

Evaluation of Aimhigher: Excellence Challenge Synthesis Report: Surveys of Opportunity Bursary Applicants and Economic Evaluation

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EXECUTIVE SUMMARY

Background

The Aimhigher: Excellence Challenge programme was initially established in 2001 (when it was known as Excellence Challenge) with the aim of improving access to higher education for able young students from poorer backgrounds. The evaluation of the programme is being carried out on behalf of the Department for Education and Skills (DfES) by a Consortium comprising the National Foundation for Educational Research (NFER), the London School of Economics (LSE) and the Institute for Fiscal Studies (IFS). The programme has now been superseded by a new national programme (known as Aimhigher) funded by the Higher Education Funding Council for England (HEFCE) and the Learning and Skills Council (LSC).

The four key aims of the Aimhigher: Excellence Challenge programme were:

- ♦ to develop partnerships between schools, colleges and higher education institutions in order to raise aspirations and attainment in Excellence in Cities (EiC) areas and Education Action Zones (EAZs) and so encourage greater progression to higher education (**Strand 1**);
- ♦ to increase funding to higher education institutions to reach out to more young people (**Strand 2**);
- ♦ to provide clearer information and better marketing of the route to higher education for young people (**Strand 3**); and
- ♦ to pilot new forms of extra financial help through 26,000 Opportunity Bursaries to young people, each worth £2000 per full-time student over three years (**Strand 4**).

This report relates to one key facet of the evaluation, namely the Opportunity Bursary (OB) strand. Surveys were undertaken of two cohorts of applicants for OBs: those who were eligible for, and applied for Opportunity Bursaries to begin in 2001/02 (West *et al.*, 2003b) and in 2002/03 (see West *et al.*, 2005) respectively. The surveys took place when students had completed their first year and subsequently their second year of study (see Pennell *et al.*, 2005). Key findings are presented in this report. The report also provides the economic evaluation of the Opportunity Bursary scheme based on applicants who applied for and were eligible for Opportunity Bursaries to begin in 2001/02 and 2002/03.

Survey findings

Characteristics of students

- ♦ In both cohorts, virtually all OB recipients and non-recipients reported having taken GCSEs and the vast majority had taken GCE A levels. The mean (and median) GCSE and GCE A level point scores were very similar

for recipients and non-recipients in both cohorts. In both cohorts, more respondents (around seven out of ten) were female than male.

- ◆ OB recipients and non-recipients in both cohorts were broadly similar in terms of their reported ethnic background. Compared with applicants accepted for first degrees or higher national diploma (HND) courses in England, more students in our sample were from minority ethnic groups. In both cohorts, compared with students nationally, more students in our sample were studying for combined degrees.
- ◆ At the time they applied for a place in higher education, around nine out of ten respondents in both cohorts reported that they had lived with their mother and around six out of ten lived with their father. In both cohorts, the vast majority of applicants' mothers and fathers did not have an undergraduate qualification or postgraduate degree. In both cohorts, fewer recipients than non-recipients reported that both parents were in full time work (this difference was statistically significant).

Attitudes before entering higher education, information and activities

- ◆ Reasons most frequently cited by students as being 'important' or 'very important' in relation to applying to university were: wanting to improve their career prospects; having a specific course that they wanted to pursue; wanting to broaden their horizons; and wanting to improve their earnings potential. These reasons were each seen as being important by at least nine out of ten respondents.
- ◆ Over eight out of ten students agreed with the statement 'I was worried about getting into debt'. In both cohorts, fewer OB recipients than non-recipients reported being worried about combining studying with a job. This difference was statistically significant.
- ◆ In both cohorts, around nine out of ten students reported talking to their mother about higher education. High proportions also reported talking to school/college friends and teachers/college lecturers. Around seven out of ten reported talking to their tutor or form tutor, and to their father.
- ◆ Respondents who indicated that they had talked to a given individual were also asked whether or not the individual in question had encouraged them to go into higher education. In the vast majority of cases, the people who young people talked to encouraged them to enter higher education.
- ◆ In both cohorts, the most frequently reported activity undertaken in relation to entering higher education was attending university/higher education open days; this was mentioned by around seven out of ten respondents. Around eight out of ten of those who answered this question reported that university open days had affected their choice of higher education provider. It is important to note that participation in higher education related activities would have taken place prior to or just as the Aimhigher: Excellence Challenge programme was set up.
- ◆ In both cohorts, almost all students used university prospectuses or information provided by universities when initially deciding which higher education institution to apply to and/or which course to study. Other

frequently used sources were the Universities and Colleges Admissions Service (UCAS) web-site and university web-sites, and school/college careers libraries. At least three-quarters of respondents who reported having used each source of information reported having found it helpful.

Attitudes towards higher education and Opportunity Bursaries

- ◆ In both cohorts, fewer OB recipients than non-recipients reported that part-time work had interfered with their studies. This difference was statistically significant. However, similar proportions of bursary recipients and non-recipients reported that they had worked and the mean number of hours worked in a normal week was also similar for both groups.
- ◆ In both cohorts, nearly nine out of ten Opportunity Bursary recipients reported that the OB had made them less worried about meeting the costs of going to university. Approximately half reported that the bursary had enabled them to continue studying, although six out of ten reported that it had had no influence on their decision to enter higher education. Around a third of Opportunity Bursary recipients reported that the bursary meant that they did not have to take up a part-time job and that the bursary enabled them to work fewer hours in a paid job than they would otherwise have had to.
- ◆ In both cohorts, around nine out of ten students who had not received Opportunity Bursaries reported that a bursary would have made them less worried about meeting the costs of going to university.

Economic evaluation

This section looks at the impact of Opportunity Bursaries on young adults who received payments in 2001/02 and 2002/03. Both linear regression and propensity score matching techniques are used to compare to outcomes of individuals in receipt of an Opportunity Bursary with those who were eligible for the policy but not able to receive it since only a limited number of bursaries were available.

Opportunity Bursaries and higher education completion

- ◆ There is some evidence that the policy has led to increased retention in the first year of university study – using a linear regression technique reveals a statistically significant increase of 2.6 percentage points while using propensity score matching indicates an increase of 1.6 percentage points, although this latter result was not statistically significant at conventional levels. There is also some evidence that receipt of an Opportunity Bursary led to lower levels of debt – in particular ‘liquid debt’ defined as bank overdrafts or credit card debt.
- ◆ The evidence suggests that the majority of the £1,500 that will have been paid to recipients by the time of our survey has been spent which is consistent with students facing credit constraints. The fact that they will receive a further £500 in the following year, and that their lower levels of debt may enable them to borrow more if needed, suggests that those in receipt of an Opportunity Bursary should be better placed to complete their

course. Opportunity Bursaries are also found to be associated with lower average parental financial support.

Implications for Cost Benefit Analysis

- ◆ An assessment of whether the benefits of the policy in terms of increased lifetime wages are sufficient to justify the total £2,000 Opportunity Bursary payments and the loss of wages while additional individuals choose to attend higher education is not possible without an estimate of the increase in numbers benefiting from higher education as a result of receiving an Opportunity Bursary. However a simple cost benefit calculation suggests that to justify Opportunity Bursaries on the sole basis of the increased (gross) wages of those who complete higher education as a direct result of the policy would require the policy to increase higher education completion among those eligible for the policy by at least 2.7 percentage points if the required rate of return was 2½ per cent a year. The required impact of the policy on those eligible for it is estimated to rise to 3.5 percentage points if the required rate of return was 3½ per cent and 5.1 percentage points if the required real rate of return was five per cent a year.

Conclusions

- ◆ The survey findings suggest that the scheme met its objectives in terms of reaching the relevant target group and in terms of helping beneficiaries to meet the costs associated with higher education.
- ◆ In spite of its relatively modest value, the Opportunity Bursary appears to have had a positive impact on recipients in terms of their attitudes.
- ◆ Evidence that a sizeable proportion of the grant has been spent is consistent with individuals facing credit constraints. Given that recipients will be able to receive a further £500 in their third year of study, might have more potential to borrow more and may also be more able to draw on financial support from their parents in the future if needed, suggests that receipt of an Opportunity Bursary may aid completion of higher education.
- ◆ A simple cost-benefit analysis suggests that the policy would need to increase higher education completion rates among those eligible for an OB by 3.5 percentage points if the required rate of return was the Treasury's benchmark 3½ per cent a year.
- ◆ Given that concern has been expressed in some circles that variable fees, due to be introduced from 2006, may deter students from more disadvantaged groups entering higher education, the findings suggest that the new Higher Education Grant (introduced in September 2004) should also have a positive effect in relation to young people from disadvantaged groups who are currently under-represented in higher education.

1. AIMHIGHER: EXCELLENCE CHALLENGE

1.1 Strands of Aimhigher: Excellence Challenge

The original Aimhigher: Excellence Challenge programme was for a duration of three years, beginning in September 2001 (when it was known as Excellence Challenge). The programme built on the widening participation strategy funded by the Higher Education Funding Council for England (HEFCE).¹ The aim of the programme was to increase and widen participation in higher education among young people, including the number of young people from poorer backgrounds, who applied for and entered higher education. Another key related aim was to improve the links between schools, colleges and universities. The programme strands are shown in Figure 1.

Figure 1. Strands of the programme

- ◆ **Strand 1** funded a range of activities in schools and colleges to provide the encouragement and support that young people need to increase attainment, raise aspirations and successfully apply to university.
- ◆ **Strand 2** provided extra money to universities and other higher education providers for summer schools, outreach work and to help institutions with the extra costs involved with supporting students who come from areas with low participation rates in higher education.
- ◆ **Strand 3**, the Young People's Publicity Campaign provided advice and information and promoted higher education to young people from disadvantaged backgrounds in a variety of ways.
- ◆ **Strand 4** provided extra financial support for students through 26,000 Opportunity Bursaries each worth £2,000 over three years.
- ◆ **Strand 5** is the evaluation of the programme; this is being carried out by a consortium comprising the National Foundation for Educational Research, the London School of Economics and the Institute for Fiscal Studies.
- ◆ **Strand 6** provided payments, through the student associates pilot programme to undergraduates to do work in schools and further education colleges; the aim was that they would provide role models for young people and help them to learn more about higher education.

Source: DfES (reported in West *et al.*, 2003b)

¹ See Higher Education Consultancy Group (HECG) & National Centre for Social Research (NCSR), 2003.

1.2 Evaluation of Aimhigher: Excellence Challenge

The evaluation of the Aimhigher: Excellence Challenge programme (formerly Excellence Challenge) is being carried out on behalf of the Department for Education and Skills (DfES) by a Consortium comprising the National Foundation for Educational Research, the London School of Economics and the Institute for Fiscal Studies. The programme was initially established in 2001 (and was known at that time as Excellence Challenge) with the aim of improving access to higher education for able young students from poorer backgrounds. The White Paper, *'The Future of Higher Education'* (DfES, 2003) made a commitment to bring Aimhigher: Excellence Challenge and Aimhigher: Partnerships for Progression together to deliver a national outreach programme called Aimhigher (HEFCE, 2004). The White Paper also announced that the coverage of the programme would be widened so that by 2006, 86 new local partnerships would be in place. In addition, the Excellence Challenge programme would be brought together with the Higher Education Funding Council for England (HEFCE) and Learning and Skills Council (LSC) Partnerships for Progression (P4P) initiative, which began in 2003, to deliver a coherent outreach programme, called 'Aimhigher'. This programme has now been established (HEFCE, 2004). In 2003, HEFCE also announced changes to the way in which it funds universities for widening participation activities, replacing the 'postcode premium' (see West *et al.*, 2003a) with the widening participation allocation.

The evaluation is multifaceted with a combination of quantitative and qualitative methods being used to evaluate the programme. Methods include:

- ◆ large-scale surveys of students and tutors in schools and further education sector institutions, in order to provide information about such factors as activities undertaken as part of the Aimhigher: Excellence Challenge programme and students' attitudes towards education; the information obtained from these surveys (combined with administrative data sources) will also be used to look at the impact of Aimhigher: Excellence Challenge on attainment and progression;
- ◆ surveys of higher education providers to establish information about activities aimed at widening participation, and policies and practices in relation to access to higher education and perceived effectiveness;
- ◆ surveys of young people eligible for Opportunity Bursaries to ascertain their characteristics, financial circumstances and experiences;
- ◆ interviews with Aimhigher: Excellence Challenge coordinators;
- ◆ area-based studies of specific partnerships and higher education institutions to explore policy and practice at a local level and the perceived effectiveness of the various strands of the programme.

The overall aim of the evaluation is to explore the effectiveness of the Aimhigher: Excellence Challenge programme in terms of the extent to which it appears to contribute to increasing and widening participation in higher

education. Whilst the quantitative methods will enable associations to be established between activities and outcomes, the qualitative methods will seek to explore the processes involved and identify practice that is perceived to be effective in terms of the overall programme aims.

This report focuses on **Strand 4** and provides findings from the first survey of young people who were eligible for, and applied for Opportunity Bursaries to begin in 2001/02 and 2002/03 (see West *et al.*, 2003b; 2005) and the second survey of those from both years. It also provides the economic evaluation of the Opportunity Bursary scheme.

1.3 Opportunity Bursary scheme

The Opportunity Bursary scheme was a new initiative, providing certain eligible students with £2,000 over the course of three years with £1,000 given in the first year and payments of £500 made for the second and third years. Opportunity Bursaries were for young people from low-income backgrounds with little or no family experience of higher education and aimed to help these students meet the initial costs of starting a course in higher education, and to offer them some financial confidence when applying for, and completing their studies in higher education (DfEE, 2000).

Opportunity Bursaries were allocated to all higher education institutions in England with full-time undergraduates, and selected further education colleges providing higher education. For 2001/02 and 2002/03, the bursaries were to be allocated first of all to young people from state schools and colleges in Phase 1 and Phase 2 EiC areas and statutory EAZs, 'provided that the school or college is taking part in the Excellence Challenge programme, and is receiving funding to support this' (DfES, 2002).

It is important to note that more Opportunity Bursaries were allocated to some higher education providers than to others. The number of Opportunity Bursaries allocated was in proportion to their numbers of full-time students from 'low-participating neighbourhoods' (HEFCE, 2000). In both 2001/02 and 2002/03, around two-thirds were allocated to post-1992 institutions and around a third to pre-1992 institutions. In 2001/02 over 6,000 Opportunity Bursaries were allocated; in 2002/03, there were 7,710 Opportunity Bursaries available for higher education institutions (HEFCE, 2002) and another 500 were available to further education colleges participating in the scheme (DfES, 2004a). However, given that there was a limit on the number of bursaries that could be awarded, not all the applicants that met the eligibility criteria could be awarded an Opportunity Bursary.

According to DfES guidance (HEFCE, 2000; DfES, 2001) Opportunity Bursaries could be awarded to those applying for higher education places on full-time undergraduate courses starting after 1 September 2001 who were aged under 21 at the start of the course. Applicants who attended a school or college within an Excellence in Cities area or those living in a statutory

Education Action Zone were to be targeted, however, if funding remained after all applicants who met this criterion had been awarded bursaries, other applicants could be considered for an award.

Applicants were also required to meet other criteria related to their residency in the UK and their own or their families income. It was a further requirement that their family should have had little or no experience of higher education (see **Annex C** for further information on eligibility).

1.4 Surveys of Opportunity Bursary applicants

At the beginning of the 2002/03 and 2003/04 academic years respectively, a survey of young people who had applied for and were deemed eligible for Opportunity Bursaries was conducted (see West *et al.*, 2003b; 2005). The intention was to seek the views of around a third of successful Opportunity Bursary (OB) applicants after they had completed the first year of their higher education programme, and an equivalent number of unsuccessful applicants. The overall aim of each survey was to gather information about the characteristics of the successful and unsuccessful applicants, their attitudes towards higher education, their financial situation, reasons for entering higher education and sources of information about higher education.

A follow-up survey of students in each cohort of students after they had completed the second year of their higher education programme was carried out at the beginning of the 2003/04 and 2004/05 academic years respectively; those surveyed were students who had expressed a willingness to take part at the time of the first survey.

This report presents the key findings that emerged from the surveys and the economic evaluation. It also highlights a number of policy implications. Section 2 provides an overview of the methods adopted, Section 3 presents key findings and Section 4 provides the economic evaluation. Section 5 discusses the key findings.

2. METHODS

Higher education providers that had been allocated Opportunity Bursaries for students, due to commence their undergraduate studies at the beginning of the 2001/02 and 2002/03 academic years, were contacted prior to the start of the academic year. Providers were asked for their assistance in the administration of the surveys and were asked to supply the number of applicants, successful and unsuccessful, for whom they had names and addresses.² The intention was to approach a third of successful Opportunity Bursary applicants and a similar number of applicants, who although eligible, had been unsuccessful in obtaining an Opportunity Bursary (see West *et al.*, 2003b; West *et al.*, 2005).

Higher education providers were advised that applicants should be selected at random from amongst those who had applied for, were eligible for and had been successful in gaining an Opportunity Bursary to begin in the academic years 2001/02 and 2002/03. Institutions were also asked to send out questionnaires to an equivalent number of students who had applied for and were eligible for Opportunity Bursaries, but who, because of the limited number of Opportunity Bursaries available had not been selected for the bursary. It was requested that these young people should be matched in terms of their gender and course with those who had been selected for the bursary.³ Questionnaires for distribution to Opportunity Bursary applicants were sent to the institutions and then sent, in the main, to students' home addresses (see West *et al.*, 2003b; 2005). The response rates to the two surveys were at least 19 per cent for 2001/02 entrants and 17 per cent for 2002/03.⁴ Given these response rates, caution is needed when interpreting the results from the surveys.

A total of 1,585 questionnaires were returned from the two surveys of Opportunity Bursary applicants who had started the first year of their higher education studies (811 in 2001/02 and 774 in 2002/03) (see West *et al.*, 2003b; 2005). Of these, 1,006 students agreed to be re-contacted and were sent a follow-up questionnaire in Autumn 2003 and 2004 respectively (see Pennell *et al.*, 2005) after they had completed the second year of their higher education studies. A total of 648 questionnaires were returned representing a response rate of 64 per cent.

² The NFER/LSE/IFS Consortium was informed that institutions had been advised by the DFES to keep records of young people who had applied for Opportunity Bursaries.

³ No checks were made to ensure that methods recommended were adopted as this would have created an undue burden on institutions.

⁴ It is not known precisely how many questionnaires were sent out as distribution was carried out by the institutions concerned.

3 KEY SURVEY FINDINGS

It is important to note that the key findings reported in this section relate to those who had applied to and entered higher education (at the undergraduate level) at the beginning of 2001/02 and 2002/03. Of the 1,585 questionnaires returned, 1,386 were used for the analysis at the end of students' first year of study. The analyses for 2001/02 relate to 758 applicants (592 recipients and 166 non-recipients of Opportunity Bursaries); those for 2002/03 relate to 628 applicants (475 recipients and 153 non-recipients) (for full details see West *et al.*, 2003b; 2005). For the follow-up survey, 648 questionnaires were returned. Not all of these had completed the second year of their studies (see Pennell *et al.*, 2005); the final sample comprised 460 Opportunity Bursary (OB) recipients and 100 non-recipients.

The following sections summarise the characteristics of the Opportunity Bursary applicants; reasons for wanting to enter higher education; influences on the decision to enter higher education; the institution and programme of study applied for; attitudes towards higher education study and support received; and students' financial situation.

3.1 Characteristics of Opportunity Bursary applicants

The characteristics of Opportunity Bursary recipients and non-recipients were broadly similar, suggesting no systematic bias between the target group (i.e. the recipients) and the comparison group (non-recipients).

- ♦ In both cohorts, around seven out of ten OB recipients and non-recipients were female and 30 per cent were male.⁵ OB recipients and non-recipients were broadly similar in terms of their reported ethnic background in both years. However, compared with applicants accepted for first degrees or higher national diploma (HND) courses in England more OB recipients and non-recipients were from minority ethnic groups.
- ♦ In both cohorts, at the time they applied for a place in higher education, around nine out of ten OB recipients and non-recipients in both groups reported that they had lived with their mother and over half with their father.
- ♦ For the 2001/02 cohort, the percentage of families where both parents were in full-time work was seven per cent for OB recipients and 12 per cent (N=166) for non-recipients. In 2002/03, the percentage of families where both parents were in full-time work was six per cent for OB recipients and

⁵ It was not possible to establish if this distribution was representative as no national data were available on the allocation of OBs to males and females; however, it appears on the basis of other research studies that more females than males tend to respond to surveys such as this (see West *et al.*, 2000).

25 per cent for non-recipients (in both years, this difference was statistically significant).

- ◆ As noted above, Opportunity Bursaries were designed for young people from low-income backgrounds with ‘little or no family experience of higher education’. We asked respondents about the qualification levels of their mother (or step-mother) and father (or step-father). For both cohorts, the vast majority of applicants’ mothers and fathers did not have a degree⁶ in accordance with the eligibility criteria for Opportunity Bursaries (see West *et al.*, 2003b; 2005).
- ◆ In terms of their academic qualifications, in both cohorts, virtually all OB recipients and non-recipients reported having taken GCSEs and the vast majority had taken GCE A levels. The mean and median GCSE point score⁷ was very similar for recipients and non-recipients in both groups in both years (see West *et al.*, 2003b; 2005).⁸ The mean and median GCE A level point score⁹ was also very similar for both groups.¹⁰
- ◆ In terms of the programme applied for, nearly half the students in both years in both groups had applied for a BA degree, around one in three had applied for a BSc programme with smaller proportions having applied for other degrees or diplomas. The highest proportion of students in both years in both groups was studying more than one subject. Compared with students nationally, more students in our sample were studying for combined degrees.

3.2 Reasons for applying to higher education

For both cohorts, the reasons most frequently cited by students as being ‘important’ or ‘very important’ in relation to applying to university were: wanting to improve their career prospects; having a specific course that they wanted to pursue; and wanting to broaden their horizons; each of these was mentioned by over nine out of ten respondents in both cohorts. Around nine out of ten respondents in both groups in both cohorts wanted to improve their earnings potential.

Respondents were asked about some of the issues that people might think about in relation to going on to higher education. They were presented with a series of statements and asked whether they agreed or disagreed with them, when they applied to enter higher education.

⁶ See **Annex** for guidance on eligibility criteria for Opportunity Bursaries for students entering higher education in 2001/02.

⁷ One GCSE at grade A* was awarded 8 points, grade A 7 points, grade B 6 points and so on.

⁸ Excluding GNVQs.

⁹ A levels points were calculated using the former tariff system whereby one A level at grade A was awarded 10 points, grade B 8 points and so on. For AS levels the points were halved.

¹⁰ GNVQs, which were taken by a minority of students, were excluded.

Over eight out of ten students, in both cohorts, reported that they agreed with the statement ‘I was worried about getting into debt’. In 2001/02, significantly fewer recipients than non-recipients agreed with this statement.¹¹

Around six out of ten respondents in both groups in both years, reported that they were confident that the long term financial benefits would outweigh the costs of doing the course. In 2001/02, more OB recipients than non-recipients agreed with this statement (65 per cent versus 55 per cent); in 2002/03, there was a trend (bordering on statistical significance)¹² for OB recipients to be more confident than non-recipients that the long term financial benefits would outweigh the costs.

In both cohorts, around half of the respondents reported that they were worried about combining studying with a job. In both cohorts, significantly fewer OB recipients than non-recipients were worried about this.

3.3 Influences on decision to enter higher education

Respondents were asked who they had talked to when they were thinking about whether or not to enter higher education. In both cohorts, around nine out of ten students reported talking to their mother about higher education. Over eight out of ten students reported talking to school/college friends and teachers/college lecturers. Around seven out of ten reported talking to their tutor or form tutor, and to their father. In the vast majority of cases, the individuals young people talked to, had encouraged them to enter higher education.

Students were also asked about activities that they had undertaken to do with higher education. They were presented with a list of activities and asked if they had participated in each. In both cohorts, the most frequently reported activity was university/higher education open days; this was mentioned by around seven out of ten students in both groups in both years. Far smaller proportions of students mentioned other activities (e.g. visits to school/college by staff working in higher education, visits to school/college by HE students, revision classes run by university/higher education provider, summer or winter schools at university).

Respondents were asked whether any of these activities had affected their choice of higher education provider. Over eight out of ten respondents in both groups in both years, who answered this question, reported that university open days had affected their choice of higher education provider. It is important to note that participation in higher education related activities would have taken place in 2000/01 (before Aimhigher: Excellence Challenge) or in

¹¹ For 2002/03 applicants, the difference between recipients and non-recipients did not reach statistical significance. In both cohorts, females were more likely than males to be worried about getting into debt (p=0.002).

¹² p=0.051

2001/02 just as the Aimhigher: Excellence Challenge (formerly Excellence Challenge) programme was set up.¹³

3.4 Attitudes towards higher education studies and support

A series of questions was asked to find out about students' experiences of higher education in their first year and the support that they had received. Respondents were presented with a series of statements in order to establish their views about their educational studies and were asked whether they agreed or disagreed with each one. They were given the following options for each statement: 'strongly disagree', 'disagree', 'neither agree nor disagree', 'agree' or 'strongly agree'.

In both cohorts, at least nine out of ten students in each group reported that they had gained new knowledge; that they had got on well with other students, and had learned new skills. In both cohorts, fewer OB recipients than non-recipients reported that part-time work had interfered with their studies (around a third of recipients compared with two-fifths of non-recipients). In both cohorts, more recipients disagreed with the statement 'I do not feel that I can afford to continue with my studies' (around six out of ten compared with around half). In the follow-up survey the findings were similar with more OB recipients disagreeing than non-recipients.

Interestingly, whilst more non-recipients than recipients reported that part-time work had interfered with their studies, similar proportions of both groups reported that they had worked in a part-time job during term time (around half). The mean number of hours worked in a normal week was also similar for both groups of students in 2001/02, in 2002/03 and in the follow-up survey.

3.5 Financial situation

Respondents were asked a series of questions about their financial situation. Similar percentages of students in both groups reported having a bank overdraft facility – around eight out of ten Opportunity Bursaries recipients and non-recipients in both years. In 2001/02, the mean amount of the overdraft for these students at the end of the previous month was £603 for recipients and £730 for non-recipients of Opportunity Bursaries. This difference was statistically significant.¹⁴ In short, OB non-recipients had significantly higher levels of bank overdraft debt than recipients. In 2002/03, however, the difference was not statistically significant.

¹³ These activities are central to Aimhigher: Excellence Challenge; participation in them appears to be associated with both higher aspirations and attainment pre-16 (Morris and Golden, 2005).

¹⁴ There was no statistically significant difference between males and females.

In the follow-up survey, the mean amount of overdraft at the end of the previous month was lower for recipients (£731 (N=380)) than for non-recipients (£1,018 (N=82)); this difference was statistically significant.

Similar percentages of Opportunity Bursary recipients and non-recipients reported having a credit card – just over two-fifths in each year. For those who did not pay off the whole balance each month, the mean balance at the end of the previous month was higher for non-recipients than for recipients in 2001/02 (£586 versus £311). This difference was statistically significant.

Students were asked if they had received money from their family to help with living costs during the academic year 2001/02. Significantly fewer students who had received an Opportunity Bursary than those who had not (16 per cent versus 30 per cent) reported that they had received such help. The amount per week was lower for Opportunity Bursary recipients than for non-recipients (mean of £26 (N=80) versus £35 (N=43) per week respectively; median £20 versus £25 respectively).¹⁵

In 2002/03, similar proportions of OB recipients and non-recipients reported that they had received such help (20 per cent and 27 per cent respectively); however, as in 2001/02, there was a statistically significant difference between OB recipients and non-recipients with the amount per week being lower for Opportunity Bursary recipients than for non-recipients (mean £26 (N=84) and £39 (N=33) per week respectively; median £20 and £25 respectively).

In the follow-up survey, students were again asked if they had received money from their family to help with living costs during the second year of their studies. Fewer OB recipients than non-recipients reported that they had received such help (24 per cent versus 40 per cent). This difference was statistically significant. The amount received per week was lower for recipients than for non-recipients (mean £27 (N=79) and £36 (N=29) respectively; median £25 and £30 respectively); this difference was also statistically significant.

Students were then asked whether they had worked in a part-time job during term-time. Similar proportions of OB recipients and non-recipients (around half in 2001/02 and 2002/03) reported that they had. The mean number of hours worked in a normal week was similar in both groups in both years. The proportion of students reporting that they worked part-time was around six out of ten in the follow-up survey; again there was no statistically significant difference between the two groups in terms of the hours that students reported working.

One of the aims of the Opportunity Bursary scheme was for the bursary to help students meet some of the costs of starting and continuing their studies in higher education. We therefore asked Opportunity Bursary recipients whether or not they felt that certain statements were 'true', 'false' or 'not relevant'.

¹⁵ This difference just failed to reach statistical significance ($p=0.055$).

In both cohorts, 85 per cent of OB recipients reported that having an Opportunity Bursary had made them less worried about meeting the costs of going to university. In the follow-up survey, 88 per cent of recipients reported that this was the case. Over nine out of ten non-recipients in both cohorts and the follow-up survey considered that having an OB would have made them less worried about meeting the costs of university study.

In both cohorts recipients reported that the OB meant that they had worked fewer hours in a paid job than they would otherwise have had to. However, the reported hours worked by OB recipients and non-recipients were broadly similar. This seeming paradox may be explained by the finding that having an OB appears to make recipients more positive towards their studies and other aspects of their life (see also West *et al.*, 2003b; West *et al.*, 2005; Pennell *et al.*, 2005).

4. ECONOMIC EVALUATION

The analysis in this section uses the pooled information from responses to the first survey of individuals who entered higher education at the beginning of 2001/02 and 2002/03. In order to control for any differences in background characteristics of those in receipt of an Opportunity Bursary and those not in receipt of an Opportunity Bursary two methodologies were employed: traditional linear regression techniques (allowing for full interactions between the impact of the policy and the background characteristics) and propensity score matching.¹⁶ Further details of this analysis can be found in Emmerson *et al.* (2005).

4.1 Current economic activity

Those in receipt of an Opportunity Bursary are found to be 2.2 percentage points more likely to still be in higher education than those who were eligible for but not in receipt of an Opportunity Bursary (this difference is statistically significant). Once background characteristics are controlled for using ordinary least squares a positive and statistically significant impact of the policy of 2.6 percentage points was found. Similarly, an increase of 1.6 percentage points, although no longer statistically significant at conventional levels, was found using propensity score matching.

Consistent with the findings in Section 4.4 there is no statistically significant evidence of any impact of Opportunity Bursaries on part-time work decisions. While those in receipt of an Opportunity Bursary are slightly less likely to be in part-time work, and, on average, work slightly fewer hours, these differences are not statistically significant at conventional levels.

4.2 Financial situation

There is some evidence that total credit card and bank overdraft debt is lower among those in receipt of an Opportunity Bursary than those not in receipt of an Opportunity Bursary. Using ordinary least squares to control for background characteristics suggests that receipt of an Opportunity Bursary led to a statistically significant reduction in debt of just over £200. Using propensity score matching this difference falls to just over £160 and the difference is no longer statistically significant at conventional levels. While

¹⁶ While many of the estimates using propensity score matching are not statistically significant at conventional levels this could be due to relatively small sample sizes. This technique, which makes fewer assumptions, is therefore used mainly as a robustness check on estimates from the traditional linear regression method.

total borrowing, including student loans, is also lower among recipients this difference is not found to be statistically significant at conventional levels.

Consistent with the findings in Section 4.5 those in receipt of an Opportunity Bursary are found to receive less parental financial support than those not in receipt of an Opportunity Bursary. Using ordinary least squares to control for background characteristics suggests that receipt of an Opportunity Bursary leads to a statistically significant reduction in the likelihood of receiving parental financial support of 5.8 percentage points. Using propensity score matching this difference is slightly larger at 6.4 percentage points and is also statistically significant. Looking at the amounts received, using ordinary least squares suggests that receipt of an Opportunity Bursary leads to a statistically significant reduction in parental financial support received of £77.29. Using propensity score matching this difference is slightly larger at £103.76 and is also statistically significant.¹⁷

Taken together, and focussing on the propensity score matching results, the findings suggest that out of the £1,500 in Opportunity Bursaries received by the time of the survey that: £160 had been used to reduce liquid debts (though this was not statistically significant at conventional levels), split approximately equally between lower bank overdrafts and lower credit card debt, and £100 less had been received from their parents. Given the lack of statistically significant evidence of any impact on the size of student loans this suggests that the remaining £1,240 (i.e. £1,500 minus £160 minus £100) had been spent by the recipient over the course of the previous year.

4.3 Cost benefit analysis

With the information on Opportunity Bursaries that is available to date it is not possible to estimate the additional proportion of individuals eligible for an Opportunity Bursary payment who attaining a higher education qualification as a direct result of receiving that payment. However it is possible to discuss how big the increase in the proportion of young adults completing higher education as a result of the policy would need to be for the policy to pass a relatively simplistic cost benefit analysis.

The costs of the policy are estimated as the value of the Opportunity Bursary payments (i.e. £1,000 in the first year, £500 in the second year and £500 in the third year) and the wages at ages 19, 20 and 21 that would have been earned had the individual not gone on to university. The benefits are the additional likelihood of an individual completing higher education multiplied by the

¹⁷ Not controlling for parental income means that it is possible that non-recipients were, on average, from relatively higher income families. However all individuals were deemed to be eligible, and both fathers' and mothers' employment status and educational qualifications are controlled for. A linear regression model controlling for whether parents gave them financial support, and if so how much was also estimated. This gave a positive impact on retention of 2.7 percentage points and an average reduction in liquid debt of £202. Both results were still statistically significant. This could be thought of a way of controlling for parental income under the assumption that parental financial support is not affected by the policy.

wage returns to a marginal learner completing a degree course. The wage returns from a degree taken to be 18.6% which is based on estimates by Dearden *et al.* (2004). No other costs or benefits from increased participation in higher education are included.

The estimates suggest that the policy would need to lead to a 2.7 percentage point increase in the proportion of those eligible for an Opportunity Bursary who benefit from higher education completion if the required rate of return were at least 2½ per cent a year (in real terms). The required impact of the policy on those eligible for it is estimated to rise to 3.5 percentage points if the required rate of return was 3½ per cent (which is the Treasury's benchmark) and 5.1 percentage points if the required real rate of return was five per cent a year.

5. DISCUSSION

The surveys of students at end of their first year of their studies revealed that both Opportunity Bursary recipients and non-recipients were broadly similar in terms of their academic qualifications. Their background characteristics were also comparable in a number of respects. In both groups more females than males responded. There was little variation in terms of the ethnic background of the students in the two groups, although overall somewhat more were from minority ethnic groups compared with applicants nationally. Turning to family background, around nine out of ten students in both groups reported that they had been living with their mothers when they applied for a place in higher education. Very few parents were reported to have a higher education degree. However, in both cohorts, lower percentages of OB recipients than non-recipients reported that both their parents were in full-time work. Given that the samples differed in some respects, caution is needed in interpreting the results.

Reasons for applying to higher education were varied, with the vast majority in both groups reporting that they wanted to improve their career prospects, had a specific course that they wanted to study, wanted to broaden their horizons and improve their earnings potential. Students were asked about concerns that they might have about entering higher education and it was found that fewer recipients than non-recipients were worried about combining studying with a job. This suggests that the relatively modest amount of the Opportunity Bursary may reduce anxiety about combining studying with a job whilst at university.

In terms of influences on entering higher education, students reported talking to their mother, school/college friends and teacher/college lecturer. The key role of the mother in their children's education has been demonstrated in other research studies (e.g. David *et al.*, 1994; West *et al.*, 2000; West *et al.*, 2003b). A wide variety of sources of information were reported to have been used: university prospectuses were mentioned by virtually all students and high proportions of students also mentioned the UCAS web-site, the web-sites of higher education institutions; and their school/college library.

Students reported having participated in a wide range of activities to do with higher education whilst at school or college. The most frequently mentioned were university open days, followed by visits to school/college by higher education staff and by higher education students.

In both cohorts, a number of differences were found between recipients and non-recipients of Opportunity Bursaries in terms of their attitudes after their first year in higher education. More non-recipients reported that part-time work interfered with their studies. However, similar proportions of bursary recipients and non-recipients reported that they had worked and the mean

number of hours worked in a normal week was also similar for both groups of students. This suggests that Opportunity Bursary recipients felt less anxious about their financial situation and less anxious about the effect of part-time work on their studies.

In terms of students' attitudes towards Opportunity Bursaries we found that high proportions of students who had received Opportunity Bursaries reported that the bursary made them less worried about meeting the costs of going to university and half reported that it had enabled them to continue studying; however the latter needs to be countered by the finding that around six out of ten students reported that the bursary had no influence on their decision to enter higher education.

Virtually all those students who had not received Opportunity Bursaries reported that a bursary would have made them less worried about meeting the costs of going to university. In 2001/02, more non-recipients than recipients reported support from their families to help with their living costs; and in 2002/3 the amount of support received from parents was lower for recipients than non-recipients; parents appeared to be subsidising their children's higher education given the lack of other financial support.

The evidence that a sizeable proportion of the grant has been spent is consistent with individuals facing credit constraints. Opportunity Bursary recipients who are studying for a three-year course will be entitled to a further payment in the following year. This coupled with the fact that they might have more potential to borrow more and may also be more able to draw on financial support from their parents in the future if needed, suggests that receipt of an Opportunity Bursary may aid completion of higher education. A simple cost-benefit analysis suggests that the policy would need to increase higher education completion rates by 3.5 percentage points if the required rate of return was the Treasury's benchmark 3.5 per cent a year.

In summary, the key findings to emerge from this study are, first, that the Opportunity Bursaries appear to have been allocated, in the main, to the intended beneficiaries. Second, the Opportunity Bursary, in spite of its relatively modest value, appears to have had a positive impact on recipients in terms of their attitudes – they were less worried about combining studying with a job, and fewer felt that part-time work had interfered with their studies (even though the hours worked were similar). A high proportion also reported that the bursary had made them less worried about meeting the costs of going to university.

These are particularly interesting findings in the light of recent research suggesting that financial difficulties can increase students' level of anxiety and depression, and that financial difficulties and depression can affect academic performance (Andrews & Wilding, 2004). Finally, given that concern has been expressed in some circles that variable fees, to be introduced from 2006, may deter students from more disadvantaged groups entering higher education, the findings suggest that the new Higher Education Grant (introduced in September 2004) following the passing of the Higher Education

Act 2004 (see DfES, 2004b) should also have a positive effect in relation to these groups who are currently under-represented in higher education.

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ANNEX OPPORTUNITY BURSARY GUIDANCE

Who was eligible for an Opportunity Bursary?

According to guidance on Opportunity Bursaries, bursaries could be awarded to applicants for higher education places on full-time undergraduate courses starting after 1 September 2001, who were aged under 21 at the start of the course. Institutions were advised that they should allocate funding for Opportunity Bursaries initially to applicants attending a school or college within one of the Excellence in Cities (EiC) areas.¹⁸ However, if having awarded Bursaries to all applicants who met this criterion, institutions that still had funding available could award bursaries to applicants from schools or colleges outside EiC areas, as long as they met all the other criteria. This included applicants resident in Wales, Scotland and Northern Ireland. Institutions were also advised that they should give priority to any applicants in local authority care, and whose circumstances meant that they would particularly benefit from the award of a bursary (HEFCE, 2000).

Extracts from HEFCE (2000)

‘Applicants **must** meet the following criteria:

a. Residency:

- ♦ they are home students, that is they have been resident in the United Kingdom and Islands for three years prior to the start of the course and have settled status within the UK. They should not have been resident here for only the purposes of education; or
- ♦ they are the children or spouses of migrant workers who have been resident within the European Economic Area for the three years prior to the start of the course; or
- ♦ they have refugee status; or
- ♦ they have been given exceptional leave to remain by the Home Office (and have been resident in the United Kingdom and Islands for the three years prior to the start of the course).

b. Experience of higher education:

- ♦ their family has had little or no experience of higher education, for example if neither parent has a degree qualification or attended university. (N.B. institutions should look sympathetically at applicants where a parent or older sibling is currently undertaking a course of HE study.)

¹⁸ In later guidance (DfES, 2001) eligibility was extended to those living in statutory Education Action Zones.

c. Family income:

- ♦ they are in receipt of an Education Maintenance Allowance (EMA) which is above or equivalent to the amount payable where the family income is below £20,000; or
- ♦ their family¹⁹ has a gross income before tax of less than £20,000 or receives any of the following means-tested state benefits:²⁰

Income Support, Housing Benefit, Jobseekers' Allowance, Working Families Tax Credit, Disabled Person's Tax Credit, Incapacity Benefit, Severe Disablement Allowance, Industrial Injuries Benefit, Disability Working Allowance.

Institutions may also wish to take into account whether applicants have taken part in a university summer school or Compact scheme or other HE widening access scheme. It is not essential for bursary applicants to have done so but this may be a good indicator of their motivation and suitability for an HE course. (Institutions will be aware that the DfEE's HE summer school programme was only available in EiC areas in 2000.)' (HEFCE, 2000).

¹⁹ In later guidance (DfES, 2001) only the income available to the family the pupil was living with was looked at. For applicants from foyers or local authority care, their own income was assessed.

²⁰ In later guidance (DfES, 2001) if an individual's sole income was from specified non-means tested benefits, then the applicant met the OB criteria. If this was not the sole income, the institution had to be satisfied that the applicant's income was less than £20,000.

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