents to support them financially if they decide to enter HE. By contrast, those most debt tolerant and least worried about debt have considerable financial reserves to call upon either of their own in the form of savings, or, more significantly, their parents.

Attitudes to debt have a significant impact on participation in HE. Debt averse respondents are more likely not to enter HE (after controlling for their socio-economic characteristics), while debt tolerant respondents are more likely to enter HE.
3 Attitudes to higher education

3.1 Introduction
This chapter explores school leavers and FE students’ views on higher education by exploring their responses to a range of both positive and negative statements about universities. The chapter will first outline all school leavers and FE students’ attitudes and then examine any significant differences among the various groups of respondents.

3.2 School leavers and FE students’ views on HE

3.2.1 Overall attitudes to HE
As Table 3.1 shows, respondents were most likely to think that going to university was a worthwhile experience (87 per cent) and were least likely to believe that the student lifestyle was not for them (9 per cent). The majority also highlighted the financial aspects of HE. However, issues about finance feature strongly in respondents’ views on higher education. For instance:

- Eighty-four per cent believed student debt deterred entry into HE.
- Eighty-three per cent thought one of the worst aspects of going to university was being in debt.
- Eighty-one per cent felt one of the worst aspects of students’ life was having little money.

3.2.2 Types of attitudes to HE
To explore the relationships between the 12 statements listed in Table 3.1, a factor analysis of the data was carried out, and a two-factor solution\textsuperscript{13} was found to offer the most substantively interesting model of the data. Factor one included statements indicating both positive and negative views on HE, with the first three loading highly and positively, and the remaining six loading negatively.

\textsuperscript{13} Using an orthogonal rotation. For details of the factor analysis see statistical appendix.
By contrast, factor two was concerned solely with views related to the negative impact that poor student finances can have on the university experience (Table 3.2). These findings suggest that views about student debt appeared to have been a separate issue for many individuals when they considered the positive and negative aspects of going to university, and one which was unrelated to general feelings about the university experience.

Table 3.1 Attitudes to higher education

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree strongly/agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree/strongly disagree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Going to university is a worthwhile experience</td>
<td>87</td>
<td>9</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Student debt puts some people off going to university</td>
<td>84</td>
<td>9</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Some of the best aspects of going to university are meeting new people and the social life</td>
<td>84</td>
<td>12</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is being in debt</td>
<td>83</td>
<td>11</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is having little money</td>
<td>81</td>
<td>12</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>One of the best aspects of going to university is developing yourself as a person</td>
<td>77</td>
<td>16</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>In the long term, you benefit financially from going to university</td>
<td>66</td>
<td>21</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>I have a good idea of what universities are like</td>
<td>55</td>
<td>28</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>You need a university degree to get a decent job</td>
<td>51</td>
<td>22</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>I would rather earn good money now than go to university</td>
<td>23</td>
<td>25</td>
<td>48</td>
<td>4</td>
</tr>
<tr>
<td>University is not for me</td>
<td>11</td>
<td>15</td>
<td>67</td>
<td>7</td>
</tr>
<tr>
<td>The student lifestyle is not for me</td>
<td>9</td>
<td>20</td>
<td>64</td>
<td>7</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,953
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 3.2 Types of attitudes to higher education – rotated factor matrix

<table>
<thead>
<tr>
<th>Statement</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would rather earn good money now than go to university</td>
<td>.915</td>
</tr>
<tr>
<td>The student lifestyle is not for me</td>
<td>.769</td>
</tr>
<tr>
<td>University is not for me</td>
<td>.718</td>
</tr>
<tr>
<td>Going to university is a worthwhile experience</td>
<td>-.655</td>
</tr>
<tr>
<td>You need a university degree to get a decent job</td>
<td>-.421</td>
</tr>
<tr>
<td>In the long-term, you benefit financially from going to university</td>
<td>-.388</td>
</tr>
<tr>
<td>One of the best aspects of going to university is developing yourself as a person</td>
<td>-.315</td>
</tr>
<tr>
<td>I have a good idea of what universities are like</td>
<td>-.242</td>
</tr>
<tr>
<td>Some of the best aspects of going to university are meeting new people and the social life</td>
<td>-.223</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is being in debt</td>
<td>.776</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is having little money</td>
<td>.727</td>
</tr>
<tr>
<td>Student debt puts some people off going to university</td>
<td>.538</td>
</tr>
</tbody>
</table>

Extraction method: Maximum Likelihood and Rotation method: Varimax
Base: All respondents N= 1,484
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

14 Missing cases because 'Don't knows' and 'Not stated' were excluded from this analysis.
3.3 Variations in school leavers and FE students' views on HE

There were considerable variations among the respondent groups in their attitudes to HE and in their responses to particular statements. There were significant differences in responses to statements by respondents' social class, ethnicity, age, the type of educational institution attended and family type. However, by far the most important factor in understanding both variations in attitudes between different respondent groups and differences within a respondent group was the decision about entry into higher education.

3.3.1 Views on HE and decisions about entering HE

Table 3.3 shows the proportion of school leavers and FE students agreeing with the attitude statements by their decision to enter HE. Clearly, those who had decided against entering HE, unlike those going to university, were unconvinced of the benefits of HE, especially in relation to getting a decent job, its long-term financial benefits, and it being a worthwhile experience. Overall, they held much less positive opinions about the acclaimed advantages of HE compared with those intending to go to university.

Particularly important for non-entrants, unlike entrants, was earning a wage and the fact that they wanted to ‘earn good money now’ suggests that the indirect costs of HE, in terms of lost income, were also significant. The pull of the labour market was five and a half times greater for non-entrants than entrants (12 per cent compared with 66 per cent). These findings confirm those of other research (Connor et al, 2001).

In addition, Table 3.3 shows how the perceived culture and values of HE also played an important part in understanding respondents' negative attitudes towards HE. Those who had decided against going to university were far more likely than those intending to go to think that university and the student lifestyle were not for them. However, their rejection of HE was likely to be based on ignorance, as nearly half did not have a good idea of what universities were like. They were also less likely to believe that one of the main advantages of university was personal development. These findings also support those of other research, which suggest that the way individuals frame and make their educational choices is influenced by their values (Gorard et al, 1998; Ball et al, 2001 and 2002, Raey et al, forthcoming).
Multivariate analysis of the determinant of participation in HE, to be discussed in more detail in chapter six, also examined the role of attitudes to HE. It found that respondents who thought that one of the worst aspects of university life was being in debt and having little money and that debt put off people going to university (i.e. factor two) were significantly less likely to have decided to go to university and were over one and a half times more likely to be undecided about whether or not to go to university.

Those intending to go to university repeated the positive aspects of HE and its benefits in the focus groups. Most concentrated on the financial benefits and return of HE. The following comments sum up such views:

'Well, you'll get better chances of jobs. There's so much competition for jobs out there … '
'… You'll earn more money and that'd be good for your future … '
'… With a degree you won't have to start at the bottom of the job ladder … You'll be able to go in at the middle won't you? … '

3.3.2 Views on HE, decisions about entering HE and educational institution attended

Other data on respondents’ attitudes to HE also bear out that culture and values, especially informing individuals’ earlier schooling and family environment, influence the way individuals frame and make their educational choices. As seen later (chapter 6, section 6.4), those most likely to have decided to enter HE attended independent schools. It is not surprising that they were the least likely of all respondent groups to think that university (1 per cent) and student lifestyles (2 per cent) were not for them, or that they would rather earn money now than go to university (3 per cent). In addition, they were the least likely to see debt as a deterrent to university entrance (69 per cent), or that one of the worst aspects of university life was having little money (73 per cent).

These independent school leavers were the most likely of all respondent groups to value the benefits of HE. They were the most likely to believe that:

- going to university was a worthwhile experience (98 per cent);
- some of the best aspects of going to university were meeting new people and the social life (95 per cent); and
- in the longer term you benefit from going to university (82 per cent).
Table 3.3 Extent to which school leavers and FE students agree with the statement by their decision to enter HE

<table>
<thead>
<tr>
<th>Statement</th>
<th>Applied/ intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Going to university is a worthwhile experience</td>
<td>96</td>
<td>79</td>
<td>56</td>
<td>87</td>
</tr>
<tr>
<td>Student debt puts some people off going to university</td>
<td>84</td>
<td>89</td>
<td>83</td>
<td>84</td>
</tr>
<tr>
<td>Some of the best aspects of going to university are meeting new people and the social life</td>
<td>85</td>
<td>85</td>
<td>79</td>
<td>84</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is being in debt</td>
<td>83</td>
<td>84</td>
<td>82</td>
<td>83</td>
</tr>
<tr>
<td>One of the worst aspects of going to university is having little money</td>
<td>82</td>
<td>82</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>One of the best aspects of going to university is developing yourself as a person</td>
<td>83</td>
<td>72</td>
<td>57</td>
<td>77</td>
</tr>
<tr>
<td>In the long-term, you benefit financially from going to university</td>
<td>74</td>
<td>49</td>
<td>41</td>
<td>66</td>
</tr>
<tr>
<td>I have a good idea of what universities are like</td>
<td>61</td>
<td>33</td>
<td>46</td>
<td>55</td>
</tr>
<tr>
<td>You need a university degree to get a decent job</td>
<td>61</td>
<td>31</td>
<td>16</td>
<td>51</td>
</tr>
<tr>
<td>I would rather earn good money now than go to university</td>
<td>12</td>
<td>37</td>
<td>66</td>
<td>23</td>
</tr>
<tr>
<td>University is not for me</td>
<td>2</td>
<td>10</td>
<td>55</td>
<td>11</td>
</tr>
<tr>
<td>The student lifestyle is not for me</td>
<td>4</td>
<td>7</td>
<td>31</td>
<td>9</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
3.4 Variations in types of attitudes to HE

As discussed above (see section 3.2.2), respondents’ views on higher education neatly fitted into a two factor solution with factor one indicating both positive and negative attitudes to HE and factor two the negative aspects of HE student finances (Table 3.2). An examination of the mean scores\(^{15}\) for factor one and two revealed significant differences on a wide range of respondents’ characteristics, especially for factor one (Table 3.4). A high mean score for factor one in Table 3.4 indicates a generally pro-university attitude while a high score for factor two indicates disagreement with the statements about the negative aspects of student debt. Asterisks indicate statistically significant differences (at the one per cent level) between groups.

Table 3.4 shows that significant differences in the mean scores on respondents’ general attitudes to HE (factor one) were associated with their:

- Gender – women had more enthusiastic attitudes towards HE than men.
- Ethnicity – black and minority ethnic respondents were keener on HE than white respondents.
- Religion – Muslims and Sikhs held more positive attitudes than those of other religions or with no religion.
- Family type – single, childless respondents had more upbeat attitudes to HE than those with children and/or a partner.
- Social class – those in the highest social classes had more positive attitudes to HE than those in intermediate and lower classes.
- Type of educational institution attended – those at independent schools were far keener on HE than those in the state sector, but those at state schools were more enthusiastic than those in FE.
- Decision to enter HE – those who were going to university were much more positive than those who were still undecided or had decided not to go.

The largest differences, however, were found among the last group listed:

- between respondents who had decided to go to university (76.8 per cent);
- those who had decided not to go (39 per cent); and
- those who were undecided (58 per cent).

\(^{15}\) Factor scores were converted to range between 0 and 100.
Factor two contained the statements related to the negative impact that poor student finances can have on the university experience. An examination of the mean scores for factor two showed that the only significant differences between respondent groups were associated with their gender, the type of educational institution they attended and a decision not to enter HE (Table 3.4). Women were more inclined than men to agree that one of the worst aspects of going to university was having little money and being in debt, and that debt was a deterrent. Similarly, those in the FE sector were much more likely to view poor student finances and debt as a deterrent to HE, compared with school leavers. Respondents who decided not to enter HE were also just as likely to agree with the statements in factor two. However, those who were undecided were not significantly different in their attitudes on this particular factor (indeed, their scores approached the mean for the entire sample).

3.5 The relationship between attitudes to HE and attitudes to debt

Inter-correlations between attitudes to HE and attitudes to debt indicate there was a small, yet significant positive association between holding pro-HE attitudes and liberal views on debt, and a greater tolerance of debt. This means that the more tolerant respondents' attitudes to debt, the more positive their views on HE in general were (i.e. factor 1 HE attitude statements – Table 3.2). The opposite was also true. The more anti-debt respondents’ attitudes were, the greater the likelihood that they would hold more negative attitudes towards HE in general. Interestingly, the highest correlation was associated with ‘moralistic’ views about debt. So those people with the most ‘moralistic’ or debt averse stances on debt, were also those with the most negative views about HE and vice versa.

Equally, those most anti-debt also tended to be more likely to view student debt and poor finances as a negative feature of university life (factor two HE attitude statements – Table 3.2) and vice versa. In addition, the strongest correlation was with ‘fearful’ views on debt (see chapter two, section 2.2.2). Therefore, those most worried and concerned about debt were the most likely to view student debt and having limited money as negative features of university life.

In short, holding anti-debt attitudes was associated with more negative attitudes to the university experience, and greater concerns about the negative aspects of student debt and finances.

16 See statistical appendix for these correlations.
Table 3.4 Mean scores on attitude to HE factors

<table>
<thead>
<tr>
<th>Group</th>
<th>Mean score on factor 1 (General +/- attitudes to HE)</th>
<th>Mean score on factor 2 (Negative attitudes to poor student finances)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENDER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>67.0*</td>
<td>26.0*</td>
<td>577</td>
</tr>
<tr>
<td>Female</td>
<td>70.5</td>
<td>23.9</td>
<td>890</td>
</tr>
<tr>
<td>ETHNICITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>67.4*</td>
<td>24.6</td>
<td>1,192</td>
</tr>
<tr>
<td>Black and minority ethnic</td>
<td>75.4</td>
<td>25.4</td>
<td>258</td>
</tr>
<tr>
<td>RELIGION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muslim or Sikh</td>
<td>74.5*</td>
<td>23.7</td>
<td>138</td>
</tr>
<tr>
<td>Other religion</td>
<td>68.5</td>
<td>24.9</td>
<td>1,345</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under-21s</td>
<td>69.1</td>
<td>24.7</td>
<td>1,308</td>
</tr>
<tr>
<td>Over-21s</td>
<td>70.2</td>
<td>25.4</td>
<td>145</td>
</tr>
<tr>
<td>FAMILY TYPE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, childless</td>
<td>68.7*</td>
<td>24.6</td>
<td>1,303</td>
</tr>
<tr>
<td>Other family type</td>
<td>73.2</td>
<td>24.8</td>
<td>103</td>
</tr>
<tr>
<td>SOCIAL CLASS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>72.7*</td>
<td>26.1</td>
<td>742</td>
</tr>
<tr>
<td>Intermediate</td>
<td>67.4</td>
<td>24.4</td>
<td>400</td>
</tr>
<tr>
<td>Low</td>
<td>66.4</td>
<td>23.3</td>
<td>341</td>
</tr>
<tr>
<td>TYPE OF INSTITUTION ATTENDED</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State school</td>
<td>70.9*</td>
<td>28.5</td>
<td>400</td>
</tr>
<tr>
<td>Independent school</td>
<td>82.4*</td>
<td>31.5</td>
<td>103</td>
</tr>
<tr>
<td>FE sector</td>
<td>66.9</td>
<td>22.6*</td>
<td>979</td>
</tr>
<tr>
<td>DECISION TO ENTER HE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter HE</td>
<td>76.8*</td>
<td>25.3</td>
<td>1,084</td>
</tr>
<tr>
<td>Undecided</td>
<td>58.0*</td>
<td>24.3</td>
<td>174</td>
</tr>
<tr>
<td>Not enter HE</td>
<td>39.0*</td>
<td>22.6</td>
<td>210</td>
</tr>
<tr>
<td>ALL</td>
<td>69.0</td>
<td>24.8</td>
<td>1,484</td>
</tr>
</tbody>
</table>

*= Significant differences p<=0.001   Base: All respondents N= 1,484

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

17 Missing cases because ‘Don’t knows’ and ‘Not stated’ were excluded from this analysis.
3.6 Summary

School leavers and FE students generally hold positive attitudes towards HE. The vast majority fully recognises that going to university education is a worthwhile experience and some of the best aspects of going to university are meeting new people, the social life and opportunities for personal development.

Issues about finances also feature strongly in their beliefs about HE. Over four in five believe that student debt deters entry into HE and that some of the worst aspects of going to university are being in debt and having little money. These concerns, however, are a separate issue for many individuals in considering the positive and negative aspects of going to university, and one that is unrelated to their general feelings about the university experience.

There are considerable variations among the respondent groups in their attitudes to HE. By far the most important variation in views of HE is associated with the decision about whether or not to enter HE. Respondents who decide not to go to university have more negative attitudes towards HE compared to those who intend to go, or who are still undecided. Non-entrants, unlike entrants, are unconvinced of the benefits of HE, such as getting a decent job, the long-term financial benefits, and HE being a worthwhile experience. Non-entrants reject the culture and values of HE and think that university and the student lifestyle is not for them. Non-entrants are far more interested in earning a wage.

Respondents’ attitudes towards HE are related to their attitudes towards debt. Anti-debt attitudes are associated with negative attitudes to HE in general and greater concerns and worries about the negative aspects of students’ experiences of low income and debt while at university. Conversely, more tolerant attitudes towards debt are associated with more positive attitudes to the university experience and fewer concerns about the negative aspects of student finances.
4 Attitudes to HE students’ financial support

4.1 Introduction
This chapter explores school leavers and FE students’ overall attitudes towards student financial support arrangements in HE. It will first examine all school leavers’ and FE students’ views, and then highlight any significant differences among the various groups of respondents.

4.2 School leavers and FE students’ views on HE students’ financial support

4.2.1 Overall attitudes to HE students’ financial support
Table 4.1 outlines the respondents’ attitudes to various aspects of HE student financial support. It shows that the views most commonly held by the majority of respondents were as follows:

- Eighty-three per cent thought that students worry about the debts they build up while at university.
- Seventy-five per cent believed that if student loans were abolished and replaced by grants, more people would go to university.
- Fifty-six per cent considered that doing a degree costs too much money.

Concerns about the costs of HE were a recurrent theme in the focus groups. One A-level student said:

‘… I want to go to uni if I have the money … but there’s a friend of mine who’s at uni and she’s had to pay almost £2,000 for art materials … and I’d like to do graphics or something like that … but if it costs that much … ’

Another A-level student who had a friend at university, had got the impression that:

‘… everything ‘cost’ and seemed expensive … what with materials and books and things like that … fees … accommodation.’
<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree strongly/agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree/strongly disagree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students worry about the debts they build up while at university</td>
<td>83</td>
<td>8</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>If student loans were abolished and replaced by grants, more people would go to university</td>
<td>75</td>
<td>15</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Doing a degree costs too much money</td>
<td>56</td>
<td>24</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Borrowing money to pay for a university education is a good investment</td>
<td>45</td>
<td>26</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>University students have to go into debt</td>
<td>41</td>
<td>21</td>
<td>33</td>
<td>5</td>
</tr>
<tr>
<td>Student loans are a good thing because they allow students to enjoy university life</td>
<td>39</td>
<td>30</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Students do not worry about their debts while at university because they will get well-paid jobs when they graduate</td>
<td>9</td>
<td>24</td>
<td>62</td>
<td>5</td>
</tr>
<tr>
<td>University students should live at home with their parents to save money</td>
<td>16</td>
<td>34</td>
<td>46</td>
<td>4</td>
</tr>
<tr>
<td>It is not worth getting in debt just so you can get a degree</td>
<td>18</td>
<td>34</td>
<td>42</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: All respondents N=1,953

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
4.2.2 Types of attitudes to HE students’ financial support

To explore the relationships between the nine statements listed in Table 4.1, a factor analysis of the data was carried out, and two (uncorrelated) factors\textsuperscript{18} were extracted, accounting for 50 per cent of total variance (Table 4.2). Factor one included statements which capture the idea that HE student financial support and debt are a type of investment in students’ future, namely:

- Borrowing money to pay for a university education is a good investment.
- Student loans are a good thing because they allow students to enjoy university life.
- Students do not worry about their debts while at university because they will get well-paid jobs when they graduate.

By contrast, the statements in factor two encapsulate the notion that HE student financial support and the ensuing debt deter HE entry, namely:

- Students worry about the debts they build up while at university.
- If student loans were abolished and replaced by grants, more people would go to university.
- It is not worth getting in debt just so you can get a degree.
- Doing a degree costs too much money.

\textsuperscript{18} Using an orthogonal rotation. For details of the factor analysis see statistical appendix.
Table 4.2 Attitudes to HE students’ financial support - rotated factor analysis

<table>
<thead>
<tr>
<th>Statement</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Borrowing money to pay for a university education is a good investment</td>
<td>.746</td>
</tr>
<tr>
<td>Student loans are a good thing because they allow</td>
<td>.476</td>
</tr>
<tr>
<td>students to enjoy university life</td>
<td></td>
</tr>
<tr>
<td>Students worry about the debts they build up</td>
<td>.627</td>
</tr>
<tr>
<td>while at university</td>
<td></td>
</tr>
<tr>
<td>Students do not worry about their debts while at university</td>
<td>.309</td>
</tr>
<tr>
<td>because they will get well-paid jobs when they graduate</td>
<td></td>
</tr>
<tr>
<td>If student loans were abolished and replaced by grants,</td>
<td></td>
</tr>
<tr>
<td>more people would go to university</td>
<td></td>
</tr>
<tr>
<td>It is not worth getting in debt just so you can get a degree</td>
<td>-.434</td>
</tr>
<tr>
<td>Doing a degree costs too much money</td>
<td>-.312</td>
</tr>
</tbody>
</table>

Extraction method: Maximum Likelihood  
Rotation method: Varimax with Kaiser Normalization

Base: All respondents N= 1,543

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

19 Missing cases because 'Don't knows' and 'Not stated' were excluded from this analysis.
4.3 Variations in school leavers and FE students’ views on HE students’ financial support

4.3.1 Variations in overall attitudes to HE students’ financial support

There were considerable variations in the extent to which different respondent groups agreed with each statement on HE students’ financial support. Table 4.3 highlights which respondent group was most and least likely to agree with each statement and the proportions involved. From this, we can see that different attitudes to HE student funding were most often associated with respondents’:

- decision to enter HE;
- social class;
- family type; and
- the type of educational institution attended.

For instance, those going to university were much more likely than those deciding against HE (Table 4.4) to believe that:

- The abolition of student loans and their replacement with grants would lead to greater participation (81 per cent compared with 60 per cent).
- Borrowing to pay for university education was a worthwhile investment (50 per cent compared with 32 per cent) – indeed non-entrants were the least likely of all respondent groups to agree with this statement (Table 4.3).
- Students worry about the debts they build up while at university (86 per cent compared with 75 per cent) – indeed, somewhat counter-intuitively, those not going to university were the group least likely to agree with this statement.

However, those going to university were less likely than those not going to believe:

- It is not worthwhile getting into debt to pay for HE (14 per cent compared with 38 per cent).
- University students should live at home with their parents to save money (22 per cent compared with 15 per cent).

Overall, entrants were more likely than non-entrants to perceive student funding as a mechanism for investing in their future. Respondents’ social class was another important factor in explaining
differences in attitudes to HE student funding. For instance, those in the lowest social class, where the
main income earner was unemployed or had never worked, were far less likely than those in the
highest social class to agree that:

• Borrowing money to pay for a university education is a good investment (39 per cent compared with
  52 per cent).

By contrast, those from the lowest social class were more likely than those from the highest social
class to think that:

• University students have to go into debt (55 per cent compared with 42 per cent) – indeed
  respondents from the lowest class were the most likely of all groups to agree with this statement.

• Students worry about the debts they build up at university (91 per cent compared with 85 per cent).

• If student loans were abolished and replaced by grants, more people would go to university (88 per
  cent compared with 76 per cent).

These findings suggest that those from lower social classes were far more likely than those from
wealthier backgrounds to see HE and the mechanisms for paying for their education as a more risky
investment. To participate in HE, they would have to go into debt which they would worry about.
### Table 4.3 Variations in attitudes to HE students’ financial support

<table>
<thead>
<tr>
<th>Statement</th>
<th>Most likely to agree</th>
<th>Least likely to agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students worry about the debts they build up while at university</td>
<td>91% - lowest social class</td>
<td>75% - non-HE entrant</td>
</tr>
<tr>
<td>If student loans were abolished and replaced by grants, more people would go to university</td>
<td>93% - lone parents</td>
<td>60% - non-HE entrant</td>
</tr>
<tr>
<td>Doing a degree costs too much money</td>
<td>73% - lone parents</td>
<td>38% - at independent school</td>
</tr>
<tr>
<td>Borrowing money to pay for a university education is a good investment</td>
<td>61% - at independent school</td>
<td>32% - non-HE entrant</td>
</tr>
<tr>
<td>University students have to go into debt</td>
<td>55% - lowest social class</td>
<td>33% - at independent school</td>
</tr>
<tr>
<td>Student loans are a good thing because they allow students to enjoy university life</td>
<td>49% - at independent school</td>
<td>20% - lone parents</td>
</tr>
<tr>
<td>University students should live at home with their parents to save money</td>
<td>26% - non-white</td>
<td>7% - at independent school</td>
</tr>
<tr>
<td>It is not worth getting in debt just so you can get a degree</td>
<td>9% - at independent school</td>
<td>38% - non-HE entrant</td>
</tr>
<tr>
<td>Students do not worry about their debts while at university because they will get well-paid jobs when they graduate</td>
<td>16% - lowest social class</td>
<td>3% - lone parents</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,953  
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 4.4 Attitudes to HE students' financial support by decision to enter HE

<table>
<thead>
<tr>
<th>Statement</th>
<th>Applied/intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students worry about the debts they build up while at university</td>
<td>86</td>
<td>80</td>
<td>75</td>
<td>84</td>
</tr>
<tr>
<td>If student loans were abolished and replaced by grants, more people would go to university</td>
<td>81</td>
<td>63</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>Doing a degree costs too much money</td>
<td>57</td>
<td>56</td>
<td>49</td>
<td>56</td>
</tr>
<tr>
<td>Borrowing money to pay for a university education is a good investment</td>
<td>50</td>
<td>33</td>
<td>32</td>
<td>45</td>
</tr>
<tr>
<td>University students have to go into debt</td>
<td>43</td>
<td>34</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>Student loans are a good thing because they allow students to enjoy university life</td>
<td>39</td>
<td>52</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>University students should live at home with their parents to save money</td>
<td>15</td>
<td>13</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>It is not worth getting in debt just so you can get a degree</td>
<td>14</td>
<td>14</td>
<td>38</td>
<td>17</td>
</tr>
<tr>
<td>Students do not worry about their debts while at university because they will get well-paid jobs when they graduate</td>
<td>9</td>
<td>11</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
4.3.2 Variations in types of attitudes to HE students’ financial support

As discussed above (section 4.2.2), respondents’ opinions on HE students’ financial support could be typified as seeing these arrangements either as a type of long-term investment (factor one) or as a potential deterrent to HE entry (factor two). An examination of the mean scores for these two contrasting stances revealed that there were significant differences associated with respondents’ characteristics, especially in relation to the view that student funding was an investment (Table 4.5).

The higher the score for factor one in Table 4.5, the more likely the respondent was to believe that accruing debt as a HE student was an investment. By contrast the higher the score on factor two in Table 4.5, the more likely the respondent was to see student debt as a deterrent to HE entry. In Table 4.5, asterisks have indicated statistically significant differences (at the 5 per cent level) between groups.

Thus, Table 4.5 shows that significant differences in the mean scores on respondents’ belief that student financial support was a form of investment (factor one) were associated with their:

• Gender – men were more likely than women to see HE student support arrangements as an investment.

• Religion – non-Muslims and those with no religion were more inclined to believe in the advantageous aspects of student funding than Muslims.

• Age – those under 21 were more likely than older respondents to see HE student funding as an investment.

• Family type – single childless respondents had more positive beliefs about HE student support than those with children and/or a partner.

• Social class – those in the highest social classes were more inclined than those in lower classes to embrace the investment aspects of student financial support.

• Type of educational institution attended – those at independent schools were more likely to view student funding as an investment than those in the state sector but those at state schools were more enthusiastic than those in FE.

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20 Scores for the two factors were saved as new variables and transformed so that they ranged between 0 and 100.
Decision to enter HE – those who had decided to go to university were much more likely to see the long-term positive aspects of student support arrangements than those who had decided not to go or who were still undecided.

The largest differences were associated with the type of educational institution respondents attended. Those at independent schools were far more likely to view HE student funding as an investment in their future than those in the FE sector (60.6 compared with 51.1). However, this was closely followed by social class. Inevitably, the type of educational institution respondents attended reflected their social class. Thus social class was fundamental in understanding respondents’ attitudes to student funding. Factor two contained the statements related to the deterrent effects of HE student financial arrangements.

An examination of the mean scores for factor two in Table 4.5 shows that there were significant differences between respondent groups which were associated with their:

- Gender – women were more inclined than men to view HE student financial support as a deterrent to HE entry.
- Type of educational institution attended – those in the FE sector were more likely than those at school, be they in independent or state schools, to see student funding as a deterrent to HE entry.
- Decision to enter HE – those who had decided to go to university were more likely to see student support arrangements as a deterrent than those who were still undecided, but not more likely than those who had decided not to go.21

4.4 The relationship between attitudes to HE students’ financial support and attitudes to debt

There were significant differences in respondents’ attitudes to HE student funding and the level of their debt tolerance (see chapter two, section 2.3.2). Those who were the most anti-debt were significantly more likely than those who were the least anti-debt to see HE student support arrangements as a deterrent to HE entry rather than as a form of investment (71 mean score compared with mean score of 64).

21 However, this difference was significant at 0.005 level.
In addition, inter-correlations between attitudes to HE students’ financial support and attitudes to debt\(^{22}\) indicate that there was a consistent relationship between the two factors and the other variables. High scores on factor one – the belief that HE students’ financial support was an investment – were associated with greater tolerance of debt in general (chapter two, section 2.2.1), a positive attitude towards HE in general, and being less likely to view debt as a negative aspect of HE, (chapter three, section 3.2.2). Higher scores on factor two – the belief that HE students’ financial support system acts as a deterrent to HE entry, however, were negatively correlated with liberal and fearful attitudes to debt (chapter two, section 2.2.2) and the view that student debt was a negative feature of HE (chapter three, section 3.2.2).

\(^{22}\) See statistical appendix for these correlations.
Table 4.5 Variations in types of attitudes to HE students’ financial support (mean scores)

<table>
<thead>
<tr>
<th>Group</th>
<th>Factor 1- Student financial support is an investment</th>
<th>Factor 2- Student financial support is a deterrent</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENDER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>56.1*</td>
<td>65.9</td>
</tr>
<tr>
<td>Females</td>
<td>51.2</td>
<td>68.3*</td>
</tr>
<tr>
<td>ETHNICITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>53.2</td>
<td>67.4</td>
</tr>
<tr>
<td>Black and minority ethnic</td>
<td>52.7</td>
<td>67.5</td>
</tr>
<tr>
<td>RELIGION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muslim</td>
<td>47.8</td>
<td>66.5</td>
</tr>
<tr>
<td>Other or no religion</td>
<td>53.7*</td>
<td>67.3</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under-21s</td>
<td>53.8*</td>
<td>67.4</td>
</tr>
<tr>
<td>Over-21s</td>
<td>48.4</td>
<td>66.3</td>
</tr>
<tr>
<td>FAMILY TYPE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single, childless</td>
<td>53.8*</td>
<td>67.6</td>
</tr>
<tr>
<td>Other family type</td>
<td>48.8</td>
<td>65.0</td>
</tr>
<tr>
<td>SOCIAL CLASS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>54.7*</td>
<td>67.1</td>
</tr>
<tr>
<td>Lower</td>
<td>52.3</td>
<td>67.3</td>
</tr>
<tr>
<td>TYPE OF INSTITUTION ATTENDED</td>
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<td></td>
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<tr>
<td>Independent school</td>
<td>60.6*</td>
<td>60.8</td>
</tr>
<tr>
<td>State school</td>
<td>56.7</td>
<td>65.1</td>
</tr>
<tr>
<td>FE sector</td>
<td>51.1</td>
<td>68.8*</td>
</tr>
<tr>
<td>DECISION TO ENTER HE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Going to university</td>
<td>54.6*</td>
<td>68.2*</td>
</tr>
<tr>
<td>Undecided</td>
<td>52.3*</td>
<td>63.3</td>
</tr>
<tr>
<td>Not going to university</td>
<td>45.6</td>
<td>64.6</td>
</tr>
<tr>
<td>ALL</td>
<td>53.2</td>
<td>67.3</td>
</tr>
</tbody>
</table>

*= Significant difference p<0.001
Base: All respondents N=1,543

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

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23 Missing cases because ‘Don’t knows’ and ‘Not stated’ were excluded from this analysis.
4.5 Summary

The majority of respondents:

• thought that students worry about the debts they build up while at university (83 per cent);
• believed that if student loans were abolished and replaced by grants, more people would go to
  university (75 per cent); and
• considered that doing a degree costs too much money (56 per cent).

There were considerable variations in respondents' overall opinions about HE students’ financial
support. The most important variations were associated with respondents’:

• decision to enter HE;
• social class;
• family type; and
• the type of educational institution they attended.

Respondents going to university were far more likely than those not going to believe that:

• the abolition of student grants would lead to greater participation;
• borrowing to pay for university education was a worthwhile investment; and
• students worry about the debts they build up while at university.

Respondents from the lowest social class were far more inclined to think that:

• university students have to go into debt;
• students worry about the debts they build up at university; and
• if student loans were abolished and replaced by grants, more people would go to university.

Respondents’ attitudes to student financial support in HE could be characterised as two-fold. They
either tended to view these arrangements as a form of investment in their future, or as a potential
deterrent to HE entry. Those most likely to view them as an investment were:

• men;
• non-Muslims or had no religion;
• aged under 21;
• single and childless;
• from the highest social classes;
• attending an independent school; and
• going to university.

Those most likely to see student funding as a deterrent were:
• women;
• in the FE sector; and
• going to university.

Those who viewed HE students’ financial support as a form of investment were also more likely to have tolerant attitudes to debt in general, have positive attitudes to HE, and were less likely to consider that some of the worst aspects of university life were being in debt and having little money. Conversely, those most likely to see student support as a potential deterrent to HE were also most likely to hold the most anti-debt attitudes.
5 Knowledge of HE student finances and funding

5.1 Introduction
This chapter explores school leavers and FE students’ knowledge of HE students’ finances, how well informed they feel about HE student financial support arrangements and the costs of going to university, and finally their access to information on these matters. The chapter will first outline school leavers and FE students’ views, and then examine any significant differences among the various groups of respondents.

5.2 School leavers and FE students’ knowledge of HE student finances

All respondents were asked to estimate the average annual income and expenditure of an HE student living away from home. In addition, they were asked to assess the average level of debt a student would have accumulated by the end of their university course.

5.2.1 Income
According to updated figures24 from the 1998/99 Student Income and Expenditure Survey (Callender and Kemp, 2000), HE students’ average income over the academic year is now £5,246. Table 5.1 shows that:

- One in ten respondents estimated correctly undergraduates’ average income (ie between £5,000 and £7,000).
- The majority (59 per cent) under-estimated their income (ie less than £5,000).
- One in ten over-estimated their income (ie over £7,000).
- Nearly a quarter did not know.

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24 The 1998/9 figures have been uprated in line with inflation (RPIX) while income from paid employment was increased in line with the Average Earnings Index.
Overall, respondents had a poor grasp of the income they might expect to receive, should they go to university. Particularly worrying was the high proportion with no idea about HE students’ income.

Table 5.1 Respondents’ estimates of HE students’ average annual income by decision to enter HE

<table>
<thead>
<tr>
<th>Amount</th>
<th>Proportion</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applied/</td>
<td>Undecided</td>
<td>Decided not</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>intend to</td>
<td></td>
<td>to go</td>
<td></td>
</tr>
<tr>
<td>Less than £5,000</td>
<td>61</td>
<td>45</td>
<td>58</td>
<td>59</td>
</tr>
<tr>
<td>Between £5,000 and £7,000</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Over £7,000</td>
<td>10</td>
<td>14</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Do not know</td>
<td>19</td>
<td>34</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>N</td>
<td>1,393</td>
<td>236</td>
<td>28</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

The respondents most likely to under-estimate HE students’ average income:

• came from the lowest social class where the main income earner had never worked or was unemployed (68 per cent); and

• were childless couples (68 per cent).

The first of these findings is not surprising because HE students from low-income families tend to have lower than average student incomes. Low income rather than the lack of information or ignorance may well account for the differing estimates. The second is more surprising because couples in HE tend to have higher than average student incomes (Callender and Kemp, 2000).
Those most likely to over-estimate HE students’ average incomes were:

- couples with children (28 per cent); and
- aged over 25 (22 per cent).

Again, these findings are to be expected. Both these student groups in HE have higher than average student incomes (Callender and Kemp, 2000). Table 5.1 also shows that there were some significant differences in the estimates given depending on a respondent’s decision to enter HE. Most marked were differences among the undecided. They were the least likely to under-estimate HE students’ income (45 per cent), but were the most likely not to know about their income (34 per cent). This ignorance among non-entrants is a recurrent theme in this chapter.

In addition, nearly three in five who had decided not to go to university under-estimated HE students’ income. This is important because, as seen in an earlier chapter (chapter three, section 3.3.4), these people were particularly likely to believe that having little money at university was one of the worst aspects of university life. This belief was associated with their negative attitudes to HE. Some of their concerns about HE might be based on a false premise and a misunderstanding of the true levels of HE students’ incomes.

5.2.2 Expenditure

According to updated figures from the 1998/9 Student Income and Expenditure Survey (Callender and Kemp, 2000), HE students’ average expenditure over the academic year is now £6,569.25. Table 5.2 shows:

- Only one in seven (14 per cent) of respondents accurately estimated average undergraduate expenditure (ie between £5,000-£7,000).
- Nearly half (47 per cent) under-estimated their costs (ie less than £5,000).
- One in five (22 per cent) over-estimated them (ie over £7,000).
- Nearly one in five did not know.

Again, respondents’ knowledge about the costs of HE was poor.
Table 5.2 Respondents’ estimates of HE students’ average annual expenditure by their decision to enter HE

<table>
<thead>
<tr>
<th>Amount</th>
<th>Applied/ intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £5,000</td>
<td>52</td>
<td>35</td>
<td>38</td>
<td>47</td>
</tr>
<tr>
<td>Between £5,000 and £7,000</td>
<td>14</td>
<td>13</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Over £7,000</td>
<td>20</td>
<td>28</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>Do not know</td>
<td>14</td>
<td>24</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

The respondents most likely to under-estimate HE students’ average costs:

• were Muslim (59 per cent);
• anticipated exam grades of 279 points or less (ie lower than BBC) (59 per cent); and
• were school leavers (57 per cent) rather than students at FE colleges.

The first of these findings is not surprising because HE students from black and minority ethnic groups are more likely to live at home and so can expect lower than average expenditure while at university (Callender and Kemp, 2000). However, there is no clear explanation as to why the other two groups should under-estimate students’ costs.

Those most likely to over-estimate HE students’ average costs came from groups who tend to have higher than average expenditure while at university because of the additional costs of children and they:

• were aged 25 and over (47 per cent);
• had dependent children (45 per cent),
• especially couples with children (52 per cent); and
• were Access students (36 per cent).
All these groups could expect above average expenditure if they went to university (Callender and Kemp, 2000) and so these findings can be explained.

Table 5.2 shows some significant differences in the proportions under- and over-estimating the costs of HE by their decision to enter HE. Entrants were far more likely to under-estimate average expenditure (52 per cent) compared to non-entrants (35 per cent) or the undecided (38 per cent). This is important because being ill prepared for the costs of HE might cause problems once these individuals actually reached university. Financial problems are one of the many reasons why students drop out from university (Yorke, 1997).

By contrast, those who had rejected HE (24 per cent) or were ambivalent (24 per cent) were far more likely than those who were going to university (14 per cent) not to know about the costs. This suggests that at least a quarter of non-entrants could not have been put off from going to university by the actual costs of HE. However, their perception of these costs may still have had a deterrent effect.

5.2.3 Debt
The most recent data from the Nat West’s survey (2002) of students suggest that undergraduates expect to leave university with an average debt of just under £9,000. Table 5.3 shows:

- A minority (7 per cent) of respondents accurately assessed the level of average student debt (ie £7,000 to £9,000).
- Twenty-eight per cent under-estimated it (ie less than £7,000).
- Forty-five per cent over-estimated it (ie over £9,000).
- One in five did not know average debt levels.

Given that debt aversion acts as a deterrent to entry into HE, it is particularly worrying that such a large proportion of respondents over-estimated HE students’ debt at the end of a university course.

There were no significant variations in the proportion of respondents most likely to under-estimate the average student debt, but there were variations among those over-estimating final debt. Those most likely to do so came from groups that typically have the highest levels of student debt, and these were:

- lone parents (62 per cent); and
- those from the lowest social class where the main income earner had never worked or was unemployed (57 per cent).
Lone parents at university not only have the highest levels of final debt (Callender and Kemp, 2000) but also are more likely to have debts before they enter HE, (chapter two, section 2.5), which may help to explain their over-estimation of HE student debt.

There were some very significant differences in respondents’ estimates of final student debt by whether or not they had decided to go to university (Table 5.3). In particular, significantly more respondents intending to go to university had over-estimated debt compared to those rejecting HE (48 per cent compared with 36 per cent). Even so, the third of non-entrants over-estimating debt is important because their debt aversion deters their entry into HE (see chapter two, section 2.4).
Table 5.3 Respondents’ estimates of HE students’ average debt on leaving university by their decision to enter HE

<table>
<thead>
<tr>
<th>Amount</th>
<th>Proportion</th>
<th></th>
<th></th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Applied/ intend to apply</td>
<td>Undecided</td>
<td>Decided not to go</td>
</tr>
<tr>
<td>Less than £7,000</td>
<td>29</td>
<td>22</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td>Between £7,000 and £9,000</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Over £9,000</td>
<td>48</td>
<td>40</td>
<td>36</td>
<td>45</td>
</tr>
<tr>
<td>Do not know</td>
<td>15</td>
<td>35</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

In the focus groups, some students thought they might owe anything in the region of £10,000 to £15,000. For some, this presented a ‘shock/horror’ type reaction ‘… Oh, it’d take years to pay that off’ but for others, it was more a case of ‘… Well, you’ll have a better job, so you’ll be able to pay it off quicker.’

In general, respondents had unrealistic expectations about the actual financial situation of students in HE. Only a minority (less than 14 per cent) gave an accurate assessment of HE students’ average annual income and expenditure, and the average level of student debt at the end of a university course. They were most likely to under-estimate HE students’ income (59 per cent) and expenditure (47 per cent) but to over-estimate their level of final debt (45 per cent). Moreover, at least one in five of them did not know about HE students’ income, expenditure and final debt, especially non-HE entrants.
5.3 Knowledge of HE students’ financial support and the costs of going to university

5.3.1 Tuition fees
Overall, 41 per cent of all respondents believed they were well informed about tuition fees and 30 per cent poorly informed (Table 5.4).

The respondents most likely to rate themselves as well informed:

- anticipated getting high grades in their A-levels of 280 points + (ie BBC+) (54 per cent);
- had a partner, but no children (52 per cent); and
- were taking Access courses (51 per cent);

Those groups most likely to enter HE were also most likely to be well informed. Indeed, respondents going to university were far more likely to be well informed about tuition fees (46 per cent) than either those who had decided against university (30 per cent) or were still unsure (24 per cent) (Table 5.5). However, it was this latter group who were least likely to be well informed. It is perhaps not surprising, therefore, that the undecided were also the most likely of all respondent groups to report that they were fairly poorly or very poorly informed (41 per cent). However, those not going to HE were most likely not to know anything about tuition fees (13 per cent).
### Table 5.4 How well informed respondents are about HE students’ financial support and the costs of going to university

<table>
<thead>
<tr>
<th>Student financial support</th>
<th>Well/fairly well informed</th>
<th>Neither well nor poorly informed</th>
<th>Fairly poorly/very poorly</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition fees for university students</td>
<td>41</td>
<td>22</td>
<td>30</td>
<td>7</td>
</tr>
<tr>
<td>Student loans for university students</td>
<td>41</td>
<td>24</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>Other financial help for students at university eg hardship or access funds, bursaries</td>
<td>21</td>
<td>29</td>
<td>42</td>
<td>7</td>
</tr>
<tr>
<td>Social security benefit for students</td>
<td>10</td>
<td>25</td>
<td>54</td>
<td>12</td>
</tr>
<tr>
<td>The costs of going to university</td>
<td>38</td>
<td>23</td>
<td>31</td>
<td>12</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,954

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 5.5 How well informed respondents are about HE students’ financial support and the costs of going to university by decision to enter HE

<table>
<thead>
<tr>
<th>Student financial support</th>
<th>Applied/ intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition fees for university students</td>
<td>46</td>
<td>24</td>
<td>30</td>
<td>41</td>
</tr>
<tr>
<td>Student loans for university students</td>
<td>45</td>
<td>25</td>
<td>30</td>
<td>41</td>
</tr>
<tr>
<td>Other financial help for students at university eg hardship or access funds, bursaries</td>
<td>24</td>
<td>9</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Social security benefit for students</td>
<td>10</td>
<td>9</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>The costs of going to university</td>
<td>41</td>
<td>33</td>
<td>30</td>
<td>38</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

5.3.2 Student loans
Overall, 41 per cent of all respondents thought they were well-informed about loans, 30 per cent poorly informed, and one in twenty did not know about them (Table 5.4).

The respondents most likely to perceive themselves as well informed about student loans were:
- lone parents (58 per cent);
- aged 25 and over (55 per cent);
- those from the lowest social class where the main income earner had never worked or was unemployed (54 per cent); and
- Muslim (51 per cent).

These findings are interesting because these groups, with the exception of Muslims, tend to be most reliant on student loans, once they reach HE (Callender and Kemp, 2000). This suggests that information was going to those most in need of it. Indeed, overall HE entrants (45 per cent) were better informed than non-entrants (30 per cent) or those who were still undecided (25 per cent). On
the other hand, again with the exception of Muslims, the groups listed above were not the groups in this particular study who were most likely to anticipate taking out a student loan once they entered HE (see chapter seven). This suggests that there was a mismatch between those most in need of information on student loans and those actually acquiring the information.

5.3.3 Other financial help (eg hardship/access funds, bursaries)
Overall, 21 per cent of all respondents thought of themselves as well informed about other types of financial help available to HE students and 42 per cent were poorly informed (Table 5.4).

The respondents most likely to say they were well informed:
• were aged 25 and over (38 per cent);
• had dependent children (34 per cent), as a lone parent (36 per cent) or in a couple (36 per cent); and
• were on an Access course.

These were the groups most likely to benefit from such help, suggesting that information is being channelled to the right groups. However, respondents who were ambivalent about HE were far less likely to say they were well informed (9 per cent) about other financial help than those who were intending to go (24 per cent) or those who had decided not to go (17 per cent) (Table 5.5).

There were no significant variations among those respondents most likely to be poorly informed about financial help for students at university.

5.3.4 Social security benefits
Overall, 10 per cent of all respondents reported they were well informed about the social security benefits HE students may be eligible for, and 54 per cent poorly informed (Table 5.4). This was the area of greatest ignorance with over one in ten of all respondents knowing nothing about them. This is not surprising given that only a minority of all HE students receives such benefits, and these are primarily students with children. The 1998/99 Student Income and Expenditure Survey found that only six per cent of all full-time students received social security benefits, but this proportion fell to two per cent once Child Benefit was excluded (Callender and Kemp, 2000 p.144).
The respondents most likely to say they were well informed about social security benefits were:

- those with dependent children (20 per cent) especially single parents (29 per cent); and
- Muslim (19 per cent).

Apart from Muslim students, it appears that those most likely to receive social security benefits knew about them.

The respondents most likely to say they were poorly informed about social security benefits were:

- those from households were the chief earner never worked or was unemployed (65 per cent); and
- those attending independent schools (63 per cent).

These findings give a mixed message. Respondents from low-income backgrounds who potentially might be eligible for social security benefits said they were most poorly informed but so too did those least likely to receive them. There were no significant variations between non-university entrants and entrants in how well informed they felt about social security benefits. However, non-entrants (43 per cent) and the undecided (46 per cent) were less likely to be ill informed than university entrants (58 per cent).

5.3.5 The costs of going to university

Overall, 38 per cent of all respondents believed they were well informed about the overall costs of going to university, 31 per cent poorly informed, and 7 per cent did not know (Table 5.4). However, as seen earlier (section 5.2.2), in reality only a small minority (14 per cent) of respondents accurately estimated an undergraduate’s actual expenditure. These conflicting findings suggest that respondents may be overly confident in their knowledge of the costs of HE.

The respondents most likely to say they were well informed about the costs of going to university:

- were Muslim (53 per cent);
- had a partner but no children (48 per cent); and
- anticipated getting high grades in their A levels of 280 points + (ie BBC+) (46 per cent).

The first and the last group include those most likely to attend HE and so suggest that information was being well targeted. Thus it is not surprising that HE entrants (41 per cent) were significantly more likely to report they were well informed about the costs of going to HE than non-entrants (30 per cent)
or the undecided (33 per cent) (Table 5.5). There were no significant variations among those respondents most likely to say they were poorly informed about the costs of going to university, except for those who were still undecided about going to university (40 per cent).

5.4 Access to information on HE students’ financial support and the costs of going to university

5.4.1 Information on HE financial support
A minority of respondents - 42 per cent – found it easy to access information on the financial support available to university students, 15 per cent found it difficult, and over 13 per cent had not looked for this data (Table 5.6). Those finding it significantly easier to get hold of this information:

• had a partner, but no children (67 per cent);
• expected high grades in their A-levels of 280 points + (ie BBC+) (52 per cent); and
• were lone parents (50 per cent).

By contrast, those finding it most difficult:

• were lone parents (24 per cent);
• had a partner and children (24 per cent);
• were aged 21 and over (21 per cent);
• came from the lowest social class where the main income earner had never worked or was unemployed (21 per cent); and
• were taking an Access course or other FE qualification (21 per cent).

These findings are somewhat contradictory, as lone parents were a group of respondents finding it both easy and difficult to get hold of information. What is clear, however, is that those groups who are under-represented in HE found it the most difficult to access information. So unsurprisingly, non-HE entrants were far less likely than entrants to say they found it easy to get the information (47 per cent compared with 29 per cent) (Table 5.7). Perhaps more worrying was the finding that non-entrants and the undecided were three times more likely than entrants not to have looked for any information.
Table 5.6 Access to information on HE student financial support and the costs of going to university

<table>
<thead>
<tr>
<th></th>
<th>Very/ fairly easy</th>
<th>Neither easy nor difficult</th>
<th>Fairly /very difficult</th>
<th>Not looked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial support for university students</td>
<td>42</td>
<td>30</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>The costs of going to university</td>
<td>39</td>
<td>29</td>
<td>19</td>
<td>14</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,954
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

Table 5.7 Access to information on HE student financial support and the costs of going to university by decision to enter HE

<table>
<thead>
<tr>
<th></th>
<th>Applied/ intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial support for university students</td>
<td>47</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>The costs of going to university</td>
<td>43</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

5.4.2 Information on the costs of going to university

A minority of respondents – 39 per cent – found it easy to get information on the costs, 19 per cent found it difficult and 14 per cent had not looked for information (Table 5.6).

The groups most likely to find it easy to get hold of information on the costs of going to university:
- attended independent schools (54 per cent); and
- anticipated getting high A-level grades (50 per cent).
By contrast, those most likely to find it difficult:

• were lone parents (36 per cent);
• came from the lowest social class where the main income earner had never worked or was unemployed (29 per cent);
• were aged 25 and over (29 per cent); and
• were taking an Access course (29 per cent).

It is quite clear that the groups most likely to go to university found information on costs easy to obtain while those who are the focus of widening participation policies found it the most difficult. While this suggests that the dissemination of material has been well targeted, it also highlights how key groups, arguably those most in need of information are missing out. In general, only a minority of respondents found it easy to access information on financial support for HE students and the costs of HE.

Non-university entrants were much less likely than potential entrants to say they could get information easily. However, they also tended not to seek information. This was probably because they felt such information was irrelevant to their needs. Conversely, it could have been that the lack of information affected their decision not apply to university.

Not surprisingly, there was a direct relationship between access to information and how well informed respondents felt.

The focus groups provided further insights into issues about prospective students' knowledge (or lack of) the student funding system and access to information. In particular, they highlighted issues around the complexity of the system and of participants' struggles to get to grips to what they were eligible for. The participants' experiences demonstrate how, for low-income students, the funding system is particularly complicated, especially for those receiving social security benefits. The experiences of one particular Access student raise all these issues and more, so is worth quoting at length:

'… with me, I've not really applied for anything at the moment, I'm actually just going to try and get some advice on this … Because I'm actually getting income support, I don't want to get a loan, because I'm already officially bankrupt, so I'm going to have problems and I can't … — I'm not allowed to apply for anything over £250 anyway ... I need to seek advice because that's what I've been told by the Insolvency Agency … and, also, I've got to weigh-up – am I going to be better off not applying for a loan and trying to get some part-time work and see if I can still get housing benefit? … I've got to sort it out because, at this moment in time, I'm not sure which way I'm going to play it … I've been trying to get advice from all sorts of different people but I've not found one single person who could give me advice about all the different aspects [loans; benefits, etc]. I've found it so frustrating … I've looked on the internet,
the UCAS website: it’s been a nightmare … I went and got a copy of the benefits regulations and, basically, the only things they do not take into account for income support purposes are money for childcare and equipment and books and travel expenses etc … and I was trying to establish what about entitlement to housing benefit because I think that most people feel that if they could still get some housing benefit then they’d go and get a low-paid job or whatever they had to do … that’s my issue: will I be able to get a little bit of help for housing? … that’s my main concern … just as long as I’ve got a roof over my head, the rest I can cope with … so you’re just trying to work out a package for you individually … because everyone’s got individual requirements … just because you’re in a situation, it doesn’t mean you all want to get the same things from it … I don’t want to get a loan, and even if I did have to come off benefit I would come off it … but it’s just a case of feeling you’re being forced into taking out a loan … and if you come off benefits you lose your entitlement to all those other things like free prescriptions … so there’s all those other benefits that are affected … all these incentives about getting people back in to education, and getting them off benefit: they’re all well and good but … it’s like a catch-22 situation.’

Another repeated the problem about having to come off income support if she went to university:

‘I’d have to come off income support and take out a loan. It’s being offered to you … if you’re earning a good wage that’s when you don’t take the loan, but when you’re on income support that’s when you’d have to take the loan … you have to come off your benefits … that’s what puts a lot of people off … I don’t want to get into debt.’

One student had recently been to a talk at their college about funding for HE and had been told that there was a lot of funding available through student services in universities:

‘You just have to go to student services and see what you can get … and try for everything, books, everything … [I] was told that there’s lots of money available, but students don’t ask for it, so it all goes back!’

One student felt it was up to the individual to find out:

‘All you have to do is send off to the university and they’ll send you information. It’s not the college’s responsibility to sort you out when you’re going to university, they’re to sort you out now, on how to get there.’
5.5 Summary

Overall, school leavers and FE students had an inaccurate grasp of the actual financial situation of students currently in HE. Only a minority (less than 14 per cent) gave an accurate assessment of HE students’ average annual income and expenditure, and the average level of student debt at the end of a university course. Respondents were most likely to under-estimate HE students’ income (59 per cent) and expenditure (47 per cent) but to over-estimate their level of final debt (45 per cent). Moreover, a sizeable minority did not know about these aspects of HE students’ finances, especially non-HE entrants.

Overall, only a minority of respondents thought they were well informed about the various elements of student financial support such as tuition fees, student loans, other financial help and social security benefits. At most, two in five (41 per cent) felt well informed about these aspects of student support while between a third to a half felt poorly informed. Relatively speaking, they were most likely to say that they were well informed about tuition fees and student loans and most poorly informed about social security benefits for HE students. HE entrants consistently reported being better informed than those who were still undecided or those who had decided against university. Non-HE entrants were the least likely to seek out information. This could have been because they felt the information was irrelevant to their needs. Alternatively, the lack of information could have affected their decision not apply to university.

Only a minority of respondents found it easy to access information on financial support for HE students and the costs of HE. Those finding it difficult were potential widening participation students while those finding it easiest, especially regarding the overall costs, were typically groups most likely to attend university.
6 Decisions to enter HE

6.1 Introduction
This chapter explores what school leavers and FE students were intending to do once they completed their current course. It considers in turn, first those who had decided against entering HE, secondly those who were still undecided, and finally those who were going to enter HE. For each of the three groups, it examines their composition and key characteristics, and the factors influencing their decision.

Of the respondents surveyed:

- Fifteen per cent had decided not to enter HE;
- Twelve per cent were still undecided; and
- Seventy-three per cent of respondents had applied or intended to apply to university.

6.2 Decided not to enter HE

6.2.1 The groups who decided not to enter HE
Table 6.1 summarises the results of the logistic regression to predict which groups, among the 15 per cent who had decided against entering HE, were most likely to reject HE, and what other factors affected this decision. It shows that the groups most likely to opt out of university (after controlling for a range of variables)26 were as follows:

- white respondents – a white respondent was 8.5 times more likely to reject university entrance compared with a black and minority ethnic group respondent;
- respondents from lower social classes compared with those from the top two social classes;
- those attending an educational institution in the FE sector rather than an independent or state school;
- women;
- those holding anti-debt attitudes rather than tolerant debt attitudes; and
- those aged 21 and over compared with younger respondents.

26 See statistical appendix for further details.
### Predictors of decision not going to university

<table>
<thead>
<tr>
<th>Variables in the equation</th>
<th>B</th>
<th>SE</th>
<th>Wald</th>
<th>Df</th>
<th>Sig</th>
<th>Ex (B)</th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Low</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>High</td>
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<td>.162</td>
<td>3.710</td>
<td>1</td>
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<td>.548</td>
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<td><strong>TYPE OF INSTITUTION ATTENDED</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td>20.980</td>
<td>2</td>
<td>.000</td>
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<td>Independent school</td>
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<td>1.190</td>
<td>8.279</td>
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<td>.033</td>
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<td>.521</td>
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</tr>
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<td></td>
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<td>.000</td>
<td>.524</td>
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<td>41.215</td>
<td>1</td>
<td>.000</td>
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<tr>
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<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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<td>Under 21</td>
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<td>3.717</td>
<td>1</td>
<td>.054</td>
<td>.611</td>
</tr>
<tr>
<td>Over 21</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEMBER OF FAMILY BEEN TO UNIVERSITY</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mother</td>
<td>-.641</td>
<td>.230</td>
<td>7.796</td>
<td>1</td>
<td>.005</td>
<td>.527</td>
</tr>
<tr>
<td><strong>ATTITUDES TO DEBT</strong></td>
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<td>Continuous</td>
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<td>16.509</td>
<td>1</td>
<td>.000</td>
<td>.573</td>
</tr>
<tr>
<td>Constant</td>
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<td>.479</td>
<td>6.759</td>
<td>1</td>
<td>.009</td>
<td>.288</td>
</tr>
</tbody>
</table>

This model also shows that respondents whose mothers had attended university were far less likely to reject university than those whose mother had not experienced university. This is an interesting finding because research often stresses the role of fathers in influencing their children’s decision to enter HE.

---

27 This is derived from respondents’ overall attitudes to debt described in chapter 2, section 2.2.1
6.2.2 The reasons for deciding not to enter HE

As Table 6.2 shows, the majority of respondents felt the following were very or fairly important reasons for deciding against HE:

- wanted or needed a job (70 per cent);
- wanted or needed to earn money (70 per cent);
- did not want to build up debt (63 per cent); and
- believed that the costs of studying were higher than the benefits (50 per cent).

Given the small number of respondents in the sample that had decided against HE, it is not possible to examine in any depth variations the reasons they gave for rejecting HE. However, a few observations can be made because there were a sufficient number of cases. Those over the age of 21 were significantly more likely than the younger respondents to identify the following reasons:

- concerned about building up debts (77 per cent compared with 62 per cent);
- could not afford to go to university (68 per cent compared with 48 per cent);
- felt the costs of studying were higher than the benefits (61 per cent compared with 48 per cent); and
- believed they were not prepared or qualified to study at university (55 per cent compared with 44 per cent) despite the fact that all respondents were studying for an HE entry qualification.

Women were more likely than men to be put off university because they:

- were concerned about building up debts (75 per cent compared with 54 per cent);
- could not afford to go to university (56 per cent compared with 41 per cent); and
- believed that they were not prepared or qualified to study at university (50 per cent compared with 40 per cent).

It was very unlikely that these respondents would change their minds and go to university in the future. Only one in ten thought it likely they would go in the next five years.

It is quite clear that yet again the pull of the labour market and earning a wage were major factors in the decision not to enter HE. This is supported by the earlier findings related to this group’s overall attitudes to HE (chapter three, section 3.3.1). Another significant issue was financial concerns, especially worries about the accumulation of debt amongst older respondents and women. This finding reiterates those from the multivariate analysis discussed above (and in chapter two, section 3.3) about attitudes to debt. A further important reason for deciding against HE was the belief that the costs of studying outweighed the benefits, especially among older respondents. This echoes earlier findings (chapter three, section 3.3.1) about this group’s feelings about HE in general.
Self-confidence and self-esteem were also important reasons for rejecting HE among a large minority of non-entrants, especially older non-entrants and women. Despite the fact that all respondents were studying for an HE entry qualification, they did not feel prepared or qualified to study at university. In other words, they did not believe in their ability. Fear of failure and lack of self-esteem appeared to be other factors and obstacles to HE entry. So did negative past experiences of education. A sizeable minority of non-entrants did not want to go to university because they did not enjoy studying or want to continue studying, presumably such attitudes were informed by their previous educational experiences.

Table 6.2 Reasons for deciding not to enter HE

<table>
<thead>
<tr>
<th>Reason</th>
<th>Very/ fairly important</th>
<th>Not very /not at all important</th>
<th>Not applicable/ not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>I want/need to have a job</td>
<td>70</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>I want/need to earn money</td>
<td>70</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>I do not want to build up debt</td>
<td>63</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>The costs of studying are higher than the benefits</td>
<td>50</td>
<td>31</td>
<td>19</td>
</tr>
<tr>
<td>I cannot afford to go to university</td>
<td>48</td>
<td>34</td>
<td>18</td>
</tr>
<tr>
<td>I do not feel prepared/qualified to study at university</td>
<td>44</td>
<td>40</td>
<td>16</td>
</tr>
<tr>
<td>I do not enjoy studying or do not want to continue studying</td>
<td>40</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>I do not believe a university degree will help me get a better job</td>
<td>30</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>I do not have time to go to university because of my other commitments</td>
<td>21</td>
<td>54</td>
<td>25</td>
</tr>
<tr>
<td>I am not attracted to the lifestyle</td>
<td>23</td>
<td>52</td>
<td>25</td>
</tr>
<tr>
<td>My family or friends discouraged me</td>
<td>14</td>
<td>44</td>
<td>42</td>
</tr>
<tr>
<td>My teachers or tutors discouraged me</td>
<td>9</td>
<td>45</td>
<td>46</td>
</tr>
</tbody>
</table>

Base: All respondents who had decided not to enter HE  N= 284
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

100  Attitudes to debt • Universities UK
6.2.3 Who was influential in respondents’ decision-making?
Research has shown that parental encouragement to go to university increases the odds of someone applying to university (Gilchrist et al., 2003). All respondents were asked if they were encouraged or discouraged to go to university. Those deciding against university had been encouraged to apply to university by their teacher or tutor at school or college. However, this was the only source of support experienced by the majority (Table 6.3). Overall, they were far more likely to be actively discouraged than either those intending to go to university or those who were ambivalent. Particularly, significant was the relatively high proportion discouraged by someone they knew who was a current student, and by their immediate family. There were also some significant gender differences. Men were more likely than women to be encouraged by their parents (53 per cent compared with 37 per cent) while women were more likely to be discouraged by them (27 per cent compared with 8 per cent). However, women were more likely than men to be encouraged by their friends (58 percent compared with 42 per cent).

6.2.4 Anticipated financial help from family
All respondents were asked about how much financial support they thought their parents and family would provide if they went to university. As Table 6.4 shows those rejecting HE were more likely than entrants and the undecided to think that they would receive either no help at all, or were unclear about what financial support they might receive.

The pull of the labour market, earning a wage, and debt aversion were major factors in these respondents’ decision not go to university, and they were unlikely to change their minds and go to university in the near future.
Table 6.3 Those encouraging (−) or discouraging (X) respondents to go to university by decision to enter HE

Proportion encouraging (−) or discouraging (X)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Applied/ intend to apply</th>
<th>Undecided</th>
<th>Decided not to go</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher/tutor at school/college</td>
<td>93</td>
<td>0</td>
<td>82</td>
<td>61</td>
</tr>
<tr>
<td>Friends</td>
<td>87</td>
<td>4</td>
<td>82</td>
<td>49</td>
</tr>
<tr>
<td>Parents/guardian</td>
<td>89</td>
<td>3</td>
<td>67</td>
<td>45</td>
</tr>
<tr>
<td>Other family member</td>
<td>76</td>
<td>2</td>
<td>56</td>
<td>39</td>
</tr>
<tr>
<td>Someone who is currently a student</td>
<td>72</td>
<td>5</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>School/college career advisor</td>
<td>69</td>
<td>1</td>
<td>56</td>
<td>46</td>
</tr>
<tr>
<td>Brother/sister</td>
<td>66</td>
<td>3</td>
<td>54</td>
<td>29</td>
</tr>
<tr>
<td>Current university staff</td>
<td>46</td>
<td>1</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>Other career centre staff</td>
<td>31</td>
<td>1</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Your employer</td>
<td>27</td>
<td>5</td>
<td>26</td>
<td>13</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913

Source: South Bank University/CHERI – Survey of prospective HE students' perception of debt, 2002
Table 6.4 Anticipated financial help from parents and family if decided to go to university by decision to enter HE

<table>
<thead>
<tr>
<th>Amount of help</th>
<th>Applied/ intend to apply</th>
<th>Undecided to go</th>
<th>Decided not to go</th>
<th>All (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A great deal</td>
<td>22</td>
<td>13</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>A fair amount</td>
<td>34</td>
<td>38</td>
<td>23</td>
<td>33</td>
</tr>
<tr>
<td>A small amount</td>
<td>24</td>
<td>30</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>None at all</td>
<td>12</td>
<td>12</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Do not know</td>
<td>8</td>
<td>7</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>All (N)</td>
<td>1,393</td>
<td>236</td>
<td>284</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Base: All respondents N= 1,913
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

6.3 The undecided

6.3.1 The groups who were undecided about entering HE

Table 5.5 summarises the results of the logistic regression to predict which groups, among the 12 per cent still undecided about going to university, were most likely to be faltering in their decision. It shows that the groups most likely to be ambivalent (after controlling for a range of variables)\(^28\) were as follows:

- White respondents – they were over 2.5 times more likely than a black and minority ethnic respondent to be undecided about university entry.
- Respondents with a partner who had been to university – they were nearly 2.5 times more likely to be undecided compared with those with a partner who had not been to university.
- Respondents with a sibling who had been to university – they were 1.5 times more likely to be undecided than those with a brother or sister who had not experienced university.

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\(^{28}\) See statistical appendix for more details.
• Respondents who agreed that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent – they were over 1.5 times more likely to be undecided than those disagreeing with these statements.

• Those attending a FE college rather than an independent school were more likely to be in doubt.

• Those from lower social classes compared with those from the two highest social classes.

• Women.

• Those aged 21 and over compared to younger respondents.
Table 6.5 Model for those undecided about entering HE

<table>
<thead>
<tr>
<th>Variables in the equation</th>
<th>B</th>
<th>SE</th>
<th>Wald</th>
<th>Df</th>
<th>Sig</th>
<th>Ex (B)</th>
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</thead>
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<td><strong>SOCIAL CLASS</strong></td>
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<td></td>
</tr>
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<td>Low</td>
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<td>High</td>
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<td>.580</td>
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<td>.088</td>
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<td></td>
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</tr>
<tr>
<td>Male</td>
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<td>12.337</td>
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</tr>
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<td><strong>ETHNICITY</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>White</td>
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<td>.240</td>
<td>16.930</td>
<td>1</td>
<td>.000</td>
<td>2.680</td>
</tr>
<tr>
<td>Non-white</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AGE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>-1.322</td>
<td>.373</td>
<td>12.527</td>
<td>1</td>
<td>.000</td>
<td>.267</td>
</tr>
<tr>
<td>Over 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEMBER OF FAMILY BEEN TO UNIVERSITY</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sibling</td>
<td>.413</td>
<td>.156</td>
<td>7.038</td>
<td>1</td>
<td>.008</td>
<td>1.511</td>
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<tr>
<td>Partner</td>
<td>.833</td>
<td>.367</td>
<td>5.43</td>
<td>.023</td>
<td>2.300</td>
<td></td>
</tr>
<tr>
<td><strong>IMPACT OF POOR STUDENT FINANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous – extent to which agree or disagree</td>
<td>-.557</td>
<td>.137</td>
<td>16.509</td>
<td>1</td>
<td>.000</td>
<td>.573</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.663</td>
<td>273</td>
<td>95.443</td>
<td>1</td>
<td>.000</td>
<td>.070</td>
</tr>
</tbody>
</table>

29 This is derived from the factor analysis of respondents’ attitudes to HE. It based on factor 2 which related to the negative impact of poor student finances of university life – see chapter 3, section 3.22 and Table 3.2.
6.3.2 The reasons for being undecided about entering HE

As Table 6.6 shows, the majority felt the following were very or fairly important reasons for being unsure about entering HE:

• wanted or needed to earn money (74 per cent);
• wanted or needed a job (54 per cent);
• did not want to build up debt (54 per cent);
• could not afford to go to university (54 per cent); and
• believed that the costs of studying were higher than the benefits (50 per cent).

The reasons these respondents identified were similar to those reported by respondents rejecting HE outright (Table 6.2). However, the undecided were more likely to stress both the financial imperatives of earning a wage rather than just a desire to enter the labour market and get a job, and the financial barriers to HE entry. When these reasons are considered alongside the findings predicting which groups are most likely to be uncertain, and their general attitudes to HE (chapter three, Table 3.3), it is clear that financial issues were particularly important for this group. It may be that their decision to enter HE could have been resolved if they had felt more secure about their finances and if HE was considered a less risky investment.

Overcoming financial hurdles was especially important for them because most (71 per cent) thought it very or fairly likely that they would go to university within the next five years, unlike respondents who had rejected HE.

Given the small number of respondents in the sample who were ambivalent about HE entry, it is not possible to examine in any depth variations in the reasons they gave for their uncertainty. However, a few observations can be made. Significant differences were associated with respondents' social class, gender, and whether or not a member of their family had been to university. However, by far the most important factor was respondents' social class.

Those from the two lowest social classes were much more likely than those from the top two social classes to cite as important in their decision-making that:

• they wanted/needed to earn money (85 per cent compared with 71 per cent);
• they wanted/needed a job (78 per cent compared with 47 per cent);
• they were concerned about building up debts (76 per cent compared with 53 per cent);
• they thought the costs of studying were higher than the benefits (73 per cent compared with 41 per cent);
• they could not afford to go to university (72 per cent compared with 45 per cent); and
• they believed they were not prepared or qualified to study at university (68 per cent compared with 58 per cent) despite the fact that all respondents were studying for an HE entry qualification.

Women were more likely than men to be unsure about university because they:
• wanted/needed to earn money (78 per cent compared with 65 per cent);
• were concerned about building up debts (62 per cent compared with 49 per cent); and
• could not afford to go to university (58 per cent compared with 42 per cent).

Respondents who did not have a member of their family who had been to university were more likely than those with a family tradition of HE to think the following were important:
• the costs of studying being higher than the benefits (60 per cent compared with 40 per cent); and
• could not afford to go to university (60 per cent compared with 47 per cent).

Clearly, the need to earn a wage was a major motivating factor for those who were unsure about going to university. These financial pressures were greatest for those from the lowest social classes and for women. Lack of money was also a major barrier for low-income respondents, along with concerns about accumulating debts. When these findings are examined alongside those predicting which type of respondents were most likely to be ambivalent about HE, clearly issues about the affordability of HE, and worries about having a low income and being in debt while at university, were major stumbling blocks to their entry into HE.

In addition, like non-entrants, the undecided lacked the self-esteem and confidence in their ability to succeed within HE. This was especially the case for those from low-income families. Over two-thirds believed they were not prepared or qualified to study at university.
Table 6.6 Reasons for being undecided about entering HE

<table>
<thead>
<tr>
<th>Reason</th>
<th>Very/ Fairly important</th>
<th>Not very/ not at all important</th>
<th>Not applicable/ not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>I want/need to earn money</td>
<td>74</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>I want/need to have a job</td>
<td>54</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>I do not want to build up debt</td>
<td>54</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>I cannot afford to go to university</td>
<td>54</td>
<td>36</td>
<td>10</td>
</tr>
<tr>
<td>The costs of studying are higher than the benefits</td>
<td>50</td>
<td>35</td>
<td>15</td>
</tr>
<tr>
<td>I do not feel prepared/qualified to study at university</td>
<td>47</td>
<td>43</td>
<td>10</td>
</tr>
<tr>
<td>I do not enjoy studying or do not want to continue studying</td>
<td>43</td>
<td>44</td>
<td>13</td>
</tr>
<tr>
<td>I do not believe a university degree will help me get a better job</td>
<td>27</td>
<td>57</td>
<td>16</td>
</tr>
<tr>
<td>I do not have time to go to university because of my other commitments</td>
<td>23</td>
<td>59</td>
<td>18</td>
</tr>
<tr>
<td>I am not attracted to the lifestyle</td>
<td>19</td>
<td>63</td>
<td>18</td>
</tr>
<tr>
<td>My family or friends discouraged me</td>
<td>15</td>
<td>57</td>
<td>28</td>
</tr>
<tr>
<td>My teachers or tutors discouraged me</td>
<td>6</td>
<td>61</td>
<td>33</td>
</tr>
</tbody>
</table>

Base: All respondents who were undecided about entering HE  N= 236
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

6.3.3 Who was influential in respondents’ decision-making?
The majority of those ambivalent about HE entry had been actively encouraged by those around them to go to university, unlike those deciding against HE entry (Table 6.3). They were most likely to have been encouraged by their teacher or tutor at school or college, and by their friends. By contrast, they were most actively discouraged by someone they knew who was a current student, their parents and their employer.
6.3.4 Anticipated financial help from family

Table 6.4 shows that those undecided about university entrance were most likely to have anticipated receiving a fair to a small amount of financial help from their parents and family. However, they were less likely than those going to university, or those rejecting HE, to anticipate obtaining a great deal of financial assistance. This supports the earlier findings about the financial worries and insecurities of this particular group of respondents.

6.4 Decided to enter HE

6.4.1 The groups who decided to enter HE

Table 6.7 summarises the results of the analysis to predict which groups, among the 73 per cent of respondents who had applied or intended to apply to university, were most likely to decide in favour of HE entry. It shows that (after controlling for a range of variables) the groups most likely to opt for HE:

- Attended an independent school – a respondent attending such a school was 20 times more likely to choose HE compared with a respondent studying in the FE sector.
- Attended a state school – they were one and a half times more likely to enter HE than a respondent at an educational institution in the FE sector.
- Were aged under 21 – they were two and half times more likely than those aged over 21 to opt for HE.
- Came from the highest social classes – they were twice as likely as those from lower social classes to go to university.
- Held debt tolerant attitudes – they were one and quarter times more likely to enter HE than those with anti-debt attitudes.
- Did not believe that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent – they were more likely to choose HE than those believing these statements.
- Were more likely to come from a black or minority ethnic group.

30 See statistical appendix for further details.
Table 6.7 Model for deciding to enter HE

<table>
<thead>
<tr>
<th>Variables in the equation</th>
<th>Predictors of decision to go to university</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>SOCIAL CLASS</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>.681</td>
</tr>
<tr>
<td>TYPE OF INSTITUTION ATTENDED</td>
<td></td>
</tr>
<tr>
<td>FE sector</td>
<td></td>
</tr>
<tr>
<td>Independent school</td>
<td>2.988</td>
</tr>
<tr>
<td>State school</td>
<td>.455</td>
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<tr>
<td>ETHNICITY</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>-1.682</td>
</tr>
<tr>
<td>Non-white</td>
<td></td>
</tr>
<tr>
<td>AGE</td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>.930</td>
</tr>
<tr>
<td>Over 21</td>
<td></td>
</tr>
<tr>
<td>ATTITUDES TO DEBT(^3)</td>
<td></td>
</tr>
<tr>
<td>Continuous</td>
<td>.226</td>
</tr>
<tr>
<td>IMPACT OF POOR STUDENT FINANCES(^2)</td>
<td></td>
</tr>
<tr>
<td>Continuous</td>
<td>-.725</td>
</tr>
<tr>
<td>Constant</td>
<td>1.729</td>
</tr>
</tbody>
</table>

6.4.2 The reasons for deciding to enter HE
As Table 6.8 illustrates, respondents identified a wide range of reasons that were important in their decision to enter HE. Their most frequently mentioned motives were a mixture of instrumental reasons.

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\(^3\) This is derived from respondents’ overall attitudes to debt described in chapter 2, section 2.2.1
\(^2\) This is derived from the factor analysis of respondents’ attitudes to HE. It based on factor 2 which related to the negative impact of poor student finances of university life – see chapter 3, section 3.22 and Table 3.2.
associated with their desire to improve their labour market prospects, academic or intellectual reasons and personal development reasons. The important reasons, most often cited by at least three-quarters of respondents, for going to university were as follows:

- to get a better job (94 per cent),
- wanted to continue studying (86 per cent),
- encouraged by their family to go (79 per cent),
- wanted to be more independent (77 per cent), and
- a degree is required for the job they wanted (76 per cent).

The focus groups illustrated these primarily instrumental reasons for entering HE. Most of the participants were motivated by the promise of better job prospects. A student on an Access course discussed the economic benefits but also the recognition she would gain from getting a degree. She said:

‘I, myself, have looked at jobs ... and what they pay and whatever ... and have looked at what they’re asking for ... so if you want a good job that pays, you need the qualifications ... it’s for myself, isn’t it? ... It’s nice to know that you can graduate: that’s something ... at school ... I didn’t attend school, so for me to graduate from university, or even graduate from the end of this course, is a bonus ... that’s how I feel.’

Another, older woman on an Access course, while recognising the benefits of HE, especially the recognition and satisfaction from achieving a degree, realised the reality of university would not be easy. She commented:

‘Me, personally, I want that BA at the end of my name. I’ve said it from day one ... my family is not going to stop me ... if it so happens that my daughter’s sick on a day when I have to go to uni., then she’s sick ... I can’t help that ... and I’ll attend to her, obviously, ... but if it meant I’d go in later, then I’d go [to the uni.] late ... if it meant I’d have to miss a day, then I’d go in in the evening ... I’d do it ... but I think you have to know yourself ... you have to know it’s going to be a sacrifice ... and you have to know that you’re going to have to commit yourself ... if you want something [that badly] you’ll find a way ... I want my mum to come and see me graduate and have that photograph ... I do!’

A single mother left school before completing A-levels, got a job with the Benefits Agency to help support her family, but decided to go back to study and university because of its long-term benefits and her joy of studying:
'I was pretty academic at school … but couldn’t afford to [stay on] … as things were pretty tight in the family … [I] worked there for 13 years … then had my son … was going out enjoying myself but running up debts, and then I thought, ‘Well, how am I going to support this child?’ … [I] looked at my career and thought ‘Well, I haven’t really got a career … worked there for 13 years and didn’t think it was challenging me intellectually … I’d kind of learnt what I needed to learn and I wasn’t interested in promotion there, as for about a pound a week extra it was meaningless … [I] wanted to stretch myself … I know it sounds a bit mad but really the only way I could [afford] to go back to college was when I had the opportunity to claim income support … I wouldn’t have been able to pay the fees and the childcare and everything that comes with it … so that’s when I thought I’d go back to college … I did the pre-Access course and ended up in Access this year … it’s the natural progression … and studying, I’ve just kind of realised how much I like studying, how much I love learning.’

HE was also a route out of poverty, especially for those dependent on state benefits. For an Access student who was still classified as bankrupt, her current financial situation feels like double jeopardy as she is currently trying to break out of a cycle of debt:

‘That was why I want to get myself to university so I can get a [good] job … I want to go in to social policy because I think they don’t think the policies [i.e. currently trying to encourage more people to do HE] right through properly … they don’t look at bread and butter issues that matter to the person at the lowest end of the scale … this is the problem … Also, social policy is a degree that can take you into all different areas … I don’t want to be one of these graduates who’ve got a degree but can’t get a job … I want to get some skills that are very transferable across the job market … yes, I may be able to get some sort of work working with people, but if I have to do something different, then I’ll do it … because at the end of the day I’ve got a living to make, and I don’t want to be dependent on the state for the rest of my life.’

Younger A-level students’ comments seemed to focus around mixing with other people, studying with others at an academic level and moving ‘away’. Comments included:

‘Freedom …as obviously you’ll be living away from home’
‘It’ll be exciting to move away, when you’ve gone to school and college in the same place’
‘You’ve got to learn to live on your own’
‘Get an insight in to other people’s views.’
6.4.3 Variations in reasons for deciding to enter HE

There were significant variations among respondents in the reasons they considered important. Here analysis is restricted to the impact of age, gender, ethnicity, family type, social class and type of educational institution attended and only examine the reasons cited by the majority of respondents entering HE.

There were no highly significant variations among respondents in the proportion who identified as important going to university to get a better job, or wanting to continue studying. However, the extent to which different groups mentioned encouragement from their family did vary substantially. Not surprisingly, younger respondents were more likely than older ones to be encouraged by their family (80 per cent compared with 61 per cent). So too were those from the highest social class compared with those from a household where the main income earner was unemployed or had never worked (81 per cent compared with 55 per cent). Hence, those attending independent schools were also more likely to be supported by their parents than respondents in the FE sector (87 per cent compared with 77 per cent) but no more so than those at state schools.

The quest for independence, understandably, was more important for younger respondents than older ones (81 per cent compared with 42 per cent) and for single, childless respondents because they were younger than those with family responsibilities (78 per cent compared with 43 per cent). It was also greater among respondents in the lowest income households where the main income earner had never worked or was unemployed compared to those from the highest social class (87 per cent compared with 80 per cent), and for those attending independent schools rather than an FE institution (85 per cent compared with 73 per cent).

Black and minority ethnic respondents were significantly more likely than white respondents to go to university because a degree was required for the job they wanted (87 per cent compared with 72 per cent). Respondents with children were similarly more motivated by this than those without children (89 per cent compared with 75 per cent).

Respondents under the age of 25 were far more likely to be encouraged to go to university by their teachers and tutors at school or college than those over this age (71 per cent compared with 50 per cent). Also given these differences by age, single childless respondents were more likely to say that encouragement from teachers and tutors influenced their entry decision in comparison with those with a partner, with or without children (71 per cent compared with 56 per cent). Those from the highest
social class were far more likely to be supported in this way than those who lived in a household where the chief income earner was unemployed or had never worked (73 per cent compared with 55 per cent). However, the sort of educational institution respondents attended was the most significant factor. Those attending independent schools were most likely of all respondent groups to be encouraged by their teachers compared with those in state schools or the FE sector (79 per cent compared with 71 per cent and 66 per cent respectively).

It is clear that respondents’ strongest motives for going to university were associated with their desire to improve their labour market prospects and a more general desire to continue studying. Respondents’ families played a significant role in encouraging their entry, especially among younger respondents from wealthy families. However, moving away from families and gaining independence was another important drive for going to university, especially among younger respondents and those from the lowest social class. The greatest variations in the factors respondents identified as important in informing their decision to enter HE were associated with their age and their social class.
Table 6.8 Reasons for deciding to enter HE

<table>
<thead>
<tr>
<th>Reason</th>
<th>Very/ Fairly important</th>
<th>Not very/not at all important</th>
<th>Not applicable/not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>To help get a better job</td>
<td>94</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Wanted to continue studying</td>
<td>86</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>My family encouraged me to go to university</td>
<td>79</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>To become more independent</td>
<td>77</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>A degree is required for the job I want</td>
<td>76</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>My teachers/tutors encouraged me to go to university</td>
<td>69</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>I wanted a change in the direction of my life</td>
<td>58</td>
<td>32</td>
<td>10</td>
</tr>
<tr>
<td>To do something I have always wanted to do but never had the chance</td>
<td>58</td>
<td>27</td>
<td>15</td>
</tr>
<tr>
<td>To improve my self-esteem</td>
<td>56</td>
<td>35</td>
<td>9</td>
</tr>
<tr>
<td>I was attracted to the lifestyle</td>
<td>54</td>
<td>40</td>
<td>6</td>
</tr>
<tr>
<td>My friends were going to university</td>
<td>49</td>
<td>42</td>
<td>9</td>
</tr>
<tr>
<td>The opportunity to move away from home</td>
<td>43</td>
<td>39</td>
<td>18</td>
</tr>
<tr>
<td>It is the normal thing to do after finishing school/college</td>
<td>41</td>
<td>48</td>
<td>11</td>
</tr>
<tr>
<td>To put off getting a job</td>
<td>14</td>
<td>70</td>
<td>16</td>
</tr>
<tr>
<td>Wanted a break from full time employment</td>
<td>8</td>
<td>42</td>
<td>50</td>
</tr>
</tbody>
</table>

Base: All respondents who decided to enter HE  N= 1,393
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
6.4.4 Who was influential in respondents’ decision-making?
Those entering HE identified encouragement from their family and teachers or tutors as important in their decision to enter HE. This is confirmed in Table 6.3. These two groups were singled out as the most common sources of support. The majority opting for university had been actively encouraged to go to university by those around them. By contrast, they were most likely to be actively discouraged by someone they knew who was at university, their employer and their friends but such discouragement was very rare.

6.4.5 Anticipated financial help from family
Table 6.4 shows that among all those going to university, one in ten could expect a great deal of financial support from their parents, a third a fair amount of help, a quarter a small amount, and just over one in ten no help at all. Those most likely to get a great deal of financial aid were predictably:

• at independent schools (34 per cent compared with 25 per cent in state schools and 19 per cent in the FE sector); and
• from the highest social class (31 per cent compared with 3 per cent from the lowest class).

Those most likely to receive no financial support at all were predictably:

• lone parents (83 per cent compared with 9 per cent of single, childless respondents and 29 per cent of those with a partner and children);
• aged 25 and over (46 per cent compared with 10 per cent aged under 25);
• from the lowest social class (40 per cent compared with 6 per cent from the highest social class); and
• in the FE sector (16 per cent compared with 3 per cent at independent schools).

Respondents’ family situation and social class were the key determinants of the amount of financial help these respondents could expect to receive once they entered HE.

6.4.6 Taking a gap year
Over three-quarters of respondents anticipated starting university in 2002 while one in six were planning to defer entry until 2003 and one in twenty were uncertain about their start date.
The most common reasons identified as very or fairly important for taking a gap year were:

- wanting to gain some work experience (51 per cent);
- to save/earn money to avoid taking out a student loan (48 per cent);
- to save/earn some money for other reasons (47 per cent); and
- to go travelling (46 per cent).

Interestingly, just over a quarter (27 per cent) were deferring entry because they wanted to wait until the government announced any new student financial support arrangements and this proportion rose to 30 per cent among those who were undecided about entering HE.

6.5 Summary

Of all the respondents surveyed:

- Fifteen per cent had decided not to enter HE;
- Twelve per cent were still undecided; and
- Seventy-three per cent of respondents had applied or intended to apply to university.

Those most likely to have decided against HE entry were:

- white rather than from a black and minority ethnic group;
- from lower social classes;
- were attending an FE college rather than an independent or state school;
- women; and
- held anti-debt attitudes.

The pull of the labour market, earning a wage and debt aversion were major factors in respondents’ decision not to go to university, and they were unlikely to change their minds and go to university in the near future. Those rejecting HE received little encouragement from those around them to apply to university, and a significant minority could not rely on any financial support from their family, had they chosen to go to university.

Those most likely to be undecided about entering HE:

- were white;
- had a partner or sibling who had been to university;
• agreed that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent;
• attended an FE college rather than an independent school;
• were from lower social classes;
• were women; and
• were aged 21 and over.

The financial imperatives of earning a wage rather than just a desire for a job, along with the financial barriers to HE entry, were major reasons for their indecision about HE entry. These financial pressures and obstacles were greatest for those from the lowest social classes and for women. Issues about the affordability of HE, in addition to worries about having a low income and being in debt while at university, were other major obstacles. Respondents’ indecision about HE entry could potentially be resolved if they felt more secure about their finances. This was important because the majority wanted to go to university in the next five years. The undecided were encouraged to apply for university especially by their teachers, tutors and friends. Most could anticipate a fair to a small amount of financial support from their family, if they decided to go to university.

Those most likely to decide to enter HE:
• were attending an independent school (20 times more likely than those in the FE sector);
• were attending a state school (1.5 times more likely than those in the FE sector);
• were aged under 21 (2.5 times more likely than those aged over 21);
• came from the highest social classes (twice as likely as those from the lowest social classes);
• held debt tolerant attitudes;
• were from a black or minority ethnic group; and
• did not believe that the worst aspects of university life were being in debt and having little money or that student debt was a deterrent.

Respondents’ strongest motives for going to university were a mixture of instrumental reasons associated with their desire to improve their labour market prospects; academic or intellectual reasons such as wanting to continue studying; and personal development reasons. Respondents’ families played a significant role both in encouraging their HE entry and providing financial support once they reached university, especially among younger respondents from wealthy families. However, moving away from families and gaining independence was another important driver for going to university, especially among younger respondents and those from the lowest social class.
7 HE choices

7.1 Introduction
This chapter focuses exclusively on respondents who had decided to enter HE. First, it will examine what these respondents intend to do once they reach university. Next, it will examine how the costs of going to university affected their HE choices and decisions. Finally, it will explore how these entrants intend to pay for and finance their time at university.

7.2 Qualification aim
The vast majority (76 per cent) of respondents were intending to do an undergraduate degree. A further 12 per cent were going to take an HND/HNC, four per cent a DipHE, two per cent a foundation degree, and the remainder some other qualification.

Those least likely to be taking an undergraduate degree were:

- not studying towards A-levels (38 per cent compared with 12 per cent studying A-levels);
- in the FE sector rather than independent or state schools (30 per cent compared with 8 per cent and 17 per cent);
- aged 25 and over (40 per cent compared with 23 per cent of younger respondents);
- from lower social classes (33 per cent compared with 18 per cent from the highest social class); and
- white rather than from a black or minority ethnic group (27 per cent compared with 15 per cent).

Given that most respondents were planning to take an undergraduate degree, it followed that the majority (56 per cent) anticipated that their course would last three years and just over a quarter (27 per cent) four years.
7.3 The impact of the costs of going to university on entrants’ choices and behaviour

All entrants were asked whether the costs of going to university had affected any of their decisions or ideas about a variety of HE choices they could potentially make. As Table 7.1 shows, the following were the most frequently mentioned strategies HE entrants were considering because of the costs of going to university:

- applying to universities nearer my home (50 per cent);
- taking a subject with better employment prospects (37 per cent);
- living at home with parents while at university (31 per cent); and
- applying to universities in areas where there were good term-time employment opportunities (30 per cent).

The costs of going to university clearly affected the majority of entrants’ choice of university. In particular, these costs influenced their decision to apply to a university close to their home, or to live at home while at university. Entrants saw their parents as a potential source of financial support as by living at home or near their home, their parents could support them in kind, as well as with costs. Thus, they were planning to rely on parental assistance to help meet the costs of HE.
## Table 7.1 The impact of the costs of going to university on respondents’ HE choices by social class

<table>
<thead>
<tr>
<th>Action</th>
<th>Higher</th>
<th>Intermediate</th>
<th>Lower</th>
<th>Never worked/Long-term unemployed</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applying to universities nearer my home</td>
<td>39</td>
<td>54</td>
<td>63</td>
<td>63</td>
<td>49</td>
</tr>
<tr>
<td>Taking a subject with better employment prospects</td>
<td>37</td>
<td>43</td>
<td>38</td>
<td>48</td>
<td>37</td>
</tr>
<tr>
<td>Living at home with my parents while at university</td>
<td>24</td>
<td>33</td>
<td>44</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Applying to universities in areas where there are good opportunities</td>
<td>31</td>
<td>33</td>
<td>29</td>
<td>34</td>
<td>29</td>
</tr>
<tr>
<td>for term-time employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Getting advice on how to budget</td>
<td>26</td>
<td>33</td>
<td>26</td>
<td>37</td>
<td>28</td>
</tr>
<tr>
<td>Applying to universities in areas where the cost of living is lower</td>
<td>27</td>
<td>24</td>
<td>25</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Applying for sponsorship or a bursary</td>
<td>16</td>
<td>22</td>
<td>29</td>
<td>34</td>
<td>22</td>
</tr>
<tr>
<td>Doing a course with a paid work placement</td>
<td>12</td>
<td>19</td>
<td>17</td>
<td>31</td>
<td>15</td>
</tr>
<tr>
<td>Deferring/taking a gap year</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Applying to a ‘new’ rather than an ‘old’ university</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Doing a vocational course rather than an academic course</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Taking a shorter course</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>Doing a part-time course</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Selecting a university with on-site childcare facilities</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>539</td>
<td>270</td>
<td>290</td>
<td>62</td>
<td>1,161</td>
</tr>
</tbody>
</table>

Base: All respondents who decided to enter HE N= 1,161

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
The costs of HE also influenced entrants’ choice of the subject they were intending to study once at university. Over a third were planning to take a subject with good employment prospects. These entrants were looking to the future as they were considering how they would repay the costs of their higher education in the longer-term. Presumably, they were opting for subjects with good employment prospects so they could pay off the debts they accumulated while at university. Thus, they appeared not to be so concerned with financing the immediate costs of participation and their living costs while at university.

In addition, a further third of entrants were preoccupied with funding their day-to-day expenditure while at university. They had decided to apply to HEIs in areas where there were good opportunities for term-time employment because of the costs of going to university. Paid work was an important way in which entrants anticipated paying for their time at university.

This evidence suggests that prospective HE students’ choice of university and subject were not solely dictated by academic concerns such as the academic reputation of the university or a love of the subject. Rather, more pragmatic issues had to be considered in their decision-making process.

Other research on students’ choices (eg Connor et al, 1999; Callender, 1997; Purcell and Pitcher, 1996) also show that instrumental factors drive students’ motives for attending HE, especially the economic benefits of HE. Indeed, the earlier discussion of respondents’ attitudes to HE bears this out (chapter three). However, these other studies also highlight how the subjects on offer dictate students’ choice of HEI and their decision about where to study. For example, Connor et al (1999) show how respondents’ priority was the right subject of study. What is of concern in the current study, are the ways in which some students’ choices of HEI and their choice of subject are being limited and constrained by other financial considerations which arise, in part, because of the current student funding arrangements. However, not all entrants had to factor in these financial issues into their decision-making, particularly those from more affluent backgrounds.

Again, the focus groups provided further insights into the ways the costs of HE affected prospective students’ choices and decisions. Most opted for their local university so they could save money. An A-level student at an FE college in London said: ‘It’d be cheaper not paying for rent and everything … and you could still have the same friends.’ However, it was acknowledged that ‘staying at home’ was also a cultural ‘norm’: ‘Our parents would prefer us to stay at home, so they can keep an eye on us’, although some felt that times were changing and this stereotype did not necessarily hold any longer.
Also, although the prospect of having the same friends around appealed, everyone in the group recognised that, once at university, they would be making new friends as well. Two male students were planning on staying home when they went to university because it would be cheaper and easier:

‘I haven’t really looked into the costs … and you’re going to get in to some debt, but you can let your mum do the cooking and things like that!’.

Some wanted to attend their local university while others had checked out the availability of local public transport before finalising their choice. Some local universities were attractive because they had:

‘…a good mature students’ record … if you look there, you’ll get a better chance there of getting in as they’re not just looking at high A-level scores.’

For many participants their choice of course was linked to their current interests and aptitudes and, also, the prospects of a good job at the end. But economic considerations were a factor, for instance, in the length of their course:

‘If it was two or three years long, that’d be okay … but if it was longer than three years then it’d cost too much.’

7.4 Variations in the impact of the costs of going to university on entrants’ behaviour and choices

There were significant differences in the extent to which HE costs affected prospective students’ choices and decisions. Similarly, there were considerable variations in the actual strategies diverse respondent groups anticipated using because of costs of going to university. These were related to respondents’:

• religion;
• age;
• family type;
• social class; and
• type of educational institution attended.
Variations in how the costs of HE affected different groups’ decisions and behaviour may have been shaped by other external factors, apart from financial ones. For instance, Muslim respondents going to university were the most likely of all groups to consider:

- living at home with their parents (44 per cent); and
- applying to universities in areas where the cost of living is lower (31 per cent).

It is not clear the extent to which these Muslim respondents’ choices were influenced by financial considerations alone, reflected certain cultural norms, or a combination of both. Certainly, existing research shows that one of HE students’ main strategies for reducing both the costs of HE and reliance on student loans is by living at home (Callender and Kemp, 2000, 2002; Unite/Mori, 2002). HE students can save as much as £2,500 a year by living with their parents. This is because many parents subsidise them in kind by not charging for their accommodation and by providing them with food. In addition, Muslim respondents held strong anti-debt attitudes (chapter two, section 2.3) and were disinclined to take out student loans (see below), so their desire to live at home may have been associated with these factors.

The external and financial constraints affecting other student groups’ choices were very different. However, whether or not the costs of HE influenced entrants’ decisions presupposes that they had a real choice. It is questionable whether some groups actually did have such choices open to them. Respondents aged 25 and over, who were most likely to have dependent children, could rarely leave their hometown to go to university because of their family commitments and, therefore, they had limited choices about which university they could choose to go to. It is no surprise that lone parents were the group most likely to apply to a university near their home (74 per cent). Lone parents were also the least likely of all respondent groups to apply to universities in areas where they were good employment opportunities (9 per cent) or where the costs of living were lower (6 per cent). This was because they were not mobile and could not easily relocate. It could be argued, however, that if lone parents’ financial situations were better, then moving to go to university might have been a viable option. Yet, lone parents were one of the most financially insecure and vulnerable groups (chapter two, sections 2.5 and 2.6). In order, to understand lone parents’ behaviour, it is important to acknowledge the constraints of both their family obligations and their finances.

It was obvious that other students’ HE choices and behaviour were affected by their family background and finances in other ways. For instance, those attending independent schools were the group least likely:

- to apply to a university near their home (21 per cent); or
- to live at home while at university (4 per cent).
Respondents from some of the wealthiest families had no need to save money in these ways while at university. These financial issues or considerations did not limit their university choices.

The full extent of the class differences in respondents’ HE choices are set out in Table 7.1. Those from the lowest social class, where the head of the household was unemployed or had never worked, were the most likely of all groups to be thinking about undertaking:

- a subject with better employment prospects (48 per cent);
- a course with a paid work placement (31 per cent); and
- a shorter course (23 per cent).

In addition, they were far more likely than those in the highest social classes to consider:

- applying to universities nearer their home (63 per cent compared with 39 per cent);
- getting advice on how to budget (37 per cent compared with 26 per cent); and
- applying for sponsorship or a bursary (34 per cent compared with 16 per cent).

Living at home and working are the most readily available options for those wanting to reduce the costs of going to university, to save money and to minimise debt. In addition, as other studies show, low-income HE students are the most reliant on term-time employment to supplement their income while at university (Van Dyke, Little and Callender 2003; Callender and Kemp, 2000). Indeed, the majority of entrants from the lowest social classes in this study also anticipated depending on term-time employment to help fund their time at university (section 7.5.2).

Clearly the costs of HE influenced entrants’ HE choices and decisions about HE. Those most affected and limited by their financial circumstances came from low-income families. Unlike those from wealthier backgrounds, their choices were constrained by their income. However, both social class and religion appeared to be major determinants of which strategies were adopted to deal with the costs of HE. They had the greatest impact on respondents’ choice of:

- which university they attended;
- where they lived while at university;
- the subject they studied;
- the courses they took;
- the duration of their courses; and
- their qualification aim.
This suggests possible social class and religious differences in prospective HE students’ future experience of HE. It adds weight to the idea of a polarisation in the experience of HE along class and religious lines.

7.5 Paying for higher education

7.5.1 Financial preparations for HE

All entrants were asked if they had taken any specific actions to save money for their time at university (Table 7.2). Their most common strategies for saving money were:

• getting a full-time job during the holidays (48 per cent); and
• doing a part-time job during term-time (46 per cent).

Table 7.2 Financial preparations for university by social class

<table>
<thead>
<tr>
<th>Action</th>
<th>Social Class</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Higher</td>
<td>Intermediate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time holiday job</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Part-time job during school/college term</td>
<td>51</td>
<td>42</td>
</tr>
<tr>
<td>Saving money given as presents</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td>Part-time holiday job</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td>Working full time</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>None of the above</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>539</td>
<td>270</td>
</tr>
</tbody>
</table>

Base: All respondents who decided to enter HE N= 1,161

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

33 Missing data on social class.
Respondents from the lowest class were the most likely of all to work full-time during the holidays and to work full-time. By contrast, lone parents were the least likely of all groups to adopt any of these strategies. Presumably, this was because they found it the most difficult to combine paid work with their domestic responsibilities.

7.5.2 Paid work
The vast majority of entrants thought it was very or quite likely that they would get a paid job during the university holidays (Table 7.3). There were no significant differences by respondents’ social class (Table 7.4). However, older students (65 per cent), especially those with children (62 per cent) and lone parents (53 per cent) were least likely to report that they were likely to work, presumably because of their domestic responsibilities. They were also the groups most likely to believe that they were not very likely or not at all likely to work during the vacations.

Three-quarters of entrants anticipated working during term-time while at university (Table 7.3). Again, there were no apparent significant differences by social class (Table 7.4). However, well over half (56 per cent) of entrants attending independent schools did not think it likely they would get a term-time job, presumably because they did not need the money, compared with over three-quarters (77 per cent) attending state schools. The other groups unlikely to work had children, a factor that limited their opportunities for working. Hence, well over half (56 per cent) of lone parents thought it unlikely they would get a term-time job and just under half (46 per cent) of lone parents.

It was evident from the focus groups that decisions about working were also related to prospective students’ concerns about getting into debt. For some, there was a trade-off between debt and paid work. The majority anticipated having to work during term-time whilst studying at university:

‘If you don’t want to get in to too much debt then you’ll probably have to work … that’s just the way it is.’

The link between paid work and student loans was evident in a discussion about how much they thought they would borrow. One student commented:

‘It might depend on how much work’s involved in your course, and, so, how much time you’d have free to do a part-time job ..’
### Table 7.3 Paying for HE

<table>
<thead>
<tr>
<th>Action</th>
<th>Very/quite likely</th>
<th>Not very likely/not likely at all</th>
<th>Don't know/Not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid job during university holidays</td>
<td>89</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Paid job during term-time</td>
<td>75</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>Take out a student loan</td>
<td>67</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Get a bank overdraft</td>
<td>51</td>
<td>38</td>
<td>10</td>
</tr>
<tr>
<td>Get a credit card</td>
<td>37</td>
<td>49</td>
<td>14</td>
</tr>
<tr>
<td>Get a loan from family</td>
<td>35</td>
<td>52</td>
<td>13</td>
</tr>
</tbody>
</table>

**Base:** All respondents who decided to enter HE N= 1,393  
**Source:** South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 7.4 Paying for HE by social class

<table>
<thead>
<tr>
<th>Action</th>
<th>Social Class</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get a paid job during university holidays</td>
<td>Higher</td>
<td>Inter-</td>
</tr>
<tr>
<td></td>
<td>94</td>
<td>89</td>
</tr>
<tr>
<td>Get a paid job during term-time</td>
<td>73</td>
<td>74</td>
</tr>
<tr>
<td>Take out a student loan</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>Get a bank overdraft</td>
<td>57</td>
<td>47</td>
</tr>
<tr>
<td>Get a credit card</td>
<td>40</td>
<td>36</td>
</tr>
<tr>
<td>Get a loan from family</td>
<td>45</td>
<td>39</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>539</td>
<td>270</td>
</tr>
</tbody>
</table>

Base: All respondents who decided to enter HE N= 1,161

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

34 Missing data on social class.
Table 7.5 Paying for HE by level of debt (in) tolerance

<table>
<thead>
<tr>
<th>Action</th>
<th>Most anti-debt</th>
<th>Middling attitudes</th>
<th>Least anti-debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take out a student loan</td>
<td>60</td>
<td>67</td>
<td>75</td>
</tr>
<tr>
<td>Get a bank overdraft</td>
<td>44</td>
<td>46</td>
<td>62</td>
</tr>
<tr>
<td>Get a credit card</td>
<td>31</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td>Get a loan from family</td>
<td>34</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>423</td>
<td>426</td>
<td>499</td>
</tr>
</tbody>
</table>

Base: All respondents who decided to enter HE N= 1,348
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

7.5.3 Overdrafts
In addition to taking out a student loan, the majority (51 per cent) of entrants thought it very or quite likely that they would obtain an overdraft once they reached university (Table 7.3). Those most likely to say they would get an overdraft were those with the most tolerant attitudes towards debt (62 per cent) (Table 7.5), followed by those from the highest social classes (57 per cent) (Table 7.4). Indeed, the likelihood of a respondent anticipating taking out an overdraft was broadly inversely related to social class. By contrast, those most likely to say they were unlikely to get an overdraft were lone parents (60 per cent) followed by respondents from the lowest social class (50 per cent).

7.5.4 Credit cards
Nearly two in five entrants (37 per cent) thought it likely that they would get a credit card once they went to university (Table 7.3). This proportion rose to well over a half (56 per cent) among those attending independent schools. In addition, there was a strong class dimension in this anticipated behaviour. Three times as many respondents from the highest social classes than from the poorest households intended to get a credit card (Table 7.4). Thus those most likely to report that they were unlikely to acquire a credit card were lone parents (75 per cent), followed by respondents from the lowest social class (60 per cent).
7.5.5 Loans from family
Just over a third (35 per cent) of entrants intended to get a loan from their family while at university (Table 7.3). Those most likely to do so came from the wealthiest families, namely they were from the highest social classes (45 per cent) (Table 7.4) and attended independent schools (45 per cent). It can be assumed that these respondents’ parents could afford to lend them money. By contrast, those most unlikely to get such help were either without families such as lone parents (86 per cent) and older respondents (75 per cent), or were those with low-income parents (60 per cent).

To sum up, social class, family circumstances, and attitudes to debt were the main factors associated with respondents’ likely behaviour concerning credit once they reached university. Those from affluent backgrounds were far more likely than those from lower-income households to augment their spending power and income through commercial credit and by borrowing money from their family.

7.6 Student loans

7.6.1 Take-up of student loans
Overall, 67 per cent of entrants intended to take out a student loan when they got to university, 13 per cent thought they would not, and a further 20 per cent did not know (Table 7.3). The most recent national data on the take-up of student loans among HE students suggest that 81 per cent of students took out a loan in 2001/02 (DfES, 2002). Therefore, we can safely assume that most of those who were unsure about what they would do once arrived at university would in fact take out a student loan.35

Student loans are now the chief source of HE student financial support but they are also the main source of student debt. Given the focus of this study it is important to explore the extent to which attitudes towards debt in general may affect the anticipated take-up of student loans. To assess this, a logistic regression was undertaken to predict whether respondents thought they would take out a student loan or not. The final output from the model is shown in Table 7.6.

35 Those saying ‘Don’t know’ were treated as a ‘No’ for the purposes of the analysis.
Table 7.6 shows, that once differences between student groups are controlled for, the factors most likely to predict whether an entrant would take out a student loan once they reached university were:

- Religion – non-Muslims and those with no religion were nearly 3.5 times more likely to anticipate taking out a loan than Muslim respondents – this finding confirms other research (Callender and Kemp, 2000) which shows that HE students from Asian backgrounds are the least likely of all student groups to take out student loans.

- Attitudes to debt in general – those with more tolerant attitudes to debt were twice as likely as those with anti-debt attitudes to expect to take out a loan.

- Age – those aged under 21 were nearly twice as likely as older respondents to intend to take out a student loan.

- Attitudes to student debt – those who did not believe that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent to HE entry, were over 1.5 times more likely to consider taking out a loan than those believing in these statements.

- Attitudes to student financial support – those seeing HE students’ financial support as an investment were more likely to anticipate getting a student loan than those not holding such views, but those believing HE students’ financial support was a deterrent were also more likely to take out a loan.

- Payment of tuition fees – those paying no tuition fees at all were more likely to think they would take out a student loan than those who had to pay some tuition fees.

- Savings – those without savings to call upon to help finance their time at university were more likely to intend taking out a loan that those with savings.

- Financial help from parents – those getting the least or no financial help from their parents were more likely to take out a loan than those who could reply on their parents from financial support.
Table 7.6 Model for predicting the take-up of student loans

<table>
<thead>
<tr>
<th>Variables in the equation</th>
<th>Predictors of anticipated student loan take-up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td><strong>AGE</strong></td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>.678</td>
</tr>
<tr>
<td>Over 21</td>
<td></td>
</tr>
<tr>
<td><strong>TYPE OF INSTITUTION ATTENDED</strong></td>
<td></td>
</tr>
<tr>
<td>FE sector</td>
<td>-.307</td>
</tr>
<tr>
<td>State or independent school</td>
<td></td>
</tr>
<tr>
<td><strong>RELIGION</strong></td>
<td></td>
</tr>
<tr>
<td>Muslim</td>
<td></td>
</tr>
<tr>
<td>Other religion/no religion</td>
<td>1.244</td>
</tr>
<tr>
<td><strong>AMOUNT OF SAVINGS</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-.177</td>
</tr>
<tr>
<td><strong>TUITION FEES</strong></td>
<td></td>
</tr>
<tr>
<td>Not required to pay any fees</td>
<td></td>
</tr>
<tr>
<td>Required to pay partial or full fees</td>
<td>.624</td>
</tr>
<tr>
<td><strong>AMOUNT OF PARENTAL FINANCIAL HELP ANTICIPATED AT UNIVERSITY</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-.396</td>
</tr>
<tr>
<td><strong>ATTITUDES TO DEBT</strong></td>
<td></td>
</tr>
<tr>
<td>Continuous</td>
<td>.697</td>
</tr>
<tr>
<td><strong>IMPACT OF POOR STUDENT FINANCES</strong></td>
<td></td>
</tr>
<tr>
<td>Continuous</td>
<td>.532</td>
</tr>
<tr>
<td><strong>BELIEVING THAT STUDENT DEBT IS AN INVESTMENT</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.026</td>
</tr>
<tr>
<td><strong>BELIEVING THAT STUDENT DEBT IS A DETERRENT TO HE ENTRY</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.011</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.398</td>
</tr>
</tbody>
</table>

36 Coding: None; Below £1,000; £1001-£2000; £2001-£5000; £5,001 +
37 Coding: Don’t know; None at all; A small about; A fair amount; a great deal
38 This is derived from respondents’ overall attitudes to debt described in chapter 2, section 2.2.1
39 This is derived from the factor analysis of respondents' attitudes to HE. It was based on factor 2 which related to the negative impact of poor student finances of university life — see chapter 3, section 3.2.2 and Table 3.2.
40 This is derived from the factor analysis of respondents' attitude to student support. It is based on factor 1 which includes statements capturing the idea that HE student financial support and debt are a type of investment — see chapter 4, section 4.2.2 and Table 4.2.
41 This is derived from the factor analysis of respondents' attitude to student support. It is based on factor 2 which includes statements capturing the idea that HE student financial support and debt are a deterrent to HE entry — see chapter 4, section 4.2.2 and Table 4.2.
The most important factors predicting the likelihood of a prospective student taking out a student loan, once they reached university, was their religion, followed by their attitudes to debt. Non-Muslims were three and a half times more likely to anticipate taking out a loan compared with Muslims. In addition, those with tolerant attitudes to debt were twice as likely as those with anti-debt views to intend taking out a student loan. By contrast, the most significant predictors of not taking out a student loan were associated with prospective students coming from high-income families. The amount of savings and parental financial support that entrants could expect while at university, and the payment of tuition fees were all highly associated with the probable non-take up of loans.

Debt aversion and concern about the debts arising from student loans was a recurrent refrain in the focus groups. They were typified by the following comments from FE college students:

'I hate to owe people money … I’d want to be independent and pay for myself.'
'Oh, it’d take years to pay that off.'
'I’m sorry but I’m not putting myself in debt for anybody … I don’t care if they say you can pay it back … over a number of years … but I’m not interested … I’ve never been in debt, and I don’t want to be in debt.'

One student commented about student loans in relation to the social security benefits that she was currently receiving. She recognised she would have to come off benefits if she went to university full-time. The student felt this was:

'... wrong ... benefits you don’t have to pay back, so why do you have to pay back this? ... you’d be getting a loan to pay for your food ... that just wouldn’t make any sense.'
7.6.2 Reasons for taking out a loan
The most frequently mentioned reasons for taking out a loan which were considered very or fairly important by at least half of those intending to take one out, or thinking about it (Table 7.7), were:

• needing the money for basic necessities (94 per cent);  
• wanting the money to afford a reasonable lifestyle (81 per cent);  
• wanting to have money independently of their parents/partner (68 per cent);  
• reducing the number of hours of paid work (63 per cent); and  
• because their parents/partner cannot afford to support them (53 per cent).

Social class
There were not many significant differences by social class in the reasons prospective students gave for probably taking out a student loan (Table 7.8). The most marked were associated with the attitudes of respondents’ parents and the amount of financial help they could afford. Nearly four times as many entrants from higher social classes compared with those from the lowest social class were intending to take out a student loan because their parents did not want them to work, or to work too many hours (44 per cent compared with 12 per cent). Moreover, those from the lowest social class were the least likely of all groups to give this reason for taking out a loan. Thus, the parents of respondents from the higher social classes could afford to protect their children from taking on paid work while at university, unlike those from lower income families.

In addition, the children of more affluent families were more likely than those from poorer families to anticipate relying on their parents for financial support. Only 46 per cent of respondents from the highest social classes were planning to take out a loan because their parents could not afford to support them compared with 60 per cent from the lowest social class. Those from the lowest social class were one of the groups most likely to give this reason as they needed a loan and anticipated taking one out because their parents were unable to help them out financially. Not surprisingly, therefore, only one in three (29 per cent) attending independent schools gave this reason compared with nearly a half (47 per cent) at state schools.

Another important social class difference in respondents’ motivations for taking out a student loan was associated with the financial advantages of loans. Half of those from high-income families were going
to get a loan because it was a cheap way to borrow money and/or tax efficient compared with only a third of respondents from the lowest class. This suggests that financial need was not a major driver for taking out a loan amongst more affluent respondents. However, those from the lowest social class were the least likely of all groups to give this reason, as financial need was more important for them.

Level of debt (in)tolerance
Overall, the most anti-debt were significantly less likely than those with tolerant attitudes towards debt in general to think about taking out a student loan (Table 7.5). There were also some significant differences in respondents’ rationale for taking one out by the level of their debt tolerance. One of the most striking differences was that the most anti-debt were far more likely than the debt tolerant to consider taking out a loan because their parents/partner could not afford to support them (72 per cent compared with 54 per cent). In fact, this anti-debt group was the most likely of all groups to give this reason for taking out a loan. This suggests that although they disliked debt, financial necessity meant they would have little choice but to take out a student loan and this conclusion was supported by another finding. The least debt tolerant were far less likely than the debt tolerant to consider getting a student loan because they were a cheap way to borrow money and/or tax efficient (41 per cent compared with 59 per cent).
### Table 7.7 Reasons for taking out a student loan

<table>
<thead>
<tr>
<th>Reason</th>
<th>Very/ fairly important</th>
<th>Not very /not at all important</th>
<th>Not applicable/ not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will need the money for basic necessities</td>
<td>94</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>I would like the money to afford a reasonable lifestyle</td>
<td>81</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>I want to have money independently of my parents/partner</td>
<td>68</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>To reduce the number of hours of paid work I may need to do</td>
<td>63</td>
<td>31</td>
<td>6</td>
</tr>
<tr>
<td>My parents/partner cannot afford to support me</td>
<td>53</td>
<td>33</td>
<td>14</td>
</tr>
<tr>
<td>It is a cheap way to borrow money/tax efficient</td>
<td>46</td>
<td>43</td>
<td>11</td>
</tr>
<tr>
<td>My parents do not want me to take a paid job/work too many hours</td>
<td>39</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>I do not want to get a term-time job</td>
<td>28</td>
<td>57</td>
<td>15</td>
</tr>
</tbody>
</table>

Base: All respondents who think they will take out a student loan N= 927

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002
Table 7.8 Reasons for taking out a student loan by social class

<table>
<thead>
<tr>
<th>Action</th>
<th>Higher</th>
<th>Intermediate</th>
<th>Lower</th>
<th>Never worked/Long-term unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will need the money for basic necessities</td>
<td>93</td>
<td>97</td>
<td>97</td>
<td>81</td>
</tr>
<tr>
<td>I would like the money to afford a reasonable lifestyle</td>
<td>84</td>
<td>85</td>
<td>77</td>
<td>84</td>
</tr>
<tr>
<td>I want to have money independently of my parents/partner</td>
<td>74</td>
<td>69</td>
<td>64</td>
<td>65</td>
</tr>
<tr>
<td>To reduce the number of hours of paid work I may need to do</td>
<td>63</td>
<td>65</td>
<td>56</td>
<td>64</td>
</tr>
<tr>
<td>My parents/partner cannot afford to support me</td>
<td>46</td>
<td>62</td>
<td>67</td>
<td>60</td>
</tr>
<tr>
<td>It is a cheap way to borrow money/tax efficient</td>
<td>51</td>
<td>45</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>My parents do not want me to take a paid job/work too many hours</td>
<td>44</td>
<td>44</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>I do not want to get a term-time job</td>
<td>31</td>
<td>32</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>ALL (N)</td>
<td>335</td>
<td>183</td>
<td>192</td>
<td>42</td>
</tr>
</tbody>
</table>

Row percentages

Base: All respondents who think they will take out a student loan or do not know N= 752

Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

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42 Missing data on social class.
7.6.3 Reasons for not taking out a student loan

The most frequently mentioned reasons by the majority of all respondents who did not intend to get a student loan once they reached university, or who were undecided, were:

- they did not like borrowing and were concerned about having debts (55 per cent); and
- they were concerned about the loan repayments (50 per cent).

There were no obvious patterns among the various student groups as to which were most deterred by these two concerns. It was not possible to analyse respondents’ reasons for not considering taking out a student loan by the levels of their debt tolerance as there were too few respondents with pro-debt attitudes who were not intending to take out a student loan. Nor was it possible to analyse responses by religion because of the small number of cases.

The only discernable marked difference in entrants’ motivations for not taking out a loan was associated with their social class. Unsurprisingly, twice as many entrants from the highest social classes than from the lowest social classes43 did not intend to take out a loan because their parents would give them all the money they needed (42 per cent compared with 19 per cent). However, the proportion rose to 52 per cent among those attending independent schools.

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43 Those in the lower classes and those from households where the chief earner was unemployed or had never worked were added together because of the small number of cases.
Table 7.9 Reasons for not taking out a student loan

<table>
<thead>
<tr>
<th>Reason</th>
<th>Very/ fairly important</th>
<th>Not very /not at all important</th>
<th>Not applicable/ not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do not like borrowing and am concerned about having debts</td>
<td>55</td>
<td>11</td>
<td>34</td>
</tr>
<tr>
<td>I am concerned about the repayments</td>
<td>50</td>
<td>12</td>
<td>38</td>
</tr>
<tr>
<td>I prefer to get a paid job rather than take out a student loan</td>
<td>49</td>
<td>18</td>
<td>33</td>
</tr>
<tr>
<td>My parents will give me all the money I need</td>
<td>34</td>
<td>23</td>
<td>43</td>
</tr>
<tr>
<td>I can rely on my savings</td>
<td>30</td>
<td>29</td>
<td>41</td>
</tr>
<tr>
<td>My parents/partner will not want me to take out a loan</td>
<td>30</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>I prefer to borrow from elsewhere</td>
<td>17</td>
<td>36</td>
<td>47</td>
</tr>
<tr>
<td>Not eligible to apply</td>
<td>7</td>
<td>16</td>
<td>77</td>
</tr>
</tbody>
</table>

Base: All respondents who think they will not take out a student loan or do not know N= 400
Source: South Bank University/CHERI – Survey of prospective HE students’ perception of debt, 2002

7.7 Tuition fees

All entrants were asked if they thought that they or their parents would be required to pay tuition fees. A third thought their parents would pay their tuition fees in full. A further 21 per cent believed they would pay partial fees, 20 per cent none at all, and another 20 per cent did not know. The remainder did not have to pay up front fees because they were resident in Scotland. Given respondents’ lack of knowledge about student support (see chapter five), these estimates may need to be treated with caution. However, they do roughly reflect national data on the payment of tuition fees as approximately half of all HE students do not contribute at all to their tuition fees.
Given the means-tested nature of contributions towards tuition fees, it is no surprise that social class was very strongly associated with respondents’ estimates of their likely contributions towards fees. Around half of all respondents from the highest social class thought they would have to pay full fees compared with just seven per cent in the lowest social class. These proportions rose to 64 per cent amongst those at independent schools compared with 31 per cent attending an educational institution in the state sector. Conversely, half of all respondents from the lowest social class thought they would not have to pay any fees compared with 11 per cent from the highest social classes, and this proportion fell to six per cent for those attending independent schools.

7.8 Summary
The majority of entrants were intending to take a first degree when they reached university, which they anticipated would last between three to four years.

The costs of going to university affected entrants’ decisions and HE choices, especially those of lone parents, Muslim entrants, and those from the lowest social class. They all sought ways to reduce the costs of going to university, to save money and minimise the accumulation of debt. Their most common strategies were:

• choosing a university near home;
• living at home while at university;
• selecting a subject with good employment prospects; and
• doing a course with a work placement.

This meant low-income entrants’ choices were restricted, unlike those from wealthier backgrounds, which had the greatest impact on:

• which university they attended;
• where they lived while at university;
• the subject they studied;
• the courses they took;
• the duration of their courses; and
• their qualification aim.

Less than half of all entrants had saved any money specifically for their time at university. Those from the lowest social class were the most likely to have made such financial preparations, and they did
this by working full-time during the holidays. However, taking a paid job was not an option for all, especially for those with domestic commitments such as lone parents.

The way entrants intended to pay for their higher education varied most of all by their social class, family circumstances, and their attitudes to debt. Those from more affluent backgrounds were much more likely than those from lower-income households to augment their spending power and income through commercial credit such as overdrafts and credit cards, and by borrowing from their family.

Most entrants anticipated taking out a student loan, once they reached university. The most important factors predicting the likelihood of them doing so were their:

- religion – non-Muslims and those with no religion were 3.5 times more likely than Muslims to anticipate taking out a student loan.
- attitudes to debt – those with tolerant attitudes to debt were 2.5 times more likely to expect to take out a student loan than those who were anti-debt.

The majority were going to take out a loan because:

- They needed the money for basic necessities.
- They wanted the money to afford a reasonable lifestyle.
- They wanted to have money independently of their parents/partner.
- They wanted to reduce the number of hours of paid work.
- Their parents or partner could not afford to support them.

The most significant predictors of entrants not taking out a student loan were associated with prospective students from high-income families, which was indicative of their lack of financial need for a loan. These factors were:

- the amount of savings they could call upon while at university;
- the amount of parental financial support; and
- the payment of tuition fees.

The majority decided against taking out a loan because they:

- disliked borrowing and were concerned about having debts; and
- were concerned about repayments.
8 Conclusions

8.1 Introduction
This chapter summarises the main findings of this study and explores their implications for policy. The chapter starts by focusing on school leavers and FE students who had decided not to apply to university or who were still undecided and contrasts their situation with that of those who had decided to enter HE. This is because the scope of increasing and widening participation in HE lies with these groups, especially the undecided as most of the undecided group hoped to go to university in the near future. If we have a better understanding as to why these respondents choose not to enter HE then it is possible to explore what policies and interventions, if any, might affect their behaviour. Next, the chapter will explore the factors affecting the decisions of those entering HE. Again, it will concentrate on issues that are responsive to policy interventions.

8.2 Non-HE entrants

8.2.1 Characteristics of non-entrants
Some 15 per cent of the school leavers and FE students who were taking an HE entry qualification decided against continuing their studies and going on to university. When similar characteristics were controlled for, these non-entrants were most likely to:

- be white – they were 8.5 times more likely to reject HE compared with respondents from black and minority ethnic groups;
- come from lower social classes;
- attend an FE college rather than an independent or state school;
- be women;
- be aged over 21; and
- hold anti-debt attitudes.
8.2.2 Factors affecting the decision not to enter HE

The reasons they decided not to go to university were varied but the following were the most important factors influencing their decision.

Negative attitudes towards debt

The majority of non-entrants indicated that not wanting to build up debt was a key factor behind their decision not to go to university. Much more significant were their overall attitudes to debt in general once other factors were controlled for. Respondents with the most anti-debt attitudes were half as likely as respondents with more tolerant attitudes towards debt, to decide to enter HE. In addition, respondents with both these anti-debt attitudes and with the most moralistic and debt averse attitudes largely reflected the groups least likely to go to university (with the exception of Muslim and black and minority ethnic respondents) and included:

- those from the lowest social classes;
- those aged 21 and over;
- those with family responsibilities, especially lone parents; and
- those attending educational institutions in the state sector.

Clearly debt aversion, while deterring entry into HE, is also a social class issue and discourages the participation of low-income groups and others who are the focus of widening participation policies.

A desire for a job and to earn money

The desire to enter the labour market, get a job, and earn a wage were the most common reasons for not going to university, mentioned by seven out of ten non-entrants. In addition, non-entrants were five and half times more likely to express such a view compared with those who had decided to enter HE.

Negative attitudes towards HE

Unlike entrants, non-entrants were unconvinced of the benefits of HE. The majority believed neither in the need for a degree to get a worthwhile job nor in the promise of the long-term financial benefits of
going to university. Such views are also echoed in their specific reasons for rejecting HE. Half believed that the costs of studying outweighed the benefits.

**A rejection of the culture and values of HE**
Non-entrants’ general attitudes to HE confirmed that the majority did not see university as something for them, and a further third thought that the student lifestyle was not for them either. Their values as well as economic considerations influenced the way they framed and made their educational choices.

**Negative attitudes towards HE and debt**
Negative attitudes towards HE were also associated with negative attitudes towards debt. Those with the most debt-averse attitudes also had the most negative views of HE. Nearly three times as many non-entrants as entrants thought it was not worthwhile to get into debt to get a degree.

**A rejection of the idea that HE student financial support arrangements and student debt were a form of long-term personal investment in their future**
This negative attitude was reflected in non-entrants’ general attitudes towards HE students’ financial support. Nearly three times as many non-entrants as entrants did not think it was worthwhile to get into debt in order to get a degree. Only a third felt that borrowing money to pay for a university education was a good investment compared with half of entrants. Unlike entrants, non-entrants were particularly inclined to view poor student finances and debt as a negative feature of university students’ lifestyle.

**A lack of awareness, knowledge and understanding about HE students’ finances and funding**
Non-university entrants were one of the groups least knowledgeable about HE students’ average income, expenditure, and final debt. They were less likely than entrants to consider themselves well informed about student funding arrangements and the costs of going to university, and were one of the groups least likely to know anything about them. Similarly, non-entrants were much less likely than entrants to have found it easy to access information on HE student financial support and the costs of HE. In addition, they were three times more likely than entrants not to have looked for any information. This may have been because they felt such information was irrelevant to their needs. Conversely, their lack of knowledge, understanding, and information or misinformation may have affected their decision not to apply to university. In all probability, it was a combination of both.
Lack of support and encouragement to enter HE
Unlike entrants, the majority of non-entrants received little support and encouragement from their wider network. The sole source of support, received by the majority, was from their teachers or tutors at school or college.

Lack of financial help and certainty about aid from parents and family to fund their time at university
Non-entrants were more likely than entrants to anticipate getting no financial help from their family and were the most uncertain about whether they would receive any such support if they decided to go to university.

8.3 Undecided

8.3.1 Characteristics of those undecided about HE entry
Some 12 per cent of the school leavers and FE students who were taking an HE entry qualification were still undecided about going to university. When similar characteristics were controlled for, these undecided were most likely to:

• be white – they were over 2.5 times more likely than respondents from black and minority ethnic groups to be in doubt;
• have a partner who had been to university – they were nearly 2.5 times more likely to be ambivalent compared with those with a partner who had not been to university;
• have a sibling who had been to university – they were 1.5 times more likely to be ambivalent than those with a brother or sister who had not experienced university;
• agree that the worst aspects of university life are being in debt and having little money, and that student debt is a deterrent – they were over 1.5 times more likely to be uncertain than those disagreeing with these statements;
• attend a FE college rather than an independent school;
• come from lower social classes;
• be a woman; and
• be aged 21 and over.
8.3.2 Factors affecting indecision about HE entry
The reasons they were ambivalent about HE entry were varied, but the following were the most important factors in their indecision.

The financial imperative of earning a wage
The need to earn money was the most common reason respondents gave for being undecided about their HE entry. This was mentioned by nearly three-quarters of them, especially those from the two lowest social classes. Unlike non-entrants, the undecided stressed the need to earn money rather than just a desire for a job. They were three times more likely than entrants to say that they wanted to earn money rather than go to university.

Contradictory attitudes towards debt
The undecided had rather mixed and contradictory views towards debt in general. They were more inclined to hold both liberal and moralistic stances about debt. However, their general attitudes to debt were not a strong influence on their decision about HE entry. Much more significant were their negative attitudes to poor student finances and student debt.

Concerns about finances if they went to university
Undecided respondents were particularly likely to think that poor student finances and debt were negative features of the university experience – once other factors were controlled for. Indeed, those who believed that the worst aspects of university life were being in debt and having little money and that student debt was a deterrent to HE entry, were one and half times more likely to be ambivalent about HE entry compared with those rejecting these views. Over half of the undecided cited not wanting to build up debt as a reason for being unsure about going to university, and this proportion rose to over three-quarters among those from the poorest households. So both lack of money and concerns about accumulating debts contributed to their indecision.
Financial barriers to HE entry
The second most common reason given for being uncertain about HE entry was not being able to afford university. This was mentioned by over a half of undecided respondents. Moreover, the affordability issue was most marked for those from the two lowest social classes – three-quarters of them cited this reason compared with well under half from the top two social classes.

Ambivalent attitudes to HE
The feelings of those undecided about HE in general were neither as positive as those of the entrants nor as negative as the non-entrants. For instance, most of the undecided thought going to university was a worthwhile experience but not as many as entrants, yet more of them thought this than did non-entrants. They, like entrants, embraced the overall culture and values of HE unlike non-entrants. However, they were not totally convinced of the benefits of HE. Only a minority believed a degree was needed to get a worthwhile job and that there were long-term financial benefits to going to university. Such views were also reflected in their specific reasons for being undecided about HE. Half believed that the costs of studying were higher than the benefits and this figure rose to nearly three-quarters among those from the two lowest social classes.

A lack of awareness, knowledge and understanding about HE students’ finances and funding
Those ambivalent about university entry were less likely than either non-entrant or entrants to know about HE students’ average income, expenditure and final debt. They were also less likely to rate themselves as well informed about student funding arrangements and more likely to consider themselves poorly informed, especially about tuition fees and the costs of going to university. In part, this can be explained by their limited easy access to information on HE student financial support and the costs. Their ignorance is partly attributable to the fact that they were three times more likely than entrants not to have looked for any information.

Limited support and encouragement to enter HE
Most of the undecided were encouraged to go to university by those around them. However, the extent of their support was not as great as that received by entrants, but it was greater than that received by non-entrants.
Limited financial help from parents and family to fund their time at university
Those in doubt about university entrance were most likely to receive a fair or small amount of financial help from their parents and family, should they choose to go. However, they were less likely than either entrants or non-entrants to expect a great deal of financial assistance. This supports the earlier findings about the financial worries and insecurities of this particular group of respondents.

8.4 HE entrants

8.4.1 Characteristics of entrants
Some 73 per cent of the school leavers and FE students who were taking an HE entry qualification had decided to continue their studies and had applied or intended to apply to university. When similar characteristics were controlled for, these entrants were most likely to:

- attend an independent school – they were 20 times more likely to enter HE than those in the FE sector;
- attend a state school – they were 1.5 times more likely to go to university than those in the FE sector;
- be aged under 21 – they were 2.5 times more likely to go to university than those aged over 21;
- come from the highest social classes – they were twice as likely as those from the lower social classes to opt for HE;
- hold debt tolerant attitudes – they were 1.25 times more likely to enter HE than those with anti-debt attitudes;
- reject rather than accept that the worst aspects of university life were being in debt and having little money, and that student debt was a deterrent; and
- come from a black or minority ethnic group.

8.4.2 Factors affecting the decision to enter HE
The reasons they decided to enter HE were varied, but the following were the most important factors in their decision to go to university and these were often the opposite of those affecting non-entrants.
More tolerant attitudes toward debt
Entrants were less worried about debt and held the least anti-debt views. In fact, debt tolerant respondents were one and a quarter times more likely to go to university than those with less tolerant attitudes.

Positive attitudes to all aspects of HE
Nearly all entrants’ thought going to university was a worthwhile experience. The vast majority also believed that some of the best aspects of university life were meeting new people, the social life and the opportunities it gave for personal development. They were convinced of the benefits of HE in terms of its economic returns. This was also evident in their reasons for entering HE, which were primarily instrumental. The vast majority were going to university because it would help them get a better job, and three-quarters needed a degree for the career they were intending to pursue. In addition, they endorsed the values and culture of HE and most were attracted to the student lifestyle.

Positive attitudes to HE and debt
Pro-HE attitudes were associated with liberal views on debt and greater tolerance of debt. Equally, the more tolerant the respondents’ views on debt, the less likely they were to view student debt and poor finances as a negative feature of university life.

Mixed views about HE student financial support arrangements and student debt
Entrants’ views on HE student financial support were mixed and contradictory. On the one hand, they saw HE students’ financial support as a type of long-term personal investment in their future. Thus, the majority felt that borrowing money to pay for a university education was a good investment, and that it was worthwhile getting into debt to get a degree. On the other hand, they also viewed student support arrangements as a potential deterrent to HE entry. So accruing debt was not an investment but a deterrent. Such an opinion was reflected in the very high proportion who believed that students worried about the debts they build up while at university, and that the abolition of student loans and their replacement by grants would lead to greater participation.
Limited knowledge and understanding of HE students’ finances and funding
Although entrants were more knowledgeable about student finances and funding arrangements than either non-entrants or the undecided, only a minority thought they were well informed about student funding and the costs of going to university. Similarly, only a minority had found it easy to access information on financial support and the costs of going to university.

Extensive support and encouragement to enter HE
A high proportion of entrants had been encouraged by all those around them to go to university. In addition, encouragement, especially from their family and their teachers/tutors, was an important reason for deciding to go to university.

Financial help from parents and family to fund their time at university
Well over half of all entrants anticipated receiving a great deal or fair amount of financial help from their family, once the reached university. However, their family situation and social class were the main determinants of the amount of financial help they could expect to receive.

8.4.3 Entrants’ choices and behaviour
The majority of entrants were intending to take an undergraduate degree when they reached university, which they anticipated would last between three to four years.

The costs of going to university affected entrants’ decisions and HE choices, especially those of lone parents, Muslim entrants and those from the lowest social class. They all sought ways to reduce the costs of going to university, to save money, and minimise the accumulation of debt. Their most common strategies were:

• choosing a university near home;
• living at home while at university;
• selecting a subject with good employment prospects; and
• doing a course with a work placement.
This meant low-income entrants’ choices were restricted, unlike those from wealthier backgrounds, which had the greatest impact on:

• which university they attended;
• where they lived while at university;
• the subject they studied;
• the courses they took;
• the duration of their courses; and
• their qualification aim.

8.4.4 Paying for HE
Prospective HE students’ intentions about paying for their higher education varied considerably by social class and family income. Those from more affluent backgrounds were more likely than those from lower-income households to anticipate relying on commercial credit and their family to finance their university studies, and to be less dependent on term-time employment. For instance, three times as many entrants from the highest social class as those from the lowest expected to use a credit card. The most important factors predicting the likelihood of prospective students taking out student loans once they reached university were their religion and their attitudes to debt. Non-Muslim respondents and those with no religion were three and half times more likely than Muslims to anticipate taking out a loan, while those with tolerant attitudes to debt were two and half times more likely to take one out. The majority expected to take out student loans because they needed the money and their family could not afford to support them. Most also wanted a reasonable lifestyle, to be financially independent of their family and to reduce the hours of paid work they undertook.

The most significant factors predicting non-student loan take-up were associated with prospective students coming from high-income families. These included the amount of savings and parental support they could expect, and payment of tuition fees, all of which were indicative that they did not need loans. However, the most important reasons given for not taking out a loan were a dislike of borrowing and debts and concerns over repayments.

8.5 The implications for widening participation policies
A central feature of this Government’s HE policy has been the drive to increase and widen participation, especially among young people from low-income families and other groups under-
represented in the HE student population. Yet this study shows that well over a quarter of school leavers and FE students, most of who came from such groups, were rejecting HE. It also shows some of the reasons for this and some of the obstacles to realising this policy objective.

8.5.1 The impact of HE costs on HE entry and widening participation

Issues about access and participation have been linked both to the costs of HE and to the student financial support system. Concerns have focused on whether the costs of higher education prevent or deter HE entry. This is especially so since the 1998 reforms of student funding and the introduction of tuition fees. These reforms placed more of the costs of HE on to individual students because, it was argued, they were the chief beneficiaries. However, as the American research shows, rising costs affect participation. A consensus in the econometric literature is that a ‘$150 increase in net cost reduces enrollment rates by 1.8 per cent’ (McPherson and Shapiro, 1999 p.14). Nevertheless, such increases have an unequal impact on who enrols. Net costs have a negative effect on low-income students, but not affluent students’ enrolment. Hence, policies which cross-subsidise students and which are redistributive in effect, make sense in terms of economic efficiency.

The findings from this study suggest that the costs of HE and financial concerns played a major role in all prospective students’ HE entry decision-making process, including those entering HE. Prospective students weighed up the costs and benefits of going to HE. Their understanding of these costs included not just the direct costs of attending university but also the opportunity costs in terms of lost income while at university. They also considered the longer-term economic returns of HE. It was quite clear that, unlike entrants, those rejecting HE outright thought that all these costs outweighed the benefits. In addition, prospective students from lower socio-economic groups were over-represented among those rejecting HE for these reasons.

Those who were undecided about university entry remained ambivalent about the relative costs and benefits of HE. Yet this group of prospective students is particularly important to the widening participation agenda. Included within this group are those the Government wants to attract into HE. Moreover, the majority of the undecided hoped to go to university within the next five years. They are, therefore, a major potential source of HE entrants. With the appropriate information, encouragement and student financial support arrangements they could well end up going to university. If they could be encouraged to enter the Government could reach its target of 50 per cent of 18 to 30 year olds participating in HE by 2010.
The costs of HE were a barrier to HE entry for the undecided, especially those from poorer households. The majority from such low-income families felt they simply could not afford to go to university. They were drawn into the labour market rather than HE by the financial imperatives of having to earn a wage. Clearly for this group of prospective students the student financial support system was ineffective in overcoming the financial obstacles to HE entry. Although financial aid can have a positive impact on participation it was not the case for these prospective students. To surmount these hurdles, more up-front financial support with the costs of HE would be required so that these ambivalent prospective students perceived HE as affordable.

8.5.2 The impact of the student financial support system on HE entry and widening participation

It is difficult to separate issues about the costs of HE from the current system of student financial support. Concerns have centred on the efficacy of student funding arrangements both in distributing fairly and equitably the costs among and between stakeholders and in overcoming the barrier of the costs to HE entry. Questions have been raised about whether the actual student support system might act as a disincentive or obstacle – real or imagined – to people from low-income families and other groups the government most wants to attract into HE. Fundamental to this has been rising debt among HE students, especially since the abolition of student grants and their replacement with student loans. In particular, debate has focused on whether debt aversion or worries about the accumulation of debt deter HE entry. Other unease about student support has included questions about the adequacy of funding to meet students’ needs, the complexity of the system and the ‘information gap’.

This study demonstrates that certain provisions, particularly student loans, are likely to have a negative impact on HE entry. Student loans have been justified by arguments about the social and economic returns of higher education. It is assumed that students are willing to take out student loans and to accumulate debts because they know they will benefit financially and personally from going to university. In addition, it is presumed that students will be able to afford to pay off their loans because of their enhanced human capital. The income contingent nature of loan repayments acts as a safety net for those with low earnings who are unable to meet their repayments. It is supposed that students will view student loans as a type of long-term investment in their future with minimal financial risks. This study demonstrates that non-entrants rejected such ideas and arguments.
Debt aversion

A paramount factor for non-entrants deciding against HE was their attitude to debt in general. Indeed, one of the most significant findings of this study is that debt aversion deters entry into HE. Those with the most anti-debt views and most likely to be put off university are the focus of widening participation policies. Debt aversion had the greatest impact on the participation of the very groups the Government most wants to attract into HE. Therefore, student funding policies, predicated on the accumulation of debt, will deter HE entry among those with no other financial resources to call upon to fund their higher education. This includes individuals from low-income families, certain minority ethnic groups, those with children (especially lone parents), older people and those studying at FE colleges.

Debt aversion, and aversion to debt arising from student loans in particular, may not appear to be economically rational, especially given the in-built safeguards on repayments for low earners. However, decisions and choices are not informed purely by economic calculations. Other important factors, such as cultural values, also play a role – some of which are discussed further below. However, given the risks of failure, non-completion and financial hardship associated with HE participation, especially for those from low-income families, debt aversion and concerns about debt may be highly rational. Research clearly shows that the costs of participation and debt levels on graduation are inversely related to the risks involved. They are highest for those with the lowest rates of return on HE and who take the greatest risks – low-income students.

Debt aversion also had an impact on entrants. One of the most significant determinants of likely student loan take-up among prospective students was debt aversion. Those with anti-debt attitudes were twice as likely as those with more tolerant attitudes to anticipate not taking out a loan, once they reached university.

In addition, some entrants anticipated a trade-off between debt and work and vice versa because of the current HE student funding arrangements. A sizeable minority of entrants were intending to undertake term-time work either to reduce the amount of money they would have to borrow from the Student Loan Company or to avoid taking out a student loan. Current students do just the same (Van Dyke, Little and Callender, 2003). However, mixing term-time employment and study has a negative effect on academic performance and depresses students’ marks, which can make the difference between obtaining an upper or lower second degree (Van Dyke, Little and Callender, 2003). The
current funding structure puts entrants in a double bind. Either they do not work and experience acute financial difficulty and build up large debts (and so put their course at risk); or they work part-time to reduce or avoid debt so they can afford to study and complete their course (but at the risk of paying less attention to their studies, a poorer academic performance and a lower final degree grade).

Thus debt aversion and student funding provision not only affect initial entry into HE, but are also likely to impact on retention, progression and achievement – all elements of widening participation policies. Yet, these policies are actually being undermined by the Government’s current student financial support policies because of debt aversion and student loans. If the Government wants to rectify this, it will need to consider other student funding policies.

The challenge is to move from a model of student funding that acts as a disincentive to entry to one that is neutral in effect or acts as an incentive to participation, especially for under-represented groups who are debt averse. To achieve this policies have to be designed to acknowledge the differential impact of different funding tools on different income groups. The outcome of a particular policy approach, and the extent to which it has a positive, negative or neutral impact depends on the funding mechanism and the targeted socio-economic group. As research in the United States clearly demonstrates, student loans have a negative/disincentive impact on the participation of low-income groups because of concomitant student debt, but a neutral one on mid to high-income groups. By contrast grants have a positive outcome on the enrolment of low-income groups and a neutral outcome for mid to high-income groups. Tuition fees have a disincentive effect on the poor and middle-income students, but no impact on high-income students (St John, 1990; McPherson and Shapiro, 1991; St John and Starkey, 1995).

An incentive approach to student financial support is vital to attract prospective HE students currently excluded by the funding policies. Moreover, such policies already exist in the student funding system. For example, in the funding of undergraduates on initial teacher training courses and postgraduate teacher training, and the funding of students studying subjects allied to medicine. Some form of grant or additional financial support is given to all students undertaking such courses in order to encourage the take-up of these professions which are experiencing labour shortages. The idea that student funding should be an incentive lies at the heart of the means-tested Educational Maintenance Allowances (EMAs), available to 16 to 18-year-olds. EMAs were designed specifically to change student behaviour and to act as a financial incentive to improve initial access, retention and achievement levels. Their initial evaluation confirms their effectiveness in raising average participation
rates in post-16 education, especially among young men and those in urban areas (Ashworth et al., 2001). Indeed, it would be desirable if all those in receipt of EMAs were automatically eligible for some form of HE grant. This would help simplify the funding system – an issue discussed below.

This evidence strongly suggests that grants for low-income students who are debt averse would be the most effective policy for encouraging their participation. If reforms are not introduced the Government will have to hope that debt averse prospective students will change their attitudes to debt. While attitudes towards debt are changing among the general population, they are less likely to alter among the most debt averse who are the least inclined to take on credit and debt. Existing research suggests that tolerant attitudes towards credit and debt are a consequence rather than a cause of increased credit use.

Adequacy of funding from the student financial support system

This study’s findings also highlight other limitations in the student financial support arrangements that have an impact on the widening participation agenda. The first of these is related to the amount of money available to HE students. Clearly, some prospective students felt that the funds available were inadequate to meet their needs. This was a particularly important issue for those ambivalent about HE entry, and for some, was a significant reason for rejecting HE entry. The undecided were worried about how they would manage financially if they went to university and about financial hardship. They were also the least likely to get a great deal of financial support from their family, if they decided to go to university. Their concerns about the prospect of having little money while at university and about student debt were main determinants of their indecisiveness. However, debt aversion per se was not. This suggests that this group might respond especially well to changes in student funding policies that provided higher levels of financial aid. This might alleviate their fears about the financial risks associated with university entry, their unease about how they would manage financially and their anxiety about financial hardship once they reached university.

Other findings from this study concerning those who had decided to go to university also suggest that they anticipated that the money available through the student support system would not meet their needs. It was for this reason that such high proportions were intending to get a term-time job once they reached university. Although this study showed no significant variations in the likelihood of term-time working by entrants’ social class, it found marked differences depending on whether they were being educated in the private or state sector. Other research shows the likelihood of students
engaging in paid work while studying to meet their educational expenses and the hours they work are both inversely related to their socio-economic status (Van Dyke, Little and Callender, 2003).

Whatever the source of funding HE students should have an adequate level of funding so that their income does not fall below the poverty line. Equally important, the level of funding should be sufficient so that HE students’ ability to undertake their course is not compromised by having to do excessive amounts of paid work to the detriment of their studies or from excessive financial stress. This is especially important for low-income students.

The information gap and complexity of student funding arrangements

Another issue, arising from this study is the information gap and uncertainty about what funding is available. This lack of information may act as a potential barrier to participation. Prospective students’ ignorance of HE students’ income and expenditure and likely debt on leaving university, along with their lack of knowledge about student financial support, clearly affects the aim of widening participation in HE.

No prospective students were making fully informed decisions, especially those rejecting HE outright or in the short-term. Information was not necessarily reaching those with the greatest need. Potential widening participation students found it the most difficult to access information while entrants the easiest. This suggests that material on HE student financial support needs to be disseminated much more widely and not just to the most obvious target groups – HE entrants. The focus of dissemination should be on those least likely to enter HE and those who have not considered going to university.

As important as the dissemination of materials on student funding to improve knowledge is the issue of the type of information provided. Most prospective students under-estimate HE students’ income and expenditure but over-estimate the level of debt HE students are likely to accrue by the end of their studies. So details of the overall costs of participation and potential income clearly need to be made available so that prospective students can plan their finances and make greater financial preparations for HE entry. Such information may be particularly significant to those undecided about HE. As we have seen, they were the most concerned about poor finances while at university yet nearly half under-estimated HE students’ income.
A potential barrier to prospective students assessing their income while at university, and an obstacle to participation in its own right, is the complexity of the student support arrangements. In turn, this is related to the problem of the affordability of HE. Unless individuals have a clear grasp of their potential income and expenditure while at university they cannot make informed decisions about whether or not they can afford to go to university.

Student support arrangements are complex but are far more so for students from low-income families, especially those with children. Such prospective students can potentially get support from a broader range of sources within the student support system than those from wealthier backgrounds. Some of this income is mandatory while some is discretionary. Some even comes from outside the student support system altogether, namely from the social security system. The complexity of the system makes it difficult for all prospective students to calculate their income but especially low-income students. The discretionary nature of some of the funds means that some prospective students will not know if they will receive additional support, and how much, from these sources until they register and start their university course. The frequent changes in the funding arrangements add to the confusion surrounding the support available. A simplified and stable system of support which makes it clear what individuals are entitled to could help participation, especially for those in this study who were still undecided about whether or not to go to university.

Prospective students' knowledge about their potential income at university and their under-estimation of that income were very important for participation, especially among those ambivalent about university. Perhaps even more significant was their over-estimation of HE students' final debt given that debt was a deterrent to HE entry. It is likely that the overall size of student debt as well as debt per se are off-putting. It is possible that if student loan repayments were better understood then perhaps the amount of debt would be less of a concern. If prospective students had a better understanding of how repayments were calculated and the likely size of their repayments they might be less worried about taking on debt in the form of student loans.

Access to information, knowledge and awareness of student funding raise broader issues about both the dissemination of knowledge and flows of information and in turn, about respondents' cultural and social capital. The discussion above assumes that having both information and the correct sort of information is central to decision-making. This assumption underpins key aspects of the way the market is presented in government education policy (Gerwitz, 2001). However, this idea has been challenged because it ignores the whole context within which decisions and choices are made and the
notion that information is not neutral. As Hutchings (2003 p. 98) has observed,

‘The relationship between information and decision-making appears much less straightforward than is assumed … People having access to identical information about higher education may construct it to come to entirely different decisions about whether or not to apply to university. These use their perceptions of the providers of the information, as well as a whole range of contextual and identity factors.’

Hutchings (2003) highlights three reasons posited to explain why working class young people are less well informed about HE compared with those from middle-class families. First, they know fewer people who have experienced HE; second, their schools and colleges provide less information; and third, the information they need is different and more complex compared with the needs of middle-class prospective students. There is evidence in this study supporting these reasons.

In this study it is no coincidence that those finding it easiest to get hold of information on both student financial support and the costs of HE were entrants, particularly those who anticipated getting high grades and who attended independent schools. These were the very people most likely to have access to resources and support networks that could provide the necessary information. They were more likely to come from families and to attend schools with experience of university and the student support system and with the knowledge to negotiate their way through the information labyrinth. They were more likely to know individuals with first-hand experience of university. In other words, entrants and those at independent schools had access to social capital whereas non-entrants and those from lower-income families did not.

It has been suggested that FE colleges, in particular, are the least likely to provide information on HE because HE is not the focus of their careers service (Roberts and Allan, 1997) or, arguably, central to their mission. This study shows that although students at independent schools had the best access to information, they were not necessarily the best-informed about student support arrangements or the costs of HE. Examining which groups were well informed it is clear that they were typically FE college students. In addition, the fact that Access students were especially well informed about student support suggests that FE colleges targeted their information effectively.

This brings into question, therefore, who receives information and the extent to which it is a reflection of teachers and tutors expectations about their students and whether they are considered or constructed as ‘university material’. This study cannot answer this issue directly but the data collected on the support received by prospective students give some insights. There was a tendency for staff in schools and the FE sector to encourage entrants rather than non-entrants. For instance, 94 per cent
of those at state schools received encouragement from their teachers to go to university compared with 60 per cent of those not intending to enter HE. The equivalent figures for FE students were 91 per cent and 62 per cent respectively. However, there were no such differences among prospective students at independent schools. All were encouraged by their teachers to go to university. This reflects the assumptions that independent schools make about their pupils – all will go to university and so all are given the support and information required for HE entry. Clearly, no such assumptions were made by staff at state schools or FE colleges as they were far more likely to be teaching individuals with more diverse abilities, aspirations, and expectations. Some teachers and tutors may have made negative assumptions about their students’ potential. Consequently, they may have failed to give some the support, encouragement and perhaps information to enter HE. It should be noted that teachers and tutors work within very different environments in state schools and FE colleges and do not have access to the same resources as those in the independent sector and this may also explain why there were differences in the support, encouragement and information provided.

There is some evidence from this study that working class or low-income students may need more complex and different information on student support and the costs of HE. Non-entrants were more likely than entrants to come from lower income families, to be older and more likely to have children. Consequently, their financial situations were likely to be more complicated. Certainly, the relevant student support arrangements would be far more complex for them compared with single and younger prospective students from high-income families.

Thus, the absence of family experience, differential distribution of information by educational institutions and the greater complexity of information required may have led to greater confusion or a limited understanding of the information and their choices.

**Entrants’ HE choices and behaviour**

It is quite clear from this study that the costs of HE also affects entrants’ choices. Once prospective students decide to go to university, some try to minimise their costs and debt and to save money by going to universities and enrolling in courses offering financial security at the expense of human and cultural capital. This is especially the case for students from disadvantaged backgrounds and from low-income families.
The cost of HE for low-income prospective students has the effect of restricting their choices, unlike those from wealthier backgrounds. The strategies they adopt for coping with the costs of HE limit their choice of: university; where they live while at university; what they study; what courses they take; the duration of their courses; and their qualification aim. These choices are likely to reproduce status differentiation. They might mean that low-income students are unable to maximise their academic potential. In addition, they could lead to possible social class and ethnic differences in the experience of HE. Changes in student funding policies are required, therefore, to maintain a socially and ethnically diverse student population and to ensure that prospective students’ choices are not limited by their income.

8.5.3 The impact of non-financial factors on HE entry and widening participation

The discussion above has focused on the financial factors influencing prospective students’ decision to enter HE and choice of university. It implicitly draws on ideas about rational economic choice. However, the study also revealed significant non-financial issues influencing prospective students’ thinking and behaviour. Indeed, in debates on HE, entry non-economic factors are considered as important, if not more important, than economic factors.

Attainment and ability are seen as the most important non-economic factors determining HE participation (HEFCE, 2001). Research shows the underachievement of individuals from lower socio-economic groups. Differences in prior attainment are considered the main reason for the socio-economic participation gap in HE. Thus, attainment and ability are central to increasing and widening participation.

However, this study confirms that raising achievement levels is only part of the answer to the access challenge. All the respondents in the study were in their final year, working towards an HE qualification, either at school or at a FE College. It is unlikely, therefore, that HE was a non-choice, an option that lay outside their normal social landscapes. For most, HE was a choice and something they had to decide upon, even if this meant refusal and rejection. Indeed, over a quarter rejected HE when surveyed, which was before they sat their A-level examinations (or equivalent). Some might not have expected to gain the grades required for HE entry. However, a sizeable minority were actively choosing not to go to university, particularly those from low-income families. This observation adds weight to the findings of other research demonstrating that, even when ability is controlled for, participation rates in HE rise with family income (NCIHE, 1997; Choy, 1999; HEFCE, 2001).
Such research findings beg the question of why it is that even those with the necessary HE entry qualifications still reject HE. Some commentators explain this conundrum by the ‘poverty of aspirations’. However, the whole notion of the ‘poverty of aspirations’ individualises the issue of non-participation and fails to acknowledge significant external influences that shape individual choices.

It is clear from this study that cultural frames of reference and different opportunity structures shaped prospective students’ decisions. The cultures and values informing their education and family environment influenced the way they framed and made their educational choices. This was particularly well illustrated by the marked variations in prospective students’ attitudes towards HE associated with their social class and the educational institution they attended. Those deciding against HE and from lower social classes had more negative views about HE.

Identity affected the way prospective students of different social classes constructed, experienced and negotiated their educational opportunity structures and framed their choices. In particular, identities structured the resources and capital, both cultural and social, available to respondent groups, which mediated their potential and likelihood of participating in HE. As Ball et al (2000 p. 24) have suggested, ‘identity is socially and culturally ‘located’ in time and space and inflected by rejection, displacement and desire. Post-16 ‘choices’ are bound up with the expression and suppression of identities.’

The primarily quantitative nature of this study limited the exploration of these issues in any depth. However, the data on respondents’ attitudes towards HE were very revealing. The finding that learner identities were not dominant features of the lives of non-HE entrants, unlike entrants, is important. So too, was the finding that non-entrants tended to reject the values and culture of HE, again unlike entrants. Universities and a potentially impoverished student life were not for them. By contrast entrants embraced HE’s values and were attracted to the student lifestyle. Non-entrants were inclined to resist the dominant discourses around HE participation and to rebuff a student identity. Put simply, they did not buy into the whole idea of HE, what it stood for, or what it offered.

Instead, most non-entrants were drawn to the labour market and the identity a job, and earning a wage, could offer. Paid work, therefore, was a potential source of identity, social status and income (Jahoda, 1982). Non-entrants were opting to define themselves through paid work. Moreover, by disagreeing that HE education was needed for a decent job they were dissociating education and qualifications from money and work. In addition, by discarding the opportunities HE potentially
afforded for personal development they called into question some of the intrinsic rewards of doing a degree. Immediate employment prospects took precedence over the longer-term benefits of HE. The costs and risks of HE outweighed the benefits.

It is also clear from this study that non-entrants, in marked contrast to entrants, gained only minimal support and encouragement to go to university from those around them. Teachers and tutors were the most common source of support. However, as discussed above, non-entrants were less likely than entrants to receive such support, especially those studying in the state sector. This was just one way in which non-entrants opportunities were structured by their learning environment.

Research suggests that parental encouragement is highly influential in the decision-making process about going to university, especially among younger people (Gilchrist et al, 2003). This study also revealed that there were very pronounced differences between non-entrants and entrants in terms of the amount of encouragement they received from their parents. Non-entrants were far less likely to receive such support than entrants were. Moreover, they were even less likely to receive this parental encouragement if their parents had not been to university.

Conversely, parents were also the most common source of discouragement among non-entrants. In addition, those who were discouraged from going to university by their parents were far less likely to enter HE. Women non-entrants, in particular, were likely to encounter family resistance to their potential participation. Other studies with similar findings suggest this may be because working class women who want to go to university are trying to ‘get above their station’ or to escape (Archer and Leathwood, 2003 p. 189).

Non-entrants’ greatest opposition and discouragement came from people they knew who were at university. These current HE students were a source of cautionary tales, reinforcing non-entrants’ overall views about HE and the costs and benefits of participation. By contrast, none of those at independent schools experienced such discouragement from current students, quite the reverse – they only received positive encouragement.

This illustrates just how significant such ‘soft’ informal sources of information are in decision-making. Indeed, others commentators have made the distinction between ‘hot’ knowledge acquired through the grapevine, and ‘cold’ knowledge derived from official and informal knowledge in parents’ decision-making about which school to send their children (Gerwitz et al, 1993). These ideas have been be
applied to HE entry decision-making too, and reveal similar findings (Hutchings, 2003). They show how all prospective students use ‘hot’ knowledge to inform their decision-making. However, working class prospective students rely more heavily on ‘hot’ knowledge, have greater trust in such sources and are less likely to supplement it with ‘cold’ knowledge, unlike those from wealthier backgrounds. Thus, what is salient are the nature of, and the use of, prospective students’ networks, or social capital, which will vary by location and social class. It would appear from this study that non-entrants had networks reinforcing their rejection of HE while networks strengthening their decision to enter HE surrounded entrants.

Finally, it is clear that a lack of self-confidence and self-esteem were also important reasons for rejecting HE among a large minority of non-entrants, and those still undecided about HE, especially from the lowest social classes. Despite the fact that all respondents were studying for a HE entry qualification they did not feel prepared or qualified to study at university. In other words, they did not believe in their ability. Thus fear of failure and lack of self-esteem were other factors and obstacles to HE entry that may well have been reinforced by the lack of encouragement received. Again, this points to the importance of such support. In this study career advisors were an insignificant source of support, particularly for non-entrants, a finding echoed in other studies (Connor et al, 2001). This may change with the new Connexions service, although some commentators are concerned that the new service does not concentrate on HE options as much as some would like. These findings suggest that prospective students need more positive reinforcement of their abilities from those around them. However, to have an impact, this must start far earlier in their educational careers.

It is not obvious how prospective students’ cultural frames of reference, cultural and social capital and opportunity structures can be improved or altered through policy. The current widening participation strategies promoted by the Government, Higher Education Funding Councils and individual HEIs are certainly an important contribution. More could be learnt from existing good practice (Universities UK, 2002) and the moves to include younger children to help raise aspirations are critical. However, perhaps their scope needs extending and their remit widened to attract even younger school children.

8.6 The implications for policy

- Widening participation policies are being undermined by the current student financial support arrangements.
- Policies which cross-subsidise students and are redistributive in effect, make sense in terms of economic efficiency.
• Debt aversion has the greatest impact on the participation of the very groups the Government most wants to attract into HE.

• Student funding policies, based on the accumulation of debt, deter participation among those who are the focus of widening participation policies.

• Student funding policies, which act as an incentive to enter HE, rather than a disincentive, need to be introduced.

• The costs of HE are a barrier to HE entry, especially among those ambivalent about HE. More up-front financial support is required so that HE is affordable.

• Student grants, rather than student loans, would attract more under-represented groups into HE.

• The funds available to HE students through the student financial support system need to be increased. They should be sufficient so students’ ability to undertake their course is not compromised by having to do excessive amounts of paid work, to the detriment of their studies, or by excessive financial stress.

• Discretionary funds within the student support system should be converted into mandatory funds to simplify the system and make it cheaper and easier to administer.

• The perceived costs of HE for low-income groups need to change so they can maximise their academic potential.

• Changes in student funding policies are required to maintain a socially and ethnically diverse student population.

• More information on student financial support is required, targeted at under-represented groups.

• Current widening participation initiatives need to be extended and their remit broadened.

8.7 Summary

8.7.1 Key findings

In this study 15 per cent of school leavers and FE students who were taking a HE entry qualification decided against continuing their studies and rejected university. A further 12 per cent were still undecided about whether or not to go to university, and 73 per cent had decided to go. HE entrants and non-HE entrants had very different characteristics.
The main factors distinguishing between different HE entry decisions were associated with prospective students’:

- attitudes towards debt;
- desire or need for a job and to earn money;
- concerns over finances if they went to university and financial barriers to entry;
- attitudes towards HE in general;
- attitudes towards the culture and values of HE;
- views of student financial support arrangements;
- awareness, knowledge, and understanding of HE students’ finances and funding;
- access to information on HE student financial support;
- the amount and nature of support and encouragement received to enter HE; and
- the amount and certainty of financial help from their parents with the costs of HE.

Entrants, especially from low-income families, adopted a range of strategies to minimise HE costs and debt, and to save money, all of which tended to limit their HE choices, such as which university to attend and what course they took.

Entrants’ intentions about paying for HE varied considerably by social class. Wealthier prospective students anticipated relying on their family and commercial credit to help pay for their time at university, while poorer prospective students were more likely to depend on student loans and paid employment. These findings have considerable implications for the Government’s widening participation policies.

### 8.7.2 The impact of HE costs and the student financial support system on HE entry and widening participation

#### The costs of HE

The costs of HE and financial concerns affected participation. They had a particularly negative effect on low-income prospective students but not affluent students’ enrolment. Hence, policies which cross-subsidise students and are redistributive in effect, make sense in terms of economic efficiency. The costs of HE were a barrier to HE entry, especially among those ambivalent about HE. To surmount these hurdles, more up-front financial support with the costs of HE would be required so that they perceived HE as affordable. If they could be encouraged to enter, the government could reach its target of 50 per cent of all young people participating in HE by 2010.
For non-entrants, the overall costs of HE, both the direct and the opportunity costs of participation - outweighed the benefits of HE, including its private and economic returns.

**Debt aversion**

Debt aversion deterred entry into HE and had the greatest impact on the participation of the very groups the Government most wants to attract into HE. Student funding policies, predicated on the accumulation of debt, will deter HE entry among those with no other financial resources to call upon to fund their higher education. So the Government’s widening participation policies are being undermined by their student funding policies.

The challenge for Government is to move from a model of student funding that acts as a disincentive to entry, to one that is neutral in effect, or acts as an incentive to participation. The incentive approach would be most effective in attracting prospective students currently excluded by the student funding system. Such policies already exist and have proved effective in widening participation. They could be expanded to other potential students from low-income backgrounds.

Debt aversion also affected those intending to go to university. It was the key determinant of their potential take-up of student loans. Debt averse entrants were intending to trade-off term-time employment against debt accumulation through student loans, once at university. This is likely to have a negative impact on their academic success.

**Adequacy of provision in the student support system**

The funds available to HE students through the student financial support system were considered inadequate. This was a major contributor to the indecision of those ambivalent about HE and a barrier to participation. Whatever the source of funding, HE students should have an adequate level of funding to meet essential needs. Their income should not fall below the poverty line. Thus, the level of funding should be raised for low-income students.

The level of funding should be sufficient so HE students' ability to undertake their course is not compromised by having to do excessive amounts of paid work, to the detriment of their studies, or by excessive financial stress. The level of funding should be sufficient so HE entrants do not have to compromise and limit their educational choices. Currently they opt for financial security at the expense
of their human capital. This leads to the reproduction of status differentiation and the greater polarisation of HEIs along class and ethnic lines.

Lack of certainty about what discretionary funds might be received also acts as a barrier. Consideration should be given to converting most discretionary funds into mandatory funds. This would not only make it easier for prospective students to know their potential income in advance of HE entry, but such funds are also likely to be less costly and easier to administer.

**Information gap and complexity of student financial support**

The lack of information on student financial support acts as a barrier to entry. More information specifically targeted at widening participation students and those least likely to enter HE is required. The distribution and dissemination of such information should be as wide as possible so that receipt of it does not depend on gatekeepers’ judgements of whether or not the individual is considered or constructed as ‘university material’. More information might focus more on student loan repayments as this may alleviate some prospective students’ fears about debt.

The complexity of student funding arrangements is a barrier to entry and makes the interpretation of information supplied difficult to understand and interpret. This is especially so for older low-income prospective students with children. Their financial situations were likely to be more complicated and the relevant student support arrangements far more complex. This suggests supplying information targeted at student parents.

### 8.7.3 The impact of non-financial factors on HE entry and widening participation

The ‘poverty of aspirations’ has been used to explain the rejection of HE. This idea is unhelpful. It tends to individualise non-participation and is based on a deficit model of the individual. It fails to locate individuals in a world shaped and influenced by structural, social and cultural forces. Prospective students’ decisions were structured by cultural frames of reference and different opportunity structures including their cultural and social capital. The cultures and values informing their schooling and family environment influenced the way they framed and made their educational choices and their attitudes towards HE.
Non-entrants, in contrast to entrants, rejected the values and culture of HE, and rebuffed a student identity. They did not buy into the whole idea of HE, what it stood for, or what it offered, and devalued its benefits. Instead, they opted for a job and the identity, social status, and income derived from employment. Non-entrants received little encouragement to go to university by those around them, unlike entrants. They lacked self-esteem and faith in their ability to succeed in HE. Their social capital tended to reinforce this, and their rejection of HE. In contrast, entrants’ social capital strengthened their decision to enter HE.

Changing cultures and values are not readily amenable to government policy interventions. Moreover, the most effective policies may well lie outside the sphere of educational policies. However, at a minimum, the current widening participation policies funded by the respective HE Funding Councils, DfES and the devolved administrations in the UK, can go some way towards helping individuals think again about HE and its role in their lives. Such policies should be extended so that they reach school children earlier in their education careers.
8.8 Recommendations
The following recommendations are biased towards HE student funding in England.

To government and funding bodies

Financial levers
1 Introduce economically efficient funding policies which cross-subsidise students and are redistributive in effect.
2 Change current student financial support arrangements because they undermine widening participation policies.
3 Devise student funding policies to reduce student debt because those based on the accumulation of debt deter participation among those who are the focus of widening participation policies.
4 Formulate student funding policies that act as an incentive to enter HE, rather than a disincentive such as Educational Maintenance Allowances (EMAs) for low-income 16-19 year olds. Those in receipt of EMAs should be guaranteed automatically a grant in HE.
5 Meet the target of 50 per cent of 18-30 year olds participating in HE by 2010 by encouraging those undecided about university to enter HE. Most of the undecided want to go to university and with the appropriate policies they could resolve their indecision.
6 Reduce the price of HE because it is a barrier to HE entry, especially among those ambivalent about HE and introduce more up-front financial support to make the undecided feel more financially secure and believe HE is a less risky investment and an affordable choice.
7 Re-introduce grants to attract more students from under-represented groups into HE.
8 Raise the levels of funding available to HE students so they have enough money to meet essential needs and so their ability to undertake their course is not compromised by having to do excessive amounts of paid work to the detriment of their studies, or from excessive financial stress.
9 Reject implicit or explicit assumptions in the student funding system that HE students augment their income by undertaking paid work while studying.
10 Reduce the price of HE so those low-income entrants can maximise their academic potential and do not have to limit or compromise their educational choices, so that, in turn, a socially and ethnically diverse student population is maintained and the HE sector does not become differentiated and polarised.
11 Convert discretionary student support to mandatory funds so that prospective students know their potential income in advance of HE entry. This change would also help to simplify the system and to make it cheaper and easier to administer.

12 Reduce the complexity in the provision of student support.

**Non-financial levers**

13 Prioritise the dissemination of information on student finances and funding to teachers, FE lecturers and parents as they are the most influential in young peoples’ decision making about HE entry and ensure that all of them have a clear and accurate understanding of HE students’ income, expenditure and likely debt and the general costs of going to university so that media ‘myths’ are not perpetuated.

14 Provide more information on student loan repayments to help alleviate the fears of some prospective students’ about debt accumulation.

15 Target more information on student support at groups under-represented in HE and disseminate this to all prospective students, not just to those more likely to enter HE.

16 Create information products for groups with particularly complicated financial situations such as potential students with children and those in receipt of social security benefits.

17 Present information in ways that are more imaginative. For example, develop an interactive ‘ready-reckoner’ so prospective students, parents, teachers, FE lecturers, careers advisors can assess the potential income from student support and other potential sources of income along with likely expenditure and debt and make this available through the DfES website and on disk and distribute it to schools, FE colleges, careers advisors, Connexions and prospective students.

18 Extend and broaden the remit of current widening participation initiatives such as the Excellence Challenge and AimHigher.

**To higher education institutions**

19 Play a more central role in the distribution of information on student support and the costs of HE for example, by supplying prospective students at open days and other events with such information and by giving them access to institutions’ student support services and student funding specialists and advice workers.
20 Include in open days and other events informal discussions between prospective students and current students and be more proactive in arranging for current students or 'university ambassadors' to talk in schools and colleges about their experiences of HE.

21 Target such events at pupils in disadvantaged areas who are less likely to know people who have been to university so they can have a better understanding about what universities are like.

22 Aim widening participation events at the parents of potential students so they are well informed and understand the benefits of university so they can help encourage their children to enter HE.

23 Nurture and maintain more links with schools and FE colleges, especially in disadvantaged areas and provide as much access as possible to resources, facilities and staff to help demystify universities and to help to develop students’ predisposition towards entering HE.

24 Expand existing widening participation strategies to help individuals reconsider HE and its potential role in their lives, including mentoring programmes and disseminate more widely good practice in the provision of information and widening participation strategies.

To schools, colleges and others

25 Initiate awareness events for pupils and students and their parents aimed at explaining the longer-term benefits of successfully completing school, college and higher education courses and the role of qualifications in their future.

26 Distribute information on the benefits of HE and student finances and funding through events aimed at the parents of potential students so that they are well informed and can help encourage their children to enter HE.

27 Expand existing widening participation schemes that actively encourage pupils and students to enter HE and provide support and information to all pupils and students taking relevant qualifications, irrespective of their plans on leaving school or college.

28 Ensure that all staff who provide careers advice to pupils and students are well informed about HE student finances and funding and rely on appropriate and reliable sources of information.

29 Distribute and disseminate information on student finances and funding more widely to pupils and students so that its receipt does not depend on staff judgements of higher education potential.
Postscript
This study and the report of its findings were completed before the publication of White Paper *The Future of Higher Education* (Cm 5735) on 22 January 2003. It is not clear if all the proposals announced will be introduced, as some require primary legislation. In addition, some of the finer details of the reforms are yet to be made public. Thus it is not possible at this stage to give a full assessment of what the White Paper is offering and of its potential impact. However, it is worth considering how the main proposals outlined for student financial support might affect the issues outlined in this study, and the recommendations discussed above. This discussion will focus exclusively on these aspects of the White Paper while acknowledging that other recommendations such as those related to access may improve participation and benefit many of the individuals included in this study.

The main changes to student funding are as follows:

- From 2004 a means-tested Higher Education Grant of up to £1,000 per year for students from households with incomes below £20,000. The full £1,000 will be paid to students whose household income is £10,000 or less.
- From 2005 a rise in the student loan repayment threshold from £10,000 to £15,000 a year.
- From 2006 variable tuition fees of up to £3,000 per year to be paid after graduation.

Student loans for living expenses remain unchanged. However, the government is committed to reviewing their adequacy, which is welcomed. Similarly, help with tuition fees up to the current level of £1,100 remains unchanged.

The restoration of means-tested grants for the poorest students is a very positive development. It was clear from this study that they have an important role to play in facilitating widening participation. The grants should help to reduce student debt among low-income students, which as this study shows is major obstacle to participation. In addition, these grants will provide more financial help with the up-front costs of going to university, another barrier to participation identified by this study.

About 43 per cent of all of all students will benefit from the new grant: 30 per cent will receive the full grant and 13 per cent a partial grant. By contrast, around 70 per cent of all students received some grant under the old maintenance grant regime. The new grant holders will be the same students currently getting their tuition fees paid in full. Most recipients will be aged 25 and over without an independent source of income, if they give up a job or come off social security benefits to go to
university. Fewer younger students from low-income families will benefit. According to the Family Resources Survey 2001-2, only seven per cent of families with one or more dependent children aged 16, 17 or 18 have a total family income of less then £10,000 per annum. Thus, a key target group of the widening participation policies – young people from disadvantaged families – will form only a minority of recipients of the full grant.

The government acknowledges that the grant has been fixed at a ‘relatively modest level’. However, there is a possibility that grant levels may rise following the comprehensive spending review negotiations for 2006 onwards. In the meantime, it is unclear whether the maximum payment of £1,000 will be a large enough incentive to change the attitudes of the debt averse non-entrants in this study. Nor is it evident that the £1,000 will be adequate to overcome the financial barriers to HE entry, particularly among those undecided about HE entry. Furthermore, we will have to wait and see whether the £1,000 will be sufficient to affect entrants’ HE choices and their behaviour once they reach HE, especially their propensity to take on paid employment while studying.

The White Paper missed the opportunity of linking the receipt of the new student grants more directly with existing Educational Maintenance Allowances for 16-19 year olds. It would have been helpful if young people in receipt of the full EMA could have been guaranteed receipt of the full HE grant. This would have aided a seamless transition in funding for school leavers and FE college students into HE and aided the simplification of student funding across these sectors. However, this is unlikely to happen. First, the income threshold for receipt of the full new HE grant has been set at a lower level than the EMA threshold for a full allowance (£10,000 per annum compared with £13,000). Secondly, the full HE grants will be worth less than the full EMA, so school leavers and FE students will receive a smaller grant on entry into HE (£1,000 a year compared with £1,500 from 2004). It is possible that these options were rejected because of the additional costs involved. In addition, the proposed income threshold for full grants is the same as the threshold for the assessing the payment of tuition fees – so arguably, unless the tuition fee threshold was raised, a complication in the HE student funding system would have been introduced.

The removal of up-front tuition fees is another welcome feature of the recommended changes to student funding outlined in the White Paper. This too will help reduce the up-front costs of going to university. It will be of particular benefit to students and the families of students, with incomes over £20,480, who currently have to make some contribution to tuition fees. However, the potential disadvantage of this change is that it will lead to an increase in debt.
Perhaps of greater concern is the potential impact of the suggested introduction of variable tuition fees of up to £3,000 per year. These tuition fees, paid after graduation, are likely to increase student debt, especially for low-income students, which as this study showed deterred their participation in HE. The White Paper envisages that the first £1,100 of any tuition fees will be means-tested – just as they are now. So the government will pay the first £1,100 of low-income students’ fees. However, any additional tuition fees charged on top of £1,100 will not be means-tested, so all students will have to pay them irrespective of their income. So, low-income prospective students wanting to go to universities charging the maximum tuition fees of £3,000 will have to ‘find’ the money to pay the difference of £1,900.

The information currently available suggests that low-income students will have three main options for paying these additional tuition fees. First, they can just add the costs of the fees to any existing student loan debt, and pay back the fees once they graduate – increasing their debt by around £5,700 by the time they graduate. Secondly, they could use their new grant to off-set part of the costs of the additional tuition fees, and pay the remainder once they graduate – adding at least £2,700 to their final debt on graduation. Finally, they could try to get financial help directly from their university. This could be in the shape of a bursary, grant, or fee remission. It is impossible to say at this point who will be eligible for such support, or how widespread it will be.

The 2003 White Paper recognises that student support will not be effective unless it is better understood. It proposes increasing the amount of student support explanation and promotion to prospective students, their families and advisors. It also suggests improving the awareness of prospective students of the amount of student support available and targeting traditionally under-represented groups in HE. According to the White Paper, AimHigher will incorporate within its remit the improvement of awareness about student support.

These proposals are also very welcome as this study clearly showed that both a lack of understanding of the student support system and poor access to information were barriers to HE entry. Few details are given as to the type of information to be disseminated. This study suggests that information on the costs of going to university along with potential students’ likely expenditure and debt on graduation are as important as material on their potential income through the student support system. Such information may be of particular significance in helping to alleviate some prospective students’ fears about the accumulation of debt.
Another highly valuable focus of the White Paper is its chapter on fair access. Here we see the re-
iteration of the government’s commitment to widening participation. In this context, the increase in the
level of support provided by the Excellence Challenge and the widening of its coverage is a further
positive proposal. So too is the planned launch of a national outreach programme operating in
disadvantaged areas.

Overall, it is not possible to say if low-income students will be better off as a result of the reforms of
student funding. They may well benefit from other aspects of the White Paper not discussed here.
However, a key criticism of the White Paper voiced to date, is the potential impact of variable fees. In
particular, concerns that prospective students’ HE choices are likely to be dominated by financial
concerns, except for those from wealthier backgrounds. There is some foundation for such worries
from the findings of this study. This study showed that low-income students adopted a range of
strategies to minimise HE costs and debt and to save money, all of which limited their HE choices
such as which university to attend and what course to take. What is open to question is whether these
students’ choices will be restricted yet further by some of the proposed changes in the White Paper.
Only time and further research will tell.
References


Department for Education and Skills (DfES) (2002a) Hodge simplifies financial support for student most in need, DfES Press Notice, 28 November.


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Appendix I - Methodology

Introduction
The NOP Research Group was commissioned by South Bank University and the Open University Centre for Higher Education Research and Information (CHERI) to carry out a survey on sixth form and FE students’ perceptions of debt, on behalf of Universities UK and HEFCE. Fieldwork took place between March and June 2002.

This methodological appendix provides a full description of the methodology and survey procedure.

Summary of methodology
A stratified random sample of schools and colleges was taken.

Prospective HE students, i.e. final-year sixth form and FE students, studying courses that would qualify them for entry to higher education, were surveyed.

Data was collected using a paper self-completion survey carried out in class

Final data were weighted to the national profile of students by establishment type and qualification taken.

Sampling

Respondent eligibility
The survey targeted prospective HE students, i.e. final-year students in FE and sixth forms who were studying courses that would qualify them for entry to higher education. The following courses were eligible:

• A2 (A-levels), Scottish Advanced Highers (CSYS) and Scottish Highers (for students in year S6);
• Vocational A-levels (AVCEs), NVQ level 3 or equivalent eg GNVQ level 3, SVQ level 3; and
• Access to HE.
**Sample design**
A random sample survey was required. The sampling frame was designed with targets for achieved sample size in certain subgroups. These were:

- prospective HE students currently in year 13/Sixth Year at school or sixth form college, studying eligible courses: 1,000;
- prospective HE students currently aged 19 or under in FE college, studying eligible courses: 1,000; and
- prospective part-time and mature HE students' currently attending FE college, studying eligible courses: 500.

**Sampling frame**
Institutions (schools and colleges) were used as the primary sampling points. One hundred primary sampling units were selected, of which 40 were schools/sixth form colleges and 60 were FE colleges. The balance between schools and colleges was chosen in order to achieve the target sample sizes in the subgroups described above.

The sampling points were selected by sampling Local Education Authorities (LEAs). (LEAs do not run FE institutions, however each one was allocated to its local LEA for the purpose of sample stratification.) LEAs were stratified first by standard region (ie government office region), and then within each region by deprivation index score, to avoid bias by region or relative deprivation levels. Population sizes vary between LEAs, and, typically, larger LEAs have higher deprivation indexes, and the top half of the deprivation scale contains 63% of the population. To counter for this, twice as many LEAs were selected from the top half of deprivation scale as from the bottom half of the deprivation scale.

On this basis, 60 LEAs were chosen for selecting the sample of FE colleges, and 40 LEAs were chosen for selecting the sample of schools/Sixth Form colleges. A first and a second choice institution were chosen at random from each of the LEAS. Third and fourth choice institutions were chosen later, also at random, if first and second choice failed to respond or declined to participate. In LEAs in which
there was only one FE college, the second/third/fourth choice institutions were chosen from another LEA within the same region, with approximately the same deprivation profile.

The distribution of sampling points by region and deprivation index is shown in Table 1 and 2 below.

Table 1 Distribution of school/sixth form sampling points by region and deprivation

<table>
<thead>
<tr>
<th>Schools sampling points</th>
<th>Deprivation 50%</th>
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<th>Grand Total</th>
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<tr>
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<td>1 (least deprived 50%)</td>
<td>2 (most deprived 50%)</td>
<td></td>
</tr>
<tr>
<td>Government Office Region</td>
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<td></td>
<td>Grand Total</td>
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<tr>
<td>Yorkshire and The Humber</td>
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Table 2 Distribution of FE college sampling points by region and deprivation half

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<th>FE colleges sampling</th>
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Gaining co-operation of sampled institutions

Prior to sending out questionnaires, the co-operation of the sampled institutions was gained. This was done via letters to the head teacher/principal of each institution, who could reply using fax, email or a freepost address. Gaining co-operation was carried out as follows:

- request for participation sent;
- reminder sent if no response after two weeks;
- request sent to second choice institution if no response from first choice after two weeks;
- reminder sent if no response after two weeks;
- request sent to third choice institution if no response from second choice after two weeks; and
- so on.
Of those schools/sixth forms that agreed to take part, 49 per cent were first choice schools, while the comparable figure for FE colleges was 62 per cent. The full distribution is shown below.

Schools and sixth form colleges:

- Twenty first-choice schools agreed to take part.
- Seven second-choice schools agreed to take part.
- Fourteen third- or fourth-choice schools agreed to take part.

FE colleges:

- Thirty-seven first-choice colleges agreed to take part.
- Six second-choice colleges agreed to take part.
- Seventeen third- or fourth-choice colleges agreed to take part.

**Sampling within institutions**

For logistical reasons, institutions were asked to administer the survey in classes (rather than distributing to students at random). There were several reasons for administering the survey in classes. Firstly, it is administratively convenient for everything to be done in a school to be completed in one short period of time. Secondly, as questionnaires would be handed in at the end of the class, there would be no need to repeatedly chase up those who had been given a questionnaire but who had not yet returned it. Thirdly, because everyone filled in the questionnaire at the same time, there would be no opportunity for students to compare notes, or bring answers into line with what others had written. Finally, a class-based sampling approach is easier to explain to participants than any system which involves selecting individual students from the total roll.

Schools/sixth form colleges were instructed to distribute questionnaires to A-level/Highers classes, unless AVCE students were also present, in which case the questionnaires were split 50/50 between the two. They were asked to select a balance between humanities and science subjects. FE colleges were instructed to distribute evenly between the three qualification groups (A2 or Highers; NVQ level 3 or equivalent; Access to HE). Within this, FE colleges were asked to select a balance between full-time and part-time students and younger and mature students.
Data collection methodology
The data was collected using in-class self-completion questionnaires. Once co-operation had been gained from an institution, a pack of 30 questionnaires (for schools/sixth form colleges) or 40 questionnaires (for FE colleges) was despatched, together with instructions for carrying out the survey.

Institutions were asked to distribute the questionnaires to classes for in-class completion by students, collect the questionnaires and return them in bulk to NOP. Envelopes labelled with NOP’s freepost address were enclosed for the return of questionnaires.

Reminder emails and phone calls were made to schools that had not responded two weeks before the Easter holiday, and further reminders were made during the summer term. All non-responding institutions received at least two personal reminders.

Questionnaire and pilot
The questionnaire was designed by CHERI/South Bank University with comments on the wording and design from NOP. The project executives piloted the questionnaire, with a group of students from an FE college and a group of students from a school sixth form. Minor changes were made to the wording as a result of the pilot.

Response rates

Response rate by institutions
In total, 101 institutions (at 101 sampling points) agreed to take part, of which 58 were FE colleges and 43 were schools/sixth form colleges. Eighty-two of these institutions (81 per cent) returned completed questionnaires to NOP.
Table 3 Institution response rate by type of establishment

<table>
<thead>
<tr>
<th>Type of establishment</th>
<th>Agreed to take part</th>
<th>Actually took part</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1 (community school)</td>
<td>19</td>
<td>16</td>
<td>84%</td>
</tr>
<tr>
<td>Type 2 (voluntary aided school)</td>
<td>10</td>
<td>6</td>
<td>60%</td>
</tr>
<tr>
<td>Type 3 (voluntary controlled school)</td>
<td>1</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Type 5 (foundation school)</td>
<td>2</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Type 11 (independent school)</td>
<td>8</td>
<td>8</td>
<td>100%</td>
</tr>
<tr>
<td>Type 18 (FE college)</td>
<td>58</td>
<td>47</td>
<td>81%</td>
</tr>
<tr>
<td>Type 19 (sixth form college)</td>
<td>3</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>82</td>
<td>81%</td>
</tr>
</tbody>
</table>

Response rate by students
The final response rate by students was 1954 out of 3582 questionnaires sent, a response rate of 55 per cent. The response rate by type of establishment is shown in the table below. Please note the non-response can be attributed to institutions failing to administer/return the questionnaires as well as students failing to complete the questionnaires. Once the survey was underway, we found many instances in which the schools and colleges had not followed the instructions. The main problems encountered were with institutions handing out questionnaires at random without allocating class time for the students to fill them in; not collecting the questionnaires at the end of a class; and distributing questionnaires to too few students. This undoubtedly had an adverse effect on the final response rate. A small number of institutions reported that some students did not wish to use class time to complete the survey.
<table>
<thead>
<tr>
<th>Type of establishment</th>
<th>Questionnaires sent out</th>
<th>Questionnaires returned</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1 (community school)</td>
<td>571</td>
<td>325</td>
<td>57%</td>
</tr>
<tr>
<td>Type 2 (voluntary aided school)</td>
<td>273</td>
<td>98</td>
<td>36%</td>
</tr>
<tr>
<td>Type 3 (voluntary controlled school)</td>
<td>30</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Type 5 (foundation school)</td>
<td>60</td>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td>Type 11 (independent school)</td>
<td>238</td>
<td>191</td>
<td>80%</td>
</tr>
<tr>
<td>Type 18 (FE college)</td>
<td>2320</td>
<td>1194</td>
<td>51%</td>
</tr>
<tr>
<td>Type 19 (sixth form college)</td>
<td>90</td>
<td>86</td>
<td>96%</td>
</tr>
<tr>
<td>Total</td>
<td>3582</td>
<td>1954</td>
<td>55%</td>
</tr>
</tbody>
</table>

**Weighting**

Final data was weighted to the national profile of students by establishment type and qualification taken.

Information on the distribution of students following A-level, NVQ level 3 or equivalent, and Access courses by type of establishment was extremely difficult to obtain, and involved collating information from various different devolved bodies. Some bodies did not respond in the time available. Details of these are as follows:
Table 5 Sources of information on student numbers by qualification and establishment type

<table>
<thead>
<tr>
<th>Body</th>
<th>Information held</th>
<th>Whether data obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSC</td>
<td>FE students in England</td>
<td>Yes</td>
</tr>
<tr>
<td>DfES Statistical First Release 16/2002</td>
<td>School and Sixth-form college students in England</td>
<td>Yes</td>
</tr>
<tr>
<td>ELWa</td>
<td>School, FE and Sixth-form college students in Wales</td>
<td>No</td>
</tr>
<tr>
<td>Scottish FE Funding Council</td>
<td>FE students in Scotland</td>
<td>Yes</td>
</tr>
<tr>
<td>Scottish Executive Education and Children Statistics Branch</td>
<td>S6 students in Scottish schools i.e. those doing Highers</td>
<td>Yes</td>
</tr>
<tr>
<td>Department for Employment and Learning Northern Ireland</td>
<td>School, FE and Sixth-form college students in Northern Ireland</td>
<td>No</td>
</tr>
</tbody>
</table>

The decision was taken to weight based on the data available for England and Scotland. A matrix of the achieved sample and the actual profile is shown below.

Table 6 Actual population profile and achieved sample profile

<table>
<thead>
<tr>
<th>Population and sample</th>
<th>Percentage of students by qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A Levels/ Highers</td>
</tr>
<tr>
<td>Actual</td>
<td>49%</td>
</tr>
<tr>
<td>Repercentaged to take account of 'Other'</td>
<td>44%</td>
</tr>
<tr>
<td>Achieved</td>
<td>55%</td>
</tr>
</tbody>
</table>
Appendix II – Statistical methodology

Introduction
This statistical appendix gives details of the various statistical techniques used to analyse the data. It is organised by chapter. A fuller statistical report with details of all the outputs is also available from Universities UK on request.

Chapter 1 Attitudes to debt

Items measuring attitudes to debt
In order to analyse the debt attitude statements, a number of modifications to the data had to be made. In order to treat the data as ordinal, with scores ranging from 1-5 (where 1=debt aversion and 5=debt tolerance), 3 changes were necessary:

• Missing data had to be removed from the variables (i.e. values for ‘Don't Know’ and ‘Not Stated’)
• Cases with large numbers of missing data on the 10 variables had to be removed from the file
• 4 variables had to have their coding reversed because their wording implied an attitude counter to that expressed in the remaining six items.

Correlations and Reliability Analysis
An examination of the inter-correlations between the items measuring attitudes to debt found them all to be moderately and positively correlated and predominantly these correlations were statistically significant.
A reliability analysis was conducted on all ten of the items, which yielded an alpha coefficient of .72. Item-total statistics did not suggest that the scale could be improved by removing any of the items and it was deemed to be an adequate measure of respondents’ debt attitudes. The assumption behind such a scale analysis is that the items are all together measuring the same thing (i.e. attitudes to debt). In order to test this rationale, a principal component analysis was then carried out in order to explore the dimensionality of the data.

**Principal Component Analysis (PCA) and Factor Analysis (FA) of respondents’ attitudes to debt**

The principal component analysis extracted 3 components with eigenvalues over 1.0, accounting for 54% of the total variance in response on these items. This meant that the items appeared to be measuring an underlying variable (attitude to debt) that consisted of three different dimensions that were being measured by the different subgroups of the ten items. PCA transforms correlated variables into a set of uncorrelated variables. However, because it seems likely that the different dimensions of debt attitudes might be related in some way, a factor analysis, using an oblique rotation (which allows the 3 factors to correlate) was carried out (method of extraction was Maximum Likelihood). The results are shown in the tables below. The pattern matrix from the OBLIMIN rotation in SPSS shows how the analysis split the items into different subgroups loading on the three different factors. The analysis achieved quite a clear simple structure for the data, with clear differentiation between the different subgroups of items. This simple structure facilitates the interpretation of the three factors on the basis of the items loading most highly on them.

**Debt Attitude Scores**

On the basis of these analyses, a number of different measures of people’s attitudes to debt were calculated.

1. Mean scores on the scale as a whole (i.e. across each of the 10 items) were calculated to create the variable ‘debttatt’. This is justified by the fact that the reliability analysis produced a moderately high alpha (see above).

   DEBTATT  Debt attitude scale – a mean score on all 10 debt scale items – high scores indicate debt tolerance

2. Factor scores were saved from the factor analysis on each of the three factors described above (these were automatically produced in SPSS).
A simple measure of factor scores was also calculated. These were the mean of scores on those items loading on each of the three factors. Thus, three new variables (factor 1 = ‘deblitlib’; factor 2 = ‘debmoral’; factor 3 = ‘debtfear’) were created.

DEBLIB  Debt attitudes – Factor 1 – a generalised tolerant attitude towards debt, where high scores indicate a more liberal attitude to debt

DEBMORAL Debt attitudes – Factor 2 – a ‘moralistic’ attitude to borrowing money and debt, whereby high scores indicate greater debt tolerance

DEBFEAR Debt attitudes – Factor 3 – a ‘fearful’ attitude to borrowing money and debt, whereby high scores indicate greater debt tolerance

The sample was also divided into three equal sized groups on the basis of the mean scores on the debt attitude scale (‘debtatt’), to produce groups characterised by ‘high’, ‘middling’, and ‘low’ debt attitudes, or rather ‘least anti-debt’, ‘middling anti-debt’, and ‘most anti-debt’ individuals (‘hilomed’). These 3 groups were created automatically by SPSS.

Comparing Debt Attitudes between Groups
The key variables used for comparisons between groups were age, gender, family type, ethnicity, religion, school and whether or not the respondent had decided to go to university.

1  ‘Debtatt’ – mean scores on the 10-item scale
   Mean scores on the ‘debtatt’ scale were compared using independent samples T-tests and One-way Analysis of Variance where the comparison involved more than one group.

2  Comparisons between groups on the 3 debt attitude factors
   Mean scores on each of the debt attitude factors (‘deblitlib’, ‘debmoral’ and ‘debtfear’ described above) were calculated for all groups. Comparisons were carried out using independent samples T-tests and ANOVA.

3  Comparisons between groups on ‘hilomed’.
   Crosstabs were carried out with Chi-Square analyses of association on the variable ‘hilodatt’ which categorises the sample into three equal groups with high, medium and low scores on the debt attitude scale (i.e. mean scores on all 10 attitude scale items taken together).

(See section below on chapter 6 for details on how the logistic regression on entry into HE was undertaken.)
Chapter 3  Attitudes to higher education

In order to examine the relationship between the debt attitude scale and the attitudes to HE measured, a number of analyses were conducted to examine the properties of the HE attitude statements. Initially, all the items were recoded (as with the debt attitude scale), in order to remove missing values (coded as ‘Don’t Knows’ and ‘Not Stated’). Some of the items elicited quite high numbers of missing values, thus a considerable amount of data was lost.

Factor analysis of respondents’ attitudes to HE

In order to examine the relationships between the twelve HE attitude items, a factor analysis of the data was carried out. The most substantively interesting solution yielded two factors (although 4 principal components with eigenvalues over 1.0 were extracted initially), accounting for 46% of the total variance on the 12 items. This two factor solution (Method of extraction = Maximum Likelihood; Varimax rotation) is illustrated in the loading plot below:

Figure 1

Factor scores were converted to range between 0 and 100 to examine the mean scores on different types of attitudes to HE. Scores for the two factors were saved as new variables and transformed so that they ranged between 0 and 100. These new variables have been named ‘heatt1’ (factor 1 on question 2.1) and ‘heatt2’ (factor 2 on question 2.1).

HEATT1 =HE attitudes – Factor 1 – a generalised attitude towards aspects of HE ranging from negative through to positive (scaled from 0-100- i.e. high scores are pro-HE)
HEATT2=HE attitudes – Factor 2 – attitudes towards student debt, where low scores indicate agreement that debt is a negative feature of student life. (Note in some parts of this analysis this is referred to as ‘DEBTBAD’)

Table 1
The relationship between attitudes to HE and attitudes to debt

<table>
<thead>
<tr>
<th></th>
<th>HEATT1</th>
<th>HEATT2</th>
<th>DEBLTB</th>
<th>DEBTATT</th>
<th>DEBMORAL</th>
<th>DEBTFEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEATT1 Pearson Correlation Sig. (2-tailed) N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HEATT2 Pearson Correlation Sig. (2-tailed) N</td>
<td>.012</td>
<td>.075**</td>
<td>.030</td>
<td>.151**</td>
<td>.196**</td>
<td>.026</td>
</tr>
<tr>
<td>DEBLTB Pearson Correlation Sig. (2-tailed) N</td>
<td>.655</td>
<td>.004</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.312</td>
</tr>
<tr>
<td>DEBTATT Pearson Correlation Sig. (2-tailed) N</td>
<td></td>
<td>.075**</td>
<td>.030</td>
<td>.151**</td>
<td>.196**</td>
<td>.026</td>
</tr>
<tr>
<td>DEBMORAL Pearson Correlation Sig. (2-tailed) N</td>
<td></td>
<td></td>
<td>.030</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>DEBTFEAR Pearson Correlation Sig. (2-tailed) N</td>
<td></td>
<td></td>
<td></td>
<td>.030</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

Chapter 4 Attitudes to HE students’ financial support
In order to analyse the items measuring respondents’ attitudes to HE student financial support, the variables were recoded to remove ‘Don’t Knows’ and ‘Not Stated’ from the analysis. As before, this process resulted in a considerable amount of lost data. ‘Don’t Know’ can obviously be an interesting response in its own right and ‘Don’t Knows’ were examined and cross tabulated by all key variables. However, ‘Don’t Knows’ could not be incorporated into the multivariate procedures being used to analyse the data.
Factor Analysis of respondents’ attitudes to HE student support

An exploratory factor analysis of the statements in assessing attitudes to HE student support was carried out to examine the possible latent structure of responses to the items. The inter-correlations between the items were all quite low, indicating that factor analysis was not entirely appropriate. However, the procedure was used as a means of exploring the different relationships between the variables. A three factor solution was extracted (all three factors having eigenvalues greater than 1), accounting for 55% of the total variance in responses to the items. Unsurprisingly (given the low inter-item correlations), the factor model was found to be a poor fit of the data and rotation did not yield an easily interpretable solution of all three factors. We experimented with possible two factor solutions also, but these were equally difficult to interpret, and given that the third factor alone accounted for around 15% of the total variance, it was not really appropriate to exclude it.

All the solutions seemed to capture two underlying themes (the third factor being less easy to interpret in all of the analyses). The first factor captured a positive to negative dimension of attitudes to student debt. Another possible interpretation of this factor is that it captures the idea that student debt is an investment. The second factor extracted in each of the solutions seemed to capture a more generalised opinion about the ‘bad (financial) lot’ of university students. Another possible interpretation of this factor is that it captures the idea of student debt being a deterrent to entry into higher education.

Two items were excluded from a further factor analysis of the statements, which yielded a far clearer solution. Two (uncorrelated) factors (with eigenvalues greater than 1) were extracted, accounting for 50% total variance. Using an orthogonal (Varimax) rotation yielded the final solution.

Matrix of rotated factor loadings

The rotated factor matrix showed correlations between the items and the two factors. Just one item loaded on both factors. This solution supports the interpretation offered above of a ‘debt as investment’ factor, and a ‘debt as deterrent’ factor. The loading plot below illustrates this solution in two-dimensional space.
Scores for the two factors were saved as new variables and transformed so that they ranged between 0 and 100. The inverse of these scores was then taken to facilitate their interpretation. These new variables have been named ‘invest’ (factor 1 on question 4.1) and ‘deter’ (factor 2 on question 4.1).

The relationship between attitudes to HE student financial support and attitudes to debt
The table of correlations between the debt attitude variables is shown below, and indicates that there is a consistent relationship between the two factors and the other variables.
Chapter 6 Decisions to enter HE

Logistic regression
The three models described below ‘predict’ the 3 following dichotomous variables:

1) NOGO - which compares those who have decided not to go to university with all other students
2) DECIDED - which compares those who have already applied to university and those who intend to apply with all other students
3) UNDECIDE - which compares those who have not yet decided whether to go to university or not with all other students.
Each of the three models was arrived at in a separate analysis - that is to say, neither one bears any relation to either of the other two. The models work by predicting how likely it is that a respondent is a member of the first category of the variable. i.e. for NOGO, how likely is it that respondent x is a student who has decided not to go to university, rather than any other kind of student. Each of the variables in the analysis allow an assessment of that likelihood.

Each model was arrived at in the same way. Demographic variables were first entered into the model as predictors, and then removed if they were not significantly associated with the dependent variable. Then the debt attitudes were added. Such an approach uses the ‘Enter’ procedure on SPSS. Thus a process of elimination is used until the ‘best’ solution (which is a matter of interpretation) is found. The outcomes of this model were included in the main report.

In addition, a ‘Stepwise’ procedure was also used but is not reported in on in the body of the report. This approach basically adds and removes variables until it reaches the best-fitting model, as determined by the amount of change in the -2 log likelihoods. The outcome was not always the same as the other model.

**Logistic Regression: Decided not to go to university -‘nogo’**

For this analysis, the dependent variable was called ‘nogo’. This was a dichotomous variable which divided the sample into those students who had either applied to university, were going to apply or were undecided (coded 0), and those who had decided not to go (coded 1). A number of different models were fitted, starting with the following demographic type variables:

- type of educational institution attended;
- class (because of missing values this was simplified to 1= High SES 0= Other);
- gender (male=1);
- ethnicity (white=1);
- age (under-21 =1);
- whether a family member had been to university;
- daduni - father;
- mumuni - mother;
- sibluni - sibling;
- kiduni - child; and
- spousuni - partner.
The second model took out daduni, sibluni, kiduni and spousuni – only mumuni was found to be significant predictor.

Variables in the equation =

• class;
• type of educational institution attended;
• gender;
• ethnicity;
• age; and
• mumuni.

On the basis of this model, the debt attitude variable ‘debtatt’ was added. This was also found to be significantly associated with the decision not to go to university. Adding this variable significantly improved the model. The variables ‘debtfear’ and ‘debttbad’ were not found to be significant predictors of ‘nogo’. They were, therefore, excluded from the model.

Logistic Regression: Decided to go to university ‘decided’

The second logistic regression analysis looked at which variables are associated with the decision to go to university (i.e. the dependent variable ‘decided’ was coded 1 = those who had applied or intended to apply for university). The same baseline demographic variables as above were included in the initial model.

This time gender was not a significant predictor of whether or not a student had decided to go to university or not, nor was there an influence from having family members who had been to university. A second model excluded these variables therefore. In this second model, all of the retained covariates (class, school, age and ethnicity) were significant predictors of a person having decided to apply to university.

The next stage of the analysis involved adding the debt variables to the model one by one, in order to examine their contribution to the explanatory power of the model. As before, ‘debtatt’ was found to have positive, significant association with the dependent variable. Adding the variable ‘debttbad’ also strengthened the model. The final model fitted contained the following variables:

• class;
• age;
• type of educational institution attended;
• ethnicity;
• ‘debtatt’; and
• ‘debtbad’.

Logistic Regression: Undecided about whether or not to go to university - ‘undecided’
The final regression analysis in this group looked at the predictors of being undecided about whether
to apply to university or not. Again, it started with the same demographic variables to examine their
influence on the probability that a student is still undecided about whether to go to university or not.
This time, having either a spouse or a sibling who had studied at university made respondents more
likely to be undecided about whether to go to university themselves. Therefore, the two variables
sibluni and spousuni were retained in the model, whilst the other family variables were rejected on the
grounds that they were not significantly related to being undecided about going on to HE.

Added to this baseline model was the debt variable ‘debtatt’. This variable was not found to be
significant predictor of being undecided about going to university. However, adding the variable
‘debtbad’ did add significantly to the explanatory power of the model. Thus the final model contained
the following variables, with the following relationships with the dependent variable ‘undecide’:
• class;
• type of educational institution attended;
• gender;
• ethnicity;
• age;
• sibluni; and
• spouseuni.

And – holding all these factors constant
• ‘debtbad’.
Chapter 7 HE Choices

Take-up of student loans
In order to address the factors determining the take-up of student loans and whether attitudes towards
debt had an impact, a logistic regression analysis was carried out to predict whether respondents
thought they would take out a student loan or not, the dependent variable 'studloan'. ('Don’t Knows’
were treated as a ‘No’ for the purpose of the analysis). The variables included in the first model that
was fitted were as follows:

- age (under 21 =1);
- class (because of missing values this was simplified to 1= High SES 0= Other);
- type of educational institution attended (FE sector=1 Schools =0);
- gender (male=1);
- famtyp2 (single no kids=1);
- religion (Non-Muslim =1);
- 'debttad' as above;
- 'debttatt' as above;
- savings a 5-point ordinal scale ranging from zero through to over £5000;
- fees whether or not pay fees;
- support extent of financial support expected from parents if go to university;
- invest as above;and
- deter as above.

All were significant except for social class and family type.