

Education & Culture Committee Call for Evidence

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Introduction

I am grateful for the opportunity to give evidence to the Committee's Inquiry. Please read my submission alongside that submitted by Lucy Hunter Blackburn.

My work focuses specifically on the views of young people, exploring how their attitudes to student debt and their knowledge of student finance can influence higher education decisions. The following evidence draws upon the findings of three research projects relating to young people's attitudes to HE funding and access as part of the ESRC funded projects 'HE in Scotland, the Devolution Settlement and the Referendum on Independence' (Minty, forthcoming 2015; Minty 2015b; Riddell et al. 2013) and 'Improving young people's knowledge of student finance in Scotland' (<http://bit.ly/student-finance-guide>), and my study exploring students' perspectives on widening participation for the University of Edinburgh's Student Recruitment and Admissions Service (Minty, forthcoming).

Attitudes towards debt

The link between debt and participation

Despite free tuition, rates of HE participation for students from disadvantaged backgrounds in Scotland remain static (Croxford & Raffe 2014) and HE participation is highly stratified. Scottish students are more likely than others to undertake sub-degree courses in colleges and to live at home during their studies. Scotland has the lowest proportion of young people from the poorest backgrounds in university, and there are also significant differences between those from disadvantaged versus professional/managerial backgrounds in terms of level of study and institutional status.

With the advent of higher tuition fees in the rest of the UK, the influence of student finance on young people's HE participation has been much researched in England in recent years (see Dearden, Fitzsimmons and Wyness 2011). Survey based research by Callender and colleagues found that prospective students from lower social class backgrounds were more debt averse than those from other social classes, and were far more likely to be deterred from going to university because of fear of debt (Callender 2003, Callender and Jackson 2005, Callender and Jackson 2008). Furthermore, fear of debt appeared to have a strong impact on the choices of students from lower social class backgrounds, causing them to apply to universities where they were likely to incur lower living costs and good term-time employment opportunities.

By contrast, the link between student debt and participation remains under-researched in Scotland. This is despite the fact that research has shown the majority of Scottish students (67%) take out maintenance loans, and those from lower income backgrounds incur the greatest debts (Hunter Blackburn 2014, based on data available for 2012-13). It is important to examine the extent to which attitudes to costs shape HE choices, even in a context of free tuition.

Research findings

As part of my research for an ESRC Fellowship project on the future of higher education in Scotland (<http://www.ed.ac.uk/education/rke/centres-groups/creid/projects/he-in-scotland>), I interviewed senior school pupils in Scotland and the north of England exploring their views of higher education. Pupils in Scotland were substantially more debt averse than those in north of England (especially those from less affluent areas and first generation entrants). Many interviewees in Scotland could be described as **debt avoiders**. They spoke of feeling 'worried', 'daunted', 'scared', 'stressed' by student loans. These students tended to come from poorer backgrounds and planned to live at home; many said they would only take out loans as a 'last resort'. This was despite the fact they would likely leave university with much smaller debts than those accrued by pupils in the north of England.

In Scotland, young people's attitudes to, or fear of, debt shaped their HE choices even in the context of free tuition. Many debt averse interviewees planned to live at home and attend local universities (mainly post-92 institutions) or colleges to avoid or reduce student debt. These young people were predominantly the first in the family to go to university, they lived in the least affluent areas and attended schools with traditionally low numbers of students progressing to university. We know that young people's decisions about where to study are complex and relate to attainment, employment opportunities, family ties etc., but in many cases, concerns about debt were over-riding influences in young people's decisions as to where to study.

Parents' attitudes towards debt were also a key influence on young people's decisions as to whether and where to undertake higher education. Interviewees frequently referred to their parents' worries about student loan debt and a number said their parents encouraged them to live at home to avoid debt. Debt averse students also planned to work part-time work during term-time to reduce or avoid the need for student loans.

There was a second, smaller, group who could be described as **more affluent debt avoiders**. They planned to live away from home and rely almost entirely on family support to cover their living costs, meaning they would not require loans. These pupils tended to come from managerial and professional backgrounds, and from the most affluent SIMD areas. Some pupils explained that their parents or extended family members had been saving towards the costs of them going to university for some time. I also encountered some pupils who planned to take out student loans but place it in savings accounts as their families would support them through university. Again, parents were a key influence on these pupils plans to remain debt free. One pupil's parents were so keen for their child to avoid student debt that they had taken out a commercial loan to support her sibling through university, illustrating how poorly they understood the system.

Finally, a minority of interviewees in Scotland said they were **comfortable with debt**. They tended to come from more affluent areas and from managerial and professional backgrounds. These young people pointed to the benefits of having loans to support them through their studies. They tended to have more realistic estimates of the level of loans they might require and, in contrast to debt avoiders, they tended to have a better, though not perfect, understanding of the student finance system which provided reassurance that student debt would be manageable. They also tended to

come from families where parents or siblings had been to university and had experiences of student debt and consequently understood the system better. These young people tended to regard higher education costs as an investment rather than a debt.

In contrast to Scotland, debt was more normalised in the north of England. Here, young people from the least affluent areas accepted the high levels of debt they would incur, and were in the majority of cases resigned to this. They tended to view student debt as being manageable because it is repaid over a long period in small amounts and were much better informed about student finance than young people in Scotland.

Concerns about debt can also influence progression and successful outcomes at university. In my research with University of Edinburgh students for the University's Recruitment and Admissions team (Minty, forthcoming), those from widening participation-indicated backgrounds frequently expressed concerns about student loan debt and suggested that worrying about finance can have an adverse effect on their academic outcomes. Students from widening participation backgrounds worked longer hours part-time and were more likely to work during term-time (those from more affluent backgrounds tended to work only during vacations). WP-indicated students who lived at home and worked part-time frequently did so out of a desire to remain debt free. While part-time working is an increasingly normal part of life for many students, it can also have a detrimental effect on students' progression and degree outcomes. As well as impacting on their academic study, it also limited their ability to participate in the wider opportunities offered by the University such as university clubs and societies.

Knowledge and understanding

In the light of escalating student debt and the expectation that students will act as critical consumers, there is growing emphasis on access to reliable financial information by students and their families. Survey and interview studies have shown that many prospective students do not understand the full extent of study related costs and the various forms of financial support to which they may be entitled (Christie and Munro 2003, NUS 2009). There is also some evidence that students from low-income families, who are most in need of reliable information, may be particularly poorly informed (Purcell et al. 2008, NUS 2009).

My own research echoes these findings. Attitudes to debt were very much informed by young people's level of (mis/)understanding of student funding and support. Where knowledge was worse young people tended to be more worried about debt. While young people in Scotland and the north of England had different attitudes to debt, they also displayed different levels of knowledge and understanding. This was significantly worse in Scotland, particularly amongst those from less affluent areas and/ or first generation applicants. Few Scottish pupils who were debt avoiders knew what level of loan they might be entitled to or were aware of the ways in which student debt is repaid. In Scotland, particular areas of confusion included:

- Some Scottish interviewees misunderstood how maintenance loans are repaid – a minority believed that student loans must be repaid in full upon graduation, confusing student loan debt with commercial debt, further fuelling their reluctance to take out student loans
- Many interviewees in Scotland (irrespective of social background) over-estimated the threshold at which student loans are repaid – most suggested the threshold was around £21,000 rather than £16,365 which it was at the time of the study (it is now £17,335)

- Some pupils in Scotland believed that student debt is the responsibility of their families rather than the individual
- There was a widespread misunderstanding of interest rates – some young people believed interest was charged at 9%, not understanding that this instead related to the fact that 9% of the difference between their earnings and the repayment threshold (£17,335) is repaid; others believed student loans are interest free
- There was confusion about the level of funding and support available for those doing HNC and HNDs in college
- Some interviewees in Scotland believed they had to pay upfront charges to study in the rest of the UK, deterring already sceptical young people from considering cross border study
- Finally, they worried about being black listed for credit as a result of student loan debt.

Schools and student finance

In both Scotland and England, pupils noted a need for improved information on student finance in schools and colleges. Teachers were often seen as unreliable sources of information on student finance and students identified a number of instances where teachers had provided them with inaccurate information. Schools were said to provide little information on the practicalities of going to, and paying for, higher education. Where schools did run information sessions on finance, pupils complained that these were too little too late, with information often being provided only after UCAS applications had already been made. Student finance is frequently an afterthought, meaning that many students make their higher education applications without having the correct financial information.

So why is knowledge and understanding worse in Scotland?

Student finance is complex and confusing even for those who work in HE, but the existence of multiple funding systems within the UK creates an additional layer of confusion. Young people have to navigate their way through the intricacies of these various systems. The rhetoric of free tuition also ignores the fact that debt is the reality for many students in Scotland. Public debate in Scotland, guided by the media, tends to focus only on the fact that tuition is free in Scotland – contrasting this with the high fees, and high debt, of the system in the rest of the UK. This may add to confusion for young people and their families, as student debt is painted as something to be avoided while at the same time offering little consideration to living costs in Scotland and how these are paid for by students.

Improving young people's knowledge and understanding of student finance

In an attempt to improve young people's, parents and teachers' understanding of student finance, I recently produced a short practical guide for young people in Scotland considering full-time higher education courses (attached as part of this submission). This was developed as part of a collaborative project funded by an Economic and Social Research Council Impact Accelerator Grant. The guide was developed in partnership with NUS Scotland, Student Awards Agency Scotland (SAAS), Lothians Equal Access Programme in Schools (LEAPS), and Gateway Shared Services, a not for profit organisation specialising in developing careers resources for Scottish schools. Its development was informed by focus groups with S6 pupils from schools that were involved with LEAPS and Glasgow Caledonian Advanced Higher Hub, and with current student mentors working with LEAPS and Focus

West from six universities. I talked to young people about their levels of current knowledge and asked them to highlight areas of particular confusion. It was clear that current students were just as confused about student loans as young people in schools; for example, some 4th year students had no idea that their student loans carried interest.

This guide has been produced with the aim of targeting information specifically at the 16 to 19 age group. While SAAS makes available a large amount of highly useful material, it is not always clear to young people where to access all of this information. The guide includes a wide range of relevant links for young people to make use of. In particular, it encourages young people to consider the broader financial implications of studying such as budgeting, deciding whether to live at home or studying outside of Scotland. Copies of the guide have been sent to all schools in Scotland and the electronic version of the guide can be accessed at <http://bit.ly/student-finance-guide> (hard copies can be provided to the Committee on request).

In the course of developing the guide it was clear that there is a very fine line between providing young people with accurate information about student loans and all that that entails, while at the same time ensuring would-be-applicants are not deterred by the realities of student debt. It is important that prospective students and their families understand the difference between student loans and commercial loans for example, and that the level of monthly repayments is properly conveyed so that young people are able to make informed decisions as to how to fund their studies.

Conclusions

To summarise, debt aversion and poor knowledge and understanding were greatest in Scotland among those from poorer backgrounds - those with the least knowledge were the most worried about debt. Yet, as Lucy Hunter Blackburn's research shows these are the very students who are expected to take on disproportionate burdens of debt compared to those from richer backgrounds in order to obtain access to their full entitlement to support, and who borrow higher amounts per head in practice. There is a gap between young people's aspirations to be debt free and the reality of student loans for many. The government, schools and parents all have a role to play in ensuring young people have accurate financial information. If Scotland is going to continue to have a student finance system which is predicated largely on student loans then greater public reassurance about debt is needed. Additionally, schools should be encouraged to cover the financial implications of studying before young people apply to university or college and greater efforts are needed to target resources specifically at parents to tackle the influence of family aversion to debt which was so frequently encountered in my research.

Despite free tuition, student debt to cover living costs is increasingly a widening access issue in Scotland because fear of debt influences young people's decisions as to where and what to study. Students wishing to avoid debt might choose to live at home, take on large amounts of part-time work and/or study in the nearest institution, but these decisions may limit their choice of subject and ultimately their future career. For example, it might only be possible to gain a place on a degree in Law, Medicine or Veterinary Science by studying away from home. If young people's decisions are based on a poor understanding of student finance and student support, then worries about debt may serve to limit their HE choices. We need to ensure young people from all backgrounds – not just the most affluent – have sufficient information to make well-informed HE decisions.

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