The Hardship of Learning

Students' Income and Expenditure and their Impact on Participation in Further Education

Foreword

Widening participation and higher achievement levels are central concerns of the Further Education Funding Council. So too is the welfare of the students in our sector. Yet until the publication of the Kennedy Report issues about student financial support had been largely neglected. The report highlighted the problems with the current system, the relationship between widening participation and support for learners and, above all, the need for change.

To help inform the debate about the future of student funding, the Council, along with the DfEE, commissioned Professor Claire Callender of South Bank University, who had already undertaken extensive research in this area for the Kennedy Committee, to examine student income and expenditure.

Her study is unique and is the first of its kind. It covers all types of students throughout the sector, full-time and part-time, young and mature, and those at general further education colleges, sixth form colleges and agriculture and horticulture colleges. For the first time ever we have comprehensive and robust data on students' income and expenditure. We now have vital information on how much it costs students to participate in further education. And we have a national picture of the extent and nature of student hardship.

There is a wealth of data in this report which will be of interest to anyone concerned with student participation in further education. But the report is also a testimony to many students' determination and dedication to pursue their studies, despite financial hardship and adverse financial circumstances.

The findings of this report pose many challenges to everyone in further education and those involved in shaping its future. The secretary of state for education and employment has acknowledged this with his announcement in November 1998 on new funding arrangements for students. But as always, some challenges remain.

Finally, I should like to thank all those involved in this invaluable piece of research, particularly the members of the access funds working group and the college staff and students who participated in the study.

David Melville

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My thanks go to a range of people and organisations who helped in this study. First, to Tony Holloway at the Further Education Funding Council who not only had the foresight to be convinced of the necessity of this study and made it happen, but also was supportive throughout. Next I am indebted to Caroline Kempner, also at the FEFC, who had the unenviable task of sorting out the sample of students to be interviewed from the Individual Student Records and who dealt with my numerous queries with such patience and efficiency. I am also grateful to the DfEE for part-sponsoring the research, and to Martin Camillin in particular.

I would like to thank NOP who carried out the fieldwork and especially Claire Ivins who ensured that the fieldwork was conducted so smoothly. I am indebted to Karen McKinnon at PSI who undertook the computer analysis. Finally, I thank all the students who took part in the survey — without their help this study could not have happened.

All the views expressed in this report are solely those of the authors.

Professor Claire Callender, South Bank University

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0 Executive Summary

THE HARDSHIP OF LEARNING:

Students' Income and Expenditure and their Impact on Participation in Further Education

0.1 Introduction

This is a summary of the key findings of a survey on the income and expenditure of students in further education and another on FE Colleges' organisation and distribution of Access Funds. It is based on research conducted by Professor Claire Callender of South Bank University which was commissioned by the Further Education Funding Council (FEFC) and the Department for Education and Employment (DfEE).

The findings arise from:

- face-to-face interviews with a nationally representative sample of about 1,000 full- and part-time current students of all ages, conducted between May and July 1998; and
- telephone interviews with a representative sample of 110 further education institutions in receipt of Access Funds which were undertaken between July and August 1998.[1]

0.2 Which students experienced financial hardship and how did they cope?

Financial hardship and debt are the bedrock of poverty and social exclusion and students in further education were very familiar with both. Over half of all students experienced financial hardship, two-thirds had no savings, and over a quarter were in debt, owing £761 on average. The most financially vulnerable were:

- full-time students over 19;
- students from lower social classes;
- lone parents; and
- couples with children.

At least three-quarters in each of these groups had no savings and a third were in debt. Older students only managed by cutting back on essentials and using credit. Part-time students with jobs used credit to help improve their prosperity, while poorer full-time students borrowed to ease financial difficulties and to reduce their poverty.

Clearly students had different investments in their college education and some made personal sacrifices to pursue their studies. Yet nearly a quarter of older students were unconvinced about the rates of return on their education — they did not think they would benefit financially from going to college in the longer term.

[1] The response rate for the student survey was 57% and 72% for the survey of colleges.

0.3 What impact did financial hardship have on participation?

The students interviewed had overcome the financial barriers affecting access to further education but struggled with those associated with: attending college; drop-out; and progression. Just under a quarter (23%) had considered dropping out for financial reasons. But hardship also affected their academic performance and future plans. Over a third thought that financial difficulties had negatively affected their academic performance. And amongst those who had jobs to avoid or alleviate financial hardship, nearly a third believed that their coursework had suffered because they could not devote enough time to their college work. Their financial situations meant that a sizeable minority had rejected the idea of remaining in education. Three in ten of all students would consider continuing studying once their current course ended, if they received some financial support.

Students spent on average £600 during the academic year on course-related expenditure. Their expenditure on these items, however, was often constrained by their income. 70% of all students experienced problems meeting these costs and the proportion rose to 94% amongst full-time students over 19. In general, the more costly the item of expenditure, the greater the financial difficulty it posed.

For some students these difficulties meant they could not fully participate in their course and college life. For example, a third of students over 19 studying part-time found travel costs to and from college hard to meet. Consequently, one in eight had missed going to college because they could not afford these travel costs. Nearly a fifth of all students had not bought books they needed for their course because they could not afford them.

0.4 What were students' income and expenditure?

Students' financial problems arose partly because of a shortfall between their income and expenditure. Average student income over the 1997/98 academic year was £5,192 while their expenditure was £6,149. They made up this up the shortfall by drawing £572 from their savings, borrowing £199, and by not paying £40 owed on bills.[2]

The breakdown of students' total income of £5,192 was as follows:

- 64% from paid work;
- 17% from social security benefits;
- 14% from other general sources;
- 3% from students' family;
- 2% from student financial support.

However, the amount of money students received from each source and their total income varied considerably by their age and mode of study. So, part-time students over 19 had the highest incomes, four times greater than 16–18 year olds studying full-time who had the lowest incomes. However, as we will see, older students had higher outgoings and often had families to support. These income disparities can be explained by the differential earnings of student groups.

70% of all students undertook some paid work during the academic year and four out of five of them worked continuously throughout the year, working an average of 21 hours during term-time. Their average weekly earnings from both full- and part-time jobs were well below the national average, falling between the lowest decile and quartile of all pay rates.

Only a minority of students could call upon their family for financial support. Seven out of ten students received no such help and those that did were exclusively 16–18 year olds studying full-time.

[2] This still leaves £146 which is attributable to survey error.

The breakdown of students' total expenditure of £6,149 was as follows:

- 63% on living costs;
- 23% on housing;
- 10% on participation costs;
- 4% on children.

Just as student income varied for different groups of students so did their levels and patterns of expenditure. These differences can be explained by the following combination of factors:

- students' living arrangements — i.e. whether they lived with their parents or partner, or independently;
- their housing tenure — i.e. whether they had a mortgage or rented their accommodation;
- their family circumstances — i.e. whether they were married/cohabiting with or without children, a lone parent or single and childless;
- where in the country they lived.

So the expenditure of couples with children who had a mortgage and lived in London was over three times higher than that of single students who lived at home with their parents outside the Capital.

0.5 What were students' participation costs?

Students were generally ill prepared for the costs they would incur while studying. Over half had received no information about these costs before starting their course. And two in five had perceived these costs incorrectly, with a third under-estimating them.

Students' actual college-related expenditure amounted to an average of £599 in the 1997/98 academic year. Three-fifths of this was spent on items which facilitated their participation, namely, travel, tuition fees, examination and registration fees and childcare. The remaining two-fifths was spent on costs associated with their courses, such as books, equipment, stationery, and field trips. Both types of expenditure are essential to participation, and together potentially act as barriers to participation and widening participation.

Students' patterns of expenditure on participation costs varied considerably depending on their circumstances. For most students, particularly those aged 16–18, travel to and from college was the biggest single item of expenditure (£231). These costs varied by the type of college they attended and its location so that students at Agricultural and Horticultural Colleges incurred the highest travel costs on average (£507), followed by students at London colleges (£321).

A minority of older students incurred tuition fees and childcare costs but they were high, consuming large proportions of their income. Three in five mothers using childcare with a child under 5 paid on average £925 over the academic year while lone parents paid even more, £1,031. Childcare costs absorbed around 15% of lone parents' total income compared with just 2% of couples with children.

For most students, special equipment (£41) and books (£33) were the most costly items needed for their course but students' patterns of expenditure on these and other necessities varied considerably depending on the subjects they studied. Science students incurred the highest costs because they spent much more than the average on computers while students taking basic education and ESOL courses spent the least. However, as we have seen, this expenditure could be severely constrained by students' income.

The majority of students wanted help with the costs of their books and equipment. 16–18 year olds particularly sought assistance with their travel costs while students over 19 wished for help with their tuition fees, examination and registration fees, and childcare. They thought their college should decide how much financial support they should receive, and for what. And any monies received, they wanted paid at the start of each term, directly by cheque.

0.6 Did student financial support cover these participation costs?

We have seen how over the 1997/98 academic year, students' participation costs amounted to nearly £600 but they received only £97, on average, from various sources of student financial support such as:

- LEA awards;
- Access or hardship funds;
- Career Development loans;
- help from employers;
- training allowances;
- tax relief;
- charities.

Indeed, student financial support was students' **least** valuable source of income, accounting for less than 2% of their total income.

Only a minority of all students — under a quarter — received any help. But only selected groups of students benefited, highlighting the absence of a comprehensive system of support. Help mainly came from two sources:

- Tuition fee remission — received by a third of students, especially part-time students under 19 and full-timers over 19. Tuition fee remission is given automatically to 16 to 18 year old full-time students.

  Colleges can claim tuition fee remission units from the FEFC for students, other than 16 to 18 year old full-time students, who are unemployed and receiving Job Seekers' Allowance; those in receipt of means-tested social security benefits; or those undertaking basic education or ESOL courses. Colleges may also claim tuition fee remission units for the unwaged dependants of those in receipt of these benefits. In addition, colleges can choose to remit fees for other students if they wish but this comes out of their budget.

- Help from employers — received by one in five students but only those studying part-time (i.e. those working full-time).

  Employers most often assisted employees by contributing towards their fees and giving them paid time off work to study. However, they only helped certain employees, favouring older, full-time workers higher up the occupational ladder so those most disadvantaged in the labour market and most in need of financial aid got the least help or none at all.

Apart from tuition fee remission and help from employers, less than one in ten students received any other type of student financial support, listed above. This low take-up may have been compounded by students' lack of knowledge and awareness of potential sources of financial aid. Two-thirds of students had received no information about student support. About half of all students were unaware of the sources of support while a sizeable minority erroneously thought they were ineligible for support, also indicating their lack of knowledge and understanding.

Students' lack of awareness, however, should not cloud the fact that student financial support within further education is wholly inadequate. The system is neither comprehensive nor equitable so funding is not distributed according to students' needs. Indeed, half the students receiving some sort of support did not experience financial hardship. The proportion of students benefiting from any kind of assistance is very low, as is the amount of money they receive which, in turn, goes nowhere near meeting their costs of going to college.

0.7 What role did Access Funds play in helping students?

Access Funds are available to help full-time students over 19 and who are UK nationals and face financial difficulties. Access and Hardship Funds[3] played a very minor role in helping students. Only one in sixteen students got them, receiving on average £338, which contributed just £18 to total student income. Access and Hardship Funds, however, were especially important for lone parents. The funds overall were targeted at those most in need as the vast majority (88%) of recipients did experience financial hardship.

Our survey of FE colleges revealed that the more Access Funds a college received, the more likely it was to target the distribution of these funds and assign this responsibility to student services. Colleges with higher proportions of students eligible for Access Funds had implemented more rigorous application procedures. Most colleges prioritised students in financial hardship or with low incomes but limited the sums allocated to them.

A third of colleges experienced some difficulties in allocating Access Funds but as colleges' expenditure on Access Funds and/or the number of their eligible students increased, the fewer problems they experienced. So the task of allocating and paying Access Funds became more systematic and less problematic the greater a college's exposure to Access Funds.

The majority of colleges believed that Access Funds aided retention, achievement, and progression by enabling students to undertake and complete their course. They also valued the fact that Access Funds were ring-fenced and so could be devoted exclusively to helping students in financial need.

Colleges were frustrated by the insufficient funds available for Access Funds and the limitations imposed by the national eligibility criteria, especially those related to age and mode of study.[4] They were similarly concerned about the costs of administering the Fund especially when they received no monies to cover these costs. It was these aspects of Access Funds they wanted to see changed.

Our surveys of students and FE colleges together highlighted other more general issues with Access Funds, in particular:

- the size of the fund is too small, so not all eligible students can get them;
- students cannot rely on them as a source of funding — there are no guarantees that students will receive the funds even if they meet the eligibility criteria;
- the way they are delivered locally by colleges is discretionary, varies from one college to another and may have little or no accountability. There is a need, therefore, for clearer guidance on how to administer them, and also on their systematic monitoring and evaluation; and

[3] Students were asked about Access Funds and Hardship Funds together because previous research shows that students often find it difficult to distinguish between the two funds.

[4] Since the study was undertaken, the government announced the extension of Access Funds to part-time students.

- there is duplication and overlap with other potential sources of student support primarily because of the limitations associated with these other sources. For example, despite existing policies concerning tuition fee remission, just under half of all the colleges surveyed spent Access Funds on tuition fees which absorbed just under a tenth of all colleges' total expenditure on Access Funds. There is, therefore, no clear link between Access Funds and other forms of support.

Amongst the colleges surveyed, Access Funds were two and half times more valuable than colleges' Hardship Funds. However, Access Funds represented only about one-twelfth of all colleges' total expenditure on financial support for students.

0.8 What are the policy implications of these findings?

- The study confirms the need for a radical overhaul of the student support system in FE.
- The report shows that students and their families take on substantial costs in order to participate in FE. While some can afford to do so, there is clear evidence that many suffer real hardship. Student support needs to focus on those who are least able to meet these costs themselves.
- To secure wider participation, lower drop-out rates, higher achievement levels by alleviating widespread student hardship, the financial support system must prioritise the needs of the most financially vulnerable — adult students, especially those with children.
- Financial hardship affects all groups of students, part-time as well as full-time, adults as well as those under 19. Travel costs affect all groups of students but, in addition, adults can face particularly heavy costs associated with tuition fees and childcare.
- Strategies to raise recruitment, retention and progression rates along with academic performance need to take into account the impact of financial factors, and recognise the potential of a comprehensive system of student support.
- If some of the burden of financial responsibility for further education shifted away from the individual learner, students' academic performance could improve by alleviating some of the pressures associated with simultaneously working and studying.
- Students and potential students would benefit from more widespread and accurate information on the costs of going to college and student financial support. This may help recruitment as potential students often have misconceived ideas about the costs of participation. It may also avert drop-out associated with unanticipated costs and financial problems.
- Access Funds currently play only a limited, but important, role in alleviating student hardship and if more funds were available the problems faced by some colleges in administering and distributing them are likely to diminish.
- The greatest potential scope for widening participation is among older students. Policies need to acknowledge that they experience some of the worst financial problems and are unconvinced of the financial returns on their education.
- Student expenditure and patterns of spending depend on the composition of the student body and what and where they study. If widening participation policies succeed in attracting more diverse groups of students, student expenditure will change. The financial support system needs to acknowledge this, the diversity of the student population, and be flexible in order to meet these changes.

1 Introduction

1.1 Introduction

This report is about the income and expenditure of students in further education and concentrates on the costs of participation. It is based on research, conducted by Professor Claire Callender of South Bank University, commissioned by the FEFC and the DfEE. It is part of a larger study on Access Funds and the costs of participation. The larger study consisted of:

- case studies of further education colleges to learn about how they organise and distribute Access Funds and other sources of student financial support;
- a telephone survey of 110 further education institutions to quantify how they organise and distribute Access Funds and other sources of student financial support; and
- face-to-face interviews with about 1,000 students in further education to gather information on their income and expenditure, including the costs of participation.

Two separate reports have been written. The one concerning Access Funds is entitled *Accessing Funding in Further Education: A college perspective on Access Funds and other student financial support*.[5] This current document reports exclusively on the survey of students.

1.2 Background to the Study

Currently there is no comprehensive or universal system of financial support for students in further education, unlike full-time students in higher education. Indeed, access to financial support for further education students has been described as a 'lottery'. Their key sources of support include:

- Local Authority discretionary grants;
- Access Funds and colleges' Hardship Funds;
- Tuition fee remission;
- Government training programmes;
- European Social Fund;
- Training allowances;
- Career Development Loans;
- Tax concessions;
- Social security benefits;
- Employers;
- Charities.

[5] This report focuses on Access Funds and student financial support from the colleges' perspective and involved a survey of a representative sample of further education institutions.

A recent review of these different sources of support[6] showed how funds are not distributed in accordance with notions of equity or need. The receipt of funds is often discretionary, influenced by the decisions and policies of a range of gatekeepers. Consequently students in financial need, facing similar circumstances, are treated very differently depending on their age, where they live or what and where they study. Rarely can the financial support be guaranteed or relied upon.

Similarly, the Kennedy Report[7] (p 65) concluded that:

- *Financial and practical support for learners is crucial for widening participation...*
- *The present system is neither fair nor transparent: a root and branch review is needed...*
- *Some changes must be made immediately...*

Kennedy's ideas were strongly supported in the Fryer Report.[8] Fryer advocated that part-time students should get similar types of financial support to full-time students and that new types of support may be required as participation widened.

In November 1997 the Teaching and Higher Education Bill was published.[9] It sought to remove Local Education Authorities' powers to make discretionary awards for both further and higher education students. As a result of the Bill, the findings of the Kennedy and Fryer Reports, and the government's commitment to widening participation, the Further Education Student Support Advisory Group was set up in 1998. The Group, chaired by Graham Lane, advised on new student support arrangements in further education. It focused on ways of replacing discretionary awards made in England and Wales under section 2 of the Education Act 1962.[10]

The Lane report suggests that there should be a new system of national minimum entitlements to financial support to help meet expenditure on items such as transport, books and equipment, and childcare. It proposed that most of these payments should be means-tested, depending on the students' or their parents' income. All eligible students would receive some payment.

The Select Committee on Education and Employment re-inforced the need for some form of support for students in further education. Its report[11] recognised the difficulties young people face, particularly those from low income families, since the gradual withdrawal of Local Authority support for further education students. It commented (p 89)

'We believe that the decline in financial support for further education students in recent years runs wholly counter to the aim of increasing participation in FE for all parts of our society.'

Following the Government's Spending Review on 14 July 1998, the government announced it would pilot a means-tested Education Maintenance Allowance for 16–18 year olds. The allowance will be financed by using money currently spent on post-16 Child Benefit payments. So parents will no longer receive Child Benefit for their 16–18 year old children in education. Instead, a larger means-tested allowance will be paid to the young person directly. The allowance is expected to be between £30–£40 a week. Both the means of funding the allowance and its amount were recommended by the Select Committee on Education and Employment. No further details on the allowance, or where it will be piloted, were available at the time of writing this report.

It is against this background that the FEFC and DfEE commissioned research on Access Funds and the costs of participation.

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[6] Herbert A and Callender C (1997) *The Funding Lottery: Student financial support in further education and its impact on participation* Policy Studies Institute, London.
[7] Kennedy H (1997) *Learning Works; Widening Participation in Further Education* Further Education Funding Council, Coventry.
[8] *Learning for the 21st Century* (1998) DfEE, London.
[9] The Bill received Royal Assent in the Summer of 1998.
[10] *New Arrangements for Effective Student Support in Further Education* (1998) Report to the Further Education Student Support Advisory Group, DfEE, London, June.
[11] *Select Committee on Education and Employment Sixth Report* (1998) House of Commons, 19 May.

1.3 Research Aims and Objectives

The overall aims of the entire study were to collect information on:

- how and to whom colleges distribute Access Funds;
- colleges' other sources of financial support for students, the amounts of money involved, and how and to whom these funds are disbursed;
- the perceived benefits of student financial support and their impact on recruitment, retention, and achievement;
- how Access Funds should be changed including the eligibility criteria and how they are administered and distributed; and
- the key costs incurred by students when participating in FE.

The objectives of the survey of students[12] in particular, were to collect data on;

- students' income and expenditure;
- the costs they incur while studying, and the impact these may have on their educational aspirations and choices;
- any financial difficulties they may encounter; and
- their feelings of financial well-being.

1.4 Research Methods

Face to face interviews were conducted with a nationally representative sample of 987 students of all ages studying full- and part-time. The students were randomly selected from 58 further education institutions, including Agricultural and Horticultural Colleges, Sixth Form Colleges and General FE Colleges. They were interviewed, on the researchers' behalf, by NOP Research between May and July 1998.

A total of 1,730 students were approached to be interviewed and 987 of these were interviewed, giving a response rate of 57%. This high response rate gives us confidence that the results of the survey are representative of the student body as a whole.

Full details of the methodology and the response rate are given in the Technical Annex.

1.5 The Students Surveyed

1.5.1 The characteristics of the students

There are striking differences between the students surveyed, illustrating the considerable diversity in the FE student population (Table 1.1). Over three-quarters of 16–18 year olds said their main activity is being a student compared to just one in six students over 19. Only one in five younger students consider employment their main activity, unlike a half of the older students. Hardly any 16–18 year olds are economically inactive, involved in looking after a family or retired, while a quarter of students over 19 are. It is not surprising, therefore, that nearly all 16–18 year olds are single and have no children while the over 19s have much more varied marital backgrounds and family forms. There are also some interesting differences in the social class composition of these two groups of students. Some of these, however, may result from the way in which the data were collected.

[12] For a comparable detailed study of higher education students' income and expenditure see Callender C and Kempson E (1996) *Student Finances: Income, Expenditure and Take-up of Student Loans* Policy Studies Institute, London.

One of the most marked differences between the two age groups is their mode of study (Table 1.2). As is well established, the majority of 16–18 year olds are studying full-time, while the majority over 19 study part-time. In addition, younger students are pursuing longer courses leading to a higher qualification than older students. For example, two-thirds of 16–18 year olds are doing a Level 3 course and one in ten a Level 1 course while the equivalent proportions for older students are two in five studying a Level 3 course and a quarter Level 1.

1.6 Outline of the Report

Chapter 2 focuses on students' income, including any student financial support they received, and **Chapter 3** on their expenditure including the costs they incur while attending college. **Chapter 4** explores in more depth student's knowledge, take-up, and use of student financial support. **Chapter 5** examines student debt and hardship while **Chapter 6** concentrates on the impact of students' finances on their educational choices and their behaviour, and reports on students' views on the costs of participation and student financial support.

Table 1.1 Socio-economic characteristics of the students surveyed by their age at the start of their course (Percentage)

Characteristic	All	16–18	19+
Gender			
Male	41	49	36
Female	59	51	64
Ethnic origin			
White	87	85	88
Black	4	5	4
Asian	5	8	4
Other	4	2	4
Social Class			
AB	22	28	19
C1	27	23	30
C2	24	26	23
DE	15	13	15
Unknown	12	10	13
Marital status			
Single never married	57	99	30
Married/cohabiting	35	1	57
Divorced/separated/widowed	8	–	13
Family type			
Single no children	60	99	37
Lone parent	5	1	8
Couple with children	19	–	30
Couple with no children	16	–	25
Main activity			
Full-time student	38	78	15
Employed	39	18	52
Unemployed	6	3	7
Economically inactive	17	1	26
Unweighted base	987	648	339
Weighted base	**987**	**362**	**625**

Source: South Bank University Survey of FE students 1998

Table 1.2 Details of the institutions, mode of study, and courses of the students surveyed by their age at the start of their course (Percentage)

Characteristic	All	16–18	19+
Type of FE Institution			
Agricultural college	2	2	2
Sixth Form college	10	23	3
General college	88	75	95
Mode of study			
Full-time	42	84	18
Part-time	58	16	82
Level of qualification			
Level 1	19	11	24
Level 2	25	22	27
Level 3	50	66	41
Level 4 + 5	6	1	8
Course subject[13]			
Sciences	12	17	8
Agriculture	2	2	2
Construction/engineering	10	13	8
Business studies	23	21	24
Hotel and catering	5	8	4
Health and community care	13	14	13
Art and Design	12	12	11
Humanities	19	20	18
Basic education	4	1	6
Year of study			
Year 1	69	63	72
Year 2	25	34	21
Year 3+	6	3	7
Unweighted base	987	648	339
Weighted base	**987**	**362**	**625**

Source: South Bank University Survey of FE students 1998

[13] Does not add up to 100 as students may take more than one subject

2 Student Income

2.1 Introduction

This chapter explores students' income and how it varies for different groups of students. It looks at their total income and then in detail at the different components or sources of that income, including earnings from paid work. It closely examines the various types of student financial support.

The period over which students' income and expenditure has been calculated is the 1997/98 academic year, unless stated otherwise.[14] Inevitably students' income comes from different sources and not all students get money from the same sources. The average (mean) income from each source is given for those students receiving money from a particular source, as well as the average for all students, irrespective of whether they received money from the source. In this way we can calculate the total average income for students in further education.

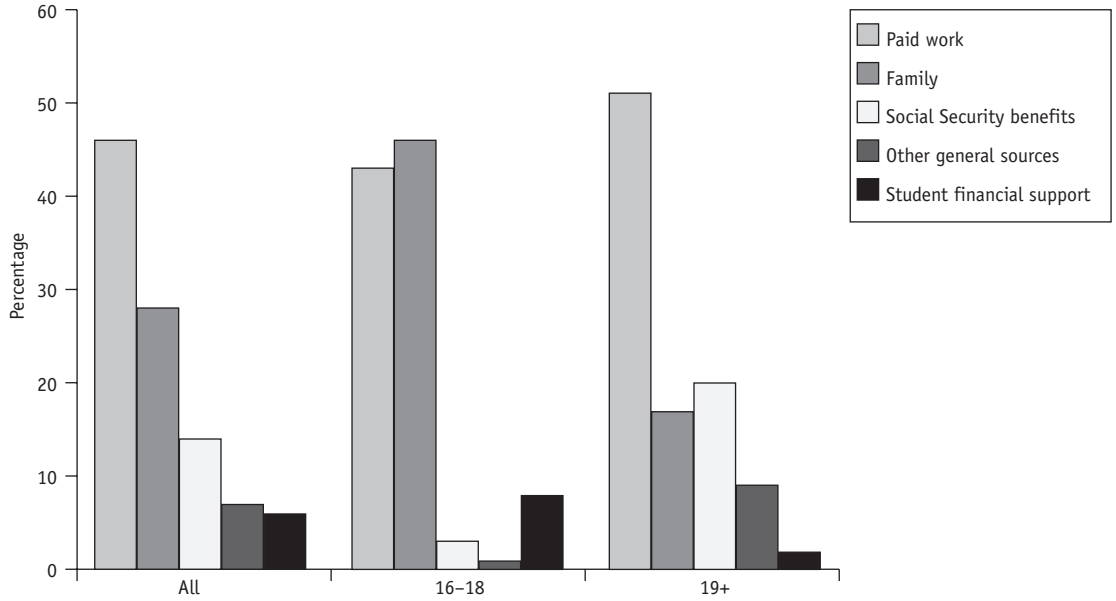
Given the diversity of the student population described in the previous chapter, we will look at the variations in income by age and mode of study. We will concentrate on differences that are statistically significant.[15]

2.2 Students' Main Source of Income

Students got money from a wide range of sources so they were asked about what they considered was their main source of income during the 1997/98 academic year. The two main sources mentioned by all students were paid work followed by their family. There were, however, marked differences amongst students associated with their age and mode of study.

Most 16–18 year olds said that their main source was either their parents (46%) or a job (43%) while for older students it was a job (49%) or social security benefits (20%). Younger students were much more likely than over 19s to depend on their family (46% compared to 17%) and student financial support (6% compared to 2%) as their main source of income. In contrast, older students were much more likely than younger ones to rely on social security benefits (20% compared to 3%) and other general sources of income (1% compared to 9%) (Chart 2.1).

Chart 2.1 Students main source of income by age



Source: South Bank University Survey of FE Students 1998

[14] In this study all calculations are based on an academic year of 42 weeks which includes both the Christmas and Easter vacations, although it is recognised that academic years vary between colleges.

[15] These differences reported are statistically significant at 5%.

The majority of part-time students' main source of income was a job in both age groups, unlike full-time students. In fact, younger part-time students were more likely to cite a job as their main source of income than any other group of students — 71% of them mentioned this source compared to just 21% of full-timers over 19.

Support from parents or partner was full-time students' most common main source of income (see table 2.1). Not surprisingly, 16–18 year old full-timers were the most likely to depend upon their parents — just over a half of them relied upon their parents compared to only one in seven older and younger part-timers.

Table 2.1 Students' main source of income (Percentage)

		Age			
		16–18		19+	
Main source of income	All students	Full-time	Part-time	Full-time	Part-time
Paid work	46	38	71	21	55
Family	28	52	14	32	14
Social Security benefits	14	2	7	28	19
Student financial support	5	7	6	4	2
Other general sources	6	1	2	15	7
N/A	1	0	0	0	3
Weighted base	**987**	**304**	**58**	**113**	**512**

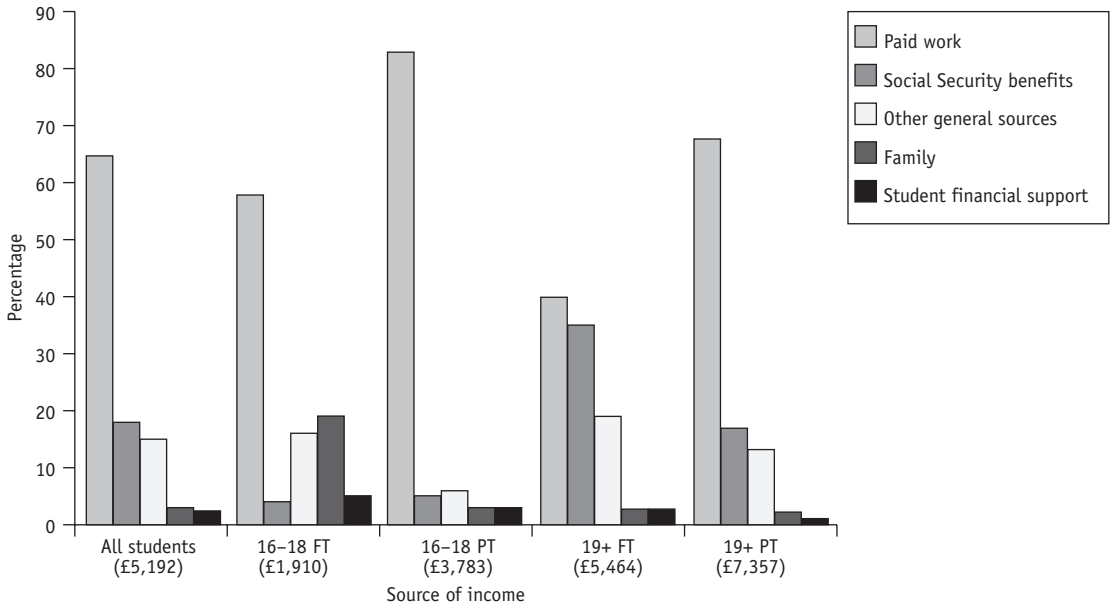
Source: South Bank University Survey of FE Students 1998

2.3 Student Total Income

The total average income for all FE students for the academic year 1997/98 was £5,192 — comprising £3,332 from earnings from paid work, £889 from social security benefits, £707 from other general sources, and the remainder from the family and student financial support.

Chart 2.2 illustrates the average amount students gained from each source of income as a proportion of their total income. It clearly shows that for all student groups earnings from paid work were the most valuable source of total income while student financial support was the least valuable. For all groups, except full-time students over 19, earnings also made up most of their total income — ranging from 57% for full-time students aged 16–18 to 83% for their part-time contemporaries. For older students studying full-time, nearly equal proportions of their income came from earnings and social security benefits. What this clearly demonstrates is that the majority of students studying in the further education sector had to pay their own way. They could not rely on income from the state, in the form of student financial support, to pay for their studies.

Chart 2.2 Source of income as a proportion of total income by age and mode of study



Source: South Bank University Survey of FE Students 1998

Figures in brackets are total average income

Chart 2.2 also highlights the discrepancy between what students perceive as their main source of income and the source from which they receive most of their income. The gap is particularly pronounced in relation to support from the family. This can probably be accounted for by the hidden subsidies students receive from their families such as subsidised board and lodging — an issue we will explore in the next chapter.

Table 2.2 gives details of students' income from different sources. The first line within each source shows the proportion of students surveyed receiving money from the source, the second gives the amount they received, while the third line shows the amount for all students, irrespective of whether they received money from the source.

Student total income varied considerably between different groups of students. Not surprisingly, older students were much better off than younger students. In fact, their total average income was more than three times higher than younger students (£6,929 compared to £2,202). This was primarily because of their higher earnings from paid work, the higher proportion reliant on social security benefits, and the more money they received from other general income, especially their share of their partners' income.

As we saw in Chapter 1, the majority (57%) of older students were married or cohabiting. Research shows[16] that most low income couples share their money. So in this study we assumed that students with partners would also pool their income and share their household expenditure.

There were also variations in students' total income by their mode of study. Older students studying part-time had more money than their full-time contemporaries while younger part-timers were more affluent than their fellow full-timers. As a result, part-time students over the age of 19 were nearly four times better off than full-time 16–18 year old students. Again, these differences were associated with part-timers' jobs and earnings.

[16] J Goode, C Callender and R Lister (1998) *Purse or Wallet? Gender Inequalities and Income Distribution within Families on Benefit* Policy Studies Institute, London.

Finally, there were considerable variations in student incomes depending on their family type. Lone parents had nearly half the income of married and/or cohabiting students with children — £5,380 compared to £9,607. Much of this can be attributed to their reliance on very different sources of income (Chart 2.3). What is particularly pronounced is that lone parents generated only 30% of their total income via paid work and only a minority worked, unlike students in other family types. This is probably because the demands of their studies and sole responsibility for childcare made it very difficult for them to engage in paid work as well. So lone parents, unlike any other group of students, had to rely on social security benefits as their main source of income.

Table 2.2 Total student income by age and mode of study

			Age				
			16–18			19+	
Source of income	All Students	All 16–18	Full-time	Part-time	All-19+	Full-time	Part-time
Paid work							
Total receiving income source (%)	70	78	68	76	64	37	60
Average received (£)	5,015	1,853	1,464	3,635	7,336	5,375	7,609
Average for all students (£)	3,332	1,413	1,089	3,145	4,453	2,124	4,992
Social Security benefits							
Total receiving income source (%)	37	6	5	12	55	59	54
Average received (£)	2,398	1,565	1,564	1,567	2,453	3,356	2,236
Average for all students (£)	889	98	82	180	1,345	1,981	1,206
Other general sources[17]							
Total receiving income source (%)	59	76	78	65	49	56	48
Average received (£)	1,198	374	374	373	1,938	1,818	1,969
Average for all students (£)	707	284	292	245	952	1,012	939
Family[18]							
Total receiving income source (%)	31	59	66	20	14	28	11
Average received (£)	547	523	525	490	608	677	570
Average for all students (£)	167	306	346	100	86	164	149
Student financial support[19]							
Total receiving income source (%)	25	20	18	27	29	34	27
Average received (£)	379	511	539	415	325	539	268
Average for all students (£)	97	101	101	113	93	183	71
TOTAL FOR ALL STUDENTS (£)	**5,192**	**2,202**	**1,910**	**3,783**	**6,929**	**5,464**	**7,357**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

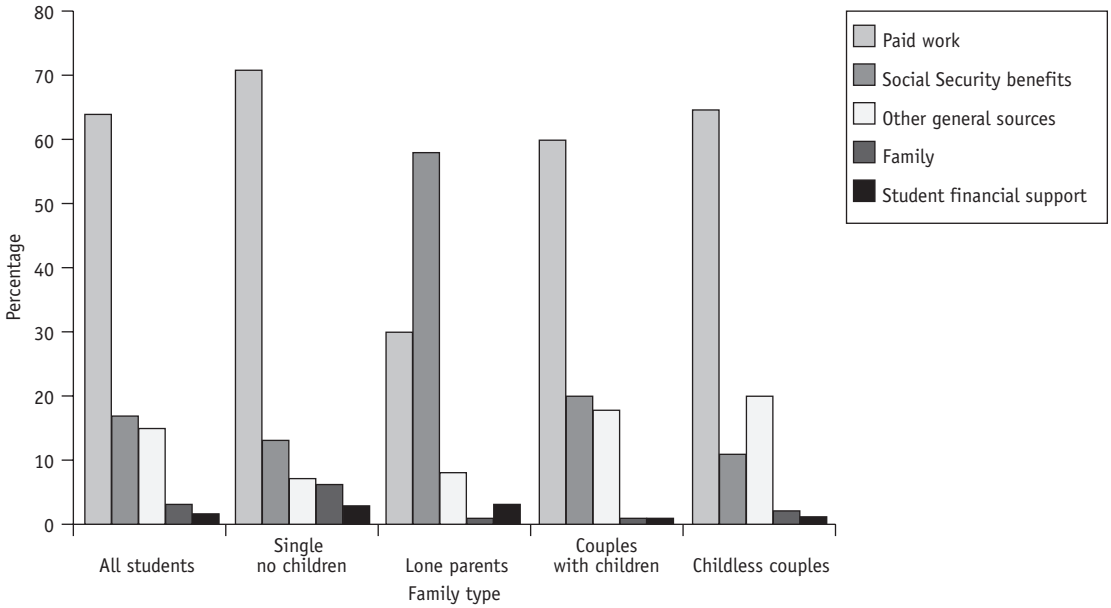
Source: South Bank University Survey of FE students 1998

[17] This includes money from: Social security benefits; Gifts in cash or kind; Share of partner's income; Maintenance; Additional payments; and Miscellaneous — e.g. lodgers, pensions, etc.

[18] This includes money from: Parents; Spouse/Partner; and Other relatives.

[19] This includes money from: Local Authority awards; Charitable organisations; Career Development Loans; Training allowances; Tax relief; Employers; Fee Remission; College schemes; and Access/Hardship funds.

Chart 2.3 Source of income as a proportion of total income by family type



Source: South Bank University Survey of FE students 1998

2.4 Income from Paid Work

Overall, seven in ten students had earned some money during the academic year and four in five worked continuously, so that earnings added £3,332 to average student incomes over the 1997/98 academic year (Table 2.3). Paid work was by far the most valuable source of income for all students. It made up 64% of total student income (Chart 2.2). As important, the differential earnings of the various groups of students largely explain the disparities in their total income.

Table 2.3 Students' paid work by age and mode of study

		Age					
			16–18			19+	
Source of income	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Any work during the academic year[20]							
Total working (%)	70	78	77	88	64	43	69
Working all year (continuously)							
Total working (%)	56	57	53	75	56	27	62
Average hours worked per week (hr)	22	16	13	27	25	12	26
Average weekly earnings (£)	138	53	41	96	190	172	192
Working term-time							
Total working (%)	12	18	20	12	8	14	7
Average hours worked per week (hr)	17	15	14	25	20	12	24
Average weekly earnings (£)	57	49	46	77	69	43	79
Working vacations							
Total working (%)	8	12	16	12	4	11	3
Average weekly earnings (£)	76	64	63	68	102	65	130
TOTAL FOR ALL STUDENTS (£)	**3,332**	**1,413**	**1,089**	**3,145**	**4,453**	**2,124**	**4,992**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

[20] Data are missing on the earnings of 10% of the students who had some form of paid work. Their earnings have not been imputed but were set at 0. These missing data explain the difference in the proportion of students working in Tables 2.1 and 2.4.

Interestingly, significantly higher proportions of 16–18 year olds (78%) than older students (64%) worked at some time during the academic year, especially part-timers (88%). These differences can be explained by the high proportion of part-time students working continuously throughout the year. Indeed, the patterns of work and earnings were very different for students in continuous work and those undertaking ad hoc temporary work.

2.4.1 Students working throughout the academic year

The main factor associated with whether a student worked continuously, not surprisingly, was their mode of study. Part-time students were much more likely to work continuously and full-time than full-time students. Three-quarters of 16–18 year old part-time students and 62% of older part-timers worked all year, compared to half of full-time younger students and a quarter of older full-time students (Table 2.3).

Although full-timers and part-timers in both age groups worked similar hours every week, their weekly earnings were very different. Older part-time students earned twice as much as younger part-time students every week (£192 compared to £96), reflecting their greater work experience and much higher hourly rates. And for every pound that men earned, women earned just 70 pence, revealing just one aspect of gender inequalities in the labour market.[21] It is noteworthy, however, that the average weekly earnings of **all** students are well below the national average. Indeed, their earnings fall between the lowest decile and quartile of all pay rates.[22]

2.4.2 Term-time working

In addition to the 56% of students working continuously throughout the year a further 12% of students worked during term-time, making a total of 68% of all students working during term-time.

Turning now to the 12% of students — full-time students aged 16–18 were the most likely to be engaged in such work while part-time students over 19 were the least likely (20% compared to 7%). Unlike students working continuously, there were no significant differences in the hourly pay rates by age or gender but there were variations by social class. As social class rose so did weekly pay levels, from £52 for social classes D and E to £81 for social classes A and B.

2.4.3 Vacation working

It might be expected that more students would work during the Christmas and Easter vacations than during term-time. This was not the case, irrespective of the student's age or mode of study. In fact, the proportion was lower at 8% (excluding those working all the year). Working over the vacations was most popular amongst full-time students aged 16–18 and least popular among part-time older students (16% compared to 3%), although the latter group earned the highest average weekly wages.

As we saw, all students' average earnings over the academic year were £3,332. Of this, £316 was earned during the two short vacations and the remaining £3,016 during term-time. In Chapter 6 we will examine the impact of this paid work on student performance.

[21] For a more detailed analysis of these gender inequalities see F Sly, T Thair, and A Risdon (1998) 'Women in the labour market: results from the Spring 1997 Labour Force Survey' *Labour Market Trends* March.

[22] *New Earnings Survey 1997 Part A* (1997) Office for National Statistics, The Stationery Office, London.

2.5 Social Security Benefits[23]

Social security benefits were the second most important source of student income in terms of the proportion of students receiving them, and the amounts they received (Table 2.2). All students with dependent children qualify for Child Benefit. Students' eligibility for other social security benefits, however, varies depending on their age, family circumstances, and their hours of study. Most young people aged 16–17 are no longer entitled to social security benefits in their own right. They are guaranteed, however, a Youth Training place with a training allowance.[24]

Since 1990, the majority of full-time students aged 18 and over have been ineligible for Income Support or Job Seekers' Allowance/Unemployment Benefit. Those who have retained some entitlement to these benefits and Housing Benefit are: lone parents; students with dependent children; students with disabilities; and other 'vulnerable groups'. In addition, full-time further education students under 19 can claim Housing Benefit while students in receipt of a training allowance can receive Income Support.

Part-time students aged 18 and over are subject to different regulations. Before the introduction of the Job Seekers' Allowance (JSA) in October 1996, people receiving Unemployment Benefit (UB) or Income Support (IS) could undertake part-time education and training, as long as they remained available for, and were actively seeking, work. Claimants could train or study without their benefits being affected. This was the so-called '21 hour rule'.

When the Job Seekers' Allowance replaced Income Support and Unemployment Benefit, claimants were allowed to take up part-time education or training while looking for work as long as they:

- were a part-time student;
- were available to start work immediately;
- were willing/able to take time off the course to attend a job interview;
- could be contacted promptly while attending the course;
- could re-arrange the hours of the course to fit around a job or were prepared to abandon the course at once to take up a job of over 24 hours per week.

Failure to satisfy these conditions can result in benefit being suspended and referred to an adjudication officer or withdrawn. These rules on education and training while receiving JSA were largely carried forward from the previous system. However, three main changes were brought in by the Job Seekers' Allowance:

- definitions of full-time and part-time were provided. Courses funded by the FEFC were defined as part-time if they consisted of no more than an average of 16 guided learning hours a week;
- a new concession, Regulation 11, was introduced to make it easier for unemployed students or trainees to meet the requirement to be available for work;
- people receiving JSA could undertake one employment-related course of education or training of no more than two weeks in any year, with the agreement of the Employment Service, and be excused from the requirements to be available for and actively seeking work.

The 16 hour rule has been criticised widely[25] for acting as a major disincentive to study among a particularly vulnerable group who are especially likely to benefit from access to education and training. And despite the current government's commitment to education and training, the 16 hour rule remains intact.

[23] This section excludes students receiving Housing Benefit. Receipt of this benefit will be discussed in the context of housing costs.

[24] The Youth Training Guarantee is likely to be replaced with an entitlement to learning for young people.

[25] For example, the Kennedy Report, the Fryer Report and the Dearing Report into Higher Education.

There continue to be numerous anomalies in the way the social security system treats those pursuing educational and training courses. Indeed, these inconsistencies are increasing with the introduction of the new Welfare to Work initiatives. As a result, the social security system is getting even more complex for those wishing to study and train. For example, part-time students undertaking ESF funded courses are treated differently from those on FEFC funded courses. In the Workskill Pilot schemes, introduced in April 1997, more flexible study rules are being piloted to see if they improve unemployed people's job prospects.[26] Under the Welfare to Work Initiative, young unemployed people aged 18–24 are allowed to study full-time under one of the four New Deal options which started nationally in April 1998. Similarly, under the New Deal for the long-term unemployed that started nationally in June 1998, some over 25 year olds are permitted to take a full-time course. Both these groups will continue to be entitled to claim social security benefits, but for others who cannot take advantage of the Welfare to Work options, the 16 hour rule will remain in place as a main route into education and training.

A student's partner can claim means-tested benefits on behalf of the whole family, including the student, if their total household income is low enough to qualify.

Nearly two in five (37%) students surveyed received social security benefits, adding £887 to their total income. The type of students getting benefits reflects the benefits' differing eligibility criteria. And the amount they received was determined by both these criteria and benefit rates which differ depending on the claimant's age (Table 2.2). Together the criteria and benefits rates explain why fewer 16–18 year olds than students over 19 derived any income through the benefit system (7% compared to 57%) and why the total amount received was so much lower (£98 compared to £1,345).

A third of students receiving social security benefits were getting child benefit only. So amongst all students family type and gender were strongly related to the receipt of benefit, especially amongst older students. Nearly all lone parents (93%) (the majority of whom were women) and the vast majority of couples with children (87%) received social security benefits, unlike childless couples (29%) and single childless people (18%). Lone parents, as a group, were the most reliant of all students on social security benefits for their income. They derived nearly all their income from social security benefits, while couples with children derived a fifth and childless couples just an eighth (Chart 2.3).

The proportion of all students receiving benefits drops from 37% to a quarter if we exclude students who only claimed child benefit. However, even amongst these students family type and gender remain important variables. Most significantly, four times as many lone parents as couples with children had to rely on benefits (88% compared to 22%).

Some 6% of all students claimed Job Seekers' Allowance and so were subject to the 16 hour rule. The majority (74%) were single childless men who were unemployed.

2.6 Other General Sources of Income

The majority of students also raised money from other general sources, apart from earnings and social security benefits. These other general sources were the third most valuable source of income (Chart 2.2) and made up a seventh of their overall income by adding £707. The largest single amount was obtained from their share of partners' income (£455), followed by gifts (£130) and other general sources (£122). The first and third source were of particular significance to older students, and the second to younger students (Table 2.4).

[26] In the Autumn Budget of 1997 the Chancellor announced that the Workskills pilots will be extended in September 1997.

2.6.1 Share of partners' income

As already discussed, in this study we have assumed that students with partners pooled their income and shared household expenditure. Unfortunately, a sizeable number of these students did not give their partner's income either because they did not know it or because they were unwilling to reveal the information. Thus the estimates of partners' income are only available for a third of married or cohabiting students.[27] On the whole the key beneficiaries of partners' income were women suggesting that men remained the key breadwinner in these households.

Table 2.4 General sources of income

			Age				
			16–18			19+	
Source of income	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Share of partners' income							
Total receiving income source (%)	12	0	0	0	19	18	19
Average received (£)	3,849	0	0	0	3,849	4,358	3,743
Average for all students (£)	455	0	0	0	719	780	706
Gifts							
Total receiving income source (%)	41	72	74	62	23	32	21
Average received (£)	314	362	362	360	229	258	219
Average for all students (£)	130	262	269	222	53	84	46
Other income[28]							
Total receiving income source (%)	22	21	21	23	22	17	23
Average received (£)	554	107	109	96	807	769	813
Average for all students (£)	122	23	23	23	176	148	187
TOTAL FOR ALL STUDENTS (£)	**707**	**285**	**292**	**245**	**948**	**1,012**	**939**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

2.6.2 Gifts

Four out of ten students received gifts in cash or kind. The average value of these gifts, for students who received them, was £314, adding £130 to overall student incomes. These gifts came from their parents, extended family and friends and were in addition to any money they received more regularly from their families. They were of greater significance to younger students than older ones both in terms of the proportion receiving them and the amount received. Over seven out of ten (72%) 16–18 year olds had been given gifts — three times the proportion of students aged over 19 (23%). In addition, the average value of their gifts was also much higher so that, overall, younger students as a group derived £262 of their income in the form of gifts, compared to only £53 among students over 19.

There were also some large variations by social class in the level of generosity of relatives but not in the proportion of students receiving gifts. So, gifts added £203 to the income of students in social classes A and B — nearly double the amount they added to the income of those in social classes D and E (£110).

[27] We considered imputing a value for the partners' income but rejected the idea because of the large variation in these incomes.

[28] This includes money from: maintenance; additional payments; and miscellaneous income.

2.7 The Family

Students as a whole, received an average of £167 in cash from their family in 1997/98 which made up just 3% of their total income. There were, however, wide variations. Almost seven out of ten of all students got nothing at all regularly from their parents or partner; while the remainder received an average of £547 (Table 2.2).

Significantly more younger than older students were supported by their family (59% compared to 14%), although the average amount they received was not very different (£523 compared to £608). Full-time students were helped more than part-timers probably because, as we have seen, fewer of them worked and their wage rates were lower. Overall, financial assistance from the family was by far the most important source of income for full-time students aged 16–18 — two-thirds received an average of £525 contributing nearly 20% to this group's total average income.

2.8 Student Financial Support

It is now well established that the system of student financial support in further education is wholly inadequate. There is no comprehensive system of support and the proportion of students benefiting is very low. The system is inequitable and funding is not distributed according to students' needs. As important, the level of support received by students, on average, is very low and does not meet the full costs of participation (see Kennedy H (1997) op. cit.). The findings of this student survey bear this out.

Only a minority (a quarter) of students received any form of student financial support. Such support was students' least valuable source of income (Table 2.2). It accounted for only £97 of all student total income — under 2% of their average income over the academic year. It was of most value to full-time students over 19 (£183) and of least value to part-timers over 19 (£71). As important, the support was not directed to those in the greatest financial need. Nearly a half of all students receiving the limited support available did not experience financial hardship.

Student support came primarily from just four sources: fee remission; employers; Access/Hardship Funds; and Local Education Authorities. But, only selected groups of students benefited from these, and the proportion benefiting was very low, except for those students whose fees were remitted (Table 2.5). We will now examine these four most common forms of student support — help received by more than 5% of all students surveyed.

Table 2.5 Student financial support by age and mode of study

Source of income	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Tuition fee remission*							
Total receiving income source (%)	33	10	N/A	63	46	64	42
Average received (£)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average for all students (£)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Help from employers							
Total receiving income source (%)	19	3	0	20	17	2	20
Average received (£)	321	184	0	184	337	431	334
Average for all students (£)	38	6	0	37	56	9	66
Access/Hardship funds							
Total receiving income source (%)	6	4	4	1	7	23	3
Average received (£)	338	401	414	190	320	453	106
Average for all students (£)	18	13	14	2	21	102	3
Local Education Authority							
Total receiving income source (%)	6	16	13	2	2	2	0
Average received (£)	579	509	516	300	1,724	1,724	0
Average for all students (£)	25	57	67	7	92	38	0
Tax relief							
Total receiving income source (%)	6	0	0	0	6	6	5
Average received (£)	61	0	0	0	61	134	43
Average for all students (£)	2	0	0	0	3	8	2
College schemes							
Total receiving income source (%)	2	2	2	0	3	4	0
Average received (£)	386	409	409	0	371	371	0
Average for all students (£)	3	3	3	0	2	13	0
Training allowances							
Total receiving income source (%)	1	2	1	5	0.3	2	0
Average received (£)	908	1,003	694	1,337	630	630	0
Average for all students (£)	7	15	7	62	2	11	0
Charitable organisations							
Total receiving income source (%)	0.6	1	1	2	0.3	2	0
Average received (£)	781	409	965	400	371	371	0
Average for all students (£)	2	3	4	5	2	13	0
Career Development Loans							
Total receiving income source (%)	0.1	0.3	0.3	0	0	0	0
Average received (£)	1,636	1,003	1,003	0	0	0	0
Average for all students (£)	2	3	3	0	0	0	0
TOTAL FOR ALL STUDENTS (£)	**97**	**100**	**101**	**113**	**178**	**183**	**71**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

* Full-time 16–18 year old students do not pay tuition fees and were not questioned, therefore, about the costs of tuition fees.

These findings are particularly interesting in the light of research on college practices regarding different types of student support.[29] This research suggests that high proportions of colleges help students with financial difficulties. Yet what this study shows is that the help the colleges give only reaches a very small number of students and a fraction of the student body as a whole.

2.8.1 Tuition fee remission

By far the most common form of student support was tuition fee remission, received by a third of students. Full-time 16–18 year old students do not pay any fees so they were not questioned about fees. However, their contemporaries studying part-time and all those over 19 do have to pay fees unless they get them remitted. So the total proportion of students benefiting from fee remission in Table 2.5 applies to these students only.

Since incorporation, tuition fee remission policies in respect of support from the FEFC have been set nationally by the FEFC rather than by individual LEAs. Colleges can claim tuition fee remission units from the FEFC for the following groups of students, if their tuition fees are remitted in full:

- unemployed people in receipt of Job Seekers' Allowance and their unwaged dependants;
- those in receipt of means-tested social security benefits and their unwaged dependants; and
- those undertaking basic education or ESOL courses.

In addition, colleges can choose to remit fees for other students if they wish[30] but this comes out of their budget. Tuition fee remission is an indirect payment to students, they do not actually receive any money.

In the survey of students, a third had had their fees remitted but the proportion rose to three in five among part-time students under 19 and over 19s studying full-time. Of these students, most were unemployed or economically inactive (44%). Just under seven out of ten lone parents had not paid fees nor did nearly four out of five students whose main income source was social security benefits. This suggests that students in financial need were having their fees remitted. Indeed, nearly three in five students benefiting from the non-payment of fees were experiencing financial hardship.

2.8.2 Help from employers

Just under one in five of all students received some financial help towards the costs[31] of their studies from their employer, amounting to £321 on average for 1997/98. This sum added £38 to total student income. There were, however, important differences between students receiving this help (Table 2.5).

For a start, only students working could get this type of assistance. As we saw, 70% of all students undertook some paid work over the academic year (Table 2.2). However, as is well established, employers are very selective in which employees they support. They tend to finance full-time, committed, and long serving employees with the costs of education and training. So only students in continuous jobs, and in particular types of continuous jobs, were asked about help they received from their employers.

[29] Callender C and Smith N (1999) *Accessing Funding in Further Eduation: A college perspective on Access Funds and student financial support* FEFC Coventry. This study examined the help colleges gave students from Access and Hardship funds, and any other College schemes, and in relation to: fee remission; exam fees; travel costs; and childcare.

[30] See Callender C and Smith N (1999) op. cit. for more detail on college practices on fee remission.

[31] It is not possible to say from this study whether students' college costs were paid in total or in part by their employer.

All students in continuous jobs were asked to describe the nature of their job. Over a half (52%) thought that they would probably continue in their current job or a similar one, once they had finished college. A further three in ten (29%) had been doing their kind of work for some time but wanted to do something different once they had finished college. Another one in five (19%) only took the job to help pay their way through college. Only students falling into the first two categories (81% of all students working continuously) were asked about help received from their employer. The type of help they received will be discussed in Chapter 4 (Section 4.5).

Part-time students were the key beneficiary of employers' help with the costs of going to college which is not surprising given their propensity to work in continuous and full-time jobs. Those over 19 accounted for 88% of recipients.

Although one in five of all part-timers benefited, older students received more financial help towards their costs. They secured an average of £334 while younger students gained £184, on average. So help from employers accounted for £66 of part-time over 19s' total income and £37 of part-time 16–18 year olds total income.

Help from employers was the sole source of student financial support for older part-time students, apart from fee remission. £71 of their total income came from student financial support and £66 of that came from employers. In other words, help from employers played a very special role for part-time students over 19.

Clearly, not all employees have equal access to employer-sponsored education and training. Those in full-time jobs were twice as likely as those in part-time jobs to receive help (54% compared to 23%). Generally, those most disadvantaged in the labour market had the least access. Indeed, of those students surveyed who received help from their employers with the costs of going to college, over half were in intermediate and junior non-manual jobs while only 8% worked in semi-skilled or manual jobs. In addition, the majority (61%) of students getting help were not experiencing financial hardship. So this type of support was not necessarily related to need. Overall, the odds of receiving help favoured full-time employees in better paid jobs higher up the occupational ladder.

2.8.3 Access and Hardship funds

Access funds were introduced by the government in 1990/91 for students aged 19 and over where financial hardship may inhibit participation in further or higher education. In 1997/8 further education was allocated £6 million Access Funds which were about 20% of the total Access Funds budget; the remainder went to higher education. In 1998/99 there will be an additional £3 million for Access Funds for further education and part-time students will be eligible to apply for the first time. In addition, the Comprehensive Review of July 1998 includes an unspecified amount of extra Access Funds.*

The Further Education Funding Council allocates the funds to colleges according to guidelines and eligibility criteria set down by the Department for Education and Employment. According to these criteria, students, when this study was conducted, had to be:

- aged 19 and over;
- full-time; and
- UK nationals.

*Details of additional monies for access funds were announced in November 1998; for 1999–2000 an extra £27 million has been allocated, and for 2000–01 an extra £29 million, both compared with 1998–99.

At the time of this study, colleges receive a set amount of money (£26.88 in 1997/98) for each potentially eligible student. They then decide how, and to whom, to disburse these funds, in response to local priorities. In other words, payment is at the discretion of the college and their practices vary considerably.[32] As a result, students in similar financial circumstances are treated very differently depending on the college they attend.

Hardship funds are also available at most colleges for students with financial difficulties but are raised locally by the college. Again, payment is discretionary.[33]

Previous research on student income and expenditure[34] shows that often students, quite understandably, find it hard to distinguish between Access and Hardship Funds. In many institutions the two funds are distributed in similar ways. So in this study, we asked students about Access and Hardship funds together.

Table 2.5 shows that only 6% of all students received some Access/Hardship Funds which were worth, on average, £338. These funds accounted for just £18 of all students' total income in 1997/98. Full-time students over 19 were the most likely to secure Access/Hardship Funds, accounting for just under half of all recipients. Overall, just under a quarter of all full-time students over 19 obtained these funds and they received £453, on average. This accounted for £102 of all full-time students' total income and formed the majority of their income from student financial support, unlike any other group of students.

Given the age of most recipients, it is not surprising that more students attending general FE colleges (6%) got Access/Hardship Funds than students at Agricultural Colleges (2%) or Sixth Form Colleges (0.7%).

One group of students who gained particularly from Access/Hardship funds was lone parents. They were three and half times more likely to be assisted than any other family type, receiving £287. This added £52 to their average incomes and was the largest amount of Access/Hardship Funds any group of students received. This is important because as we will see in later chapters, lone parents endured considerable financial difficulties. Interestingly too, of those securing Access/Hardship Funds, the vast majority (88%) said they experienced financial hardship. In other words, the Access/Hardship Funds were fulfilling their key purpose and being targeted at those in need.

2.8.4 Local Education Authority

At the time of writing, Local Education Authorities (LEAs) were responsible for awarding means-tested discretionary grants directly to individuals under Section 2 of the 1962 Education Act.[35] These awards represented the main plank of government policy aimed explicitly at meeting the costs of participation. In recent years, the proportion of students receiving awards and the level of expenditure on them has fallen steadily.[36] Their discretionary nature means that the amount an individual receives and what it covers vary enormously from one Local Authority to another. Much more important, only a very small minority of students receive them. Most students do not receive an award at all, despite their financial need.

In the survey of students, only 6% of all students received financial support from their LEA. The vast majority (91%) were full-time students aged 16–18 who were single with no dependants. Among those receiving a grant, the average award was £579. So, across students as a whole the average amount was just £25. This amount varied by age and mode of study. For full-time students aged 16–18 it was £67 but dropped to £38 for older full-time students.

[32] Callender and Smith (1999) op. cit. for details on how colleges organise and distribute their Access Funds.
[33] Callender and Smith (1999) op. cit. for details on how colleges acquire and distribute Hardship Funds.
[34] C Callender and E Kempson (1996) *Student Finances: Income, Expenditure and Take-up of Student Loans* Policy Studies Institute, London.
[35] With the passage of the Teaching and Higher Education Act 1998 LEAs will no longer have this responsibility.
[36] Herbert and Callender (1997) op. cit.

These awards are means-tested on parental or spouse income, although if the student has been married for two years or more, awards are means-tested on their spouse's income. For students aged 25 or over and those who have lived independently of their parents for more than three years, the means-test is based on their income. So as expected, the proportion receiving a grant was lowest for students whose parents were in social classes A and B (3%) and highest for those in social classes D and E (6%). However, the average amount received did not rise across the social classes. In fact, social classes A and B received more than social classes E and D. In other words, the size of students' awards was not obviously related to financial need which reflects Local Education Authorities' discretion in how much they award an individual student. However, overall the majority (62%) of students receiving Local Authority aid did experience financial hardship.

2.8.5 Other sources of student financial support

As Table 2.5 shows all the other potential sources of student support were of help to only a fraction of students. Only 6% of all students applied for tax relief on the costs of their training. Vocational Tax Relief was introduced in 1992 for individuals not in receipt of any financial assistance, and other tax concessions were introduced in the 1997 budget. As we see, such concessions helped only a minority and were of use primarily to self-funded students with access to funding or credit.

Career Development Loans (CDL) for individuals to pay for employment-related courses were introduced in 1988. As this study clearly shows the initiative has had little impact on the FE sector, nor have training allowances although both have a positive influence on participation rates.[37] Only one student, out of the 796 potentially eligible students, got a Career Development Loan, only six students received any money from a charitable organisation, and 24 from an ad hoc college scheme, and the amounts they received from these sources were minimal.

2.9 Summary

In the academic year 1997/98 the average income for students in further education was £5,192; two-thirds of this came from paid work, a sixth from social security benefits, and the remainder from other general sources, the family, and student financial support. Students received the smallest amount of their income from student financial support — just 2% — highlighting the inadequacy of the current student support system within FE.

The total income of students over the age of 19 was three times higher than students aged 16–18. This was because: they earned more; more of them claimed social security benefits and received higher benefit rates; and more of them were married or cohabiting and so could call upon their partners' income.

Within the two age groups part-time students were better off than full-time students. This too was associated with their patterns of employment and the types of jobs they did. Part-time students usually worked full-time and continuously throughout the academic year. So they not only worked longer hours but their jobs commanded higher hourly wage rates. In contrast, full-time students tended to have part-time jobs which were often temporary and attracted lower hourly wage rates.

Above all else, it was the differential earnings of the various groups of students that largely explain disparities in the total income of each group. Overall, seven out of ten students earned some money from paid employment during the 1997/98 academic year, with over half (56%) saying that they had worked continuously throughout the year, so that earnings added £3,332 to total student income. They worked an average of 21 hours a week during term-time. Earnings were a vital source of income for all students but of particular importance to part-time students aged 16–18. Over three-quarters of them worked and 83% of their total income came from their job.

[37] Herbert and Callender (1997) op. cit.

Social security benefits were the second most common and valuable source of student income. Nearly two in five students claimed them, adding £887 to total student income. Benefit rules and regulations dictate eligibility, so the key recipients were women over 19 with children because they were able to claim child benefit. Indeed, a third of all claimants received child benefit only. The group most reliant on benefits were lone parents, the majority of whom were women. They derived most of their income from social security benefits compared to a sixth amongst the student body as a whole.

A major contradiction within the social security system is the 16 hour rule which penalises the unemployed who want to study. Approximately 6% of all students were affected by this, most of whom were single childless men over 19.

Families also played an important role in supporting students. They gave their children or partner an average of £167 in cash and £130 worth of gifts in cash or kind during the academic year. Parents, whose children were aged 16–18, were particularly generous. Married or cohabiting students also called upon their partners' income which amounted to £455 for all students over the year. As we will see, those who lived at home also received other hidden subsidies such as free or subsidised board and lodgings. These types of support help explain why nearly three in ten students reported that their family was their main source of income even though cash, gifts, and share of partners' income only amounted to just 14% of total student income. We should be careful, however, not to over-estimate families' financial support. We should remember that: 71% of all students received no cash payments from their family; three in five received no gifts in cash or kind; and the majority of students had no partner.

Student financial support had little impact on student income — it accounted for just 2% of total student income, adding just £97 to total student income. Only a minority of all students received any help — under a quarter. Provision was restricted to four sources: tuition fee remission; employers; Access/Hardship funds; and Local Education Authorities. In turn, only limited groups of students benefited from these sources, highlighting the absence of a comprehensive system of student financial support. Access to financial support, therefore, was not determined by financial need. Indeed, nearly half the students receiving some kind of student financial support did not experience financial hardship. Consequently, students in financial need, in similar circumstances were treated very differently. Above all, the ad hoc and discretionary nature of current provision means that it is not targeted to those in greatest financial need.

The main beneficiaries of tuition fee remission policies, over and above 16–18 year old full-time students who do not pay tuition fees, were 16–18 year old part-time students and full-time students over 19, with a third of all students benefiting. The key group receiving help from their employers were part-time students over 19 with one in ten of all students getting such assistance. Their full-time contemporaries had to rely on Access/Hardship funds which benefited one in twenty of all students. Finally, full-time students aged 16-18 were dependent on their Local Education Authority for any student financial support and one in twenty of all students got this help.

These findings highlight the importance of getting information on student support directly from students rather than from colleges. Research on college practices[38] shows that nearly all colleges have funds to assist students with financial difficulties. Yet as this study shows, it only reaches a very small number of students and a fraction of the student body as a whole.

To conclude, the findings on student income clearly demonstrate that the majority of students studying in the further education sector had to get jobs to pay their own way. They could not rely on income from student financial support to pay for their studies despite financial need, which clearly shows the need to reform the support system. This near absence of student financial support for so many students and its very low value are indicative of the way in which the burden of financial responsibility for further education has shifted on to the individual learner. And it is to the costs of participation and student expenditure that we now turn.

[38] Callender C and Smith N (1998) op. cit.

3 Student Expenditure

3.1 Introduction

This chapter explores student expenditure and how it varies for different groups of students. It looks at their total expenditure and then in detail at the different components of their expenditure. It closely examines the costs associated with going to college and participation more generally.

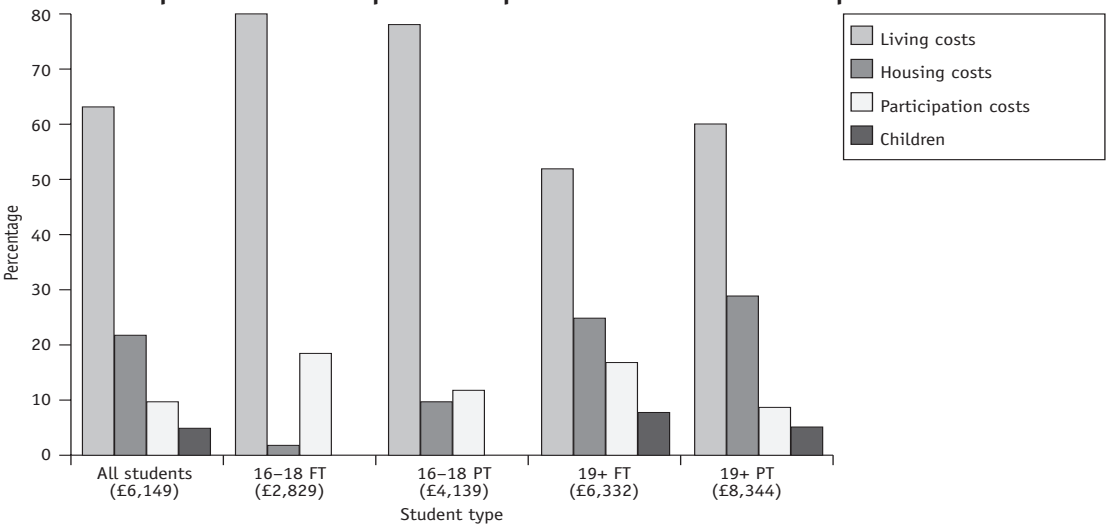
Early research on the costs involved in pursuing further education and training viewed them as primarily course fees and opportunity costs in terms of time.[39] More recent work[40] has pointed out that such a perspective is far too narrow. It excludes a wide range of add-on costs associated with participation and various other direct and indirect costs. Until now, no research has attempted to quantify systematically these wider costs of participating in further education.

3.2 Total Student Expenditure

Total student expenditure was, on average, £6,149 during 1997/98. This is £957 more than average student income. Most of the shortfall was made up by students calling upon their savings, borrowing money and not paying bills — issues we will discuss in Chapter 5. The remainder is attributable to survey error and is within the margin of error for a survey of this kind.[41] Indeed, the official Family Expenditure Survey[42] also finds that expenditure generally exceeds income for the lowest income groups.

Chart 3.1 illustrates the proportion of students' total expenditure spent on various areas. By far the largest area for all students was general living costs. These used up three-fifths of their total expenditure, followed by housing costs that consumed a quarter but varied considerably by their living arrangements, then the costs of participation that accounted for a tenth, and finally children who absorbed the remaining expenditure of just 4%.

Chart 3.1 Proportion of total expenditure spent on different areas of expenditure



Source: South Bank University Survey of FE students 1998
Figures in brackets are total average expenditure

[39] Training Agency (1989) *Training in Britain: A Study of Funding, Activity and Attitudes. The Main Report* Training Agency, Sheffield.

[40] De Bell D and Davies (1991) *Paying for Skills: Financial barriers to access to vocational training for adults* Norwich City College, Norwich.

[41] The discrepancy is also associated with three other factors. First a large number of items had to be added together as compared with a smaller number of sources of income. Secondly, we have assumed that among married and cohabiting couples all income is pooled, while some spending is personal but other expenditure is communal to the household and, accordingly, has been shared between the two partners. This is difficult to do precisely. Finally, as already mentioned, on income sources, there were missing data.

[42] *Family Spending: A report of the 1996–97 Family Expenditure Survey* (1997) Office of National Statistics, Stationery Office, London.

Table 3.1 gives details of student total expenditure. All students incurred some living and participation costs so the table gives just the overall averages for these items. In contrast, not all students spent money on housing or children. So Table 3.1 indicates the proportion of all students incurring these costs, how much on average they spent, and what this contributed to the overall expenditure for all students.

Table 3.1 Total student expenditure by age and mode of study

		Age					
			16–18			19+	
Area of expenditure	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Living costs[43]							
Average for all students (£)	3,868	2,407	2,261	3,246	4,590	3,385	4,997
Housing[44]							
Total incurring cost (%)	61	29	22	61	80	69	82
Average cost incurred (£)	2,345	458	319	725	2,735	2,140	2,846
Average for all students (£)	1,448	122	63	431	2,247	1,580	2,394
Costs of participation[45]							
Average for all students (£)	599	492	498	462	663	921	605
Children[46]							
Total incurring cost (%)	22	1	1	0	35	40	34
Average cost incurred (£)	1,052	778	778	0	1,056	1,125	1,038
Average for all students (£)	234	6	7	0	365	446	348
TOTAL FOR ALL STUDENTS (£)	**6,149**	**3,027**	**2,829**	**4,139**	**7,865**	**6,332**	**8,344**
Weighted base	**987**	**362**	**302**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

Overall, expenditure by different student groups was broadly in line with their circumstances, as would be expected. Clearly, spending was constrained by income. So students over 19 spent more (£7,865) than those aged 16–18 (£3,027 — Table 3.1); part-time students spent more than full-time students; those living in their parental home spent much less than those living either independently, or with their partner (Table 3.2); and couples with children spent more than those without (Table 3.3).

Table 3.2 Total student expenditure by living arrangements (£)

		Living arrangements		
Area of expenditure	All Students	Living at home with parents	Living at home with partner/spouse	Living independently
Living costs	3,868	2,574	5,416	3,847
Housing	1,448	203	2,825	2,391
Costs of participation	599	516	736	570
Children	234	5	571	147
TOTAL FOR ALL STUDENTS (£)	**6,149**	**3,298**	**9,548**	**6,955**
Weighted base	**987**	**435**	**353**	**171**

Source: South Bank University Survey of FE students 1998

Indeed, to unravel the different levels and patterns of student expenditure we have to explore

[43] Living costs include: Food, drink and household goods; personal expenditure e.g. cigarettes, newspapers, laundry, medications, toiletries; entertainment; consumer durables; and other costs e.g. clothing, CDs, books, gifts, etc.
[44] Housing costs include: rent/mortgage minus any Housing Benefit; Council tax; and housing bills and utilities.
[45] Costs of participation include: tuition fees; exam and registration fees; books; computer; special equipment or materials; stationery and photocopying; travel to and from college; field trips; and childcare.
[46] Children includes all cost except for childcare.

the interplay between their:

- living arrangements — whether they lived with their parents or partner, or independently;
- family circumstances — whether they were married/cohabiting with or without children, lone parents, or single and childless;
- their housing tenure — whether they had a mortgage, owned their home outright, or rented their accommodation; and
- where in the country they lived.

So for example, the expenditure of couples with children who had a mortgage and lived in London was over three times higher than that of a single student living at the parental home outside the capital.

Table 3.3 Total student expenditure by family circumstances (£)

		Family type			
Area of expenditure	**All Students**	**Single no children**	**Lone parent**	**Couple with children**	**Couple no children**
Living costs	3,868	2,738	3,836	5,508	5,970
Housing[47]	1,448	636	2,154	3,314	2,667
Costs of participation	599	503	825	829	660
Children	234	4	494	1,065	9
TOTAL FOR ALL STUDENTS (£)	**6,149**	**3,881**	**7,309**	**10,716**	**9,306**
Weighted base	**987**	**586**	**51**	**189**	**161**

Source: South Bank University Survey of FE students 1998

We will now examine each area of expenditure in more detail, starting with the area that absorbed most of all student expenditure — living costs.

3.3 Living Costs

Three-fifths of total student expenditure — £3,868 — were devoted to general living costs and these costs absorbed most of the expenditure for all different groups of students (Table 3.4). Half was used to buy food and drink eaten both inside and outside the home, household cleaning materials, and other domestic goods like pet food; a fifth for general items of other expenditure such as clothes, non-course books, gifts etc.; a seventh for consumer durables and large items of expenditure; and the remainder on personal expenditure and entertainment.

There were considerable variations in spending on living costs between diverse categories of students. As Table 3.4 shows, there were disparities both in the absolute sums of money spent by students of different ages on each item of expenditure, and in their spending patterns, as indicated by the proportion of total expenditure spent on particular items. The greatest difference was in relation to food and drink and this accounted for most of the variation in living costs by age. So older students spent an average of £2,408 in 1997/98 on food and drink while younger ones spent less than half of that, £1,094. Older students, however, did not eat more than younger students nor did they necessarily eat more expensively! To understand this discrepancy, we have to examine students' living arrangements and family circumstances.

[47] Housing costs include: rent/mortgage minus any Housing Benefit; Council tax; and housing bills and utilities.

Chart 3.2 illustrates students' living arrangements by their age. It clearly shows that the vast majority (95%) of 16–18 year olds lived at home with their parents while over 19s lived mainly with their partner (57%) or independently with friends or alone (27%). So differences in these students' expenditure on food and drink were primarily associated with their living arrangements and the fact that the parents of 16–18 year olds subsidised their children's food and drink costs. As a result, students living in their parental home spent an average of £1,127 on food compared to £1,938 spent by students living independently and £2,972 spent by students living with their partners in their own home.

The lower costs were also related to their family circumstances. As we saw in Table 1.1, nearly all 16–18 year olds were single and without dependants. By contrast, students over 19 were in more diverse types of family situations, so that nearly three in five had a partner. Not surprisingly, there was a strong tendency for students in couples to spend more on food and drink, especially those with children (£3,241), than single students (£1,199).

Overall, young and older students' spending patterns on other living costs apart from food and drink were very similar, except in relation to entertainment. Not surprisingly, 16–18 year olds spent double the proportion of their expenditure on entertainment than older students (15% compared to 7%) although the absolute amounts spent were not very different — £371 compared to £309.

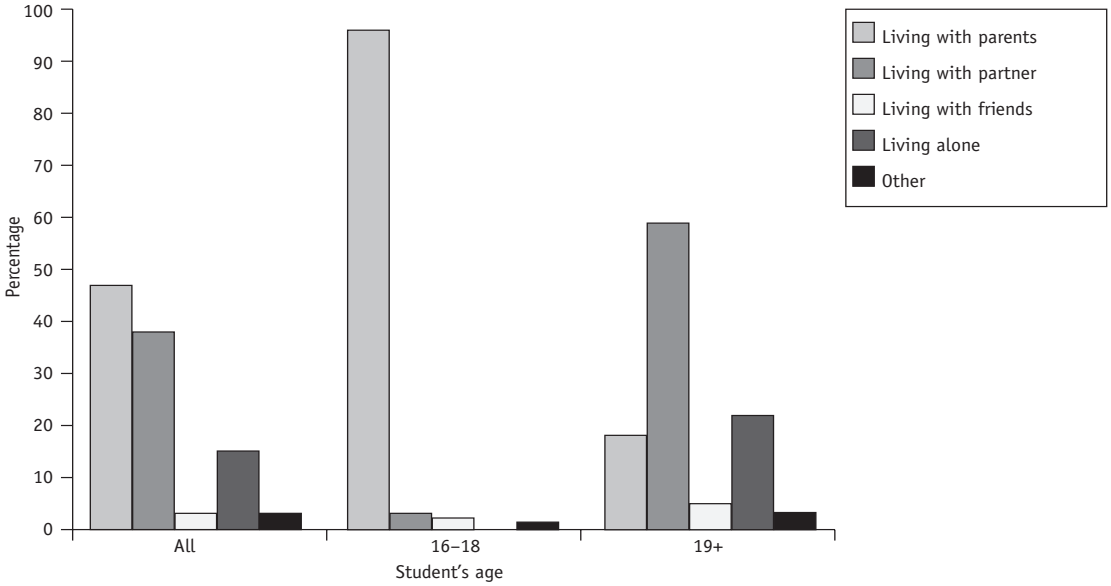
Table 3.4 Student living costs

			Age				
			16–18			19+	
Item of expenditure	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Food and drink[48]							
Total incurring cost (%)	94	97	98	93	92	98	90
Average cost incurred (£)	2,053	1,125	1,053	1,525	2,623	2,177	2,729
Average for all students (£)	1,926	1,094	1,033	1,411	2,408	2,136	2,468
Personal expenditure[49]							
Total incurring cost (%)	85	79	78	83	88	82	90
Average cost incurred (£)	328	326	315	382	411	433	407
Average for all students (£)	325	258	247	316	363	355	365
Entertainment							
Total incurring cost (%)	83	90	90	89	80	71	81
Average cost incurred (£)	399	414	391	531	389	327	401
Average for all students (£)	332	371	352	474	309	234	326
Consumer durables[50]							
Total incurring cost (%)	52	44	42	58	56	42	59
Average cost incurred (£)	1,049	536	485	731	1,285	428	1,418
Average for all students (£)	555	244	208	431	739	189	850
Other expenditure[51]							
Total incurring cost (%)	91	97	97	96	88	96	86
Average cost incurred (£)	755	464	432	637	941	583	1,030
Average for all students (£)	730	452	421	614	907	571	988
TOTAL FOR ALL STUDENTS (£)	**3,868**	**2,419**	**2,261**	**3,246**	**4,726**	**3,385**	**4,997**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

[48] This includes food and drink consumed outside the home and at home and household goods such as cleaning materials, pet food.
[49] This includes cigarettes, newspapers, laundry/dry cleaning, over the counter medicine and prescriptions and toiletries and personal hygiene.
[50] This includes all personal and household consumer durables including those not used mainly for the student's course i.e. computer, photographic and sports equipment.
[51] This includes clothes, non-course books, CDs, gifts, insurance policies etc.

Chart 3.2 Students' living arrangements by age



Source: South Bank University Survey of FE Students 1998

3.4 Housing Costs

Again, there were considerable variations between groups of students in terms of their housing costs which consisted of rent, council tax, and housing bills and utilities.[52] Across the student body as a whole, these items absorbed about a quarter of total student expenditure in 1997/98 (Chart 3.1).

Students' divergent housing costs largely account for **all** the differences in student spending. There were very large disparities in housing costs associated with a student's age, with younger students as a group paying just a fraction of the costs incurred by older students (£122 compared to £2,345 — Table 3.5). However, this was primarily driven by their contrasting living situations. So, by far the biggest variations in housing costs were related to students' living arrangements, housing tenure and where in the country the students studied.

As we have seen, nearly all 16–18 year olds lived in their parental home and over four in five paid neither rent nor household bills. Where they did pay rent, their rents were fairly low at £663, accounting for just £100 of 16–18 year olds' total expenditure (Table 3.5). Similarly, their contributions of £79 to household bills, were low and were nearly exclusively towards the cost of telephone bills.[53]

The position of students over 19 was very different. Two in five had mortgages and consequently their housing costs were nearly double their contemporaries who rented their accommodation (£2,866 compared to £1,566). And older students' rents were nearly two and a half times higher than those of younger students (£1,566 compared to £663). Together, older students' accommodation costs added £1,483 to the total expenditure for this group.

A sizeable minority (36%) of older students appeared to incur neither mortgage payments nor rent. This was because, in this age group, 16% lived at home with their parents; 14% owned their property outright and so no longer had any mortgage repayments;[54] and 6% had their rent covered in total by housing benefit.

There were also some variations in students' overall housing costs across the country. Not surprisingly, students living in London paid the highest housing costs, £2,173 while those living in the East Midlands and the North paid the lowest, £860 and £1,042 respectively.[55]

[52] It is noteworthy that further education students very rarely moved home during the academic year, unlike students in higher education.

[53] Not surprisingly, given these students' age, hardly any paid Council tax, unlike older students.

[54] The ages of all students over the age of 19 ranged from 19 to 75. Half the students were over the age of 34. Nearly all students who owned their homes outright were over this median age and half were over 53.

[55] It is not possible to analyse students' living arrangements by region because the overall sample is not large enough.

Table 3.5 Housing costs by age and mode of study

Item of expenditure	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Mortgage							
Total incurring cost (%)	26	0.2	0	1	40	30	43
Average cost incurred (£)	2,870	3,879	0	3,879	2,866	3,119	2,830
Average for all students (£)	624	7	0	45	1,011	760	1,067
Rent[56]							
Total incurring cost (%)	19	15	8	52	21	16	22
Average cost incurred (£)	1,304	663	634	687	1,566	1,029	1,652
Average for all students (£)	335	100	50	361	472	167	539
Council tax							
Total incurring cost (%)	29	1	0	2	46	28	50
Average cost incurred (£)	465	145	0	243	468	451	470
Average for all students (£)	136	1	0	6	214	127	233
Housing bills and utilities							
Total incurring cost (%)	51	18	17	22	70	62	72
Average cost incurred (£)	694	79	77	86	783	853	770
Average for all students (£)	353	14	13	19	550	526	555
TOTAL FOR ALL STUDENTS (£)	**1,448**	**122**	**63**	**431**	**2,247**	**1,580**	**2,394**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

3.5 Children

One of the main costs incurred by students with children was childcare which will be discussed in section 3.6. These and other costs were partly off set by their receipt of Child Benefit. While a quarter of all students had children to support, the additional costs they incurred were high. Couples with children incurred, on average, £1,065 in direct costs such as clothing, nappies, and costs related to going to school, etc. while lone parents only spent an average of £494 on these items (Table 3.3). For both family types, the cost of children absorbed approximately 10% of their total income.

3.6 Participation Costs

Overall, students spent just under £600 during the academic year on college related expenditure. This expenditure can be subdivided into items facilitating their participation (Table 3.6), and those arosing directly from their course and studies (Table 3.7). Both types of expenditure are essential to participation, and together potentially act as barriers to widening participation. Thus any policies aimed at tackling these would need to encompass both sets of costs.

[56] The rent includes any retainers students had to pay over the long and short vacations.

3.6.1 Facilitating participation

The expenditure within this area included:

- travel to and from college;
- tuition fees;
- examination and registration fees; and
- childcare.

All are more costly items than those arising directly for students' courses. Moreover, not all students incur these costs and as a result there is greater variation between student groups in their levels of expenditure (Table 3.6).

Travel

The biggest item of spending, both in terms of facilitating participation and all college-related expenditure, was travel to and from college which absorbed nearly two-fifths of the latter. One in ten of all students received some help with these costs from their Local Education Authority, college, or some other organisation, receiving on average £160 over the year.[57]

Table 3.6 The costs of facilitating participation by age and mode of study

			Age				
			16–18			19+	
Item of expenditure	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Travel to and from college[58]							
Total incurring cost (%)	73	67	66	69	76	75	76
Average cost incurred (£)	319	371	361	420	292	380	273
Average for all students (£)	231	248	240	290	221	285	207
Tuition Fees							
Total incurring cost (%)	35	4	0	26	53	50	54
Average cost incurred (£)	228	327	0	326	224	349	198
Average for all students (£)	80	14	0	85	119	173	107
Exam and registration fees							
Total incurring cost (%)	28	20	19	21	33	43	31
Average cost incurred (£)	7	5	5	6	8	7	8
Average for all students (£)	2	1	1	1	2	3	2
Childcare							
Total incurring cost (%)	7	0.3	1	0	11	19	9
Average cost incurred (£)	689	1,280	1,280	0	681	434	800
Average for all students (£)	48	4	4	0	73	83	71
TOTAL ALL STUDENTS (£)	**361**	**267**	**245**	**376**	**415**	**544**	**387**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

[57] For details of these college schemes see Callender and Smith (1999) *Accessing Funding in Further Education: A college perspective on Access Funds and student financial support* FEFC Coventry.

[58] These sums include any travel subsidies received by students.

Those students incurring travel costs had to spend £319 over the 1997/98 academic year so the average travel costs for all students was £231. However certain groups spent well over these averages. The main variation in transport costs was associated with the type of FE institutions that students attended. Overall, students at Agricultural and Horticultural Colleges spent much more on travel (£507) than either students at General Further Education Colleges (£316) or Sixth Form Colleges (£298). For each group, this accounted for £400, £231, and £192 respectively of their total expenditure.

There are several factors that, together, help explain Agricultural students' higher than average travel costs. As is well established, many of these colleges are located in rural areas and students have to travel long distances to reach them. This meant only rarely could they walk to their college (7%) unlike for example, students in Sixth Form Colleges (20%). Moreover, their colleges were located in areas that traditionally have poor public transport services. Consequently, only one-sixth used public transport to get to college compared to just under half at Sixth Form Colleges and three in ten at General Further Education Colleges. Instead, they relied heavily on their cars or vans. Some 61% used this mode of transport while only 45% of students at General Further Education Colleges did, and 20% attending Sixth Form Colleges.

There were also differences in travel costs associated with where in the country students studied, reflecting more general regional price differences. As a result, travel costs were highest for students studying at London colleges at £321 — double the amount incurred by students attending colleges in the North who had the lowest travel costs of £148 over the year.

Tuition, registration and examination fees

Given current policies about the payment of fees within the further education sector along with the high proportion of students who had their fees remitted (Chapter 2 Section 2.8.1), it is not surprising that only a third of all students paid fees. This financial burden fell primarily upon students over 19 and the costs they incurred were high. Older students faced bills of £224 for their tuition fees which added £119 to their total expenditure and these sums rose to £349 and £173 for those studying full-time.

Although the amounts students paid in registration and examination fees were low, one in three had to pay these costs. Moreover, there were some differences, although not great, depending on the type of college attended and hence the subject students were studying. In particular, students at Agricultural Colleges paid on average £6 compared with students at other types of colleges who only paid between £1 and £2.

Childcare

Finally, within this area of expenditure were childcare costs arising from the parents attending college. Other spending on children has been discussed above. Just under a quarter of all students surveyed had children (i.e. 240 students in total). Of those surveyed with children under 12, one in five (i.e. 40 students in total) received some help with the costs of childcare or got free childcare.[59]

Of the quarter of students with children, 30% had a child under five years (8% of all students surveyed) and a further 46% had a child aged between 5–10 years (11% of all students surveyed). All these students, therefore, potentially needed some childcare or after school care.

Research on childcare[60] estimates that well over half of working parents use informal forms of childcare, for which they rarely pay. A further one in five avoid the need for childcare by working from home or only during school hours, and around a seventh said their child did not require childcare because of their age. Obviously, the students surveyed used similar coping strategies. This helps explain why two in five students with a child under 5, and four in five with a child aged 5–10 years, did not incur any childcare costs.

[59] The numbers of students receiving this help is so small that the data on amounts received or the sources of help are not robust enough to report on.

[60] Finlayson L, Ford R and Marsh A (1996) 'Paying more for childcare' *Labour Market Trends* Department for Education and Employment, London, July pp 295–303.

The three in five students with a child under 5 using childcare, had to pay £925 on average over the year — much more than the £264 paid by students with a child aged 5–10 years. And these sums added £549 and £58 respectively to the total college-related expenditure of these groups of students with children. So childcare costs for students with a child under 5 accounted for well over half of all their college-related expenditure.

But it was lone parents, above all others, who paid the most for childcare. They spent £1,031 on childcare, twice as much as couples with children (£577), presumably because they did not have a partner with whom to share childcare responsibilities. These costs added £341 and £156 to these groups' overall expenditure. So for lone parents, their childcare costs used up around 6% of their total income compared with under 2% of couples with children.

3.6.2 Course costs

Other costs related to participation arose directly from the student's course. In total these came to an average of £239 over the year (Table 3.7), consisting of:

- books;
- personal computers;
- special equipment;
- stationery and photocopying; and
- field trips.

There were, however, interesting differences in both the level and pattern of spending related to the students' courses of study (Table 3.8).[61] One course stands out in terms of overall level of spending, Sciences. This is because students taking Science courses spent much more on computers while most of their other areas of expenditure were below average. At the other extreme, students taking basic education and ESOL courses had the lowest level of spending. Here spending was well below average on all items. Of the remaining courses, half were above average spending and half below and the patterns varied considerably. For example, students studying Art and Design, not surprisingly, spent nearly two and half times the average on special equipment while Agriculture students spent a little less than them. Students pursuing Hotel and Catering courses spent the most on books (£49) — half as much again than the average.

Overall, there were only slight variations in the level of total course expenditure by age but they were greater by mode of study, so that full-time students spent above average and part-timers below average. And when age is combined with mode of study, more pronounced differences in patterns of expenditure are apparent, especially with older full-time students' higher spending on computers (Table 3.7).

[61] These figures need to be treated with caution because the weighted base is small for several subjects.

Table 3.7 Course costs by age and mode of study

Item of expenditure	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Books							
Total incurring cost (%)	66	7	76	52	62	82	57
Average cost incurred (£)	50	44	45	39	55	68	50
Average for all students (£)	33	32	35	20	34	56	29
Computer							
Total incurring cost (%)	14	10	11	4	15	25	13
Average cost incurred (£)	973	1,009	1,030	678	958	797	1,024
Average for all students (£)	131	102	116	27	148	197	137
Special equipment							
Total incurring cost (%)	33	41	43	30	29	58	22
Average cost incurred (£)	123	105	110	64	137	119	150
Average for all students (£)	41	43	47	20	40	70	33
Stationery and photocopying							
Total incurring cost (%)	76	89	91	76	69	91	64
Average cost incurred (£)	35	38	40	22	33	52	27
Average for all students (£)	27	33	37	17	23	47	17
Field trips							
Total incurring cost (%)	18	33	38	6	10	25	7
Average cost incurred (£)	40	47	47	28	27	28	26
Average for all students (£)	7	15	18	2	3	7	2
TOTAL FOR ALL STUDENTS (£)	**239**	**225**	**253**	**86**	**248**	**377**	**218**
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

Table 3.8 Course Expenditure by subject

Item of expenditure	All Students	Sciences	Course subject: Agri-culture	Construct & Engineering	Business Studies	Hotel & catering	Health & Comm care	Art & Design	Humanities	Basic Ed
Books										
Total incurring cost (%)	66	71	60	57	62	65	23	64	81	31
Average cost incurred (£)	50	49	72	34	47	72	77	57	45	30
Average for all students (£)	33	36	44	19	29	49	40	36	37	9
Computer										
Total incurring cost (%)	14	22	6	12	19	9	11	9	9	12
Average cost incurred (£)	972	959	802	1,023	783	1,336	1,283	892	1,118	378
Average for all students (£)	131	206	51	120	145	124	137	80	99	43
Special equipment										
Total incurring cost (%)	33	26	58	42	17	38	40	76	16	35
Average cost incurred (£)	123	40	153	65	265	174	118	129	62	29
Average for all students (£)	41	10	90	27	45	67	47	98	10	10
Stationery and photocopying										
Total incurring cost (%)	76	79	70	78	72	76	92	76	85	45
Average cost incurred (£)	35	30	25	26	49	25	42	37	25	17
Average for all students (£)	27	24	17	20	35	19	40	28	21	8
Field Trips										
Total incurring cost (%)	18	19	35	7	10	25	23	38	20	16
Average cost incurred (£)	40	64	47	17	66	58	20	35	44	39
Average for all students (£)	7	12	16	1	6	14	5	14	9	6
TOTAL FOR ALL STUDENTS (£)	**239**	**288**	**218**	**187**	**260**	**273**	**269**	**256**	**176**	**76**
Weighted base	**987**	**117**	**19**	**98**	**224**	**49**	**128**	**117**	**187**	**39**

Source: South Bank University Survey of FE students 1998

It is not immediately clear why this should be because older full-time students were under-represented on Science courses (Table 1.2). One possible explanation is that they worked at home more because of their family commitments. Their part-time contemporaries also had higher computer costs compared to younger students. The explanation for this is more likely to be connected with the level of the qualification they were taking. Nearly all (92%) the students working towards a Level 4 or 5 qualification (6% of all students) were over 19 and studying part-time. Students pursuing these qualifications were much more likely to buy a computer for their course than any other group of students. Nearly half of them had bought one compared to just one in seven of all students, and this added £433 to their total expenditure compared to £130 for all students.

Students' level of qualification also had some impact on their expenditure on books and photocopying. As the qualification level rose, so did expenditure. So students pursuing a Level 1 course had an average expenditure on books of £19 and £18 on photocopying compared to £56 and £38, respectively, for students doing Level 4 and 5 courses.

As we will see in Chapter 6 (section 6.4), some students' course-related expenditure was constrained by their income. Some had to go without essential items because they could not afford to buy them. In other words, their participation was affected in less visible ways.

3.7 Summary

Overall, student expenditure was, on average, £6,149 during the 1997/98 academic year — three-fifths of it went on living costs, a quarter on housing, a tenth on the costs of participation, and the remainder on children. Variations in spending were broadly in line with students' circumstances and income levels. Older students spent more than younger ones, especially if they had children. Part-time students spent more than full-time students because they had higher incomes from paid work. Students living in London spent more than those living outside the capital and those living in their own homes, rather than in their parental homes, also spent more.

During 1997/98 students spent an average of £3,868 on living costs such as food and drink, personal and general expenditure, entertainment, and consumer durables, and a further £1,448 on housing including bills and utilities. Both sums varied greatly by students' living arrangements, housing tenure, and region of the country. Students living at their parental home — most students aged 16–18 — were heavily subsidised by their parents. They rarely paid any contributions towards rent or utilities and saved on food and drink too by eating at home. As a result, they could spend a greater proportion of their disposable income on entertainment. Older students, especially those with mortgages and children had the highest living and housing costs. Indeed, couples with children spent, on average, an additional £1,065 a year on their children (excluding childcare), over and above the extra housing and living costs they incurred through having children to raise.

Students spent, on average, just under £600 on items that were essential to participating in education and training. This expenditure can be subdivided into items facilitating their participation, accounting for 60% of all participation costs, and the remainder which arose directly from their course and studies. Both types of expenditure are essential to participation, and together potentially act as barriers to widening participation. Thus any policies aimed at tackling these would need to encompass both sets of costs.

The biggest single cost was travelling to and from college (£231) which absorbed two-fifths of all participation costs. This cost varied greatly by college location and region of the country. Students attending Agricultural Colleges, therefore, incurred double the average expenditure on travel. This was because their colleges were typically located a long distance from their home, in rural areas with poor public transport, and so they had to rely on their own transport. Similarly, students at London colleges spent more than those attending colleges outside the capital.

Other large areas of expenditure facilitating participation were tuition fees and childcare. Both affected only selected groups of students but the costs they incurred were high. Older students faced bills of £224 for their tuition fees which added £119 to their total expenditure and these sums rose to £349 and £173 for those studying full-time. The costs of childcare were even higher, especially for students with a child under 5 years. These costs added £549 to the overall expenditure of such parents. They also absorbed a fair proportion of lone parents' total spending who had to pay £1,031 to meet their childcare needs.

Finally, the remaining two-fifths of participation costs arose directly from the student's course of study and included books (£33); personal computers (£130); special equipment (£41); stationery and photocopying (£27); and field trips (£7). There were some significant differences by the subjects studied, which largely accounted for differences between sub-groups of students. Science students incurred the highest costs primarily because of their spending on computers while basic education and ESOL students' costs were the lowest. Students on other courses had about average expenditure but their patterns of spending across the main items varied considerably. So Art and Design students spent the most on equipment — over double the average, while Hotel and Catering students spent the most on books — a half as much again above the average.

Needless to say, the students' expenditure on all these items were often constrained by their income. Some students, as we will see, had to miss out on buying these items so necessary for their course. And so there were hidden dynamics constraining their college participation. In part, this was because so few students received student financial support.

These findings on student expenditure clearly show that there are differences in the nature and extent of costs borne by different types of students. They also highlight how students' mode of study, the location of their courses, qualification level and subject studied all have cost implications. The relative importance of particular items of expenditure, and thus overall student expenditure, is affected by the composition of the study body and what and where they study. And this is very significant in the light of policies aimed at widening participation within the further education sector. If these policies succeed and draw more diverse groups of students into further education to undertake new types of courses which are delivered in innovative ways, students' patterns and levels of expenditure may well change. For instance, if more non-traditional groups participate, expenditure associated with for example, children and childcare, which as we have seen are very high, will assume greater significance.

Moreover, these findings on expenditure must be placed within the wider context of how participation costs have risen in recent years as public expenditure on student support has declined. These cut backs have not affected all students in the same way. For example, growing fiscal pressures on the sector are leading colleges to emphasise their income generation activities with resulting fee increases for some students.[62] Some students face higher travel costs as their Local Education Authority withdraws its travel subsidies.[63] And we have seen the near demise of student awards from Local Education Authorities. These are just some of the ways in which the costs of participation incurred by students have risen. They are important because they may increasingly act as barriers to participation to potential students. And it is to the reasons why more students did not receive student financial support that we now turn.

[62] De Bell D (1993) 'Funding Adult Learning' *Training Officer,* 29(3) pp. 74–77.
[63] Mansell P (1997) 'When the bus stops' *FE NOW!* 15.

4 Students' Knowledge, Take-up and Use of Student Financial Support

4.1 Introduction

This chapter explores student knowledge, take-up and use of student financial support. It starts by examining what information, if any, students received about student support, when they received it, how useful it was, and if it had any impact on their behaviour. It then assesses the main reasons why students did not receive any student support and, for the few who did, how they used the money.

4.2 Information on Student Financial Support

Little research seems to have been conducted on whether students are aware of the numerous different sources of student support. Most colleges claim, for example, that they do inform students about Access Funds, and most tell them about the Fund before they enrol or register.[64] But what are students' experiences?

A third of all students surveyed received some information about assistance with the costs of going to college. The most common source was the student services at the college they were attending at the time of the interview. Nearly two-thirds of the students who had obtained information, got it from this source but only two in five acquired the information before starting college. They also considered their college the most useful source of information. Not surprisingly, more 16–18 year olds accessed information through their schools (17%) or the Career Service (16%) than students over 19 (4% and 5% respectively). Otherwise, there were no significant differences in the sources of information students used or their most useful source.

It is not possible to assess just how useful the information was to students, for example, by examining what proportion of those getting information actually went on to receive student financial support. This is because the overall numbers receiving student support were so low. There is some evidence, however, that an above average percentage of students getting student support had received information. However, on the whole, people tend to get information when they need it — those who had not sought out information on student support may have decided not to apply for such funding.

Half of all students would have liked more information about student financial support, especially those from social classes D and E — three in five of them wanted more information.

- A third of all students disagreed with the statement that *'advice and guidance about help students can get with the costs of going to college are readily available'*, although 44% agreed with the comment.
- Just over a third also disagreed with the comment *'advice and guidance about help students can get with the costs of going to college is very good'* while under a third agreed.
- Students had firm ideas as to where they should go to get the advice and guidance they wanted. Three-quarters of them agreed that *'advice and guidance about help students can get with the costs of going to college should be available from one central source'* and only 14% disagreed.

[64] Callender C and Smith N (199) op. cit.

4.3 Students' Knowledge and Take-up of Student Financial Support

As we saw in Chapter 2 (Table 2.5), the take-up of student financial support among the students surveyed was very low. Overall, only a quarter of all students received any such form of financial aid. It is interesting, therefore, to find out why this was the case. To what extent did students not apply for support because they were unaware of its availability or were there other reasons?

Table 4.1 outlines the reasons students gave for not getting student financial support.[65] Three stand out:

- they did not know about the support;
- they thought they were ineligible; and
- they did not need the money.

Clearly, students' lack of awareness about these sources of support goes some way to explaining the very low take-up of different sources of student support. Broadly, a half of all students did not know about them. Of course, even if students were more knowledgeable, there would be no guarantees that they would actually receive any subsidies, given the very real and increasing constraints on these funding sources. However, these findings suggest that potentially take-up could increase if information on these sources was more widely disseminated within the student body and among potential students.

Table 4.1 Reasons why students did not receive student financial support (Percentages[66])

	Source of student financial support					
Reasons why not receiving student support	**Access/ Hardship Fund**	**LEA**	**Tax[67] relief**	**College scheme**	**Charity**	**CDL[68]**
Lack of knowledge or understanding						
I did not know about them	52	32	49	51	62	58
I did not think I was eligible	21	15	28	22	18	14
I knew about them but did not know how to apply	2	3	1	2	2	1
Other reasons						
I did not think it was worthwhile applying	5	16	3	9	9	6
My application was rejected	0.7	4	0.4	0.5	0.6	0
My LEA/College does not give out these grants	N/A	2	N/A	7	N/A	N/A
I do not like to borrow or get into debt	N/A	N/A	N/A	N/A	N/A	5
I did not need the money	15	12	6	16	15	13
Other	4	1	12	2	3	3
Not eligible — LEA only						
My course is part-time	N/A	20	N/A	N/A	N/A	N/A
My course was not eligible for another reason	N/A	9	N/A	N/A	N/A	N/A
My parents/partner earns too much	N/A	12	N/A	N/A	N/A	N/A
Total not receiving/eligible	**94**	**93**	**59**	**97**	**99**	**77**
Weighted base — All students not receiving student support	**928**	**908**	**581**	**961**	**979**	**764**

Source: South Bank University Survey of FE students 1998

[65] Students were not questioned about fee remission or training allowance as eligibility for the latter is fairly well defined.
[66] These do not add up to 100% because students could give more than one answer.
[67] Non-eligible students have been excluded.
[68] Non-eligible students have been excluded.

There were few variations of any significance in students' awareness of these sources by their age and mode of study. However, there were with regard to their social class. Ironically, there was a tendency for students from social classes D and E, those potentially in the greatest need of such financial help, to be less knowledgeable about student funding than students from social classes A and B.

The most marked differences in awareness, associated with students' ages, were related to charitable organisations and tax relief. Three-quarters of 16–18 year olds did not know about charities compared to over a half (55%) of older students, while the proportions for tax relief were 66% and 46%, respectively. Students from social classes D and E were the least likely of all students to know about charitable organisations (76% compared to 58% in social classes A and B). And students from social classes D and E were also less likely than those from social classes A and B to be aware of the availability of: College schemes (67% compared to 46%); LEA grants (48% compared to 29%); and tax relief (62% compared to 40%).

The next most common reason students gave for not receiving student financial support was that they were ineligible. Some sources of support have widely publicised national eligibility criteria, while others set their criteria at a local level or vary from one organisation to another. Where the eligibility criteria were known in advance, ineligible students were not asked their reasons for not applying. For example, Career Development Loans are only available to students aged 18 and over and those not receiving LEA awards, and so these students were not asked why they did not receive Career Development Loans. Similarly, tax relief is not given to students receiving a Career Development Loan, LEA grant, or College Access Funds. So these students were not asked about tax relief. In other words, only eligible students were asked their reasons for not applying. Thus we can feel fairly confident that, when just over one in six students reported that they were ineligible for Career Development Loans, and nearly one in three for tax relief, they may have misunderstood or been misinformed about the eligibility criteria. In turn, this is indicative of their lack of understanding and knowledge about Career Development Loans and tax relief. With both these sources there were no significant differences by age, mode of study or social class.

For the other sources of financial assistance, listed in Table 4.1, the eligibility criteria are set at a local level. Therefore, it is not possible to judge whether in fact those students reporting that they were ineligible for the source were, in reality, ineligible. Thus these students' responses may need to be treated with caution.

The third most likely reason why students received no student support was they did not need the money, around one in eight reported this. Not surprisingly, more students from social classes A and B gave this response than students from social classes D and E, especially in relation to Access/Hardship Funds (26% compared to 11%); charities (19% compared to 8%); and college schemes (19% compared to 8%).

4.4 Students' use of Student Support

Given the very small number of students receiving student financial support from the various sources it is not possible to report reliably on how they used this income. As we saw in Chapter 2 (Table 2.5), only one student out of the 796 potentially eligible students, got a Career Development Loan; only six students received any money from a charitable organisation; and 24 from an ad hoc college scheme.

Table 4.2, however, does show how students used their Access/Hardship Funds[69] and LEA grants[70]. Students most often spent the money they received on books or equipment and travel to and from college. However, these were not their most expensive items of expenditure — childcare and general living expenses were.[71]

[69] More robust information on the use of Access Funds is available in Callender and Smith (1998) op. cit.
[70] Data on the amount of money students receiving LEA grants spent on individual items were not collected.
[71] It is not possible to examine any differences between students because of the small numbers receiving this help.

4.5 The Role of Employers in Supporting Students

As we saw in Chapter 2 (Table 2.5), employers were the second most important source of student financial support with just under one in five of all students surveyed receiving some assistance.[72] As will be recalled, only students who had worked for the same employer over the year, and who thought that they would probably continue in their current job, or had been doing their kind of work for some time, were asked about any employer contributions towards the costs of going to college. So, students who worked continuously but only took their job to help pay their way through college were not asked about support from their employer.

Overall, employers were encouraging. Half the students questioned about their employer said they had encouraged them to go to college. And students who had received some tangible assistance from them particularly praised them (85%), while those who had not were less positive (40% were encouraged), and half were neutral saying their employer had neither encouraged nor discouraged them.

Of those asked about employer support, two in five received some assistance and a similar proportion received none (Table 4.3). The most common were contributions towards the cost of their fees, obtained by nearly one in three of students questioned (30%), followed by paid time off work to study given to nearly one in five students (19%).

[72] It is not possible to say from this study whether students' college costs were paid in total or only in part by their employer.

Table 4.2 How students used the student financial support they received

	Source of student financial support	
What the funds were used for	**Access/ Hardship Fund**	**LEA**
Tuition fees		
Total spending on item (%)[73]	13	6
Average amount spent (£)	447	N/A
Registration/exam fees		
Total spending on item (%)	22	9
Average amount spent (£)	13	N/A
Books or equipment		
Total spending on item (%)	42	50
Average amount spent (£)	65	N/A
Other course expenditure		
Total spending on item (%)	17	22
Average amount spent (£)	112	N/A
Travel to and from college		
Total spending on item (%)	55	29
Average amount spent (£)	142	N/A
Childcare		
Total spending on item (%)	5	0
Average amount spent (£)	748	N/A
General living expenses		
Total spending on item (%)	25	43
Average amount spent (£)	604	N/A
To pay off debt		
Total spending on item (%)	6	N/A
Average amount spent (£)	244	N/A
Other		
Total spending on item (%)	3	7
Average amount spent (£)	74	N/A
Weighted base — All students in receipt of support	**59**	**68**

Source: South Bank University Survey of FE students 1998

Not all employees, however, have equal access to employer-sponsored education and training. Those most disadvantaged got the least aid. Students in full-time jobs were twice as likely as those in part-time jobs to receive some help from their employer (54% compared to 23%). These full-time employees accessed all the different sorts of assistance, and especially the most expensive, namely, payments towards fees (44% compared to 9%) and paid time off work (28% compared to 6%). Indeed, the only assistance received by more students with part-time jobs than full-time jobs was the cheapest — unpaid time off work to study — employers incurred no costs by offering such support (Chart 4.1).

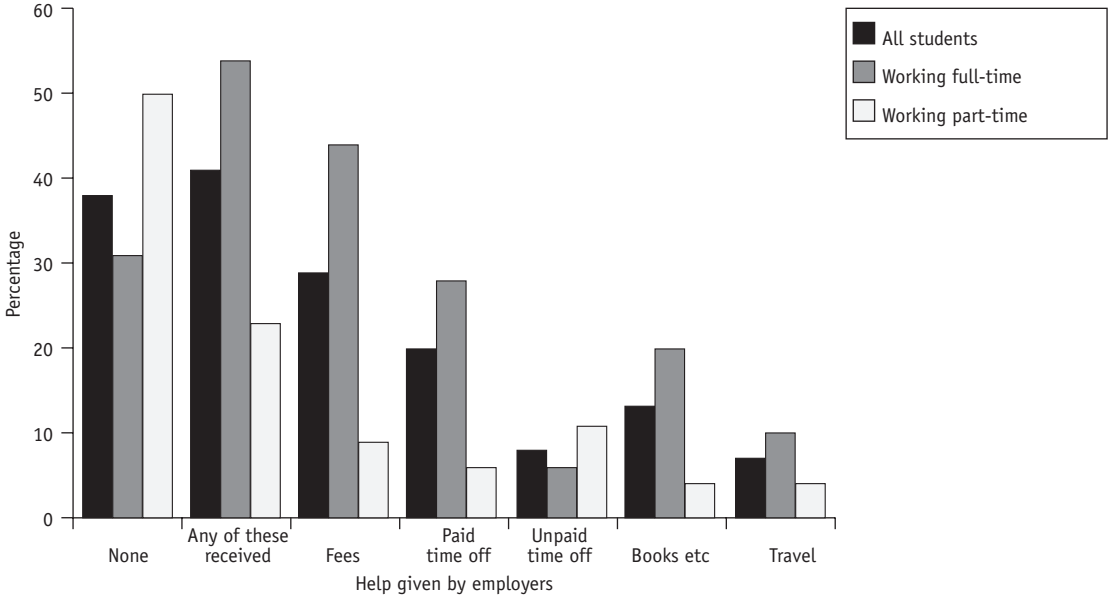
Employers were even more generous to their employees when the course they undertook was a job requirement which was the case for only a minority (15%). Over four in five (84%) received help and three-quarters of them had contributions made towards the cost of their fees.

[73] These do not add up to 100% because students could give more than one answer.

Again, those most advantaged in the labour market had the greatest access to the most costly employer support. Twice as many students working in intermediate and junior non-manual jobs (social classes A and B) as those in semi-skilled or manual jobs (social classes D and E) had some or all of their fees paid by their employer; were given paid time off work to study; and received payments towards books, materials or equipment. And three times as many got help with their travel expenses to and from college. So once again, students with the highest wages gained the most extensive financial aid.

Other inequalities in the labour market are also reflected in the help employers chose to give. Thus older students received more aid than younger students, and the most expensive forms of help. However, lower proportions of older students studying part-time were assisted compared to the younger ones studying part-time (Table 4.3).

Chart 4.1 Help received from employers towards the costs of studying by whether working full- or part-time



Source: South Bank University Survey of FE students 1998

Table 4.3 Help received from employers towards the costs of studying by age and mode of study (Percentage[74])

Type of help received from employer	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Paid time off to study	19	12	3	32	21	12	22
Unpaid time off to study	8	17	16	17	4	12	4
Payment towards fees	30	13	0	42	37	13	39
Payment towards books, materials or equipment	13	6	0	20	16	1	17
Payment towards travel expenses	7	5	0	15	8	1	9
None of these	39	51	61	28	35	44	34
Any of these received	41	34	20	66	43	35	44
N/A	20	15	19	6	22	22	22
Weighted base — All students in continuous jobs that expect to continue to work	**448**	**130**	**90**	**40**	**318**	**18**	**301**

Source: South Bank University Survey of FE students 1998

4.6 Summary

Only a third of all students surveyed received any information about help they could receive with the costs of going to college. The most common and useful source of information for these students was the college they were now attending. In contrast, most colleges claim that they tell students about for instance, the availability of Access Funds. Given students' lack of exposure to information on student financial support, it is not surprising that a large minority — about a third of all students — was not satisfied with the availability of the information or its quality. And they wanted to go to just one central place to get the information they required.

Given this paucity of information, it is not surprising that about half of all students were unaware of the various sources of student financial support available. Even if students were more knowledgeable, they would not necessarily receive any help because of the increasing constraints on these funding sources. However, this should not be seen as a reason for denying students access to high quality information. Ironically too, there was a tendency for students from social classes D and E, those potentially in the greatest need of such financial aid, to be less knowledgeable about student funding than students from social classes A and B, especially in relation to charitable organisations, LEA grants, college ad hoc schemes, and tax relief.

After lack of knowledge about student financial support, the next main reason students gave for not receiving it was that they were ineligible. This was the case even among those students who, in reality, were likely to be eligible. So again, this suggests that for certain types of student support such as Career Development Loans and tax relief, students had misunderstood the eligibility criteria or had been misinformed. What these findings strongly suggest is that more students could benefit from student financial support if more high quality information was more widely disseminated within the student body as a whole and among potential students.

There were so few students receiving financial support that it was not possible to explore how they used their money, in any reliable way. The indications are that students receiving Access/Hardship Funds and LEA aid most often spent their awards on books or equipment and travel to and from college. Their most costly items of expenditure, however, were childcare and general living expenses.

[74] These do not add up to 100% because students could give more than one answer.

Employers were one of the most significant sources of financial help for students. Two in five students questioned about such aid, received some assistance and the same proportion received none. Employers were very selective as to which employees they were prepared to sponsor. They favoured employees in full-time jobs over part-time jobs, and those in intermediate and junior non-manual jobs over semi-skilled or manual jobs. And for these preferred employees, they most often contributed towards their fees and gave them paid time off work to study. These findings clearly show how pervasive inequalities in the labour market were repeated in the college environment. Those most disadvantaged in the labour market got the least help towards the costs of going to college. And it is to the issue of more general hardship and debt that we now turn.

5 Student Debt and Hardship

5.1 Introduction

As we saw in Chapter 3 there was a shortfall between student income and expenditure. Some of this was made up by students calling upon their savings or by borrowing money. This chapter, therefore, examines students' overall financial position by looking at what savings and debt they had. It explores how much money students borrowed, excluding mortgages, and from where. It then reports on students' subjective feelings of financial wellbeing and the realities of financial hardship.

Average student income over the 1997/98 academic year was £5,192 while their expenditure was £6,149. The shortfall of £957 was made up by borrowing £119 from a range of creditors, by withdrawing £572 from savings, and by not paying £40 owed on bills. This still leaves a small shortfall of £146, which is attributable to survey error.

5.2 Savings

Although the average amount of savings was £572, this was unevenly distributed among students (Table 5.1). Nearly three in ten (57%) of all students had no savings at all, when interviewed.

The greatest variations in amounts were between young and old students and those of different social classes. Students over 19 with savings had four times (£2,056) as much as younger students aged 16–18 with savings (£520). So overall, older students had an average of two and half times more savings than younger students to call upon (£737 compared to £286). And more detailed analysis shows that these higher savings were concentrated among couples without children — they had £2,515 compared to just £859 for single childless students (Table 5.2).

As might be expected, there was a link between these assets and social class. Students from social classes A and B had the largest sums saved (£1,504), with the amount falling to £571 for students from social classes D and E. This meant that the first group of students as a whole, could draw upon two and half times an much savings as the less well off group as a whole (£689 compared to £258).

Table 5.1 Student savings by age and mode of study

			Age				
			16–18			19+	
Current savings	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Total with savings (%)	43	55	56	48	36	32	37
Average savings (£)	1,332	520	476	785	2,056	1,920	2,082
Average for all students (£)	572	286	269	376	737	610	765
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

Table 5.2 Student savings and debt by family type

		Family type			
Area of expenditure	All Students	Single no children	Lone parent	Couple with children	Couple no children
Current savings					
Total with savings (%)	43	49	25	36	36
Average savings (£)	1,332	859	–[75]	1,896	2,515
Average for all students (£)	572	420	–	673	895
Current debt					
Total with debts (%)	36	27	44	48	49
Average debt (£)	672	460	720	1,187	503
Average for all students (£)	239	126	314	563	248
Weighted base	**987**	**586**	**51**	**189**	**161**

Source: South Bank University Survey of FE students 1998

5.3 Borrowings[76]

Although the average money owed by all students was £239, nearly two-thirds had no debts, at the time of their interview. The unequal distribution of debt was even more skewed than the distribution of savings. So a minority of students accounted for the majority of money owed. Of those with debts, over four in five (84%) were over 19 years while the remainder were aged 16–18 years.

The starkest differences both in the amount of money borrowed and the source of the credit were in students' age. However, amongst older students both also varied by mode of study, probably reflecting the differential sources of income within groups.

Turning first to students aged 16–18, only one in six owed money and the amounts owed were very small, £21 on average (Table 5.3). They were most likely to borrow money from their nuclear and extended family and so their loans were informal and interest free, unlike those of older students. Nearly half (48%) of the money they borrowed came from this source and it was to their family that they were most in debt. In part, this may be because of their inability to access other sources of formal credit. Indeed, one in five had no bank account. However, it also indicates another form of hidden support offered by families to help their children through college.

[75] Too few to estimate reliably.
[76] Excluding mortgages and car loans.

By contrast, just under half of older students had some debts and they owed an average of £363. However, there were variations within this age group. More part-time than full-time students were in debt (50% compared to 34%). They owed two and half times as much (£409 compared to £156). In addition, nearly half (47%) of the money borrowed by part-time students was through their credit cards and a further third from bank overdrafts or formal loans. However, the sums owed on their credit cards were by far the largest.

In contrast, full-time older students were most likely to owe money because they had not paid bills. Nearly two-fifths of the money they owed was as arrears and these accounted for the largest sums owed. In other words, the ways in which these two groups of students used credit, and what they used it for, were markedly different.

The different patterns of borrowing are probably associated with the economic status and incomes of older full- and part-time students. As we saw in Chapter 2, more part-time than full-time students were in paid employment and so more were in full-time jobs. As a result, a much higher proportion of part-time students' total income came from paid work (68% compared to 39%) (Chart 2.2) and so their earnings over the academic year were considerably higher too (£4,992 compared to £2,124) (Table 2.2). In contrast, full-time students were more reliant on social security benefits as their main source of income (Table 2.1) with over a third of their total income coming from this source compared to half of that for part-time students (Chart 2.2). So overall, their average incomes were lower — three-quarters that of part-time older students.

These important differences between older full- and part-time students probably largely account for their divergent patterns of borrowing. As research clearly shows, access to credit is more difficult and less frequent the lower the household income.[77] Similarly, as research suggests, full-time students would have been less likely to be seen as credit worthy, especially amongst mainstream lenders, because few could borrow against their earnings as most relied on benefits.

Nationally about one in ten adults do not have a bank or building society account. However, the likelihood of having an account decreases the lower a person's income. Among the students surveyed, one in five full-time students had no bank or building society account — well above the national average and double the proportion for part-time students (19% compared to 11%). The absence of a bank account for this minority of students meant that they could not use them as a source of credit in their own right, in the form of an overdraft. In addition, possession of a current account is one of the important factors in credit-scoring systems used to assess applications for other forms of credit.[78]

Finally, what part- and full-time students used their borrowings for and to whom they owed money were very different. Full-time students' non-payment of bills is a particularly common money management strategy amongst low income families.[79] As research indicates, higher income groups use credit differently. High and low income households have a broadly similar need for credit, but for different reasons. As Berthoud and Kempson (1992, p 64) comment:

...credit fulfils two different roles in household budgets. Poorer families, on the whole, use credit to ease financial difficulties: those who are better-off take on credit commitments to finance a consumer life-style. Both would use it to improve their lot: one to reduce their poverty; the other to increase their prosperity.

Just as savings varied by family type, so did debt (Table 5.2). The presence of children increased the likelihood of debt. So on average, couples with children had twice as much debt (£563) as those without children (£248) and lone parents (£314) were more indebted than either childless couples or single childless students (£126).

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[77] For a detailed study on patterns of borrowing within households and access to different sources of credit see Berthoud R and Kempson E (1992) *Credit and Debt,* Policy Studies Institute, London.

[78] Furthermore, the lack of an account may well have caused problems in the context of student financial support. The survey of colleges revealed that some colleges usually pay Access Funds to students by cheque. Inevitably, this must have created some difficulties for students with no bank or building society accounts.

[79] Kempson E, Bryson A and Rowlingson K (1994) *Hard Times? How poor families make ends meet* Policy Studies Institute, London.

Table 5.3 Student debt by age and mode of study

Current debt	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Formal Loans							
Total in debt (%)	16	2	1	6	24	6	28
Average debt (£)	231	152	163	145	234	162	237
Average for all students (£)	36	2	1	9	56	9	66
HP Agreements							
Total in debt (%)	12	6	5	12	15	14	15
Average debt (£)	80	52	42	76	87	145	75
Average for all students (£)	9	3	2	9	13	20	11
Overdraft							
Total in debt (%)	10	1	1	3	15	12	16
Average debt (£)	374	103	80	150	388	250	411
Average for all students (£)	38	1	1	4	60	30	66
Credit cards							
Total in debt (%)	9	2	1	3	14	6	16
Average debt (£)	1,007	153	139	192	1,167	534	1,216
Average for all students (£)	104	2	2	5	163	29	193
Arrears							
Total with arrears (%)	6	1	1	0	9	11	8
Average arrears (£)	697	160	160	0	721	548	772
Average for all students (£)	40	1	1	0	62	60	63
Informal loans							
Total in debt (%)	4	7	7	9	2	7	1
Average debt (£)	235	138	82	356	420	120	811
Average for all students (£)	10	10	6	33	9	8	10
Career Development Loan							
Total in debt (%)	0.1	0.3	0.3	0	0	0	0
Average debt (£)	1,634	1,003	1,003	0	0	0	0
Average for all students (£)	2	2	3	0	0	0	0
TOTAL DEBT							
Total with debts (%)	36	15	14	25	47	34	50
Average debt (£)	672	152	121	238	770	458	816
Average for all students (£)	239	21	16	60	363	156	409
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

What is particularly striking, however, are the patterns of money owed by family type. Couples (with and without children) financed a half of their borrowings through their credit cards compared to just a third of lone parents' borrowings. Couples, specially those with children, also obtained a further three-tenths of their credit through overdrafts and formal loans. In contrast, lone parents' key source of 'borrowing' was achieved by not paying bills. Two-fifths of the money they owed were as arrears.

Indeed, lone parents were the most likely of all student groups to be in arrears. Nearly a quarter (22%) had arrears compared to just 7% of couples with children. This suggests that lone parents were in particularly vulnerable positions. Their arrears were mainly for household bills and utilities which meant some of these essential services were liable to be disconnected.

Overall, the level of debt amongst the FE students was considerably lower than that experienced by HE students.[80] However, there are important differences in the nature of their debt. As we have seen, most FE students had borrowed through commercial credit. As a result, they had to pay interest on both their overdrafts and credit cards. By contrast, HE students do not have to pay interest on their bank overdrafts while they are studying — presumably because the banks see them as a 'good' risk. In addition, most HE student debt is in the form of student loans. These loans, in essence, are interest free and do not have to be repaid until the student graduates and their earnings are above a specified threshold.[81]

5.4 Overall Finances

When we examine students' savings and borrowings together, we can explore their overall financial position. In particular, we can assess how many students, and which groups, still had savings once their debts were taken into account. Conversely, we can explore how many students and which groups had outstanding debts once their savings had been taken into consideration (Table 5.4).

Overall, none of the students were in particularly strong financial positions with large amounts of residual assets, but some were better off than others. Although older students had more money in savings than younger ones, they also owed much more money. Consequently, the overall balance of older students' finances was not very much better than that of younger students who had less savings but smaller debts.

Generally, students over 19 were much more financially vulnerable than 16–18 year olds (Table 5.4)

- Nearly three-quarters of over 19s had no savings at all to call upon compared to under a half of 16–18 year olds.
- Four times as many older students as younger students had outstanding debts, once their savings were taken into account.

[80] See Callender C and Kempson E (1996) op. cit. for a comparison.

[81] The methods of repayment have changed and for all new students entering HE in 1999 their repayments will be progressively more income contingent.

Table 5.4 Student overall savings and debt by age and mode of study

	All Students	Age					
		All 16–18	16–18 Full-time	16–18 Part-time	All 19+	19+ Full-time	19+ Part-time
Overall savings							
Total with no savings (%)	64	47	45	54	73	75	73
Total with savings (%)	36	53	55	46	27	25	27
Average savings (£)	1,489	531	487	805	2,602	2,246	2,675
Average for all students (£)	540	282	265	367	689	560	717
Overall debt							
Total with no debt (%)	73	90	91	83	63	72	61
Total in debt (%)	27	10	9	17	37	28	39
Average debt (£)	-761	-193	-150	-306	-848	-375	-922
Average for all students (£)	-207	-19	-13	-51	-317	-106	-362
Net savings/debt (£)[82]	333	263	252	316	372	454	355
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

Table 5.5 Student overall savings and debt by family type

Area of expenditure	All Students	Family type			
		Single no children	Lone parent	Couple with children	Couple no children
Overall savings					
Total with no savings (%)	64	65	84	74	75
Total with savings (%)	36	44	16	26	25
Average savings (£)	1,489	904	–[83]	2,434	3,273
Average for all students (£)	540	402	–	629	820
Overall debt					
Total with no debt (%)	73	80	61	62	63
Total in debt (%)	27	20	39	38	37
Average debt (£)	-761	-531	-790	-1,367	-474
Average for all students (£)	-207	-107	-305	-519	-173
Net savings/debt (£)[82]	333	294	–	110	647
Weighted base	**987**	**586**	**51**	**189**	**161**

Source: South Bank University Survey of FE students 1998

[82] Net savings/debt i.e. total outstanding debt minus any savings.
[83] Too few to estimate reliably.

The differences between students were even more striking depending on their family situations (Table 5.5). Lone parents were in particularly vulnerable financial situations.

- Over four in five (84%) of lone parents had no savings to call upon compared to three-quarters (74%) of couples with children.
- Lone parents were one group who rarely called upon their family for financial help. As a result they had no one to fall back on for financial support.
- Lone parents were the most likely of all student groups to have outstanding debts.

Couples with children also had poor overall finances, with only £110 of savings once all their debts had been taken into account[84]. At the other extreme, childless couples were in the strongest position (£647), nearly six times better off than couples with children. Clearly, the presence of children had a detrimental impact on students' finances.

5.5 Financial Hardship

There is an ongoing debate about what constitutes poverty and how it should be defined and measured. Given the relatively low incomes of all the students interviewed, and the limited range of their income levels, it was not appropriate to attempt to classify students by income. This study, therefore, examined how pervasive student financial hardship was. In the next chapter, we will explore how this led to social exclusion within the world of further education.

Among low income groups, money management assumes a greater importance where a budget has to be eked out. So financial hardship refers to the day to day problems of budgeting and money management. The survey contained several questions to indicate the extent of financial hardship. These indicators were combined together into a single score and the results are shown in Table 5.6.

The indicators included questions to students about:

- the length of their budgeting period. For nearly half (47%) aged 16–18 their budgeting period was a week while for older ones, it was more likely to be a month than a week;
- how often they ran short of money within their budgeting period;
- how frequently they worried about money and about debt; and
- finally, taking everything together, how well they managed financially.

Not surprisingly, those managing best were the least likely to run out of money and worry about money or debt. And these were students aged 16 to 18, and especially those studying part-time who had paid work. As we saw, they had very low levels of debt and most had savings to call upon, or as a last resort their families. By contrast, the students with the greatest financial difficulties tended to be the same ones who most frequently ran out of money by the end of the week or the month, and most often worried about money or debt. And these were full-time students over the age of 19.

[84] Given the small number of lone parents in the total sample it is not possible to assess their overall financial position accurately. Interestingly, research on higher education students shows that lone parents have the greatest financial difficulties overall — Callender C and Kempson E (1996) op. cit.

Table 5.6 Experience of financial hardship by age and mode of study (Percentage)

		Age					
			16–18			19+	
Experience hardship	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Yes	51	53	55	47	49	64	46
No	49	47	45	53	51	36	54
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

So students' subjective feelings of financial hardship reflected their objective financial situation. And we can verify this if we examine students' sense of financial hardship (assessed by the composite measure of hardship) against their overall finances. Nearly three-quarters of students who were in the red with outstanding debts, scored positively on the financial hardship indicator. Those who did not, owed much less than average. Conversely, nearly two-thirds of students who were in the black with overall savings, did not score on the financial indicator. And the minority who did, had three times less than average savings than this group as a whole.

Table 5.6 clearly shows it was older full-time students who felt the greatest financial hardship when assessed against the composite measure. And these feelings of financial hardship also varied by social class and family type. As social class rose, students' sense of hardship fell. So 47% of students from social classes A and B experienced some hardship compared to 60% from social classes D and E.

Not surprisingly, given the overall financial positions of the different types of families, lone parents (74%) were far more likely than any other family form to experience hardship, followed by couples with children (59%) (Table 5.7).

Table 5.7 Experience of financial hardship by family type (Percentage)

		Family type			
Experience hardship	All Students	Single no children	Lone parent	Couple with children	Couple no children
Yes	51	53	74	59	27
No	49	47	26	41	73
Weighted base	**987**	**586**	**51**	**189**	**161**

Source: South Bank University Survey of FE students 1998

5.6 The Realities of Financial Hardship

In Chapter 6 we will explore how financial hardship affected student participation. Here we will focus on what student financial hardship meant in reality. People on low incomes devise a range of ingenious strategies to cope with limited resources. Studies[85] have noted two distinctive approaches to making ends meet:

- minimising expenditure by keeping a tight control of resources and by cutting back on spending to avoid borrowing and arrears; and
- bill juggling and borrowing to pay bills rather than cutting back which often result in multiple arrears.

We have already seen that some students, especially lone parents, were adopting the second approach. There was also evidence that they had had to adopt the first approach too.

[85] See Kempson et al. (1994) op. cit.

Table 5.8 outlines the proportion of students who had to 'go without' certain items because they could not afford to buy the item. It clearly shows that the expenditure patterns on these items described in Chapter 3 (Sections 3.3–3.5) can in part be explained by financial hardship. Students chose not to buy these items because they could not afford them — not because they did not need them.

First, students cut back on non-essential items of expenditure, namely, entertainment. Thereafter, they economised on essential expenditure such as food bought outside the home. Not surprisingly, students with full-time jobs cut back less in all areas of expenditure than those without such jobs. And so, full-time students over 19 had to make the greatest economies.

Table 5.8 Items students cut back on because they were not affordable by age and mode of study (Percentage)

			Age				
			16–18			19+	
Items students cut back on because not affordable	All Students	All 16–18	Full-time	Part-time	All-19+	Full-time	Part-time
Entertainment	44	48	51	35	38	57	34
Spending on children[86]	34	0	0	0	34	51	31
Meals and snacks bought outside the home[87]	31	37	39	31	28	45	24
Personal expenditure	23	26	28	15	22	35	19
Food and drink eaten at home and other household goods	21	20	21	13	24	37	21
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

When we examine strategies for dealing with financial hardship by family type, we see just how difficult things were financially for lone parents (Table 5.9). They were more likely to cut back on every area of expenditure in comparison to other student groups. Not only did they suffer personally but inevitably so did their children. Double the proportion of lone parents as couples with children, minimised spending on their children — 60% compared to just 27%.

Table 5.9 Items students cut back on because they were not affordable by family type (Percentage)

		Family type			
Items students cut back on because not affordable	All Students	Single no children	Lone parent	Couple with children	Couple no children
Entertainment	42	45	64	39	27
Spending on children	34	N/A	60	27	N/A
Meals and snacks bought outside the home	31	34	57	33	11
Personal expenditure	23	25	56	17	15
Food and drink eaten at home and other household goods	22	21	46	26	16
Weighted base	**987**	**586**	**51**	**189**	**161**

Source: South Bank University Survey of FE students 1998

[86] The base is students with children only.
[87] This includes food bought while attending college.

5.6.1 The most financially vulnerable students — lone parents

If we review all the different types of indicators of financial difficulty and disadvantage discussed in this chapter, one group of students stands out — lone parents. All lone parents were women, all bar two were over the age of 19, and three-quarters were studying part-time. The numbers in the sample are small and so the findings should be treated with caution. However, the difference in their position, relative to other students is very stark. If we compare them to students aged 16–18 and then those aged 19 plus we see that lone parents were the:

- least likely to have any current savings to call upon (25% compared to 55% and 36%);
- most likely to be in arrears (22% compared to 1% and 9%);
- least likely to have any savings once their debts were taken into consideration (84% compared to 47% and 73%);
- most likely to be in debt once their savings had been taken into account, although the difference with students aged 19 and over was not significant (39% compared to 10% and 37%);
- most likely to experience financial hardship (74% compared to 53% and 49%); and
- most likely to have to cut back on various areas of their expenditure.

Other groups of students who also were particularly financially vulnerable were:

- students aged 19 and over; and
- couples with children.

5.7 Summary

Average student income over the 1997/98 academic year was £5,192 while their expenditure was £6,149. The shortfall of £957 was made up by withdrawing £572 from savings, borrowing £199 from a range of creditors, and by not paying £40 owed on bills. This still leaves a small shortfall of £146 which is attributable to survey error.

The distribution of both savings and debt were unevenly spread throughout the student body. Nearly two-thirds of students had no savings when interviewed and a similar proportion no debts. The greatest variations in both the amounts saved and borrowed were associated with students' age, social class and family type. Older students (£737), especially childless couples (£895), had more in average savings than younger students (£286) as did those from higher social classes. Yet, a higher proportion of younger students (55%) than older students (36%) had savings.

Debt was primarily an issue facing older students — over four in five of all students in debt were aged over 19. And there were significant differences within this group in terms of the amount they owed and their sources of credit. More part-time than full-time students were in debt (50% compared to 34%), and they owed two and half times as much (£409 compared to £156). They raised credit primarily through credit cards, but also via overdrafts, and formal loans. In sharp contrast, full-time students were most likely to owe money because they had not paid bills which is a very common money management strategy amongst low income households. So the ways in which these two groups used credit and what they used it for were markedly different.

Part-time students, most of whom had full-time paid jobs, used their credit to help finance a more consumer orientated life style. Full-time students, who were more heavily reliant on social security benefits, used their credit to ease financial difficulties. Both used credit to improve their lot: one to increase their prosperity; the other to reduce their poverty.

Just as savings varied by family type, so did debt. The presence of children increased the likelihood of debt. So on average, couples with children had twice as much debt (£563) as those without children (£248) and single parents (£314) were more indebted than either childless couples or single childless students (£126).

However, when examining all students' overall financial position and taking into account any outstanding debts against their savings, none were in particularly strong financial situations.

- nearly two-thirds of all students had no savings at all;
- although older students had more money in savings than younger ones, they also owed much more money.

Those most vulnerable financially, once their debts were taken into consideration, were:

- lone parents — 84% had no savings at all to call upon in times of emergencies;
- full-time older students — 75% had no savings; and
- couples with children who had the largest outstanding debts — 38% of whom had debts averaging £1,367.

It is not surprising, therefore, that the students most likely to experience feelings of financial hardship were:

- lone parents (74%);
- older full-time students (64%); and
- students from lower social classes (60%).

And it was primarily these groups of students who had to make the largest economies to make ends meet, but especially lone parents. Indeed, lone parents stand out as the most financially disadvantaged group of students.

What these findings suggest is that the students in most financial need are not necessarily 16–18 year olds but full-time students over 19, and especially those with dependent children and particularly lone parents. It is these students that policies to widen participation often focus upon. And to be more effective they will need to acknowledge these students' financial hardship. However, debt and financial hardship are important dynamics of poverty and social exclusion. Another is where students cannot fully participate in college life because of their financial situation. It is to these issues that we now turn.

6 The Impact of Finances on Student Participation and Students' Views on Financial Support

6.1 Introduction

The previous chapter focused on student hardship in terms of debt, the overall state of their finances, and their subjective feelings of hardship. This chapter, in contrast, looks at the impact these had on students' actual behaviour as well as how financial matters affected their participation. It starts by exploring students' awareness of the costs associated with attending college and then goes on to examine how finances affected their choice of college, course, and mode of study, and their academic performance and careers. Next, we assess the impact of finances on the costs of participation and which of these costs they found the most difficult to meet. Finally, we examine students' views about financial support in the further education sector.

Academic ability and social class have been singled out as the strongest determinants of educational participation and achievement in research on access to, and opportunities in, education. Other factors play a role too such as structural, institutional, dispositional, and situational factors.[88] Together they help explain overall patterns of participation in further education.

No research exists, however, which systematically assesses the impact of finances on participation *per se*. And this is despite the importance attached to pecuniary barriers inhibiting access. There is limited research showing that financial support acts as an incentive and, conversely, how the lack of it acts as a disincentive. Other research focusing on the inter-relationship between student drop-out and financial support has severe limitations. In particular, explanations of student drop-out are not based on students' assessments and the circumstances of students who do drop-out are not compared to those who do not.

The current study was not designed to assess the role of finances on participation. Nor was it designed to appraise the part played by finances in student drop-out. To do this we would have needed to examine non-participants as well as participants, and students who had dropped out as well as those who remained. It will be recalled, the sample of individuals interviewed for this study consisted only of those currently participating. Thus, by definition, they had somehow overcome the key fiscal barriers to initial participation. Until they were interviewed, they had also dealt with any money problems associated with drop-out.[89] Indeed, the last chapter on debt and hardship illustrated just some of the ways they coped with their financial difficulties and the sacrifices they made for their college education. Both that chapter and this one are testimony to these students' determination and dedication, despite adverse financial circumstances.

So as a result of the type of students interviewed in this survey, we would not expect finances to have a widespread impact on **these** students' participation choices and behaviour. What this study can tell us, however, is how current students handle their hardship and money difficulties. It can also record how, in retrospect, they thought financial issues affected their choices and influenced their behaviour.

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[88] For an overview of these factors see Herbert A and Callender C (1997) op. cit. For a more detailed analysis of participation patterns see Steedman H and Green A (1996) *Widening Participation in Further Education and Training: A survey of the Issues* Centre for Economic Performance, London School of Economics, London.

[89] It is of course possible that some students may yet drop out.

6.2 The Costs of Going to College

6.2.1 Students' perceptions of the costs of going to college

Research on non-participants in FE suggests that many automatically expect the costs to be beyond their reach. Other research[90] demonstrates that the perceived financial barriers to participation match closely those actually experienced by students. These findings have been brought into question by further research[91] showing that only more experienced learners are aware of costs such as books, photocopying and stationery before taking up their course. Similarly, this study brings into question the findings from this earlier research about the perceived costs matching actual costs.[92]

Over two in five students had anticipated the costs of going to college incorrectly: nearly a third thought they would be more and 13% less. So half had anticipated the costs correctly and the remainder could not remember. This mismatch between perceived and actual costs raises questions about the availability of, and access to, information on participation costs and on funding sources.

6.2.2 Information on the costs of going to college

Studies[93] show that colleges do not always make the costs of participation explicit to students. Indeed, the only student services colleges are required to provide are FEFC stipulated recruitment guidance and support. Although as our study of colleges suggests, many provide services beyond the minimum, and provision varies widely.

Three in five of all students surveyed had not thought about the costs of going to college, before starting their course. Three-quarters of students aged 16–18 had not considered this issue compared to half over 19.

Over a half (52%) of all students received no information about the costs of participation before embarking on their course, especially younger students (68%). The majority (78%) of those who had received some information acquired it through the college they were attending at the time of the interview, and the majority (73%) thought this was also the most useful source. One in five younger students also received information from their school or the Careers Service, otherwise there were no significant differences in the sources of information students used, or the most useful source.

Overall, students were less enthusiastic about getting information on the costs of participation before starting college than they were about, for example, student financial support (Chapter 4, Section 4.2). Only two in five wanted more information on participation costs, although half of 16–18 year olds wanted more.

Providing information on study costs is important in the context of widening participation. Prospective students may well have misconceived ideas about the actual costs of participation, just as the current students did. Students with ready access to such information would be better placed to make informed decisions about going to college, than those who do not. Furthermore, more accurate information on the costs of going to college may help stem drop-out associated with unanticipated money problems.

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[90] Wirral Metropolitan College (1993) *Financial Barriers to Further and Higher Education for Adult Students,* Wirral Metropolitan College.

[91] Firth D and Goffey L (1996) *Individual Commitment: Tracking learners' decision making* HMSO, London.

[92] It should be noted that the way in which the study at Wirral Metropolitan College was conducted is very different from the present study, so the findings are not strictly comparable.

[93] Further Education Unit (1993) *Paying their Way: The experiences of adult learners in vocational education and training in FE colleges,* FEU, London.

6.3 The Impact of Finances on Participation in FE

6.3.1 Impact on initial educational choices

Given students' lack of foresight about the costs of going to college and the absence of any information, it is not surprising that for the majority (87%) these costs had not affected their choice of college. For the minority affected, it was mainly (46%) the additional travel costs that dictated their decisions, especially younger students (70%). Nor had costs impacted on the vast majority's (94%) choice of course, although older students were more likely than younger ones to be influenced.

Costs, however, had a slightly greater impact on students' decisions to study part-time (12% were affected) and, not surprisingly, especially amongst older part-time students (16%) from social classes D and E. Three in five of these part-time students chose this mode of study because they needed to work, and a further quarter opted for it to avoid reductions in their social security benefits. So it was amongst this group of students that we see the operation of the 16 hour rule in practice (Chapter 2, Section 2.5).

Overall, the majority of students' initial educational choices were not influenced heavily by the costs of going to college, except amongst a minority of part-time older students. These findings are not surprising given that those most constrained by finances are unlikely to enter further education.

6.3.2 Impact on coursework and academic performance

As we saw in Chapter 2, very high proportions of students could only finance their college education by working. So all students who undertook some paid work during term-time (68% of all students) were asked if it had affected their coursework. Nearly two in five of these students believed that it had, particularly older students. The impact could have been positive, especially where students were doing vocational qualifications that were job related. Alternatively, it could have been negative by distracting students from their studies. The students questioned were unanimous (79%) — paid work had had a negative impact on their coursework. Most (60%) felt they could not devote enough time to their college work and students over 19 in particular, were concerned about the classes they had had to miss. So overall, a third of all students working felt that paid work had had a detrimental impact on their academic performance.

Students worked, where they could, to avoid or alleviate financial hardship. Yet as we have seen, some students still experienced a shortage of funds which, in turn, impacted on their college work. Overall, a third of all students thought that financial difficulties had negatively affected their academic performance, and one in six believed they had affected it a great deal or a fair amount. One group of students stands out — part-time students over 19 years. Over half (52%) believed their academic performance suffered and over a third thought it suffered a great deal or a fair amount.

The key consequences of this were:

- worry and stress, experienced by nearly half the students affected;
- having to work part-time, which impacted on a third of students, but was a particular concern to nearly a half of full-time students aged 16–18;
- being unable to cover travel costs to and from college mentioned by nearly a quarter, and three in ten younger students; and
- health problems that mainly affected older students.

These findings have some important implications for policies concerning financial hardship. The survey of colleges found that about one in five colleges used students' academic performance as a condition for paying out awards from Access Funds.[94] Paradoxically, such a strategy may penalise those students in greatest need of financial support given the evidence on the link between financial hardship and academic performance.

6.3.3 Impact on persistence and progression

As suggested earlier, this study was not designed to assess the impact of finances on either student drop-out or progression. However, the study can tell us how money matters entered students' thinking on these issues. (Research on student retention suggests that money issues are just one of many influencing a student's decision to stop studying. See Herbert and Callender (1997) for a review of this research.) Two in five of all students had thought about dropping out of college. Of those who had, 56% said that financial difficulties had made them think about dropping out, and over a third were forced to think about it a great deal or a fair amount. Younger students were more likely than older students to think seriously about leaving college early because of financial difficulties. So overall, a quarter of all students had thought about dropping out for financial reasons.

Half of all students were hoping to continue studying once they had completed their course. The other half, intending to do other things, were asked how likely it was that they would change their plans and continue studying if they could get help towards the costs. Nearly three in five (57%) of them would do so. However, the figure rose to four in five among older full-time students. This is not surprising as this group of students consistently experienced financial difficulties. So overall, nearly three in ten of all students would continue studying if given a financial incentive.

6.4 The Impact of Finances on Participation Costs

6.4.1 Course costs

In Chapter 3 (Section 3.6) we examined participation costs which amounted to £600 on average. We showed how these costs varied considerably amongst different student groups (Table 3.6 and Table 3.7). What was not clear from these differential spending patterns, however, was whether students chose not to buy items because they did not need them, or because they could not afford them. Here we concentrate on the affordability issue.

Just under a quarter (23%) of all students had not bought books needed for their course. In four out of five cases it was because they could not afford them but older students were particularly constrained.[95] So overall, nearly a fifth (18%) of all students did not buy the books they needed because of a lack of money.

Money was less of a restriction when it came to computers. The most common reason students had not purchased one was because they did not need it (33%), followed by lack of funds (19%). Yet, two in five full-time students over 19 were without a computer because they could not afford one. Only 6% of all students had failed to buy equipment needed for their course, and for the majority (81%) it was because they could not afford to.

[94] Callender and Smith (1999) op. cit.

[95] In Chapter 3 we saw how expenditure on course-related items varied considerably by the subject students studied. Unfortunately, it is not possible to examine how this spending was curtailed by finances because of the overall size of the sample of students.

6.4.2 Travel costs

Nearly one in five (19%) of all students found their travel costs to and from college hard to meet. This figure rose to a third for older part-time students and a quarter for students attending Agricultural Colleges who, it will be recalled, experienced the highest travel costs (Chapter 3, Section 3.6). As a result of these difficulties, 6% of all students had missed going to college because they could not afford the travel costs. This proportion more than doubled among older part-time students (13%) who over the year had missed college eight times, on average, to save on travel costs. So amongst this group of students lack of funds meant they could not participate fully in college, but such social exclusion is often hidden.

These findings are important in relation to the way colleges distribute Access Funds and other forms of financial support to students. Our survey of colleges showed that students' attendance records were often used as a condition for receipt of financial assistance. Thus colleges are using a criterion which penalises students in the greatest need of help.

6.5 Difficulties in Meeting Participation Costs

Nearly three-quarters (72%) of all students had some difficulties in meeting some of the costs of going to college. Those they found the most difficult to meet are shown in Table 6.1.

There were considerable variations by student age and mode of study in the college-related expenditure they found most difficult to meet. The troubles students faced largely reflected their overall income. So students over 19 had fewer difficulties than younger students, as did part-time students in both age groups. The worst off were students over 19 studying full-time — 94% of them experienced difficulties with these costs. As we saw in Chapter 2, this group of students did not have the lowest overall incomes (Table 2.2) but they did have heavy demands on their limited income (Table 3.1).

Table 6.1 Costs students find most difficult to meet by age and mode of study (Percentage)

			Age				
			16–18			19+	
	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Experience difficulty with one or more	72	81	84	73	67	94	60
Costs facilitating participation							
Travel	29	47	50	36	19	36	16
Tuition fees	14	7	5	14	19	20	18
Exam and registration fees	12	10	10	11	13	19	12
Childcare	4	0	0	0	6	16	4
Course costs							
Books	29	34	36	27	26	45	21
Special equipment	15	22	23	16	11	28	7
Stationery	11	16	17	9	9	24	5
Other costs							
Food and household goods	8	5	6	2	9	22	6
Household bills	8	3	3	4	11	21	8
Accommodation	2	1	1	4	2	7	1
Other	3	3	4	1	2	4	2
None difficult to meet	28	19	16	27	33	6	40
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

The items of expenditure posing problems also varied by students' age. Students aged 16–18 were significantly more likely than older students to face difficulties over the costs of:

- travel to and from college (47% compared to 19%);
- books (34% compared to 26%);
- special equipment for their course (22% compared to 11%);
- photocopying and stationery (16% compared to 9%).

In contrast, older students were more likely than younger ones to encounter obstacles over the costs of:

- college fees (19% compared to 7%);
- household bills (11% compared to 3%);
- childcare (6% compared to 0%).

It is noteworthy that on most items older part-time students experienced greater problems with these costs, not only when compared with their contemporaries, but also with 16–18 year old students.

Inevitably, there is a certain logic to students' assessment of which items posed the greatest financial difficulties. They tended to select those items which were most costly to them personally. (See Tables 3.6 and 3.7 for their expenditure on these items.) For example, travel was the biggest item of expenditure incurred by 16–18 year olds and it was this area of expenditure they were most likely to find difficult to meet.

What these findings confirm, therefore, is that the higher the expenditure the more difficult they are for students to meet. For older students these were costs associated with facilitating their participation, particularly fees, while for younger students they were more connected with course costs.

Finally, students were asked their opinions on statements about costs with which students need most help (Table 6.2). Their views were fairly predictable and reflected the costs that posed their greatest difficulties, namely the more expensive items. In other words, the areas of expenditure students had most difficulty meeting and wanted most help with, were the same.

Overall, the students were not particularly discriminating — the majority agreed with each statement with one exception, childcare. This is understandable given that childcare costs affected a minority of students. It will be recalled that only 8% of all students had a child aged under 5 years.

Table 6.2 Students' views on the costs they need most help with (Percentage)

Cost students need most help with	All	16–18	19+
Tuition fees			
Agree	66	51	74
Neither agree nor disagree	12	16	10
Disagree	16	29	8
DK	6	4	8
Special equipment			
Agree	57	60	56
Neither agree nor disagree	16	17	15
Disagree	21	20	22
DK	5	3	7
Exam and registration fees			
Agree	55	45	62
Neither agree nor disagree	18	21	15
Disagree	21	31	16
DK	6	3	7
Travel			
Agree	49	69	37
Neither agree nor disagree	15	11	16
Disagree	31	17	39
Childcare			
Agree	33	21	40
Neither agree nor disagree	23	26	21
Disagree	34	43	29
DK	9	9	10
Weighted base	**987**	**362**	**625**

Source: South Bank University Survey of FE students 1998

The strength of students' opinions did vary by age, reflecting the financial problems they experienced in meeting these different costs. Thus younger students were significantly more likely than older students to agree with the statement:

- *The costs students at college need most help with is transport* (69% compared to 37%).

Conversely, older students were significantly more likely than younger ones to agree with the statements:

- *The costs students at college need most help with is course fees* (74% compared to 51%).
- *The costs students at college need most help with is exam and registration fees* (62% compared to 45%).
- *The costs students at college need most help with is childcare* (40% compared to 21%).

6.6 Students' Perceptions of the Financial Returns of Further Education

To date, we have explored the costs of participation in their very literal sense. However, it is important to place these issues within a wider context and examine students' perceptions of the financial returns of their current educational experience. In other words, to explore just how worthwhile students felt their college education was to them financially.

The issue is significant because assumptions about the financial benefits of education underpin student support systems. This is most obvious in higher education, where much has been written about the returns of HE. For example, the new HE funding regime is based on the assumption that higher education students will reap certain social and economic returns from their education. Indeed, such arguments are used to help justify the new student loans system. Thus, it is posited that higher education students can afford to take out loans because traditionally graduates have had certain labour market advantages over non-graduates in terms of occupational status, salary levels, lifetime earnings, and job security.[96] Interestingly, these issues have not been explored amongst FE students.

We asked all students surveyed the extent to which they agreed with the statement: *'In the long term I will benefit financially from going to college.'* Overall, they were optimistic and positive. Nearly three-quarters (73%) either strongly agreed or agreed with the statement while only 17% disagreed.

There were, however, some significant differences in students' opinions depending on their age. In particular, 84% of 16–18 year olds strongly agreed with the statement and 9% disagreed. By contrast, only 66% of those aged 19 agreed and 23% disagreed.

This is a worrying finding. It means older students are less convinced of the financial returns of further education. Yet, they are the ones experiencing some of the worst financial hardship. Moreover, if participation is to widen, especially amongst adults, many will need persuading of the benefits of further education.

6.7 Students' Views on Financial Help for Further Education Students

We asked students the extent to which they agreed with a range of statements about student support. They had very definite ideas about the sort of support they wanted to see in place, often irrespective of their age and mode of study. The main area of ambivalence concerned student loans.

6.7.1 Student loans

Students were asked if they could get a loan to cover the costs of going to college, how likely it was they would take one out. Overall, one in five (21%) would, primarily because:

- they needed the money (55%); and
- believed that their future earnings would be high enough to cover the repayments (30%).

Those unlikely to take one out, if offered, were unwilling to do so essentially because:

- they did not like borrowing money (36%);
- were concerned about the repayments (34%); and
- were concerned about getting into debt (28%).

[96] Institute of Fiscal Studies (1997) *Higher Education, Employment and Earnings in Britain* London.

These reasons, understandably, were much more prevalent amongst students currently experiencing financial hardship.[97]

Older students were much less enthusiastic about loans than younger ones — 77% were unlikely to take one out compared to 68% of younger students. But the most stark differences related to whether the students believed in the financial returns of their FE education. Of those who believed they would benefit financially in the long term from going to college, a half thought it not at all likely they would take out a loan. Among those who were more pessimistic about the benefits of college, three-quarters thought it not at all likely they would take one out.

6.7.2 Who should pay for student support

Younger students were more likely than older ones to agree with the statement:

- *'The cost of going to college should be met equally by the students themselves, the government and employers'* (57% compared to 43%).

6.7.3 What distribution principles should inform which students receive support

Seven out of ten students believed that any student support financial regime should prioritise the needs of students on low incomes or from low income families. Most, therefore, supported the idea of means testing but a majority also wanted a universal system.

- 75% agreed that *'Any help students get with the costs of going to college should depend on their family's income so that students from low income families get more money than students from higher income families'.*
- 54% agreed that *'All students should get help with the costs of going to college irrespective of their family's income'.*

Students did not believe that their mode of study, qualifications, or where they lived in the country should affect whether or not they received help. And they overwhelmingly supported the abolition of the 16 hour rule.

- 17% agreed that *'Only students studying full-time should get help with the costs of going to college'.*
- 12% agreed that *'Any help students get with the costs of going to college should depend on the qualifications they already have so that students with low level qualifications get more money than students with higher qualifications'.*
- 86% agreed that *'Students should get help with the costs of going to college irrespective of where in the country they live'.*
- 84% agreed that *'Older students who claim social security benefits should be able to study full-time, if they want to'.*

There were no significant differences in students' opinions by their age or mode of study, demonstrating the extent of consensus on these issues.

[97] The reasons for not taking out a loan are very similar to those given by higher education students. For a more detailed exploration see Payne J and Callender C (1997) *Student Loans: Who borrows and why?* Policy Studies Institute, London.

6.7.4 Who should make decisions about student support

When asked who should decide how much money students should receive, the most common answer was their college (45%), followed by their Local Authority (32%). Younger students, however, were more likely than older ones to favour their college (52% compared to 40%). Half of them also wanted their college to decide what they could get money for, especially younger students (57% compared to 46%). In other words, they rejected the idea of a centralised system of student support dictated and administered by central or local government but endorsed by local discretion.

Ideally, they did not want a lump sum payment at the beginning of the academic year but opted for payments either at the start of each term (47%) or every week or fortnight (37%). These preferences may well reflect their financial circumstances. It is well known that people on low incomes favour payment regimes over which they can exert maximum control to aid their budgeting and money management.

6.7.5 What should student support cover

We have already seen that the areas of expenditure students had most difficulty meeting and wanted most help with, were the same. They identified those items of expenditure which were personally most costly. A similar logic surrounded their responses to a question asking which costs students should get help with (Table 6.3).

The most frequently mentioned help wanted by younger students was travel (83% compared to 63% for older students). Top of older students' agenda was tuition fees (86% compared to 73%); exam and registration (71% compared to 57%) and childcare (63% compared to 37%). Equal proportions of both age groups also wanted help with books (70%) and equipment (52%).

When students were asked to prioritise these needs and select which was the most important, similar items were identified (Table 6.4).

Table 6.3 Costs students think they should get help with by age and mode of study (Percentage)

			Age				
			16–18			19+	
	All Students	All 16–18	Full-time	Part-time	All 19+	Full-time	Part-time
Costs facilitating participation							
Travel	70	83	84	75	63	71	61
Tuition fees	82	73	71	84	86	84	87
Exam and registration fees	65	57	55	65	71	66	72
Childcare	53	37	38	32	63	64	63
Course costs							
Books	70	69	70	62	70	79	69
Special equipment	52	52	52	52	52	59	51
Stationery	34	33	34	28	35	37	35
Other costs							
Food and household goods	23	19	20	16	26	37	23
Household bills	25	19	19	21	29	40	27
Accommodation	34	25	27	19	38	44	37
Weighted base	**987**	**362**	**304**	**58**	**625**	**113**	**512**

Source: South Bank University Survey of FE students 1998

Table 6.4 The most important items students should get help with (Percentage)

		Age	
Cost students need most help with	**All**	**16–18**	**19+**
Priority 1 — Course fees	59	46	67
Priority 2 — Exam fees	30	25	33
Priority 3 — Books	22	21	23
Priority 4 — Travel	17	15	18
Priority 5 — Equipment	14	15	14
Weighted base	**987**	**362**	**625**

Source: South Bank University Survey of FE students 1998

6.8 Summary

Students were ill prepared for the costs they would incur while studying. Over half had received no information about these costs before starting their course. And two in five had perceived these costs incorrectly, with a third under-estimating them.

Only a minority of all students received any form of student financial support. This low take-up may have been compounded by students' lack of knowledge and awareness of potential sources of financial aid. Two-thirds of students had received no information about student support. About half of all students were unaware of the sources of support while a sizeable minority erroneously thought they were ineligible for support, also indicating their lack of knowledge and understanding.

Many students and potential students would benefit from more widespread and accurate information on the costs of going to college and student financial support. This may help recruitment as potential students often have misconceived ideas about the costs of participation. It may also avert drop-out associated with unanticipated costs and financial problems.

The students interviewed had overcome the financial barriers affecting access to further education but struggled with those associated with: attending college; drop-out; and progression. Just under a quarter (23%) had considered dropping out for financial reasons. But hardship also affected their academic performance and future plans. Over a third thought that financial difficulties had negatively affected their academic performance. And amongst those who had jobs to avoid or alleviate financial hardship, nearly a third believed that their coursework had suffered because they could not devote enough time to their college work. Their financial situations meant that a sizeable minority had rejected the idea of remaining in education. Three in ten of all students would consider continuing studying once their current course ended, if they received some financial support.

Students spent on average £600 during the academic year on course-related expenditure. Their expenditure on these items, however, was often constrained by their income. 72% of all students experienced problems meeting these costs and the proportion rose to 94% amongst full-time students over 19. In general, the more costly the item of expenditure, the greater the financial difficulty it posed.

For some students these difficulties meant they could not fully participate in their course and college life. For example, a third of students over 19 studying part-time found travel costs to and from college hard to meet. Consequently, one in eight had missed going to college because they could not afford these travel costs. Nearly a fifth of all students had not bought books they needed for their course because they could not afford them.

The greatest potential scope for widening participation is among older students. Policies need to acknowledge that they experience some of the worst financial problems and are unconvinced of the financial returns on their education.

The majority of students wanted help with the costs of their books and equipment. 16–18 year olds particularly sought assistance with their travel costs while students over 19 wanted help with their tuition fees, examination and registration fees, and childcare. They thought their college should decide how much financial support they should receive and for what. And any monies received, they wanted paid at the start of each term, directly by cheque.

7 Technical Annex

The following is a brief methodological summary report on a survey of further education students carried out by PSI and NOP on behalf of the FEFC.

7.1 Sampling Methods

A two-stage sampling approach was used. First a sample of colleges was selected, and then a sample of students within each college. All sampling was carried out by the FEFC following discussions with Professor Callender and technical advice from NOP Social and Political.

Sampling colleges

The researchers wished to be able to analyse separately data from students attending the three main types of college:

- Agricultural and horticultural colleges;
- General Further Education Colleges/Tertiary Colleges/Art, Design And Performing Arts Colleges;
- Sixth form colleges.

This meant that it was necessary to oversample agricultural and horticultural colleges (whose students are only 1.8% of the total eligible FE student population) and Sixth Form Colleges (10.4% of the total eligible FE student population). The numbers of colleges initially selected for inclusion in the survey were:

- 10 agricultural and horticultural colleges;
- 60 General Further Education Colleges/Tertiary Colleges/Art, Design and Performing Arts colleges;
- 10 Sixth Form colleges.

Agricultural and horticultural colleges were therefore oversampled by about 10:1, while Sixth Form colleges were oversampled by about 1.6:1.

A stratified sampling approach was used, drawing separate stratified samples of each type of college. The samples were stratified by:

- FEFC region;
- Metropolitan/non-metropolitan areas.

Within each stratum of the sample, colleges were listed in order of the number of students attending (from largest to smallest). Colleges were selected with probability proportional to size, taking a random starting point and applying a sampling interval calculated by dividing the number of sampling points required by the number of eligible students in each college type.

The FEFC wrote to the Principal of each college selected, explaining the aims of the survey and asking for the college's co-operation with the study. The FEFC also asked them to nominate a member of staff to be responsible for providing information about each student selected by the FEFC in the sample. Colleges were informed that the information would be passed onto NOP to enable them to contact students directly.

A small number of colleges declined to participate in the survey, while a larger number said that they could not release the names and addresses to NOP because of data protection issues. All but two of these colleges were replaced with substitutes, drawn from the same segment of the stratified lists of colleges wherever possible, and the substitutes were then contacted to obtain their co-operation with the survey. One college could not be replaced because the timing of the survey did not allow further substitutes to be drawn and contacted before the start of fieldwork, while another college did not send out the name and address information in time owing to technical problems. The final number of colleges included in the survey was therefore 58 rather than 60.

7.2 Sampling Students

The survey was intended to include current students who were studying for a further education qualification (not for an undergraduate or postgraduate degree) and who were UK or EC residents. It was intended to exclude students who were taking courses of less than one academic year's duration and other courses not funded by FEFC.

Sampling was carried out by FEFC from the partially anonymised Individualised Student Records (ISRs). Records held by FEFC were screened to ensure that the sample was drawn only from students eligible to take part in the survey. However, it was recognised that there would be some inaccuracies in the ISRs sent to FEFC by the colleges and allowances were made for this.

The aims of the sampling strategy were to draw similar numbers of student records from each college, but to oversample 16–18 year olds studying part-time and those aged 19+ studying full-time so that it would be possible to look at these groups separately at the analysis stage. The sample of students was therefore segmented into the following four groups, within each college type:

- 16–18 studying full-time;
- 16–18 studying part-time;
- 19+ studying full-time;
- 19+ studying part-time.

The aim was to achieve 1,000 interviews with students, structured as follows:

	Full-time	Part-time
Aged 16–18	350	150
Aged 19+	150	350

The number of records drawn was based on the assumption that approximately 20% of records would prove to be ineligible for inclusion in the study (mainly because of the high drop-out rate among FE students) and that a response rate of about 50% would be achievable in the fieldwork period available.

The number of students sampled in each of the four categories was proportional to the actual population within the agricultural and horticultural colleges and Sixth Form College sectors. Within the General Further Education Colleges/Tertiary Colleges/Art, Design and Performing Arts Colleges sector, 16–18 part-time students and 19+ full-time students were oversampled. The same number of students in each of these four categories was selected from all colleges of the same type (with slight variations where colleges did not have enough students of a particular type to select the full number). A randomised selection procedure was used within each segment of the sample.

	Average number of records selected				
	16–18		19+		
College type:	Full-time	Part-time	Full-time	Part-time	Total
Agricultural and horticultural colleges	14.7	4.6	6.0	18.0	43.3
General Further Education Colleges/Tertiary Colleges/ Art, Design and Performing Arts Colleges	10.1	8.5	8.4	16.2	43.2
Sixth Form Colleges	33.4	2.7	1.6	5.7	43.4

The FEFC prepared an individual Microsoft Excel spreadsheet on disk for each college, listing the students who had been selected, and asked the colleges to complete the spreadsheets with the students' full names, addresses, telephone numbers, and information on whether the students were still studying or had completed/dropped out of their courses. The disks with the completed spreadsheets were then mailed directly to NOP by the colleges. (A few colleges returned the data on paper rather than on disk.)

NOP compiled and edited the contents of the disks and inputted the paper listings returned to create an overall sample. Wherever a record indicated that the individual was not a current student, it was not included in the sample. Some other records were also discarded — these were records where the contact address given was not in the UK, was clearly not a private residential address, was on an Army or RAF base, or was too far away from other addresses in the survey to be within reasonable travelling distance for a face-to-face interviewer working on the project.

Advance letters were sent to students by NOP on PSI's behalf, summarising the aims of the survey and explaining that an NOP interviewer would be attempting to get in touch to arrange an interview.

A total of 2094 names and addresses were issued to the field. While the majority of these were issued at the start of the fieldwork period, a substantial minority were issued later, in some cases several weeks after the start of fieldwork. (This occurred where colleges had not sent NOP the address details in time.) Not all the addresses were in the field for the entire fieldwork period, therefore, and it was not possible to make five or more calls to all the addresses before fieldwork came to an end.

A complicating factor in this survey was the need to obtain parental permission to interview 16 and 17 year olds. NOP's current guidelines to interviewers require them always to obtain parental permission before interviewing 16 year olds, and to obtain parental permission wherever possible, as a matter of good practice, before interviewing 17 year olds. (This is due to ongoing changes in the Market Research Society's Code of Conduct regarding children.) This meant that if an interviewer found a younger student who was available and willing to be interviewed, the interview could not go ahead until a parent was available and willing to give permission.

7.3 Fieldwork

All interviewing was carried out face-to-face by NOP interviewers using CAPI (Computer-Assisted Personal Interviewing). The interviewers were briefed in person by the NOP executive in charge of the project at four regional briefings between 26 and 29 May 1998. Fieldwork was carried out between 29 May and 12 July 1998. The majority of interviews were carried out in respondents' homes, but in a few cases respondents preferred to be interviewed at their college.

Data collected by interviewers were returned to NOP Head Office by modem link. SEG was coded for each respondent from verbatim answers at NOP's Chelmsford Data Centre and the data from these were then inputted. Data were then sent to PSI for analysis.

7.4 Outcomes

The breakdown of interviews achieved was as follows:

	16–18		19+		
	Full-time	**Part-time**	**Full-time**	**Part-time**	**Total**
Leads issued	765	32	341	686	2094
Target	350	150	150	350	1000
Interviews	463	148	143	235	989
% of target	132.3	98.7	95.3	67.1	98.9

The complete list of outcomes was:

	Number	**Response rate %**
Leads issued	2094	
Ineligible	226	
Moved/not known at address	96	
Address not found	9	
Too far to visit	5	
Unable to be interviewed because of special needs/ learning difficulties/too ill	30	
Total number of valid leads	1728	100
Refused because of revision/exams	31	1.8
Refused for other reasons	149	8.6
Parental refusal	22	1.3
Away during fieldwork	43	2.5
No contact after 5+ calls	155	9.0
Not stated	7	0.4
Other final outcome	16	0.9
Still contacting when f/w period ended	318	18.4
Interview	**987**	**57.2**

7.5 Data Weighting

The data had to be weighted back to the actual profile of eligible students, to correct for the oversampling of certain groups within the student population. Target weights were applied as follows, based on estimates of actual numbers of students within each category:

	Numbers of students				% of students			
	16–18		19+		16-18		19+	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Agricultural and horticultural colleges	8554	1536	3438	10,009	0.6	0.1	0.3	0.8
General Further Education Colleges/ Tertiary Colleges/ Art, Design and Performing Arts Colleges	288,430	72,187	143,050	652,645	21.9	5.5	10.9	49.6
Sixth Form Colleges	109,917	3980	3076	19,956	8.3	0.3	0.2	1.5
Total	1,316,778				100			