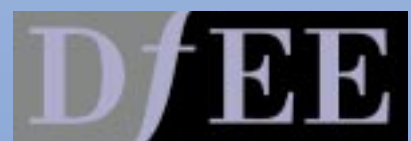


Changing Student Finances: Income, Expenditure and the Take-up of Student Loans Among Full- and Part-time Higher Education Students in 1998/9

Claire Callender and Martin Kemp
South Bank University

RESEARCH REPORT RR213



**Department for
Education and Employment**

Research Report
No 213

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*Claire Callender and Martin Kemp
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The Views expressed in this report are the authors' and do not necessarily reflect those of the Department for Education and Employment.

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ISBN 1 84185 265 1
December 2000

ACKNOWLEDGEMENTS

There are several organisations and people to whom we owe thanks. First, to the Department for Education and Employment and in particular to Andrew Ray, Janet Gawn, and Simon Field for their support and patience while we were conducting the study. Next we are grateful to NOP Research Ltd who carried out the fieldwork, and our special thanks goes to Claire Ivins and Nick Moon.

Finally we thank all the Higher Education Institutions who became involved in the study and the students who took part in the survey – without their help this study could not have happened.

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

Prof. Claire Callender and Martin Kemp,
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CHANGING STUDENT FINANCES: INCOME, EXPENDITURE AND THE TAKE-UP OF STUDENT LOANS AMONG FULL- AND PART-TIME HIGHER EDUCATION STUDENTS IN 1998/9

Executive Summary

**Claire Callender
Martin Kemp**

INTRODUCTION

This is a summary of the key findings from a survey of the income, expenditure, savings and debt of students attending UK Higher Education institutions. Importantly, it highlights some of the initial effects of the changes in student funding arrangements, especially the introduction of means-tested personal contributions to tuition fees for full-time students. It is based on research, commissioned by the Education Departments in the UK, conducted by Professor Claire Callender of South Bank University and NOP Research Ltd.

The findings arise from:

- face-to-face interviews with a representative sample of 2,054 full-time and 747 part-time undergraduate and PGCE students attending 87 Higher Education Institutions throughout the UK in 1998/9; and
- expenditure data were also gathered from diaries of expenditure kept by these students for a week.

The study includes the first cohort of students affected by the introduction of contributions to tuition fees. However, the study could not assess the impact of the abolition of maintenance grants for new entrant students because this change came into force after the completion of the fieldwork, which took place between April and August 1999. So all the students surveyed were still potentially eligible for student grants. Yet the study does chart a range of other significant changes in students' financial circumstances, especially developments since 1995/6, the last time such a study on student finances was undertaken.

CHANGES IN FULL-TIME STUDENTS' FINANCES OVER TIME

How has full-time students' income changed since 1988/9?

Students in 1998/9 had more money at their disposal (in real terms) than ten years ago, but much more of it is earned or borrowed against future earnings. In 1998/9, earnings and borrowings accounted for 45 per cent of younger students' income – four and a half times the proportion ten years ago. And with the total

abolition of student grants and students' increasing reliance on loans and credit, these borrowings will continue to account for an even higher proportion of their total income in future years.

How has full-time students' income changed since 1995/6?

For comparisons with 1995/96 it was necessary to use the definition of income employed in the earlier survey, which included borrowings from sources other than the student loan company, overdrafts and withdrawals from savings. On that basis, the mean income of all full-time students grew from £4,907 in 1995/6 to £5,892 in 1998/9, a rise of 12 per cent above inflation. The average income of full-time students aged under 26 rose from £4,575 to £5,575 and for those aged 26 and over their income grew from £6,905 to £8,319. These increases were around 12 per cent above inflation. They reflect increases in borrowings from all sources, earnings from employment and withdrawal of savings. However, there has been a radical transformation in the structure of students' income. For example, younger students have experienced an average drop of 30 per cent in their grant income, a fall of 17 per cent in regular parental contributions, and a doubling in income from student loans.

Student loan take-up rose from 52 per cent in the 1995/6 survey to 72 per cent in the 1998/9 survey (these estimates are similar to the national rates for take-up calculated using data provided by the Student Loans Company). Over the same period the average loan (averaged across all students including those who did not have loans) has more than doubled in value from £663 in 1995/6 to £1,361 in 1998/9. For students under the age of 26 the average value of student loans increased by 100 per cent above the rate of inflation while for students over 26 the rise was 51 per cent in real terms.

With these developments, the patterns of student loan take-up also have changed. In 1995/6 take-up increased with the length of time that a student had been at university. By 1998/9 take-up was highest amongst first-year students because of the changes in student financial support, which included the new income-contingent loans. More mature students and women are taking out loans than in 1995/6, so now take-up rates are similar among young and old students and between women and men. However, take-up continues to be lowest among Asian students and students living with their parents, and remains highest among lone parents. There were no significant differences in take-up rates between social classes, but students from classes IV and V had taken out the largest loans.

Maintenance grants, as a matter of policy, now form a much smaller part of students' incomes because of the changes in student support. Between 1995/6 and 1998/9 their real average value dropped from £1,063 to £799 for students under the age of 26, a fall of 30 per cent in real terms. For mature student the average value of grants fell from £1,952 to £1,823, a drop of 13 per cent in real terms.

Parental contributions towards maintenance have fallen considerably since 1995/6 because of the greater take-up of student loans. For students under the age of 26 the average value of parental contributions fell by 17 per cent in real terms. By 1998/9, the proportion of students who failed to receive their full assessed parental contribution had doubled to three in ten students. The mean shortfall for these students (average assessed contribution minus average actual parental contribution) was £719.

Paid employment continued to be an important source of income but there was a slight decline in the proportion of students working over the academic year since 1995/6 (62% compared with 66%). However, participation rates rose during the summer vacation from 71 per cent in 1995/6 to 82 per cent in 1998/9. Since 1995/6, the average number of hours students worked during term-time had remained roughly constant but mature students and couples with children worked more hours on average than other groups.

How has full-time students' expenditure and income changed since 1995/96?

Comparisons with 1995/96 have been made using the definition of expenditure used in the earlier survey, which among other things omitted some items of expenditure covered in the expenditure diary. Using the 1995/96 survey definition, the mean expenditure for all full-time students increased from £5,029 in 1995/6 to £5,710 in 1998/9, a rise of five per cent above inflation. For young students their expenditure rose from £4,658 to £5,403 - a rise of seven per cent in real terms. Mature students' expenditure rose from £7,245 to £8,060 - a rise of three per cent in real terms.

We might expect that these increases would mirror the 12 per cent real increase in incomes; the extent to which they do not reflects a variety of factors including for example, potential measurement errors and the difficulty of making comparisons between the two surveys. For example, there were fewer students with children sampled in the 1998/9 survey, and hence less scope for expenditure on the family to be counted erroneously as the student's personal expenditure. The expenditure growth figures therefore need to be treated with caution. Nevertheless, when set beside the overall growth in income they tend to confirm that students' incomings and outgoings rose faster than inflation between the two surveys.

These overall increases in expenditure along with changes in spending patterns were driven by a combination of price rises, higher consumption levels, changes in student lifestyles, and shifting attitudes towards debt. Average expenditure on accommodation, food, bills and household goods, course-related expenditure and expenditure on children all fell in real terms between the two surveys. As a result, this 'essential expenditure' overall fell for both young and mature full-time students. However, other expenditure (i.e. expenditure on clothes, entertainment, alcohol, tobacco, holidays, and non-course-related travel and consumer goods, etc) increased on average.

The most pronounced shift in spending patterns since 1995/6 was the increase on course-related travel (104% in real terms for full-timers under 26 and 92% for those 26 and over), followed by the increase in non-essential and non-course related consumer goods (37% in real terms for full-timers under 26 and 98% for those 26 and over). This growth was paid for by the rise in borrowing among younger students and dependence on savings amongst older students.

There were practically no differences between full-time students and under-30 year olds in the general population in terms of the proportion of total expenditure devoted to entertainment.

Tuition fees represented a major change in student expenditure for first-year students in this study. The main findings in relation to fees are as follows:

- 42 per cent paid nothing towards their fees;
- 21 per cent had their fees partially remitted;
- 35 per cent had to pay the full £1,000 towards their fees; and
- for 2 per cent the outcome was unknown.

However, one in five students whose parents were assessed to make a contribution towards fees, received less than the assessed amount and so faced a shortfall of £579 on average. Ten per cent of all first-year students personally contributed an average of £803 towards their fees.

How has full-time students' overall debt changed since 1995/6?

In 1998/9, far fewer students were debt-free compared with students in 1995/6 (13% compared with 25%). Since 1995/6, more full-time students have got more heavily into debt, owing considerably larger sums of money, to a broader range of creditors. At the end of the 1998/9 academic year, full-time students anticipated owing three times as much as students in 1995/6 - with £2,528 in borrowings minus savings compared with £840 in the earlier survey.

Between 1995/6 and 1998/9 younger students' outstanding debts (using the 1995/6 survey's definition) grew from £777 to £2,473, an increase of 195 per cent in real terms. The equivalent figures for mature students were £1,209 and £3,131, a rise of 140 per cent, after adjusting for inflation. So younger students in 1998/9 were borrowing far more than their peers in 1995/6, and their borrowings had increased at a much fast pace relative to mature students.

Much of the increase in average levels of debt between 1995/6 and 1998/9, can be accounted for by changes in student funding arrangements, especially as student loans comprised a larger share of student support. However, more full-time students were borrowing from other credit sources such as bank overdrafts, and credit cards. The average sums they owed these commercial creditors by the end of the academic year grew from £492 to £880 on average – an increase of 66 per cent in real terms between 1995/6 and 1998/9.

Full-time students completing their studies in 1995/6 anticipated leaving university with accrued debts of £2,404 on average (borrowings minus savings). Those finishing university in 1998/9 anticipated debts of £3,462 on average. They had accumulated these debts before the abolition of student grants and their replacement by student loans, and before the introduction of tuition fees. Consequently, subsequent cohorts of students will leave university with considerably higher debts than students finishing in 1998/9.

In 1995/6 lone parents exhibited the highest levels of financial strain compared with other student groups. In 1998/9 they were also the most vulnerable financially because they had no contingency funds whatsoever to call upon. Unlike any other student group, they had no savings but all of them had debts. They had the largest anticipated debts compared with all other student groups, owing £4,747 on average. This was because of their very high take-up of student loans and their reliance on easily accessible commercial sources of credit, and also because they tended to get into arrears with their bills as a means of making ends meet. Moreover, only a quarter of them received financial support from their family and their employment opportunities were restricted by their domestic responsibilities.

Increased levels of borrowing suggest that by 1998/9, debt was becoming a more acceptable part of student life - signalling a change in student behaviour and attitudes towards debt. Decisions about whether to borrow, be it in the form of a student loan or commercial credit, were not exclusively driven by financial need or perceptions of financial advantage. Thus the distinction between borrowing to finance current consumption and borrowing to invest in the future appears to have become blurred. The expanded provision of loans as part of Government student support policies, therefore, may be fostering a student culture unworried by debt. But, those potential students who are debt averse or unwilling to embrace such a culture, and who have insufficient parental support or private means, may see debt as a barrier to their access to full-time higher education.

THE POSITION OF FULL- AND PART-TIME STUDENTS IN 1998/9

What impact have changes in student funding had on access to higher education?

Given the type of students interviewed in this survey and the timing of the study, most students had overcome any financial barriers affecting access to higher education. This is not surprising given the probability that those most constrained by financial issues are unlikely to enter higher education.

Most full-time students, however, did think that their friends may have decided against university because of the changes in student funding and finances. Sixty-one per cent of full-time and 45 per cent of part-timers agreed with the statement that *'Changes to student funding have deterred some of my friends*

from coming to university.' The proportions of full-time students agreeing with this statement was highest among women aged 25 and over (68%).

How many students experienced financial difficulty in 1998/9 and how did they cope?

Students were asked how often: they were short of money, worried about money, worried about debt, and to rate how well they were managing financially in general. The scored responses on these items were then combined together into an ordinal scale where zero indicated the absence of any perceived financial difficulty and where four indicated a high level of difficulty.

Overall, 87 per cent of full-time students reported experiencing some financial difficulties in answer to one or more of the items. This compared with 76 per cent of part-time students. Nearly one in six full-timers experienced financial difficulties on all four items compared to one in ten part-timers.

Lone parents were far more likely than any other student group to experience financial problems - three-quarters of those studying full-time had difficulties in at least three areas, compared to under half of all students. By contrast, those least likely to experience any difficulties were men aged 25 or under in social classes I and II – 44 per cent of them experienced no financial concerns or difficulties.

Students experiencing financial hardship tried to minimise their expenditure and juggle their bills to make end meet. Full-time students had to economise the most, especially lone parents. Lone parents had cut back the most on every area of expenditure. As a result, 61 per cent (compared with 30 per cent of students with a partner and children) reported their children had to go without certain items such as toys, books, presents and entertainment because they could not afford them.

What impact did financial hardship have on students' participation in higher education in 1998/9?

For some students their financial difficulties meant they could not fully participate in their course or university life. For instance,

- 60 per cent of all full-time students and 40 per cent of part-timers reported that they thought financial difficulties had negatively affected their academic performance;
- 37 per cent of all full-time students and 30 per cent of all part-time students had not bought all books needed because they could not afford them and this rose to 67 per cent among lone parents studying full time;
- 41 per cent of all full-time students who did not already own a computer were without one because they could not afford one;
- One in ten of both full- and part-time students had thought about dropping out for financial reasons; and

- 7 per cent of all full-time students and 5 per cent of all part-timers had missed going college at least once because they could not afford the travel costs. This proportion more than doubled among full-time students experiencing the greatest financial difficulties and quadrupled among such part-timers.

What impact has student support arrangements had on full-time students' future plans?

Overall, students were optimistic and positive about their university experience and the advantages they were reaping.

Full-time students were most convinced of the economic returns of their education: around 86 per cent of full-time and 60 per cent of part-time students agreed with the statement *'In the long term, I will benefit financially from going to university'*.

Forty-three per cent of full-time students reported that the student funding arrangements had influenced their future choices. The majority (56%) of students were intending to find a job in their chosen career, and one in six of these said the sort of job they were thinking about had been influenced by the student funding arrangements. On average, full-time students expected to be earning around £13,500 in their first job after graduation, and around £22,000 five years after graduation. Women, however, had slightly lower expectations than men (about £1,400 less for the first job). A sizeable minority (16%) of full-time students was intending to continue studying. However, financial issues may have affected these choices as 78 per cent of full-timers agreed with the statement *'People are discouraged from doing postgraduate degrees because they do not want to take on additional debt'*.

What was students' total income in 1998/9 and how did this vary among students?

In 1998/9, full-time students' total average income (using the 1998/9 survey's definition) amounted to £4,924 over the academic year and it was derived from the following sources:

- 28 per cent from family and friends, including parental contributions;
- 27 per cent from student loans;
- 19 per cent from maintenance grant;
- 14 per cent from paid employment;
- 6 per cent from other miscellaneous income;
- 3 per cent from Access Funds and/or their university's Hardship fund and other student support; and
- 2 per cent from social security benefits.

Part-time students' total average income was £8,177 but it came from very different sources:

- 83 per cent from paid employment;
- 8 per cent from social security benefits;
- 6 per cent from other miscellaneous income; and
- 2 per cent from Access Funds and/or their university's Hardship fund and other student support including help from employers.

The amount of money students received from each source and their total income varied considerably by their; current family type, living arrangements, and age; and the inter-relationship of these characteristics. In addition, student loans had a significant impact on full-time students' income, as did earnings from paid work among part-timers.

Among full-time students, lone parents had the highest income at £9,139 and received the most in student support. Despite this, they were also the most financially vulnerable and experienced the greatest financial hardship. By contrast, students living with their parents at home had the lowest income at just £3,933 because they received much less money from their parents who instead subsidised them in kind, by not charging them in full for their board and lodging. Indeed, 70 per cent of full-time students living at home paid nothing towards housing costs.

Overall, full-time students tend to be over-represented in the bottom 20 per cent of household incomes, where incomes are defined so as to measure living standards. The average weekly income of £125 among single childless full-time students under the age of 25, was well below the average of £170 for people in this age group in the population at large. However, part-time students' weekly income was about average when compared to similar age groups in the general population.

Student loans - who took them out in 1998/9, how much did they borrow, and how did this vary, and why?

In 1998/9, 72 per cent of full-time students had taken out a loan worth on average £1,891 over the academic year.

The students least likely to take out a student loan in the 1998/9 academic year were:

- Students from ethnic minorities, particularly Asian students: only 49 per cent of Asian students had a loan and they borrowed the smallest amounts - £1,017 on average. This low take up may be explained partly by these students' lifestyles – they tended to spend less on entertainment and were more likely to live in their parental home;
- Students living at home with their parents - 59 per cent had taken one out, worth £1,036 on average;
- Students on short courses; and
- Students attending a university in London.

The most common main reason that full-time students gave for not taking out a student loan - mentioned by 29 per cent - was that they did not need the money. However, most of the remaining cited their own, and their family's concerns about borrowing as their main reason - they were debt-averse. Some 26 per cent said they did not like borrowing, and a further 11 per cent said they were concerned about repayments. Students from the lowest social classes and women were especially likely to give these reasons. In addition, another 17 per cent reported that their parents did not want them to take out a student loan.

The students most likely to take out a loan were:

- Lone parents – 94 per cent had a loan, and they borrowed the largest sums - £1,999 on average;
- first-year students – 75 per cent had taken one out, worth £1,905 on average, reflecting changes in student funding arrangements;
- Older students, especially those aged between 22 and 24 ;
- Students with the largest maintenance grants - the larger size of the grant the more likely students were to take out a loan; and
- Students with other commercial credit of more than £500.

So overall, students from the poorest households were most likely to have taken out a loan and to have the largest student loan debts. This is consistent with the main reason given by students for taking out a loan - they 'needed the money'.

Maintenance grants - who received them in 1998/9, how much did they receive, and how did this vary?

In 1999/2000 maintenance grants were abolished for students entering university for the first time, but when this study was conducted all the students interviewed were potentially eligible. Nearly two-thirds (63%) of full-time students received a grant worth £1,447 on average. Of those awarded a grant, one third (21% of all full-time students) received a full grant worth on average £1,520.

Lone parents were both the most likely of all student groups to be awarded a grant, and to receive the largest grants because most qualified for a full grant and additional allowances on top of the basic grant. Some 92 per cent had a grant worth £4,052, on average. By contrast, students from social classes I and II, were the least likely to qualify for maintenance grants - just over half received a grant worth £668 on average.

Other forms of student support - who received help in 1998/9, how much did they receive, and how did these vary among both full and part-time students?

Seven per cent of all full-time students received an average of £596 from discretionary Access Funds and/or their university's Hardship fund, while three per cent of part-time students received £623 on average.

In addition, there were other ad hoc sources of student support such as aid from charities or bursaries but very few full-time students benefited from these – less than one in ten. However, one in five part-time students got an average of £452 from their employer towards the costs of going to university. Those in professional jobs and those doing vocational courses were the most likely to be helped, and the survey found more men than women receiving this kind of assistance.

Paid employment - how many students worked in 1998/9, how much did they earn, and how did this vary among students?

Full-time students

Just over three-fifths (62%) of full-time students had worked at some time during the 1998/9 academic year, with 30 per cent saying they had worked for the same employer throughout the year. Students who worked, earned an average of £4.43 an hour and £76 a week during the weeks they worked. Clearly, students were in low paid jobs and their hourly pay rates were below the national average.

Students living with their parents were the most likely to have worked (75%) and to have high earnings because they worked the longest hours. They earned £1,164 on average over the academic year. Female students with children earned just £691, and were the least likely to work (37%). However, after adjusting for age group, lone parents were among the lowest paid at £4.71 an hour compared to an average of £5.31 for those aged 25 and over, probably reflecting the types of job they could get which were compatible with their domestic responsibilities.

Just under half (46%) of all students had jobs during term time, working an average of 11 hours a week, and earning an average of £56 a week for the hours they worked. However, students who worked continuously for the same employer over the academic year, worked nearly double the number of hours compared to those with irregular *ad hoc* jobs (14 hours a week compared with 8 hours a week).

Slightly more students worked during the Easter and Christmas vacations than during term time (51% compared with 46%) and they worked longer hours - 17 hours a week on average. However, during the previous summer vacation, participation shot up to 82 per cent.

Part-time students

Part-time students' main source of income was their earnings. Nearly nine in ten (88%) had worked at some stage during the 1998/9 academic year, and the vast majority had had the same job throughout the year. They earned £7.09 an hour on average, and £227 per week - well below the national average weekly gross pay of employees.

Like full-time students, the part-time students most likely to work lived with their parents (95%), and those least likely to work were women with children, especially lone parents (73%). However, the greatest variation in part-timers' earnings was associated with the type of jobs they held, their social class, age and gender. The average hourly rate of students working for the same employer throughout the academic year was one third higher than those employed in *ad hoc* jobs for more than one employer. So the highest paid students were men, over the age of 25, and in social classes I and II who earned £10,012 on average

There were no marked fluctuations in part-time students' employment patterns during the year because most worked continuously for the same employer over the entire academic year.

What impact did paid work have on the academic performance of students?

Of those who worked while studying, nearly two in five full-time students and half of part-time students thought that paid work had had negative effects on their coursework because they could not devote enough time to their studies and said that they got very tired. By contrast, one in ten full-timers and over a quarter of part-timers believed working had had beneficial effects because of its relevance to their studies.

Family and friends - how much did students receive in 1998/9, and how did this vary among students?

Overall, 86 per cent of full-time students gained £1,610 on average in financial help from family and friends. Those receiving such help were primarily under 25 years old with those from social classes I and II benefiting the most.

Parental contributions towards full-time students grants

The average assessed parental contribution for their child's maintenance was £870 but in practice:

- half the students secured more than their parents' assessed contribution, especially those who had not taken out a student loan, so they received £1,166, on average;
- a fifth of students got the exact amount; and
- three out of ten students received less than the full amount, especially students who were still living with their parents, so they incurred a shortfall of £719, on average. This is nearly double the proportion of students facing a shortfall in the 1995/6 academic year.

Other sources of income - how much did students receive in 1998/9?

Most full-time students are ineligible for social security benefits unlike those studying part time, so only six per cent of full-timers claimed benefits worth £1,572 on average, while 36 per cent of part-time students gained £1,900 on average. These benefits were especially valuable to students with children.

Three in five (59%) full-time students obtained £543 on average from other miscellaneous sources. Two out of five (43%) part-time students accrued an average of £1,159.

What was students' total expenditure in 1998/9 and how did it vary among students?

In 1998/99 the average expenditure of full-time students was £6,161. Total outgoings were slightly higher than £6,161 as they included costs associated with servicing loans (£105), putting money into savings (£131) and expenditure on regular investments (£37). Similarly, the mean income of full-time students of £4,924, was boosted by withdrawals from savings (£423), overdrafts (£350) and by loans from commercial sources (£141) and relatives (£24). This still leaves a gap of £572 and this reflects the fact that in this and earlier surveys it has not been possible to balance exactly a student's incomings and outgoings. Although the survey attempted to isolate income and expenditure for the student, most of the excess expenditure represents spending within couples or families that would be met by the student's partner's income. In some cases there may also have been a real temporary difference between incomings and outgoings, but it is not possible to distinguish this from the differences arising from reporting inaccuracies.

Of the £6,161 of total expenditure they spent:

- 66 per cent on living costs;
- 21 per cent on housing costs;
- 12 per cent on participation costs; and
- 1 per cent on children.

Part-time students' average total expenditure was £8,941 and of this, they spent:

- 62 per cent on living costs;
- 22 per cent on housing costs;
- 13 per cent on participation costs; and
- 3 per cent on children.

Just as students' income varied for different groups of students so did their levels and patterns of expenditure. These variations can be explained by several inter-linked factors: family type, living arrangements, housing tenure, and age.

Lone parents had the highest expenditure with those studying full-time spending an average of £12,798 over the academic year and those on part-time courses spending £10,460 on average. This was because they had no one with whom to share their expenses, and, by definition, had financial responsibility for dependent children.

Students living at home had the lowest expenditure because their parents subsidised their board and lodging in kind. Their spending amounted to £5,166 on average amongst those studying full time and £6,194 for those studying part time.

Full-time students' average weekly expenditure was £159, a little higher than the poorest 20 per cent of young people in the general population who spent £130 a week on average. Their pattern of expenditure also had some similarities; for instance, there was little differences between students and other young people living on a low income in the share of their expenditure spent on entertainment, including alcohol and tobacco. There were also some differences, however, between the expenditure patterns of students and other young people. For instance, students spent more on accommodation but less on bills, household services, and household items than other young people because they were not eligible for Housing Benefit and some of their bills were included in their rent for instance, in university provided accommodation.

Part-time students' individual weekly expenditure of £281 was higher than the poorest 40 per cent of mature individuals in the general population who spent £143 per week on average, but their household expenditure was lower. Their expenditure patterns, however, were very similar.

Living and housing costs – how much were they in 1998/9 and how did they vary?

Over the 1998/9 academic year full-time students spent an average of £4,074 on food, household goods, personal items, entertainment, and non-university related travel. They spent a further £1,537 on rent, council tax, and utility bills. Part-time students spent £5,539 on their living costs and a further £2,082 on housing.

The key variations in spending were associated with students' family type and living arrangements. Lone parents had the highest levels of expenditure and those living at home with their parents had the lowest. The joint living and housing costs of lone parents studying full time were £9,855 on average, and £8,185 among part-time students. For students living with their parents, these combined costs over the academic year amounted to £4,228 on average for those studying full time and £5,147 for those on part-time courses.

Participation costs – how much were they in 1998/9 and how did they vary?

In 1998/9, full-time students spent £771 on all their course related or participation costs while part-time students spent £1,179 because most (52%) had to pay for their tuition fees personally, and more had higher travel and childcare costs.

Tuition fees

The first-year students in this study were the first student cohort affected by the introduction of tuition fees and

- 42 per cent paid nothing towards their fees;
- 21 per cent had their fees partially remitted;
- 35 per cent had to pay the full £1,000 towards their fees; and
- for 2 per cent the outcome was unknown.

Age and social class accounted for any variations in this overall pattern. Those first-year students aged 25 year and over were the most likely to get their fees remitted in full because of their ‘independent status’ while students from social classes I and II were least likely to qualify for full fee remission.

Of the students whose parents were assessed to pay something towards their fees:

- 80 per cent got the exact assessed amount or more; and
- 20 per cent received less than the assessed amount and so faced a shortfall of £579, on average.

Seven per cent of first-year full-time students’ incomes were assessed to be high enough for them to personally contribute towards their fees. Yet in practice, for various reasons, ten per cent personally paid £803 on average towards their fees. Most financed their fees through their student loans despite the fact that loans were meant to be exclusively for maintenance.

Over half part-time students paid tuition fees, and on average they personally contributed £519 towards their fees. A further one third got an average of £703 from their employer towards the costs of their fees. The students most likely to receive such contributions from their employers were men, especially those higher up the occupational ladder, who had worked continuously for their employer over the academic year.

Three times as many part-time as full-time students had difficulties with their educational institution concerning their fees (15% compared with 5%), and when they did experience problems, they were more serious. In addition to complaints about delays in processing payments and the bureaucracy involved, over a third of those with difficulties, had been penalised in some way for not having paid their fees.

Course costs

Both full- and part-time students spent around £360 on average on books, computers and other equipment and materials needed for their course. The amounts students spent mostly depended on the subjects they studied and what they could afford: for instance, students studying Education and Arts/Humanities had the highest costs while those taking Maths and Computing incurred the lowest costs.

Other course-related costs

Full-time students spent an average of £429 during the academic year on travel to and from college and childcare while the equivalent figure for part-time students was an average of £644. Most of this went on travel but a minority of students incurred high childcare costs.

Two in five full-time students with children spent an average of £919 on childcare over the year; the remainder used unpaid-informal childcare, or free nursery provision. Alternatively, they fitted their studies around school hours or their children were no longer in need of childcare. A similar proportion of students studying part time spent £563 on childcare over the year. But it was lone mothers, above all other groups, who paid the most with those on full-time courses spending £1,457 over the academic year compared with £532 spent by married/cohabiting students with children. Lone parents' higher costs were because more of them had to pay for childcare as they had no partner with whom to share childcare responsibilities.

What were the extra costs of children in 1998/9?

Only a minority of students (5 per cent of full-time and 30 per cent of part-time) had children to support. On top of their childcare costs, those studying full time spent a further £934 on average while those on part-time courses spent another £864. And just like childcare costs, this expenditure was primarily born by women aged 25 and over.

To capture the total costs of children we need to include not just these direct costs and childcare, but also other extra housing and living costs. For full-time students this amounted to a mean cost of £5,214 for one-parent families and £2,180 for two-parent families. In practice, the per capita expenditure of married/cohabiting students with children was lower than that of lone parents because couples could share the financial burden associated with dependent children and two adults could live more cheaply than one. After taking into account the average family size for couples and lone parents, the estimated additional total cost of having children was £1,517 over the year for one-parent families compared to two-parent families.

What was students' overall finances in 1998/9 and how did this vary among students?

Full-time students

The main findings in relation to the overall financial position (using the 1998/9 survey's definition) of full-time students at the end of the academic year can be summarised as follows:

- 16 per cent of students expected to have some savings left after their debts had been deducted with each having £2,687 on average;
- 79 per cent anticipated having outstanding debts, once their savings had been taken into account, with each owing an accumulated average of £3,721 by the end of the academic year; and
- the remaining students expected to have neither debts nor savings.

This meant that the mean anticipated debt at the end of the academic year was £2,528 for all full-time students.

Most of students' outstanding debts consisted of money owed on their student loans. Consequently, all students with loans owed an average of £3,667 while students without loans were the only group to have more in savings than they owed creditors, £472 more.

Lone parents were the most vulnerable financially because they had no contingency funds whatsoever to call upon. Unlike any other student group:

- none anticipated having any savings at the end of the year, once their debts had been taken into account;
- all expected to having debts remaining; and
- they had the largest debts of all, owing £4,747 on average.

Their large debts were associated with:

- their very high take-up of student loans (98% compared to the average take-up of 76%);
- their high use of credit cards (44% compared with the average use of 23%);
- their reliance on HP (20% compared with average use of 3%);
- the fact that 22 per cent of them were in arrears with bills owing £488, compared to just 5 per cent of all other students who owed £272.;
- their lack of financial support from family and friends; and
- their family responsibilities restricting the types of paid work they could undertake which resulted in very low hourly wages.

However, the small number of lone parents in the sample means that these findings have to be treated with caution.

Part-time students

Part-time students were in a much more healthy position financially compared with full-time students. This was because they had greater earnings from employment and they were ineligible for student loans and so borrowed from other sources.

The key findings in relation to the financial position of part-time students are as follows:

- 30 per cent thought they would have savings worth £4,588 on average at the end of the academic year;
- 52 per cent anticipated having outstanding debts, owing an average of £2,627 each; and
- the remaining students calculated that they would have neither savings nor debts by the end of the year.

So all part-time students had on average £14 left in savings at the end of the year, once all their debts were taken into account.

Like full-time students, lone parents on part-time courses were the most vulnerable financially owing £2,367 on average more than they had in savings. At the other extreme, men in social classes I and II were in the strongest financial position – with £1,127 on average more in savings than they owed.

1 INTRODUCTION

This report is about the income and expenditure of students in Higher Education (HE) in the UK and the impact of recent changes in student support arrangements. It is based on research, conducted by Professor Claire Callender of South Bank University and NOP Research Ltd, which was commissioned by the UK Education Departments.

The report builds upon earlier research commissioned by the Education Departments to monitor the changes in student finances. These previous studies, however, included full-time students only. The current study is the first of its kind to explore in any depth the financial circumstances of part-time students in the UK.

1.1 Background

In recent years, there have been significant changes in the way in which HE students are financed through public funds. Until 1990, the key source of public funding for undergraduate students was grants. In 1990, student loans were introduced for the first time.

1.1.1 Awards and grants for full-time students

In 1962, the Government introduced mandatory awards to cover both students' academic fees and maintenance costs. Most students on designated eligible courses¹ who fulfilled specific eligibility criteria² received mandatory awards.

Awards consisted of two distinct elements: fees for tuition and a maintenance grant, and were administered by Local Education Authorities (LEAs) in England and Wales, the Student Awards Agency for Scotland (SAAS), and the Education and Library Boards in Northern Ireland. They assessed a student's eligibility, paid the student's fees directly to their higher-education institution, and provided the termly grant cheques to students. Students applied to the awarding authority where they lived prior to entering HE. Discretionary awards were also available for students on designated courses who did not fulfil the personal eligibility criteria for mandatory awards.

The maintenance grant was means-tested so the amount students received was dependent upon their parental or spouse's income (except for those classified as 'independent'). Consequently, some students did not receive any grant at all. In addition, the maximum level of the basic grant awarded was determined by where

¹ These designated eligible courses include full-time courses which lead to a first degree or degree-comparable diploma (HND) as well as to students studying for initial teacher training qualifications (including a Postgraduate Certificate in Education).

² Eligible courses for Scottish domiciled students are broadly equivalent to those for which mandatory awards were made but they cover a wider range.

students lived and studied.³ Additional allowances were available for some students to meet particular needs, such as the additional costs associated with dependants.

1.1.2 Student loans for full-time students

Following the 1990 Education (student loans) Act and the 1990 Education (student loans) (Northern Ireland) Order, a loan system for students in HE was introduced which was to be administered by the student loans Company Limited (SLC).⁴ The basic rationale for the legislation was laid out in the White Paper *Top-Up Loans for Students* (Cm 520) November 1988. The maximum amount students could borrow each academic year varied depending on where they studied and lived, and the year of their course. They had to be personally eligible and on a designated course to qualify for a loan. Loans, unlike student grants, were not means-tested.

A driving force behind the introduction of student loans in 1990 was the escalating costs of student support for central Government. In the 1962/3 academic year student support cost the Government £253 million; by 1987 this figure had risen to £829 million. It was argued in the White Paper that despite a fall in the real value of student maintenance grants, HE had continued to expand. The Conservative Government rejected the idea of raising extra funds through increasing parental contributions or through taxation. According to the White Paper, '*Many ... taxpayers do not share the advantages that students have once they graduate*'. The Government, therefore, called upon arguments about the social and economic returns of HE to justify student loans. It was argued that the students themselves should meet the increased costs, as they benefited most from university education.

1.1.3 The shift in the funding of full-time students

The intention of the legislative changes of 1990 was to reduce students' reliance on maintenance grants as their major source of income while establishing loans as a significant supplementary income source. Consequently, student grants were frozen at nominal 1989/90 levels. As the real value of the grant component of student maintenance was eroded by inflation, the shortfall was made up by an increase in the value of student loans.

In the 1993 Budget, it was announced that the value of students' grants was to be reduced annually by ten per cent over the following three years from autumn 1994. At the same time the maximum loan was increased by a similar amount. Thus by 1996/7 the value of grants and loans were broadly the same.

The shifts in student funding are illustrated by data on maintenance grants and loans. In 1996/7, local authorities in England and Wales made a total of 779,000 mandatory awards and 141,000 discretionary awards. The total expenditure on these awards was over £2.8 billion. However, the average level of maintenance

³ The level of the awards was slightly different in Scotland because of the way in which travel is treated.

⁴ The SLC is jointly owned by the Secretaries of State for Education and Employment and the Secretary of State for Scotland.

grants paid to mandatory-award holders had decreased by 34 per cent in real terms since 1986/87, and by 13 per cent between 1995/6 and 1996/7. For discretionary awards, there had been a decrease, in real terms, since 1986/87 of 64 per cent and of 20 per cent between 1995/6 and 1996/7.⁵

The number of students taking advantage of student loans in the UK has risen since their introduction. The take-up rate rose from 28 per cent of eligible students in the 1990/1 academic year to 62 per cent in 1996/7.⁶ There also was a significant increase in the size of loans available to students. In 1990/1 the average value of the loan was £390, by 1996/7 it was £1,490. In addition, the average amount of money students actually borrowed rose during this period. Full-year students' loans accounted for between 14 per cent and 16 per cent in 1990/1 of the total resources available to eligible students compared to 47 per cent and 49 per cent in 1996/97. In other words, an increasing number of students relied on loans for an increasing proportion of their income.

1.1.4 Access Funds

In 1990 the Government introduced another source of funding for students: discretionary Access Funds. These funds were introduced following the abolition of most students' eligibility to social security benefits following recommendations in the 1988 White Paper. Access Funds were intended to help students with financial difficulties or those whose access to HE might be jeopardised for financial reasons. The Access Funds were provided to HEIs through the Higher Education Funding Councils and SAAS in Scotland and were administered by the educational institution.

In September 1997 the Education Secretary announced that the amount of Access Funds available was to be doubled in 1998/9 to £44 million (£8 million in Scotland) and extended to part-time students for the first time. In addition, to Access Funds, the majority of HEIs have their own hardship schemes aimed to help individual students cope with their immediate financial difficulties.

1.1.5 The reform of funding for full-time students - 1998 Teaching and Higher Education Act

These shifts in student funding were taking place against a background of considerable changes within HE, changes in its size, the composition of the student body, and its overall structure. The total number of HE students doubled between 1979 and 1996/7 to over one million⁷ while the composition of the student body also changed with increasing proportions of women, older and part-time students. The 1992 Further and Higher Education Act abolished the division between universities and polytechnics which, in turn, led to other structural changes. All these developments had implications for the costs of student financial support, which continued to rise.

⁵ DfEE (1998) *Student Support: Awards in England and Wales, Academic Year 1996/97* Press Release 8 April 1998

⁶ DfEE (1997) *Student Support: Statistics of Student Loans in the UK - Financial Year 1996-97* Press Release 26 November 1997

⁷ DfEE (1998) *Education and Training Statistics for the UK 1997* GSS, Stationery Office, London

It was against this background that the Committee of Inquiry into HE, chaired by Lord Ron Dearing, was set up in May 1996. It sought to make recommendations on how the shape, structure, size and funding of HE should develop to meet the needs of the UK over the next 20 years. Thus, it aimed to address the issue of how to fund students in what was becoming a mass HE system.

On 23 July 1997, the day the Dearing Report was published, the new Labour Government announced its own new student support arrangements in which they accepted some of Dearing's recommendations and rejected others. Most of the main changes were contained in the 1998 Teaching and HE Act (Part II) and consequent regulations, which came into effect on 12 August 1998. When introducing the Act, David Blunkett, the Secretary of State for Education and Employment, said:

*'The Act puts in place new funding arrangements for higher education designed to address the funding crisis we inherited. It modernises student support in higher education in a way that is fair to individual students and their families. Savings from the new arrangements will be used to improve quality, standards and opportunities for all in further and higher education'*⁸

The major changes introduced were for the 1998/9 academic year. These included:

- the introduction of contributions towards tuition fees;
- the phasing out of awards and grants;⁹
- support for living costs solely via loans which are partly income-assessed;
- a different method of repaying loans;
- changes to Access Funds; and
- limited financial help for part-time students.

From 1998/9, with a few exceptions, new full-time entrants had to contribute towards the costs of their tuition based on their family income. In 1998/9, the contribution was set at a maximum of £1,000, and this sum will rise every academic year to maintain their value in real terms, so they should not increase above the rate of inflation. The amount of the contribution paid depends on the students' parents' or spouse's income. The attraction of fee contributions, from the Government's perspective, was that they provided funds 'up-front' and directly to HEIs to help towards their funding crisis.

The 1998/9 academic year was a transitional year in which new students were able to apply for a reduced means-tested grant. However, the phasing out of student grants means that generally, students who enter HE as undergraduates in 1999/2000, together with those who started the previous year, receive support for living costs solely through student loans. These loans are partly income-assessed –

⁸ DfEE (1998) 'Blunkett welcomes Teaching and Higher Education Act' Press Release, 17 July 1998

⁹ Allowances for dependent children and lone parents now are called supplementary grants. The grants were retained by the 1998 Act but those for lone parents have been changed following an announcement in January 2000.

25 per cent of the maximum loan is income assessed. So only students who are assessed to be in need receive the maximum amount of loan. So by definition, in future the students with the highest loans will come from poorer households. An additional hardship loan of a maximum of £250 per year has been made available for students in serious financial difficulty.¹⁰ This maximum was increased to £500 for 1999/2000.

Loan repayments for these new students are 'income contingent'. They vary depending on a student's income after they graduate, and are collected by the Inland Revenue. Students do not repay their loans if they earn under £10,000 per annum. In contrast, students who entered before 1998/9 pay a flat-rate 'mortgage style' repayment directly to the student loans Company, once they earned above 85 per cent of national average earnings (i.e. £17,784 in 1998/9). However, the interest paid on both types of loans is the same. It is determined by the inflation rate, so that students repay in real terms no more than the sum they originally borrowed.

Following the July 1998 Comprehensive Spending Review the sums allocated to Access Funds for 1999/2000 rose to £63 million in England and Wales. In September 1999, they were increased by a further £12 million for England and Wales and £6 million in Scotland.

One of the drawbacks with Access Funds was that students could not rely upon them as a source of funding. There were no guarantees, that before a student started their course, they would receive money from these funds. Responding to these concerns, the government advised HEIs that they could use up to ten per cent of their Access Funds to provide bursaries. In 1999/2000, £6 million were available to be spent in this way (see below).

The financial support arrangements remain unchanged for students who entered HE before 1998/9 and for a minority of new entrants, such as gap-year students¹¹ who were treated as exceptions.

1.1.6 Reforms since the 1998 Teaching and Higher Education Act

Since the 1998 Teaching and Higher Education Act came into force there have been some other changes introduced to student funding. The Scottish Executive set up the Independent Committee of Inquiry into Student Finances chaired by Andrew Cubie.¹² The Executive announced a package of proposals to target funding more directly towards students from lower income families at the point of need. In January 2000, the Scottish Executive announced new student funding arrangements for Scottish domiciled full-time students attending Scottish Universities. Eligible students will no longer have to contribute towards tuition from the year 2000. Access payments of up to £2,000 will also be available for young students from low-income families who are studying in HE for the first time. There will be a £10 million Mature

¹⁰ This is paid over and above the maximum loan rates and were available for new entrants from 1998/9.

¹¹ Gap-year students are those who were offered and accepted a university place for 1997/8 but deferred their place and started university the following year.

¹² Independent Committee of Inquiry into Student Finance (1999) *Student Finance: Fairness for the Future* Scottish Executive, Scotland.

Students' Bursaries Fund administered by institutions for mature students who are in HE for the first time.

The Executive also will introduce a Graduate Endowment, whereby once students graduate they will pay £2,000 to the endowment scheme when their salaries top £10,000 per annum. Mature students, lone parents, students with disabilities and those on HNC and HND courses will be exempt. The Graduate Endowment will be used to fund bursary support for future students.

To coincide with the Scottish Executive's response to the Cubie Report, Mr Blunkett made the following announcements:

'I propose to target new measures where they are most needed – on those disadvantaged young people who are currently the least likely to enter high education, and on full-time mature students who need extra support to gain access to university and stay the course through to completion'.

From 2000/1, the following will be available:¹³

- The funding stream used for Access Funds has been split in two to provide a Hardship Fund and an Access Bursary Fund. The Hardship Fund is essentially the same as the old Access Fund. The new Access Bursary Fund is the route through which mature student bursaries have been paid from 2000/1 and will pay for the new Opportunity Bursaries from 2001/2.
- Access Bursary Fund – is a non-repayable means-tested bursary of up to £1,000 at the start of the academic year for mature (i.e. over 25 years old at the start of their course) full-time students available for one year as a transitional arrangement before the introduction of the Childcare Grant. In 2001/02 a means-tested Childcare Grant will be introduced replacing the £1,000 bursary. The grant will be based on the actual costs of childcare of up to £100 per week per child which will be disregarded for social security benefit purposes;¹⁴
- an income-assessed School Meals Grant to meet the costs mature students face for their children's school meals which will be particularly beneficial for lone parents who lose their income support entitlement on entering HE. The grant will be for children aged between 3 and 16 years old and will be worth up to £245 for children in primary-level education and below, and £265 for children in secondary level education;
- further support for mature students from their HEI's non-repayable Hardship Fund (formerly Access Funds), if they run into difficulties during their course;
- Mature students no longer have to take out Hardship Loans before receiving money from their HEI's Hardship Fund (formerly Access Funds);
- a higher earnings disregard of £7,500 for mature students before they lose entitlement to student support;

¹³ Some of these changes have been incorporated in the Education (Student Support) Regulations 2000 which were laid before Parliament on 19 April 2000.

¹⁴ Details of the how the Childcare Grant will operate and exactly who will be eligible were not clear at the time writing.

- a rise in the income threshold above which parents are expected to contribute to their children's higher education from around £17,000 to £20,000;¹⁵ and
- Opportunity Bursaries will be piloted from 2001/02, a non-repayable means-tested bursary of up to £2,000¹⁶ at the start of the academic year for young students from disadvantaged backgrounds. The bursary will be paid in instalments over 3 years but there will be a larger instalment of £1,000 paid in the first year to help meet the initial costs of HE which can involve buying books and equipment. The bursaries will eventually be available at all HEIs and it is anticipated that by 2003/4 10,000 new students each year will apply for them.¹⁷

According to Mr Blunkett these 'opportunity bursaries' will:

*'give able young people from backgrounds without a history of participation in universities or colleges the extra financial incentives and confidence they need to embark on a higher education course.'*¹⁸

At the time of writing student financial support arrangements in Northern Ireland and Wales also were under review. So in future, they may have different and separate arrangements for certain aspects of student support. However, given the nature of devolution in Northern Ireland and Wales, the scope for change varies between the two countries.

1.1.7 Part-time students

All of the financial arrangements described above cover full-time students only. Part-time students have always had to pay fees for tuition.¹⁹ These are set at a lower rate than the contribution towards fees that undergraduates are required to make, although the level of fees varies from institution to institution.²⁰ However, since 1998/9 part-time students have been able to get some financial aid. In addition to their eligibility to Access Funds, the following have been introduced:

- In 1998/9 money was allocated to help remit the fees of part-time undergraduate students who lose their job after their course has started.
- From 1999/2000, tuition fees for part-time students on social security benefits will be free.
- From autumn 2000/01, loans of £500 per academic year will be available for both new and existing low-income part-time students. The loans will be

¹⁵ It has been estimated that as a result 50 per cent of students will be exempt from paying fees and will also be eligible for the maximum loan – see DfEE (2000) *The Excellence Challenge: The Government's proposals for widening participation of young people in Higher Education* DfEE, London

¹⁶ When Opportunity Bursaries were first announced they were to be for a maximum of £1,000 but in September 2000 the Secretary of State announced that they would be increased to £2,000 – see DfEE (2000) *Standards and Improved Access for Bright Students Central to University Agenda: Blunkett* DfEE Press Release 14 September 2000

¹⁷ see DfEE (2000) *The Excellence Challenge op.cit.*

¹⁸ DfEE (2000) *Blunkett: New Drive to Widen Access to Higher Education* DfEE Press Release 10 May 2000

¹⁹ Of course, some universities may have their own fee-waiver scheme.

²⁰ HEFCE assumes in its funding allocation that part-time fees are 75 per cent of full-time fees per FTEs.

available to students with incomes below £13,000 studying at least 50 per cent of a full-time equivalent course. Students who are married or living with a partner as husband and wife with a family income below £15,000 will also qualify. Where students have dependent children additional disregards will apply. An additional £2,000 disregard will be allowed in respect of their eldest dependent child and £1,000 disregard in respect of subsequent children.

- From autumn 2000/01, the Disabled Student Allowances of £5,000 a year will be extended to part-time students (1999/2000 in Scotland).

1.1.8 Other studies on student finance

As we have seen, the key changes to student funding during the 1990s have been the introduction of student loans and the shift in the balance of funding from grants to loans. These developments have been monitored, in accordance with the requirements of the 1990 legislation, by earlier studies on student income and expenditure²¹ commissioned by the UK Education Departments. These studies called the Student Income and Expenditure Survey will be referred to as SIES in this report.

In addition, to these commissioned studies, several others have examined the general issue of student income and expenditure.²² All these studies have usefully contributed to our general knowledge of student income and expenditure. None apart from those commissioned by the UK Education Departments, however, has collected such detailed data on the issues covered in the current study. Nor are they based on a representative sample of all undergraduates attending HEIs throughout the UK. Finally, none of these studies have examined the position of part-time students in any depth.

It is against this background that the UK Education Departments commissioned a survey of student income and expenditure.

1.2 Objectives

The key objectives of the study were:

- to collect comprehensive data on the incomes and expenditure of a nationally representative sample of full- and part-time undergraduate students²³ ordinarily resident in the UK, and attending publicly funded HE Institutions in the UK during the 1998/9 academic year;

²¹ Windle R (1989) *Student Income and Expenditure Survey 1989-90* RSL Harrow; Windle R (1993) *Student Income and Expenditure Survey 1992-93* RSL Harrow; Callender C and Kempson E (1996) *Student Finances: Income, Expenditure and Take-up of Student Loans* Policy Studies Institute, London

²² The key large-scale research includes, for instance, studies by the National Union of Students such as *1999 NUS Hardship Survey*; *1999 NUS Students at Work Survey*; and Barclays Bank's (1999) *Student Survey 1999*.

²³ Postgraduate students on initial teacher training courses (including PGCE courses) were also included.

- to identify any differences in the distribution of income and expenditure between students with different socio-economic characteristics and pursuing diverse courses of study;
- to compare changes over time in the patterns of full-time students' income and expenditure, using published information collected by previous surveys commissioned by the UK Education Departments;
- to identify the characteristics of those students who might be experiencing financial hardship;
- to assess students' experiences and understanding of the new funding regime;
- to provide insights into the initial effects, if any, of the new funding policies on student finances; and
- to explore the impact, if any, of the changes in financial support on students' educational choices and behaviour.

1.3 The limitations of the study

It is important to note the scope of this study and its potential limitations. The study was not designed to evaluate the impact of changes in student support arrangements on access to, or participation in, HE. Nor was it designed to assess non-completion arising from the changes in the student funding arrangements. To do this we would have needed to compare the characteristics of study participants with students who did not participate, and with students who had left their course. The sample of students interviewed consisted solely of those enrolled on undergraduate courses during the 1998/9 academic year and participating in HE. Thus, by definition, these students had overcome, or were dealing with, any potential deterrents or fiscal barriers to initial participation in HE. Until these students were interviewed, they had also dealt with any issues associated with non-completion.²⁴

The timing of this study means that only some of the most significant changes in student funding can be assessed. The study was conducted before one of the key changes had been implemented, namely, the abolition of student grants for new entrants. So the study cannot be used to evaluate this change. Nor can the study investigate any other reforms, which although announced, had not been put in place by the 1998/9 academic year.

It has been possible to assess issues relating to the introduction of tuition fees but only for the first cohort of undergraduates affected by their introduction. In other words, only a sub-sample of the students interviewed first-year students have had to contribute towards their tuition fees. The student support arrangements for students interviewed who were in their second year and above, have remained largely unchanged. So, to some extent, these students can act as a 'control group' against which the changes in student funding experienced by first-year students can be assessed.

Another way of gauging the impact of the changes, is to compare students in the current study with those in previous Student Income and Expenditure Studies

²⁴ It is of course possible that some students may yet drop out.

(SIESs), in particular the 1995/6 study.²⁵ Such comparisons have been made but only with published data from the 1995/6 study. However, care must be taken when interpreting any comparisons because some of the data from the 1995/6 and 1998/9 SIESs are not strictly comparable due to discontinuities in some of the definitions and categories used.²⁶ Where extensive comparisons have been made in this report, the survey data from these two studies have been rendered broadly comparable, i.e., we have replicated the income and expenditure categories used in the 1995/9 SIES study and applied these to the data collected during the 1998/9.

1.4 Research methods

Data collection consisted of face-to-face interviews with 2,054 full-time and 747 part-time (unweighted) home students studying at 87 HE Institutions in the United Kingdom. All the students were either studying on a designated undergraduate course (which includes HND and Cert Ed courses) or on PGCE/Initial Teacher Training courses. Supplementary information on expenditure was collected from diaries that the students were asked to keep for a week, following their interview.

A two-stage stratified sampling strategy was used. First, we selected the HEI with a probability proportional to size. Then we sampled students from the selected HEIs. The selection of students was stratified by their year of study, subject, age, and mode of study and quota sampling was used. Two separate samples were drawn for full- and part-time students and the Open University, at the DfEE's request, was excluded from the sample frame.²⁷ Further details of the methodology and issues associated with using quota sampling are discussed in detail in Appendix 1.

The questionnaire sought detailed information on students' personal and socio-economic characteristics, income, expenditure, credit and debt, their subjective feelings of financial hardship, and their knowledge of the new funding regime.

²⁵ Callender C and Kempson E (1997) *op. cit.*

²⁶ The main differences between the 1998/9 and the 1995/6 study are as follows:

- the age variable is different – in the 1998/9 survey it is <25 and >=25 year, in 1995/6 it was <26 and >=26. In the earlier studies the age break of 26 years was in keeping with eligibility for the Older Persons Grant in England and Wales and the Mature Students' Allowance in Scotland which have since been abolished. In addition, all national data use the age break of 25. Therefore, it was decided that in the current study it made more sense to use the 25 years age break.
- the 1998/9 excludes the following from students' average total income: money withdrawn from savings, borrowings from commercial credit including overdrafts – in accordance with the way these incoming are treated within the Family Expenditure Survey. In the 1995/6 SIES survey these were included in total income.
- in the 1998/9 SIES study, parental contributions to maintenance have been included in with family income and not with sources of student support as in 1995/6.
- the costs of servicing of debts and commercial credit and investments have not been included in students' total expenditure, again mirroring their treatment in the Family Expenditure Survey.

²⁷ The Open University accounts for one third of all part-time student provision and thus its exclusion potentially distorts the population of part-time students surveyed.

The fieldwork was conducted by NOP Research Ltd and took place, after a pilot study, between April and August 1999.

The data has been weighted to adjust for the fact that certain types of students were over-sampled to provide base sizes large enough for sub-analysis and to adjust for the profile of the sample and that of the overall student population. Other post-stratification weighting also has been applied to the total sample, along with corrective weighting for any response bias. Details of the weighting are outlined in Appendix 1, which also gives more detail of the methodology employed.

The totals presented in each of the tables in this report, may not always add up exactly due to rounding.

1.5 Structure of the report

The remainder of this chapter will look at the key characteristics of the students surveyed and how they compare with the total population of students, calling upon national data. We then examine the reasons why the students surveyed decided to go to university, choose their particular HEI, and the kinds of subjects that they studied.

Chapter 2 examines students' total income and how this has changed over time, calling on data from previous SIESs. Chapter 3 focuses on student financial support while chapter 4 concentrates on other sources of income including earnings and financial support from the family, which encompasses parental contributions. Chapter 5 explores students' total expenditure patterns and changes over time. Chapter 6 focuses on students' participation costs and in particular fees and course related expenditure. Chapter 7 explores in more depth expenditure patterns and the levels of expenditure in relation to housing and living costs along with the costs of children. Chapter 8 concentrates on issues concerning student debt and students' overall finances. The final chapter focuses on the impact of students' financial situation, including financial hardship, and the changes in student funding arrangements on their choices and behaviour.

1.6 The students surveyed

Tables 1.1 and 1.2 explore some of the key characteristics of the students surveyed while Tables 1.3 and 1.4 examine similar characteristics for the student population as a whole, using national data. These tables demonstrate that there is a high level of correspondence between the distribution of characteristics in the student sample and all UK students. This finding increases our confidence in the representativeness of our sample and, hence, in the generalisability of our findings.²⁸

²⁸ For details on the unweighted data and how this compares with the HESA data see Appendix 1.

1.6.1 The socio-economic characteristics of the students surveyed

Table 1.1 shows that, for the students surveyed, there were some differences between students doing full-time courses and those doing part-time courses (table 1.1). While the vast majority (85%) of full-time students were under 25 years old, the majority (75%) of part-time students were 25 or over. Indeed, nine out of ten of students under 25 were studying full-time compared to just one third of students aged 25 years and over. It is not surprising, therefore, that far more full-time than part-time students were single (93% compared to 50%) and had no children (95% compared to 70%). Nor is it surprising, given their respective family circumstances, that most full-time students (75%) lived independently of their parents or a partner while part-time students were much more likely to live with a partner and/or with their children.

A further marked difference between full- and part-time students is the paid work they undertook. As we will see in chapter 4, the majority of students undertook some form of paid employment. However, just under a quarter of full-time students worked for the same employer continuously over the academic year compared to three-quarters of part-time students.

There also appeared to be considerable differences in the social-class composition of the two groups of students. Some of these differences, however, may be related to data collection and definitional issues.²⁹ In keeping with the 1995/6 Student Income and Expenditure Survey, full-time students' social class was based on their parents' occupational position, where the student was aged under 25 years old. For those aged 25 and over, it was based on their own position and this was also the case for all part-time students, irrespective of their age. So care should be taken when comparing the social class position of full- and part-time students.

1.6.2 The type of institution and courses attended by the students

There were some significant differences between full- and part-time students in terms of the type of institutions they attended and the courses they were pursuing (table 1.2). Full-time students were equally divided between pre- and post-1992 universities. By contrast, the majority of part-time students (71%) were studying at post-1992 universities. Consequently, pre-1992 universities were significantly more likely than post-1992 universities, to be teaching full-time (83% compared to 66%) rather than part-time students (17% compared to 34%). As we will see, this reflects the kinds of courses provided by the pre- and post-1992 universities.³⁰

There were only slight differences in the subjects studied by full- and part-time students. The most marked differences were that part-time students were more likely to be studying medicine and especially subjects allied to medicine such as nursing; maths and computing; and social science subjects. However, among all students the greatest differences were associated with gender. For example, among full-time students, five times as many men as women studied engineering, technical subjects and architecture while four times as many men as women studied maths

²⁹ Note: 276 cases (36% of part-time students) have missing class data.

³⁰ At the request of the Education Departments, no further analysis has been conducted on other differences between students attending pre-and post-1992 HEIs.

and computing. In contrast, more than one third of women studied social science courses compared with around a quarter of men (table 1.2).

Table 1.1 The socio-economic characteristics of the students surveyed (weighted)

Column percentages

CHARACTERISTIC	FULL-TIME	PART-TIME	TOTAL FULL + PART-TIME
GENDER			
Male	47	42	47
Female	53	58	53
AGE			
<25	85	25	78
>=25	15	75	22
ETHNIC ORIGIN			
White	92	88	92
Black	2	7	3
Asian	5	2	4
Other	1	3	1
SOCIAL CLASS			
I (A)	11	2	9
II (B)	42	32	40
IIIM (C1)	14	23	16
IIIN (C2)	16	5	15
IV(D)	7	3	8
V (E)	1	1	1
Missing	9	34	11
MARITAL STATUS			
Single	93	50	88
Married/cohabiting	7	50	12
FAMILY TYPE			
Single, no children	91	45	86
Couple, no children	4	25	7
Single living with children	2	5	2
Couple living with children	3	25	5
LIVING ARRANGEMENTS			
Living independently	74	40	71
With parents	18	17	17
With partner/children	6	40	10
Other	2	3	2
ECONOMIC ACTIVITY			
Worked sometime over the academic year	62	89	N/A
Did not work anytime over the academic year	38	11	N/A
N (weighted)	2,370	320	2,691 ³¹

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.2 Details of the institutions attended, the course type and subjects studied by the students surveyed

³¹ A different set of weights was used when examining both full- and part-time students together. For more details of the weighting, see Appendix 1.

Column percentages

CHARACTERISTIC	FULL-TIME	PART-TIME	TOTAL FULL + PART-TIME
TYPE OF UNIVERSITY			
Pre-1992	49	29	47
Post -1992	51	71	53
LOCATION OF HEI			
London	20	18	15
England (exc. London)	64	62	66
Scotland	10	5	11
Wales	4	8	6
Northern Ireland	2	7	2
TYPE OF COURSE			
Degree	94	91	94
PGCE	2	2	2
Dip Ed	1	3	1
HND	3	4	3
YEAR OF STUDY			
First-year	37	33	37
Second year	30	24	29
Third year +	33	43	34
SUBJECT STUDIED			
Medicine and allied subjects	9	12	9
Science	13	9	13
Maths/Computing	7	6	7
Engineering/Technical	9	12	9
Social Science	31	36	32
Arts/Humanities	20	17	19
Education	6	4	6
Other	5	4	5
N (weighted)	2,370	320	2,691 ³²

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

³² Because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of sub-totals.

Table 1.3 The socio-economic characteristics of the total student population ³³

Column percentages

CHARACTERISTIC	FULL-TIME	PART-TIME	TOTAL FULL + PART-TIME
GENDER			
Male	48	42	47
Female	52	58	53
Base (N)	800,191	80,194	880,385
AGE			
<25	86	23	81
>=25	14	77	19
Base (N)	800,191	80,194	880,385
ETHNIC ORIGIN			
White	79	71	78
Black	3	6	3
Asian	8	5	8
Other	2	1	2
Unknown	8	17	9
Base (N)	805,671	85,197	890,868
SOCIAL CLASS			
I (A)	13	N/A	N/A
II (B)	39	N/A	N/A
IIIM (C1)	12	N/A	N/A
IIIN (C2)	15	N/A	N/A
IV(D)	8	N/A	N/A
V (E)	2	N/A	N/A
Missing	12	N/A	N/A
Base (N)	298,200		

Source: Higher Education Statistics Agency 1999

³³ Excludes PGCE students and covers only students falling within the remit of the study

Table 1.4 Details of the institutions attended, the course type and subjects studied for the total population of students

Column percentages

CHARACTERISTIC	FULL-TIME	PART-TIME	TOTAL FULL + PART-TIME
LOCATION OF HEI			
London	14	21	14
England (exc. London)	63	63	63
Scotland	11	7	11
Wales	8	4	8
Northern Ireland	4	5	4
Base (N)	838,513	80,194	918,707
YEAR OF STUDY			
First-year	36	32	36
Second year	31	25	30
Third year +	33	43	34
Base (N)	800,191	80,194	880,385
SUBJECT STUDIED			
Medicine	9	24	10
Science	14	6	13
Maths/Computing	7	7	7
Engineering/Technical	9	15	10
Social Science	8	5	8
Arts/Humanities	34	28	33
Education (inc. PGCE)	8	5	8
Other	11	10	11
Base (N)	819,104	81,530	900,634

Source: Higher Education Statistics Agency 1999

1.7 Students' choices

1.7.1 *The reasons for going to university*

Students' strongest motives for entering higher education were 'instrumental' - they were largely associated with their desire to improve their labour market prospects and fulfil their career aspirations (table 1.5). The most important reason³⁴ students most frequently gave for entering HE were to help get a job/better job and to pursue a particular career which needed a particular qualification. So HE was a means to an end, an outcome which higher education traditionally has been able to deliver.

There was some variation in the overall pattern of students' main reason for entering HE by whether they were studying full- or part-time. This can be attributed to differences in the age distribution of these two groups of students (table 1.6). Not surprisingly full-time students, especially those under 25 years old, were significantly more likely than part-time students to be affected by social norms, and to have entered university because it was the normal thing to do after leaving school or college (13% compared to 3%). By contrast, part-time students were more than twice as likely as full-time students to want a change in direction in their life (14% compared to 6%). And it was women in particular who desired such a change (18% compared with 8%) which suggests they were using HE differently, not necessarily for career advancement but to redefine the direction of their lives.

These findings are supported by other studies. For example, Callender's³⁵ study on students' expectations and experiences of HE undertaken for the Dearing Committee, found that students' strongest motives for entering HE were also instrumental. She also showed similar forces affecting full- and part-time students' reasoning for entering HE. Purcell and Pitcher³⁶ highlighted the instrumental factors in their study of full-time students and showed how motivations varied by the subject students studied. Brennan et al³⁷ in their study of part-time students found that their reasons for studying varied strongly by their age and gender with older students and men being motivated mostly by career-related issues.

³⁴ Students may have given more than one reason but here we report only on their main reason.

³⁵ Callender C (1997) 'Full-time and Part-time Students in Higher Education: Experiences and Expectations' in *Higher Education in the Learning Society*, Committee of Inquiry into Higher Education, Report 2, The Stationery Office, London pp. 1-82

³⁶ Purcell K and Pitcher J (1996) *Great Expectations* CSU, Manchester

³⁷ Brennan J, Mills J, Shah T, and Woodley A (1999) *Part-time students and employment: Report of a survey of students, graduates and diplomates* DfEE/HEQE/QSE, London

Table 1.5 All students' most important reason for going to university

Row percentages

	The most important reason decided to enter HE						Base (N)
	It was the normal thing to do when I finished school/ college	To help get a job or a better job	Wanted to pursue a particular career and needed a qualification	Wanted a change in the direction of my life	Wanted to continue studying	Other reason	
ALL students	12	35	30	7	11	5	2,686

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.6 Full- and part-time students' most important reason for going to university by their age, sex social class and type of course

Row percentages

		Most important reason decided to enter HE						
		Social norms	Instrumental			Intellectual	Other	
		It was the normal thing to do when I finished school/ college	To help get a job or a better job	Wanted to pursue a particular career and needed a qualification	Wanted a change in the direction of my life	Wanted to continue studying	Other reason	Base (N)
FULL-TIME STUDENTS								
AGE	<25	15	38	31	2	11	3	1,756
	>=25	3	26	31	29	4	7	297
SEX	Male	15	38	28	6	8	5	972
	Female	11	34	35	6	12	2	1,080
SOCIAL CLASS	I / II	15	35	29	5	12	4	1,082
	IIIN / IIIM	9	40	34	7	8	2	608
	IV / V	6	31	42	8	7	6	160
TYPE OF COURSE	Degree	13	36	31	6	11	3	1,926
	Non-degree	12	29	43	6	6	4	126
All Full-time		13	36	31	6	10	4	2,053
PART-TIME STUDENTS								
AGE	<25	10	40	29	3	12	6	189
	>=25	1	29	21	17	16	16	559
SEX	Male	4	37	26	8	12	13	315
	Female	3	27	21	18	17	14	433
SOCIAL CLASS	I / II	0	24	22	14	20	20	240
	IIIN / IIIM	4	38	18	18	10	12	211
	IV / V	7	20	52	17	2	2	30
TYPE OF DEGREE	Degree	3	31	22	14	16	15	682
	Non-degree	6	37	34	9	8	6	67
All Part-time		3	32	23	14	15	13	748

Base: All full-and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

1.7.2 Why did students choose their particular institution?

Students' reasons for choosing their particular institution can be grouped into four quite distinctive attitudes and orientations towards their studies. These were:

- Intellectual – related primarily to their intrinsic interest in the course, the subjects covered, and the academic standing of the course and institution.
- Pragmatic – related principally to practical issues such as, the part-time structure of the course, which allowed individuals to continue full-time employment and proximity to home.
- Instrumental – associated with the outcomes of the course and, especially, students' longer-term job and career prospects.
- Fatalistic – related to negative reasons such as the only course offering a place, or conforming to social norms.

Among all students the most frequent responses were:

- Their particular university was the best one for the subject they wanted to study (20%).
- They liked what they saw when they attended an interview or open day (16%).

The reasons students gave for choosing their particular university or college were diverse and they were very different depending on whether they were following a full- or part-time course. Full-time students' reasoning tended to be driven by academic-related or intellectual issues rather than by the focused and very practical concerns of part-time students (table 1.7). For instance, the most important reason³⁸ for full-time students were:

- it was the best for the subject they wanted to study; twice as many full-time students (21%) as part-time students gave this reason (11%);
- they liked what they saw at the institution when they attended an interview or open day. One in six gave this reason while few part-time students did. This suggests that interviews and open days are important in helping potential full-time students to decide which university/college to select. Yet, increasingly, universities are no longer interviewing potential candidates.
- the academic reputation of the university; this was more important to full-time students than part-time students (13% compared to 5%) (table 1.8).

The most important reasons part-time students gave for choosing their institution were pragmatic - it offered the course they wanted to follow on a part-time basis or it was near their home. Both reasons were mentioned by a fifth of part-time students. The institution's proximity to a students home was also important to full-time students, but not to the same extent as part-time students (9% compared to 20%). Clearly, given that most part-time students were working full time and had familial ties they were much less mobile than full-time students, and so their choice of institution was in reality also much more constrained. They were driven by

³⁸ Students may have given more than one reason but here we report only on their main reason.

pragmatic considerations and social constraints, unlike full-time students. And again, these findings echo those of earlier studies.³⁹

1.7.3 Why did students choose to study their subject?

Students were most likely to choose the subject they were studying at university for intellectual reasons (table 1.9) namely, they liked the subject (mentioned as a reason by nearly half of all students), or they wanted to pursue a particular career which meant they had to take these subjects (cited by one in every five students).

There were some differences in reasoning among full- and part-time students but the greatest variation was associated with the actual subject studied (tables 1.9 and 1.10). Thus, students taking arts, humanities or science subjects were most likely to do so because they liked these subjects. By contrast, students studying medicine and education chose these subjects because they wanted to pursue a medical or teaching career. There were also some differences by age with younger students being much more likely than older ones to choose their subject because they had studied it at 'A' level or equivalent.

1.7.4 Why did students choose their particular course?

Part-time students were asked an additional question on what their most important reason was for choosing their course at their HEI (table 1.11). The two most important reasons for choosing their course were both intellectual and instrumental in nature. Nearly a quarter chose their course because they liked it and the subjects that it covered. One in ten had chosen their course because it was job related and relevant to their paid work.

However, when we examine part-time students' reasons for selecting their course by their marital status, a different picture emerges. Single and married or cohabiting students' choices were affected by different considerations; single students were motivated in their course choice more by intellectual reasons because they liked the course, and for instrumental reasons because they believed that the course was job-related. By contrast, married or cohabiting students' choices were driven by pragmatic considerations and in particular, the part-time nature of the course.

What these findings demonstrate is the danger of considering part-time students as a homogenous group. Single part-time students were motivated by factors more akin to that of full-time students. However, part-time students with family obligations had to take on board other issues when choosing their course.

In chapter 9 we will examine the extent to which these student choices were affected or influenced by their financial situation and the changes in student funding. Next we will explore their overall income and how much they received in total from the various sources.

³⁹ Callender C (1997) *op. cit.*

Table 1.7 All students' most important main reason for choosing their particular university

Row percentages

THE MOST IMPORTANT MAIN REASON FOR CHOOSING A PARTICULAR UNIVERSITY														
	It was the best one for the subject I wanted to study	I can live in my parents home/ own familial home	It was near my home	I liked what I saw when went for an interview/ open day	It has a good academic reputation	It was the only institution that ran course wanted to study	It was the only one that offered me a place	It was recommended to me	I had friends who were going/ already there	Its location	Got a good offer from them/ an offer with low grades	I could do the course part-time	Other	Base (N)
ALL	20	7	10	16	12	7	4	3	3	7	4	5	2	2,688

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.8 Full- and part-time students' most important main reason for choosing their particular university by marital status

Row percentages

		THE MOST IMPORTANT MAIN REASON FOR CHOOSING A PARTICULAR UNIVERSITY															Base (N)
		It was the best one for the subject I wanted to study	I can live at home (in my parents home/ own familial home)	It was near my home	I liked what I saw when went for an interview/ open day	It has a good academic reputation	It was the only institution that ran course wanted to study	It was the only one that offered me a place	It was recommended to me	I had friends who were going/ already there	Its location	Got a good offer from them/an offer with low grades	It was near my place of work	The timing of teaching was convenient	Other	I could do the course part-time	
FULL-TIME	Single	21	6	8	18	14	7	5	3	2	7	5	0	0	4	NA	1,910
	Married or cohabit	15	18	30	10	5	5	4	3	3	7	0	0	0	1	NA	144
	All	20	7	9	18	13	6	5	3	2	7	4	0	0	5	NA	2054
PART-TIME	Single	13	5	16	4	6	8	2	5	3	8	1	2	2	8	17	376
	Married or cohabit	9	6	23	1	4	10	1	4	1	4	0	4	4	7	22	372
	All	11	5	20	2	5	9	1	4	2	6	1	3	3	8	20	748

Base: Full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.9 All students' most important main reason for choosing their subject by subject studied

Row percentages

SUBJECT STUDIED	THE MOST IMPORTANT MAIN REASON FOR CHOOSING THE SUBJECT							Base (N)
	Did it/ them at 'A' level/ highers	Thought it would lead to a well paid job once graduated	Thought it would lead to a job	Liked the subject	Wanted to pursue particular career/had to take subjects	Wanted to be able to get a better job with higher pay	Other	
Medicine	2	11	7	31	35	5	9	249
Science	7	6	3	60	16	2	6	350
Maths / Computing	9	21	4	39	15	7	5	189
Engineering, tech, architect	5	17	3	33	26	7	9	245
Social science	6	14	6	41	18	6	8	849
Arts / Humanities	6	2	1	69	12	1	8	520
Education	4	4	8	29	47	3	5	158
Other	6	9	4	51	18	4	7	129
ALL	6	10	4	47	21	4	8	2,689

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.10 Full- and part-time students' most important main reason for choosing their subject by subject studied

Row percentages

SUBJECT STUDIED		THE MOST IMPORTANT MAIN REASON FOR CHOOSING THE SUBJECT							Base (N)
		Did it/them at 'A' level/highers	Thought it would lead to a well paid job once graduated	Thought it would lead to a job	Liked the subject	Wanted to pursue particular career/had to take subjects	Wanted to be able to get a better job with higher pay	Other	
FULL TIME	Medicine	2	10	7	33	37	4	7	183
	Science	6	6	4	60	17	2	5	280
	Maths / Computing	9	22	5	39	16	6	3	147
	Engineering, tech, architect	5	16	2	34	28	8	7	177
	Social science	6	14	6	45	17	5	7	637
	Arts / Humanities	8	3	2	68	11	1	7	404
	Education	4	4	8	28	48	3	5	125
	Other	6	9	3	53	18	3	8	100
ALL		6	10	5	48	21	4	6	2053
PART TIME	Medicine	0	2	1	17	37	12	31	88
	Science	13	5	2	40	25	6	9	64
	Maths / Computing	5	15	2	34	17	15	12	45
	Engineering, tech, architect	0	7	7	22	31	12	21	94
	Social science	4	9	5	25	29	13	15	267
	Arts / Humanities	2	1	2	72	11	1	11	125
	Education	0	16	0	26	29	10	19	33
	Other	3	0	16	55	10	7	9	33
ALL		3	6	4	35	25	10	17	748

Base: Full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 1.11 Part-time students' main reason for choosing their course by marital status

Row percentages

	MAIN REASON FOR CHOOSING THEIR COURSE									
	Liked the course and the subjects covered	The reputation of the institution and course	The course is part-time	Can continue in employment	It is near my home	I can live at home and do the course	It is job related/ relevant to an occupation	My employer would pay	Other	Base (N)
SINGLE	26	9	14	10	7	5	18	6	5	376
MARRIED/ COHABITING	19	3	21	12	9	6	20	5	5	372
ALL	23	6	17	11	8	5	19	5	6	748

Base: Part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

2 TOTAL STUDENT INCOME AND CHANGES OVER TIME

2.1 Introduction

This chapter explores students' total income and how it varies among different groups of students. We also examine how students' incomes have changed over time calling upon data from previous Student Income and Expenditure Surveys (SIESs) commissioned by UK Education Departments. These earlier studies, however, only included full-time students so that no comparative data are available for part-time students.

In later chapters we will look at students' incomes in more detail. In particular, we will examine the different components or sources of income, such as student financial support in chapter 3, and other sources of income including earnings from paid work and help from families in chapter 4.

The sources of income available to full- and part-time students are very different. In particular, part-time students have been ineligible for the main forms of student support such as student loans and grants, and always have had to pay tuition fees. As discussed in chapter 1, in the 1998/9 academic year and for the first time, they became eligible for limited types of student financial supports such as Access Funds, and fee remission. Furthermore, as we saw in chapter 1 (table 1.1) the majority of part-time students had steady continuous employment unlike the majority of full-time students. Consequently, the financial circumstances of full- and part-time students differed substantially. For these reasons, in this chapter and in the following chapters, the financial position of full and part-time students will be analysed separately. Only rarely will the position of full- and part-time students be explored together.

The period over which students' income and expenditure have been calculated is the 1998/9 academic year including the Christmas and Easter vacations, unless stated otherwise. In our analysis we have taken into account the fact that the academic year varies between universities, courses and sometimes between individual students.⁴⁰

Inevitably, not all students get money from a particular source. Therefore, in some tables the average (mean) income is given for **all** students, irrespective of whether they received money from the source. In this way, we can calculate total average income and we can examine the income distribution of all students. In other tables, the average income is given only for those students receiving money from a particular source. Attention then should be paid to the base number used in each of the tables.

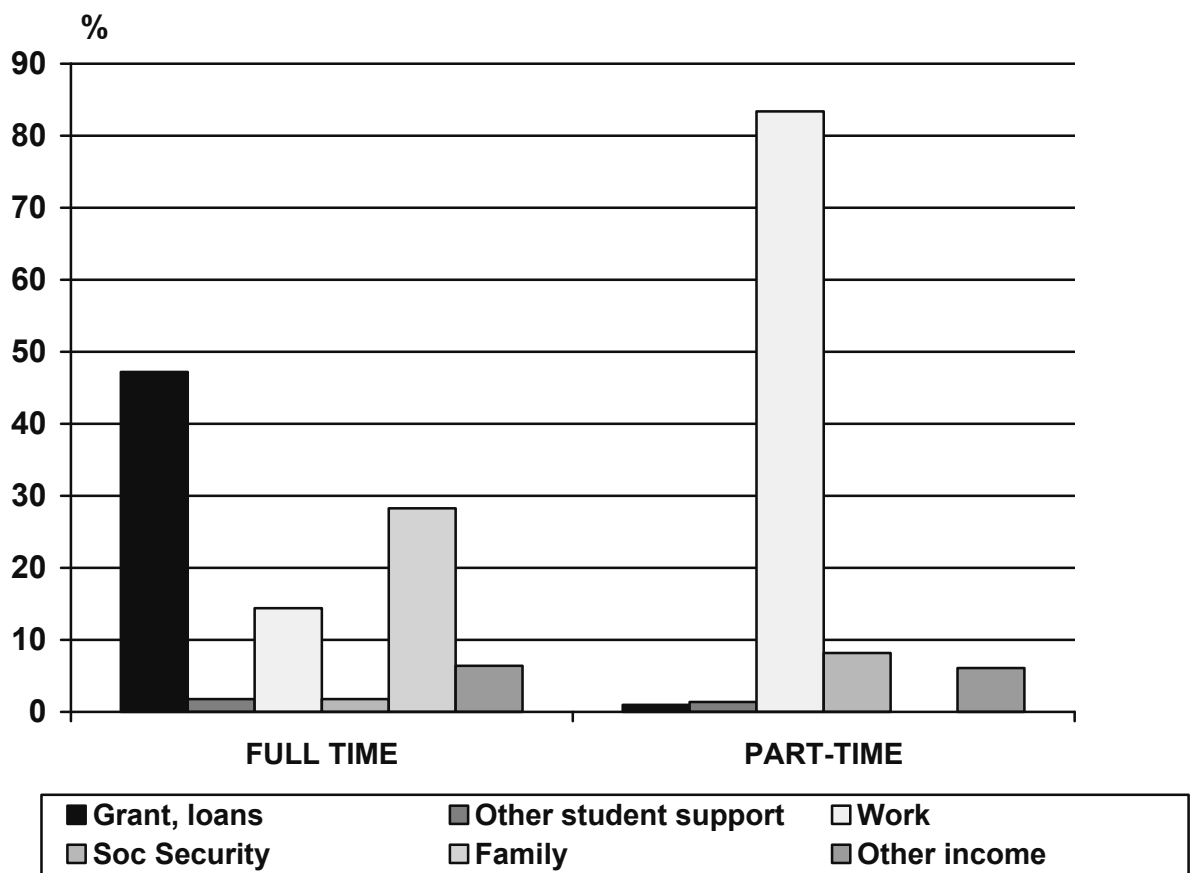
⁴⁰ The calculations are based on each student's actual academic year.

In addition, the tables give the median sum of money received. When interpreted alongside the mean, the median gives an indication of the shape of the skew in each of the underlying income distributions. The standard error is also given in each case – this indicates the precision of the sample mean as an estimate of the unknown value in the student population as a whole or for a subgroup of that population. Finally, the tables show the proportion of students receiving income from a particular source. Given the diversity of the student population described in the previous chapter, we will concentrate on only key variations in income.

2.2 Total student income

Table 2.1 shows that there are considerable differences in the overall average income of full-time, part-time, and all students over the 1998/9 academic year. Part-time students had more than one and a half times the income of full-time students (£8,177 compared to £4,924). And the main difference in their total average incomes can be attributed to part-time students' earnings.

Figure 2.1 Students' sources of income (%)



Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.1 Total student income and main sources of income

TOTAL INCOME				
SOURCE OF INCOME		FULL-TIME	PART-TIME	TOTAL
MAIN SOURCES OF STUDENT SUPPORT⁴¹	Mean (£)	2,324	68	2,056
	Median (£)	2,412	0	2,000
	Standard Error of Mean	31	27	31
OTHER SOURCES OF STUDENT SUPPORT⁴²	Mean (£)	88	115	91
	Median (£)	0	0	0
	Standard Error of Mean	11	18	10
PAID WORK⁴³	Mean (£)	710	6,821	1,438
	Median (£)	227	6,711	320
	Standard Error of Mean	23	335	59
FAMILY⁴⁴	Mean (£)	1,395	0	1,229
	Median (£)	760	0	620
	Standard Error of Mean	40	116	40
SOCIAL SECURITY BENEFITS	Mean (£)	89	678	159
	Median (£)	0	0	0
	Standard Error of Mean	11	91	15
OTHER INCOME⁴⁵	Mean (£)	319	496	340
	Median (£)	20	0	19
	Standard Error of Mean	20	87	21
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,924	8,177	5,312
	Median (£)	4,605	7,729	4,749
	Standard Error of Mean	51	261	58
BASE		2,370	320	2,691 ⁴⁶

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

⁴¹ This includes maintenance grants; student loans; hardship loans, and Access/Hardship scheme funds.

⁴² This includes money from bursaries; charities; Career Development Loans; EU Programmes; employers; other organisations; and tax relief.

⁴³ Includes any paid work undertaken during the academic year including the short vacations but excluding the summer vacation.

⁴⁴ Includes students' parental contribution as well as gifts in money or kind and the assumed intra-household transfer of money between couples, and contributions from non-relatives and friends. We have made certain assumptions about couples' money management arrangements; we have assumed that couples pool their income and share their expenditure. Where one of the partners in a couple is financially dependent on the other, a negative transfer of income may occur.

⁴⁵ This includes miscellaneous source such as money from lodgers, the sale of books and equipment, receipts from investments, and maintenance payments from ex-partners.

⁴⁶ Because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of cases in the sub-groups.

Table 2.2 Total student income – average income for full- and part-time students receiving money from each source and the proportion receiving the source

TOTAL INCOME			
SOURCE OF INCOME		FULL-TIME	PART-TIME
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,680	1,298
	Median (£)	2,735	851
	Standard Error of Mean	31	268
	N	1,781	39
	Proportion of students receiving (%)	87	5
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	1,147	474
	Median (£)	500	354
	Standard Error of Mean	131	38
	N	157	181
	Proportion of students receiving (%)	8	24
PAID WORK	Mean (£)	1,172	7,954
	Median (£)	760	7,433
	Standard Error of Mean	36	226
	N	1,244	642
	Proportion of students receiving (%)	61	86
FAMILY⁴⁷	Mean (£)	1,610	0
	Median (£)	1,077	250
	Standard Error of Mean	44	175
	N	1,779	498
	Proportion of students receiving (%)	87	67
SOCIAL SECURITY BENEFITS PAYMENTS	Mean (£)	1,572	1,900
	Median (£)	1,075	891
	Standard Error of Mean	145	138
	N	116	267
	Proportion of students receiving (%)	6	36
OTHER INCOME	Mean (£)	543	1,159
	Median (£)	110	250
	Standard Error of Mean	36	123
	N	1,207	320
	Proportion of students receiving (%)	59	43
TOTAL INCOME	Mean (£)	4,944	8,243
	Median (£)	4,615	7,746
	Standard Error of Mean	54	170
	N	2,046	742
	Proportion of students receiving (%)	100	99
BASE (N)⁴⁸		2,054	748

Base: All full- and part-time students in receipt of the source

Source: South Bank University – Student Income and Expenditure Survey 1999

⁴⁷ The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, and/or those who have had a positive *or negative* income transfer between themselves and their partners – i.e. all students whose partners have an income with which their income has been pooled. The mean quoted indicates the average transfer of income between family/spouse and such students.

⁴⁸ Note the base for tables 2.1 and 2.2 are different because the weights used for analysing all students (i.e. full- and part-time combined) are different from those applied when analysing full- and part-time students separately.

Figure 2.1 illustrates the average amount of money gained from each income source, as a proportion of students' total income. Figure 2.1 and Table 2.1 show how full- and part-time students were reliant on very different sources of income. Full-time students got just under half (47%) of their income from the main sources of student support (i.e. student grants, loans, Hardship Loans, and Access/Hardship scheme funds). They received a further 28 per cent from their family and this included any regular contribution from their parents. The next most important source of income was the paid work students undertook over the academic year, including the Christmas and Easter vacations but excluding the summer vacation. Earnings accounted for 14 per cent of their total income. By contrast, part-time students relied on their salaries, which made up over four-fifths of their income. Therefore, while full-time students primarily depended on the student financial support system for their income, part-time students had to pay for their education through their wages. These findings further support our strategy our approach of examining the circumstances of full- and part-time students separately as a way of demonstrating the stark differences between these two student groups.

Not all students obtained money from all the different sources of income. Table 2.2 sets out the proportion of students receiving money and how much they received on average from each source. For full-time students, the most valuable income sources were student support and the family. Around 87 per cent of all full-time students received an average of £2,680 through the student support system and 86 per cent received an average of £1,610 from their family. Social security benefits were also important for the small minority of students (6%) who were eligible and who claimed £1,572 on average over the academic year.

Similarly, social security benefits were of considerable value to the 36 per cent of part-time students receiving £1,900 on average. So too was 'other' or miscellaneous income from, for example, lodgers, the sale of personal and household possessions, income from investments, and maintenance payments from ex-partners. Over two in every five part-time students got an average of £1,159 over the academic year from these sources. However, clearly for part-time students paid work was their most important source of income.

2.2.1 Variations in students' total income

The greatest variation in both full- and part-time students' total income was associated with their age, family type, and living circumstances. For full-time students receipt of a student loan in the 1998/9 academic year also was important.⁴⁹

Older students' average income was considerably higher than those aged under 25, especially among part-time students (tables 2.3 and 2.4). For instance, full-time students age 25 years and over on average had 40 per cent more disposable income than students under 25 years of age. Part-time students aged 25 years and over had two-thirds more income than part-time students aged under 25.

⁴⁹ Part-time students were ineligible for such loans when this study was conducted.

Among full-time students the differences in income by age were accounted for by the larger sums they received via the student support system and the money they gained through the social security system (table 2.3).

These variations by age among part-time students were associated with older students' higher earnings and the negative effect of intra-household transfers of money between couples (table 2.4). So among part-time students the greatest variation in their total income was associated with their earnings, and whether or not they had a partner in employment whose income they could call upon. Where part-time students had a non-working partner, usually a wife caring for their dependent children, their individual income was lower because of the negative income transfer which, we have assumed would be made to the non-working spouse. In some cases, the married part-time student occupied a job which was better paid than his or her partner's, so again a negative income transfer was possible here as well, given the assumptions that we have made about pooled income.

Not only did the amount of money received from each source vary by students' modes of study and age, but so did its importance as measured by its proportion of students' average total income. For example, 31 per cent of younger full-time students' total income came from their family compared with only 18 per cent for older full-time students.

There were also differences in students' total income over the academic year depending on their family type (tables 2.9 and 2.10) and living circumstances (tables 2.11 and 2.12). In turn, both students' family type and living circumstances were associated with their age (table 2.14 and 2.15). Older students, both full- and part-time, were much more likely than younger students to be married/cohabiting and to have children (table 2.14) and thus to live with their partner and/or children (table 2.15). So, students' incomes depended very much on the stage of their life-cycle, so that the relationship between a student's age and income was mediated by their family circumstances.

Research⁵⁰ demonstrates that patterns of income distribution within families and between couples vary considerably. However, the majority of couples share the bulk of their income.⁵¹ Rarely do couples maintain totally separate financial arrangements, and those who do tend to be young, professional couples. For the purposes of this study, therefore, we have assumed that students in a stable relationship pool their incomes and share their household expenses.⁵² However,

⁵⁰ For example Goode J, Callender C, and Lister R (1998) *Purse or Wallet? Gender Inequalities and Income Distribution within Families on Benefits* Policy Studies Institute, London; Pahl J (1989) *Money and Marriage* Macmillan, London

⁵¹ Part of the debate is just how equally the income is shared and who manages and controls money entering the household.

⁵² Neither students' income nor expenditure was equalised to take account of the presence of children. In any future studies that include part-time students or a high proportion of married or cohabiting students with or without children, a more sophisticated approach for dealing with household income and expenditure will be needed than the one adopted in the current study. In particular, greater thought will need to be given to the unit of analysis – the individual or the household. However, this was the first time part-time students had been included in such a study and the desire for comparability with previous SIES studies, mainly drove the current approach.

as we will see in chapter 4 (section 4.2.5), this sometimes resulted in a negative transfer of income from the student to their partner because the partner had a larger income than the student. The assumed redistribution of disposable income within households was more often from a male student to their female financially dependent partner. So these male students also were supporting their partner and family financially while studying.

In our study, couples tended to have higher incomes on average than single students, and students with children tended to have higher incomes than childless students. So partners' incomes proved to be important for full-time students living as a couple, especially those with a partner in employment (tables 2.9 and 2.10).

However, among full-time students there was an important exception to this overall pattern. Lone parent students⁵³ had the highest incomes of all full-time students at £9,139 (table 2.9). This was for a variety of reasons. First, lone parents were especially likely to be eligible for grants. Secondly, the allowances available to lone parents within the student grant meant they received considerably larger grants than any other student group. Thirdly, they relied much more heavily on social-security benefits as a source of income compared with other students.⁵⁴

Not surprisingly, the relative contribution of the difference income sources to lone parents' average total income was markedly different from that of other full-time students. For example, 71 per cent of lone parents' total income came from the main sources of student support, compared with 47 per cent of single childless students' total income. A further 17 per cent of lone parents' total income came from social security benefits while hardly any single childless students received money from benefits. In other words, lone parents were primarily reliant on the state for their income, unlike other student groups. However, as we shall see in chapters 8 and 9, they were also the most financially vulnerable group of students and suffered the greatest financial hardship because of the high additional costs they faced compared with other student groups.

Students' total income also varied substantially depending on their living circumstances (tables 2.11 and 2.12), which as we have seen was associated with their age and family type. Not surprisingly, therefore, those with the higher incomes were students living with their partner and/or children. By contrast, students living in their parental home had much lower incomes.

Full-time students living with their parents received far less money from their parents and lower amounts from the student support system compared with those living away from home (table 2.11). Only 18 per cent of their average total income came from their family compared with 30 per cent of the total income of students living independently or with a partner and/or children. However, as we will see, these students were subsidised in kind by their parents (chapter 7). They rarely paid for their board and lodging, and where they did, they rarely paid the

⁵³ There were a total of 40 lone parents in the sample of full-time students so the findings should be treated with caution

⁵⁴ These figures should be treated with caution, as the number of single parents is small.

full, real costs. Furthermore, these students relied much more heavily on paid work as a source of income. Some 30 per cent of their total income resulted from paid work compared to just 12 per cent of the total income of students living independently and ten per cent among students living with a partner and/or their children.

The importance of student loans in determining full-time students' total income is also apparent (table 2.13). Of all full-time students, 72 per cent were in receipt of, or expected to receive, a student loan. Their disposable income was one third higher than those who had not taken out a student loan in the 1998/9 academic year (£5,328 compared with £3,820) (table 2.13).

Interestingly, student grants made relatively little overall difference to students' total average income (although as suggested above, they did for particular student groups). Two-thirds of full-time students received a grant and their total income amounted to £4,994 on average over the academic year, compared with £4,785 for those students without a grant. However, when we take into consideration the different types of grant which depend on where students live and study, students in London living independently and receiving a grant did receive considerably more (£5,719) than all non-grant recipients (£4,785). The relative contribution of student loans and grants to students' overall total income reflects the changes in student funding arrangements discussed in chapter 1.

There were also differences in full- and part-time students' total income by social class and gender, but these were not great (tables 2.5; 2.6; 2.7; and 2.8).⁵⁵ There was a tendency for women to have higher incomes than men. Students living in London had higher incomes than those living elsewhere. Among full-time students this was primarily because of the higher level of student loans and grants that such students receive while for part-time students it was most likely because of the higher wages they could command working in London.

⁵⁵ Such comparisons should be treated with caution given the different ways in which class was defined for full- and part-time students.

Table 2.3 Total student income – main sources of income of full-time students, by age

		AGE	
SOURCE OF INCOME		<25	>=25
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,159	3,300
	Median (£)	2,259	3,243
	Standard Error of Mean	31	131
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	78	146
	Median (£)	0	0
	Standard Error of Mean	12	46
PAID WORK	Mean (£)	675	917
	Median (£)	240	85
	Standard Error of Mean	25	90
FAMILY	Mean (£)	1,433	1,167
	Median (£)	900	100
	Standard Error of Mean	36	176
SOCIAL SECURITY BENEFITS	Mean (£)	8	569
	Median (£)	0	0
	Standard Error of Mean	3	71
OTHER INCOME	Mean (£)	301	425
	Median (£)	20	6
	Standard Error of Mean	21	82
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,654	6,524
	Median (£)	4,495	5,842
	Standard Error of Mean	50	211
BASE (N)		1,757	297

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.4 Total student income – main sources of income of part-time students, by age

		AGE	
SOURCE OF INCOME		<25	>=25
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	105	55
	Median (£)	0	0
	Standard Error of Mean	26	21
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	121	113
	Median (£)	0	0
	Standard Error of Mean	18	15
PAID WORK	Mean (£)	4,231	7,705
	Median (£)	4,027	7,782
	Standard Error of Mean	261	270
FAMILY	Mean (£)	494	-169
	Median (£)	100	0
	Standard Error of Mean	98	152
SOCIAL SECURITY BENEFITS	Mean (£)	281	814
	Median (£)	0	0
	Standard Error of Mean	70	75
OTHER INCOME	Mean (£)	273	572
	Median (£)	0	0
	Standard Error of Mean	45	74
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	5,505	9,090
	Median (£)	4,941	8,606
	Standard Error of Mean	250	198
BASE (N)		191	558

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.5 Total student income – main sources of income of full-time students, by social class

		SOCIAL CLASS		
SOURCE OF INCOME		I and II	III N and III M	IV and V
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,075	2,488	3,025
	Median (£)	2,000	2,724	3,010
	Standard Error of Mean	42	66	140
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	79	98	99
	Median (£)	0	0	0
	Standard Error of Mean	16	24	49
PAID WORK	Mean (£)	647	766	950
	Median (£)	220	232	435
	Standard Error of Mean	31	48	105
FAMILY	Mean (£)	1,748	1,132	545
	Median (£)	1,375	484	160
	Standard Error of Mean	57	69	107
SOCIAL SECURITY BENEFITS	Mean (£)	62	126	181
	Median (£)	0	0	0
	Standard Error of Mean	16	22	42
OTHER INCOME	Mean (£)	372	262	203
	Median (£)	30	18	5
	Standard Error of Mean	33	30	42
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,983	4,871	5,003
	Median (£)	4,685	4,598	4,576
	Standard Error of Mean	74	99	195
BASE (N) ⁵⁶		1,083	608	160

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

⁵⁶ Note: 203 cases (10% of full-time students) have missing class data.

Table 2.6 Total student income – main sources of income of part-time students, by social class

		SOCIAL CLASS⁵⁷		
SOURCE OF INCOME		I and II	III N and III M	IV and V
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	10	83	89
	Median (£)	0	0	0
	Standard Error of Mean	5	34	54
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	149	59	164
	Median (£)	0	0	0
	Standard Error of Mean	21	14	117
PAID WORK	Mean (£)	8,096	6,406	3,668
	Median (£)	7,924	6,373	3,344
	Standard Error of Mean	317	463	619
FAMILY	Mean (£)	-287	121	1,099
	Median (£)	0	0	150
	Standard Error of Mean	204	238	364
SOCIAL SECURITY BENEFITS	Mean (£)	683	821	501
	Median (£)	0	0	0
	Standard Error of Mean	117	120	210
OTHER INCOME	Mean (£)	782	331	229
	Median (£)	12	0	1
	Standard Error of Mean	119	71	82
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	9,433	7,821	5,749
	Median (£)	9,023	7,333	4,857
	Standard Error of Mean	269	321	589
BASE (N)⁵⁸		240	211	30

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

⁵⁷ Weighted base = 481 due to interview error – see Appendix 1.

⁵⁸ Note: 276 cases (36% of part-time students) have missing class data.

Table 2.7 Total student income – main sources of income of full-time students, by sex

SOURCE OF INCOME		MALE	FEMALE
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,319	2,329
	Median (£)	2,474	2,367
	Standard Error of Mean	46	49
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	83	92
	Median (£)	0	0
	Standard Error of Mean	13	20
PAID WORK	Mean (£)	729	693
	Median (£)	200	255
	Standard Error of Mean	41	30
FAMILY	Mean (£)	1,240	1,534
	Median (£)	620	880
	Standard Error of Mean	52	60
SOCIAL SECURITY BENEFITS	Mean (£)	57	118
	Median (£)	0	0
	Standard Error of Mean	17	16
OTHER INCOME	Mean (£)	359	283
	Median (£)	20	20
	Standard Error of Mean	37	25
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,787	5,048
	Median (£)	4,538	4,625
	Standard Error of Mean	75	78
BASE (N)		974	1,080

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.8 Total student income – main sources of income of part-time students, by sex

SOURCE OF INCOME		MALE	FEMALE
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	83	57
	Median (£)	0	0
	Standard Error of Mean	27	23
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	134	101
	Median (£)	0	0
	Standard Error of Mean	20	15
PAID WORK	Mean (£)	7,289	6,480
	Median (£)	6,779	6,676
	Standard Error of Mean	398	243
FAMILY	Mean (£)	-960	667
	Median (£)	0	0
	Standard Error of Mean	192	135
SOCIAL SECURITY BENEFITS	Mean (£)	479	822
	Median (£)	0	0
	Standard Error of Mean	80	84
OTHER INCOME	Mean (£)	553	455
	Median (£)	0	0
	Standard Error of Mean	106	60
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	7,578	8,612
	Median (£)	7,218	8,010
	Standard Error of Mean	266	220
BASE (N)		315	433

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.9 Total student income – main sources of income of full-time students, by family type

		FAMILY TYPE			
SOURCE OF INCOME		Single, no children	Couple, no children	Single with children	Couple with children
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,215	2,474	6,469	2,817
	Median (£)	2,338	2,432	6,890	2,726
	Standard Error of Mean	31	170	354	297
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	90	6	93	125
	Median (£)	0	0	0	0
	Standard Error of Mean	13	3	104	103
PAID WORK	Mean (£)	708	747	574	831
	Median (£)	250	0	0	0
	Standard Error of Mean	25	157	190	225
FAMILY	Mean (£)	1,340	2,200	272	2,772
	Median (£)	760	1,480	0	1,687
	Standard Error of Mean	34	372	189	659
SOCIAL SECURITY BENEFITS	Mean (£)	18	316	1,558	1,081
	Median (£)	0	0	1,263	815
	Standard Error of Mean	6	143	205	138
OTHER INCOME	Mean (£)	305	706	173	289
	Median (£)	20	50	0	0
	Standard Error of Mean	21	208	93	130
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,675	6,451	9,139	7,915
	Median (£)	4,496	5,726	8,785	7,511
	Standard Error of Mean	50	375	520	493
BASE (N)		1,871	88	40	55

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.10 Total student income – main sources of income of part-time students, by family type

		FAMILY TYPE			
SOURCE OF INCOME		Single, no children	Couple, no children	Single with children	Couple with children
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	74	51	219	45
	Median (£)	0	0	0	0
	Standard Error of Mean	22	40	191	20
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	114	103	86	134
	Median (£)	0	0	0	0
	Standard Error of Mean	17	22	33	28
PAID WORK	Mean (£)	5,667	8,198	4,349	8,024
	Median (£)	5,487	7,589	3,543	8,069
	Standard Error of Mean	241	554	762	470
FAMILY	Mean (£)	365	-356	72	-324
	Median (£)	0	0	0	-269
	Standard Error of Mean	44	311	40	331
SOCIAL SECURITY BENEFITS	Mean (£)	385	457	2,833	1,018
	Median (£)	0	0	2,128	703
	Standard Error of Mean	71	123	447	107
OTHER INCOME	Mean (£)	427	571	327	580
	Median (£)	0	0	0	0
	Standard Error of Mean	82	110	187	126
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	7,031	9,024	7,885	9,477
	Median (£)	6,684	8,278	7,526	8,921
	Standard Error of Mean	232	360	629	346
BASE (N)		340	185	36	188

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.11 Total student income – main sources of income of full-time students, by living circumstances

SOURCE OF INCOME		LIVING CIRCUMSTANCES			
		Lives independently	Lives with parent	Lives with spouse/children	Other arrangement
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,393	1,753	3,101	2,541
	Median (£)	2,700	1,664	2,993	1,899
	Standard Error of Mean	37	69	209	383
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	103	41	44	74
	Median (£)	0	0	0	0
	Standard Error of Mean	15	17	34	53
PAID WORK	Mean (£)	594	1,164	763	1,011
	Median (£)	175	969	10	284
	Standard Error of Mean	27	65	126	228
FAMILY	Mean (£)	1,505	692	2,204	915
	Median (£)	1,000	270	725	200
	Standard Error of Mean	41	51	366	338
SOCIAL SECURITY BENEFITS	Mean (£)	47	13	751	379
	Median (£)	0	0	387	0
	Standard Error of Mean	11	7	112	154
OTHER INCOME	Mean (£)	317	271	406	606
	Median (£)	20	8	21	8
	Standard Error of Mean	25	41	129	214
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	4,959	3,933	7,268	5,526
	Median (£)	4,673	3,723	6,912	5,587
	Standard Error of Mean	58	114	315	478
BASE (N)		1,538	359	124	32

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.12 Total student income – main sources of income of part-time students, by living circumstances

		LIVING CIRCUMSTANCES			
SOURCE OF INCOME		Lives independently	Lives with parent	Lives with spouse/children	Other arrangement
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	79	40	71	22
	Median (£)	0	0	0	0
	Standard Error of Mean	24	21	35	24
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	112	135	116	13
	Median (£)	0	0	0	0
	Standard Error of Mean	19	23	21	17
PAID WORK	Mean (£)	6,279	5,273	8,037	6,270
	Median (£)	6,287	5,519	7,839	6,623
	Standard Error of Mean	339	282	392	1,050
FAMILY	Mean (£)	134	150	-219	365
	Median (£)	0	0	0	0
	Standard Error of Mean	146	34	245	569
SOCIAL SECURITY BENEFITS	Mean (£)	642	189	916	689
	Median (£)	0	0	342	0
	Standard Error of Mean	93	61	107	261
OTHER INCOME	Mean (£)	553	290	503	846
	Median (£)	0	0	0	0
	Standard Error of Mean	106	54	84	443
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	7,797	6,077	9,425	8,205
	Median (£)	7,618	6,314	8,496	7,943
	Standard Error of Mean	264	259	288	859
BASE (N)		301	126	302	19

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.13 Total student income – main sources of income of full-time students, by whether received a student loan

		RECEIVED A LOAN	
SOURCE OF INCOME		YES	NO
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	2,931	720
	Median (£)	2,920	360
	Standard Error of Mean	32	38
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	59	165
	Median (£)	0	0
	Standard Error of Mean	9	37
PAID WORK	Mean (£)	718	695
	Median (£)	250	200
	Standard Error of Mean	30	45
FAMILY	Mean (£)	1,263	1,783
	Median (£)	700	1,079
	Standard Error of Mean	41	95
SOCIAL SECURITY BENEFITS	Mean (£)	87	50
	Median (£)	0	0
	Standard Error of Mean	12	12
OTHER INCOME	Mean (£)	270	408
	Median (£)	20	20
	Standard Error of Mean	21	51
TOTAL INCOME OVER ACADEMIC YEAR	Mean (£)	5,328	3,820
	Median (£)	4,917	3,288
	Standard Error of Mean	56	115
BASE (N)		1,486	556

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.14 Family type by students' mode of study and age

Row percentages

		FAMILY TYPE				
		Single, no children	Couple, no children	Single with children	Couple with children	Base (N)
FULL-TIME	<25	98	2	0	0	1,757
	>=25	52	18	12	18	297
	All	91	4	2	3	2,054
PART-TIME	<25	80	14	2	4	189
	>=25	34	28	6	32	559
	All	45	25	5	25	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 2.15 Living circumstance by students' mode of study and age

Row percentages

		LIVING CIRCUMSTANCES				
		Lives independently	Lives with parents	Lives with spouse/children	Other arrangement	Base (N)
FULL-TIME	<25	79	19	1	1	1,757
	>=25	52	9	34	5	297
	All	75	17	6	2	2,054
PART-TIME	<25	37	44	18	1	189
	>=25	41	7	48	3	559
	All	40	17	40	3	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

2.3 Changes in students' income over time

The comparisons, which can be made over time, between consecutive SIESs are limited by the data available from previous surveys which were conducted in 1988/9, 1992/93, and 1995/6. No data are available for part-time students. Nor are the data in all the previous surveys comparable in relation to older students.⁵⁹

2.3.1 Changes in total student income since 1988/9

Between 1988/9 and 1992/93 the total average income for full-time students aged under 26 fell in real terms. However, since the academic year 1995/6, it has grown at a rate twice as fast as average retail prices and has out-paced growth in the average earnings of employees. As a consequence of changes in funding policies, the level of student grants has fallen in real terms, with students being offered loans as part of their basic student support since 1990/1. Although the grant component of students' total income has failed to keep pace with price inflation, the combination of income from maintenance grants and student loans have far exceeded it – at least for students aged under 26 years (table 2.16).

Table 2.16 Comparison between full-time student incomes, average earnings and retail prices; 1988/9 to 1998/9 for students aged under 26 at start of their course

Academic year	Average earnings*	Average retail prices**	Grant + student loan***		Total income***	
	Index	Index	£	Index	£	Index
1988/9	100	100	1,159	100	3,031	100
1992/3	129	124	1,591	137	3,464	114
1995/6	142	134	1,691	146	4,575	151
1998/9 ⁵²	163	145	2,155	186	5,575	184

Base: All full-time students under 26 years of age at the start of their course

Sources: ***RSL 1989; RSL 1993; PSI 1996,⁶⁰ and South Bank University – Student Income and Expenditure Survey 1999

* Changes in average earnings – calculated from the Average Earnings Index GB for the July of each academic year (seasonally adjusted and for all employees across all sectors of the economy)

** Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

⁵⁹The analysis of changes in average income over time use the definitions of student income employed in the previous SIES studies – in these studies total income also includes money borrowed, commercial credit, overdraft, and money withdrawn from savings during the academic year. In addition, in this and following tables we have used the age break of under 26 years, in order to be consistent with previous SIES studies. In the current study there were a total of 1816 full-time student aged under 26 and 238 students aged 26 and over. For a fuller discussion of the differences in categories and definitions see Appendix 1- Technical Report.

⁶⁰Callender C and Kempson E (1996) *op. cit.*

2.3.2 Changes in students incomes since 1995/6

Table 2.17 concentrates on the changes that have taken place since 1995/6 – the date of the last SIES study. This period is of particular interest because it helps to demonstrate the impact of the most recent changes in student funding arrangements. For comparisons with 1995/96 it was necessary to use the definition of income employed in the earlier survey, which included borrowings from sources other than the Student Loan Company, overdrafts and withdrawals from savings. On that basis, the mean income of all full-time students grew from £4,907 in 1995/6 to £5,892 in 1998/9, a rise of 12 per cent above inflation.

Table 2.17 shows the extent to which increases in the incomes of students under 26 have surpassed that of average wages and have grown almost three times more quickly than the average cost of living. In particular, the average total income of these students rose from £4,575 to £5,575, an increase of 13 per cent after adjusting for inflation.

Table 2.17 Comparison between full-time student incomes, average earnings and retail prices; 1995/95 to 1998/9 for students aged under 26 at start of their course

Academic year	Average earnings*	Average retail prices**	Grant + student loan***		Total income***	
	£	Index	£	Index	£	Index
1995/6	100	100	1,691	100	4,559	100
1998/9	115	108	2,155	127	5,575	122

Base: All full-time students under 26 years of age at the start of their course
Sources: *** PSI 1996 survey data⁶¹ and South Bank University – Student Income and Expenditure Survey 1999

* Changes in average earnings – calculated from the Average Earnings Index GB for the July of each academic year. ** Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

Table 2.18 Comparison between full-time student incomes, average earnings and retail prices; 1995/6 to 1998/9 for students aged 26 and over at the start of their course

Academic year	Average earnings*	Average retail prices**	Grant + student loan***		Total income***	
	£	Index	£	Index	£	Index
1995/6	100	100	2,820	100	6,905	100
1998/9	115	108	3,242	115	8,319	120

Base: All full-time students 26 years of age and over at the start of their course
Sources: *** PSI 1996 survey data⁶² and South Bank University – Student Income and Expenditure Survey 1999

* Changes in average earnings – calculated from the Average Earnings Index GB for the July of each academic year. ** Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

⁶¹Callender C and Kempson E (1996) *op. cit.*
⁶²Callender C and Kempson E (1996) *op. cit.*

So how did mature students fare? Between the academic years 1995/6 and 1998/9, the income of students aged 26 and over has grown at a similar rate as that of younger students; as with younger students, the growth in the income of full-time students aged over 26 has outpaced both average earnings and inflation. In particular, on average their total income has increased by 12 per cent in real terms during this period (table 2.21).

2.3.3 Changes in students' sources of income since 1988/9

There have been dramatic changes in the composition of younger student incomes (table 2.19; Figure 2.2).⁶³ Between the academic years 1988/9 and 1998/9, the proportion of income derived by students aged under 26 from both grants and regular parental contributions has declined quite markedly, particularly since 1995/6. However, while the reduction in grants has occurred largely since the 1992/93 survey, the proportion of income from parental contributions has fallen over the past ten academic years. Since 1990, the level of assessed parental contribution has, as a matter of policy, been falling steadily and has nearly halved since 1988/9. And this shortfall has been made up by an increase in the contribution of student loans.

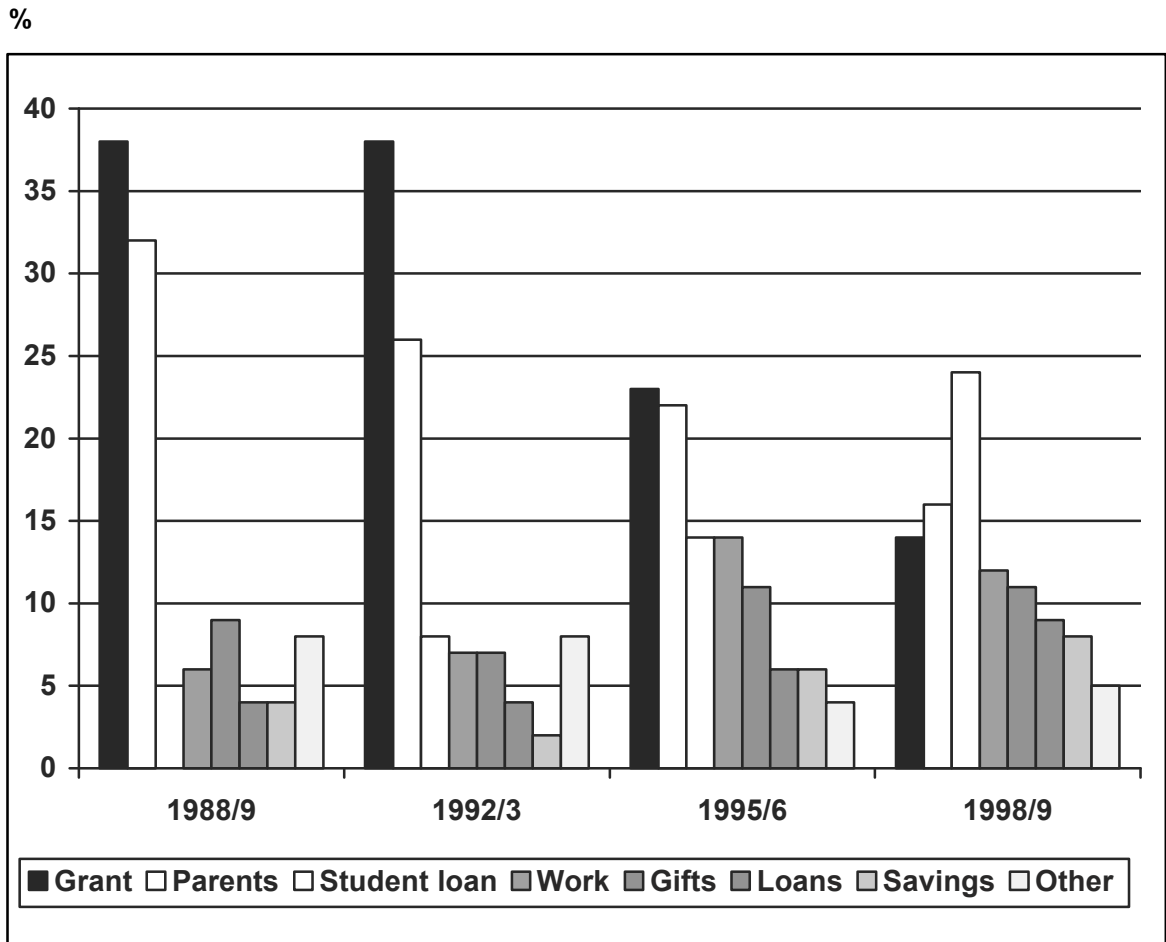
For younger students both the amount and the proportion of income from student loans have increased considerably. In 1992/93, just eight per cent of young students' total average income consisted of student loans; by 1998/9, the proportion had trebled to 24 per cent. Earnings, too, have increased in importance – doubling as a proportion of student incomes between 1988/9 and 1998/9 (table 2.19).

Put simply, younger students now have more money at their disposal (in real terms) than in 1988/9, 1992/93, or 1995/6 because their income has increased relative to prices and average wages. Their incomes have outpaced increases in average prices due to low inflation and very large increases in student loan income. So much more of their income is earned or borrowed against future earnings. In 1998/9, these two sources accounted for 45 per cent of younger students' total income – four and a half times the proportion ten years ago. Indeed, ten years ago students got the same proportion of their income through student grants and earnings.

The changes in mature students' sources of income can only be tracked from the 1995/6 academic year, the time of the last SIES study (table 2.20). As with younger students, the proportion of mature students' income that is derived from grants has fallen on average while income from student loans has risen dramatically. Unlike younger students over this period of time, however, the proportion of mature students' income received from paid work appears to be rising. As we will see in chapter 4 this is probably because in 1998/9 they worked longer hours than students in 1995/6 (table 4.6).

⁶³ Table 2.17, however, does not include parents' contribution to fees which only affected first-year students in 1998/9. See chapter 6 for a discussion of parents' contributions to fees.

Figure 2.2 Changes in the composition of students' income 1988/9 to 1998/9 (students under 26 years)



Base: All full-time students under the age of 26 at the start of their course

Sources: RSL 1989, RSL 1993, PSI 1996 survey data and South Bank University – Student Income and Expenditure Survey 1999⁶⁴

⁶⁴ Windle R (1989) *op. cit.*; Windle R (1993) *op. cit.*; Callender C and Kempson E (1996) *op. cit.*

Table 2.19 Changes in the composition of students' income between 1988/9 and 1998/9 for full-time students aged under 26 at the start of their course

	ACADEMIC YEAR							
	1988/9		1992/93		1995/6		1998/9	
SOURCE OF INCOME ⁶⁵	£	%	£	%	£	%	£	%
GRANT	1,159	38	1,300	38	1,063	23	799	14
PARENTAL CONTRIBUTION	955	32	902	26	1,002	22	899	16
STUDENT LOAN	–	–	291	8	628	14	1,356	24
PAID WORK	187	6	237	7	621	14	684	12
GIFTS ⁶⁶	268	9	235	7	494	11	609	11
LOANS ⁶⁷	108	4	146	4	278	6	517	9
WITHDRAWN SAVINGS	124	4	80	2	284	6	424	8
OTHER ⁶⁸	230	8	271	8	205	4	287	5
TOTAL INCOME	3,031	100	3,464	100	4,575	100	5,575⁶⁹	100

Base: All full-time students under the age of 26 at the start of their course
Sources: RSL 1989, RSL 1993, PSI 1996 survey data⁷⁰ and South Bank University – Student Income and Expenditure Survey 1999

Note: In the 1988/9 and 1992/93 surveys a sum of money was imputed to represent the subsidy on board and lodging provided to students living at home. This sum has been excluded from this table.

⁶⁵ The monetary amounts quoted in this table are unadjusted for inflation since we are interested here in compositional changes rather than relative changes in the amount of income.

⁶⁶ From family, relative and friends

⁶⁷ Including commercial loans; non-commercial loans from family, friends and others; borrowing in the form of arranged overdrafts; borrowing in the form of commercial credit/hire purchase.

⁶⁸ This includes social-security benefits, share of partner's income, and other sources of student support; income from Access Funds; other miscellaneous sources of income.

⁶⁹ In this table average total income for 1998/9 is higher compared with other tables presented in this report on total student income. This is because the way income has been calculated and defined in the 1998/9 SIES study is not strictly comparable with earlier SIES studies. Therefore we have adopted earlier SIES definitions for comparative purposes in this particular table.

⁷⁰ Windle R (1989) *op. cit.*; Windle R (1993) *op. cit.*; Callender C and Kempson E (1996) *op. cit.*

Table 2.20 Changes in the composition of students' income between 1995/6 and 1998/9 for full-time students aged 26 and over at the start of their course

	ACADEMIC YEAR			
	1995/6*		1998/9**	
SOURCE OF INCOME ⁷¹	£	%	£	%
GRANT	1,951	28	1,823	22
PARENTAL CONTRIBUTION	122	2	40	1
STUDENT LOAN	869	12	1,419	17
PAID WORK	651	9	906	11
GIFTS ⁷²	183	3	229	3
LOANS ⁷³	458	7	600	7
WITHDRAWN SAVINGS	321	5	594	7
OTHER ⁷⁴	2,350	34	2,708	33
TOTAL INCOME	6,905	100	8,319⁷⁵	100

Base: Full-time students aged 26 and over at the start of their course

Sources: *PSI 1996⁷⁶ survey data and **South Bank University – Student Income and Expenditure Survey 1999

⁷¹ The monetary amounts quoted in this table are unadjusted for inflation since we are interested here in compositional changes rather than real changes in income.

⁷² From family, relative and friends

⁷³ Including commercial loans; non-commercial loans from family, friends and others; borrowing in the form of arranged overdrafts; borrowing in the form of commercial credit/hire purchase.

⁷⁴ This includes social security benefits, share of partner's income, and other sources of student support; income from Access Funds; other miscellaneous sources of income. This is particularly high for older students since in comparison with younger students, they received high average positive transfers from spouses (table 4.10) and a much higher proportion of their income came from social security payments, and to a lesser extent from other sources of student support and "other income" (table 2.3).

⁷⁵ In this table total income for 1998/9 is higher compared with other tables presented in this report on total student income. This is because the way income has been calculated and defined in the 1998/9 SIES study is not strictly comparable with the 1995/6 SIES study. Therefore we have adopted the 1995/6 SIES definition of total income for comparative purposes in this particular table.

⁷⁶ Callender C and Kempson E (1996) *op. cit.*

Tables 2.19 and 2.20 show the compositional changes in the sources of student income as a proportion of student total income. Table 2.21 and Figure 2.3 show how the real value of the monies received from each income source changed between 1995/6 and 1998/9, for younger and older students separately. Table 2.21 compares the real value of each component of students' average income in 1995/6 with the value of these components in 1998/9. Figure 2.3 charts the average differences between the two sets of values.

Although there has been a net increase of around 13 per cent in younger students' incomes since the 1995/6 academic year, this net figure disguises far-reaching transformations in the structure of younger students' finances (table 2.21). For instance, there has been a drop in real terms of around 30 per cent in the amount of grant received by younger students, amounting to an average reduction of around £350 (Figure 2.3). This has been associated with a fall in regular parental contributions of around 17 per cent which on average amounted to a reduction of £200 in real terms. These reductions have been more than compensated for by a doubling in the average value of student loans taken out by younger students and by an increased dependency on commercial loans, credit, and savings (Figure 2.3). Younger students then were far less dependent on income from their parents or on state grants in 1998/9 than they were in 1995/6. But this has meant that, in order to maintain their incomes at the same level, they have had to become far more dependent on borrowing against future earnings to finance their studies.

The income of mature students has also increased in real terms and at about the same rate as that of younger students (table 2.21). Like younger students, they have also experienced a fall in the real value of their grants, while the average value of their student loans has increased by around 51 per cent or by an average of almost £500 after adjusting for inflation. Apart from becoming increasingly dependent on student loans, mature students have become much more reliant on their savings, paid work, commercial borrowing, and miscellaneous other income sources – i.e. the income of partners and social-security benefits (Figure 2.3). For instance, income from paid work has increased by an average of around £200 in real terms, while for younger students the average income from earnings has hardly grown at all between the 1995/6 and 1998/9 academic years.

Table 2.21 Percentage change in the value of the sources of student income between 1995/6 and 1998/9 for full-time students by age

SOURCE OF INCOME	AGE GROUP					
	<26			≥26		
	*1995/6 ⁷⁷	**1998/9	% change	*1995/6 ⁷⁸	**1998/9	% change
	£	£		£	£	
GRANT	1,148	799	-30	2,107	1,823	-13
PARENTAL CONTRIBUTION	1,082	899	-17	132	40	-70
STUDENT LOAN	678	1,356	+100	939	1,419	+51
PAID WORK	671	684	+2	703	906	+29
GIFTS	534	609	+14	198	229	+16
LOANS	300	517	+72	495	600	+21
WITHDRAWN SAVINGS	307	424	+38	347	594	+71
OTHER	221	287	+30	2,538	2,708	+7
TOTAL INCOME	4,941	5,575	+13	7,457	8,319	+12

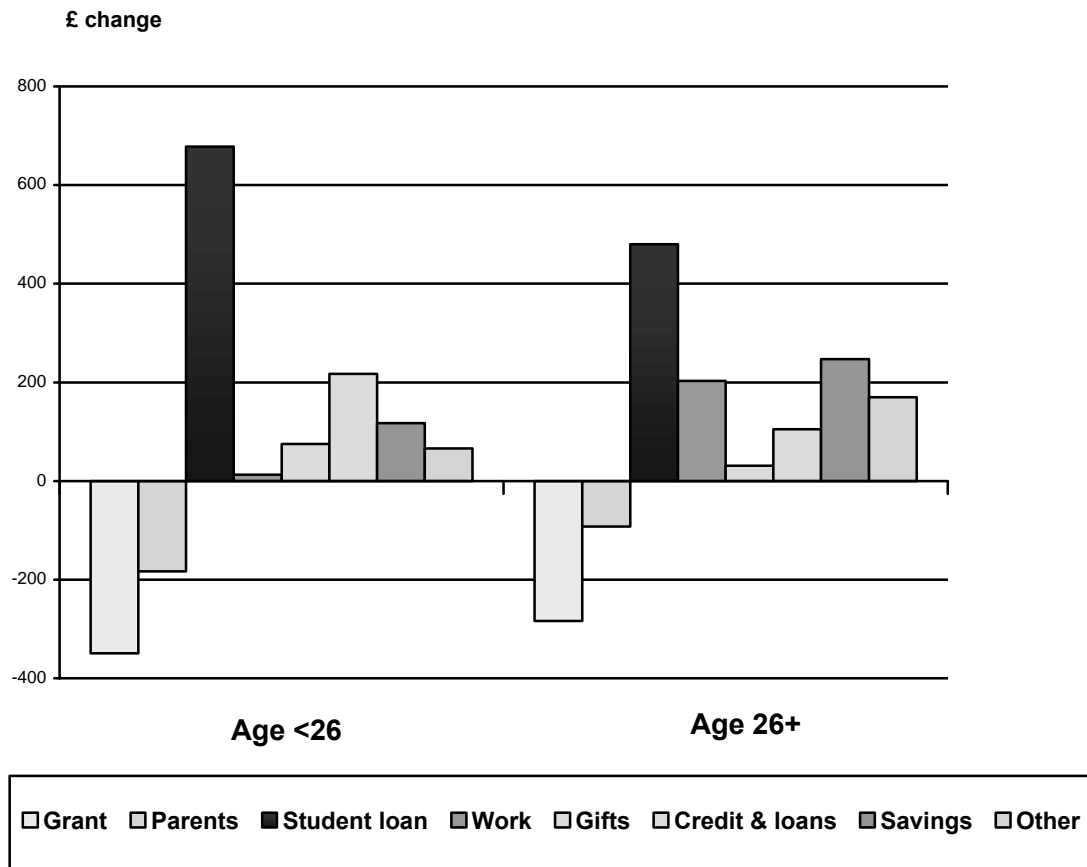
Base: Full-time students aged 26 and over at the start of their course
Sources: *PSI 1996⁷⁹ survey data and **South Bank University – Student Income and Expenditure Survey 1999

⁷⁷ The income components for 1995/6 have been adjusted for inflation to July 1999 prices. Also note that in this particular table total income for 1998/99 is higher compared with other tables presented in this report on total student income. This is because the way income has been calculated and defined in the 1998/9 SIES study is not strictly comparable with the 1995/6 SIES study. Therefore we have adopted the 1995/6 SIES definition of total income for comparative purposes in this particular table.

⁷⁸ The income components for 1995/6 have been adjusted for inflation to July 1999 prices. Also note that in this particular table total income for 1998/99 is higher compared with other tables presented in this report on total student income. This is because the way income has been calculated and defined in the 1998/9 SIES study is not strictly comparable with the 1995/6 SIES study. Therefore we have adopted the 1995/6 SIES definition of total income for comparative purposes in this particular table.

⁷⁹ Callender C and Kempson E (1996) *op. cit.*

Figure 2.3 Changes in the real value of the components of full-time students' income between 1995/6 and 1998/9, by age group



Base: Full-time students

Sources: PSI 1996⁸⁰ survey data and South Bank University – Student Income and Expenditure Survey 1999

2.4 Students' total income compared to other young people in the general population

The 1998/9 *Households Below Average Income* element of the Family Resource Survey charts the overall distribution of low incomes. The data for 1998/9⁸¹ show that students were over represented in the bottom quintile of the income distribution.

The average weekly disposable income of the full-time students surveyed was £133 over the academic year. The weekly income for single childless full-time students under the age of 25 years was £125 and for similar part-time students it

⁸⁰ Callender C and Kempson E (1996) *op. cit.*

⁸¹ Department of Social Security (1999) *Households Below Average Incomes 1994/95 to 1997/98*, DSS, London

was £147. Data from the Family Resource Survey⁸² show that in 1998/9 the average gross weekly income of single people aged 18-24 in the general population was £170 per week.⁸³ However, most of these individuals' incomes came from wages (87 per cent) where as only 14 per cent of full-time students' income was derived from paid work (Figure 2.1). Even so, the weekly income of full-time students aged under 25 was below the average for similar young people in the general population. By contrast, the average weekly income of part-time students corresponded with that of similarly aged individuals in the population at large.

However, for the majority of these students their low income is likely to be a temporary phase in their lifetime income profile. Research shows that their earnings trajectory as graduates, and thus their future income, place them well above the average over their lifetime. Despite the changing nature of the graduate labour market, graduates can expect to earn higher salaries and experience more stable employment, than non-graduates.⁸⁴ And it is for these reasons, and because of the very different sources of student income compared to similar age groups in the general population, that any discussion of students' low incomes will be referred to as 'student hardship' rather than 'student poverty'.

It was not possible to compare the weekly income of students aged over 25 or part-time students with similar groups in the general population.⁸⁵ However, the evidence on the impact of an undergraduate degree on part-time students' earning trajectory or their incomes over the lifetime is less clear compared with evidence for full-time students. The limited research available, from a study by Brennan et al,⁸⁶ points to a general increase in income for part-time students. However, Brennan et al conclude that the increases recorded may be attributable to 'expected rises' in income while some of the increases may be because part-time students are a typical and highly motivated and so would attract salary rises.

2.5 Summary

2.5.1 Total student income and variations in income

During the 1998/9 academic year full-time students' total income amounted to £4,924. For students aged 25 and over their total income was £6,524 and for those under 25 it was £4,654. This placed these younger full-time students among the poorest 20 per cent of all young people in the general population. Part-time students had considerably higher incomes of £8,177 and those aged under 25 had about average incomes compared to young people in the general population.

Full-time students relied on the main sources of student support such as loans, and grants, as well as their families for their income – three-quarters of their total

⁸² My thanks to the DSS for undertaking this special analysis.

⁸³ The unit of analysis used from the Family Resource Survey is the benefit unit.

⁸⁴ *Higher Education in the Learning Society* (1997) Report 7, National Committee of Inquiry into Higher Education, HMSO London

⁸⁵ The nature of the analysis would have been too complicated because there is no obvious comparator group in the general population.

⁸⁶ Brennan J, Mills J, Shah T, and Woodley A (1999) *op. cit.*

income came from these sources. By contrast, part-time students depended on their wages from paid employment, which made up four-fifths of their total income. For part-time students the greatest variation in their income was linked to their earnings from paid work.

For both full- and part-time students variations in their total income over the 1998/9 academic year were associated with the inter-relationship between their:

- Age – full-time students aged 25 and over had 40 percent more income than younger students, while part-time mature students had 65 per cent more income than young students.
- Family type – generally, couples had higher incomes than single students, especially when the students' partner was in full-time work. Where the partner was not working, the student had to support them too which tended to negatively affect their total disposable income. Students with children had higher incomes than those without children.

One group of full-time students stands out – lone parents. Though the numbers of full-time lone parent students were small, they had the highest total income of all full-time students at £9,139 – nearly double that of single childless students whose income was £4,675. Unlike other students, they relied most heavily on the state for financial support both in the form of student support and social security benefits. However, as we will see, they were also the most financially vulnerable, and experienced the greatest student hardship compared with other student groups.

- Living circumstances – students living with their parents had lower incomes than those living independently or with their partner and/or children.

Full-time students living with their parents home had the lowest income of all full-time students at just £3,933 – over £1000 less than students living independently. This was because they received much less money from their parents but much more of their income came from paid work. However, as we will see, parents subsidised children living at home by not charging them full board and lodgings.

- Student loans - the 72 per cent of all full-time students who had taken out a loan in 1998/9 had over one third more disposable income than students who had not taken one out - £5,328 compared with £3,820.

2.5.2 Changes in student income since 1988/9

Students in 1998/9 had more money at their disposal (in real terms) than ten years ago because their incomes have increased relative to prices and average wages, but much more of it is earned or borrowed against future earnings. In 1998/9, only 30 per cent of younger students' income came from grants and their parents. This compares to 70 per cent ten years ago. So by 1998/9, earnings and borrowings accounted for 45 per cent of younger students' income – four and a half times the proportion ten years ago. And with the total abolition of student

grants and students' increasing reliance on loans and credit, these borrowings will continue to account for an even higher proportion of their total income in future years.

Between 1995/6 and 1998/9 the mean incomes (using the 1995/6 survey definition) of students under 26 rose from £4,575 to £5,575 and for those aged 26 and over their income grew from £6,905 to £8,319 on average - increases of around 12 per cent above inflation. However, there has been a radical transformation in the structure of students' income. For example, younger students have experienced an average drop of 30 per cent in their grant income, a fall of 17 per cent in regular parental contributions, and a doubling in income from student loans.

For mature students, like younger students, the proportion of their income derived from grants has fallen dramatically since 1995/6 while the income received from student loans has risen. But unlike younger students, the proportion of mature students' income received from paid work has risen. They have also become more dependent on withdrawals from savings and commercial borrowing to help finance their studies.

3 STUDENT FINANCIAL SUPPORT

3.1 Introduction

This chapter focuses on the various different sources of student support available to students. It begins by examining the main sources of student support, which form the central plank of Government policies on student financial support for full-time undergraduate students. As we have seen, at the time of the survey, the vast majority of part-time students were not eligible for these forms of student support. Thus sections 3.2 to 3.11 of this chapter will consider only the position of full-time students. It then explores some of the other potential types of financial help for those engaged in HE, but which tend to be directed more at part-time students rather than full-time undergraduates.

The main sources of financial support for full-time students, at the time of the survey, were:⁸⁷

- student loans
- Hardship Loans
- student grants
- Access Funds
- Hardship scheme funds
- Fee remission⁸⁸

In the 1998/9 academic year all full-time students received a total of £2,324⁸⁹ (excluding fee remissions) from these main sources of student support. This represented nearly half of their total average income over the academic year. By contrast, all part-time students received £68 on average, which amounted to less than one per cent of their total average income (table 3.1).

Table 3.2 shows the proportion of full-time students getting each type of financial support and the average amount they received. While some 87 per cent of full-time students benefited from these sources of income, only five per cent of part-time students did. Most of these part-time students were undertaking PGCE courses and hence were eligible for both grants and loans. A few part-time grant beneficiaries were receiving discretionary rather than mandatory

⁸⁷ From the sources listed, part-time students were only eligible for Access Funds and Hardship scheme funds, except for students doing a PGCE part-time in England and Wales.

⁸⁸ The value of any fee remission has not been included as part of student income.

⁸⁹ This figure does not include money received by first-year students for contributions towards the cost of their fees. For those students receiving such a contribution, the money is paid directly to the student's HEI and so has been excluded from our calculations

awards. The data on part-time students, however, must be treated with care because the actual numbers are very small. Unsurprisingly, the most valuable source of student support was student loans and the least valuable was hardship loans.

Aggregate data on student financial support, however, are potentially misleading. They obscure the impact of the changing nature of student support and in particular, the increasing significance of student loans and declining value of grants. To capture these changes we have to disaggregate the data by year of study (table 3.7). It will be recalled that first-year students were the only student group affected by the most recent changes in student funding. Figure 3.1 shows the proportion of income received from each source of student support by year of study.⁹⁰ It clearly shows the increasing importance of student loans and the decline in the value of student grants.

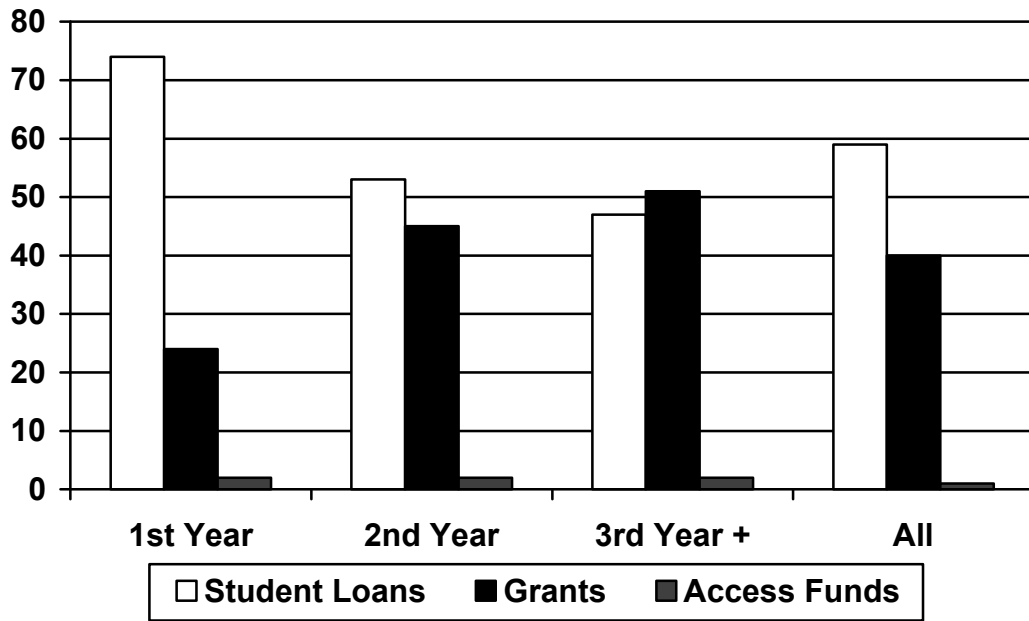
We will now examine each source of student financial support in more depth and the student groups benefiting from them.⁹¹

⁹⁰ Gap-year students and others who entered university for the first time in 1998/9 but were not subject to the same eligibility rules as other first-year students, have been classified as second-year students in this table

⁹¹ A full discussion on fees has been reserved for chapter 6; here we will explore fee remission only.

Figure 3.1 Main sources of student support (%)

%



Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 3.1 Main sources of student support – average income for all full- and part-time students

SOURCE OF STUDENT SUPPORT		FULL-TIME	PART-TIME
STUDENT LOAN	Mean (£)	1,361	5
	Median (£)	1,500	0
	Standard Error of Mean	22	3
HARDSHIP LOAN	Mean (£)	2	N/A
	Median (£)	0	N/A
	Standard Error of Mean	1	N/A
MAINTENANCE GRANT	Mean (£)	917	41
	Median (£)	793	0
	Standard Error of Mean	23	15
ACCESS/HARDSHIP FUND	Mean (£)	44	22
	Median (£)	0	0
	Standard Error of Mean	5	5
TOTAL STUDENT SUPPORT	Mean (£)	2,324	68
	Median (£)	2,413	0
	Standard Error of Mean	34	17
BASE		2,054	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 3.2 Main source of student support – average income for full-time students receiving money from each source and the proportion receiving any income

SOURCE OF STUDENT SUPPORT		FULL-TIME
STUDENT LOAN	Mean (£) Median (£) Standard Error of Mean N Proportion of students receiving (%)	1,891 1,735 16 1,478 72
HARDSHIP LOAN	Mean (£) Median (£) Standard Error of Mean N Proportion of students receiving (%)	235 250 8 22 1
MAINTENANCE GRANT	Mean (£) Median (£) Standard Error of Mean N Proportion of students receiving (%)	1,447 1,400 27 1,302 63
ACCESS / HARDSHIP FUND	Mean (£) Median (£) Standard Error of Mean N Proportion of students receiving (%)	596 500 41 151 7
TOTAL STUDENT SUPPORT	Mean (£) Median (£) Standard Error of Mean N Proportion of students receiving (%)	2,680 2,735 31 1,781 87
BASE N		2,054

Base: All students in receipt of the source

Source: South Bank University – Student Income and Expenditure Survey 1999

3.2 Student loans – who is eligible and for what?

Student loans were first introduced in 1990 to help cover students' living costs. From 1999/2000, students entering HE in that year, together with those who started in 1998/9, receive support for living costs solely through student loans, which is partly income-assessed.

3.2.1 *What is special about student loans?*

Student loans are different from ordinary commercial loans. The main advantages of student loans over other types of loans are as follows:

- they rise only in line with inflation so that, in real terms, the amount repaid is broadly the same as the value of the amount borrowed;
- students are not required to start repaying their loans until the April after they have completed, or left, their course;
- repayments can be delayed even longer for individuals whose income is below a set level when the repayments are due;
- for students starting in HE before 1998/9 the repayments start once they earn above 85 per cent of national average earnings (i.e. £17,784 in 1998/9) and they pay a flat-rate 'mortgage style' repayment; and
- for students starting in 1998/9 the repayments are income contingent – once their incomes rise above £10,000 per annum, the amount the students repay will depend on the level of their earnings. Therefore, students with high earnings will have higher repayments than those on lower earnings and will pay off their loans more quickly.

3.2.2 *Who are eligible for student loans?*

Most full-time students on undergraduate courses (including a Diploma in HE (DipHE) or a Higher National Diploma (HND) and HNC in Scotland) or PGCE courses can get a student loan. They are available to students regardless of their parents' or spouse's income and students who are eligible for a LEA/SAAS/E&LBs maintenance grant can also apply for a loan. However, from 1999/2000 onwards part of the loan is income assessed.

The following students are not usually eligible for a student loan:

- overseas students;
- students who have been resident in the UK for less than 3 years immediately before the start of their course;
- students aged fifty or over at the start of their course⁹²; and
- part-time students.

⁹² This age limit was raised to 54 for students entering HE in 1998/9 and in 1999/2000 for those who intend to return to work.

Students have to be attending a designated course that is officially recognised by the DfEE as being eligible for funding.

Full-time new entrants (i.e. first-year students) can also get an additional Hardship loan of a maximum of £250 per year,⁹³ if they are in serious financial difficulty. This is paid over and above the maximum loan rates.

3.2.3 How much were student loans?

Students can apply for a loan – for any amount up to the maximum loan facility - in each year that they are studying full time. Loan payments are made in termly instalments. The maximum amount any student gets depends on where they live and study, and their year of study. The amount is lower in the student's final year of study because the loan does not cover the summer vacation period.

Students entering university for the first time in 1998/9 could borrow more than existing students because they received a lower grant than students who started before 1998/9. From 1999/2000, student loans have been partly income-assessed for new entrants and for those who started in 1998/9.

⁹³ From 1999/2000, this was increased to £500.

The maximum loans facilities for 1998/9 academic year were:

FIRST-YEAR STUDENTS (NEW ENTRANTS)	FULL YEAR	FOR STUDENTS ON A ONE YEAR COURSE
Students living away from their parents home and studying:		
– in London	£3,145	£2,565
– outside London	£2,735	£2,265
Student living in the parental home	£2,325	£1,970
Extra hardship loan	£250	£ 250

SECOND YEAR + STUDENTS (EXISTING STUDENTS)	FULL YEAR	FINAL YEAR
Students living away from their parents home and studying:		
– in London	£2,145	£1,565
– outside London	£1,735	£1,265
Student living in the parental home	£1,325	£970

Source: *Financial Support for Students – A guide to grants, loans and fees in HE 1998/9* (1998) DfEE, London

3.3 Student loans among the students surveyed – take-up and value

As we have seen, student loans made a substantial difference to full-time students' total income (table 2.2), contributing 28 per cent to their overall income. They also were the most valuable source of student support, accounting for three-fifths of income derived from the main sources of student financial support (table 3.1).

Seventy-two per cent of students had taken out a loan in 1998/9 (table 3.2). For those taking out a loan, it was worth on average £1,891, which accounted for £1,361 of all student income (tables 3.1 and 3.2). These figures reflect other national data produced by the DfEE on the take-up of student loans and their

size. According to this data, based on information from the Student Loan Company, the average size of student loans for all students in 1998/9 was £1,870 and take-up was 71 per cent.⁹⁴ This gives us considerable confidence in the reliability and robustness of our survey data.⁹⁵

These figures for 1998/9 show a considerable increase since 1995/6 when 54 per cent of students received a loan, the average value of which was £1,243. Of course, the maximum loan, too, has increased. For example, in 1995/6 the maximum loan for a student outside London was £1,385; increasing to £1,735 in 1998/9 for students in their second year and above, and £2,735 for new entrants. So, although the *proportion* of students with a loan has increased quite substantially, the size of the loans they took out relative to the maximum available has not. This is because most students took out the maximum loan available.

One of the most significant differences both in the take-up and size of loans across the different student groups was associated with students' year of study (table 3.3).⁹⁶ It will be recalled that first-year students were the only group of students surveyed who were affected by the most recent changes in student funding. Unlike loan take-up in 1995/6, take-up did not increase with the time that students had been at university. In 1998/9 take-up was highest among first-year students and lowest among second years.

In addition, first-year students borrowed the most and final year students the least. In fact, the loans first-year students' took out were worth double those taken out by students in their third year and above (£2,558 compared to £1,366) (table 3.4). And these loans added £1,905 and £994 to these students total income (table 3.3).

Not surprisingly too, student loans formed a much higher proportion of the first-year students' income from student support than for students in other years (Figure 3.1). The proportions were 74 per cent for first-years and 53 per cent and 46 per cent for second and third year and above respectively. And all these differences in take-up rates and the size of student loans can be attributed to the changes in student funding and differences in the maximum amount the various student groups could borrow (section 3.2.3).

Among all students groups, both take-up and the amounts borrowed was highest for single parents. Nearly all (94%) lone parents had taken loans out, adding £1,999 to their total income (table 3.8). The lowest propensity to borrow was

⁹⁴ *Student Support: Statistics of Student Loans in United Kingdom – Financial Year 1998-99 and Academic Year 1998-99* (1999) Press Release, Department for Education and Employment, 30 November, Table 5

⁹⁵ The difference of £21 probably can be attributed to survey error.

⁹⁶ Gap-year students and others who entered university for the first time in 1998/9 but were not subject to the same eligibility rules as other first-year students, have been classified as second-year students in this discussion.

among students of Asian origin. Just under a half had not taken out a loan compared to a quarter of White students. Thus student loans added £1,017 to all Asian students' income while they added £1,385 to white students' income (table 3.9). Students living at home with their parents were also less inclined to take out a loan – 59 per cent had taken one out, adding £1,035 to their total income (table 3.7).

There were also some differences in the size of loans, but not in the likelihood of taking one out, associated with students' social class. Students from social classes IV and V had loans amounting to £1,415 compared to £1,372 for those from social classes I and II and £1,296 from social classes IIIN and IIIM (table 3.5). Thus in 1998/9 students from the poorest households had the highest student loan debt. In addition, this is supported by the fact that students with a maintenance grant (which are means tested) had higher levels of take-up than those without (75% compared with 64%), and borrowed more money (£1,430 compared with £1,291).

Unlike students in 1995/6, age *per se* did not appear to have a significant impact on either take-up rates or on the sums borrowed (table 3.6).⁹⁷ However, there were variations by family type and living arrangements, both of which were related to student's age. While lone parents studying full time were most likely to take out loans, couples were the least likely, especially those without children (table 3.8).

Student loan take-up was higher for students living independently than for those living with their parents (75% compared to 59%), and they borrowed larger amounts of money. There were also geographical differences, with the highest take-up being among students outside London, but the largest amounts being borrowed by London students.

Unlike the SIES research findings in 1995/6, there were no significant gender differences in either take-up or how much was borrowed, even where age was adjusted for. In other words, since 1995/6, student loan take-up has risen amongst women. In addition, the probability of taking out a student loan and the amount borrowed did not vary significantly with students' expected future earning either in their first job after graduating or five years after graduation. These findings are inconsistent with earlier findings on student-loan take-up.⁹⁸

⁹⁷ The comparison needs to be treated with caution, as the age break used in the current study is different. In addition, this study identified students' age at the time the survey was conducted while the previous study calculated students' age at the time they started their course.

⁹⁸ See Johnes G (1994) The determinants of student loan take-up in the United Kingdom, *Applied Economics* Vol 26 pp. 999-1105

Table 3.3 Main sources of student support - average income for all full-time students

SOURCE OF STUDENT SUPPORT		YEAR OF STUDY ⁹⁹			TOTAL
		1 ST	2 ND	3 RD +	
STUDENT LOAN	Mean (£)	1,905	1,212	994	1,361
	Median (£)	2,700	1,700	1,250	1,500
	Standard Error of Mean	46	33	25	22
HARDSHIP LOAN	Mean (£)	8	0	0	3
	Median (£)	0	0	0	0
	Standard Error of Mean	2	0	0	1
MAINTENANCE GRANT	Mean (£)	612	1,034	1,087	793
	Median (£)	563	970	1070	711
	Standard Error of Mean	30	40	44	23
ACCESS/ HARDSHIP FUND	Mean (£)	49	33	50	44
	Median (£)	0	0	0	0
	Standard Error of Mean	10	6	7	5
TOTAL STUDENT SUPPORT	Mean (£)	2,574	2,279	2,131	2,324
	Median (£)	2,747	2,086	1,900	2,413
	Standard Error of Mean	61	57	57	34
BASE		653	724	677	2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

⁹⁹ Gap-year students and others who entered university for the first time in 1998/9 but were not subject to the same eligibility rules as other first-year students have been classified as second-year students in this table.

Table 3.4 Main sources of student support – average income for full-time students receiving money from each source and the proportion receiving money from the source by year of study

SOURCE OF STUDENT SUPPORT		YEAR OF STUDY ¹⁰⁰			TOTAL
		1 ST	2 ND	3 RD +	
STUDENT LOAN	Mean (£)	2,558	1,758	1,366	1,891
	Median (£)	2,735	1,735	1,265	1,735
	Standard Error of Mean	21	18	14	16
	N	486	499	493	1478
	Proportion of students receiving (%)	75	69	73	72
HARDSHIP LOAN	Mean (£)	235	0	0	235
	Median (£)	250	0	0	250
	Standard Error of Mean	8	0	0	8
	N	22	0	0	22
	Proportion of students receiving (%)	3	0	0	1
MAINTENANCE GRANT	Mean (£)	995	1,619	1,682	1,447
	Median (£)	810	1,700	1,643	1,400
	Standard Error of Mean	38	43	49	27
	N	402	462	438	1,302
	Proportion of students receiving (%)	62	64	65	64
ACCESS/HARDSHIP FUND	Mean (£)	855	470	543	596
	Median (£)	600	400	500	500
	Standard Error of Mean	110	58	48	41
	N	38	51	63	151
	Proportion of students receiving (%)	6	7	9	7
TOTAL STUDENT SUPPORT	Mean (£)	2,921	2,679	2,446	2,680
	Median (£)	2,928	2,511	2,209	2,735
	Standard Error of Mean	55	52	54	31
	N	576	616	590	1,781
	Proportion of students receiving (%)	88	85	87	87
BASE N		653	724	677	2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁰⁰ Gap year students and others who entered university for the first time in but were not subject to the same eligibility rules as other students, have been classified as in this table

Table 3. 5 Main sources of student support – average income for all full-time students and the proportion receiving money from the source by class

SOURCE OF STUDENT SUPPORT		CLASS ¹⁰¹			TOTAL
		I and II	IIIN and IIIM	IV and V	
STUDENT LOAN	Mean (£)	1,372	1,296	1,415	1,351
	Median (£)	1,500	1,400	1,700	1,500
	Standard Error of Mean	31	40	78	23
	Proportion of students receiving (%)	72	71	73	71
HARDSHIP LOAN	Mean (£)	2	2	7	2
	Median (£)	0	0	0	0
	Standard Error of Mean	1	1	3	1
	Proportion of students receiving (%)	1	1	3	1
MAINTENANCE GRANT	Mean (£)	668	1,143	1,495	895
	Median (£)	270	940	1,595	760
	Standard Error of Mean	26	46	105	24
	Proportion of students receiving (%)	52	74	85	62
ACCESS/ HARDSHIP FUND	Mean (£)	34	48	108	45
	Median (£)	0	0	0	0
	Standard Error of Mean	5	8	31	5
	Proportion of students receiving (%)	7	8	11	7
TOTAL STUDENT SUPPORT	Mean (£)	2,075	2,488	3,025	2,293
	Median (£)	2,000	2,724	3,010	2,329
	Standard Error of Mean	42	66	140	36
	Proportion of students receiving (%)	84	88	94	86
BASE		1,083	608	160	1,852 ¹⁰²

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁰¹ Note: 203 cases (ten per cent of full-time students) have missing class data.

¹⁰² Note that because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of cases in the sub-groups.

Table 3.6 Main sources of student support – average income for all full-time students and the proportion receiving money from the source by age

SOURCE OF STUDENT SUPPORT		AGE		TOTAL
		<25	>+25	
STUDENT LOAN	Mean (£)	1,362	1,355	1,361
	Median (£)	1,500	1,500	1,500
	Standard Error of Mean	24	59	22
	Proportion of students receiving (%)	72	71	72
HARDSHIP LOAN	Mean (£)	2	6	3
	Median (£)	0	0	0
	Standard Error of Mean	1	2	1
	Proportion of students receiving (%)	1	3	1
MAINTENANCE GRANT	Mean (£)	773	1,770	917
	Median (£)	700	1,700	793
	Standard Error of Mean	19	99	23
	Proportion of students receiving (%)	62	74	63
ACCESS/ HARDSHIP FUND	Mean (£)	23	170	44
	Median (£)	0	0	0
	Standard Error of Mean	3	26	4
	Proportion of students receiving (%)	5	20	7
TOTAL STUDENT SUPPORT	Mean (£)	2,159	3,300	2,324
	Median (£)	2,259	3,243	2,413
	Standard Error of Mean	31	131	34
	Proportion of students receiving (%)	87	86	87
BASE		1,757	297	2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 3.7 Main sources of student support – average income for all full-time students and the proportion receiving money from the source by living circumstances

SOURCES OF STUDENT SUPPORT		LIVING CIRCUMSTANCES				Total
		Lives independently	Lives with parent	Lives with spouse/children	Other arrangement	
STUDENT LOAN	Mean (£)	1,451	1,036	1,281	1,034	1,362
	Median (£)	1,635	1,000	1,300	1,200	1,500
	Standard Error of Mean	25	52	94	181	22
	Proportion of students receiving (%)	75	59	66	56	72
HARDSHIP LOAN	Mean (£)	2	2	6	0	3
	Median (£)	0	0	0	0	0
	Standard Error of Mean	1	1	3	0	1
	Proportion of students receiving (%)	1	1	4	0	1
MAINTENANCE GRANT	Mean (£)	900	700	1,626	1,486	918
	Median (£)	805	530	1,210	1,500	794
	Standard Error of Mean	25	41	156	249	23
	Proportion of students receiving (%)	63	64	69	73	63
ACCESS/HARDSHIP FUND	Mean (£)	40	15	188	20	44
	Median (£)	0	0	0	0	0
	Standard Error of Mean	5	6	44	17	5
	Proportion of students receiving (%)	8	2	20	4	7
TOTAL STUDENT SUPPORT	Mean (£)	2,393	1,753	3,101	2,541	2,326
	Median (£)	2,700	1,664	2,993	1,899	2,415
	Standard Error of Mean	37	69	209	383	34
	Proportion of students receiving (%)	88	83	87	76	87
BASE		1,538	359	124	32	2,052 ¹⁰³

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁰³ Note that because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of cases in the sub-groups.

Table 3.8 Main sources of student support – average income for all full-time students and the proportion receiving money from the source by family type

SOURCE OF STUDENT SUPPORT		FAMILY TYPE				Total
		Single, no children	Couple, no children	Single with children	Couple with children	
STUDENT LOAN	Mean (£)	1,360	1,127	1,999	1,307	1,361
	Median (£)	1,500	1,265	1,831	1,452	1,500
	Standard Error of Mean	23	100	122	138	22
	Proportion of students receiving (%)	72	65	94	68	72
HARDSHIP LOAN	Mean (£)	2	1	15	7	3
	Median (£)	0	0	0	0	0
	Standard Error of Mean	1	1	10	4	1
	Proportion of students receiving (%)	1	0	6	5	1
MAINTENANCE GRANT	Mean (£)	824	1,231	4,052	1,329	917
	Median (£)	757	1,094	4,676	838	793
	Standard Error of Mean	20	121	332	223	23
	Proportion of students receiving (%)	63	71	92	61	63
ACCESS/HARDSHIP FUND	Mean (£)	29	115	402	175	44
	Median (£)	0	0	0	0	0
	Standard Error of Mean	3	46	102	64	5
	Proportion of students receiving (%)	6	9	42	17	7
TOTAL STUDENT SUPPORT	Mean (£)	2,215	2,474	6,469	2,817	2,324
	Median (£)	2,338	2,432	6,890	2,726	2,413
	Standard Error of Mean	31	170	354	297	34
	Proportion of students receiving (%)	87	91	99	80	87
BASE		1,871	88	40	55	2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 3.9 Main sources of student support – average income for all full-time students by ethnic origin

SOURCE OF STUDENT SUPPORT		ETHNIC GROUP				Total
		White	Black	Asian	Other	
STUDENT LOAN	Mean (£)	1,385	1,296	1,017	1,027	1,362
	Median (£)	1,500	1,265	777	0	1,500
	Standard Error of Mean	23	174	115	244	22
	Proportion of students receiving (%)	74	66	51	46	72
HARDSHIP LOAN	Mean (£)	3	0	2	0	3
	Median (£)	0	0	0	0	0
	Standard Error of Mean	1	0	2	0	1
	Proportion of students receiving (%)	1	0	1	0	1
MAINTENANCE GRANT	Mean (£)	908	1,336	979	798	918
	Median (£)	790	1,433	1,016	632	794
	Standard Error of Mean	24	233	86	161	23
	Proportion of students receiving (%)	63	72	72	63	63
ACCESS/HARDSHIP FUND	Mean (£)	42	93	51	66	44
	Median (£)	0	0	0	0	0
	Standard Error of Mean	5	47	20	51	5
	Proportion of students receiving (%)	7	12	8	7	7
TOTAL STUDENT SUPPORT	Mean (£)	2,337	2,725	2,049	1,891	2,326
	Median (£)	2,435	2,779	1,927	2,158	2,415
	Standard Error of Mean	35	331	141	340	34
	Proportion of students receiving (%)	87	89	87	71	87
BASE		1,893	40	95	25	2,052 ¹⁰⁴

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

3.4 The determinants of student loan take-up

The above analysis is based on cross tabulations. Here we present regression results, in order to isolate the effects of a number of variables on student loan take-up. By using logistic regression, we ensure probabilities lie between zero and one.¹⁰⁵

¹⁰⁴ Note that because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of cases in the sub-groups.

¹⁰⁵ The multivariate analysis of student loan take-up in 1995/6 was published separately from the main report by Callender and Kempson (1996) *op. cit.* - see Payne J and Callender C (1997) *Student Loans: Who borrows and why?* Policy Studies Institute, London

Table 3.10 reports on the ‘odds ratio’: an odds ratio greater than 1 indicates that this group is more likely to take out a loan (relative to other groups of students with the attribute value taken as a reference), and an odds ratio less than 1 indicates that this group is less likely to take out a loan (relative to other groups of students with the attribute value taken as a reference). For each variable, the category mentioned first is the ‘reference group’ and later categories of the same variable are compared with this reference group. The odds ratio indicates the odds of a student taking out a loan compared to the reference group, having controlled for other factors. The link between the odds ratio and the level of statistical significance is shown by asterisks.¹⁰⁶

Table 3.10 illustrates two models for students in all years of study. The first, Model 1 includes factors which could not influence students’ behaviour *per se*. Model 1 in Table 3.10 confirms many of the findings from the cross-tabulations described above and also demonstrates some other important findings. It shows the following student groups were **least** likely to take out a student loan in 1998/9:

- Ethnic minorities were less likely than white students to take out a student loan. Asian students, in particular, were noticeably less likely to take out a student loan.
- Students on short courses of one or two years
- Students attending a university in London were significantly less likely than students outside London to take out a student loan.

So Model 1 in Table 3.10 shows that the odds of an Asian student taking out a student loan is 35 per cent of the odds for a white student taking one out, when we control for other factors. This very low take-up among Asian students is consistent with the findings from the 1995/6 SIES survey.

All the students included in these surveys were UK domicile and so the explanation for ethnic differences must be sought in cultural factors. A small part of this can be explained by the fact that Asian students were far more likely than other students to live with their parents at home. Some 40 per cent lived with their parents compared to 17 per cent of all students. And as we will see (Model 3 Table 3.10), there was also a statistically significant relationship between loan take-up and students living at home. There was, however, no evidence to suggest that Asian students borrowed more heavily from friends and family to help pay their way at university. One part of the explanation may be that some Asian students had lifestyles that involved lower expenditure, particularly on entertainments such as going to pubs, clubs and discos. Asian students’ expenditure on this was the lowest of all ethnic groups and 27 per less than White students’ expenditure. A further possible part explanation may be that some Muslim students had religious objections to borrowing money on which interest

¹⁰⁶ We follow the conventional social science approach in selecting the 5% significance level (i.e. the 95% confidence level) to define noteworthy results, that is we take a 1 in 20 risk of wrongly concluding there is a difference in loan take-up.

was charged. This hypothesis could not be explored further as no data were collected on students' religion.

Model 1 in Table 3.10 also shows that those **most** likely to take out a loan were:

- First-year students, except for those taking one- or two-year courses
- Lone parents
- Older students were more likely than younger ones, especially students in the age group 22–24
- Those with large grants, in fact the larger grant the more likely students were to take out a loan – so the poorest students were most likely to take them out.

It will be recalled that first-year students were the only group of students' surveyed who were affected by the changes in student funding. This analysis confirms that as a result of the changes in the student support system, first-year students are more likely to take out a loan than students who are in other years. This can be compared with the results of 1995/6, in which first-year students were less likely to have taken out a loan compared with students in higher years.

In addition, there are two other significant changes since 1995/6. Unlike the 1995/6 SIES study, mature students, especially those aged over 30, do not appear to be deterred from taking out a loan compared to younger students. The second change is that there are no significant gender differences in loan take-up. This is in marked contrast to the findings of the 1995/6 SIES study, when female students were less likely than male students to have taken out a student loan.¹⁰⁷ In other words, student loan take-up has risen among both mature students and among women so that take-up rates now are similar between men and women, and between students of different ages.

Table 3.11 shows another way of interpreting the results of the regression in Model 1. For example, the first two rows of the table indicate that Asian students are less likely than white students (39%, compared with 65%) to take out a student loan. This is consistent with the odds ratio of 0.35 in Model 1 (table 3.10).¹⁰⁸

In Model 3 in Table 3.10 we include a number of possible influences on student loan take-up. However, these additional factors are causally ambiguous. By this we mean that it is equally possible that the relationship between these factors resulted from a prior decision about whether or not to take out a loan, so that these factors themselves influenced the loan decision. So the direction of causality is unclear and the interpretation of the findings is uncertain.

In Model 3 those students **most** likely to be deterred from taking out a loan were:

¹⁰⁷ Payne J and Callender C (1997) *op. cit.*

¹⁰⁸ Table A1 in Appendix 2 of additional tables confirms many of the findings of Model 1 in Table 3.10. It appears that the pattern of loan take-up for the current academic year (Model 1 Table 3.10) applies also to loan take-up over the entire course (table A1).

- Students on one-year courses
- Students living at home with their parents
- Asian students¹⁰⁹

The finding about students living at home is an important one. However, it clearly demonstrates the lack of clarity about causality. A student could decide to live at home with their parents because they did not want to take out a student loan. Alternatively, students living at home may not have taken out a loan because, as we will see (chapter 7), their housing and living costs were subsidised by their parents and thus they did not need the money from a loan.

The students most likely to take out a loan were:

- those with over £500 of commercial loans such as overdrafts at high-street banks; and
- students expenditure levels affected loan take-up too but the relationship was not linear so those who spent between £4,959-£5,460 were the most likely to take out a student loan.

The finding about commercial credit is particularly interesting. It shows that the chances of a student taking out a loan increased with the amount of money the individual borrowed from other sources of credit. It also suggests the existence of a sub-group of students who were debt averse – an issue we will return to in the next section. Thus some students were willing to go into debt, while others tried to avoid debt if they possibly could.

Table 3.12 assesses which students were most likely to take out the largest loan for which they were eligible. Students who were eligible for larger loans were less likely to take out their full entitlement. First-year students were more likely to take out the full loan, and this is probably due to the fact that they received a smaller grant compared with students in other years.¹¹⁰

¹⁰⁹ This difference is still significant at the 5% per cent level. This is interesting because in the 1995/6 study ethnic origin lost its significance when causally ambiguous predictors were added to the model.

¹¹⁰ Table A2 in Appendix 2 - Additional Tables indicates the stages in which Model 3 was built up, after starting from Model 1 (table 3.10). The results vary little from one column to the next, which suggests that our results are not spurious: our findings are resilient to the addition of extra variables to the logistic regression. Table A3 also in Appendix 2 examines the correlations between the explanatory variables in Model 3. It demonstrates how collinearity does not represent a problem.

The modelling so far, has been for all students. However, the position of first-year students is different from other student groups because they have been most affected by the recent changes in student funding. So we have analysed also the situation of first-years alone¹¹¹ (table 3.13), and then undertaken some further analysis for students in their second year or above (table 3.14).

In Table 3.13 we have repeated the two models used in Table 3.10 but for first-year students only.¹¹² However, care should be taken when interpreting the data because for some variables the cell sizes were small. In addition, as a result of the reduced sample size there were fewer statistically significant coefficients. Model 1 in Table 3.13 for first-year students only, shows similar results to Model 1 in Table 3.10, which covers all students.

Those first-year students **least** likely to take out a student loan in 1998/9 were the same as those least likely to take one out among all the students surveyed, namely:¹¹³

- Asian students
- Students on short courses
- Students attending universities in London

The first-year students **most** likely to take out a loan were students:

- Students receiving the largest maintenance grants
- Students in the older age bands especially those aged 21 and 25-29 years old

When in Model 3 we add the causally ambiguous variables for first-year students (table 3.13), we again get similar results as those for all the students (table 3.10). However, there are some important differences. First, the significance of students living at home with their parents is much stronger for first-years than for all students. In other words, first-year students living in their parental home are far less likely to take out a student loan. Similarly, the relationship between levels of expenditure and loan take-up is stronger. The relationship between the use of commercial loans worth over £500 and the take-up of student loan, however, is not quite as strong.

When we repeat Models 1 and 3 for students in their second year and above (table 3.14), and compare the findings with students in their first year, we see that the statistically significant differences in take-up by age-group, university attended, and living arrangements disappear. In addition, the relationship

¹¹¹ We have excluded gap-year students and other students entering HE in 1998/9 unaffected by the changes. They have been included among students in their second year or above.

¹¹² We have however simplified the variable course length and changed the banding of maintenance grants to reflect the maximum amounts first-year students are eligible for.

¹¹³ Although Table 3.14 shows that students who are married and cohabiting without children were significantly less likely to than single childless students to take out a loan the base numbers are very small.

between loan take-up and expenditure becomes much less clear cut. However, the significance of ethnicity, lone parenthood, grant size, and commercial credit over £500 all become much stronger.

So what all these findings suggest is that the factors determining the take-up of student loans were very similar irrespective of a student's year of study. However, among first-year students, namely those most affected by the recent changes in student funding, and arguably those most likely to give an indication of future student behaviour, there was a particularly strong correlation between the non-take-up of student loans and students living at home with their parents. By contrast, where first-year students had taken out a loan, they were also much more likely to have borrowed from other commercial sources of credit.

Table 3.10 Models for taking out a student loan in the academic year 1998/9

	Model 1 estimate	Model 3 estimate
Constant	*** 1.84	0.70
<i>Gender:</i>		
Female	1.00	1.00
Male	1.03	.96
<i>Ethnic identification:</i>		
White	**** 1.00	**** 1.00
Black Caribbean, Black African, Black other	.66	.81
Asian (Indian, Pakistani, Bangladeshi, Chinese)	**** .35	**** .41
Other	** .34	** .33
<i>Course length and year of study:</i>		
First-year of a 3 year course	**** 1.00	**** 1.00
Second year of a 3 year course	.75	** .64
Third year of a 3 year course	.73	** .59
1 year course	**** .24	**** .25
First-year of a 2 year course	.67	1.02
Second year of a 2 year course	*** .38	** .39
First-year of a 4+ year course	1.29	** 1.67
Second year of a 4+ year course	** .63	* .65
Third year of a 4+ year course	** .52	.68
Fourth year or higher year of a 4+ year course	** .60	** .47
<i>Family type:</i>		
Single no children	1.00	1.00
Partner no children	.91	1.38
Single with child(ren)	** 5.31	** 5.87
Partner and child(ren)	.92	1.33
<i>Location of HE institution:</i>		
UK excluding Greater London	1.00	1.00
Greater London	.79	.96
<i>Age of student:</i>		
up to 18	* 1.00	1.00
19	* 1.54	* 1.61
20	1.12	.93
21	* 1.59	1.13
22 - 24	** 1.80	1.37
25 - 29	* 1.77	1.63
30 - 34	1.71	1.83
35 and over	1.09	1.29
<i>Value of maintenance grant for 1998/9 (inc. allowances):</i>		
£0 (30% of sample)	**** 1.00	* 1.00
£1 - £520 (4 th decile)	1.26	1.20
£521 - £810 (5 th decile)	*** 1.76	** 1.70
£811 - £1110 (6 th decile)	*** 1.90	** 1.79
£1111 - £1595 (7 th decile)	**** 1.93	** 1.60
£1596 - £1809 (8 th decile)	**** 2.17	** 1.71
£1810 - £2190 (9 th decile)	**** 2.08	** 1.67
£2191 or more (10 th decile)	**** 2.09	* 1.54

Table 3.10 (continued)

	Model 1 estimate	Model 3 estimate
<i>Living arrangement:</i>		
Lives independently		**** 1.00
Lives with parent(s)		*** .60
Lives with spouse/child(ren)		** .42
Other arrangement		** .36
<i>Parental contributions 1998/9:</i>		
£0 (40% of sample)		* 1.00
£1 - £300 (5 th decile)		1.01
£301 - £677 (6 th decile)		* 1.50
£678 - £1119 (7 th decile)		** 1.66
£1120 - £1800 (8 th decile)		1.12
£1801 - £2700 (9 th decile)		.90
£2701 or more (10 th decile)		.78
<i>Commercial credit 1998/9:</i>		
£0		**** 1.00
Under £250		1.34
£251 - £500		*** 1.83
Over £500		**** 4.56
<i>Term-time employment:</i>		
No paid work during term-time		1.00
Paid work during term-time		.99
<i>Total expenditure 1998/9:</i>		
under £3164 (1 st decile)		**** 1.00
£3164 - £3883 (2 nd decile)		**** 2.63
£3884 - £4399 (3 rd decile)		*** 1.85
£4400 - £4958 (4 th decile)		**** 2.87
£4959 - £5460 (5 th decile)		**** 3.50
£5461 - £6108 (6 th decile)		**** 2.93
£6109 - £6820 (7 th decile)		**** 2.56
£6821 - £7847 (8 th decile)		**** 3.14
£7848 - £9657 (9 th decile)		**** 2.89
£9658 or more (10 th decile)		**** 3.00
<i>Parent's social class:</i>		
Class I		1.00
Class II		.87
Class III _n		.73
Class III _m		.72
Class IV		.83
Class V		.52
<i>N (unweighted)</i>	2,034	1,838
<i>Residual df</i>	2,003	1,779
Significance levels:	* 10%,	** 5%,
	*** 1%,	**** 0.1%

Table 3.11 Probabilities of taking out a student loan estimated for Model 1, for students with specified characteristics (students outside London; male and female students combined)

Ethnicity	Course length Estimated & year of study probability	Family type	Age	Value of grant	(%)
White	First-year; 3 year course	Single, no children	under 19	no grant	65
Asian	First-year; 3 year course	Single, no children	under 19	no grant	39
White	Second-year; 3 year course	Single, no children	under 19	no grant	58
White	Third-year; 3 year course	Single, no children	under 19	no grant	58
White	First-year; 3 year course	Single, no children	19	no grant	74
White	First-year; 3 year course	Single, no children	20	no grant	68
White	First-year; 3 year course	Single, no children	21	no grant	75
White	First-year; 3 year course	Single, no children	22 - 24	no grant	77
White	First-year; 3 year course	Single, no children	25 - 29	no grant	77
White	First-year; 3 year course	Single, no children	30 - 34	no grant	76
White	First-year; 3 year course	Single, no children	35 & over	no grant	67
White	First-year; 3 year course	Single, no children	under 19	under £ 521	70
White	First-year; 3 year course	Single, no children	under 19	£521 - £ 810	77
White	First-year; 3 year course	Single, no children	under 19	£811 - £1110	78
White	First-year; 3 year course	Single, no children	under 19	£1111-£1595	78
White	First-year; 3 year course	Single, no children	under 19	£1596-£1809	80
White	First-year; 3 year course	Single, no children	under 19	£1810-£2190	80
White	First-year; 3 year course	Single, no children	under 19	£2191 +	80
White	First-year; 3 year course	Single; child(ren)	under 19	no grant	63

Table 3.12 Models for whether borrowed the maximum amount in the academic year 1998/9 (students who took out a loan in 1998/9)

	Model2A estimate
Constant	**** 6.61
<i>Maximum loan eligible for:</i>	
£ 970 (final year; live with parents)	** 1.00
£1265 (final year; outside London, not with parents)	* .39
£1325 (not first or final year; live with parents)	** .32
£1565 (final year; in London, not with parents)	1.02
£1735 (not first/final year; outside London, without parents)	* .40
£1970 (one-year course; live with parents)	.33
£2145 (not first/final year; in London, not with parents)	* .34
£2265 (one-year course; outside London, not with parents)	* .24
£2325 (first-year; live with parents)	.42
£2565 (one-year course; in London, not with parents)	.25
£2735 (first-year; outside London, not with parents)	.63
£3145 (first-year; in London, without parents)	.72
<i>Course length:</i>	
3 years	**** 1.00
1 or 2 years	1.34
4 or more years	**** .56
<i>Course length and year of study:</i>	
First-year of a 3+ year course	
Second year of a 3+ year course	
Third year of a 3+ year course	
Fourth or higher year of a 4+ year course	
1 or 2 year course	72
<i>Value of maintenance grant for 1998/9 (inc allowances):</i>	
£0 (30% of sample)	1.00
4 th - 6 th deciles (£1 - £1110)	1.07
7 th - 8 th deciles (£1111 - £1809)	.89
9 th - 10 th deciles (£1810 or more)	.96
<i>Type of institution:</i>	
post-1992 university	1.00
pre-1992 university	1.10
<i>Age of student:</i>	
Under 25	1.00
25 and over	.98
<i>Partner's annual income:</i>	
No partner/no income/no information	
£10,500 or less	
above £10,500	
<i>N (unweighted)</i>	1475
<i>Residual df</i>	1457

Significance levels: * 10%, ** 5%, *** 1%, **** 0.1%

Table 3.13 Models for taking out a student loan in the academic year 1998/9 First-year students only.

	Model 1 estimate	Model 3 estimate
Constant	** 1.79	1.00
<i>Gender:</i>		
Female	1.00	1.00
Male	1.17	1.17
<i>Ethnic identification:</i>		
White	1.00	1.00
Black Caribbean, Black African, Black other	.72	1.22
Asian (Indian, Pakistani, Bangladeshi, Chinese)	** .38	.40
Other	.57	.35
<i>Course length:</i>		
3 year course	*** 1.00	** 1.00
1 or 2 years	*** .43	.53
4 years or more	1.36	* 1.69
<i>Family type:</i>		
Single no children	** 1.00	* 1.00
Partner no children	** .30	.53
Single with child(ren)	5.55	6.07
Partner and child(ren)	2.10	4.48
<i>Location of HE institution:</i>		
UK excluding Greater London	1.00	1.00
Greater London	* .57	.67
<i>Age of student:</i>		
up to 18	1.00	1.00
19	* 1.62	1.58
20	1.21	.91
21	** 3.38	1.91
22 - 24	1.15	1.58
25 - 29	* 3.14	2.10
30 - 34	.93	0.50
35 and over	.91	0.53
<i>Value of maintenance grant for 1998/9 (inc. allowances):</i>		
£0 (34% of sample)	*** 1.00	1.00
£ 0.01 - £ 388.09 (2 rd quintile)	.64	.63
£ 388.10 - £ 800.00 (3 th quintile)	1.48	1.55
£ 800.01 - £1048.64 (4 th quintile)	* 1.71	1.23
£1048.65+ (5 th quintile)	**** 2.77	1.58
<i>Living arrangement:</i>		
Lives independently		**** 1.00
Lives with parent(s)		**** .33
Lives with spouse/child(ren)		** .22
Other arrangement		.20

Table 3.13 (continued)

	Model 1 estimate	Model 3 estimate
<i>Parental contributions 1998/9:</i>		
£0 (45% of sample)		1.00
£ 0.01 - £ 500.00 (3 th quintile)		.73
£ 500.01 - £1600.00 (4 th quintile)		.54
£1600.01+ (5 th quintile)		.55
<i>Commercial credit 1998/9:</i>		
£0		*** 1.00
Under £250		1.11
£251 - £500		* 1.98
Over £500		**** 3.40
<i>Term-time employment:</i>		
No paid work during term-time		1.00
Paid work during term-time		.70
<i>Total expenditure 1998/9:</i>		
under £3164 (1 st decile)		*** 1.00
£3164 - £3883 (2 nd decile)		** 2.58
£3884 - £4399 (3 rd decile)		*** 3.78
£4400 - £4958 (4 th decile)		**** 4.86
£4959 - £5460 (5 th decile)		**** 10.45
£5461 - £6108 (6 th decile)		** 2.69
£6109 - £6820 (7 th decile)		** 2.73
£6821 - £7847 (8 th decile)		*** 4.12
£7848 - £9657 (9 th decile)		**** 6.85
£9658 or more (10 th decile)		*** 7.76
<i>Parent's social class:</i>		
Class I		1.00
Class II		1.61
Class III _n		.72
Class III _m		.72
Class IV		1.15
Class V		1.01
<i>N (unweighted)</i>	675	602
<i>Residual df</i>	653	556

Significance levels: * 10%, ** 5%, *** 1%, **** 0.1%

**Table 3.14 Models for taking out a student loan in the academic year 1998/9
Students in their second year and above.**

	Model 1" estimate	Model 3" estimate
Constant	3.32	1.23
<i>Gender:</i>		
Female	1.00	1.00
Male	.98	.92
<i>Ethnic identification:</i>		
White	**** 1.00	*** 1.00
Black Caribbean, Black African, Black other	.65	.79
Asian (Indian, Pakistani, Bangladeshi, Chinese)	**** .37	*** .41
Other	*** .25	** .27
<i>Course length:</i>		
3 year course	** 1.00	1.00
1 or 2 years	** .47	** .48
4 years or more	* .80	.92
<i>Family type:</i>		
Single no children	1.00	1.00
Partner no children	1.36	1.80
Single with child(ren)	* 4.82	5.96
Partner and child(ren)	.70	.94
<i>Location of HE institution:</i>		
UK excluding Greater London	1.00	1.00
Greater London	.84	1.09
<i>Age of student:</i>		
up to 18	* 1.00	1.00
19	.68	.79
20	.45	.39
21	.62	.44
22 - 24	.75	.51
25 - 29	.61	.55
30 - 34	.91	1.10
35 and over	.43	.60
<i>Value of maintenance grant for 1998/9 (inc. allowances):</i>		
£0 (31% of sample)	**** 1.00	** 1.00
£ 0.01 - £ 700.00 (2 rd quintile)	*** 1.93	** 1.83
£ 700.01 - £1550.00 (3 th quintile)	*** 1.72	** 1.59
£1550.01 - £1880.00 (4 th quintile)	**** 2.01	** 1.77
£1880.01 + (5 th quintile)	**** 2.37	*** 1.90
<i>Living arrangement:</i>		
Lives independently		* 1.00
Lives with parent(s)		.73
Lives with spouse/child(ren)		* .49
Other arrangement		* .38

Table 3.14 (continued)

	Model 1 estimate	Model 3' estimate
<i>Parental contributions 1998/9:</i>		
£0 (38% of sample)		* 1.00
£ 0.01 - £ 1.00 (2 nd quintile)		1.88
£ 1.01 - £ 750.00 (3 th quintile)		* 1.46
£ 750.01 - £1808.11 (4 th quintile)		** 1.60
£1808.12 + (5 th quintile)		.94
<i>Commercial credit 1998/9:</i>		
£0		**** 1.00
Under £250		1.38
£251 - £500		*** 1.94
Over £500		**** 4.96
<i>Term-time employment:</i>		
No paid work during term-time		1.00
Paid work during term-time		1.14
<i>Total expenditure 1998/9:</i>		
under £3164 (1 st decile)		** 1.00
£3164 - £3883 (2 nd decile)		*** 2.39
£3884 - £4399 (3 rd decile)		1.31
£4400 - £4958 (4 th decile)		** 2.06
£4959 - £5460 (5 th decile)		*** 2.27
£5461 - £6108 (6 th decile)		*** 2.45
£6109 - £6820 (7 th decile)		*** 2.28
£6821 - £7847 (8 th decile)		*** 2.56
£7848 - £9657 (9 th decile)		** 1.82
£9658 or more (10 th decile)		** 2.08
<i>Parent's social class:</i>		
Class I		1.00
Class II		* .63
Class III _n		.65
Class III _m		* .60
Class IV		.63
Class V		.41
<i>N (unweighted)</i>	1369	1236
<i>Residual df</i>	1347	1189

Significance levels: * 10%, ** 5%, *** 1%, **** 0.1%

3.5 The reasons for take-up of student loans

The above analysis can tell us nothing about why students had or had not taken out a student loan. So students were asked to explain their behaviour. They were broadly divided into two groups: those who had not taken out loan in the 1998/9 academic year but may have done so in a previous year; and those who had never taken out a loan the whole time they had been at university.

3.5.1 Main reason for taking out a loan in 1998/9

Students were asked why they did and did not take out a student loan. Not surprisingly, the main reason given for taking one out in 1998/9 was that students needed the money. Of those who had taken one out, three-quarters gave this reason. The next most frequently cited reason was that student loans were a cheap way to borrow money and/or tax efficient – this was mentioned as the main reason by one in ten students who had taken out a loan.

3.5.2 Main reason for not taking out a loan in 1998/9 – all students

Conversely, we may have expected that the main reason students chose not to take out a loan in 1998/9 was because they did not need the money. However, this was not the case. The main reason students they gave are shown in table 3.15. Here we see that the most common justification was indeed - they did not need the money - mentioned by 29 per cent of students without loans in 1998/9. However, this reason was very closely followed by a dislike of borrowing and concern about debt, cited by 26 per cent of students as the main reason for not taking out a loan. Combining this with the 11 per cent of students concerned about over repayments, then the total proportion of students who were worried about the disadvantages of borrowing rises to 37 per cent. In other words, fear of getting into debt was the central reason for students not having taken out a loan in 1998/9.

There were some important variations in students' rationales for not having taken out a loan and these were linked to their social class and gender. Those most likely to be deterred by the financial disadvantages of student loans were students from social classes IV and V, especially women. Some 48 per cent of students from the lowest social classes expressed concerns about borrowing, debt and repayments compared to just 34 per cent of students from social classes I and II, and 37 per cent of all students.

Table 3.15 Main reason students had not taken out a student loan in 1998/9

Column percentages

MAIN REASON FOR NOT TAKING OUT A STUDENT LOAN IN 1998/9		
	Frequency (N)	Percent (%)
I do not need the money	163	29
I prefer to get a paid job rather than take out a loan	48	9
My parents/partner did not want me to	97	17
I am concerned about the repayments	61	11
I do not like borrowing – concerned about taking on debt	142	26
I prefer to borrow from elsewhere	12	2
Still using up loan from last year	5	1
Other (specify)	28	5
Total	556	100

Base: All full-time students who had not taken out a loan in 1998/9

Source: South Bank University – Student Income and Expenditure Survey 1999

These findings suggest that debt aversion is greatest amongst the very students most in need of student loans, namely those from the poorest households. And this argument is strengthened when considered together with the link between student loan take-up and the use of commercial credit (table 3.10). Clearly, there were two distinctive types of student behaviour. Some students were willing to go into debt, while others tried to avoid debt if they possible could because they were debt averse. What is particularly worrying is that this debt aversion is concentrated amongst those most under-represented in the student population – those from the lowest social classes. Ultimately these groups may be deterred from entry into HE because of debt, yet they are the very focus of widening participation policies.

Male students were more likely than women to say that their main reason for not taking a loan out was they did not need the money (40% compared with 20%). Men under the age of 25, and men from social classes I and II were especially likely to give this justification– 40 per cent of men from each group did so, compared to 21 per cent of young women and 26 per cent of women from the highest social classes. In contrast, those students least likely to cite this reason were women 25 years of age and over – only 13 per cent had not taken out a loan because they did not need the money.¹¹⁴ This suggests, that overall women were in greater financial need of student loans than men. However, women were more likely than men to cite the disadvantages of borrowing for not having taken out a loan (41% compared with 31%).

The gender differences are of interest given previous research suggesting women do not like borrowing and have a lower propensity to borrow. Overall, there were no gender differences in the likelihood of students taking out a

¹¹⁴ Note there are too few students in the different types of family not taking up student loans to analyse by family type.

student loan. However, the main reasons that women and men gave for not taking one out were very different. Women were far more likely than men to be debt averse and to highlight the disadvantages of borrowing. Women were also less likely than men to report that they did not need the money, especially older women. This suggests that women may be more cautious with money than men,¹¹⁵ and may also manage better on a smaller income than men generally do for as we saw in chapter 2, women had slightly lower incomes than men.

There may be other reasons for these gender differences. First, as we will see (chapter 9), women expected lower earnings on graduation compared to men. In addition, other research highlights the gender-pay gap.¹¹⁶ Thus loan repayments, depending on when students took out the loan, either would form a higher proportion of their future earnings, or would take longer for them to pay off compared to men. Secondly, women with dependent children may be more conscious of repayment issues and wary of taking on extra financial burdens. Repayments are based on an individual's income on graduation. New entrants will have to start paying their loan once their income reaches above £10,000 per annum. However, this threshold (and the old one for students taking out loans before 1998/9) does not taken into account the presence of children.

Students who had not taken out a loan in 1998/9 consisted of two distinct groups. First, students in their second year and above who had taken out a student loan in previous academic years but not in 1998/9 (table 3.16). Secondly, students in their first-year and above who had never taken out a loan throughout their time at university (table 3.17). Once we examine these two student groups separately, a slightly different picture emerges.

One third of students in their second year and above had previously taken out a student loan but had not done so in 1998/9. The main reason they gave for this decision was their dislike of borrowing and concern over taking on more debt (table 3.16). A further 21 per cent were concerned about the repayments. In other words, more than half were worried about the disadvantages of borrowing which was based on their experience of already having taken out a loan.¹¹⁷

¹¹⁵ See for example, Goode J, Callender C and Lister R (1998) *op .cit.* In this study we found that women on low incomes were far more cautious than their male partners. Some women refused to live with a would be partner, if their partner was in debt, until the debts had been cleared.

¹¹⁶ Rake K (ed) (2000) *Women's Lifetime Incomes* Women's Unit, Cabinet Office, London

¹¹⁷ It is not possible to undertake any further analysis as the numbers involved are too small for robust analysis.

Table 3.16 Main reason students in their second year and over had not taken out a student loan in 1998/9 but had in a previous year

Column percentages

MAIN REASON FOR NOT TAKING OUT A STUDENT LOAN IN 1998/9		
	Frequency (N)	Percent (%)
I do not need the money	15	18
I prefer to get a paid job rather than take out a loan	5	6
My parents/partner did not want me to	7	8
I am concerned about the repayments	19	21
I do not like borrowing – concerned about taking on debt	31	35
Still using up loan from last year	5	6
Other (specify)	5	6
BASE	88	100

Base: All full-time students in their second year and above who had not taken out a loan in 1998/9 but had in a previous year

Source: South Bank University – Student Income and Expenditure Survey 1999

3.5.3 Main reason for never having taken out a loan while at university

Our previous discussion focused on students who had not taken out a student loan in the 1998/9 academic year. Here we concentrate on students who had never taken one out the whole time they had been at university. Table 3.17 reports the main reason given by these students for not taking out a loan. Again, the reasons given vary with social class, gender and age. The most frequently mentioned main reason was - they did not need the money - 31 per cent of them identified this reason. However, the financial disadvantages of borrowing were also important among this student group too. One quarter did not like borrowing and were concerned about debt while around a further one in ten was worried about the repayments. Thus in total 33 per cent cited the financial disadvantages of borrowing as the main reason for not taking out a loan.

The students most likely to report that they did not need the money again were men from social classes I and II, 45 per cent of them mentioned this reason in contrast to 28 per cent of their female peers. However, the gender differences were even greater depending on their age. Around 42 per cent of men both over and under 25 years old cited this reason, compared with 22 per cent of women under 25 and 16 per cent of women aged 25 or older. And these older women were also the least likely of all student groups to say they did not need the money.

Turning now to students who identified the financial problems of borrowing. The greatest variation was associated with social class. Some 42 per cent of students from social classes IV and V were deterred for these reasons compared with 31 per cent of students from social classes I and II and the most concerned of all were students from social class IIIN – 44 per cent cited these reasons.

Table 3.17 Main reason students had never taken out a student loan the whole time they had been at university (all years)

Column percentages

MAIN REASON FOR NEVER HAVING TAKEN OUT A LOAN WHILE AT UNIVERSITY		
	Frequency (N)	Percent (%)
I do not need the money	148	31
I prefer to get a paid job rather than take out a loan	43	9
My parents/partner did not want me to	90	19
I am concerned about the repayments	43	9
I do not like borrowing – concerned about taking on debt	111	24
Prefer to borrow from elsewhere	12	3
Other (specify)	22	5
Total	469	100

Base: All full-time students who had never taken out a loan while at university

Source: South Bank University – Student Income and Expenditure Survey 1999

3.6 Students' knowledge of the new funding arrangements

First-year students were the most affected by the changes in the student funding system. They were asked a range of questions designed to assess their knowledge of the new student funding arrangements.¹¹⁸ On the whole their knowledge was good. Similar proportions of students had low or high levels of knowledge, while the remaining 64 per cent had medium levels.¹¹⁹

3.6.1 Extent of students' knowledge

The greatest variation in first-year students' overall knowledge of the student-loan system depended upon whether or not a student had received a loan. However, the direction of the causal relationship in this association is unclear. Students who had taken out loans were likely to have been exposed to more information on student loans, and through the process of applying, would have learnt about them. Hence they were more knowledgeable. Alternatively, students may have obtained a loan because they were better informed. In addition, other research suggests that individuals tend to seek information when they need the information. Again this may explain why those who had taken out a loan were more knowledgeable. Loan take-up aside, those best informed were the students' experiencing the greatest financial hardship.¹²⁰ Those least informed were students aged 25 or over.

¹¹⁸ Note all students entering HE for the first time in 1998/9 were asked these questions, including for example, gap-year students.

¹¹⁹ Students were divided into three groups reflecting their differing levels of knowledge: high = five or more correct answers; medium knowledge = between three and four correct answers; and low knowledge = less than three correct answers.

¹²⁰ See chapter 9 for a detailed discussion of student hardship and how this indicator was derived.

3.6.2 Nature of students' knowledge

As suggested overall, students were relatively well informed about the student loan system, however, a sizeable minority of students either had misunderstood the nature of recent changes or were unaware of them (table 3.18). First-year students were most knowledgeable about the advantages of student loans in contrast to commercial loans, and about the maximum contribution towards tuition fees. Around four in five answered these two questions correctly.

The majority (56%) understood when income-assessed student loans were to be introduced, however, there was some confusion about the rules that had been introduced and the assessment procedures. Over one third of first-year students incorrectly thought that the amount of money they potentially could borrow in 1998/9 was dependent on their parents'/partner's/own income, while over a quarter did not realise that from 1999/2000 this would be the case.¹²¹

Students were mostly unaware of the income contingent nature of loan repayments – this was the aspect of the loan system they were most likely to be ignorant of. Over two in five first-years were unaware that the repayments were income contingent. As we have seen, some students were deterred from taking out loans because of their concerns over repayments. These findings suggest that there is scope for further educating students about this particular aspect of the new student loan arrangements.

3.6.3 Changes in students' knowledge since 1995/6

Students' knowledge of student funding was examined in the 1995/6 SIES. However, the questions focused purely on student loans, and the questioning was not restricted to first-year students, unlike the 1998/9 study. In addition, only two of the questions used in the 1995/6 SIES study were repeated in the 1998/9 study. With these caveats in mind, it is possible to compare whether there have been changes in students' knowledge of student loans over time.

The first of the two questions replicated in both 1995/6 and 1998/9 was about the annual interest on student loans compared with commercial loans. The students' responses were identical in 1995/6 and in 1998/9, and so here we see no change or improvements. The second question replicated in both studies asked students if the amount of their student loan depended on their parental income. Some 80 per cent of students in 1995/6 answered this question correctly, ten per cent answered it incorrectly, and the remainder did not know. So students in 1995/6 were far more likely than students in 1998/9 to understand the factors influencing the size of their loans. However, such a comparison may not be reliable given that this aspect of the loan system had remained unchanged until the 1998 Act so the question in 1995/6 was not assessing if the students had understood a change in policy, unlike students in 1998/9.

¹²¹ The CAPI questionnaire was programmed to insert 'parents' or 'partners' or 'your own income' depending on the students individual circumstances.

Table 3.18 First-year students' knowledge of the new funding arrangements

Row percentages

FIRST-YEAR STUDENTS' KNOWLEDGE OF THE NEW FUNDING ARRANGEMENTS				
STATEMENT	RIGHT %	WRONG %	DO NOT KNOW %	CORRECT ANSWER
Since the start of this academic year [1998/9], the amount of student loan you can get depends on your parents'/partners/ your own income.	56	35	9	☹
Next academic year [1999/2000], the amount of student loan you can get depends on your parents'/partners/ your own income.	56	27	17	☺
Next academic year, you will not be able to apply for a student maintenance grant.	57	23	20	☺
The maximum which most students have to pay towards tuition fees is £1,000 this year.	83	11	6	☺
The annual interest rate on a student loan is roughly the same as an ordinary loan from a commercial bank.	85	3	12	☹
The changes made to the system for repaying student loans will mean that in future graduates' monthly repayments will be the same for those earning £20,000 per annum as for those earning £30,000 per annum.	42	14	44	☹
BASE ((N)				767

Base: All full-time first-year students

Source: South Bank University – Student Income and Expenditure Survey 1999

3.7 Hardship Loans

In 1998/9 Hardship Loans were introduced for the first time. These are administered by the HEIs. Only new entrants could apply for these if they already had taken out a student loan. Thirty-seven students in our sample (seven per cent of those eligible) had applied or were intending to apply for a hardship loan. Only 22 students actually had received them. Most of these students received the maximum amount of £250 (table 3.2). Given the small number of students involved, it is not possible to do any further analysis on the type of students receiving the Hardship Loans.

3.8 Student maintenance grants – which students are eligible and for what?

3.8.1 *Who can get a maintenance grant?*

All students in this survey were potentially eligible for grants. In 1998/9 new entrants and existing students could receive grants for living expenses. Supplementary grants and allowances for certain students were also still available at the time the survey was conducted. From 1999/2000, all new students and those who started in the previous year (i.e. 1998/9) are unable to get a grant for general living costs. By contrast, existing students continue to receive a grant until they finish their course.

In 1998/9 the eligibility rules for a maintenance grant were similar to those used to determine receipt of student loans except there was no age limit and they were means tested. So students were eligible if they were registered on a full-time undergraduate degree, or an HND or PGCE course.

LEAs in England and Wales and the E&LBs in Northern Ireland could make discretionary awards to students who did not fulfil the personal eligibility criteria for mandatory awards.¹²² These students included:

- students studying on *courses* that were not designated for a maintenance grant e.g. a part-time course; and
- students who were not eligible for a maintenance grant but were studying on a designated course.

The student's LEA/E&LBs decided whether to make an award, and for students who were on non-designated courses, how much to award.

Parental income and contributions from parents

Maintenance grants were means-tested - that is, the size of a student's grant depended on their parent's income. In 1998/9, if parental income was higher than £16,945 per annum then the student's parents were officially required to make a financial contribution to their child's living costs to supplement their

¹²² Discretionary awards are not available in Scotland.

maintenance grant. The amount of the parental contribution was assessed on a sliding scale - the higher their income the more they were required to contribute, and the less the LEA/SAAS/E&LBs gave to the student in the form of a maintenance grant. In some cases, where parental income was high, parents were required to pay the whole amount of the maintenance grant so the student received nothing from their LEA/SAAS/E&LBs.

Parental income was not taken into account in three sets of circumstances:

- if students were aged 25 or over;
- if they had been married for two years or more;
- if they had been independent of their parents, that is, they had supported themselves for the last three years or more.

If any of these circumstances applied, it was deemed inappropriate to expect parents to make a financial contribution towards a student's grant. These students usually received the maximum maintenance grant from their LEA/SAAS/E&LBs.

Spouse's income and contributions from spouses

Similarly, spouse's income was taken into account for married students but only if they had been married for two years or more, or were otherwise classified as an independent student. In 1998/9, spouses earning more than £13,405 per annum were expected to provide financial support on a similar basis to parents. So the size of a student's maintenance grant may also have been affected by their spouse's income.

Student contributions

Students who had an income above a set level while they were studying were also expected to contribute to their grant. The contributions were calculated in much the same way as parental and spouse's contributions.

3.8.2 How much were students' maintenance grants?

Basic grant

The amounts available to students in maintenance grants varied according to where the student was living and studying, and whether they were a new entrant or an existing student. In 1998/9 only, new entrants got *less* than existing students because grants were being phased out. As we have seen, a higher ceiling on the maximum amount of student loans compensated for the lower basic grant for new entrants.

The maximum amounts available from the basic maintenance grant in England, Wales and Northern Ireland¹²³ for the academic year 1998/9 were:

	FIRST-YEAR STUDENTS (NEW ENTRANTS)	SECOND YEAR + STUDENTS (EXISTING STUDENTS)
Students living away from their parental home and studying:		
– in London	£1,225	£2,225
– outside London	£810	£1,810
Students living in the parental home	£480	£1,480

Source: Financial Support for Students – A guide to grants, loans and fees in higher education 1998/9 (1998) DfEE, London

*Additional allowances*¹²⁴

For students in certain specified circumstances, additional allowances were available on top of the basic maintenance grant. These allowances were for students who fell within the following categories:

- extra weeks allowance;
- students with children or other dependants;
- lone parents;¹²⁵
- disabled students;
- two homes allowance.

Although maintenance grants were abolished from 1999/2000 these allowances will continue to be paid in the form of supplementary grants. However, these too are being revised and changed from the year 2000.

¹²³ The maximum amounts are slightly different in Scotland due to the different treatment of travel.

¹²⁴ These are now called supplementary grants

¹²⁵ Lone parents in 1998/9 had a choice of extra help, which ever was most beneficial to them, The main ones included, an additional maintenance grant in respect of their dependants of £1,000, a greater income disregard, a higher personal income disregard for dependent children under the age of 19 in lieu of maintenance grant for dependants.

The maximum amounts available in the UK¹²⁶ for the academic year 1998/9 were:

<p>Extra weeks allowance is payable at three rates for each extra week or part of a week of attendance:</p> <ul style="list-style-type: none"> - in London - outside London - parental home 	ENGLAND, WALES, NI
	£82.20
	£61.60
<p>Dependants allowance is payable to students who have financial dependants.</p> <ul style="list-style-type: none"> - spouse or adult dependants, or for first child if no dependent spouse or other adult dependant - children aged <ul style="list-style-type: none"> under 11 11-15 16-17 18 or over 	£2,025
	£425
	£850
	£1,120
	£1,620
<p>Disabled students allowance is a payment for students who incur higher expenses in taking their course due to their disability.</p> <ul style="list-style-type: none"> - for a non-medical personal helper - for major items of expenditure - for other extra costs 	£10,000
	£3,955
	£1,315
<p>Two home allowances are available for students who have to maintain a home for themselves and a dependant other than their term-time home.</p>	£700

Source: *Financial Support for Students – A guide to grants, loans and fees in higher education 1998/9* (1998) DfEE, London

¹²⁶ The maximum amounts are slightly different in Scotland.

3.9 Student maintenance grants among the students surveyed – eligibility and value

In 1998/9 just under two-thirds (65%) of all the full-time students surveyed received a maintenance grant from their awarding body and a further 1.4 per cent of students received a bursary from the Department of Health. Those getting an award, received £1,447 on average, which added £917 to total student income.¹²⁷ Of those receiving a grant, one third were eligible for a full grant (i.e. 21% of all full-time students) the average value of which was £1,520. Student grants contributed to under a fifth (18%) of all full-time students' total income on average. They were the second most significant source of student financial aid, representing two-fifths of all monies from these sources.

The grants received by students in our survey are slightly lower than similar national provisional data produced by the DfEE for England and Wales. These data suggest that average maintenance award in 1998/9 was £1,050 for all students. The difference may be attributable to two factors. First, these data cover only England and Wales while our survey data covers the whole of the UK. Secondly, these data include only mandatory awards but our survey data includes students in receipt of both mandatory and discretionary awards. Discretionary awards tend to be higher than mandatory awards.¹²⁸

In 1998/9, there were wide disparities between student groups in terms their eligibility for grants and the sums they received. Due to the changes in student funding, the size of student grants varied by students' year of study. Thus eligible students in their third year and above received the highest awards at an average of £1,682 and first-year students received the lowest award at an average of £995 (table 3.4). These awards contributed an average of £1,087 and £612 to students' total incomes over the 1998/9 academic year (table 3.3). Among students in their third year and above around a half their income came from their grant, but among first-year students the proportion was less than a quarter (Figure 3.1).

Turning to the student body as a whole, lone parent¹²⁹ students were both the most likely to receive grants and to receive the largest amounts. Over nine out of ten (92%) lone parents received a grant compared to just over three-fifths (62%) of single students without children. They were awarded an average of £4,052 for the 1998/9 academic year – five times more than single students without children who gained on average only £823 (table 3.8). These considerable differences are attributable to the additional allowances they qualified for, over and above their basic grant.

¹²⁷ Note 39 students who said they received award, did not say how much they had received.

¹²⁸ Dfee (2000) *Student Support: Statistics of Student Awards in England and Wales, Academic Year 1998/9* First Statistical Release 16/2000, 25 April

¹²⁹ There were a total of 40 lone parents in the sample of full-time students so the findings should be treated with caution.

Not surprisingly, the students least likely to qualify for maintenance grants were those from the highest social classes (table 3.5). Just over half received a grant, and the average income from the grant across all students in social classes I and II was just £668. Both the proportions getting a grant and the average amount awarded rose sharply across the social classes. So more than four-fifths (85%) of students with parents in social classes IV and V received a grant and the average amount overall was £1,495 – more than twice as much as their peers who had parents working in ‘professional’ occupations (table 3.5).

However, if we disaggregate social class by gender, it was women in social classes I and II who were the least likely of all student groups to get a grant. They also got the lowest grants of all - just £647, less than half than women with parents in the lowest social classes.

In addition, there were variations in grant eligibility and grant size associated with students’ age. Students aged 25 and over were more likely than students under 25 years old to get a grant (74% compared with 62%), and to be awarded larger amounts. This was because many more of them received a full grant and additional allowances. Consequently, the level of income derived from grants was more than twice as high for mature students as a whole, as it was for those who were younger (£1,770 compared with £773) (table 3.6).

There were no significant differences in the proportion with a grant among student attending universities in London or outside the capital. Nor did the proportion getting a grant differ between students living with their parents and those living independently. However, the average amount of grant received by students at universities in London was a good deal higher than for students elsewhere, and was substantially higher for those not living with their parents, reflecting differences in the maximum awards for these students. Consequently, the highest grants were received by students living away from home in London (£1,775), the lowest by students living at home (£1,029).

3.10 Tuition fee remission – which students are eligible and for what?

The vast majority of full-time students who started university/college before 1998/9 were automatically entitled to a student award to cover the costs of their tuition fees. Therefore, they did not pay any tuition fees at all.

By contrast, full-time students entering university for the first time in 1998/9 had to contribute towards their fees. However, they could get their fees remitted. Eligibility for fee remission and the size of the remittance depended on students’ parental, spouses’, or personal income. So, the payment of fees is means tested, in a similar way as maintenance grants. Indeed at the time of the survey the eligibility criteria for tuition fee remission were akin to those for grants.

In 1998/9, the maximum students had to pay towards their fees was £1,000, and so this was the maximum remittance. Students apply to their LEA or SAAS in Scotland, E&LBs in Northern Ireland for fee remission and at the same time are assessed for an entitlement to a loan and a grant, as well as help with fees. In

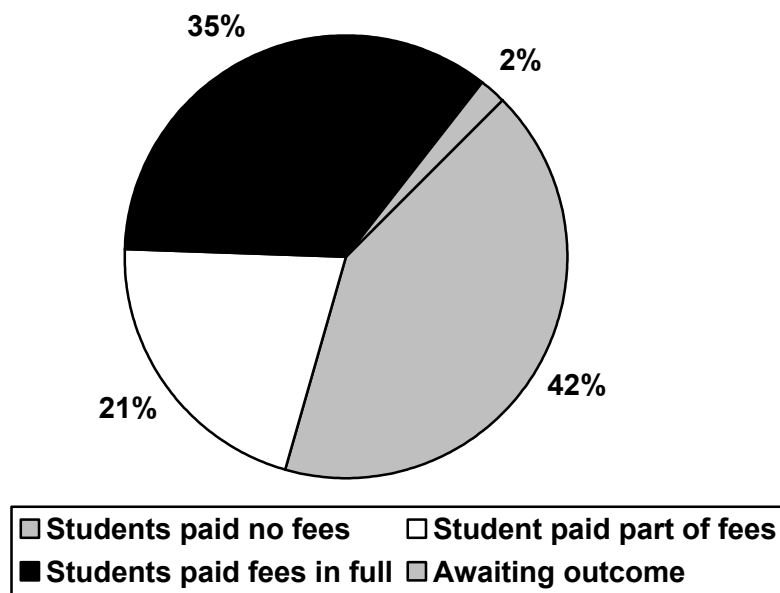
turn, these awarding bodies pay students' tuition fees directly to the student's university. Part-time students, at the time the survey was conducted, had to pay their fees in full directly to their HEI.

3.11 Tuition fee remission among the first-year students surveyed – eligibility

The following discussion focuses exclusively on students who entered university for the first time in 1998/9 and who were potentially required to contribute towards their fees.¹³⁰ Fee remission represents forgone expenditure. No money is given to students directly, therefore, any remittances received have been excluded from students' overall total income.¹³¹

As Table 3.19 shows over two-fifths of all potentially eligible first-year students had their fees remitted in full, and just over a fifth had their fees partially remitted. Students aged 25 years and over were the most likely to get their fees remitted in full because as 'independent students' more of them had had their contributions calculated based on their own income, rather than their parents' income. Seven out of ten older students had no fees to pay.

Figure 3.2 Fee remittance (First year students)



Source: South Bank University - Student Income and Expenditure Survey 1999

¹³⁰ Gap-year students and other first-year students who were exempt from payments towards tuition fees have been excluded from this analysis.

¹³¹ Discussion of the students' contributions towards fees, whether it was derived from for example, their parents or their employer has been reserved for chapter 6 on course related expenditure.

Not surprisingly, tuition-fee remission was also associated with a student's social class. Students from social classes IV and V were twice as likely as those from social classes I and II to get their fees remitted in full. Thus, three-quarters of students from some of the poorest families received some help toward tuition fees compared to over a half from the wealthiest families.

Finally, students living with their parents were more likely to have had their tuition fees totally or partly remitted compared with those living independently (68% compared with 59%). This is particularly interesting as it is possible that poorer first-year students may be choosing to live at home rather than live independently. This in turn, may possibly influence their choice of university.

Table 3.19 Tuition fee remission – first-year full-time students

Row percentages

		FEE CATEGORY				ALL (N)
		Students paid no fees - paid in full by LEA/ SAAS/ E&LBs	Students contributed towards fees- partly paid by LEA/ SAAS/ E&LBs	Students paid fees in full - no money paid by LEA/ SAAS/ E&LBs	Awaiting outcome/ do not know/ did not apply	
AGE GROUP	<25	37	24	38	2	559
	>=25	70	5	22	4	93
SOCIAL CLASS	I and II	31	26	42	2	352
	IIIN and IIIM	50	17	31	3	184
	IV and V	65	11	19	6	46
LIVING CIRCUMSTANCES	Lives independently	37	22	39	2	453
	Lives with parent	47	21	31	1	148
	Lives with spouse/ children	69	11	17	2	45
	Other arrangement	(73)	(16)	(11)	–	7
STUDENT LOAN STATUS	Taken out a loan	43	22	33	2	488
	Not taken out a loan	38	17	42	3	163
BASE		42	21	35	2	654

Base: All full-time first-year students potentially eligible for fee remission

Source: South Bank University – Student Income and Expenditure Survey 1999

3.12 Access Funds and university Hardship scheme funds – who is eligible for what?

3.12.1 What are Access Funds and university Hardship scheme funds?

Students experiencing financial hardship, or who are unable to attend a HE course because of financial difficulties, may be eligible for either Access Funds or their HEI's Hardship scheme funds. These are usually non-repayable one-off payments.

3.12.2 Who can get Access Funds and university Hardship scheme funds and how much are they worth?

Access Funds are allocated by the Funding Councils to all HEIs. The money for the funds come from central Government. The separate Funding Councils in England, Wales, Scotland and Northern Ireland each have their own criteria for distributing these funds to the HEI's within their jurisdiction.

They are available to full- and part-time home students in financial hardship but they are awarded on a discretionary basis. Each university and college sets their own criteria for making awards although these must fall within the overall criteria specified by the DfEE, the NAED in Wales, the SAAS in Scotland, and the DFHETE in Northern Ireland. So each university/college decides, whether, and how much to give students. The academic year 1998/9 was the first in which Access Funds were available to part-time students.

University Hardship scheme funds are a further possible source of income for students who are in financial difficulties. These funds are separate from Access Funds. They are financed and administered by each university and college. Money for university Hardship schemes may come from trusts, bequests, donations or other sources. The funds are totally discretionary so it is up to the student's university or college to decide who to give the money to; how much to give; and for what.

3.12.3 Changes to Access Funds

As discussed in chapter 1 (section 1.1.6), Access Funds have been changed recently and the funding stream divided into two: an Access Bursary Scheme and Hardship Funds. The discussion below refers to the old Access Funds. Any references to Hardship scheme funds refers to the university's own hardship fund rather than the recently re-named Access Funds.

3.13 Access Funds and university Hardship scheme funds among the students surveyed

In this analysis money from Access Funds and university Hardship scheme funds have been combined as students often do not know from which fund such help comes. This is not surprising, because universities often amalgamate these two pots of money. Only seven per cent of all full-time students and half that proportion of part-time students received money from these funds. This take-up

rate mirrors that found in a recent DfEE study on Access Funds.¹³² For those receiving help, it was worth £596 for full-time students (table 3.2) and £623 for part-time students. These sums added £44 and £22 to these students' total income (table 3.1). Thus although far fewer part-time than full-time students received Access and/or Hardship scheme funds, they received larger sums, on average.

Among both full- and part-time students, older students were more likely to get some money from these funds and they received above average sums, as did older women, students with children, and especially lone parents. And this was associated with different student group's utilisation of the funds. For example, women aged 25 or over received twice as much as men in this age group (£134 compared with £62) and eight times more than women under 25 (£16). Among full-time students, older students were exactly four times more likely than younger students to receive financial support from this source (table 3.6). These patterns of use were very similar to those found for students in 1995/6.

Students most often used Access Funds and university Hardship scheme funds for:

- assistance with paying rent (61% full-time students, 30% of part-time students);
- paying for books and equipment (38% of full-time students, 46% part-time students);
- help with debt problems particularly among full-time students (35% compared with 18%); and
- meeting travel costs (30% full-time students and 47% part-time students).

Although equal proportions of full-time men and women received Access Funds they used them differently. Women were more likely than men to use them for help with their travel (59% compared to 31%) while men used them more often for paying their rent (65% compared with 56%) and help with debts (45% compared with 25%). Full-time students under 25 used these funds mostly for help with debts (62%) and rent (41%) while older student were most likely to use them for rent (58%) and books or travel (47%).

Although Access Funds were obviously important for students they have distinct limitations as a policy mechanism. And these have become more important as the amount of funds devoted to Access Funds increases. The key drawbacks are as follows:

- they are distributed to students on a discretionary basis which leads to inconsistent treatment between students, so students facing similar financial situations can be treated very differently depending on the allocation procedures (funding formulae) of the four different funding councils within the UK and the eligibility criteria of their particular HEI;

¹³² *Report of the Access Funds and Hardship Loans Review*, (2000) DfEE, London

- they can not be relied upon by students as an income source because there are no guarantees that a student will receive these funds and so students are unable to include them in their financial planning;
- the way they are delivered within HEIs varies from one institution to another;
- the amount of funds available often are inadequate to meet the demand so even where students are eligible to receive Access Funds, they may not get any funds; and
- finally they can be seen as duplicating existing funding . It could be argues that if the student financial support that exists already namely, student loans and allowances etc were set at a high enough level to meet students' financial needs then Access Funds would be redundant except to meet exceptional financial emergencies. However, as we have seen this is not the case because they are used for essential expenditure such as paying for rent, books and travel.

Some of these problems were highlighted in a recent report by the DfEE. The report, entitled *Report of the Access Funds and Hardship Loans Review* suggests that although '*Access Funds are often a lifeline for mature students and can make the difference between completing their course and having to drop out*', (p4) HEIs were not making the best use of their Access Funds. In addition, the review found that in many HEIs the administration of Access Funds was a low priority. Furthermore, it questioned the formula used for distribution of Access Funds to HEIs.

Since this review of Access Funds was undertaken, the DfEE have tried to address some of these problems, especially giving greater flexibility to HEIs and more certainty to students. The funds have been made available to the HEI's earlier in the academic year. The new bursaries, introduced in 2000/1, are another mechanism to give certainty of funding to students. To deal with inconsistencies of treatment, the DfEE have issued a good practice guide to HEIs to benchmark their performance. In future, monies will be available to HEIs to cover the costs of administering the funds in the hope of raising the importance of the funds. Finally, the formula used to distribute the funds to the HEIs has been reviewed to favour those institutions with higher proportions of vulnerable students.¹³³

3.14 Other sources of student support

The other sources of financial support available at the time of the survey included:

- Bursaries from universities or colleges
- Money from charitable foundations
- Career Development Loans
- Money from EU programmes such as Erasmus or Socrates

¹³³ For more details of the measures to improve Access Funds see the *Report of the Access Funds and Hardship Loans Review*, (2000) DfEE, London

- Money from students' employers
- Tax relief
- Money from other organisations

These *ad hoc* sources of financial assistance available to students all have their own eligibility and selection criteria and some of the students surveyed would not have been eligible for them. These sources may grow in importance in future years, especially for full-time students due to the restructuring of the main sources of state funded support.

Among the students interviewed in 1998/9, less than one in ten full-time students gained some assistance from these sources of support, receiving £1,147 on average (table 3.21) which contributed just £88 to their overall income (table 3.20). By contrast, nearly a quarter of part-time students received some sort of support which on average was worth £474 (table 3.21) and added £115 to their total income (table 3.20).

By far the most important income source for part-time students was their employers. One in five gained help towards their study costs, which was worth £452 over the academic year for those who received such help (table 3.20). It is well established that not all employees have equal access to employer-sponsored education and training. Generally, those most disadvantaged in the labour market received the least help. Of the part-time students attracting support, they were most likely to be in professional jobs and to receive assistance of greater value, compared to other students. Furthermore, men were more likely to be helped than women, as were those pursuing a vocational qualification; for instance, an HNC rather than a degree course. So the odds of receiving help favoured full-time employees in better paid jobs higher up the occupational hierarchy.¹³⁴

The main reasons students gave for not receiving these other sources of student financial support were that:

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

Full-time students were more likely than part-time students to be unaware of these potential sources of support while part-time students were much more likely than full-timers to report that they did not need the money. Students' lack of awareness about these sources of support may partly explain the very low take-up of these different sources of student support. Broadly, between one third and a half of potentially eligible students did not know about them. However, even if students were more knowledgeable, there would be no guarantees that they would actually receive any help from these funding sources. Yet, take-up perhaps could increase if information about them was more widely disseminated within the student body and among potential students.

¹³⁴ More details on the help received from employers is discussed in chapter 7.

Table 3.20 Other sources of student support – average income for full- and part-time students

OTHER SOURCES OF STUDENT SUPPORT		FULL-TIME	PART-TIME
BURSARIES	Mean £	19	4
	Standard Error of Mean	5	2
CHARITIES	Mean £	15	7
	Standard Error of Mean	4	2
CAREER DEVELOPMENT LOANS	Mean £	10	6
	Standard Error of Mean	5	5
EU PROGRAMME	Mean £	3	0
	Standard Error of Mean	2	0
EMPLOYER	Mean £	21	95
	Standard Error of Mean	5	11
OTHER ORGANISATIONS	Mean £	19	2
	Standard Error of Mean	7	2
TAX RELIEF	Mean £	0	1
	Standard Error of Mean	0	0
TOTAL OTHER STUDENT SUPPORT	Mean £	88	115
	Standard Error of Mean	12	12
BASE		2,054	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 3.21 Other sources of students support – average income for full- and part-time students receiving money from each sources and the proportion receiving the support

OTHER SOURCES OF STUDENT SUPPORT		FULL-TIME	PART-TIME
BURSARIES	Mean (£)	826	323
	Median (£)	465	375
	Standard Error of Mean	191	76
	Base (N)	48	9
	Proportion of students receiving (%)	2	1
CHARITIES	Mean (£)	600	386
	Median (£)	229	400
	Standard Error of Mean	121	61
	Base (N)	52	14
	Proportion of students receiving (%)	3	2
CAREER DEVELOPMENT LOANS	Mean (£)	4,417	3,000
	Median (£)	5,000	3,000
	Standard Error of Mean	592	0
	Base (N)	5	1
	Proportion of students receiving (%)	0	0
EU PROGRAMME	Mean (£)	1,062	0
	Median (£)	350	0
	Standard Error of Mean	682	0
	Base (N)	6	0
	Proportion of students receiving (%)	0	0
EMPLOYER	Mean (£)	1,187	452
	Median (£)	869	275
	Standard Error of Mean	214	39
	Base (N)	36	158
	Proportion of students receiving (%)	2	21
OTHER ORGANISATIONS	Mean (£)	1,499	570
	Median (£)	900	178
	Standard Error of Mean	457	410
	Base (N)	25	3
	Proportion of students receiving (%)	1	0
TAX RELIEF	Mean (£)	0	180
	Median (£)	0	185
	Standard Error of Mean	0	14
	Base (N)	0	3
	Proportion of students receiving (%)	0	0
TOTAL OTHER STUDENT SUPPORT	Mean (£)	1,147	474
	Median (£)	500	354
	Standard Error of Mean	131	38
	Base (N)	157	181
	Proportion of students receiving (%)	8	24

Base: All students receiving other sources of student support

Source: South Bank University – Student Income and Expenditure Survey 1999

3.15 Summary

The main sources of financial support for full-time students, at the time of the survey, were:

- student loans
- Hardship Loans
- Student grants
- Access Funds
- University Hardship scheme funds
- Fee remission

In the 1998/9 full-time students received a total of £2,324 (excluding fee remissions) from these sources - nearly half of their total income. By contrast, part-time students received £68 on average or less than one cent of their total income. Some 87 per cent of full-time students benefited from these sources compared to only five per cent of part-timer students.

3.15.1 Student loans

Student loans were the most valuable source of student support. Seventy-two per cent of full-time students had taken out a loan in 1998/9, which was worth on average £1,891, and added £1,361 to total student income. These figures mirror DfEE data giving us considerable confidence in the reliability and robustness of our survey data.

The variation in the take-up of student loans and the sums borrowed by students' year of study demonstrates the impact of the changes in student support arrangements. First-year student - those affected by the most recent changes - had the highest take-up and borrowed the most - double that of students in their third year or over (£2,558 compared to £1,366).

Among all student groups, both take-up and the amounts borrowed were highest for single parents – 94 per cent had taken loans out worth £1,999 on average. The lowest take-up was for students of Asian origin, only half of whom had taken one out. Students living at home with their parents also were less inclined to have taken out a loan, only 59 per cent had done so.

Unlike students in the 1995/6 SIES study, age and gender *per se* did not have a significant impact on either take-up rates or on the sums borrowed in 1998/9. And contrary to other research findings, students' expected future earnings did not affect take-up.

Multivariate analysis revealed that the students **least likely** to take out a student loan in the 1998/9 academic year were:

- Students from ethnic minorities, particularly Asian students;
- Students living at home with their parents;
- Students on short courses; and
- Students attending a university in London.

Students **most likely** to take out a loan were:

- First-year students;
- Lone parents;
- Older students, especially those aged 24-34;
- Students with the largest maintenance grants - the larger size of the grant the more likely students were to take out a loan – so students from the poorer households were most likely to have taken them out; and
- Students with other commercial credit of more than £500.

These factors determining take-up were very similar irrespective of students' year of study. However, among first-year students, those most affected by the recent changes in student funding arrangements, and arguably those most likely to give an indication of future student behaviour, there was a particularly strong correlation between the non-take-up of student loans and students living at home with their parents. By contrast, where first-year students had taken out a loan, they were also much more likely to have borrowed from other commercial sources of credit.

First-year students' knowledge of the student funding arrangements on the whole was good, with the majority (64%) having medium levels of knowledge. They were most knowledgeable about the interest rates on student loans relative to commercial credit, most ignorant about the income contingent nature of their loan repayments, and most confused about whether student loans were income assessed.

The main reasons students gave for taking out a loan in 1998/9 were:

- they needed the money – mentioned by three-quarters with a loan; and
- loans were a cheap way to borrow money and/or tax efficient – cited by one in ten students with a loan.

The main reasons students gave for not taking out a loan in 1998/9 were:

- they did not need the money – 29 per cent
- they did not like borrowing and were concerned about taking on debt – identified by 26 per cent of students without loans
- Their parents/partner did not want them to take one out mentioned by 17 per cent
- they were concerned about the repayments – mentioned by 11 per cent without loans.

So the disadvantages of borrowing appeared to be a deterrent to the take-up of loans with a sizeable minority of students being debt averse.

3.15.2 Hardship Loans

Seven per cent of eligible students in their first-year had applied or intended to apply for these loans. Three per cent actually had received them and most obtained the full amount of £250.

3.15.3 Student maintenance grants

In 1998/9 nearly two-thirds (63%) of all the full-time students surveyed were eligible for a maintenance grant and they received £1,447 on average, which added £917 to total student income. Of those receiving a grant, one third were eligible for a full grant (i.e. 21% of all full-time students) the average value of which was £1,520. These sums are slightly lower than similar national provisional data produced by the DfEE for England and Wales but the data are not strictly comparable.

The variations in eligibility to grants and the amount students were awarded were associated with:

- changes in the student funding arrangements;
- family type;
- social class; and
- age.

The changes in student funding have meant that the size of students' grants varied by their year of study. Predictably students in their third year and above received the highest awards of £1,682, while first-year students received the lowest at £995, which contributed £1,087 and £612 respectively to these students' total incomes over the 1998/9 academic year.

Lone parents were both the most likely of all student groups to receive grants, and to receive the largest grants. Over nine out of ten (92%) were awarded a grant worth on average £4,052 over the 1998/9 academic year – nearly three times more than the average for all students receiving grants. This was because most qualified for a full grant and additional allowances on top of the basic grant.

Not surprisingly, students from the highest social classes, were the least likely to qualify for maintenance grants. Just over half received a grant while the average income from the grant across all students in social classes I and II was just £668. In fact, both the proportions getting a grant and the average amount awarded rose sharply across the social classes. So more than four-fifths (85%) of students with parents in social classes IV and V received a grant and the average amount overall was £1,495 – more than twice as much received by their peers from the 'professional' classes.

In addition, students aged 25 and over were more likely than younger students to be awarded a grant (74% compared with 62%) and to receive larger sums (£1,770 compared with £773). This was because of their 'independent status', which meant that more of them received a full grant, and additional allowances over and above their basic grant.

3.15.4 Tuition-fee remission

In our sample only first-year students were potential liable for contributions towards their tuition fees. Of all potentially eligible first-year students

- 42 per cent had their fees remitted in full,
- 21 per cent had their fees partially remitted
- 35 per cent of students has to pay the full £1,000 towards their fees
- and for 2 per cent the outcome was unknown.

Age and social class accounted for the main variations in this pattern. Those aged 25 year and over were the most likely to get their fees remitted in full because of their 'independent status'. Students from social classes IV and V were twice as likely as those from social classes I and II to get their fees remitted in full. Thus, three-quarters of students from poorer families received some help toward tuition fees compared to over a half from the wealthiest families.

3.15.5 Access Funds and university Hardship scheme funds

Seven per cent of all full-time students received an average of £596 from Access Funds and university Hardship scheme funds, while half that proportion of part-time students received £623. These sums added £44 and £22, respectively, to all full- and part-time students' total income. Thus although far fewer part-time than full-time students received Access/Hardship scheme funds, they received larger sums, on average.

Older students were more likely to get some money from Access/Hardship scheme funds and they received above average sums, as did older women, students with children, and especially lone parents. They most often used the money for: paying their rent - especially among full-timers; paying for books and equipment – especially part-time students; meeting travel costs particularly part-time students; and among full-time students to deal with debt problems.

3.15.6 Other sources of student support

The other sources of financial support available at the time of the survey included:

- Bursaries from universities or colleges
- Money from charitable foundations
- Career Development Loans
- Money from EU programmes such as Erasmus, or Socrates
- Money from students' employers
- Tax relief
- Money from other organisations¹³⁵

¹³⁵ For a review of commercial sources of funding see Prism (2000) *Review of Loans provided by Financial Institutions for Training and Education*, DfEE.

In 1998/9, less than one in ten full-time students gained some assistance from these sources, receiving £1,147 on average. This contributed just £88 to all full-time students' overall income. By contrast, nearly a quarter of part-time students received some sort of support which on average was worth £474, and added £115 to all part-time students' total income.

The most important income source for part-time students was their employers. One in five gained help towards their study costs, which was worth £452 over the academic year. They were most likely to be men in professional jobs pursuing a vocational qualification rather than a degree course. So the odds of receiving help favoured full-time employees in better paid jobs higher up the occupational hierarchy.

The key reasons students gave for not getting these other sources of student-financial support were:

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

So students' lack of awareness may partly explains the very low take-up patterns.

4 OTHER SOURCES OF INCOME

4.1 Introduction

This chapter focus on other sources of income that formed an important part of students' incomes. It will start by looking at students' employment patterns and the sums of money they generated from through paid work while studying. Then it will look at the financial help students received from their family including parental contributions for their maintenance. Next it will examine the significance of social security benefits and finally, other miscellaneous sources of income. Once again, the position of full- and part-time students will be analysed separately.

4.2 Paid employment

Paid employment was a significant feature of most students' lives, irrespective of whether they were studying full- or part-time. However, students' patterns of work and the income they derived from paid work varied considerably by their mode of study.

One of the main changes in full-time students' behaviour in recent years has been the growing numbers who are undertaking paid work alongside their studies. In addition, wages have become an increasingly important component of their incomes. Since the last SIES study in 1995/6, students' employment rates over the academic year have remained about the same although some certain subgroups of students are working longer hours. The largest change since the 1995/6 SIES study has been the rise in the proportion of students working over the summer vacation. According to the study, 71 per cent of students had worked over the previous long vacation compared to 82 per cent in 1998/9.

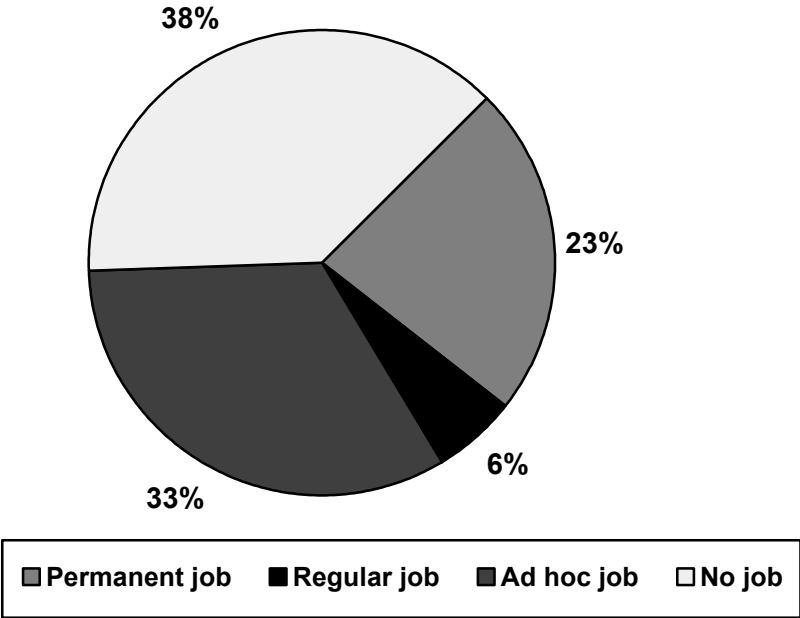
Just over three-fifths of full-time students had earned some money during the academic year, with 30 per cent saying they had worked for the same employer either continuously (23%) or periodically (6%) (table 4.1, Figure 4.1). Their average hourly wage, for all the hours they worked over the academic year, came to around £4.43 while their average weekly wage, for the weeks they worked, amounted to £76. Thus, on average earnings added £709 to all full-time students' incomes over the 1998/9 academic year, or about one seventh of their average total income. Of this £709, around 70 per cent was earned during term time and the remainder during the Christmas and Easter vacations.

Despite the growth in earnings income, students still remained concentrated in low-paid jobs. Their average wages of £4.43 per hour were well below national-average gross hourly earnings for workers aged between 18 and 21 who earned £4.93 per hour and those aged between 21 and 24 years at £7.10 per hour.¹³⁶

Earnings were much more important for part-time students than for full-time students. They were their main source of income, representing over four-fifths of their total income. Part-time students' wages amounted to £6,821 of their total average income. Variation in their earnings largely accounts for the variation in total income between various sub-groups of part-time student. Nearly nine out of ten part-time students worked at some stage during the 1998/9 academic year (table 4.1, fig. 4.2). Three-quarters had worked continuously for the same employer over the year and a further four per cent had worked periodically for the same employer. The remaining eight per cent had worked, but for more than one employer.

Part-time students' average hourly wage, for all the hours they worked over the academic year, was £7.09. Their average weekly pay, for the weeks they worked over the year, was £227. This average pay is well below the national average weekly gross pay of employees, which according to the New Earnings Survey in April 1998 was £383 while the national average gross hourly earnings were £10.03.

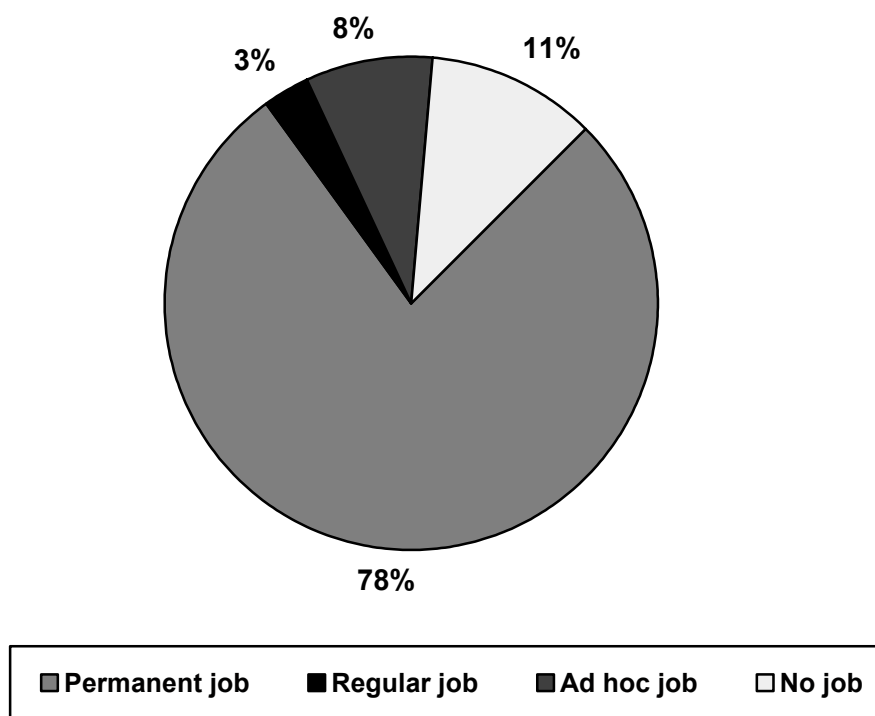
Figure 4.1 Paid employment full-time students



Source: South Bank University- Student Income and Expenditure Survey 1999

¹³⁶ ONS (1999) *New Earning Survey 1999*, HMSO, London

Figure 4.2 Paid employment part-time students



Source: South Bank University- Student Income and Expenditure Survey 1999

4.2.1 Patterns of employment over the academic year

Students' labour-market activity while studying was associated with their age, gender, family obligations, and living circumstances. Those full-time students most likely to have worked at some stage over the 1998/9 academic year lived with their parents. Three quarters of them had undertaken some paid employment over the academic year. And these were predominantly young students in their first-year living in London. Interestingly, they also were especially likely to have worked for the same employer during this time. Twice as many of them had done this compared to students living independently (54% compared with 24%). So staying at home had these students continuity of employment (table 4.1).

By contrast, the students least likely to have undertaken any paid work were women with children. Just over one third (37%) of married/cohabiting women with children had worked over the year compared to over two-thirds of single women without children. Men's labour market activities were similarly depressed by the presence of children, but not to such a large extent. Thus, 54 per cent of married/cohabiting men with children worked compared with 60 per cent of

single childless men. Thus, family obligations obviously affected students' ability to take paid employment while studying. Indeed, these students' employment patterns reflect broader trends within the labour market.

Given that most students with family commitments were older, it is not surprising that younger students were more likely to work than older ones (64% compared with 55%). Yet, age had little impact on the labour market activity of single childless students. Thus, 64 per cent of these single students under 25 had worked compared to 66 per cent of those aged 25 and over. However, younger students, irrespective of their family obligations had different patterns of employment compared to similar older students. Younger students were much more likely than older students to have had *ad hoc* jobs (35% compared with 22%).

There were no significant differences in students' propensity to work by whether or not they had received a grant or taken out a student loan, nor by their social class or where in the country they were studying. However, young women in social classes IV and V were especially likely to work – 73 per cent of them worked compared to 61 per cent of young men from similar backgrounds.

Turning now to part-time students we see that their patterns of employment were very different from full-time students. Much higher proportions of them had worked for a single employer. That aside, the variations in employment behaviour among part-time students were similar to full-time students. Thus, those most likely to work lived with their parents (95%) and these were mostly students under the age of 25. Those least likely to work were women with children, especially lone parents (73%). However, parenthood among part-time male students had no impact on their labour market activity. Nine out of ten men worked irrespective of the presence of children.

Just like full-time students, younger part-time students were more likely to work than older students (92% compared 87%). Again, they were twice as likely as older students to have had *ad hoc* jobs (14% compared to 7%) rather than working consistently for a single employer. Interestingly too, a much higher proportion of lone parents (13%) had these less stable jobs compared with married/cohabiting students (5%) (table 4.2).

Table 4.1 Paid employment – patterns of employment over the academic year for full-time students by age, family type and living arrangements

Row percentages

		EMPLOYMENT PATTERNS				Base (N)
		Worked continuously for the same employer %	Worked periodically for the same employer %	Worked in the academic year but not for the same employer %	Not worked in the academic year %	
AGE	<25	23	6	35	36	1,754
	>=25	25	8	22	45	296
FAMILY TYPE	Single, no children	24	6	34	36	1,866
	Couple, no children	19	2	27	51	88
	Single with children	24	4	17	55	40
	Couple with children	22	5	15	58	55
LIVING ARRANGEMENTS	Lives independently	17	7	37	39	1,535
	Lives with parent	49	5	21	25	359
	Lives with spouse/ children	24	4	23	49	124
	Other arrangement	40	4	18	38	32
	ALL	23	6	33	38	2,050

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 4.2 Paid employment – patterns of employment over the academic year for part-time students by age, family type and living arrangements

Row percentages

		EMPLOYMENT PATTERNS				Base (N)
		Worked continuously for the same employer %	Worked periodically for the same employer %	Worked in the academic year but not for the same employer %	Not worked in the academic year %	
AGE	<25	69	9	14	8	189
	>=25	79	2	6	13	559
FAMILY TYPE	Single, no children	73	6	11	10	340
	Couple, no children	80	2	5	13	185
	Single with children	60	0	13	27	36
	Couple with children	81	2	5	12	188
LIVING ARRANGEMENTS	Lives independently	70	4	12	14	301
	Lives with parent	81	6	8	5	126
	Lives with spouse/ children	81	2	5	12	302
	Other arrangement	74	0	5	21	19
	ALL	76	3	8	11	748

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

4.2.2 Earnings over the academic year

Not surprisingly, there were considerable disparities in the level of full-time students' earnings. These differences depended on the type of job students obtained, their average hourly wage rates, and the number of hours they worked. In turn, these were associated with the interplay between students' age (tables 2.3 and 2.4), family commitments (2.9 and 2.10), and gender (tables 2.7 and 2.8).

Overall, full-time students working for the same employer over the academic year tended to have higher wages than those with *ad hoc* jobs. This was because they tended to work longer hours, especially during term-time (table 4.6). Consequently, some of the highest-paid students were those living at home with their parents, because they were more likely to work continuously for one employer. They earned nearly double the amount of students living independently (£1,164 compared with £594) and more than those living with their family (table 4.4). Their higher earnings, however, were associated with the long hours they worked, rather than high hourly wages rates.

Earning differentials by family type were not large (table 4.4). Some of the observed differences in fact were associated with students' ages. Students aged 25 years and over had higher earnings than younger students (£917 compared with

£675) (table 4.3) and this was because their hourly wage rates were higher. Students under the age of 25 earned £4.30 an hour compared with £5.31 for those aged 25 and over. Given the fact that nearly all lone parents were mature students it is most appropriate to compare their wages with other students aged 25 and over. When we do this we see that they attracted below average wages, given their age. Focusing on mature students only, lone parents were only paid £4.71 an hour, compared to an hourly rate of: £5.31 for all students aged 25 and over, £6.90 for childless couples, £5.13 for single students, and £5.08 for couples with children.¹³⁷ No doubt lone parents' relatively lower wages reflect the types of job they could get to fit around their domestic responsibilities.¹³⁸ In addition, there were other marked gender differences in hourly wage rates, especially among older students. For every hour worked, men studying full time received nearly one pound more than women (£5.90 compared with £5.03).

The pay differences also reflect the gender gap in earnings and the pay differences associated with motherhood in the general population. In 1998 the hourly earnings of all women working part-time were just 59 per cent of the hourly pay of men working full time, and 69 per cent of women working full time. In addition, mothers earn about 20 per cent less than childless women.¹³⁹

Wages increased as a student's social class background declined: students from poorer families had to rely on more paid work and worked longer hours to supplement their incomes. These poorer students had to depend on borrowing, and working longer hours was one way of reducing their present and future debt. By contrast, students from higher social classes could depend on their parents for financial support and so had less need to work. Thus, students from social classes IV and V earned one third more over the academic year than students from social classes I and II (£950 compared to £647) (table 4.3).

Turning to part-time students, the differences in their earning were also marked. Again, those who worked for the same employer throughout the year received considerably higher wages than those who had worked for more than one employer during the year. However, unlike full-time students, this was because these stable jobs commanded much higher wage rates than the *ad hoc* jobs. Thus the average hourly pay rates were one third higher for those with continuous jobs compared to those with *ad hoc* jobs.

In turn, these higher pay rates were associated with age and social class. Those with the highest hourly wage rates were married/cohabiting with children over the age of 25 in social classes I and II. Unlike full-time students, as social class rose so did earnings over the academic year (table 4.3). Students from social classes I and II earned over double that of students from social classes IV and V (£8,096 compared with £3667). Similarly, unlike full-time students, earning differentials by gender were associated with the longer hours men worked rather than unequal

¹³⁷ Note the number of working lone parents in the sample is small and so these findings must be treated with caution.

¹³⁸ Some of the base numbers involved are small, so these findings on hourly wage rates should be treated with caution.

¹³⁹ Rake, K. (ed.) (2000) *Women's Incomes over the Lifetime*, Women's Unit, Cabinet Office, London.

hourly pay rates. From the median earnings of men and women it is obvious that some men were obviously earning very high wages, compared to women. Thus men over the age of 25 in social classes I and II had the highest earnings of £10,012 on average over the year.

Table 4.3 Paid employment – average income over the academic year for full- and part-time students by age, social class and sex

			FULL-TIME	PART-TIME
AGE GROUP	<25	Mean (£) Median (£) Standard Error of Mean N	675 240 25 1,757	4,231 4,027 261 191
	>=25	Mean (£) Median (£) Standard Error of Mean N	917 85 90 297	7,705 7,782 270 558
SOCIAL CLASS ¹⁴⁰	I and II	Mean (£) Median (£) Standard Error of Mean N	647 220 31 1,083	8,096 7,924 317 240
	IIIN and IIIM	Mean (£) Median (£) Standard Error of Mean N	766 232 48 608	6,406 6,373 463 211
	IV and V	Mean (£) Median (£) Standard Error of Mean N	950 435 105 160	3,668 3,344 619 30
SEX	Male	Mean (£) Median (£) Standard Error of Mean N	729 200 41 974	7,289 6,779 398 315
	Female	Mean (£) Median (£) Standard Error of Mean N	693 255 30 1,080	6,480 6,676 243 433
ALL		Mean (£) Median (£) Standard Error of Mean % N	708 220 24 100 2,054	6,821 6,703 219 100 748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁴⁰ Note: 276 cases (36% of part-time students) and 202 cases (10% of full-time students) have missing class data.

Table 4.4 Paid employment – average income over the academic year for full- and part-time students by living arrangements and family type

			FULL-TIME	PART-TIME
LIVING ARRANGEMENTS	Lives independently	Mean (£) Median (£) Standard Error of Mean N	594 175 27 1,538	6,279 6,287 339 301
	Lives with parent	Mean (£) Median (£) Standard Error of Mean N	1,164 969 65 359	5,273 5,519 282 126
	Lives with spouse/ children	Mean (£) Median (£) Standard Error of Mean N	763 10 126 124	8,037 7,839 392 302
	Other arrangement	Mean (£) Median (£) Standard Error of Mean N	1,011 284 228 32	6,270 6,623 1,050 19
FAMILY TYPE	Single, no children	Mean (£) Median (£) Standard Error of Mean N	708 250 25 1,871	5,667 5,487 241 340
	Couple, no children	Mean (£) Median (£) Standard Error of Mean N	747 0 157 88	8,198 7,589 554 185
	Single with children	Mean (£) Median (£) Standard Error of Mean N	574 0 190 40	4,349 3,543 762 36
	Couple with children	Mean (£) Median (£) Standard Error of Mean N	831 0 225 55	8,024 8,069 470 188
ALL	Mean (£) Median (£) Standard Error of Mean N	708 220 24 2,054	6,821 6,703 219 748	

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

4.2.3 Term time working

Term-time earnings contributed £504 to all students' average total income over the year (table 4.5). Just under half (46%) of all full-time students were employed during term time and they worked 11 hours a week on average, earning an average of £56 a week. These findings mirror those of other studies. For instance, the NUS Student Hardship Survey found that 42 per cent of students worked during term time while Barclays Student Survey in 1999 reported that 40 per cent of students worked during term time. Both these studies, however, suggest that students worked slightly longer hours¹⁴¹ on average and consequently students' weekly earnings were slightly higher.

Students' patterns of labour market participation during term time reflected their general employment patterns over the academic year. Those most likely to work lived at home with their parents (69%) while those least likely to work were students with children (40%). Students' propensity to work increased as their social class declined. So while 54 per cent of students from social classes IV and V worked during term time, only 44 per cent of students from social classes I and II did. And this tendency was especially strong among women aged under 25 years: 62 per cent of young women from social classes IV and V worked, compared with 44 per cent of young men from similar backgrounds.

Again, differences in full-time students' earnings during term time were associated with the jobs they held, and the hours they worked (table 4.6). Students in continuous jobs worked nearly double the number of hours during term time than those in irregular jobs (14 hours a week compared with 8 hours a week).¹⁴² And in turn, the jobs they had and their differential earnings were associated with the interaction of their age, family commitments, and gender along with social class.

Students living with their parents earned well above the average (£896), and more than double the amounts earned by students living independently (£400). Again this was because they tended to have regular jobs with longer hours. Older students earned more than younger ones (£686 compared to £473), reflecting their greater experience, and their tendency to have more stable employment which involved working longer hours. And single students (with or without children) tended to have lower earnings than those in couples. Students' earnings rose with falling social class so students in social classes IV and V earned an average of £712 compared to £442 among those from social classes I and II.

Among part-time students both their employment and earnings patterns during term time reflected those of the academic year as a whole and so will not be repeated again. This is because their activity rates remained fairly stable over the entire academic year and because such a high proportion worked for the same employer throughout 1998/9.

¹⁴¹ The NUS study (1999) *op.cit.* reports an average of 13 hours a week while the Barclays study (1999) *op.cit.* reports 14 hours.

¹⁴² As we will see in chapter 9, students believed that these long hours negatively affected their academic performance (section 9.5.2).

Table 4.5 Paid employment – average income for full- and part-time students for work undertaken during term time and the Christmas and Easter vacations

			FULL-TIME	PART-TIME
TERM TIME WORKING	Total amount earned in term time	Mean (£) Median (£) Standard Error of Mean N	503 0 19 2,054	5,039 4,889 143 748
	Proportion who worked in term time at some point	Proportion of students working during this period (%) N	47 2,036	86 746
	Average weekly wages for weeks worked during term time	Mean (£) Median (£) Standard Error of Mean N	56 46 1 942	221 208 5 636
	Average hours worked per week during term time ¹⁴³	Mean hrs) Median hrs) Standard Error of Mean N	11 10 0 949	32 36 0 642
CHRISTMAS AND EASTER VACATION WORKING	Total amount earned in short vacations	Mean (£) Median (£) Standard Error of Mean N	204 24 7 2,054	1,294 1,131 54 748
	Proportion who worked in short vacations at some point	Proportion of students working during this period (%) N	52 2,041	84 746
	Average weekly wages for weeks worked during short vacations	Mean (£) Median (£) Standard Error of Mean N	85 70 2 1,059	226 212 5 620
	Average hours worked per week during short vacations ¹⁴⁴	Mean hrs) Median hrs) Standard Error of Mean N	17 15 0 1,064	33 36 0 627

Base: Varies for all students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁴³ This is the average hours worked for those weeks worked for students who worked during term-time.

¹⁴⁴ This is the average hours worked for those weeks worked for students who worked during the short vacations.

4.2.4 *Changes in term time working since 1995/6*

Since the 1995/6 SIES study the proportion of students working during term-time has fallen, and so too has the average number of hours worked. In 1995/6 during term-time a half of students worked an average of 286 hours (nearly 10 hours per week).¹⁴⁵ During term-time in 1998/9, only 46 per cent of students worked an average of 279 hours, which was about 11 hours a week. However, these changes are slight – the fall in the number of hours represents a decline of just two per cent.

Table 4.6 compares the average number of hours worked for all full-time students (irrespective of whether they worked) in 1995/6 and in 1998/9. It shows that it was primarily younger students, those under 26 years, who had reduced their hours of work during this period - the average number of hours they worked fell by around 14 per cent between 1995/6 and 1998/9. However, in marked contrast, the number of hours worked by students aged 26 and over, rose by 27 per cent over the same period.¹⁴⁶ And the biggest increases were among students with children, including lone parents. Another marked change in students' work behaviour was associated with their social class. The number of hours students from social class I and II worked, fell by nine per cent while they rose by 15 per cent among students coming from social classes IV and V.

It is not clear why these changes should have occurred. It may be that some full-time students have become increasingly concerned about the impact of paid work on their academic performance. However, some of the poorer students, such as students from social classes IV and V and lone parents who have heavy demands on their finances, may feel that they have no choice but to engage in paid work while studying.

¹⁴⁵ Callender and Kempson (1996) *op. cit.* p36

¹⁴⁶ These proportions may be a slight under or over estimation as the age break in the 1995/6 SIES study was 26 years.

Table 4.6 Average hours worked during term time over the academic year for full-time students in 1995/6 and 1998/9 by employment category, age, social class, living arrangements, family type and sex.

		1995/95*	1998/9**
EMPLOYMENT CATEGORY	Worked continuously for the same employer	N/A	420
	Worked periodically for the same employer	N/A	100
	Worked in the academic year but not for the same employer	N/A	79
AGE GROUP	<26	148	127
	>=26	121	154
SOCIAL CLASS	I and II	126	115
	IIIN and IIIM	148	143
	IV and V	158	181
LIVING ARRANGEMENTS	Lives independently	N/A	103
	Lives with parent	N/A	238
	Lives with spouse/ children	N/A	129
	Other arrangement	N/A	216
FAMILY TYPE	Single, no children	190	130
	Couple, no children	97	122
	Single with children	95	114
	Couple with children	82	137
SEX	Male	143	129
	Female	145	131
ALL		143	130

Base: All full-time students irrespective of whether they worked

Source: * PSI 1996

**South Bank University – Student Income and Expenditure Survey 1999

4.2.5 *Vacation working*

Among full-time students, there was a slight increase in the proportion working during the Easter and Christmas vacations compared to term time (51% compared with 46%). Similarly, the average number of weekly hours worked rose from 11 hours during term time to 17 hours in the short vacations. These hours increased for students in *ad hoc* jobs with different employers, and peaked to 21 hours for those who had worked periodically for the same employer over the course of the academic year. Vacation earnings added a further £204 on average to students' average total income (table 4.5).

There was a rise in students' work activities during the summer vacation. Over four in five students in their second-year or above had worked over the previous summer vacation (summer 1998), earning on average £1,022 over the summer (table 4.7).¹⁴⁷ By contrast in 1995/6 only 71 per cent of students in their second year and above worked in their previous summer vacation. And as we will see, these earnings were important for paying off commercial debts that students had accumulated over the academic year.

Again, the patterns of employment reflected those of students throughout the rest of the academic year but the differences were much more marked. Indeed, they highlight the difficulties that women experience in combining paid employment and domestic responsibilities, especially when their children were on their school holidays. Hence, young students worked more than mature ones (85% compare with 67%) – particularly mature students with children, but they earned less on average (£886 compared with £1,048). Women with children were much less likely to work than men with children. Around one half of students with children worked compared to 85 per cent of single childless students and 68 per cent of married/cohabiting childless students. And overall, women received 80 per cent of men's earnings during the Christmas and Easter vacations (£1,025 compared with £1,156). There were no great variations, however, either in the work behaviour or earnings of students from different social classes.

¹⁴⁷ In keeping with previous SIES studies, earnings over the summer vacation have not been added to students' overall total income. The rationale for excluding these earnings may need to be re-considered in any future studies.

Table 4.7 Paid employment – average income for full- and part-time students in their second and third year or over for work undertaken during the summer vacation of 1998

		FULL-TIME	PART-TIME
SUMMER VACATION WORKING	Mean (£)	1,024	2,300
	Median (£)	892	2,160
	Standard Error of Mean	26	93
	Proportion of students working during this period (%)	82	84
	Base (N)	1,287	502

Base: All students in their second year of study and above

Source: South Bank University – Student Income and Expenditure Survey 1999

4.3 The family and friends

The family was an essential source of financial support for full-time students. This was not the case for part-time students. As we saw (table 2.1), financial assistance from families and other relatives amounted to well over a quarter of all full-time students' average income but only a fraction of part-time students'. For full-time students, most of this support was in the form of parental contributions to the students' maintenance.

We will now examine all the income students received from their family, relatives and friends. First we will examine all the financial help received from family and friends. Next, we will explore support received from parents and parental contributions in relation to grants, focusing on full-time students only. Finally, we will discuss for both full- and part-time students the other types of financial help families gave their children, or spouses gave their partners.

4.3.1 Total financial help from family and friends

This financial support consisted of:

- Parental contributions
- Other financial help from parents
- Contributions from other family members
- Contributions from others who were not relatives
- Gifts
- Share of partner's income

Some 87 per cent of full-time students gained £1,610 in financial help from family and friends, which added £1,395 to their total income. By contrast, for two-thirds of part-time students there was some transfer of income between family/partner and student. However, the net transfer of income from family/partner for such students amounted to zero; this is because of the assumptions we have made about the way in which monies are transferred within couples. Overall then the money from these sources added nothing to part-time students' total income (tables 4.8 and 4.9).

The full-time students most likely to get help were students from social classes I and II. Some 91 per cent benefited from this support compared with 75 per cent of their peers from the lowest social classes. Students from the highest social classes received £1,748 on average, three times as much as students from social classes IV and V (table 4.12). The full-time students least likely to receive any financial aid from these sources were lone parents – only one third obtained any such support, which was worth £272 over the academic year.

Table 4.8 Family financial support – average income for all full- and part-time students

SOURCE OF INCOME		FULL-TIME	PART-TIME
CONTRIBUTIONS FROM PARENTS	Mean (£)	1,130	171
	Median (£)	500	0
	Standard Error of Mean	31	21
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	85	33
	Median (£)	10	0
	Standard Error of Mean	5	13
CONTRIBUTIONS FROM NON-RELATIVES	Mean (£)	34	10
	Median (£)	0	0
	Standard Error of Mean	6	3
OTHER GIFTS	Mean (£)	7	2
	Median (£)	0	0
	Standard Error of Mean	1	1
SHARE OF PARTNER'S INCOME	Mean (£)	139	-216
	Median (£)	0	0
	Standard Error of Mean	27	114
TOTAL INCOME FROM FAMILY	Mean (£)	1,395	0
	Median (£)	760	0
	Standard Error of Mean	40	116
BASE		2,054	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 4.9 Family financial support – average income for full- and part-time students receiving money and the proportion receiving any income

SOURCE OF INCOME		FULL-TIME	PART-TIME
CONTRIBUTIONS FROM PARENTS	Mean (£)	1,418	646
	Median (£)	920	250
	Standard Error of Mean	35	67
	Base (N)	1,637	199
	Proportion of students receiving (%)	80	27
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	165	221
	Median (£)	85	79
	Standard Error of Mean	8	86
	Base (N)	1,060	111
	Proportion of students receiving (%)	52	15
CONTRIBUTIONS FROM NON-RELATIVES	Mean (£)	214	196
	Median (£)	50	100
	Standard Error of Mean	37	51
	Base (N)	324	39
	Proportion of students receiving (%)	16	5
OTHER GIFTS	Mean (£)	95	101
	Median (£)	50	48
	Standard Error of Mean	10	55
	Base (N)	147	14
	Proportion of students receiving (%)	7	2
SHARE OF PARTNER'S INCOME¹⁴⁸	Mean (£)	2,275	-469
	Median (£)	1,345	-422
	Standard Error of Mean	392	246
	Base (N)	125	345
	Proportion of students receiving (%)	6	46
TOTAL INCOME FROM FAMILY¹⁴⁹	Mean (£)	1,610	0
	Median (£)	1,077	250
	Standard Error of Mean	44	175
	Base (N)	1,779	498
	Proportion of students receiving (%)	86	67
BASE		2,054	748

Base: All students in receipt of the source

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁴⁸ The figures reported here refer to all students who experience either a positive *or negative* income transfer between themselves and their partners during the academic year – i.e. all those students whose partners have an income with which their income is pooled.

¹⁴⁹ The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, or/and those who have experienced an income transfer between themselves and their partners. The mean quoted in this table indicates the average transfer of income between family/spouse and such students.

4.3.2 Total financial help from parents

Overall, four out of five full-time students received financial assistance from their parents. This money included actual parental contributions for maintenance (which formed the largest portion of help), as well as occasional gifts of money, presents, other gifts in kind, and help with paying off rent or bills (table 4.9).¹⁵⁰ For those who received such financial assistance, they secured £1,418 on average over the year, which contributed £1,130 to all students' average total income (table 4.8). However, as we can see from the median value of these contributions, there was wide variation in the amounts obtained. The key differences were associated with full-time students' family type, social class, and their age (tables 4.10 to 4.13).

The full-time students both most likely to be assisted by their parents, and those who received the largest financial contributions came from the highest social classes. Indeed, both the likelihood of getting such support and the amounts gained, increased with rising social class. So an additional quarter of students from social classes I and II compared to those from social classes IV and V were supported, and they received four times as much money (table 4.12).

The disparities in the proportion of full-time students benefiting from such aid were even greater among those of differing ages (tables 4.10). While the majority (87%) of students under the age of 25 got financial assistance from their parents, only a minority (39%) over this age did. Moreover, younger students received six times more money than older students (£1,290 compared with £185) (table 4.10).

If we control for family type, the students least likely of all to get any parental assistance and getting the smallest sums of money were those with children, especially lone parents; one in four lone parents received help and together they got just £70 on average over the year. Students living with a partner and with dependent children did slightly better, with three in every ten benefiting from some parental support, adding an average of £85 to their total income over the academic year.

Students who lived at home with their parents were less likely to receive money from their parents than those who lived independently (75% compared with 84%), and the amounts they received were significantly smaller (£552 compared with £1,342). The level of support tended to be higher for students outside London than it was for those studying in the capital, partly because there were fewer mature students and because more lived at home either with their parents or their partners.

Predictably, some of the differences in the proportion of students benefiting from parental support and the sums accrued were related to student grant eligibility and the conditions attached to parental contributions. For example, unmarried students aged over 25 are classed as independent students and thus their parents' incomes are not assessed for a contribution. This helps explain why older students received so little financial support from their parents compared with younger students.

¹⁵⁰ This support does exclude any money used to pay for fees – an issue discussed elsewhere in the report.

However, the contribution rules cannot account for all the differences - for instance, those among students of differing social classes. In theory, if there was a level playing field, the combined total of maintenance grants and parental contributions should be the same for all students, irrespective of their social class. When we do this calculation, and include all the money received from parents (not just the assessed contribution), students from social classes I and II still had £311 more money than those from social classes IV and V. Hence, the additional sum received can not be attributed to the operation of the student funding system.

Turning now to part-time students, as we would expect, they were much less likely than full-time students to be subsidised by their parents. Only a quarter gained financial assistance from their parents. They received less than half of that gained by full-time students (£646), which added just £171 to their overall total income (tables 4.8 and 4.9). Even when we control for age, they still got considerable less than full-time students (table 4.11).

Table 4.10 Family financial support – average income for all full-time students and the proportion receiving any income by age

SOURCE OF INCOME		AGE GROUP	
		<25	>=25
CONTRIBUTIONS FROM PARENTS	Mean (£)	1,290	185
	Median (£)	726	0
	Standard Error of Mean	34	28
	Proportion of students receiving (%)	87	39
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	95	28
	Median (£)	30	0
	Standard Error of Mean	5	8
	Proportion of students receiving (%)	58	16
CONTRIBUTIONS FROM NON-RELATIVES	Mean (£)	28	70
	Median (£)	0	0
	Standard Error of Mean	5	31
	Proportion of students receiving (%)	17	10
OTHER GIFTS	Mean (£)	7	3
	Median (£)	0	0
	Standard Error of Mean	1	1
	Proportion of students receiving (%)	8	3
SHARE OF PARTNER'S INCOME¹⁵¹	Mean (£)	13	881
	Median (£)	0	0
	Standard Error of Mean	7	174
	Proportion of students receiving (%)	2	33
TOTAL INCOME FROM FAMILY AND OTHERS¹⁵²	Mean (£)	1,433	1,167
	Median (£)	900	100
	Standard Error of Mean	36	176
	Proportion of students receiving (%)	90	64
BASE		1,757	297

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁵¹ The figures reported here refer to all students who experience either a positive or negative income transfer between themselves and their partners during the academic year – i.e. all those students whose partners have an income with which their income is pooled.

¹⁵² The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, or/and those who have experienced a positive or negative income transfer between themselves and their partners. The mean quoted in this table indicates the average transfer of income between family/spouse and such students.

Table 4.11 Family financial support – average income for all part-time students and the proportion receiving any income by age

SOURCE OF INCOME		AGE GROUP	
		<25	>=25
CONTRIBUTIONS FROM PARENTS	Mean (£)	433	82
	Median (£)	50	0
	Standard Error of Mean	60	17
	Proportion of students receiving (%)	54	17
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	50	27
	Median (£)	0	0
	Standard Error of Mean	9	17
	Proportion of students receiving (%)	34	8
CONTRIBUTIONS FROM NON-RELATIVES	Mean (£)	10	10
	Median (£)	0	0
	Standard Error of Mean	3	4
	Proportion of students receiving (%)	10	4
OTHER GIFTS	Mean (£)	3	2
	Median (£)	0	0
	Standard Error of Mean	1	1
	Proportion of students receiving (%)	4	1
SHARE OF PARTNER'S INCOME¹⁵³	Mean (£)	-2	-289
	Median (£)	0	0
	Standard Error of Mean	75	150
	Proportion of students receiving (%)	17	56
TOTAL INCOME FROM FAMILY AND OTHERS¹⁵⁴	Mean (£)	494	-169
	Median (£)	100	0
	Standard Error of Mean	98	152
	Proportion of students receiving (%)	65	67
BASE		191	558

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁵³ The figures reported here refer to all students who experience either a positive or negative income transfer between themselves and their partners during the academic year – i.e. all those students whose partners have an income with which their income is pooled.

¹⁵⁴ The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, or/and those who have experienced a positive or negative income transfer between themselves and their partners. The mean quoted in this table indicates the average transfer of income between family/spouse and such students.

Table 4.12 Family financial support – average income for all full-time students and the proportion receiving any income by social class

SOURCE OF INCOME		CLASS ¹⁵⁵			TOTAL
		I and II	IIIN and IIIM	IV and V	
PARENTAL CONTRIBUTION	Mean (£)	1,492	817	355	1,172
	Median (£)	1,035	300	80	550
	Standard Error of Mean	46	45	57	33
	Proportion of students receiving (%)	86	76	61	81
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	97	65	72	84
	Median (£)	30	0	0	20
	Standard Error of Mean	6	6	20	5
	Proportion of students receiving (%)	57	49	35	53
OTHER GIFTS	Mean (£)	8	7	3	7
	Median (£)	0	0	0	0
	Standard Error of Mean	1	2	1	1
	Proportion of students receiving (%)	9	6	4	7
CONTRIBUTIONS FROM NON-RELATIVES	Mean (£)	36	33	33	35
	Median (£)	0	0	0	0
	Standard Error of Mean	9	11	17	7
	Proportion of students receiving (%)	17	16	13	16
SHARE OF PARTNER'S INCOME ¹⁵⁶	Mean (£)	115	210	83	144
	Median (£)	0	0	0	0
	Standard Error of Mean	36	56	88	29
	Proportion of students receiving (%)	5	8	13	6
TOTAL INCOME FROM FAMILY AND OTHERS ¹⁵⁷	Mean (£)	1,748	1,132	545	1,442
	Median (£)	1,375	484	160	838
	Standard Error of Mean	57	69	107	43
	Proportion of students receiving (%)	91	85	75	88
BASE		1,083	608	160	1,852 ¹⁵⁸

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁵⁵ Note: 203 cases (10% of full-time students) have missing class data.

¹⁵⁶ The figures reported here refer to all students who experience either a positive or negative income transfer between themselves and their partners during the academic year – i.e. all those students whose partners have an income with which their income is pooled.

¹⁵⁷ The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, or/and those who have experienced a positive or negative income transfer between themselves and their partners. The mean quoted in this table indicates the average transfer of income between family/spouse and such students.

¹⁵⁸ Note that because of the use of fractional weights and rounding, the total number of cases may sometimes marginally exceed the sum of cases in the sub-groups.

Table 4.13 Family financial support – average income for all part-time students and the proportion receiving any income by social class

SOURCE OF INCOME		CLASS ¹⁵⁹			TOTAL
		I and II	IIIN and IIIM	IV and V	
PARENTAL CONTRIBUTION	Mean (£)	81	150	234	121
	Standard Error of Mean	27	32	133	21
	Proportion of students receiving %)	23	23	39	24
CONTRIBUTIONS FROM OTHER FAMILY MEMBERS	Mean (£)	10	16	372	35
	Standard Error of Mean	3	5	313	20
	Proportion of students receiving %)	11	11	36	13
CONTRIBUTIONS FROM NON-RELATIVES	Mean £	14	7	6	11
	Standard Error of Mean	8	3	3	4
	Proportion of students receiving %)	4	3	12	4
OTHER GIFTS	Mean (£)	0	0	1	0
	Standard Error of Mean	0	0	0	0
	Proportion of students receiving %)	1	1	4	1
SHARE OF PARTNER'S INCOME¹⁶⁰	Mean (£)	-392	-52	487	-188
	Standard Error of Mean	202	236	387	147
	Proportion of students receiving %)	59	47	33	52
TOTAL INCOME FROM FAMILY AND OTHERS¹⁶¹	Mean (£)	-287	121	1,099	-20
	Median (£) ¹⁶²	0	0	150	0
	Standard Error of Mean	204	238	364	148
	Proportion of students receiving %)	71	62	69	67
BASE		240	211	30	481

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁵⁹ Note: 276 cases (36% of part-time students) have missing class data.

¹⁶⁰ The figures reported here refer to all students who experience either a positive or negative income transfer between themselves and their partners during the academic year – i.e. all those students whose partners have an income with which their income is pooled.

¹⁶¹ The base for the figures reported in this row consists of those students who have received a positive transfer of income from members of their family or friends, or/and those who have experienced a positive or negative income transfer between themselves and their partners. The mean quoted in this table indicates the average transfer of income between family/spouse and such students.

¹⁶² The medians in the other rows in this table have not been reported because they are all null.

4.3.3 Regular contributions towards grants from parents and others – full-time students only

In chapter 3 (section 3.6.1) we discussed at length which students could potentially expect a regular contribution from either their parents or their spouse. As we noted in the chapter 3, full-time students' grants are means-tested. Consequently, the incomes of the parents or partners¹⁶³ of students or, in some cases, their own incomes, are assessed for a contribution towards their living or maintenance costs. The maximum contribution in 1998/9 was £6,125. Where parents were assessed for a contribution, this was assessed at a total gross income (minus allowances) of £66,430 while for partners it was £53,289.

*Assessed contributions*¹⁶⁴

As we have seen, as a proportion of total student income, parental contributions have fallen since 1988/9 (chapter 2: tables 2.19 and 2.20). In the 1998/9 survey, 68 per cent of all full-time students were assessed for contributions. Most commonly this was an assessment of parental income (in 86% of all cases) and in a minority of cases (3%) their partner's income.

One third of those assessed for a parental or spouse's contribution (21% of all students) were awarded a full grant so neither their parents nor their spouse were required to make a contribution. Not surprisingly, given the eligibility criteria for full awards, more older than younger students received a full award (53% compared to 33%); as did students from social classes IV and V compared to those from social classes I and II (59% compared with 24%).

The remainder of those students who were assessed expected to receive a contribution (42% of all students). They were notified of an amount that either their parents or their partner should give them towards their living expenses. On average, these assessed contributions were for £862 over the academic year. The largest contributions were expected from the parents or spouse of students from social classes I and II. They were expected to give their children/partner £952 compared to £676 for parents from social classes IV and V.

Next, we examine parental assessment and spouse's assessments separately. Focusing first on unmarried students and parental contributions. Just over one third (34%) of these students received a full grant from their awarding authority and so their parents were not expected to make any contribution to their maintenance costs. Of the remaining 63 per cent said their parents had been assessed and were expected to make a contribution.¹⁶⁵ The average assessed parental contribution was £870.

¹⁶³ It is worthwhile remembering that partner's contributions only applied to students who are actually married students and those who have been married for two years or over or classified as an independent student.

¹⁶⁴ When contributions are assessed they include money towards both maintenance and fee. However, in the survey students were asked to separate out contributions for maintenance and fees. The discussion here refers to maintenance only.

¹⁶⁵ The outstanding three per cent were unsure and did not know if they expected money from their parents.

Turning now to students who were married and who were assessed. Just over half (51%) received a full grant and so their spouse was not expected to make any contribution. Of the remaining, 45 per cent reported that their spouse's incomes were assessed to be high enough to justify a contribution.¹⁶⁶ The average assessed amount was £680 and these students expected to receive £470 on average. So about 17 per cent of married students did not anticipate getting the full assessed amount from their partner.¹⁶⁷

Assessed contribution v. actual contribution

The following discussion on the differences between students' assessed contribution and the actual amounts received, will focus exclusively on those students whose parents were assessed to make a contribution.¹⁶⁸ The average assessed parental contribution was £870 but the amount all of these parents actually contributed to their children's maintenance was £1,217 on average. So the difference between the actual parental contribution and the assessed parental contribution was £348 in students' favour.

This additional sum is high because, as table 4.14 shows, 50 per cent of students (20% of all students) received more than the assessed amount, while 20 per cent (8% of all students) received the exact amount of their parent's assessed contribution. The remaining 30 per cent (12% of all students), however, failed to receive their full assessed contribution from their parents.

Turning first to the students who received more than their parental assessment: their parents were assessed to contribute an average £615 but actually gave them £1,781, so these students were better off by £1,166. Among the 20 per cent of students getting the precise amount of assessed parental contribution, their parents' assessed and actual contribution was £700 on average. Finally, among the 30 per cent of students getting less than their parental assessed contribution, their parents gave them just £665 towards their living costs, but were assessed to contribute £1,384, on average. So these students faced a shortfall of -£719. In other words, the higher the assessed parental contribution the less likely students were to receive the full amount.

The students both least likely to receive more than the parental assessed amount (29%) and most likely to experience a shortfall (35%), were students living at home with their parents (table 4.14). Their parents were assessed to contribute £533 but in reality only gave them £527 on average, so they experienced a shortfall of £6, on average. As we have seen, some made up part of this shortfall through their greater earnings from paid work and working long hours (table 4.4). In addition, they were subsidised in other ways by their parents. As we will see

¹⁶⁶ The outstanding four per cent were unsure if their partner had been assessed.

¹⁶⁷ The number of students is too small for any further analysis and these findings should be treated with caution.

¹⁶⁸ There were too few married students to report on, so this section focuses on students expecting contributions from their parents.

when examining their expenditure patterns, both their housing and food costs were lower than other student groups because their parents did not charge them a great deal for their board and lodging (chapter 7). In other words, they were subsidised in kind.

By contrast, the students with the most generous parents, who were both least likely to experience a shortfall (21%) and most likely to receive more than their parents' assessed contribution (57%), were students who had not taken out a student loan (table 4.14). These students parents' were meant to give them £773 but in reality gave them nearly twice as much - £1,371, an extra £598 on average. These high contributions may have meant students did not need a loan. Alternatively, high contributions may have been a mechanism used by parents/partners to dissuade their children from taking out a loan. And as we saw in chapter 3 (section 3.5) some 17 per cent of students who had not taken one out because their parents did not want them to.

Table 4.14 Financial assistance from families – proportion of students affected by differences between their parental assessed contributions and the actual contributions they received

Row percentages

		-£1500 or over %	-£1499 to -£1000 %	-£999 to -£500 %	-£499 to -£1 %	0	£1 to £499 %	£500 to £999 %	£1,000 to £1499 %	£1,500 or more %	BASE
AGE GROUP*	<25	3	4	8	16	20	15	12	7	15	824
CLASS	I and II	4	4	9	14	17	14	12	8	18	506
	IIIN and IIIM	2	3	7	21	23	13	12	8	11	227
	IV and V	2	0	0	22	25	22	12	15	2	41
LIVING ARRANGEMENTS*	Lives independently	4	4	8	15	17	15	13	8	16	681
	Lives with parent	2	3	8	22	36	11	9	4	5	131
FAMILY TYPE*	Single, no children	4	4	8	16	20	14	12	8	14	813
TAKEN OUT LOAN	Yes	4	4	9	18	20	15	10	7	13	609
	No	3	1	6	11	21	14	16	9	18	220
REGION	London	5	0	2	13	37	13	9	6	15	86
	Outside-London	3	4	9	16	18	15	12	8	14	743
ALL		3	3	8	16	20	15	12	8	15	829

* Certain categories of students have been excluded from this table because the number in the sub-sample is too small for reliable analysis.

Base: All students whose parents were assessed to make a contribution

Source: South Bank University – Student Income and Expenditure Survey 1999

Students' actual parental contributions tended to reflect the affluence of their families. Thus the second most generous set of parents, after the parents of students who had not taken out a student loan, were those from social classes I and II. These parents gave their children £418 more than their assessed contribution, double the additional amount received by students from social classes IV and V, who received an average of £201.

Together these findings give somewhat mixed messages about parental generosity. It is not clear whether parents would not pay or could not pay. The fact that parents with the highest assessed contributions were the least likely to pay the full amount to their children suggests that parents could not afford the contributions. On the other hand the social class differences suggest otherwise. Whatever the reason, the reality was that a sizeable minority of students did not receive the full parental contributions.

Changes since the 1995/6 academic year

The most significant change is the higher proportion of students not receiving their full parental contribution. In 1995/6 one in six students whose parents were expected to make a contribution to their maintenance contributed less than the assessed amount or nothing at all. By 1998/9 this figure nearly doubled to nearly one in three.¹⁶⁹

4.3.4 Financial help from others

Parents, however, were not students' sole source of financial help. Students were given cash regularly and/or occasionally, and gifts in kind by their extended family, friends, and non-relatives. About half of full-time students received £165 on average from their extended family, a further one in six got £214 from non-relatives including friends, and another one in fourteen received gifts worth £95 from non-specified individuals (table 4.9). On average across all students (regardless of whether or not they received income from these sources) assistance from other relatives and friends added £126 on average to all full-time students' total income (table 4.8).

Again there were very large variations by students' ages, both in the proportion receiving gifts and in the generosity of their relatives and friends. Overall younger students, were the most likely to have been recipients of the most valuable gifts and presents, especially single childless students.

Part-time students were much less likely than full-time students to benefit from regular or occasional gifts or presents of cash. However, when their relatives and friends did give them these, they were just as generous as the relatives and friends of full-time students. Hence, one in seven part-time students received £221 on average from their extended family, a further one in twenty got £196 from non-relatives and friends, but hardly any received gifts from non-specified individuals. When taken together, income and gifts from non-relatives accounted for an average of £45 of part-time students' average total income.

¹⁶⁹ Payne J and Callender C (1997) *op. cit.*

4.3.5 *Share of partner's income*¹⁷⁰

As discussed in chapter 2, we have included in students' overall income a share of their partner's net income based on the assumption that students with partners pool their income and share their household expenses. The share of partner's income, therefore, is a means for adjusting a couple's income for such dynamics within a household. In particular, it is the adjustment made to the student's share of family income when their spouse's earnings are taken into account.¹⁷¹

Only a very small proportion (6%) of full-time students benefited from this because only a minority was in stable partnerships.¹⁷² However, this minority received £2,275 on average over the year, which added £139 to all full-time students' mean total income (tables 4.8 and 4.9). These aggregate figures, however, mask a considerable gender difference. In fact, the only gender difference in the level of income assistance received from the family was within the context of the share of partner's income that students in couples received.

The key beneficiaries of a partner's income were women. In other words, female students were more likely to be dependent financially on a male partner than *visa versa*. Eight per cent of female students received this assumed transfer of income compared with just four per cent of male students. So, the assumed redistribution of disposable income within households was more often from a man to his female partner given the equal sharing assumption we have made. On average then, this transfer added around £139 to the total average income of all full-time students (whether or not they were in a couple).

On the other hand, there was a negative transfer from women to their male partners. As a result, all male students 'lost' £10 of their total income, while £272 was added to the average income of all female full-time students. A combination of factors explain this outcome. On average, female partners were less likely to be employed. In addition, when female partners were employed, their earnings tended to be lower compared to an employed male partner, reflecting women's lower earnings in the general population as a whole.¹⁷³ Moreover, even when men were studying they still supported their partners while female full-time students were heavily supported by their husbands/partners. Furthermore, the share was negative because a student's income will include some income, which, in reality is shared between couples within a household.¹⁷⁴

¹⁷⁰ Previous SIES studies also calculated a notional share of partner's income.

¹⁷¹ The share of partners income has been calculated by subtracting the student's income from their spouses and then dividing by two, and then adding the resulting sum to the student's income to get to their total income.

¹⁷² By stable partnerships we mean students who lived together and had joint financial responsibility for key areas of expenditure and/or had a joint bank or building society account.

¹⁷³ For an examination of income differential between men and women see Rake, K (ed.) *Women's Incomes over the Lifetime* (2000) Women's Unit, Cabinet Office, HMSO, London

¹⁷⁴ This highlights the difficulty when examining couples' incomes of assigning income coming into the household as belonging to the student or to the spouse. In reality, some income, which has been assigned to the student as their income, may in fact be joint income (e.g. social security benefits such as child benefit) rather than belonging just to the student alone.

The situation of part-time students was rather different to that of full-time students, with nearly one half (48%) cohabiting or married. Overall, 46 per cent had a partner on whose income they could call upon. However, the value of this income was negative and amounted to a deficit of £469 for these married or cohabiting students. So this meant that for the average total income of all part-time students was reduced by £216 over the course of the academic year.

The gender differences among part-time students were even greater than among full-time students. A much higher proportion of female students was financially dependent financially on a male partner than *visa versa*. Around half of female students received a share of their partner's income compared with four in ten male students. Again, the assumed income transfer was positive for female students and amounted to a positive transfer of £520. The income transfer to male students from their partners was negative at minus £1,229. This is mainly because part-time male students were mainly in full-time jobs, and doing a course as an additional activity while also supporting their family. The positive transfer for part-time women was less than that of full-time students because more of them were working, often full time, and so they were not so dependent on their partner's income.

4.4 Social security benefits

On the whole, students studying full time are ineligible for social security benefits. The exceptions are lone parents, students with dependent children, and students with disabilities. They all qualify for Child Benefit and lone parents, at the time of the survey, received a supplement to their child benefit. In addition, some may be entitled to Housing Benefit and Income Support. In addition, students' partners are able to claim means-tested benefits on behalf of the whole family, including the student, provided the total household income is low enough for them to qualify. However, Working Family Tax Credit can not be claimed where one of the couple is a student. By contrast, studying part time in HE, unlike in FE, does not disqualify a student from receiving social security benefits.

As a consequence in 1998/9, social security benefits contributed only £89 to full-time students' total incomes (table 2.1), with only six per cent of all full-time students getting some income from benefits. And those entitled to benefits received on average £1,572. By contrast, benefits amounted to £678 of part-time students' total income and 36 per cent obtained some money from benefits. Of those receiving this financial help, it amounted to £1,900 on average (tables 2.1 and 2.2).

As Table 4.15 shows the majority of both full- and part-time recipients were entitled to child benefit/one parent benefit only. Once these students are excluded, the proportion of students receiving any form of benefit dropped to two per cent of full-time students and 16 per cent of part-time students. These other social security benefits contributed £36 and £451 to full- and part-time students' average total incomes respectively, while the actual sums received by claimants rose to £2,063 for full-time students and £3,244 for part-time students.

The other social security benefits most often received by both full- and part-time students were Income Support and Housing Benefit. Around one per cent of full-time students received these benefits compared with four per cent of part-time students. In addition around four per cent of part-time students also were entitled to Job Seekers' Allowance/other unemployment benefit. Thus, the value of these social security benefits was much higher than the value of child benefit.

In general, the average amounts received among all students from the different social security payments varied with student characteristics in exactly the way one would expect, given social security benefit rules. Among both full- and part-time students those receiving the largest payments were lone parents (£1,558 and £2,883 respectively). They increased with falling social class, although there was a blip in social classes IV and V among part-time students. They were a good deal higher for students with a grant who lived independently or in a couple compared with students living with their parents. They were higher for women (who would include lone parents) than they were for men. Couples with a non-working partner were entitled to higher benefits than couples without working partners.

Table 4.15 Social security benefits – proportion of full- and part-time students receiving benefits by family type

Row percentages

		BENEFIT RECEIVED				
		Child benefit only %	Child benefit, plus other benefits %	No child benefit, but other benefits %	None %	Base (N)
FULL-TIME	Single, no children	0	0	1	99	1,859
	Couple, no children	0	0	8	92	79
	Single with children	61	39	37	2	39
	Couple with children	80	20	0	0	51
	ALL	3	1	1	95	2,027
PART-TIME	Single, no children	0	0	15	83	330
	Couple, no children	0	0	11	82	170
	Single, with children	45	55	0	0	34
	Couple with children	88	12	0	0	163
	ALL	23	6	9	62	697

Base: All students ¹⁷⁵

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁷⁵ Some anomalous cases were found in the students' responses and these cases have been excluded from the table.

4.5 Other income¹⁷⁶

In addition to the numerous sources of income described above some students also had miscellaneous sources of income from for example, lodgers or tenants, selling books or equipment, income from investments, and maintenance payments from an ex-partner. Three in five (59%) full-time students obtained money from these other sources and they gained £543 on average over the year (table 4.17). This added £319 to the total income of all full-time students (table 4.16). Fewer part-time students received money from these sources, only two out of five (43%) but they secured £1,159 – over twice as much as full-time students (table 4.17). This added a total of £496 to all part-time students' total income (table 4.16).

Table 4.16 Other income – average income for all full- and part-time students

		FULL-TIME	PART-TIME
OTHER INCOME	Mean (£)	319	496
	Median (£)	20	0
	Standard Error of Mean	20	87
	Base (N)	2,054	748

Base: All students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 4.17 Other income – average income for full- and part-time students receiving money and the proportion receiving any income

		FULL-TIME	PART-TIME
OTHER INCOME	Mean (£)	543	1,159
	Median (£)	110	250
	Standard Error of Mean	36	123
	Proportion of students receiving (%)	59	43
	Base (N)	1,207	320

Base: All students in receipt of source

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁷⁶ Unlike the 1995/6 student income and expenditure survey, 'other income' includes all investment income, but not savings .

4.6 Summary

4.6.1 *Paid employment*

Paid employment was a central feature of students' lives, irrespective of whether they were studying full- or part-time and is growing in importance, especially for full-time students.

Full-time students

Just over three-fifths of full-time students had worked during the 1998/9 academic year, with 30 per cent saying they had worked for the same employer throughout the year. Students who worked, earned an average of £4.43 an hour and £76 a week during the weeks they worked. Thus, earnings added £709 to their total income over the 1998/9 academic year, most (70%) of which was earned during term-time. Clearly, students were in low paid jobs and their hour rates were below the national average.

Both students' patterns of employment and the sums they earned varied considerably. These variations which were associated with the interplay between their living arrangements, family obligations, age, and gender along with the type of work they undertook, and the hours they worked.

The students most likely to have worked during the year lived with their parents – three-quarters of them had done so. They tended to work continuously for the same employer over the year and so worked long hours. Consequently, they were among the highest paid, earning twice as much as students living independently (£1,164 compared with £594).

By contrast, the students least likely to work were women with children. Just over one third (37%) of married/cohabiting women with children had worked (compared to over two-thirds of single women without children). Men's labour market activities were similarly depressed by the presence of children, but not to such an extent. Thus, family obligations influenced students' employment opportunities while studying, and consequently their levels of pay.

Lone parents were among the lowest paid. This was despite the fact that most lone parents were aged 25 and over, and in general older students commanded higher wages than younger ones. They were only paid £4.71 an hour, compared to an average of £5.31 for those aged 25 and over, no doubt reflecting the types of job they could get to fit around their domestic responsibilities.

In addition, there were other gender differences in pay levels, especially among older students. For every hour worked, men received nearly one pound more than women (£5.90 compared with £5.03) - reflecting broader labour market trends and the gender pay gap, in particular.

Just under half (46%) of all full-time students were employed during term time and they worked 11 hours a week on average, earning an average of £56 a week for the hours they worked. However, students who had worked continuously for

the same employer over the academic year, worked nearly double the number of hours during term time than those with irregular *ad hoc* jobs (14 hours a week compared with 8 hours a week). Otherwise, students' patterns of labour market participation during term time reflected their general employment patterns over the academic year as a whole.

Slightly more students worked during the Easter and Christmas vacations than during term time (51% compared with 46%). The average number of hours they worked rose from 11 hours during term time to 17 hours. However, during the summer vacation, participation rose to 82 per cent. This is an increase since the 1995/6 SIES study when only 71 per cent of students had worked during the long vacation. Another change, has been the increase in the number of hours worked during term-time by older students.

Again, the pattern of students' employment during the summer vacation reflected those throughout the rest of the academic year. Women had even greater difficulty in combining paid employment with domestic responsibilities when their children were on school holidays so only around a half worked to 85 per cent single childless students, and 68 per cent of married/cohabiting childless students.

Part-time students

Earnings from paid work were much more significant for part-time students because they accounted for over four-fifths of their total income over the academic year. Nearly nine in ten (88%) had worked at some stage during the 1998/9 academic year, and the vast majority had had the same job throughout the year.

Part-time students' salaries amounted to £6,821 of their total average income. Those who worked, earned £6.87 an hour on average, and £227 per week. This is well below the national average weekly gross pay of employees, which in April 1998 was £383.

Although higher proportions of part-time than full-time students had worked for a single employer, their employment behaviour was similar. Thus, those most likely to work lived with their parents (95%), and those least likely to work were women with children, especially lone parents (73%). However, these groups were not the highest and lowest earners respectively, because among part-time students high pay was associated social class and age.

Students working for the same employer throughout the year had much higher salaries than those who had been employed in *ad hoc* jobs for more than one employer. This was because their hourly pay rates were one third higher than those with *ad hoc* jobs. So the students with the highest hourly wage rates were married/cohabiting with children, over the age of 25, and in social classes I and II. Students from social classes I and II earned more than double that of students from social classes IV and V (£8,096 compared with £3,668). Unlike full-time students, earning differentials by gender were associated with the longer hours men worked rather than unequal hourly pay rates.

Due to the fact that most part-time students worked continuously for the same employer over the entire academic year, there were no marked variations in their employment patterns during term-time or over the vacations.

4.6.2 Family and friends

This financial support consisted of:

- Parental contributions
- Other financial help from parents
- Contributions from other family members
- Contributions from others who were not relatives
- Gifts
- Share of partner's income

Some 86 per cent of full-time students gained £1,610 in financial help from family and friends, which added £1,395 to their total income. By contrast, for two-thirds of part-time students there was some transfer of income between family/partner and student, but the net transfer of income from family/partner for such students amounted to zero after adjusting for negative transfer from a student to his or her partner.

The full-time students most likely to get help were from social classes I and II. They received £1,748 on average, three times as much as students from social classes IV and V (£545). Those full-time students least likely to benefit from these sources were lone parents – only one third obtained any support, which was worth £272 over the academic year.

4.6.3 Parents

Four out of five of all full-time students received £1,418 on average over the year from their parents, which included their assessed parental contribution, where applicable. This contributed £1,130 to all full-time students' total income. By contrast, only a quarter of part-time students received such help amounting to £646, and contributing £171 to their total income.

Younger full-time students were the main beneficiaries of this assistance – 87 per cent under the age of 25 were subsidised by their parents compared with 39 per cent over this age. And they received six times more money than older students (£1,290 compared with £185).

Age aside, full-time students from the highest social classes were the most likely to receive help, and the largest amounts. So an additional quarter of students from social classes I and II compared to those from social classes IV and V were supported, and they received four times as much money (£1,492 compared with £355). By contrast, students with children, especially lone parents were the least likely of all to get any help and they received the smallest amounts. Less than a quarter of lone parents received help, worth £70 on average.

These large variations can only partly be explained by the operation of the student support system. Theoretically, the combined total of maintenance grants and parental contributions should be the same for students in comparable situations. However, this was not the case. Students from social classes I and II were still better off than those social classes IV and V.

4.6.4 Contributions towards grants from parents and others – full-time students only

In 1998/9 68 per cent of all full-time students were assessed for contributions. One third of these (21% of all students) were awarded a full grant so no parental or spouse contribution was required. The remainder (42% of all students) expected contributions of £862 on average.

Half the students whose parents were assessed and expected to make a contribution, secured more than the full amount, in reality – so they were better off by £1,166, on average. And these were mostly students who had not taken out a student loan. One fifth of students got the exact amount. But that still leaves three out of ten who received less than the full amount. They incurred a shortfall of £719, on average. These were most often students living at home with their parents. And this is nearly double the proportion of such students facing a shortfall in 1995/6.

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4.6.6 Financial help from others, including their partner

In addition, students received money and presents from other relatives and friends, especially full-time students. This added £126 to full-time students' total income and £45 to part-time students' total income.

Where students lived with a partner we have assumed they pooled their income and shared their household expenses. Only six per cent of full-time students received an average of £2,275 as a share of their partner's income, which added

£139 to all full-time students' total income in 1998/9. The key beneficiaries were women because female students were more likely to be dependent financially on a male partner than *visa versa*.

Some 46 per cent of part-time students had a partner on whose income they could call upon. However, the value of this income was negative and amounted to a deficit of £469 for these married/cohabiting students. So this meant that, for all part-time students, £216 was subtracted from their overall total income.

The gender differences among part-time students were even greater than among full-time students. A much higher proportion of female students was dependent financially on a male partner than *visa versa*. Around half of female students received a share of their partner's income compared with four in ten male students. Again, the assumed income transfer was positive for female students and amounted to plus £520. The income transfer to male students from their partners was negative at minus £1,229. This is mainly because part-time male students were mainly in full-time jobs, and doing a course as an additional activity while also supporting their family. The positive transfer for part-time women was less than that of full-time students because more of them were working, often full-time, and so they were not so dependent on their partner's income.

4.6.7 Social security benefits

Full-time students are ineligible for most social security benefits unlike those studying part time. Some six per cent of full-time students claimed benefits worth £1,572, which added £89 to their total income while 36 per cent of part-timer students gained £1,900 on average, adding £678 to their total income. If we exclude students who only claimed child benefit, the proportion of claimants drops to three per cent and 16 per cent respectively. Even so, the value of the benefits received was significant and an important source of income, especially for lone parents and couples with children.

4.6.8 Other income

Some students also had miscellaneous sources of income from for example, lodgers or tenants, selling books or equipment, income from investments, and maintenance payments from an ex-partner. Three in five (59%) full-time students obtained £543 from these other sources, which added £319 to all full-time students' income over the year. Two out of five (43%) part-time students accrued an average of £1,159, which added £496 to all part-time students' total income.

5 TOTAL STUDENT EXPENDITURE AND CHANGES OVER TIME

5.1 Introduction

This chapter explores students' total expenditure and how it varies among different groups of students. We also examine how students' expenditure has changed over time calling upon data from previous Student Income and Expenditure Surveys.

As with the analysis of income, we examine the expenditure of full- and part-time students separately. And again, the period over which students' expenditure has been calculated is the 1998/9 academic year, unless stated otherwise. Both the mean and median expenditure for **all** students, and the average for those actually incurring a cost, will be given in each case. In chapters 6 and 7 we will look at students' expenditure in more detail.

5.2 Total student expenditure

Table 5.1 shows the considerable differences in the overall average expenditure of full- and part-time students in the 1998/9 academic year. Part-time students spent nearly one third more than full-time students (£8,941 compared to £6,161) (table 5.1).

Figure 5.1 shows the distribution of students' expenditure across the various categories of expenditure used in our analysis. It illustrates how the overall patterns of expenditure were very similar for both full- and part-time students. However, the average amounts spent on each area of expenditure were different in both absolute and relative terms (table 5.1).

By far the largest item of expenditure for all students was living costs which, absorbed two-thirds of full-time students' average total expenditure and just over three-fifths of that of part-time students'. The next most costly item for both student groups was accommodation, which consumed just over a fifth of both full- and part-time students' total expenditure. The third biggest area of expenditure was associated with their course and the costs of attending their course. Together these absorbed an eighth of both full- and part-time (13%) students' total expenditure. Finally, expenditure on children absorbed the remaining expenditure of around one per cent of full-time students' and three per cent of part-time students' average total expenditure.

Table 5.1 Total student expenditure – average expenditure for all students by mode of study

ITEMS OF EXPENDITURE		FULL-TIME	PART-TIME
PARTICIPATION COURSE COSTS ¹⁷⁷	Mean (£)	771	1,179
	Median (£)	486	994
	Standard Error of Mean	22	31
HOUSING COSTS ¹⁷⁸	Mean (£)	1,274	1,964
	Median (£)	1,355	1,738
	Standard Error of Mean	22	54
LIVING COSTS ¹⁷⁹	Mean (£)	4,071	5,539
	Median (£)	3,405	4,713
	Standard Error of Mean	57	119
CHILDREN	Mean (£)	45	259
	Median (£)	0	0
	Standard Error of Mean	6	24
TOTAL EXPENDITURE	Mean (£)	6,161	8,941
	Median (£)	5,460	8,101
	Standard Error of Mean	73	151
BASE (N)		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Note: Expenditure for married/cohabiting students has been calculated as half household expenditure. - see Appendix 1 for further discussion.

¹⁷⁷ This includes students' personal contribution to fees; the costs of their books, equipment and stationery; travel to and from college; and childcare costs.

¹⁷⁸ This includes their rent, or mortgage; any retainer fee paid over the vacation; council tax; household insurance; and utility bills.

¹⁷⁹ This includes food; household goods; personal items such as toiletries, clothes, tobacco; entertainment including alcohol; non- course related travel, other general expenditure.

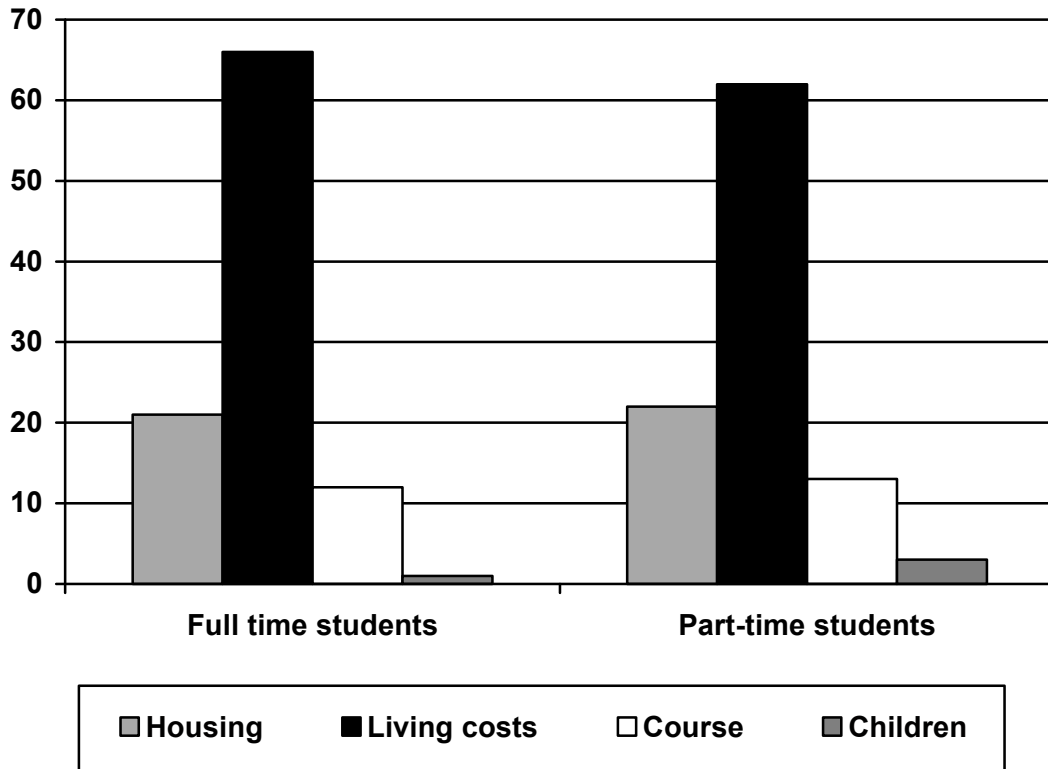
Table 5.2 Total student expenditure – for full- and part-time students incurring the cost and the proportion incurring the cost

ITEMS OF EXPENDITURE		FULL-TIME	PART-TIME
PARTICIPATION COURSE COSTS	Mean (£)	773	1,182
	Median (£)	487	999
	Standard Error of Mean	22	31
	N	2,050	747
	Proportion incurring cost (%)	100	100
HOUSING COSTS	Mean (£)	1,537	2,082
	Median (£)	1,519	1,805
	Standard Error of Mean	22	54
	N	1,703	706
	Proportion incurring cost (%)	83	94
LIVING COSTS	Mean (£)	4,074	5,539
	Median (£)	3,409	4,713
	Standard Error of Mean	57	119
	N	2,052	748
	Proportion incurring cost (%)	100	100
CHILDREN	Mean (£)	934	864
	Median (£)	687	598
	Standard Error of Mean	99	64
	N	98	225
	Proportion incurring cost (%)	5	30
TOTAL EXPENDITURE	Mean (£)	6,166	8,941
	Median (£)	5,464	8,101
	Standard Error of Mean	73	151
	N	2,054	748
	Proportion incurring cost (%)	100	100
BASE (N)		2,054	748

Base: All full- and part-time students incurring a cost in this expenditure category

Source: South Bank University – Student Income and Expenditure Survey 1999

Figure 5.1 Students' total expenditure by components (%)



Source: South Bank University – Student Income and Expenditure Survey 1999

5.2.1 Variations in students' total expenditure

There were wide variations in different student groups' total expenditure over the academic year. These were broadly in line with their circumstances, as would be expected. Clearly, spending was constrained by income. So part-time students spent more than full-time students (table 5.1); older students spent more than younger ones (tables 5.3 and 5.4); couples with children spent more than those without (tables 5.9 and 5.10); those living with their parents at home spent much less than those living independently (5.11 and 5.12); and full-time students with student loans spent more than those without loans (table 5.15).

For both full and part-time students, the greatest disparity in total expenditure was associated with their family type (tables 5.9 and 5.10). Predictably students with children had higher levels of expenditure because of the costs of rearing children. And those with the highest annual expenditure of all student groups were lone parents. Those studying full-time incurred costs of £12,799 over the academic

year while those on part-time courses had annual costs of £10,460. By contrast, their single childless peers on full-time courses incurred costs of £5,929, and those on part-time courses £8,315.

Table 5.3 Total student expenditure – average expenditure for all full-time students, by age

		AGE	
AREA OF EXPENDITURE		<25	>=25
PARTICIPATION COURSE COSTS	Mean (£)	680	1,311
	Median (£)	420	1,116
	Standard Error of Mean	23	62
HOUSING COSTS	Mean (£)	1,187	1,787
	Median (£)	1,300	1,648
	Standard Error of Mean	22	69
LIVING COSTS	Mean (£)	3,932	4,895
	Median (£)	3,331	3,967
	Standard Error of Mean	55	223
CHILDREN	Mean (£)	3	292
	Median (£)	0	0
	Standard Error of Mean	2	41
TOTAL EXPENDITURE	Mean (£)	5,802	8,285
	Median (£)	5,225	7,378
	Standard Error of Mean	67	283
BASE (N)		1,757	297

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.4 Total student expenditure – average expenditure for all part-time students, by age

		AGE	
AREA OF EXPENDITURE		<25	>=25
PARTICIPATION COURSE COSTS	Mean (£)	921	1,267
	Median (£)	662	1,091
	Standard Error of Mean	55	37
HOUSING COSTS	Mean (£)	1,188	2,229
	Median (£)	1,095	1,962
	Standard Error of Mean	71	65
LIVING COSTS	Mean (£)	4,490	5,897
	Median (£)	4,015	4,966
	Standard Error of Mean	186	143
CHILDREN	Mean (£)	42	333
	Median (£)	0	0
	Standard Error of Mean	13	31
TOTAL EXPENDITURE	Mean (£)	6,641	9,726
	Median (£)	6,332	8,946
	Standard Error of Mean	208	178
BASE (N)		191	558

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.5 Total student expenditure – average expenditure for all full-time students, by social class

		SOCIAL CLASS		
AREA OF EXPENDITURE		I and II	IIIM and IIIN	IV and V
PARTICIPATION COURSE COSTS	Mean (£)	734	824	802
	Median (£)	471	537	581
	Standard Error of Mean	26	37	56
HOUSING COSTS	Mean (£)	1,237	1,284	1,353
	Median (£)	1,355	1,357	1,324
	Standard Error of Mean	29	42	77
LIVING COSTS	Mean (£)	4,126	3,980	4,139
	Median (£)	3,429	3,363	3,592
	Standard Error of Mean	80	97	246
CHILDREN	Mean (£)	20	74	106
	Median (£)	0	0	0
	Standard Error of Mean	6	16	28
TOTAL EXPENDITURE	Mean (£)	6,117	6,162	6,399
	Median (£)	5,376	5,500	6,046
	Standard Error of Mean	99	132	299
BASE (N) ¹⁸⁰		1,083	608	160

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁸⁰ Note missing data.

Table 5.6 Total student expenditure – average expenditure for all part-time students, by social class

		SOCIAL CLASS		
AREA OF EXPENDITURE		I and II	IIIM and IIIN	IV and V
PARTICIPATION COURSE COSTS	Mean (£)	1,170	1,212	1,139
	Median (£)	963	1,014	1,076
	Standard Error of Mean	53	60	159
HOUSING COSTS	Mean (£)	2,079	1,962	1,450
	Median (£)	1,857	1,663	917
	Standard Error of Mean	87	122	256
LIVING COSTS	Mean (£)	5,937	5,360	4,821
	Median (£)	5,028	4,494	3,545
	Standard Error of Mean	193	229	488
CHILDREN	Mean (£)	330	196	128
	Median (£)	0	0	0
	Standard Error of Mean	46	33	72
TOTAL EXPENDITURE	Mean (£)	9,516	8,730	7,538
	Median (£)	8,804	8,108	6,811
	Standard Error of Mean	251	293	643
BASE (N) ¹⁸¹		240	211	30

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

¹⁸¹ Note missing data.

Table 5.7 Total student expenditure – average expenditure for all full-time students, by sex

AREA OF EXPENDITURE		MALE	FEMALE
PARTICIPATION COURSE COSTS	Mean (£)	735	804
	Median (£)	477	500
	Standard Error of Mean	28	34
HOUSING COSTS	Mean (£)	1,283	1,266
	Median (£)	1,374	1,332
	Standard Error of Mean	30	32
LIVING COSTS	Mean (£)	4,136	4,013
	Median (£)	3,416	3,393
	Standard Error of Mean	88	75
CHILDREN	Mean (£)	16	70
	Median (£)	0	0
	Standard Error of Mean	7	10
TOTAL EXPENDITURE	Mean (£)	6,170	6,153
	Median (£)	5,468	5,446
	Standard Error of Mean	105	102
BASE (N)		974	1,080

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.8 Total student expenditure – average expenditure for all part-time students, by sex

AREA OF EXPENDITURE		MALE	FEMALE
PARTICIPATION COURSE COSTS	Mean (£)	1,127	1,217
	Median (£)	848	1,069
	Standard Error of Mean	50	40
HOUSING COSTS	Mean (£)	1,742	2,125
	Median (£)	1,534	1,842
	Standard Error of Mean	80	72
LIVING COSTS	Mean (£)	5,433	5,616
	Median (£)	4,668	4,739
	Standard Error of Mean	171	163
CHILDREN	Mean (£)	155	335
	Median (£)	0	0
	Standard Error of Mean	27	36
TOTAL EXPENDITURE	Mean (£)	8,457	9,292
	Median (£)	7,643	8,374
	Standard Error of Mean	228	200
BASE (N)		315	433

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.9 Total student expenditure – average expenditure for all full-time students, by family type

		FAMILY TYPE			
AREA OF EXPENDITURE		Single, no children	Couple, no children	Single with children	Couple with children
PARTICIPATION COURSE COSTS	Mean (£)	717	1,043	1,897	1,376
	Median (£)	451	771	1,357	1,210
	Standard Error of Mean	23	91	266	122
HOUSING COSTS	Mean (£)	1,226	1,326	2,902	1,652
	Median (£)	1,332	1,376	2,703	1,634
	Standard Error of Mean	22	79	218	130
LIVING COSTS	Mean (£)	3,984	4,179	6,953	4,802
	Median (£)	3,353	3,729	5,642	4,254
	Standard Error of Mean	57	300	838	361
CHILDREN	Mean (£)	3	28	1,047	771
	Median (£)	0	0	888	523
	Standard Error of Mean	3	30	121	115
TOTAL EXPENDITURE	Mean (£)	5,929	6,576	12,798	8,602
	Median (£)	5,308	6,173	10,679	7,992
	Standard Error of Mean	70	341	1,101	453
BASE (N)		1,871	88	40	55

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.10 Total student expenditure – average expenditure for all part-time students, by family type

		FAMILY TYPE			
AREA OF EXPENDITURE		Single, no children	Couple, no children	Single with children	Couple with children
PARTICIPATION COURSE COSTS	Mean (£)	1,099	1,218	1,384	1,246
	Median (£)	940	931	1,109	1,113
	Standard Error of Mean	41	67	189	64
HOUSING COSTS	Mean (£)	1,932	1,792	3,021	1,990
	Median (£)	1,520	1,695	2,382	1,852
	Standard Error of Mean	92	76	417	76
LIVING COSTS	Mean (£)	5,275	5,647	5,164	5,988
	Median (£)	4,256	4,910	4,725	5,022
	Standard Error of Mean	173	245	556	233
CHILDREN	Mean (£)	9	10	892	838
	Median (£)	0	0	839	559
	Standard Error of Mean	6	10	110	73
TOTAL EXPENDITURE	Mean (£)	8,315	8,666	10,460	10,062
	Median (£)	7,396	8,017	9,713	9,214
	Standard Error of Mean	227	276	848	288
BASE (N)		340	185	36	188

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.11 Total student expenditure – average expenditure for all full-time students, by living circumstances

		LIVING CIRCUMSTANCES			
AREA OF EXPENDITURE		Lives independently	Lives with parent	Lives with spouse/children	Other arrangement
PARTICIPATION COURSE COSTS	Mean (£)	672	932	1,302	1,698
	Median (£)	407	684	1,118	1,309
	Standard Error of Mean	25	46	85	313
HOUSING COSTS	Mean (£)	1,439	342	1,955	1,210
	Median (£)	1,489	0	1,795	822
	Standard Error of Mean	22	47	90	232
LIVING COSTS	Mean (£)	3,972	3,886	5,454	5,772
	Median (£)	3,362	3,361	4,251	4,082
	Standard Error of Mean	59	125	416	797
CHILDREN	Mean (£)	16	7	473	177
	Median (£)	0	0	0	0
	Standard Error of Mean	5	5	73	71
TOTAL EXPENDITURE	Mean (£)	6,099	5,166	9,185	8,856
	Median (£)	5,473	4,504	7,910	6,754
	Standard Error of Mean	74	149	476	1,266
BASE (N)		1,538	359	124	32

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.12 Total student expenditure – average expenditure for all part-time students, by living circumstances

		LIVING CIRCUMSTANCES			
AREA OF EXPENDITURE		Lives independently	Lives with parent	Lives with spouse/children	Other arrangement
PARTICIPATION COURSE COSTS	Mean (£)	1,179	1,023	1,218	1,582
	Median (£)	999	799	1,029	1,502
	Standard Error of Mean	46	65	53	222
HOUSING COSTS	Mean (£)	2,369	728	2,132	1,028
	Median (£)	2,134	688	1,922	670
	Standard Error of Mean	92	58	75	255
LIVING COSTS	Mean (£)	5,544	4,419	6,043	4,844
	Median (£)	4,599	3,880	5,058	3,797
	Standard Error of Mean	188	196	200	681
CHILDREN	Mean (£)	164	24	446	331
	Median (£)	0	0	151	0
	Standard Error of Mean	30	14	47	184
TOTAL EXPENDITURE	Mean (£)	9,256	6,194	9,840	7,784
	Median (£)	8,317	5,981	8,851	6,842
	Standard Error of Mean	234	224	247	851
BASE (N)		301	126	302	19

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.13 Total student expenditure – average expenditure for all full-time students, by housing tenure

		TENURE		
AREA OF EXPENDITURE		Renting	Owning	Other/ parents
PARTICIPATION COURSE COSTS	Mean (£)	662	1,373	996
	Median (£)	405	1,208	726
	Standard Error of Mean	25	86	50
HOUSING COSTS	Mean (£)	1,447	1,832	413
	Median (£)	1,499	1,683	0
	Standard Error of Mean	22	109	48
LIVING COSTS	Mean (£)	4,012	4,878	4,041
	Median (£)	3,359	4,145	3,425
	Standard Error of Mean	65	268	134
CHILDREN	Mean (£)	23	366	21
	Median (£)	0	0	0
	Standard Error of Mean	6	64	8
TOTAL EXPENDITURE	Mean (£)	6,144	8,448	5,471
	Median (£)	5,471	7,709	4,604
	Standard Error of Mean	80	332	179
BASE (N)		1,528	134	391

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.14 Total student expenditure – average expenditure for all part-time students, by housing tenure

AREA OF EXPENDITURE		TENURE		
		Renting	Owning	Other/ parents
PARTICIPATION COURSE COSTS	Mean (£)	1,112	1,231	1,097
	Median (£)	989	1,035	867
	Standard Error of Mean	63	42	65
HOUSING COSTS	Mean (£)	2,306	2,229	768
	Median (£)	1,988	1,984	687
	Standard Error of Mean	148	61	61
LIVING COSTS	Mean (£)	4,991	6,094	4,475
	Median (£)	4,127	5,124	3,854
	Standard Error of Mean	239	164	192
CHILDREN	Mean (£)	139	368	65
	Median (£)	0	0	0
	Standard Error of Mean	36	36	28
TOTAL EXPENDITURE	Mean (£)	8,549	9,921	6,405
	Median (£)	7,762	9,014	6,141
	Standard Error of Mean	302	202	228
BASE (N)		164	440	145

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.15 Total student expenditure – average expenditure for all full-time students, by region

		REGION	
AREA OF EXPENDITURE		London	Outside-London
PARTICIPATION COURSE COSTS	Mean (£)	824	763
	Median (£)	581	466
	Standard Error of Mean	45	25
HOUSING COSTS	Mean (£)	1,534	1,232
	Median (£)	1,732	1,332
	Standard Error of Mean	71	23
LIVING COSTS	Mean (£)	4,109	4,065
	Median (£)	3,210	3,441
	Standard Error of Mean	181	60
CHILDREN	Mean (£)	65	41
	Median (£)	0	0
	Standard Error of Mean	28	6
TOTAL EXPENDITURE	Mean (£)	6,532	6,101
	Median (£)	5,747	5,423
	Standard Error of Mean	226	77
BASE (N)		285	1,768

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.16 Total student expenditure – average expenditure for all part-time students, by region

		REGION	
AREA OF EXPENDITURE		London	Outside-London
PARTICIPATION COURSE COSTS	Mean (£)	1,571	1,072
	Median (£)	1,449	868
	Standard Error of Mean	80	32
HOUSING COSTS	Mean (£)	2,604	1,789
	Median (£)	2,499	1,637
	Standard Error of Mean	147	54
LIVING COSTS	Mean (£)	5,153	5,644
	Median (£)	4,071	4,867
	Standard Error of Mean	288	128
CHILDREN	Mean (£)	94	304
	Median (£)	0	0
	Standard Error of Mean	21	30
TOTAL EXPENDITURE	Mean (£)	9,422	8,809
	Median (£)	8,852	8,005
	Standard Error of Mean	348	167
BASE (N)		160	588

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.17 Total student expenditure – average expenditure for all full-time students, by whether received a student loan

		HAS TAKEN OUT LOAN	
AREA OF EXPENDITURE		Yes	No
PARTICIPATION COURSE COSTS	Mean (£)	768	774
	Median (£)	470	533
	Standard Error of Mean	28	33
HOUSING COSTS	Mean (£)	1,360	1,039
	Median (£)	1,411	1,002
	Standard Error of Mean	26	40
LIVING COSTS	Mean (£)	4,184	3,756
	Median (£)	3,532	3,090
	Standard Error of Mean	66	113
CHILDREN	Mean (£)	49	34
	Median (£)	0	0
	Standard Error of Mean	8	11
TOTAL EXPENDITURE	Mean (£)	6,361	5,603
	Median (£)	5,624	4,944
	Standard Error of Mean	85	138
BASE (N)		1,486	556

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Among both full- and part-time students those with the lowest levels of total expenditure of all, lived at home with their parents (tables 5.11 and 5.12). This was primarily because of their low accommodation and living costs, which were subsidised in kind by their parents. Full-time students living with their parents spent on average just £5,166 while part-time students spent £6,194, well below the average expenditure levels over the academic year.

A further important difference in expenditure levels was associated with housing tenure. Those students who were buying their own homes had higher levels of expenditure (tables 5.13 and 5.14). The total average expenditure of full-time students buying their own homes was £8,448, some £2,304 more than the average expenditure of students renting their accommodation. For part-time students the differences were not as great. Those with mortgages had total expenditures of £9,921, just over £1,372 more than those renting.

Home ownership was also indicative of particular lifestyles and the stage in a student's life cycle. For example, older students were particularly likely to be owner-occupiers (table 5.18), as were couples with children (table 5.19). And as a result, their general living costs were also higher than other student groups. In other words, the extra costs incurred by owner-occupiers were not necessarily a direct consequence of having a mortgage but were associated with these other factors. This helps explain why the overall difference in the expenditure of part-time students with and without a mortgage was not as great as it was among full-time students with and without a mortgage.

Finally, there were variations in total expenditure by students' age with older students spending considerably greater sums than younger ones (tables 5.3 and 5.4). These differences, however, can be accounted for by the age variations in family types and living circumstances (discussed in chapter 2: tables 2.14 and 2.15) and in housing tenure (tables 5.13 and 5.14). Older students, especially those with families, were much more likely than younger students to have a mortgage (tables 5.17 and 5.18).

Table 5.18 Housing tenure by mode of study and age

Row percentages

			HOUSING TENURE			Base (N)
			Renting	Owning	Other/parents	
FULL-TIME	AGE GROUP	<25	79	1	20	1,755
		>=25	49	37	14	296
	ALL		74	6	19	2,050
PART-TIME	AGE GROUP	<25	38	17	45	191
		>=25	16	73	11	558
	ALL		22	59	19	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 5.19 Housing tenure by mode of study and family type

Row percentages

			HOUSING TENURE			Base (N)
			Renting	Owning	Other/parents	
FULL-TIME	FAMILY TYPE	Single, no children	78	2	20	1869
		Couple, no children	40	50	10	88
		Single with children	62	22	16	40
		Couple with children	17	80	3	55
	ALL	74	7	19	2,052	
PART-TIME	FAMILY TYPE	Single, no children	34	29	37	340
		Couple, no children	13	83	4	185
		Single with children	34	50	16	36
		Couple with children	8	90	2	188
	ALL	22	59	19	748	

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Perhaps surprisingly, there were not large differences in expenditure between those living in London and outside the capital (tables 5.15 and 5.16). Nor did social class (tables 5.5 and 5.6) or gender (tables 5.7 and 5.6) have a strong influence on overall expenditure levels.

It is apparent from the above discussion that total student expenditure depended on a variety of factors, all of which were inter-linked. Indeed, to unravel different levels and patterns of expenditure we have to explore the interplay between students’:

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

So, among both full- and part-time students, the expenditure of couples with children who had a mortgage and lived in London was very much higher than that of a single student living in their parental home outside of the capital. For example, the average total expenditure of a full-time student who was married/cohabiting with children and had a mortgage was £8,656 over the 1998/9 academic year.¹⁸² By contrast, a single childless student living at home with their parents spent just three-tenths of that over the year – £5,166 – a difference of £3,490.

Before examining each area of expenditure in more detail we will explore changes in expenditure over time.

5.3 Changes in student expenditure over time

Just as comparisons of students' incomes over time were limited, so too are comparisons of students' expenditures. They are restricted by the data available from the previous SIES studies conducted in 1988/9, 1992/3, and 1995/6. No data are available for part-time students for these previous years. Nor are the data in all the earlier surveys comparable in relation to older students.¹⁸³ As it is difficult to achieve exactly comparable results on expenditure so the findings on changes over time should be treated with some caution.¹⁸⁴

Table 5.20 shows that between 1988/9 and 1995/6 total student expenditure among those aged under 26 has risen roughly in line with inflation, but in more recent years has grown faster than the average cost of living. This is especially the case with expenditure on entertainment and on non-essential consumer goods. Overall between 1988/9 and 1998/9, total expenditure has risen by 18 per cent after adjusting for inflation.

¹⁸² There were only 17 such students who lived in London and for that reason, the region variable has been excluded from this calculation.

¹⁸³ However, the following analysis of changes over time replicates the definitions and categorisation of student expenditure employed in the previous SIES studies (See tables 5.24 and 5.25 for the list of categories). We have used the age break of under 26 years/26 years or over for the sake of consistency with the previous SIES studies. Note also that we have also replicated the way in which the 1995/6 study adjusted the expenditure of students in couples.

¹⁸⁴ As discussed at length in the Technical Report, there was a lower response rate for the expenditure diaries in this study compared to the 1995/6 SIES study and consequently more imputation. However, there were some surprisingly low expenditure figures for some items in the 1995/6 study. This may have resulted from under-reporting of spending on these items in 1995/6 or to changes in definitions relative to 1998/9.

Table 5.20 Comparison between full-time student expenditure and retail prices, 1988/9, 1992/93, 1995/6 and 1998/9 for students aged under 26 only

	Retail Price Index* ¹⁸⁵	Essential expenditure ^{186**}		Other expenditure ^{187**}		Total**	
	Index	£	Index	£	Index	£	Index
1988/9	100	1,999	100	1,321	100	3,320	100
1992/93	124	2,487	124	1,660	126	4,147	125
1995/6	134	2,690	135	1,968	149	4,658	140
1998/9¹⁸⁸	145	2,750	138	2,653	200	5,403	163

Base: All full-time students aged under 26 years at the start of their course

***Sources:* RSL 1989, RSL 1993, PSI 1996 and South Bank University –Student Income and Expenditure Survey 1999¹⁸⁹

* Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

¹⁸⁵ This points to a very important issue, namely the ‘basket of goods’ purchased by low income groups, including students does not necessarily reflect the ‘basket of goods’ upon which the RPI (excluding mortgages) calculations are based. Typically a much higher proportion of students’ expenditure is absorbed by very basic items of expenditure than is the case for other groups in the population with higher incomes.

¹⁸⁶ Here we have replicated the classification of student expenditure employed in the previous SIES studies. “Essential expenditure” includes expenditure on accommodation, bills and other household costs; food and essential living costs; expenditure on children; course-related travel; and other course-related expenditure.

¹⁸⁷ “Other expenditure” includes expenditure on entertainment (including alcohol and cigarettes); expenditure on holidays; expenditure on non-essential and non-course related consumer goods such as clothes, electrical goods, household items, gifts, etc.

¹⁸⁸ In the current study the division between essential and other expenditure has been dropped as it marks an artificial divide in spending patterns. However, we have used it here for comparative purposes and for the sake of consistency.

¹⁸⁹ Windle R (1989) *op.cit.*; Windle R (1993) *op.cit.*; Callender C and Kempson E (1996) *op.cit.*

5.3.1 Changes in student expenditure between 1995/6 and 1998/9

Comparisons with 1995/96 have been made using the definition of expenditure used in the earlier survey. The differences in the definitions and calculation of expenditure in the 1995/6 SIES survey and the 1998/9 survey are discussed in Appendix 1 - Technical report. Using the 1995/96 survey definition, the mean expenditure for all full-time students increased from £5,029 in 1995/6 to £5,710 in 1998/9, a rise of five per cent above inflation.

Tables 5.21 and 5.22 concentrate on changes since the last SIES study in 1995/6. In particular, they highlight important similarities and differences between students aged under 26 and aged 26 or over. Between 1995/6 and 1998/9, the overall expenditure of young and mature students rose at twice the rate of growth in average retail prices, whereas the expenditure of older students grew more slowly but still overtook inflation. After taking into account inflation, the expenditure of students aged under 26 rose by seven per cent from £4,658 to £5,403 while that of older students rose by less than half this at three per cent, from £7,245 to £8,060 (table 5.25).

These overall increases have been driven by increases in expenditure on so called ‘non-essential’ and non-course related consumer goods and entertainment,¹⁹⁰ while average spending on essential and course-related items has remained roughly static since 1995/6 in relative terms and has in fact marginally dropped in real terms.

Although ‘other expenditure’ has increased for both older and younger students, the spending of mature students on ‘other expenditure’ rose at a much faster rate than that of younger students. As we will see in chapter 8, there have been dramatic increases in borrowing in both age groups since 1995/6 together with an increasing dependence on savings among older students. This appears to be fuelling increased expenditure on non-course related and non-essential consumer goods, entertainment, and leisure activities.

¹⁹⁰ Including spending on alcohol and cigarettes.

Table 5.21 Comparison between full-time student expenditure and retail prices, 1995/6 and 1998/9 for students aged under 26 only

	Retail Price Index*	Essential expenditure ^{191**}		Other expenditure**		Total	
		£	Index	£	Index	£	Index
1995/6	100	2,690	100	1,968	100	4,658	100
1998/9	108	2,750	102	2,653	135	5,403	116

Base: All full-time students under 26 years of age at the start of their course (N=1,816)

Sources: ** PSI 1996 survey data and South Bank University –Student Income and Expenditure Survey 1999

*Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

Table 5.22 Comparison between full-time student expenditure and retail prices, 1995/6 and 1998/9 for students aged 26 and over

	Retail Price Index*	Essential expenditure		Other expenditure		Total	
		£	Index	£	Index	£	Index
1995/6**	100	5,253	100	1,992	100	7,245	100
1998/9***	108	5,043	96	3,017	151	8,060	111

Base: All full-time students aged 26 years and over at the start of their course (N=238)

Sources: **PSI 1996 survey data and ***South Bank University –Student Income and Expenditure Survey 1999

* Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

¹⁹¹ Here we have replicated the classification of student expenditure employed in the previous SIES studies. For instance, “essential expenditure” includes expenditure on accommodation, bills and other household costs; food and essential living costs; expenditure on children; course-related travel; and other course-related expenditure.

5.3.2 Changes in student expenditure compared to changes in their income between 1995/6 and 1998/9

Tables 5.21 and 5.22 can be compared with those in chapter 2 (tables 2.17 and 2.18) on student incomes. Together these tables show that for students aged under 26 their income grew by 13 per cent in real terms, while, as already has been noted, their expenditure rose by seven per cent. This pattern was more exaggerated for mature students; between 1995/6 and 1998/9 their average income increased by 12 per cent in real terms, while their expenditure rose by only three per cent suggesting (table 5.25).

We might have expected that real increases in expenditure and incomes would mirror each other; the extent to which they do not reflects a variety of factors including for example, potential measurement errors and the difficulty of making comparisons between the two surveys, discussed in Appendix 1. The expenditure growth figures therefore need to be treated with caution. Nevertheless, when set beside the overall growth in income they tend to confirm that students' incomings and outgoings rose faster than inflation between the two surveys.

5.3.3 Changes in the composition of students' expenditure between 1995/6 and 1998/9

To understand the increases in overall student expenditure since 1995/6 we can disaggregate students' average total expenditure and examine the way in which the composition of expenditure has changed over time.¹⁹² Among both younger and older students there have been dramatic shifts in their spending patterns (tables 5.23 and Tables 5.24). In both groups, the proportion of total spending absorbed by essential and course-related expenditure has diminished primarily because more has been allocated to spending on entertainment and 'non-essential' 'other' expenditure on consumer goods.

¹⁹² Data on the different components of expenditure can be compared only for 1995/6 and 1998/9.

Table 5.23 Changes in student expenditure patterns between 1995/6 and 1998/9 for students aged under 26 years old

Column percentages

	1995/6*		1998/9**	
	Mean £	%	Mean £	%
ESSENTIAL EXPENDITURE				
Accommodation	1,073	23	1,097	20
Food, bills and household goods	949	20	968	18
Course-related expenditure	477	10	378	7
Travel (course-related)	137	3	302	6
Expenditure on children	54	1	5	0
All essential expenditure	2,690	57	2,750	51
OTHER EXPENDITURE				
Entertainment	1,222	27	1,654	31
Non-course related travel (i.e. holidays)	176	4	154	3
Other: non-essential consumer items	570	12	845	16
All non - essential expenditure	1,968	43	2,653	49
TOTAL – ALL EXPENDITURE	4,658	100	5,403	100
BASE (N)		1,685		1,816

Base: All full-time students under 26 at the start of their course

Sources: *PSI 1996 and **South Bank University – Student Income and Expenditure Survey 1999

Table 5.24 Changes in student expenditure patterns between 1995/6 and 1998/9 aged 26 years and over

Column percentages

	1995/6*		1998/9**	
	Mean £	%	Mean £	%
ESSENTIAL EXPENDITURE				
Accommodation	1,818	25	1,506	19
Food, bills and household goods	1,925	26	1,682	21
Course-related expenditure	675	9	669	8
Travel (course-related)	334	5	693	9
Expenditure on children	501	7	493	6
All essential expenditure	5,253	72	5,043	63
OTHER EXPENDITURE				
Entertainment	982	14	1,239	15
Non-course related travel (i.e. holidays)	308	4	277	3
Other: non – essential consumer items	702	10	1,501	19
All non-essential expenditure	1,992	28	3,017	37
TOTAL – ALL EXPENDITURE	7,245	100	8,060	100
BASE (N)		285		238

Base: All full-time students aged 26 and over at the start of their course

Sources: *PSI 1996 and **South Bank University – Student Income and Expenditure Survey 1999

Table 5.25 Percentage change in the real value of students' expenditure by area of expenditure between 1995/6 and 1998/9, by age group

	AGE GROUP					
	<26			26+		
	¹⁹³ 1995/6*	1998/9**		¹⁹⁴ 1995/6*	1998/9**	
	£	£	%Change	£	£	%Change
ESSENTIAL EXPENDITURE						
Accommodation	1,159	1,097	-5	1,963	1,506	-23
Food, bills and household goods	1,025	968	-6	2,079	1,682	-19
Course-related expenditure	515	378	-27	729	669	-8
Travel course-related)	148	302	+104	361	693	+92
Expenditure on children	58	5	-91	541	493	-9
Total Essential Expenditure	2,905	2,750	-5	5,673	5,043	-11
OTHER EXPENDITURE						
Entertainment	1,320	1,654	+25	1,061	1,239	+17
Non-course related travel	190	154	-19	333	277	-17
Other ¹⁹⁵	616	845	+37	758	1,501	+98
Total other expenditure	2,125	2,653	+25	2,151	3,017	+40
TOTAL – ALL EXPENDITURE	5,031	5,403	+7	7,825	8,060	+3

Base: All full-time students

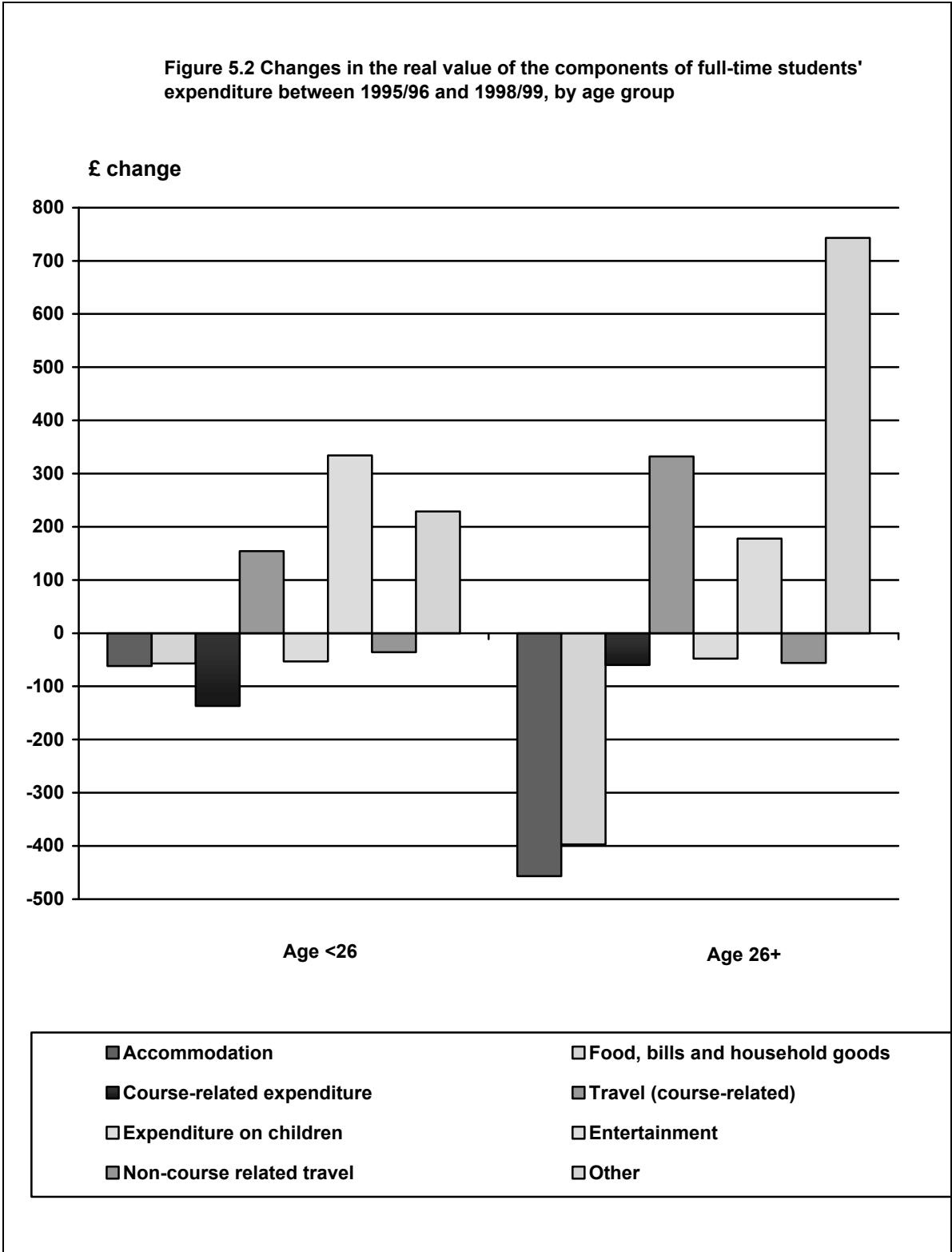
Sources: *PSI 1996 and **South Bank University – Student Income and Expenditure Survey 1999

¹⁹³Up rated to 1999 prices.

¹⁹⁴Up rated to 1999 prices.

¹⁹⁵ Expenditure on non-essential/non-course-related consumer goods such as clothes, electrical goods, personal and household items, gifts, and miscellaneous other expenditure.

Figure 5.2 Changes in the real value of the components of full-time students' expenditure between 1995/96 and 1998/99, by age group



Sources: *PSI 1996 and **South Bank University – Student Income and Expenditure Survey 1999

Table 5.25 compares the average expenditure in each area of spending between the 1995/6 and 1998/9 academic years. Figure 5.2 plots the actual differences in the real values of the components of expenditure over this period of time. Table 5.25 and Figure 5.2 clearly show how students in 1998/9 were spending more on certain items but less on others, compared with students in 1995/6. These shifts reflect changes in both prices and consumption levels. So, for example, where an area of expenditure has increased this may be because the costs of an item have risen or because students were buying more of the item, or both. However, it is likely that other factors also came into play and we describe some of these briefly below.

The greatest increases in student expenditure since 1995/6 for both younger and older students have been in their expenditure on entertainment and non-essential and non-course related consumer goods¹⁹⁶ (table 5.25; fig 5.2). Spending on entertainment has increased in real terms by an average of 25 per cent for younger students and 17 per cent for older students. After taking into account inflation, spending on 'non-essential' consumer goods has increased in real terms by an average of 37 per cent for younger students and has almost doubled for older students (table 5.25 and Figure 5.2).

It is not immediately clear why there have been such large increases. Interestingly, despite the real increase in entertainment costs, there was no evidence that the proportion of total student spending on entertainment has risen since 1995/6 for both student groups (table 5.23 and 5.24). And as we will see below, students tend to spend no more on entertainment than other similar young people in the population as a whole. This suggests that the actual costs of entertainment have risen well above inflation or that students were consuming more. These entertainment costs included both tobacco and alcohol. There is clear evidence from detailed breakdowns of the retail price index and consumer price indices, that the costs of these two items have grown at a faster rate than nearly all other consumer products because of the high level of tax they attract. Moreover, the price rises for alcohol and tobacco have been well above the average rate of inflation for a basket of goods.

Finally, there have been dramatic increases in students' average travel costs; for instance, course-related travel (i.e. excludes holidays) has doubled in real terms for both age groups, but the increase has been greatest among older students (table 5.25; Figure 5.2). This change in travel costs can be explained by a combination of factors and neatly illustrates the interplay of a range of issues which together help account for this rise in expenditure. The rise may be because the general costs of travel and fares have risen since 1995/6. It may be because more students were using more costly forms of transport more frequently, such as private cars and trains. Indeed, the proportion of older students travelling to university/college by car grew about ten per cent over this period. However, we

¹⁹⁶ i.e. clothes, electrical goods, non-essential household consumer items and other non-course related consumer goods, gifts, and miscellaneous other non-essential consumption.

have no insights into exactly why car use expanded among this student group. It could be because they have longer distances to travel to university/college, which in turn, may be related to the growing trend in students living at home with their parents (as discussed in chapter 7).

The increases in spending on 'non-essential' consumer goods, on entertainment and travel have been at the expense of spending on all other 'essential' areas of expenditure apart from travel costs. For younger students, there has been a small reduction after adjusting for inflation of around five to six per cent in aggregated spending on accommodation, food, bills, basic household spending, and course-related costs; average expenditure on children has dropped to almost nothing; and course-related costs (i.e. expenditure on books, equipment, fees, etc) have dropped by a quarter (table 5.25 and fig. 5.2).

These shifts have been more dramatic for older students. Their increased expenditure on personal and other 'non-essential' or non-course-related consumer goods, travel costs and entertainment/leisure, has been at the expense of a reduction in spending on accommodation, food, bills, and essential household items which has dropped more dramatically than for younger students.

Some of these changes are likely to reflect the changing life-styles of the student population and changes in the characteristics of students. For instance, as we will see (chapter 7, table 7.1), more students were living at home with parents in 1995/6 compared with 1998/9, and more were living in university accommodation. This may partly account for the small reduction in expenditure on accommodation costs, utility bills, food and essential household items. And some of these changes, especially for older students, may be attributed to the below average fall in the costs of utilities over this period, charted in the retail price index.

Apart from reflecting real changes in the structure of students' spending, there are a number of other possible reasons for these shifts. The existence of alternative explanations makes it difficult to claim with certainty that the observed changes in spending described above truly reflect actual changes in the spending patterns of the student population as a whole.

First, sampling biases may explain these findings.¹⁹⁷ Second, the methodology used in the selection of participants and data-collection was different in 1995/6 and 1998/9, which may have led to a reduction in the number of students with children being interviewed.¹⁹⁸ This may partly explain why spending on children has diminished so much for students under 26. In addition, there is a general trend in the population towards women having children later.¹⁹⁹ Since students tend to

¹⁹⁷ For instance, we have seen that the most dramatic changes are in the spending patterns of mature students, but there are only a small number of students aged 26 or over in the sample. So that the statistics calculated for this group are prone to a high degree of sampling error.

¹⁹⁸ One difference was that, in 1998/9, many of the participants were selected using quota sampling, which introduces uncertain biases. For instance, there are fewer students with children in the 1998/9 study which may be because such students are least likely to be available for interview on campuses.

¹⁹⁹ *Social Trends 30* (2000) Office of National Statistics, Stationery Office, London

be young, such demographic change would have the consequence of reducing their average expenditure on family costs, but this would not apply so strongly to mature students. Finally, average expenditure on essential household goods may have been underestimated.²⁰⁰

5.4 Students' expenditure compared with households in the general population

Overall, full-time students' average weekly expenditure amounted to £166 while attending university or college. The average weekly expenditure of all full-time students aged under 30 amounted to £159.²⁰¹ By contrast, in 1998/9 the average weekly expenditure of individuals in the general population living in a household where the head of household was under 30 was £155, and £130 for those in the lowest quintile group.²⁰² Thus full-time students' weekly expenditure was slightly more than that of individuals in the general population living in households headed by someone age under 30.

By contrast, all part-time students spent an average of £248 a week while studying and those aged 30–49 spent £281.²⁰³ This contrasts to an average weekly individual expenditure of £143 and a household expenditure of £429 among households headed up by people aged 30–49 in the general population. For those in the general population in this age group in the second lowest quintile group, the weekly expenditure of individuals was £110 and £300 for households.²⁰⁴ So part-time students' individual expenditure was above that of individuals but slightly below that of household expenditure compared with the average for the general population.²⁰⁵

Some of these differences in absolute expenditure between students and the general population are explicable by their respective patterns of expenditure. Using figures from the Family Expenditure Survey, it is possible to compare how students spent their money with the general pattern of spending among the lowest quintile of households headed up by a young person under 30.

²⁰⁰ There was more missing diary data in 1998/9 than in 1995/6, which introduces more uncertain biases. Since we have only carried out imputations for entertainment and food expenditure for those students who failed to complete the diary we have only imputed data for entertainment and not for expenditure on household goods from the diary. The outcome of this is that average expenditure on essential household goods is likely to be an underestimate

²⁰¹ The average age of the full-time students interviewed was 22 years and that is why this age band was selected for comparative purposes.

²⁰² ONS (1999) *Family Spending: A Report on the 1998/9 Family Expenditure Survey*, Stationery Office, London

²⁰³ The average age of the full-time students interviewed was 34 and that is why this age band was selected for comparative purposes.

²⁰⁴ ONS (1999) *op. cit.*

²⁰⁵ Note for part-time students similar household expenditure has been used as a comparator as well as individuals' income, as high proportions of part-time students were married/cohabiting. Some data on expenditure in the SIES survey has been collected for households where students are married/cohabiting.

If we compare full-time students' expenditure with that of the lowest income quintile²⁰⁶ of households that are headed by a young person aged under 30 some interesting differences emerge between the two groups (table 5.26). First, proportionately full-time students spent more on accommodation than low-income householders aged under 30. In part, this can be explained by the fact that some students had bills (and occasionally meals) included in their 'rent'. In addition, students only rarely were eligible for Housing Benefit, unlike other under thirty year-olds. The Family Expenditure Survey gives *net* spending on housing - that is rent less Housing Benefit payments. As a consequence, the lowest income quintile spent a much smaller proportion of their income on housing. The national average for all households headed by someone aged under 30, at 20 per cent, was much closer to the figure for full-time students. This general figure would, of course include some households with Housing Benefit, but they would have been counterbalanced among students by those who lived at home with their parents and so incurred reduced accommodation costs, or none at all.

The other area where there was apparently a significant difference was spending on basics (food, bills, household services and household items, such as cleaning materials). To an extent this might be expected since 17 per cent of full-time students lived with their parents and so did not incur household bills, or very low ones. Indeed, other research among both students²⁰⁷ and non student groups²⁰⁸ show that contributions made to parents rarely cover a full share of the total household expenditure. Other students lived in lodgings or college accommodation with bills being included in their 'rent'. Certainly, if we look just at spending on food the figures are far more comparable.²⁰⁹

Interestingly, there were practically no differences between full-time students and other under 30 years old in terms of the proportion of their total expenditure consumed by entertainment, including tobacco and alcohol, and other items (once course costs have been excluded). In other words, full-time student expenditure on entertainment is no different from other young people and reflects youthful lifestyles.

Turning now to part-time students, there are few differences between the overall expenditure patterns of part-time students compared to households in the general population headed by someone aged 30-49 years old in the second lowest quintile (table 5.27). The exceptions were in relation to housing, with students' spending proportionately more compared to the population as a whole. Their higher

²⁰⁶ According to *Households Below Average Income 1994/95- 1998/9* (2000) Department for Social Security, London - a quarter of all students in 1998/9 lived in households with incomes in the bottom quintile HBC and a further quarter were in the middle quintile. After housing costs, over one third of all students were in the bottom quintile.

²⁰⁷ Callender C (1999) *The Hardship of Learning: Students' income and expenditure and their impact on participation in further education* Further Education Funding Council, Coventry

²⁰⁸ Witherspoon S, Whyley C and Kempson E (1995) *Paying for Rented Housing*, HMSO, London

²⁰⁹ Moreover, comparison with the Family Expenditure Survey is susceptible to definitional problems in this particular area of spending and is equalised unlike the calculations of student expenditure.

housing costs are probably because owner occupation was higher among part-time students than equivalent households in the general population within this income group. Indeed, in the third quintile group housing absorbs the same proportion of total household income. The higher costs on other items can only partly be explained by course related costs.

Table 5.26 Comparison of spending patterns of full-time students under 30 years old and other young householders aged under 30 with low incomes in the lowest quintile group

Column percentages

	FULL-TIME STUDENTS AGED UNDER 30*	OTHERS AGED UNDER 30'S**
Accommodation	19%	15%
Food, household items and bills (inc. meals out)	26%	41%
– (of which: food)	(18%)	(22%)
Travel (both college related and non-college related)	12%	10%
Entertainment	23%	22%
– (of which: alcohol and tobacco)	(9%)	(9%)
Other (including clothing, consumer goods and course expenditure)	21%	13%
– (of which: course expenditure)	(6%)	–
– (all other)	(15%)	(13%)
All expenditure (£)	£159	£130

Base: * All full-time students under 30 years old

** *Based on the lowest quintile group where head of household is aged under 30.*

Source: * South Bank University – Student Income and Expenditure Survey 1999

** ONS (1999) *Family Spending: A report on the 1998/9 Family Expenditure Survey*

Note: To make the data comparable with the FES, it has been necessary to aggregate spending slightly differently from other tables in this chapter and the following chapter.

Table 5.27 Comparison of spending patterns of part-time students aged 30 to 49 and other householders aged 30 to 49 in the second quintile income group

	PART-TIME STUDENTS AGED 30-49*	OTHERS AGED 30-49**
Accommodation	15%	20%
Food, household items and bills (inc. meals out)	32%	33%
– (of which: food)	(16%)	(18%)
Travel (both college related and non-college related)	13%	17%
Entertainment	13%	20%
– of which: alcohol and tobacco)	(3%)	(7%)
Other (including clothing, consumer goods and course expenditure)	26%	10%
– (of which: course expenditure)	(7%)	–
– (all other)	(20%)	(10%)
All expenditure (£)	£281	£300

Base: * All part-time students

** *Based on the second quintile group where head of household is aged 30 to 40.*

Source: * South Bank University – Student Income and Expenditure Survey 1999

** ONS 1999) *Family Spending: A Report on the 1998/9 Family Expenditure Survey*

Note: To make the data comparable with the FES, it has been necessary to aggregate spending slightly differently from other tables in this chapter and the following chapter.

5.5 Summary

5.5.1 Total student expenditure

In the 1998/9 academic year full-time students' total expenditure was £6,161 while part-time students' was £ 8,941.

Students' spent most of their money on living costs which, absorbed two-thirds of full-time students' total expenditure and three-fifths of part-time students'. Accommodation was their next largest area of expenditure, consuming about a fifth of both full- and part-time students', followed by course costs, which absorbed around a seventh of student expenditure. Finally, children made up the remaining expenditure of one per cent of full-time students' and three per cent of part-time students'.

Several inter-linked factors explain the different levels and patterns of students' total expenditure and these were their:

- Family type – whether they were married/cohabiting with or without children, lone parents or single and childless.

Lone parents had the highest expenditure with those studying full-time spending an average of £12,798 over the academic year and those on part-time courses spending £10,460 on average. This was because they had no one with whom to share their expenses, and, by definition, had financial responsibility for dependent children.

- Living arrangements – whether they lived with their parents or partner, or independently.

Students living at home had the lowest expenditure because their parents subsidised their board and lodging in kind. Their spending amounted to £5,166 on average amongst those studying full time and £6,194 for those studying part time.

- Housing tenure – whether they had a mortgage, owned their home outright, or rented their accommodation;
- Where in the country they lived; and
- Age - older students spent more than younger ones because they were more likely to have family responsibilities and to be an owner-occupier.

5.5.2 Changes in student expenditure and income over time

Since 1995/6 the growth in students' total average expenditure has surpassed inflation. This was especially the case with younger students. Between 1995/6 and 1998/9 the average expenditure (using the 1995/6 survey definition) of full-time students aged under 26 years rose from £4,658 to £5,403 - 7 per cent in real terms, while their income over the same period increased by 13 per cent. Mature students' average expenditure rose from £7,245 to £8,060 between 1995/6 and 1998/9 - a rise of 3 per cent in real terms.

These overall increases in expenditure along with changes in spending patterns were driven by a combination of price rises, higher consumption levels, changes in student lifestyles, and shifting attitudes towards debt. Average expenditure on accommodation, food, bills and household goods, course-related expenditure and expenditure on children all fell in real terms between the two surveys. As a result, this 'essential expenditure' overall fell for both young and mature full-time students. However, 'other expenditure' (i.e. expenditure on clothes, entertainment, alcohol, tobacco, holidays, and non-course related consumer goods, etc) increased on average.

The most pronounced shift in spending patterns since 1995/6 was the increase on course-related travel (104% in real terms for full-timers under 26 and 92% for those 26 and over), followed by the increase in non-essential and non-course related consumer goods (37% in real terms for full-timers under 26 and 98% for those 26 and over). This growth was paid for by the rise in borrowing among younger students and dependence on savings amongst older students.

5.5.3 Student spending compared with others in the general population

Full-time students' average weekly expenditure was £159, a little higher than the poorest 20 per cent of young people in the general population who spent £130 a week on average. Their pattern of expenditure also had some similarities; for instance, there was little differences between students and other young people living on a low income in the share of their expenditure spent on entertainment, including alcohol and tobacco. There were also some differences, however, between the expenditure patterns of students and other young people. For instance, students spent more on accommodation but less on bills, household services, and household items than other young people because they were not eligible for Housing Benefit and some of their bills were included in their rent for instance, in university provided accommodation.

Part-time students' individual weekly expenditure of £281 was higher than the poorest 40 per cent of mature individuals in the general population who spent £143 per week on average, but their household expenditure was lower. Their expenditure patterns, however, were very similar although part-time students spent proportionately more on housing because more of them were owner-occupiers.

6 PARTICIPATION COSTS - TUITION FEES AND COURSE COSTS

6.1 Introduction

This chapter explores the costs that students incurred as a direct result of attending university or college: what we have called “participation costs”. The first section examines the issue of tuition fees. The next section looks at the costs arising from the student’s course such as books, equipment, and stationery; and the following section looks at the costs involved in facilitating participation, such as the cost of travelling to and from university and childcare. Even though these costs are often unanticipated, they are essential to full participation in a course of study.

6.2 Total participation costs

Table 6.1 shows the considerable differences in the overall average participation costs for full- and part-time students in the 1998/9 academic year. Part-time students spent over one and half times more than full-time students (£1,179 compared to £771) (table 6.1). These variations were associated with the different participation costs incurred by each student group. While the majority of part-time students had to pay tuition fees themselves out of their own pocket, only a small minority of first year full-time students did (table 6.2). So some of the variation between full- and part-time students’ spending on participation costs were associated with the cost of tuition fees.

Direct costs arising from participation in a course of study included spending on books, equipment, a computer, stationery, and photocopying. Other spending facilitating full participation included that on travel to and from university, childcare costs, and field trips.

Apart from tuition fees,, full-time students’ spending was fairly equally divided between costs arising directly from their course (46%) and costs associated with facilitating their participation (49%) (fig. 6.1). By contrast, one half of part-time students’ average total expenditure was absorbed by the costs associated with facilitating their participation, nearly 30 per cent by direct costs arising from their course, and the remaining 23 per cent by tuition fees (fig. 6.1 and table 6.1).

Marginally more full-time students than part-time students spent money on books and equipment for their course. However the average amounts they spent were about the same at £359 over the course of the academic year (table 6.2). A similar proportion of full- and part-time students incurred travel costs to and from university/college and childcare costs,

but part-time students spent nearly one third more than full-timers on these items (£644 compared with £429). As we will see, this was because part-time students' travel costs were higher and more of them incurred childcare costs, which were particularly expensive.

Although only one in twenty full-time students contributed some of their own money towards fees compared to over a half of part-time students, full-time students contributed more because of their higher tuition fees (£847 compared £519). Not surprisingly, full-time students in their first-year, who were the first cohort of students affected by the introduction of tuition fees, were much more likely to pay fees than students in other years. Just over one in ten made some personal contribution to their fees compared to less than two per cent of students in their third year and over. So the pattern of expenditure among these students in different years of study arose from the introduction of tuition fees (Figure 6.2). Otherwise there were no significant variations in the expenditure of students in differing years of study. And it is to the issue of tuition fees that we now turn.

Table 6.1 Participation costs – average expenditure for all full- and part-time students

PARTICIPATION COSTS		FULL-TIME	PART-TIME
STUDENTS' OWN CONTRIBUTION TO TUITION FEES	Mean (£)	40	268
	Median (£)	0	73
	Standard Error of Mean	5	12
BOOKS, EQUIPMENT, COMPUTER, ETC	Mean (£)	358	339
	Median (£)	195	120
	Standard Error of Mean	10	19
TRAVEL TO COLLEGE, CHILDCARE, FIELD TRIPS	Mean (£)	374	572
	Median (£)	159	474
	Standard Error of Mean	18	18
TOTAL PARTICIPATION COSTS	Mean (£)	771	1,179
	Median (£)	486	994
	Standard Error of Mean	22	31
BASE		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 6.2 Participation costs – average expenditure for full and part-time students incurring the costs and the proportion incurring the cost

PARTICIPATION COSTS		FULL-TIME	PART-TIME
STUDENT'S OWN CONTRIBUTION TO TUITION FEES	Mean (£)	847	519
	Median (£)	1,000	500
	Standard Error of Mean	55	14
	N	97	386
	Proportion incurring cost (%)	5	52
BOOKS, EQUIPMENT, COMPUTER, ETC	Mean (£)	359	358
	Median (£)	195	125
	Standard Error of Mean	10	20
	N	2,047	710
	Proportion incurring cost (%)	100	95
TRAVEL TO UNIVERSITY, CHILDCARE, FIELD TRIPS	Mean (£)	429	644
	Median (£)	217	525
	Standard Error of Mean	21	19
	N	1,787	665
	Proportion incurring cost (%)	87	89
TOTAL PARTICIPATION COSTS	Mean (£)	773	1,182
	Median (£)	487	999
	Standard Error of Mean	22	31
	N	2,050	747
	Proportion incurring cost (%)	100	100

Base: All full- and part-time students incurring the cost

Source: South Bank University – Student Income and Expenditure Survey 1999

Figure 6.1 Composition of students' participation costs, by mode of study (%)

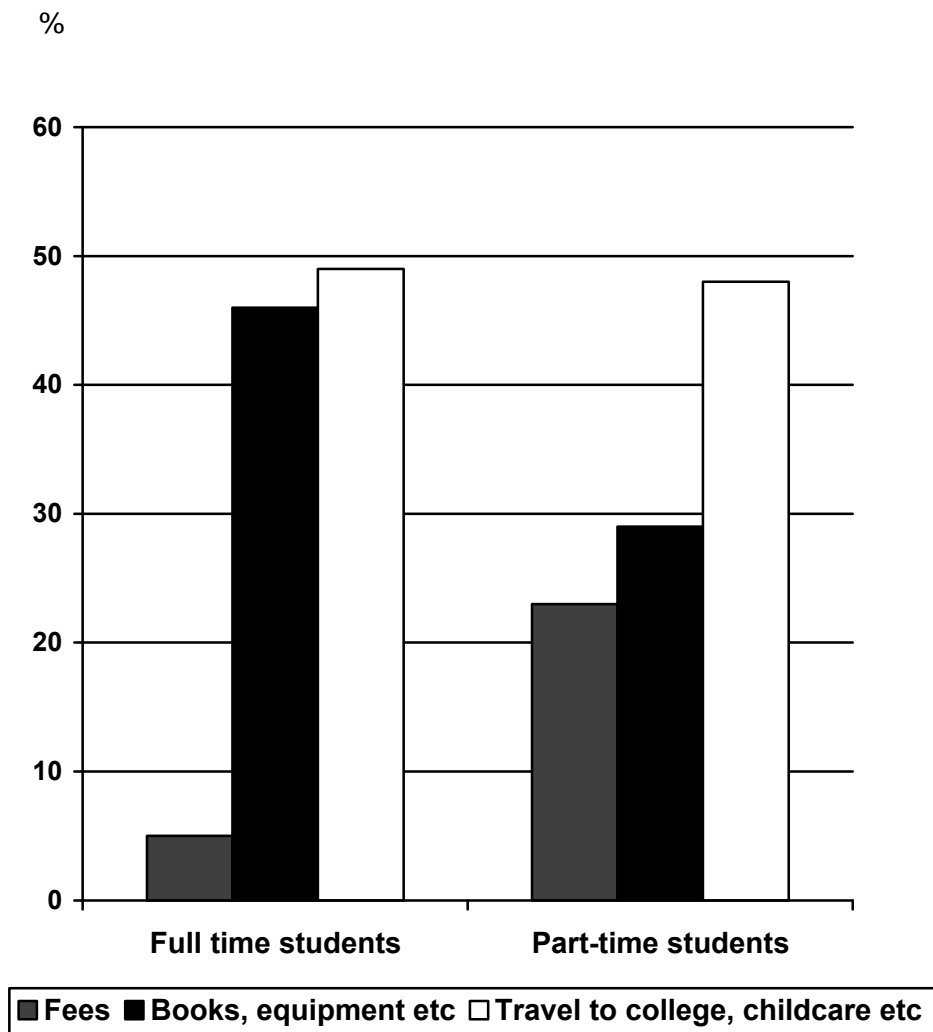
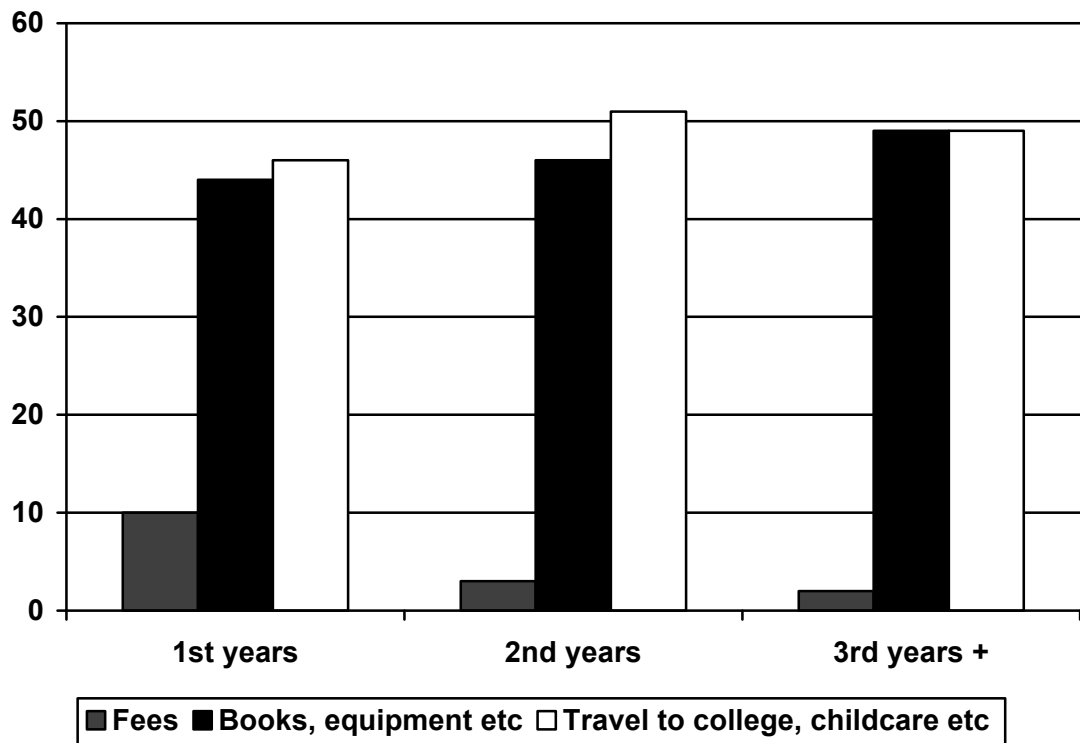


Figure 6.2 Participation costs for full-time students by year of study (%)



Source: South Bank University - Student Income and Expenditure Survey 1999

6.3 Tuition fees

6.3.1 First-year full-time students

The amount of money students and their parents contributed to fees

In chapter 3 (section 3.11) we discussed the issue of tuition-fee remission among first-year full-time students, namely those affected by the introduction of tuition fees. Here we expand on that discussion, and explore the actual amount of money first-year students and their parents/spouse contributed.²¹⁰

²¹⁰ Students made one application to their LEA or SAAS in Scotland, and E&LBs in Northern Ireland for financial help and they were assessed for help with fees, for entitlement to loans, and for any applicable grants. Their assessed contribution includes a contribution for both maintenance and for fees. However, in the questionnaire used in the survey of students, students were asked to separate out contributions for maintenance and contributions for fees.

It will be recalled that 42 per cent of all first-year students had their fees paid in full by their awarding body and so no contribution was required.²¹¹ The remaining 56 per cent²¹² of all first-year students were liable for some contribution to their fees (table 3.19). However, only 87 per cent of all first-year students were assessed for a contribution. Of those who were assessed, just under half (48%) said their parents were expected to make a contribution (42% of all first-year students), one per cent reported that their spouse had to make a contribution (1% of all first-year students), and another eight per cent said they were personally liable to contribute to their fees (7% of all first-year students).

Now let us focus exclusively on 1st students whose parents were actually expected to make a parental contribution²¹³ (42% of all first-year students). The average assessed parental contribution was £785 but the amount all of these parents actually contributed to their children's fees was just £670 on average. So the difference between the actual parental contribution and the assessed parental contribution was a shortfall of -£115 for all these students. This shortfall is high because as Table 6.3 shows 20 per cent of students failed to receive their full assessed contribution from their parents.

Turning first to the 20 per cent of students whose parents were assessed to make a contribution, but received less than this assessed amount from their parents. In reality, their parents contributed just £101 towards their tuition fees but were assessed to contribute £680, on average. So these students faced a shortfall of -£579. Among the remaining 80 per cent of students getting the precise amount of assessed parental contribution or more, their parents contributed an average of £812 towards their children's tuition fees.

As mentioned above, seven per cent of all first-year students' incomes were assessed to be high enough for them to have to contribute towards their fees personally. However, a higher proportion – some ten per cent of first-year students reported they actually contributed towards their fees. This may be because of the shortfall in their parents' contributions, discussed above. The net result was that these students paid £803 on average for fees, which added £88 to all first-year students' expenditure.²¹⁴

²¹¹ Needless to say, these students would have been assessed although their parent's income (or their own) was not deemed high to make a contribution to fees.

²¹² Two per cent of the students did not know the outcome of their application for help with fees.

²¹³ It is not possible to examine separately the situation of students getting help from their parents and those getting help from their spouse because the base number for the latter group, is too small for reliable analysis. These students have been excluded from the following analysis so reliable data are available only for students getting help from parents.

²¹⁴ Note the above discussion related to first-year students only while table 6.2 cover all full-time students.

Table 6.3 Tuition fees – difference between actual parental contribution and assessed parental contribution for first-year students only

Column percentages

DIFFERENCE BETWEEN ACTUAL CONTRIBUTION AND ASSESSED CONTRIBUTION	PER CENT %	CUMULATIVE PER CENT %	BASE (N)
-£1,000 to -£501	10	10	24
-£500 to - £251	2	12	5
-£250 to -£1	8	20	18
Zero	80	100	190
Total	100		237

Base: All first-year students under 25 and not married for more than 2 years whose parents' incomes were assessed and an assessed amount was given.

Source: South Bank University - Student Income and Expenditure Survey 1999

Over half (55%) of the students who in reality personally contributed towards their fee, said they had raised this money by taking out a students loan, despite the fact that students loans are meant to cover living costs and maintenance only. A further nearly one in ten (18%) had taken a job to pay for their contribution to their fees, and another one in seven (14%) called upon their savings, while the remainder had borrowed money from friends or relatives. So very few first-year students, 28 in total, who had to pay something towards their tuition fees, received financial help from others, apart from their parents/partner.

Students', parents', spouses' experiences of paying tuition fees

On the whole, students and their parents did not have any difficulties with their awarding body in connection with the processing of their fees. Only one in six of those who had applied for help experienced problems, which were mostly associated with how long it took to carry out the assessment, the bureaucracy involved, and the amount of information required.²¹⁵ Nor did those students or their parents/partner who paid fees directly to the student's university/college have difficulties with the institution when paying their fees. Only one in twenty experienced any difficulties and again, these were associated with the bureaucracy involved and delays in processing the payment. In addition, a minority had difficulties paying their fees on time and so were warned of penalties that might be imposed by their HEI. These ranged from possible curtailment of their course to not being allowed to sit their examinations.

²¹⁵ The answers to this question were pre-coded.

Half of the students and their parents had paid the fees in full, in advance of the academic year. One in ten had paid their tuition fees in two instalments (i.e. once a semester), and the same proportion had paid them in three instalments (i.e. once a term). The remainder paid by monthly instalments or some other arrangement. One in nine students who paid in instalments had been charged extra by their universities/colleges for paying in instalments rather than paying their fees in full, in advance.

6.3.2 Part-time students

The position of part-time students was very different to full-time students. The vast majority of part-time students, when this study was conducted, had to pay tuition fees. Only part-time students studying towards a PCGE or HND or in receipt of a discretionary award could get help from an awarding body. So the vast majority of part-time students in this study were responsible for paying their own fees.

The amount of money students and their parents contributed to fees

Over half of all part-time students personally paid for their fees, which cost them £519 on average, and added £268 to their total expenditure. Just under three-quarters of them had financed their fee payments out of their salary or their regular income while most of the remaining students called upon their savings.

In addition, part-time students received financial help towards their tuition fees from a variety of other sources (table 6.4 and Table 6.5).²¹⁶ The most important source, both in terms of the number of students benefiting and the amounts received, was their employers. One third of all part-time students received an average of £703 from their employer, which averaged out at £221 among all part-time students. However, 16 per cent of these students did not have their tuition fees paid in full by their employer.

The students most likely to get their fees paid were the one in twenty whose employer had required them to undertake the course they were pursuing. However, generally employers were very selective in the type of employees they supported. Thus the students most likely to receive contributions towards their fees were men, higher up the occupational ladder who had worked continuously for their employer over the year. This help with tuition fees was the most common type of help offered by employers although they did offer assistance with the other costs of going to college (table 6.9). However, the beneficiaries were nearly always the same in terms of their characteristics. In other words, those most advantaged in the labour market had the greatest access to the most valuable employer support.

²¹⁶ Only the contributions towards fees that students made themselves have been included in their expenditure. This is because the money they received from other sources was spent directly on fees so this income cancels out the expenditure.

The characteristics of the students supported by their employer echo the findings of other studies on employer help towards the costs of studying.²¹⁷ Brennan *et al* found that employees in small and medium-sized enterprises were less likely to get any help. In addition, they found that younger employees were much more likely to receive help than older ones, as were white students in contrast to students from ethnic minorities. Callender in her study for the Dearing Committee found overall higher proportions of part-time students being supported by their employer, although the type of employees receiving help were similar to those in the current study. Callender found over half (52%) of all part-time students had their fees paid for by their employer either partially or wholly.

Students' and their parents'/spouses experience of paying tuition fees

Three times as many part-time as full-time students experienced difficulties with their educational institution about their fees (15% compared with 5%). And the nature of the problems they experienced tended to be more severe. Among those with problems, nearly three in five (57%) complained about delays in, or the speed of, processing their payments, and about the bureaucracy involved. Over one third of the 15 per cent of students experiencing problems with payment of fees had been warned of penalties for the non-payment of their fees. These included the curtailment of their course, not being allowed to sit their examinations or receive their exam grade, or being barred from university facilities until payment was made. About two per cent of part-time students had been threatened with being excluded from their university/college.²¹⁸

The fee-payment regime experienced by part-time students was fairly similar to that of full-time students, except that a higher proportion of the part-time students had paid their fees by a greater number of instalments. Thus they paid less money, more often. Half of all part-time students had paid their fees in full, in advance of the academic year, just like full-time students. And like full-time students, nearly one in five (18%) had paid their tuition fees in two instalments (i.e. once a semester). However, one in five had paid them in three instalments (i.e. once a term) and the same proportion had arranged monthly instalments. Around one in eight students paying by instalments had been charged extra by their universities/colleges for these payment arrangements.

²¹⁷ Callender 1997 *op. cit.*; Brennan *et al.* (1999) *op.cit.*.

²¹⁸ Note these proportions add up to more than 100% because students could give more than one answer to the question. This means that the base of the percentages presented is the total number of responses on a multiple-response question, rather than the total number of respondents.

Table 6.4 Tuition fees - average expenditure and contributions for all part-time students by source of contributor

SOURCE OF CONTRIBUTION		PART-TIME
STUDENT'S OWN CONTRIBUTION	Mean (£)	268
	Median (£)	73
	Standard Error of Mean	12
PARENTS	Mean (£)	20
	Median (£)	0
	Standard Error of Mean	4
PARTNER	Mean (£)	21
	Median (£)	0
	Standard Error of Mean	4
RELATIVES	Mean (£)	2
	Median (£)	0
	Standard Error of Mean	1
UNIVERSITY/COLLEGE BURSARY	Mean (£)	13
	Median (£)	0
	Standard Error of Mean	3
EMPLOYER	Mean (£)	221
	Median (£)	0
	Standard Error of Mean	14
OTHERS	Mean (£)	60
	Median (£)	0
	Standard Error of Mean	26
BASE		745

Base: All part-time students

Source: South Bank University - Student Income and Expenditure Survey 1999

Table 6.5 Tuition fees - average expenditure and contributions for all part-time students receiving help and the proportion receiving contributions from the source

SOURCE OF CONTRIBUTION		PART-TIME
STUDENT'S OWN CONTRIBUTION	Mean (£)	519
	Median (£)	500
	Standard Error of Mean	14
	N	386
	Proportion incurring cost (%)	52
PARENTS	Mean (£)	421
	Median (£)	400
	Standard Error of Mean	42
	N	35
	Proportion incurring cost (%)	4
PARTNER	Mean (£)	461
	Median (£)	394
	Standard Error of Mean	63
	N	34
	Proportion incurring cost (%)	4
RELATIVES	Mean (£)	423
	Median (£)	481
	Standard Error of Mean	152
	N	4
	Proportion incurring cost (%)	1
UNIVERSITY/COLLEGE BURSAR	Mean (£)	477
	Median (£)	430
	Standard Error of Mean	52
	N	20
	Proportion incurring cost (%)	3
EMPLOYER	Mean (£)	703
	Median (£)	651
	Standard Error of Mean	23
	N	236
	Proportion incurring cost (%)	32
OTHERS	Mean (£)	1,483
	Median (£)	586
	Standard Error of Mean	609
	N	30
	Proportion incurring cost (%)	4
BASE		745

Base: All part-time students incurring expenditure and receiving contributions
Source: South Bank University - Student Income and Expenditure Survey 1999

6.4 Course costs

The expenditure within this area included:

- Books
- Computer
- Equipment
- Photocopying and stationery
- Amenity fees

Tables 6.5 and 6.6 give a breakdown of students' course costs. Overall, full-time students spent a total of £358 during the academic year on these items, which were essential to their course of study, while part-time students spent slightly less at £339. And these sums rose to £359 and £358 for those full- and part-time students actually incurring these costs.

For both full- and part-time students the largest item of expenditure, not surprisingly, was a computer followed by books. These costs varied by the sort of course students were undertaking so that those pursuing a PCGE spent more than those doing an undergraduate degree (£501 compared with £354). However, the greatest variation in expenditure was associated with the subjects students studied.

There were interesting differences in the both the level and patterns of spending by subject studied among both full- and part-time students. The detail is provided in Table 6.8. This shows that among full-time students two courses stand out in terms of overall levels of spending - Education and Arts/Humanities. The higher costs incurred by these students was because they spent very much more on equipment than other students. In addition, education students spent above average amounts on computers while art/humanities students spent above average sums on books. At the other extreme, mathematics and computing students had the lowest levels of overall spending. However, the pattern of spending by students undertaking different course varied quite considerably. For example, social science students spent well above average sums on books and photocopying but below the average on other items. Perhaps surprisingly, engineering/technical students spent the least on computers.

Interestingly, the pattern of expenditure by subject among part-time students was markedly different to that of full-time students. Overall, part-time students spent more on computers, on average, than full-time students and less on all the other items, especially equipment. Those incurring the greatest course costs were studying 'other' subjects and Mathematics/computing because of their high expenditure on computers.

Particularly interesting was the finding that part-time students' costs were greater than those studying the same subject full time. This was because the computers they bought were more expensive. In addition, they may have had less access to computers at their university. Full-time students probably had easier access to computers within their university/college, than part-time students because of the time of day they attended university/college. Another possible explanation is that as part-time students studied from home more frequently due to family commitments, they needed a

computer at home. In addition, as we will see (chapter 9, section 9.7), students with children were more likely to have computers at home compared with students without children. Thus the presence of children may have influenced the type of computers purchased and the willingness of parents to buy them.

Older full- and part-students incurred higher levels of course-related expenditure than younger students (full-time: £504 compared with £333; part-time: £363 compared with £269). Again this was due to higher levels of spending on computers and books although here it is not immediately clear why it should be so, as older students were *not* over-represented on courses with high computer costs. One possible explanation is that they too choose to work at home more frequently because of family commitments and so needed a computer at home. In addition, they may have found it more difficult to borrow books from the library, and use the library in general because of their time constraints arising from their domestic commitments. Indeed, other research²¹⁹ shows part-time students tend to be discontented particularly with their university/college library facilities.

Just as part-time students received financial help from their employer with their tuition fees, so did 14 per cent of them receive help with the costs of their books and equipment. These students were given £96 on average, which added £11 on average to all part-time students' total income. However, like tuition fees, not all part-time students benefited from this financial support. Those receiving this help had been in stable employment over the year with a sole employer. In addition, they were concentrated in jobs higher up the occupational hierarchy, so no students in occupational groups IV and V received any help. Furthermore, older students were more likely to receive help than younger ones, and men were more likely than women to receive this aid.

In addition, nearly one third of part-time students received some paid time off work to study. We estimate was worth about £154²²⁰ to them on average, while a further eight per cent got unpaid time off work (table 6.9). Again, the proportion of students getting paid time off work is somewhat lower than the 42 per cent found by Callender (1997).

²¹⁹ Callender C (1997) *op cit*

²²⁰ This estimate sum has not been added into these students' overall total income.

Table 6.6 Course costs – average expenditure for all full- and part-time students

COURSE COST		FULL-TIME	PART-TIME
BOOKS	Mean (£)	113	79
	Median (£)	100	50
	Standard Error of Mean	2	3
COMPUTER	Mean (£)	136	204
	Median (£)	0	0
	Standard Error of Mean	8	17
EQUIPMENT	Mean (£)	44	11
	Median (£)	0	0
	Standard Error of Mean	3	2
PHOTOCOPYING	Mean (£)	35	26
	Median (£)	20	10
	Standard Error of Mean	1	2
STATIONERY	Mean (£)	25	19
	Median (£)	20	10
	Standard Error of Mean	1	1
AMENITY FEES	Mean (£)	5	1
	Median (£)	0	0
	Standard Error of Mean	0	1
TOTAL COURSE RELATED COSTS	Mean (£)	358	339
	Median (£)	195	120
	Standard Error of Mean	10	19
BASE		2,054	748

Base: All full- and part-time students

Source: South Bank University - Student Income and Expenditure Survey 1999

Table 6.7 Course costs – average expenditure for all full- and part-time students incurring cost and the proportion incurring cost

COURSE COST		FULL-TIME	PART-TIME
BOOKS	Mean (£)	126	98
	Median (£)	100	70
	Standard Error of Mean	2	4
	N	1,843	599
	Proportion incurring cost (%)	90	80
COMPUTER	Mean (£)	803	1,015
	Median (£)	750	1,000
	Standard Error of Mean	28	44
	N	348	150
	Proportion incurring cost (%)	17	20
EQUIPMENT	Mean (£)	122	84
	Median (£)	50	49
	Standard Error of Mean	6	9
	N	734	99
	Proportion incurring cost (%)	36	13
PHOTOCOPYING	Mean (£)	39	37
	Median (£)	20	20
	Standard Error of Mean	1	2
	N	1,857	518
	Proportion incurring cost (%)	90	69
STATIONERY	Mean (£)	28	28
	Median (£)	20	20
	Standard Error of Mean	1	1
	N	1,865	508
	Proportion incurring cost (%)	91	68
AMENITY FEES	Mean (£)	50	58
	Median (£)	35	24
	Standard Error of Mean	4	36
	N	197	14
	Proportion incurring cost (%)	10	2
TOTAL COURSE-RELATED COSTS	Mean (£)	359	358
	Median (£)	195	125
	Standard Error of Mean	10	20
	Proportion incurring cost (%)	100	95
BASE		2,047	710

Base: All full- and part-time students incurring cost

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 6.8 Course costs – average expenditure for all full- and part-time students incurring by subject studied

FULL-TIME STUDENTS		SUBJECT STUDIED								
COURSE COSTS		MEDICINE	SCIENCE	MATHS/ COM- PUTING	ENGINEER- ING, TECH, ARCHITECT	SOCIAL SCIENCE	ARTS/ HUMANI- TIES	EDUCA- TION	OTHER	TOTAL
BOOKS	Mean (£)	117	111	113	73	119	126	103	108	113
	Median (£)	100	98	100	50	100	90	73	80	100
	Standard Error of Mean	8	6	9	6	4	6	9	10	2
COMPUTER	Mean (£)	130	133	139	142	132	120	164	200	136
	Median (£)	0	0	0	0	0	0	0	0	0
	Standard Error of Mean	27	21	27	38	14	19	36	45	8
EQUIPMENT	Mean (£)	62	22	24	56	16	93	74	15	44
	Median (£)	30	0	0	0	0	0	20	0	0
	Standard Error of Mean	8	3	6	10	2	9	11	4	3
PHOTO- COPYING	Mean (£)	32	33	18	31	40	38	38	38	35
	Median (£)	17	20	10	20	20	20	25	25	20
	Standard Error of Mean	3	2	2	3	3	3	4	5	1
STATIONERY	Mean (£)	23	24	25	26	23	29	30	26	25
	Median (£)	20	20	20	20	15	20	25	20	20
	Standard Error of Mean	2	1	2	2	1	1	3	2	1
AMENITY FEES	Mean (£)	6	7	5	3	4	5	4	6	5
	Median (£)	0	0	0	0	0	0	0	0	0
	Standard Error of Mean	2	2	1	1	1	1	2	2	0
TOTAL EX- PENDITURE	Mean (£)	370	330	325	332	333	410	413	393	358
	Median (£)	235	181	175	158	182	220	239	181	195
	Standard Error of Mean	29	24	34	31	16	24	43	50	10
BASE		183	280	147	179	637	404	125	100	2,054

Table 6.8 (continued)

PART-TIME STUDENTS		SUBJECT STUDIED								
COURSE COSTS		MEDICINE	SCIENCE	MATHS/ COM- PUTING	ENGINEER- ING, TECH, ARCHITECT	SOCIAL SCIENCE	ARTS/ HUMANI- TIES	EDUCA- TION	OTHER	TOTAL
BOOKS	Mean (£)	60	73	93	37	82	109	63	111	79
	Median (£)	40	50	50	25	60	87	35	90	50
	Standard Error of Mean	7	10	18	5	5	8	15	18	3
COMPUTER	Mean (£)	227	266	335	125	196	136	243	340	204
	Median (£)	0	0	0	0	0	0	0	0	0
	Standard Error of Mean	53	71	91	28	28	35	85	99	17
EQUIPMENT	Mean (£)	12	11	23	7	5	23	9	9	11
	Median (£)	0	0	0	0	0	0	0	0	0
	Standard Error of Mean	4	4	11	3	2	6	5	4	2
PHOTO-COPYING	Mean (£)	39	26	23	13	23	33	26	25	26
	Median (£)	20	10	2	2	10	10	15	14	10
	Standard Error of Mean	6	5	8	5	2	6	5	9	2
STATIONERY	Mean (£)	27	15	19	14	18	20	28	19	19
	Median (£)	15	10	10	2	10	16	20	13	10
	Standard Error of Mean	3	2	5	3	1	2	6	4	1
AMENITY FEES	Mean (£)	5	1	0	0	1	0	0	0	1
	Median (£)	0	0	0	0	0	0	0	0	0
	Standard Error of Mean	6	1	0	0	0	0	0	0	1
TOTAL EX-PENDITURE	Mean (£)	369	392	493	197	325	321	369	504	339
	Median (£)	155	105	173	50	120	177	94	210	120
	Standard Error of Mean	57	76	109	43	30	41	99	107	19
BASE		88	64	45	94	267	125	33	33	748

Base: All full- and part-time students incurring cost

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 6.9 Help from employers – the proportion of all part-time students receiving help

Column Percentages*

KIND OF HELP FROM EMPLOYER	%
Payments towards fees	35
Paid time off work	32
Unpaid time off work to study	8
Payments towards books and equipment	14
Payment towards travel expenses	11
Other	4
Base (N)	748

* Does not add up to 100% as students could receive more than one type of help

Base: All part-time students

Source: South Bank University - Student Income and Expenditure Survey 1999

6.5 Costs associated with facilitating participation

The overall costs associated with facilitating participation included:

- Travel to and from college
- Childcare
- Field trips related to the course

Tables 6.10 and 6.11 give a breakdown of students' spending on these items. Unlike course costs, students' expenditure in this area varied considerably. Full-time students incurring these costs spent a total of £429 during the academic year, which added £374 to all full-time students' total expenditure over the academic year. By contrast, part-time students with these costs spent £644 over the year, which amounted to £572 of all part-time students' total expenditure.

6.5.1 Travel and transport

Students' largest item of expenditure, both in terms of facilitating participation and course costs, was travel to and from college. Over the year travelling cost full-time students £337 on average, and part-time students £490. These differences were related to their mode of transport and where students lived in relation to their university/college.

Walking to and from university/college was the most popular mode of transport among full-time students and also the cheapest - half walked and spent just £157 on travel over the year.²²¹ The next most popular form of transport was a bus or coach, used by just over a fifth of students who spent £362 on travel, followed by the 17 per cent of students who drove and had the highest travel costs of £903.

By contrast, part-time students relied heavily on their own car to get to university/college. Three in five drove and they had the highest travel costs at £618. In addition, 17 per cent used buses and their travel costs amount to £296. So part-time students depended on the most expensive form of transport, which helps account for their higher travel costs.

Among both full- and part-time students certain student groups spent well above these averages. The greatest variations were associated with students' average age. Students aged 25 and over, irrespective of their mode of study spent above the average on travel while those under 25 spent less than the average. Thus travelling to and from university/college amounted to an average of £586 for older full-time students and £295 among younger ones, and the equivalent figures for part-time students were £509 and £435. Again, these differences were related to where the students lived in relation to the university/college they attended, and their mode of transport.

Another significant difference was associated with students' living circumstances. Students living with their parents incurred much higher travelling costs than those living independently, especially full-time students. For example, full-time students living at home spent £490 a year on travel compared to just £272 by those living independently. And once again this higher expenditure was associated with these students' travelling distance and mode of transport. So the picture emerging is that students living at home with their parents have somewhat different lifestyles compared with other students. As we have seen, they were particularly likely to be debt averse and not to take out a student loan, to work long hours and continuously for one employer over the academic year, and to travel fair distances to attend university/college.

Around one in ten part-time students received some help towards their travel costs from their employer which was worth £304 over the year to these students, and added £30 to their overall income (table 6.9). Those most likely to receive such aid, were similar in their characteristics to those receiving assistance with the costs of their course books and equipment, except employees under 25 were more likely to get help

²²¹ Note students could have used more than one mode of transport for getting to college and this is reflected in their spending.

than older students. Twice as many men as women received this support, as did twice as many employees from occupational groups I and II compared to those in occupational group III. None in the lowest groups received any help. In other words, employers' support for their student employees was very selective; they favoured a narrow range of employees.

Table 6.10 Course costs – average expenditure for all full- and part-time students

COURSE COST		FULL-TIME	PART-TIME
TRAVEL	Mean (£)	337	490
	Median (£)	140	414
	Standard Error of Mean	17	15
CHILDCARE COSTS	Mean (£)	19	67
	Median (£)	0	0
	Standard Error of Mean	5	10
COURSE-RELATED TRIPS	Mean (£)	18	14
	Median (£)	0	0
	Standard Error of Mean	2	3
TOTAL	Mean (£)	374	572
	Median (£)	159	474
	Standard Error of Mean	18	18
BASE		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Changes in travel costs for full-time students since 1995/6

There has been a marked increase in full-time students' travel costs to and from university/college since the last SIES study of 1995/6 (tables 5.23-5.25). In 1995/6 expenditure over the academic year amounted to £137 for full-time students under 26 and £334 for mature students. By 1998/9 travel costs had risen by a massive 104 per cent for younger students after inflation and by 94 per cent in real terms for mature students. And as discussed in chapter 5 (section 5.3), the reasons for the increases were associated with a range of factors such as the increasing costs of travel and changes in students' mode of transport. For older students, in particular, the rise in the use of cars – the most expensive mode of transport – will have contributed to their increased expenditure. However, we have no insights as to why car use has grown for this student group.

Table 6.11 Course costs – average expenditure for all full- and part-time students incurring cost and the proportion incurring cost

COURSE COST		FULL-TIME	PART-TIME
TRAVEL	Mean (£)	399	561
	Median (£)	200	467
	Standard Error of Mean	20	15
	N	1,738	654
	Proportion incurring cost (%)	85	87
CHILDCARE COSTS	Mean (£)	919	563
	Median (£)	397	310
	Standard Error of Mean	216	65
	N	41	90
	Proportion incurring cost (%)	2	12
COURSE-RELATED TRIPS	Mean (£)	111	121
	Median (£)	50	37
	Standard Error of Mean	9	22
	N	329	88
	Proportion incurring cost (%)	16	12
TOTAL	Mean (£)	429	644
	Median (£)	217	525
	Standard Error of Mean	21	19
	N	1,787	665
	Proportion incurring cost (%)	87	89

Base: All full- and part-time students incurring cost

Source: South Bank University – Student Income and Expenditure Survey 1999

6.5.2 Childcare

Patterns of childcare usage and childcare costs

Finally, within this area of expenditure were childcare costs arising from the parents attending university/college.²²² Only five per cent of full-time students surveyed had at least one dependent child living with them (i.e. 98 students) while 30 per cent of part-time students did (i.e. 225 students).

Unfortunately, data on the ages of the children are not available;²²³ so it is not possible to estimate what proportion of these students with children potentially needed childcare or after school care. However, we do know how many students with children actually bought childcare. Just over two in five (41%) full- and part-time students with dependent children paid for childcare.

²²² Other spending on children will be discussed in chapter 7.

²²³ Although this information was collected, there was a problem with the CAPI programming which only became apparent at the analysis stage of the study.

The fact that parents did not actually pay for childcare, does not mean they did not use childcare. Research by Finlayson et al (1996)²²⁴ estimated that well over half of working parents used informal forms of childcare, for which they rarely paid. Only 12 per cent exclusively used professional arrangements namely, childminders, nannies, nurseries or crèches, nursery schools or playgroups, and after school or holiday play schemes. A further one in five avoided 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 three in five students with a dependent child did not incur any childcare costs.

A more recent study by La Valle *et al*²²⁵ found that almost eight out of ten parents in 1999 had used some form of formal or informal childcare in the previous 12 months, while a more narrow majority (57%) had used some in the last week. Parents' working circumstances was the household characteristic that most strongly influenced use of childcare. The probability of using childcare in the last week was highest for lone parents with full-time jobs (77%) and couples who both worked full-time (70%). Use of childcare was also greater among families in the higher income groups and in non-manual occupations. These groups, who were more likely to use any childcare, also used it in greater quantities than other parents.

There are other reasons why parents with young children may not incur any childcare costs. In recent years, there has been an expansion of nursery education, which means more free childcare/nursery education places will be available for three- and four-year olds. Recently the Government has guaranteed a nursery place for every four-year old, who is eligible. This policy is particularly beneficial to children from low-income families whose parents' could not afford to pay for private provision, such as some of the students in the survey.

Around 40 per cent of full-time students using childcare paid £919 on average over the academic year while part-time students paid less, at an average of £563.²²⁶ And these costs were predominately born by women aged 25 and over. But it was lone parents, above all others, who had to pay the most for childcare. Those studying full time spent £1,457 on childcare compared with £532 paid by married/cohabiting students with children. These costs added £637 and £317 to these two groups' overall expenditure. Presumably lone parents' costs were higher because they did not have a partner with whom to share childcare responsibilities and costs. In addition, other research²²⁷ shows that childcare costs are higher for one-parent than two-parent working families because they are more likely to use more expensive formal childcare than family or friends.

²²⁴ 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

²²⁵ La Valle I, Finch S, Nove A, and Lewin C (1999) *Parents' Demand for Childcare* Department for Education and Employment Research Report No 176, London

²²⁶ We would anticipate that childcare cost would be higher for those with children under five compared with those aged 5-10 years olds but no data are available to make such calculations.

²²⁷ Middleton S, Ashworth K and Braithwaite I (1997) *Small Fortunes: Spending on children, childhood poverty and parental sacrifice* Joseph Rowntree Foundation, York

Not surprisingly childcare costs also varied by the number of children students had. Full- and part-time students with one child paid the same amount for their childcare - £622 over the year. For full-time students with two children, their costs increased to £1,340 but fell for part-time students to £539. Part-time students with two children had lower costs probably because they had more time to look after their children themselves. However, the differences between full- and part-time students also could have been related to the ages of their children and the type of childcare provision used by these parents.

University/college provision

Equal proportion of full- and part-time students with dependent children - just over three in five - reported that their university or college had childcare facilities either on or off site which undergraduates could use. However only 14 per cent of full-time students and half that proportion of part-time students (8%) had ever used these childcare facilities. Students with just one child were more likely to have used them than those with two children or more.

The most common reason both full- and part-time students had not used their university/college's childcare provision was because their children were too old for the provision available. The other key reasons were their friends or relatives looked after their children; and they had other more convenient childcare arrangements for which they paid. By contrast, students' most frequent reason for using their university/college's provision was its convenient location.

6.6 Summary

In 1998/9 full-time students' expenditure on all their course related or participation costs amounted to £771. By contrast, part-time students' expenditure was higher at £1,179 because most had to pay for their tuition fees personally, they had higher travel costs, and more of them had to pay for childcare.

6.6.1 Tuition fees

Full-time first-year students

The first-year students in this study were the first cohort affected by the introduction of tuition fees and 58 per cent had to pay something towards their fees. Of these students whose parents were assessed to make a contribution:

- 20 per cent received less than the assessed amount;
- 80 per cent received the exact amount; and

Students failing to get the full parental contribution got just £101 towards their fees instead of an assessed contribution of £680, so they faced a shortfall of -£579, on

average. Among the remaining 80 per cent getting the exact assessed parental contribution towards their fees or more, their parents contributed £812 on average.

Seven per cent of first-year students' income was assessed to be high enough for them to personally contribute towards their fees. Yet ten per cent of all first-year students said they personally paid towards their fees, either because their awarding body did not pay the full £1,000 or because of the shortfall in their parents' contribution. So these students paid £803 on average, which added £88 to all first-year students' expenditure. They mostly raised the money needed by taking out a student loan.

On the whole students and their parents did not experience any difficulties with their awarding body or with their HE Institution when paying their fees. Half had paid the fees in full, in advance of the academic year while the remainder paid in instalments, usually twice or three times a year.

Part-time students

At the time this study was conducted, most part-time students had to pay tuition fees. Over half part-time students paid tuition fees, and on average they personally contributed £519 towards their fees. which added £268 to all part-time students' total expenditure. Most paid for them out of their salaries. However, a further one third of all part-time students got help from their employer with their tuition costs. They received an average of £703 from their employer, which averaged out at £221 among all part-time students. Employers, however, were very selective in the type of employees they supported. So the main beneficiaries were men, higher up the occupational ladder who had worked continuously for them. So those most advantaged in the labour market had the greatest access to the most valuable employer support.

Three times as many part-time as full-time students had difficulties with their educational institution concerning their fees (15% compared with 5%), and when they did experience problems, they were more serious. In addition to complaints about delays in processing payments and the bureaucracy involved, over a third of those with difficulties, had been penalised in some way for not having paid their fees.

6.6.2 Course costs

These included:

- Books
- Computer
- Equipment and materials
- Photocopying and stationery
- Amenity fees

Full-time students spent a total of £358 during the academic year on these items, while part-time students spent slightly less £339. And these sums rose to £359 for those actually incurring these costs.

For both full- and part-time students the largest item of expenditure, was a computer followed by books with older students spending more on these items than younger students. However, the greatest variation in expenditure was associated with the subjects students studied. Among full-time students, those studying Education and Arts/Humanities spent the most because of the costs of their equipment while mathematics/computing students spent the least. In contrast, part-time students studying 'other' subjects and Mathematics/computing spent the most because of the expensive computers they bought while those taking Engineering/technical subjects and Architecture spent the least.

6.6.3 Costs associated with facilitating participation

These included:

- Travel to and from college
- Childcare
- Field trips related to the course

Full-time students spent £429 during the academic year on these items, adding £374 to their total expenditure while part-time students spent £644, which amounted to £572 of their total expenditure.

Students' largest item of expenditure was travel to and from college. Over the year, full-time students spent £337 on travel and part-time students £490. Full-timers spent less because they used cheaper modes of transport – half of them walked to university/college while three in five part-time students drove, which was the most expensive form of travel. Older students and full-time students living with their parents spent above the average on travel because they used expensive types of transport probably because they lived further away.

Five per cent of full-time students in this study had at least one dependent child living with them while 30 per cent of part-time students did. Two in five full-time students spent an average of £919 on childcare over the year; the remainder used unpaid-informal childcare, or free nursery provision. Alternatively, they fitted their studies around school hours or their children were no longer in need of childcare. A similar proportion of students studying part time spent £563 on childcare over the year. And these costs were predominantly born by women aged 25 and over. But it was lone mothers, above all other groups, who paid the most with those on full-time courses spending £1,457 over the academic year compared with £532 spent by married/cohabiting students with children. Lone parents' higher costs were because more of them had to pay for childcare as they had no partner with whom to share childcare responsibilities.

Parents relied on their own childcare arrangements. Although three in five parents reported that their university/college had childcare facilities, the vast majority had never used them primarily because their children was too old for the provision available.

7 HOUSING AND LIVING COSTS

7.1 Introduction

This chapter explores students' housing and living costs, including the costs of children and how these varied between different student groups. Before examining students' actual housing costs, we will look at the type of accommodation they lived in, and how this has changed over time.

7.2 Changes in students' accommodation

In this section we explore the nature of full-time students' accommodation, and how it has changed over time by comparing data from the 1995/6 and 1998/9 Student Income and Expenditure Surveys.

Table 7.1 Changes in full-time students type of accommodation between 1995/6 and 1998/9

Column percentages

	1995/6*				1998/9**			
TYPE OF ACCOMMODATION	YEAR OF STUDY				YEAR OF STUDY			
	1 ST	2 ND	3 RD +	ALL	1 ST	2 ND	3 RD +	ALL
University/college provision	51	8	11	22	52	16	20	29
Living with parents or relatives	18	14	12	14	23	17	13	18
Rented accommodation/ Owner occupation	31	78	77	64	25	67	67	53
Total	100	100	100	100	100	100	100	100
N	538	575	739	1852	653	724	676	2052

Base: All full-time students

Sources: *Payne and Callender 1997²²⁸ and **South Bank University - Student Income and Expenditure Survey 1998/9

²²⁸Derived from Payne J and Callender C (1997) *op. cit.* p35

Among the students surveyed in 1998/9, 46 per cent lived in rented housing and 29 per cent in accommodation provided by their university/college such as halls of residence. A further 18 per cent lived with their parents and another 7 per cent were buying their own home (table 7.1).

If we examine students' accommodation by year of study, we see a rather different pattern. In particular, first-year students were more likely than students in other years to be living in university provision or with their parents. Over a half of first-years (52%) lived in university/college provided accommodation compared to just 16 per cent of second years and one in five students in their third year or above. Nearly a quarter (23%) of first-years lived with their parents compared with 17 per cent in their second year and 13 per cent in their third year and above.

Living with parents is the cheapest housing option. However, there were only small savings on accommodation costs by year of study. The accommodation costs of students in their first-year amounted to £1,157 on average over the academic year, for second years they were £1,300, while for those in their third year and above they rose to £1,359, partly because they had to pay a retainer over the summer vacation.

There have been some interesting changes in the type of accommodation students live in since the 1995/56 SIES study was conducted. The biggest changes have been the fall in the proportion of students living in rented housing or purchasing their homes, and the growth in the proportions living in college provided accommodation, especially for students in their second year and above. There also has been a slight increase in the overall proportion of students living with their parents, especially among first-year students.

Between 1995/6 and 1998/9 the proportion of first-year students living at home with their parents increased by five per cent. However, the behaviour of these students appear to reflect a more general trend among students in all years of study towards living in the parental home. It is questionable then to attribute such changes in living circumstances to recent changes in student funding which have only affected first-year students.

7.3 Total housing costs

Students' housing costs included the following:

- rent or mortgage;
- any retainer fee paid over the long vacation;
- council tax;
- household insurance; and
- utility bills such as water, gas, and electricity.²²⁹

²²⁹ Note with the advent of mobile telephones, we have included all telephone bills within living costs.

The expenditure tables in chapter 5 show there were considerable differences in the average housing costs of full- and part-time students in the 1998/9 academic year. Part-time students spent considerably more than full-time students (£2,082 compared to £1,537) (table 5.2) which added £1,964 and £1,274 respectively to all their average total expenditure over the academic year (table 5.1).²³⁰

Full- and part-time students' spending patterns on housing also varied which helps to account for some of the differences in actual housing costs. Nearly all (89%) of full-time students' spending on housing consisted of their rent (£1,051) or mortgage payments (£81). In other words, they spent relatively little on household bills – just £141 over the year on average, which represented only 11 per cent of their total housing costs. This was because often such costs were included in their rent for instance, in university provided accommodation, or because their parents paid them if they lived at home.

By contrast, 71 per cent of part-time students' total housing costs were absorbed by rent and mortgage payments. Part-time students' average mortgage payments, at £829, were considerably higher than full-time students' mortgages because they were much more likely to be owner-occupiers, but their rents were lower at £538 on average. In addition, part-time students paid on average £596 over the year on household bills which represented 29 per cent of their total housing costs..

Differences in housing costs between full- and part-time students were associated with the interaction of their living arrangements, their housing tenure (table 5.14 and 5.15), the relative costs of mortgages in comparison to rents and the higher bills and expenditure resulting from home ownership. Some 18 per cent of all full-time students had no housing costs at all, primarily because they were living with their parents (table 5.2). As a result, only 72 per cent of full-time students paid any rent, and just five per cent contributed to a mortgage. By contrast, six per cent of part-time students had no housing costs whatsoever, one third paid rent while a half had a mortgage to pay off. Finally, only 57 per cent of full-time students, but 79 per cent of part-time students, had other housing costs in addition to their rent or mortgage payments. This lower proportion for full-timers was because utility bills often were included in their rents, especially in university/college provided accommodation and more were living at home with their parents and paid no household expenses.

All these variations in full- and part-time students' housing costs were associated with the combined affects of their living circumstances, family type, housing tenure, and where in the country students were living. And it is to these variations that we now turn.

7.3.1 Variations in students' total housing costs

By far the greatest variation in housing costs was related to students' living circumstances, especially for full-time students. As we have seen, 18 per cent of all full-time students lived at home with their parents and they incurred the lowest

²³⁰ In keeping with the Family Expenditure Survey, we give net spending on housing, that is expenditure less any benefits such as housing benefit or council tax benefit.

housing costs (table 7.1). For instance, of these students, 70 per cent paid nothing towards their housing costs (table 7.2). In other words, the vast majority of full-time students living at home were being subsidised by their parents.

The nature of the subsidy received by these students can be seen if we separate monies paid towards rent from contributions to household bills. In fact, only around a quarter (26%) of full-time students paid towards their 'rent' while only one in ten (11%) contributed towards household bills. So parents were supporting their children by charging them a notional rent, if at all, and by exempting them from more general household expenses.

Turning now to part-time students. Only 17 per cent lived in their parental home but only one quarter paid nothing towards their housing costs. So part-time students' parents were not subsidising them to the same extent as full-time students' parents, presumably because most of them had full-time jobs and higher overall incomes (table 7.2). However, they were still being subsidising them to some degree. So, 71 per cent of part-time students living at home paid 'rent', but only 11 per cent paid any money towards the cost of household bills. Consequently, all students living at home with their parents, whether full- or part-time, had by far the lowest levels of housing expenditure.

The value of the parental subsidy can be seen if we compare the housing costs of students living in their parental home with students who have alternative living arrangements (tables 5.11 and 5.12). Expenditure on housing for full-time students living independently was four times higher than that of those living at home (£1,439 compared to £342) while for those living with a partner and/or children they were nearly six times higher (£1,955) (table 5.11). Similarly, the housing costs of part-time students living independently (£2,369) and for those living with a partner and/or their children (£2,132) were nearly three times as much as those at living in their parental home (£728) (table 5.12). Other evidence on the scale of parental subsidy for full-time students only, can be gained by examining their housing expenditure by their grant status. Those receiving a home grant had much lower levels of spending than those with other types of grants, or no grant at all (table 7.3).

In addition, Table 7.3 (along with Tables 5.15 and 5.16) shows how students' housing costs varied by region. Not surprisingly, students attending universities in London spent more on housing than those living outside the capital because of higher rents or mortgage repayments. Full-time students attending London universities, who incurred housing costs, paid £1,988 over the year compared to the £1,470 paid by similar students living outside the capital. When these sums are added to the expenditure of all full-time students (i.e. £1,534 for London students and £1,232 for those living outside London— table 5.15), the regional difference in housing costs amounted to £302 over the academic year for full-time students and it was a average of £815 for part-time students.

There were big differences in housing expenditure by family type (tables 5.9 and 5.10), which were associated with variations in housing costs by age (tables 5.3 and 5.4) and housing tenure (tables 5.13 and 5.14). Lone parents studying both full- and part-time had the highest housing costs of all student groups because

their rents and utility bills were very high compared to other student groups. Their total housing costs amounted to £2,902 for those studying full time and £3,021 for those on part-time courses. And their costs were considerably greater than that of married/cohabiting students with children (£1,652 for full-timers and £1,990 for part-time students).

Table 7.2 Housing costs – average costs for full- and part-time students incurring the cost and the proportion incurring the cost, by living circumstances

LIVING CIRCUMSTANCES		FULL-TIME	PART-TIME
LIVES INDEPENDENTLY	Mean (£)	1,439	2,369
	Median (£)	1,489	2,134
	Standard Error of Mean	22	92
	N	1,538	301
	Proportion incurring cost (%)	94	99
LIVES WITH PARENT	Mean (£)	342	728
	Median (£)	0	688
	Standard Error of Mean	47	58
	N	359	126
	Proportion incurring cost (%)	30	74
LIVES WITH SPOUSE/ CHILDREN	Mean (£)	1,955	2,132
	Median (£)	1,795	1,922
	Standard Error of Mean	90	75
	N	124	302
	Proportion incurring cost (%)	99	99
OTHER ARRANGEMENT	Mean (£)	1,210	1,028
	Median (£)	822	670
	Standard Error of Mean	232	255
	N	32	19
	Proportion incurring cost (%)	84	78
ALL	Mean (£)	1,275	1,964
	Median (£)	1,355	1,738
	Standard Error of Mean	22	54
	N	2,052	748
	Proportion incurring cost (%)	83	94

Base: All full- and part-time students incurring the cost

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 7.3 Housing costs – all full-time students by grant status

			FULL-TIME
TYPE OF GRANT RECEIVED	No grant	Mean (£) Median (£) Standard Error of Mean N	1,159 1,255 37 678
	Home grant + Living with parents	Mean (£) Median (£) Standard Error of Mean N	396 0 65 242
	Grant + Living out of London	Mean (£) Median (£) Standard Error of Mean N	1,460 1,495 27 985
	Grant + Living in London	Mean (£) Median (£) Standard Error of Mean N	2,048 2,085 81 141
BASE (N)			2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Importantly too, the housing situation of single parents also was qualitatively different from other student groups, given their age and the presence of children. They were far less likely to own their home than students in a couple with and without children. Only 22 per cent of full-time students owned their home, compared to 80 per cent of married/cohabiting students with children. And the respective proportions for part-time students were 50 per cent and 90 per cent, (tables 5.18 and 5.19). In fact, the rents of lone parents studying full time were higher than the mortgage repayments of married/cohabiting students with children studying full time (£1,789 compared with £863). So relatively speaking, lone parents were in a much weaker position in the housing market yet they had the most expensive housing. And lone parents studying full time were unable to receive a full entitlement to Housing Benefit to buffer these high costs unlike other low-income groups in the general population.

As the discussion above illustrates, housing tenure was also a very important factor in the differential housing costs of students. Indeed, some of the variation in costs experienced by students in the diverse living arrangements and family types were associated with housing tenure. As we have seen, students who were buying their homes were not equally distributed throughout the student population. They are heavily concentrated among older students, and especially those with a partner and children (Tables 5.18 and 5.19).

Apart from students who lived with their parents, there were no great differences between the housing costs of students who rented their accommodation compared with those who owned their home. This was because rents and mortgages cost students about the same, with rents being somewhat higher than mortgage repayments for both full- and part-time students. However, the bills owner-occupiers incurred were much greater than the bills incurred by students who were tenants. For instance, among full-time students those with mortgages spent three and a half times more on household bills and utilities than students renting their accommodation (£469 compared with £129). Home owning part-time students spent over twice as much as student tenants on such bills. The big difference for full-time students is partly associated with the fact that some of these bills would have been included in their rents.

7.3.2 Changes in accommodation costs of full-time students since 1995/6

In 1995/6 full-time students paid an average of £1,180 for their rent or mortgage, council tax and insurance, and in 1998/9 they paid an average of £1,159.²³¹ So these costs have fallen slightly. And as we saw in chapter 5 (table 5.25), the fall has been most marked for students aged 26 and over.

7.4 Total living costs

Students' living costs included a wide range of items such as:

- food consumed at home, at university/college or elsewhere;
- household goods such as cleaning materials, laundry as well as white goods, consumer durables, and household items costing more than £50;
- personal costs such as telephone calls, mobile phones, cigarettes, clothes, toiletries, medicaments, glasses/contact lenses, newspapers, books and stationery not required for university/college, and gifts;
- entertainment costs, which included also included all alcohol consumption, hobbies, sports;
- travel costs other than that incurred in travelling to and from college, as well as holidays; and
- other general spending.

Full-time students spent an average of £4,074 (table 7.5) on these items over the 1998/9 academic year, which added nearly exactly the same (£4,071) to their total expenditure (table 7.4) because all students incurred some living costs. Part-time students had higher living costs, spending £5,539 on average over the academic year, which contributed the identical amount to their total expenditure (tables 7.4 and 7.5). So for both student groups, the bulk (around two-thirds) of their spending over the course of the academic year was on living costs (fig. 5.1).

²³¹ Note that these costs exclude utility bills and other housing expenses.

Although full- and part-time students' absolute levels of expenditure were different, their expenditure patterns were very similar, with one exception: full-time students spent a larger share of their living costs on entertainment while part-time students made up this difference by spending much more on household goods. Inevitably, the spending priorities of full- and part-time students reflected their differing lifestyles, which were associated with the socio-economic characteristics of the two student groups, especially their family circumstances and age.

7.4.1 Variations in living costs

The largest variation in full-time students', but not part-time students', living costs was associated with their family circumstances. Just as with housing costs, one-parent families also had the highest living costs of all full-time students. Over the 1998/9 academic year, their living costs amounted to £6,953 compared with £3,984 among single childless students and £4,802 for two-parent families (table 5.9). Their average expenditure on all items tended to be higher than other students', but by far the biggest difference was related to their expenditure on food. For example, they spent nearly double that of single childless students on food consumed both within the home and outside the home. These findings reflect those of other research,²³² which shows that in one-parent families food accounts for by far the largest proportion of average spending on children.

Predictably, students living with their parents whether studying full- or part-time incurred the lowest living costs of all student groups. Full-time students spent an average of £3,886 on their living costs over the year, only £86 less than students living independently. By contrast, students living in their parental home studying part time spent £4,419 over the year, £1,125 less than their peers living independently and £1,624 less than part-time students living with a partner and/or children (tables 5.11 and 5.12). So for part-time students their living arrangements explain the major disparities in their spending on living costs.

Once again, the biggest difference in the expenditure patterns between students living in their parental home and other students was how much they spent on food. For instance, full-time students living at home spent only £796 on food compared with £1,124 spent by students living independently, and £1,413 spent by students living with a partner and/or their children. This difference highlights yet another way in which parents subsidised their children living at home. Not only did these students save on their overall housing costs, they also saved on food costs. These students, therefore, had more disposable income, and this was consumed by greater expenditure on household items. Interestingly, it was not spent on entertainment; in fact, their expenditure on this item was lower in absolute and proportionate terms compared to other student groups.

Turning to part-time students, those living with their partner and/or children had the most expensive living costs. Over the year, their costs amounted to £6,043 compared to just £4,419 for part-time students living in their parental home who

²³² Middleton S, Ashworth K, and Braithwaite I (1997) *op.cit*

had the lowest costs. The higher expenditure of part-time students in couples were attributable to their spending on food and personal items. For example, they spent double the amount on food compared with students living in their parental home.

In addition, for both full- and part-time students there were variations in living costs by age (tables 5.3 and 5.4). And for part-time students living costs varied markedly by their social class (table 5.6) and their housing tenure (table 5.14). The greatest variation, however, was associated with their family circumstances and living arrangements.

Table 7.4 Living costs – average expenditure for all full- and part-time students

ITEMS OF EXPENDITURE		FULL-TIME	PART-TIME
FOOD	Mean (£)	1,083	1,439
	Median (£)	1,064	1,396
	Standard Error of Mean	12	27
HOUSEHOLD GOODS	Mean (£)	276	613
	Median (£)	65	144
	Standard Error of Mean	17	47
PERSONAL	Mean (£)	769	1,160
	Median (£)	668	1,030
	Standard Error of Mean	11	25
ENTERTAINMENT	Mean (£)	1,282	1,301
	Median (£)	1,022	987
	Standard Error of Mean	37	67
TRAVEL	Mean (£)	371	711
	Median (£)	205	450
	Standard Error of Mean	10	30
OTHER	Mean (£)	290	315
	Median (£)	0	0
	Standard Error of Mean	16	30
TOTAL LIVING COSTS	Mean (£)	4,071	5,539
	Median (£)	3,405	4,713
	Standard Error of Mean	57	119
BASE (N)		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 7.5 Living costs – average expenditure for all full- and part-time students incurring the cost and the proportion incurring the cost

ITEMS OF EXPENDITURE		FULL-TIME	PART-TIME
FOOD	Mean (£)	1,087	1,453
	Median (£)	1,065	1,401
	Standard Error of Mean	12	27
	N	2,047	741
	Proportion incurring cost (%)	100	99
HOUSEHOLD GOODS	Mean (£)	472	1,020
	Median (£)	200	421
	Standard Error of Mean	27	72
	N	1,200	450
	Proportion incurring cost (%)	58	60
PERSONAL	Mean (£)	772	1,162
	Median (£)	670	1,030
	Standard Error of Mean	11	25
	N	2,045	747
	Proportion incurring cost (%)	100	100
ENTERTAINMENT	Mean (£)	1,299	1,312
	Median (£)	1,031	989
	Standard Error of Mean	37	68
	N	2,027	742
	Proportion incurring cost (%)	99	99
TRAVEL	Mean (£)	440	853
	Median (£)	285	600
	Standard Error of Mean	11	33
	N	1,734	624
	Proportion incurring cost (%)	84	83
OTHER	Mean (£)	770	938
	Median (£)	475	544
	Standard Error of Mean	37	74
	N	775	252
	Proportion incurring cost (%)	38	34
TOTAL LIVING COSTS	Mean (£)	4,074	5,539
	Median (£)	3,409	4,713
	Standard Error of Mean	57	119
	N	2,052	748
	Proportion incurring cost (%)	100	100
BASE (N)		2,054	748

Base: All full- and part-time students incurring the cost

Source: South Bank University – Student Income and Expenditure Survey 1999

7.4.2 Entertainment

Entertainment represents a relatively high proportion of students' overall expenditure - around a fifth of full-time students' and a sixth of part-time students' (table 7.4). We have therefore analysed spending on entertainment in greater detail (table 7.6). The two largest amounts were spent on alcohol consumed both at home and out of the home, and on renting or purchasing a television, videos and other audio equipment. That students should be spending around a tenth of their income on alcohol might raise questions about student priorities. However, as we saw in chapter 5, when we compared full-time students' spending with those of other young people in the population at large (table 5.26), their spending on entertainment and on alcohol and tobacco were in fact very similar – perhaps reflecting youth lifestyles. And as we have also seen in chapter 5, there was no evidence to suggest that the proportion of total expenditure absorbed by entertainment has changed significantly since 1995/6 (tables 5.23 and 5.24).

Table 7.6 Entertainment expenditure by type of entertainment

ITEMS OF EXPENDITURE		FULL-TIME	PART-TIME
CINEMA, THEATRE, CONCERTS	Mean (£)	76	88
NIGHTCLUBS	Mean (£)	144	86
SPORT AND HOBBIES	Mean (£)	87	133
ALCOHOL ²³³	Mean (£)	592	496
TELEVISION, VIDEOS ETC ²³⁴	Mean (£)	279	314
OTHER	Mean (£)	107	211
TOTAL ENTERTAINMENT	Mean (£)	1,285	1,328
BASE (N) ²³⁵		1,465	404

Base: All full- and part-time students who returned their diaries of expenditure
Source: South Bank University – Student Income and Expenditure Survey 1999

²³³ Consumed at home or away from home. Note in that in the 1995/6 SIES, alcohol consumed at home was included with food expenditure.

²³⁴ This includes TV rental or purchase and license as well as audio equipment purchase

²³⁵ The base consists of all students who returned their diaries of expenditure. As a result the total levels of expenditure are not exactly the same as those quoted in other tables where imputation has been undertaken for the missing cases.

7.5 Spending on children

Spending on childcare costs has already been discussed in the previous chapter (section 6.5.2), so this section will focus mostly on all the other direct costs of children listed below.

Students' spending on their children included items such as:

- Clothing
- Travel to and from school
- School trips, outings and school fund
- Toys, books and presents
- Pram, pushchair and other baby equipment
- Children entertainment and hobbies
- Nappies and toiletries
- Pocket money
- Child support/maintenance for a child not living with the student

At the time of the survey, full-time students with dependent children potentially were eligible for additional allowances on top of their basic grant; the amount they received depended on the number of children and their age, and their income, just like their basic grant (chapter 3, sections 3.8-3.9).²³⁶ In addition, both full- and part-time students could receive Child Benefit payments for each dependent child (see chapter 4, section 4.3)

While only a minority of students (around 5% of full-time and 30% of part-time students) had children to support, the additional costs they incurred were high. In addition to childcare costs, full-time students with dependent children spent an average of £934 on their children during the academic year while part-time students spent another £864. On average, these sums added to £45 and £259 to these respective students' average total expenditure. Again, just like childcare costs, this expenditure was primarily born by women aged 25 and over.

Parents' expenditure on their children varied by the number of children they had and whether they were caring for their child alone, or with a partner. Not surprisingly, the more children they had, the higher their costs. Lone parents spent more on their children than students who were married or cohabiting because they had no one with whom they could share these costs.²³⁷ Thus full-time students who were lone parents spent £1,047 on their children compared to £771 spent by students in a couple (table 5.9). The equivalent sums for the respective groups of part-time students were £892 and £838 (table 5.10).

²³⁶ In 1999/2000, with the total abolition of grants, new entrants could receive supplementary grants for dependants. In January 2000 it was announced that these supplementary grants for lone parents were to be abolished and replaced by a childcare grant in 2001/02.

²³⁷ There were 40 lone parents among full-time students and 36 among part-time students. And because the base number is small, care should be taken when interpreting this data.

It should be recalled, however, that parents' level of spending on food and housing were also a great deal higher than those incurred by single students or childless couples. It is very likely that these differences in expenditure are associated with the extra costs of having children. In addition, there were also a small proportion of single people and childless couples who had incurred child-related expenditure in the form of maintenance payments to a former partner. So to capture the more likely total costs of children we would need to include not just the direct costs discussed above, but also childcare costs and the extra housing and living costs.

One way of identifying these additional costs of children for lone parents, is to compare their expenditure with single childless students aged 25 and over. Similarly, to isolate the additional costs of children for couples we can compare the expenditure of couples with children with the expenditure of childless couples. To do this we will control for age because as we have seen this is a key factor determining the different expenditure patterns.

Focusing on full-time students aged 25 and over, the combined childcare and direct costs were £1,710 for one-parent families and £1,023 for two-parent families. The difference between lone parents' and single childless students' combined childcare and direct child-related costs (£1,710-£30) amounted to £1,680; the difference in their respective housing costs (£2,932-£1,700) was £1,232; and the difference in their respective living costs (£7,041-£4,739) was £2,302. So if we add all these sums together, the total difference in the expenditure of lone parents aged 25 and over, and single childless students aged 25 and over, which seems related to children amounts to £5,214. Lone parents had an average of two children, so the additional cost of **one child** was £2,607 over the academic year.²³⁸

We can now repeat this exercise for couples, and compare the expenditure of married/cohabiting students aged 25 and over with children to the expenditure of married/cohabiting students aged 25 and over without children. The difference in the combined childcare and direct children's costs for married/cohabiting students with children and without them (£1,023-£47) was £976; the difference in their respective housing costs (£1,664-£1,398) was £266; and the difference in their respective living costs (£4,874-£3,936) was £938. So if we add all these sums together, the difference in the expenditure of married/cohabiting students with children compared to childless married/cohabiting students which seems related to children amounts to £2,180. Married/cohabiting students with children had an average of two children, so the additional cost of **one child** was £1,090 over the academic year.

So spending **per** child worked out at £2,607 for one-parent families and £1,090 for two-parent families. These calculations give a more realistic figure of the costs of children. However, these figures also highlight the additional costs of having children that one-parent families had to face compared with two-parent families.

²³⁸ We have assumed that the costs of rearing children is the same for each child.

On average, this extra cost for lone parents amounted to £1,517 over the year.²³⁹ The lower costs for two-parent families reflects the reality that two adults could live cheaper than one and couples could share the financial burden associated with dependent children.

7.6 Summary

7.6.1 *Type of accommodation*

In 1998/9, 46 per cent of full-time students lived in rented housing, 29 per cent in accommodation provided by their university/college such as halls of residence, 18 per cent with their parents, and 6 per cent were buying their own home. However, first-year students were much more likely than students in other years to live in university/college accommodation (52%) or with their parents (23%).

In 1998/9 fewer students were living in rented housing or purchasing their homes and more were living in university/college accommodation compared with students in the 1995/6 SIES study. Slightly more first-year students were living with their parents but we might have expected a larger increase, given the changes in student funding.

7.6.2 *Total housing costs*

The students' housing costs included:

- rent or mortgage;
- any retainer fee paid over the long vacation;
- council tax;
- household insurance; and
- utility bills such as water, gas, and electricity.

Full-time students spent £1,537 on these costs over the 1998/9 academic year and part-time students spent £2,082. These expenses added a total of £1,274 and £1,964 respectively, to students' overall expenditure. These differences between full- and part-time students' costs were associated with the combined affects of their living circumstances, housing tenure, family type, and where in the country students were living.

Students living with their parents had the lowest housing costs because their parents subsidised them heavily. The majority (70%) of such full-time students did not give their parents any money toward their housing costs, neither did a quarter of such part-time students. Even when they did contribute, they only paid their parents a notional rent and rarely contributed towards general household expenses and bills. As a result, full-time students living at home had housing costs of just £342 over the year – just a quarter of the average spent by students living independently. Part-time students' housing costs amounted to just £728 – one third of the average costs of part-time students living independently.

²³⁹ This is calculated by subtracting the total child related expenditure faced by couples with children from the total child related expenditure incurred by lone parents i.e. £5,229

Lone parents had the most expensive housing costs because they had no one with whom they could share these costs, unlike students with a partner. Lone parents studying full time had annual costs of £2,902 and those studying part time costs of £3,021. In addition, their housing was qualitatively different from other students, given their age and the presence of children. They were much less likely to be owner-occupiers. So despite their high costs, their position in the housing market was much less secure and they had no capital asset to call upon, unlike most married/cohabiting students with children.

7.6.3 Total living costs

Students' living costs consisted of items such as:

- food whether it was consumed at home, at university/college or elsewhere;
- household goods such as cleaning materials, laundry as well as white goods, consumer durables, and appliances for the home costing over £50;
- personal items such as telephone calls including mobile phones, cigarettes, clothes, toiletries, medicaments, glasses/contact lenses, newspapers, books and stationery not required for university/college, and gifts;
- entertainment which included all alcohol where ever it was consumed as well as, hobbies and sports whether as a spectator or a participant;
- travel not related to going to and from college, as well as holidays; and
- other general spending.

Students' living costs consumed the majority of their total expenditure. Over the 1998/9 academic year full-timers spent an average of £4,074 and part-timers £5,539, which contributed nearly identical amounts to their total expenditure. The key variations in spending were associated with students' family type and living arrangements.

Although full- and part-time students' absolute levels of expenditure were different, their expenditure patterns were very similar, with one exception. Full-timers spent more on entertainment while part-time students made up this difference by spending much more on household goods – reflecting their respective lifestyles and age.

Lone parents studying full time can be singled out as having the highest living costs of all student groups at £6,953 over the year. Among part-time students, those living with a partner and/or children had high costs at £6,043 too but these were not as great as lone parents on full-time courses. And the differences in expenditure levels among these diverse student groups were primarily because of their spending on food. Hence predictably, both full- and part-time students living at home with their parents had the lowest living costs. So not only did these students save on their overall housing costs, they also saved on food costs.

7.6.4 *Spending on children*

Students' spending on their children included items such as:

- Clothing
- Travel to and from school
- School trips, outings and school fund
- Toys, books and presents
- Pram, pushchair and other baby equipment
- Children entertainment and hobbies
- Nappies and toiletries
- Pocket money
- Child support/maintenance for a child not living with the student

While only a minority of students (5% of full-time and 30% of part-time) had children to support, the additional costs they incurred were high. On top of childcare costs, full-time students with dependent children spent a further £934 on their children while part-time students spent another £864. These sums added to £45 and £259 to these respective students' total expenditure. Again, just like childcare costs, this expenditure was primarily born by women aged 25 and over.

To capture the total potential costs of children we would need to include not just these direct costs, but also childcare costs, the extra housing and living costs, and any maintenance payments to a former partner. In fact, spending per child worked out at £2,607 for one-parent families and £1,090 for two-parent families. In other words, the per capita expenditure of two-parent families was considerably lower than that of one-parent families. So lone parents faced additional costs of £1,517 over the year compared to two-parent family students.

8 STUDENTS' SAVINGS, DEBT AND OVERALL FINANCES

8.1 Introduction

This chapter examines students' financial position: their savings and debts, and who their creditors were and how much they owed them. We then explore their overall financial position, namely what outstanding debts they had, if any, once their savings had been taken into account.

As noted by the Family Expenditure Survey (FES) '*any definition of expenditure is to some extent arbitrary*'.²⁴⁰ However, we have been guided by the FES's definition of expenditure and income in this study. The FES excludes from expenditure any payments into their savings or contributions to investments, e.g., pensions and life assurance. The FES also excludes from income withdrawals from savings, and loans and money received in repayments of loans.²⁴¹ It is for these reasons that we are examining these separately from income and expenditure, unlike previous SIES studies.

Over the 1998/9 academic year, full-time students augmented their income by withdrawing £423 from savings, by increasing their overdraft by £350, by taking on new commercial-credit commitments amounting to £141, and borrowing £24 from friends and relatives. Through these sources, full-time students increased their average incomings by £938 to £5,862 over the academic year.

There were often costs associated with these ways of boosting income. So full-time students' outgoings rose by £105 because of the costs associated with servicing their commercial borrowings and debts. Their outgoings increased by a further £131 because of the money they put into savings, and by another £37 because of their regular investments such as, contributions to pensions and life assurance. Consequently, full-time students' spending over the year, increased by a further £273 so that their total outgoings amounted to £6,434.

This leaves a shortfall between total incomings and outgoings, an 'overspend', of an average of around £572 for all full-time students. This overspend drops to £464 for full-timers under the age of 25 but increases considerably to £1,211 for those aged 25 and over. Such an overspend also existed in the 1995/6 SIES study and was similarly higher for mature students. The overspend in 1995/6, however, was not as large and it is not clear why it was greater in 1998/9.

²⁴⁰ ONS (1999) *op. cit.* p. 169

²⁴¹ The FES also excludes the value of education grants but needless to say we have included these in income along with student loans, but not commercial loans or informal loans from parents or relatives.

Part-time students also boosted their incomes by a further £1,118 using the same strategies as full-time students, but they took on more commercial credit. Similarly, they increased their expenditure by £867 through the costs of servicing their borrowings and investments. Thus their total incomings amounted to £9,295 while their total outgoings to £9,809 so their overspend amounted to £514. For students aged under 25 it rose to £774 but dropped to £425 for mature students.

The Family Expenditure Survey also finds that expenditure exceeds income among low-income households. However, further analysis of the overspend for students reveals that it is related to the independent effect of children, especially among lone parents. This helps explain why the overspend was higher for full-time mature students as they were most likely to have children and nearly all lone parents were aged 25 and over.

The overspend among one-parent families highlights broader issues about defining which students were in a 'stable' relationship, and the way that students were classified as couples for the purposes of this study.²⁴² This may reflect the nature of relationships lone parents experience and how they are often insecure and unstable. For instance, research by Rowlingson and McKay²⁴³ shows how lone parents go in and out of lone parenthood over their lifetime. In addition, the partner of a lone parent may not be defined as a 'parent', or only under certain conditions. For instance other research by Goode, Callender and Lister²⁴⁴ shows how lone parents were particularly concerned about their financial security and how it was threatened potentially by entering into a relationship. As a result, they are very cautious about having joint financial arrangements with a partner. Thus a lone parent may well have had a partner who contributed to the household income regularly or occasionally, but who did not live with them permanently or for whom they were not financially responsible. Under such circumstances, in this study such students would not have been classified as being in a couple and the appropriate adjustments to income and expenditure would not have been made.

Furthermore, the overspend could be attributable to some double counting of expenditure among parents. The amounts given by parents might have included expenditure on children, yet expenditure on children was collected separately as well. For instance, parents might have conflated expenditure on children's clothes with expenditure on their own clothes so that this amount would have appeared twice – once specifically for children and then under general expenditure on clothes. This is especially likely to be the case among mothers.

²⁴² For the purpose of this study students were only classified as being in a couple if they lived permanently with a partner, and had joint financial responsibility for each other or had a joint bank or building society account. This definition was used to distinguish them from those students who just lived together in the same household, as is common among students.

²⁴³ Rowlingson K and McKay S (1998) *The Growth of Lone Parenthood: Diversity and Dynamics*, PSI, London

²⁴⁴ Goode J, Callender C and Lister R (1998) *op. cit*

According to recent analysis of the Family Expenditure Survey by Pahl,²⁴⁵ mothers pay for the majority of key family expenditure on children such as their clothes and childcare

For two-parent families, the overspend may be because data collected on expenditure often asked about family or household expenditures - or expenditures to which the spouse would have contributed. However, data collected on income focused on individual income. Although adjustments were made for household expenditure and the spouse's income these may have been inadequate to cover couples' shared expenditure and did not allow for the fact that couples pool their income when making certain expenditures. In other words, where couples and children are involved, the unit of analysis for expenditure is part individual/part household or family, while the income variable is always individual. The consequence is a large overspend for couples with children. The way to solve this problem in future is to have a family-based income measure and a family-based expenditure measure since it is impossible to separate out individual expenditure for persons living in family units.

In previous SIES studies, all the students surveyed were full-time students, who unlike part-time students are mainly single and childless (table 1.1), so the issue about the most appropriate unit of analysis for income and expenditure did not arise so strongly. In addition, since the SIES studies were first conducted back in 1988, the composition of the student population has changed and now more are mature with families.

8.2 Savings and investments

Some students had both general savings and investments such as pensions, or life assurance. We have analysed these separately and start by looking at general savings held for example, in bank and building society accounts.

8.2.1 Savings

At the start of the 1998/9 academic year, full-time students in their second year and above had savings amounting to £911 on average. By the end of the academic year all full-time students in all years expected to have an average of £770 left in savings. Part-time students had much higher savings. Those in their second year and above had £2,160 on average at the start of the year while all part-time students in all years of study anticipated having £1,515 by the end of the year (table 8.1).

Savings, however, were unevenly distributed among students. The majority of students did not anticipate having any savings by the end of the academic year. Only two in five (39%) full-time students, and slightly more part-time students (43%), expected to have any savings. The value of the saving for these full-time students with savings amounted to £1,954 while for part-time students they were greater at £3,521.

²⁴⁵ Pahl J (2000) Patterns of exclusion in the electronic economy, in J. Bradshaw and R. Sainsbury (eds) *Researching Poverty*, Aldershot, Ashgate, 2000.

The average savings of full-time students tended to be highest at the beginning of the academic year because they worked during the summer and then used up these savings over the course of the year. Consequently, savings were always less at the end than at the beginning of the academic year. With part-time students, however, their savings were more constant over the course of the academic year because their employment patterns were different – they usually had a steady income from employment over the whole year that they could draw on, so savings were more evenly distributed.

Table 8.1 Savings – average savings for full- and part-time students at different stages in the academic year

		FULL-TIME	PART-TIME
SAVINGS AT END OF LAST ACADEMIC YEAR 1997/98²⁴⁶	Mean (£)	911	2,160
	Median (£)	0	0
	Standard Error of Mean	64	242
	N	1,287	502
	Proportion with savings (%)	44	47
SAVINGS AT THE START OF THE ACADEMIC YEAR 1998/9	Mean (£)	1,062	1,661
	Median (£)	300	0
	Standard Error of Mean	49	168
	N	2,054	748
	Proportion with savings (%)	61	48
SAVINGS EXPECTED AT THE END OF THE ACADEMIC YEAR 1998/9	Mean (£)	770	1,515
	Median (£)	0	0
	Standard Error of Mean	50	163
	N	2,054	748
	Proportion with savings (%)	39	43
BASE		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

The likelihood of students having any savings at the end of the academic year, and the amounts saved varied considerably by their mode of study. Among full-time students the key variation was student loan take-up while for part-time students it was social class.

Full-time students without student loans were most likely to have savings and to have saved the largest amounts: 54 per cent of them had savings compared to 34 per cent with student loans. Those without loans had accumulated £1,318 on average, compared with £565 among those with loans (table 8.2). Thus it would

²⁴⁶ Note this information is for students in their second year and above so the base is 1,287 and not 2,054.

appear that those without student loans did not need them. However, as our analysis of student loan take-up showed in chapter 3 (section 3.3), this oversimplifies the picture.

The part-time students most likely to have accrued savings, and with the highest level of savings were those in social classes I and II. Well over half (55%) had savings compared to 30 per cent in social classes IIIIN and IIIM, and 36 per cent in social classes IV and V.

As might be expected, there was also a link between savings and social class for full-time students too. Both the proportions with savings and the amounts saved rose sharply with social class. So more students from social classes I and II than from social classes IV and V had savings to rely upon (44% compared with 33%). Average savings fell from £886 for all students from social classes I and II to £503 for all students from social class IV and V (table 8.2).

The most financially vulnerable, however, of all students studying both full and part time were lone parents.²⁴⁷ Just one in ten lone parents studying full time and nearly one in five on part-time courses had any savings (tables 8.2 and 8.3). According to the Family Resources Survey this compares with 29 per cent of all lone parents in the population at large. So the lone parents in our sample were more vulnerable financially than those in the general population.²⁴⁸ Lone parents studying full time had accumulated just £65 in savings on average by the end of the academic year, while those taking part-time courses had £371.

Full-time students' tendency to save declined the longer they had been at university, but the size of their savings did not follow this pattern. In fact, students in their second year had the highest savings compared to students in other years. This was because they used their vacations to work and to replenish, or top-up their savings. Thus students' savings fluctuated depending on the time of the academic year. Part-time students' savings were less volatile.

²⁴⁷ Note small number of cases

²⁴⁸ DSS (1999) *The Family Resources Survey Great Britain 1997/98* HMSO, Leeds

Table 8.2 Savings – average anticipated savings at the end of the academic year for all full-time students and the proportion with savings, by whether or not had taken out a student loan, social class and family type

			FULL-TIME
HAS TAKEN OUT A LOAN	Yes	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	565 0 43 1,486 34
	No	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,318 100 139 556 54
SOCIAL CLASS²⁴⁹	I and II	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	886 0 76 1,083 44
	IIIN and IIIM	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	682 0 72 608 36
	IV and V	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	503 0 134 160 33
FAMILY TYPE	Single, no children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	797 0 53 1,871 40
	Couple, no children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	519 0 145 88 37
	Single with children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	65 0 43 40 10
	Couple with children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	745 0 277 55 35
BASE (N)			2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

²⁴⁹ Note missing cases.

Table 8.3 Savings – average savings at the end of the academic year for all part-time students and the proportion with savings, by social class and family type

			PART-TIME
SOCIAL CLASS²⁵⁰	I and II	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	2,091 200 323 240 55
	IIIN and IIIM	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,273 0 317 211 30
	IV and V	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,298 0 581 30 37
FAMILY TYPE	Single, no children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,613 0 271 340 44
	Couple, no children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,505 0 314 185 45
	Single with children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	371 0 207 36 19
	Couple with children	Mean (£) Median (£) Standard Error of Mean N Proportion with savings (%)	1,564 0 291 188 45
BASE (N)			748

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

²⁵⁰ Note missing data so base does not add up to 748

8.2.2 Changes in full-time students' savings over time

Tables 8.4 and 8.5 compare full-time students' savings in 1998/9 with those of similar students in 1995/6, the time of the last SIES study.²⁵¹ Between the 1995/6 and 1998/9 academic years, the savings of students aged under 26 years at the start of their course kept pace with prices but not with average wage levels (table 8.4). The amount that they borrowed, however, grew much more quickly at twice the rate of their savings. The average savings available at the end of the academic year to students aged over 26 years have dropped dramatically to half their 1995/6 level (table 8.5). As we showed in chapter 2 (e.g. table 2.21), this is because they have become more reliant on withdrawals from their savings to finance their studies in comparison with older students in 1995/6. Thus mature students in 1998/9 had far less savings to fall back on compared to students in 1995/6, so relatively speaking were 'poorer'.

Table 8.4 Comparison between full-time students' savings, borrowings and final debt at the end of the academic year, average earnings and retail prices; 1995/6 to 1998/9 for students aged under 26 at start of their course

Academic year	Average earnings*		Average retail prices**		Savings***		Borrowings ²⁵² ***		Final debt***	
	£	Index	£	Index	£	Index	£	Index	£	Index
1995/6	100	100	746	100	1,523	100	777	100		
1998/9	115	108	796	107	3,266	214	2,473	318		

Base: All full-time students under 26 years of age

Sources: *** PSI 1996 and South Bank University – Student Income and Expenditure Survey 1998/9

* Changes in average earnings – calculated from the Average Earnings Index GB for the July of each academic year.

** Changes in average prices – calculated from the RPIX (RPI index excl. mortgage interest GB) for the July of each academic year.

²⁵¹ The way in which savings and borrowings were calculated for married/cohabiting students in the 1995/6 SIES is different from the way in which they were calculated in the 1998/9 study (i.e. borrowings and savings were not divided between the student and their partner in 1995/6). Thus to make comparisons possible, in this section we have calculated borrowings and savings for students in the 1998/9 study in a similar way to the 1995/6 study. For this reason the figures will be different from those shown in the tables in the rest of the chapter.

²⁵² See footnote above.

Table 8.5 Comparison between full-time students' savings, borrowings and final debt at the end of the academic year, average earnings and retail prices; 1995/6 to 1998/9 for students aged 26 and over at start of their course

Academic year	Average earnings*	Average retail prices**	Savings**		Borrowings**		Final debt - savings minus debt	
	£	Index	£	Index	£	Index	£	Index
1995/6	100	100	1,623	100	2,832	100	1,209	100
1998/9	115	108	930	57	4,061	143	3,131	259

Base: All full-time students aged 26 years and over at the start of the academic year
Sources: ***PSI 1996 survey data²⁵³ and South Bank University – Student Income and Expenditure Survey 1998/9

* Changes in average earnings – calculated from the Average Earnings Index GB for the July of each academic year.

** Changes in average prices – calculated from the RPIX RPI index excl. mortgage interest GB) for the July of each academic year.

8.2.3 Investments

In addition to general savings some students also had assets and investments such as pensions and life assurance. Regular contributions and payments into such funds have not been categorised as expenditure, in keeping with the way the Family Expenditure Survey treats such expenditure. In other words, while recognising their existence, we have not included these payments in the 'bottom line' of students' overall expenditure.

Given the nature of these investments, it is not surprising that fewer than one in ten full-time students made such regular payments of £509 over the academic year, whereas nearly a half (48%) of part-time students had such financial commitments and had paid out £906 over the year. These payments averaged out at £48 for all full-time students and £444 for all part-time.

As might be expected, older students were much more likely than younger ones to make these payments. Hence only five per cent of full-time students under the age of 25 had made any payments - worth £352, and a quarter of part-time students in this age group had made contributions to the value of £552. By contrast, one third of mature full-timers had paid out £659 while 57 per cent of older part-time students had paid £1,025 into these investments.

Among mature students, women studying full time from social classes I and II were the student group most likely to have made any payments – nearly a half of them had. Among students studying part time men in this social class were the

²⁵³Callender C and Kempson E (1996) *op. cit.*

most likely to have made any investments— nearly three-quarters had. However, the wealthiest student group with the largest assets were older married/cohabiting students with no children. The 42 per cent of such full-time students had accumulated £1,131 while the 59 per cent of their part-time peers had investments worth £1,297.

8.3 Borrowings

Students had accumulated debt by borrowing from a variety of sources including:

- Commercial loans which included bank loans, credit cards and HP
- Bank overdrafts
- Arrears including unpaid outstanding bills
- Informal loans from family and friends
- student loans
- Hardship Loans

The nature and pattern of debt was very different for full- and part-time students because of student loans, and so their situations will be examined separately.

8.3.1 Full-time students

Full-time students anticipated that by the end of the academic year all their debts would amount to £3,287. Nearly nine in ten (87%) had borrowed an average of £3,801. Unsurprisingly, most of the money owed by students was in the form of student loans amounting to three-quarters of the average total debt or £2,465. In fact, while attending university/college, around three-quarters (76%) of all full-time students had accumulated an outstanding loan from the Student Loan Company, averaging £3,227 by the end of the academic year (tables 8.6 and 8.7).²⁵⁴

These findings are consistent with the results of Barclays Bank's recent student survey.²⁵⁵ It found that 90 per cent of the students reported that they had debts at the time their survey was conducted and that 71 per cent of the money they owed was in the form of student loans. And students anticipated that by the end of their academic year their debts would total £3,243. The NUS *Student Hardship Survey* found that at the end of 1998 students had debts averaging £3,181.

The total amounts owed on student loans, needless to say, varied by students' year of study. Thus first-years with loans by the end of their first year at university/college owed £2,561, second years had accumulated loans of £2,964, while students in their third year or over, had outstanding debts to the Student Loan Company of £4,103.

The second most important commitment was bank overdrafts, which had been run up by three out of every five students. Here, however, the sums of money involved were much smaller. The average overdraft was £951, so that, overall,

²⁵⁴ Note this proportion of students with student loans includes those who had not taken out a loan in the 1998/9 academic year, but had done so in a previous year while attending university/college.

²⁵⁵ Barclays Bank (1999) *Student Survey 1999*, Barclays Bank, London

overdrawing accounted for £568 or 17 per cent of all the money owed by students (tables 8.6 and 8.7). These figures reflect those of Barclay Bank's study, which found that 58 per cent of students had borrowed an average £924 from banks or a building society.²⁵⁶ They also broadly mirror those of the NUS *Student Hardship Study* conducted at the end of 1998. They found that at the time, full-time students had an overdraft worth £760 on average.

Other creditors were only owed money by a minority of students so they contributed relatively little to the overall level of students' financial commitments. This is hardly unexpected, since students would be unlikely to pass the application score tests used by such commercial creditors. However, credit cards are certainly more available to students than in the past. This is in direct contrast to overdrafts, where banks are prepared not only to let students draw on future income but to wait for repayment until they complete their course.

For the students with access to other forms of credit, the sums borrowed could be quite substantial. Over a quarter of students had commercial credit commitments other than overdrafts: nearly a quarter (23%) owed money on credit cards, three per cent had bank or finance house loans and three per cent had bought goods on hire purchase or through mail order catalogues. The average amount owed by these students with commercial credit was £796, with bank loans being by far the largest sums (table 8.6).²⁵⁷ These added a total of £212 to all students' borrowing.

Non-commercial loans were relatively uncommon among full-time students; nine per cent of all students owed an average of £266 to their friends or family, which added £24 to all students' total debt. Likewise only five per cent of all students said they had fallen behind with household bills and they owed an average of £272 each, which amounted to just £15 of total student debt (table 8.6 and 8.7).

Again, there were some interesting variations in the amounts owed by different groups of full-time students and in their borrowing behaviour. Inevitably, given the importance of student loans in contributing to students' debt, those least likely to have any debts were without a student loan. However, the borrowing behaviour of students with and without student loans was quite distinctive. Those with student loans were much more likely to borrow from every available source of credit compared with those without them. For instance, twice the proportion of students with student loans had also borrowed from a commercial source of credit (31% compared with 15%) and nearly one third more had overdrafts (68% compared with 38%). These findings highlight how students with and without loans had rather different approaches to their finances. They support earlier findings about the way in which certain groups of students were debt averse. However, those without student loans also had the largest savings, and this too helps explain why they were the least likely to borrow and get into debt.

²⁵⁶ Note the differences are partly associated with the point at which student debt was calculated. Our study cites debt students expected to have at the end of the academic year while the Barclays' study quotes debt at the time their survey was conducted which was in May/June 1999.

²⁵⁷ Comparable data are not available from the Barclays Bank and NUS study.

Table 8.6 Borrowings – average amounts borrowed for all full- and part-time students

SOURCE OF CREDIT		FULL-TIME	PART-TIME
COMMERCIAL LOANS	Mean (£)	212	1,224
	Median (£)	0	0
	Standard Error of Mean	25	97
OVERDRAFT	Mean (£)	568	230
	Median (£)	250	0
	Standard Error of Mean	22	23
ARREARS	Mean (£)	15	16
	Median (£)	0	0
	Standard Error of Mean	2	3
INFORMAL LOANS FROM FAMILY AND FRIENDS	Mean (£)	24	14
	Median (£)	0	0
	Standard Error of Mean	3	3
OUTSTANDING STUDENT LOAN DEBT	Mean (£)	2,465	12
	Median (£)	2,700	0
	Standard Error of Mean	41	7
OUTSTANDING STUDENT HARDSHIP LOAN	Mean (£)	3	N/A
	Median (£)	0	N/A
	Standard Error of Mean	1	N/A
TOTAL DEBT	Mean (£)	3,287	1,496
	Median (£)	3,025	400
	Standard Error of Mean	60	102
BASE (N)		2,054	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 8.7 Borrowings – average amounts borrowed for all full- and part-time students borrowing from the source and proportion borrowing from the source

SOURCE OF CREDIT		FULL-TIME	PART-TIME
COMMERCIAL LOANS	Mean (£)	796	2,474
	Median (£)	350	1,277
	Standard Error of Mean	88	173
	N	547	370
	Proportion borrowing (%)	27	50
OVERDRAFT	Mean (£)	951	701
	Median (£)	800	400
	Standard Error of Mean	33	60
	N	1,227	246
	Proportion borrowing (%)	60	33
ARREARS	Mean (£)	272	248
	Median (£)	188	197
	Standard Error of Mean	25	31
	N	112	47
	Proportion borrowing (%)	5	6
INFORMAL LOANS FROM FAMILY AND FRIENDS	Mean (£)	266	292
	Median (£)	150	187
	Standard Error of Mean	25	48
	N	184	36
	Proportion borrowing (%)	9	5
OUTSTANDING STUDENT LOAN DEBT	Mean (£)	3,227	2,160
	Median (£)	2,800	1,200
	Standard Error of Mean	35	883
	N	1,569	4
	Proportion borrowing (%)	76	1
OUTSTANDING STUDENT HARDSHIP LOAN	Mean (£)	235	N/A
	Median (£)	250	N/A
	Standard Error of Mean	8	N/A
	N	22	N/A
	Proportion borrowing (%)	1	N/A
TOTAL DEBT	Mean (£)	3,801	2,405
	Median (£)	3,335	1,319
	Standard Error of Mean	61	148
	N	1,782	467
	Proportion borrowing (%)	87	62
BASE (N)		2,054	748

Base: All full- and part-time students borrowing from source

Source: South Bank University – Student Income and Expenditure Survey 1999

Whether a student received a grant had some impact on the amounts they borrowed and the likelihood of them accumulating debt. However, more significant was the type of grant received. Far fewer students receiving a home grant had acquired any debt and the amounts they borrowed were well below the average. However, they were no more likely than students with other types of grants or no grant, to have savings. Their savings at £539 were well below the average of £770.

Indeed, across the board, one student group with the lowest levels of debt was those living at home with their parents, in part because they were less likely than others to have taken out a student loan. Thus only three-quarters had any debts at the end of the academic year compared to 90 per cent of students living independently. Consequently, all students living with their parents owed £2,347 compared with £3,502 for students living independently.

By contrast, the student group most likely to borrow, and borrowing the highest sums were lone parents. All of them were in debt. And they owed £4,812 on average - the largest amount compared with all other students. So their debts were even higher than married/cohabiting students with children (£3,522), without children (£3,554), and single childless students (£3,246).

One-parent families' large debts were associated with:

- their much very higher take-up of student loans (98% compared to the average take-up of 76%);²⁵⁸
- their higher use of credit cards (44% compared with the average use of 23%);
- their greater reliance on HP (20% compared with average use of 3%); and
- the fact that 22 per cent of them were in arrears with their bills owing £488, compared to just five per cent of all other students who owed £272.

Regardless of their family circumstances or living arrangements, the propensity to borrow was similar among students of all ages, but the pattern of borrowing was different. Older students were much more likely than younger ones to have some type of commercial loan²⁵⁹ (41% compared to 24%), and in particular a bank loan or credit card debt. As a result, older students had higher levels of borrowings overall than younger students, and owed £726 more (£3,918 compared with £3,192).

Social class, too, was associated with level of financial commitment but this was not as great as students' family and living circumstances. Similarly, gender had little impact across all students but was important in the context of family type.

²⁵⁸ Note this proportion of students with student loans includes those who had not taken out a loan in the 1998/9 academic year, but had done so in a previous year while attending university/college.

²⁵⁹ Excluding overdrafts

8.3.2 *Changes in full-time students' borrowing since 1995/6*

Not surprisingly, average student debt has risen considerably since the 1995/6 SIES study. Students in 1998/9 borrowed almost twice as much as students in 1995/6 after adjusting for inflation.

The growth in borrowing has been greater among students under the age of 26 than among older students (table 8.4 and 8.5). Between 1995/6 and 1998/9, the average debt incurred by younger students roughly doubled, increasing by 99 per cent in real terms (from £1,645 in 1995/6 after adjusting for inflation to £3,266 in 1998/9). By contrast, the average debt of mature students in 1998/9 was around one third greater in real terms compared with that of students in the same age band in 1995/6 (£3,059 compared with £4,061). So although more of older students' income was made up of borrowing in 1998/9 compared with younger students, since 1995/6 the average amount borrowed by students aged under 26 has grown at a faster rate.

Some of these increases, but not all, are associated with the changes in student financial support over these years, and in particular, the increase both in the take-up of student loans, and in the maximum sums that can be borrowed. Between 1995/6 and 1998/9 the proportion of full-time students with student loan debt rose from 58 per cent to 76 per cent while the average amount borrowed more than doubled, from £1,220 to £2,465. In addition, student loans accounted for a higher proportion of their debt (75% compared with 71%). As a result, far fewer students in 1998/9 were debt-free compared with students in 1995/6 (13% compared with 25%).²⁶⁰

These differences perhaps are not surprising given the changes in student funding and the switch from grants to loans. However, there have been some other changes, which can not necessarily be accounted for either by developments in student funding or by inflation. Between 1995/6 and 1998/9 students' borrowings from sources, apart from student loans, rose from £492 to £880 in absolute terms: an increase of 66 per cent after adjusting for inflation. In part, this can be explained by the following factors.

- a higher proportion of students in 1998/9 than 1995/6 had a bank overdraft (60% compared with 47%);
- their overdrafts were well over twice as large (£595 compared with £240)
- the proportion owing money on credit cards rose from 10 per cent to 23 per cent although the sums owed tended to be less.

Thus, since 1995/6 full-time students have got more heavily into debt, owing considerably larger sums of money, to a broader range of creditors.

²⁶⁰ NOTE: the 76% reported here is the proportion of full-time students with accumulated student loan debt – from which ever year – the take-up for the 1998/9 academic year reported earlier on was 72%.

These increases in the use of commercial credit are consistent with the rise in spending on consumer goods, entertainment and services, which we have discussed in previous chapters. By 1998/9, students were borrowing much more than ever before to finance their consumer spending. In turn, this suggests a change in students' attitude towards borrowing and debt and their increasing acceptance of debt as a way of life. Moreover, it is indicative of a blurring of the distinction between debt as an investment –to pay for the long-term benefits of higher education, and debt used in the short-term - to finance consumerism. It reflects wider trends in the population at large where debt is much more widespread. This short-termism is a common attitude now – recent surveys show people in general borrowing and not saving, so that they can spend – so debt is a way of life for all now.

Finally, when examining variations in debt and the key characteristics of students most vulnerable to debt, age played a much less important role in 1998/9 than in 1995/6. For example, in the 1998/9 survey, the differences between the size of debts for students under 26 and over 26 was 20 per cent (£4,061 compared with £3,266) while in 1995/6 the differences was 46 per cent or nearly double (£2,832 compared with £1,523) (tables 8.4 and 8.5). This is because borrowing among younger students has increased relative to mature students, in part because of the larger student loans received by first-year students.

8.3.3 *Part-time students*

Part-time students anticipated having much lower levels of debt at the end of the year than full-time students. On average they would owe half as much as full-time students, at £1,496. Only three in five (62%) had borrowed an average of £2,405, so far fewer part-time than full-time students were in debt, and this was primarily because they did not have any student loans (table 8.6 and 8.7).

Part-time students' chief source of borrowing was commercial credit. This credit (excluding overdrafts) accounted for 82 per cent of all their borrowings. A half had taken out some form of commercial credit owing an average of £2,474, which added £1,224 to all part-time students' anticipated debt at the end of the academic year. Roughly equal proportions had taken out bank loans or had used credit cards but the amounts owed in bank loans were considerably higher than debts accumulated through credit cards (£872 compared with £252). So 29 per cent expected that their outstanding bank loan would amount to £3,045 by the end of the academic year and 31 per cent anticipated owing £825 on their credit cards.

Like full-time students, part-time students' next most important source of borrowing was through an overdraft, which amounted to £230, or 15 per cent of their total debt. One third of part-time students anticipated having overdrafts of £701 by the end of the academic year.

Patterns of borrowing and the amounts borrowed were very diverse among part-time students. Those least likely to have any debts were students living in their parental home. Only a half of them had debts compared to 62 per cent of students living independently. By contrast, those most likely to borrow were women lone parents (76%), followed by students from social classes IV and V (70%). The

highest debt was found among lone parents who owed £2,738 on average. In other words, the propensity to borrow, and the amounts borrowed were greatest among the poorest and most financially vulnerable students. However, these students did not necessarily have the highest levels of debt.

Interestingly, the way in which students raised credit was also very different. For instance, lone parents aged 25 years and over, were much more likely than students in other family types to raise money by getting overdrawn (37%), or by not paying their bills (28%). Students from social classes IV and V used similar strategies to that of lone parents but also borrowed from family and friends. Their approach was very different from students in social classes I and II. Over a third (37%) of students from social classes IV and V had had an overdraft, the corresponding proportion was only 22 per cent for students from social classes I and II. The equivalent figures for bill arrears were, respectively, 11 per cent as against 3 per cent, and for informal loans it was 25 per cent as opposed to 2 per cent. By contrast, students from the highest social classes were much more likely to raise money through other commercial credit (55% compared with 35%), and especially through bank loans (35% compared with 20%).

These findings replicate those of other research in this area, which shows that individuals living in low-income households find commercial credit more difficult to access.²⁶¹ The most financially vulnerable part-time students relied on the most readily accessible forms of credit, namely bank overdrafts, and by borrowing from friends and relatives.

For individuals from low-income families in the broader population, the non-payment of bills is a common money-management strategy.²⁶² Indeed, many financially disadvantaged part-time students appeared to be using this strategy as well.

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'.

Overall, the level of debt among part-time students was considerably lower than that of full-time students. However, there were important differences in the nature of the debt. As we have seen, most part-time students had borrowed through commercial credit. As a result, they had to pay interest on both their overdrafts and their commercial loans. By contrast, full-time students did not have to pay interest on their bank overdrafts while they were studying – presumably because

²⁶¹ 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

²⁶² Kempson E, Bryson A and Rowlingson K (1994) *Hard Times? How poor families make ends meet* Policy Studies Institute, London

the banks see them as a 'good' risk. In addition, most full-time students' debt was in the form of student loans. These loans do not have to be repaid until students graduate and the repayments conditions are much more favourable than commercial loans.

8.4 Overall finances

By examining the relationship between students' savings and borrowings, we can form conclusions about their overall financial position. In particular, we can assess how many students, and which groups, still had outstanding debts once their savings were taken into account. Given the different circumstances of full and part-time students, their situations will be examined separately.

8.4.1 Full-time students

Overall, none of the full-time students were in particularly strong financial positions with large amounts of residual assets, but some were better off than others.

- 84 per cent of full-time students anticipated having no savings at all by the end of the academic year, once their debts had been taken into account;
- 16 per cent anticipated having some savings at the end of the academic year worth an average of £2,687;
- four out of five expected to have debts remaining at the end of the year after adjusting for savings, worth £3,721 on average;
- one in five anticipated no debts whatsoever, once their savings had been deducted; and
- four per cent of students had neither savings nor debts.

This meant that among all students, the overall debt they anticipated at the end of the year, after adjusting for savings, amounted to £2,528.

Not surprisingly, given the role of student loans in contributing to debt, students without loans were the only students to have more in savings than they owed creditors, £472 more overall (table 8.8). Some 45 per cent of them were in the black, each with an average of £2,637 in savings, compared to 5 per cent of students with loans each with £2,859, and 16 per cent of all students. In addition, only 40 per cent students without student loans had any debts, owing £1,766 on average. By contrast, 94 per cent of students with loans had debts outstanding of £4,036.

Similarly, student loans largely accounted for the large differences in overall debt by students' year of study. Roughly equal proportions of students in each year still had debts once their savings had been deducted, but the average amount owed was very different. Thus 78 per cent of first-year students had debts left, with each owing an average of £2,709. However, the 83 per cent of students in their third year and above had debts outstanding of £4,836. So all students in

their third year and above owed on average £3,689 once their savings had been taken into account - more than double the average amount owed by first-year students (£1,765) (table 8.8).

Some 81 per cent of final-year students, finishing their course in 1998/9, anticipated leaving university with net debts of £4,781 on average, after adjusting for savings. So all students in their final year owed £3,462 on average. However, it must be remembered that these final year students had accumulated these debts before the abolition of student grants and their complete replacement by student loans and before the introduction of tuition fees. This means that the changes in student funding arrangements are likely to lead to an increase in student debt so that future cohorts of students are likely to leave university with considerably higher debts than students who completed their studies at the end of the 1998/9 academic year.

Student loans aside, the key differences in students' overall finances were associated with their family and living circumstances, and their social-class backgrounds. Indeed, we have already seen how differences between these student groups largely accounted for the variations in the extent to which they had savings or owed money.

The differences between full-time students were most striking depending on their family situations (table 8.8). Without doubt, one-parent families were in the most difficult overall financial position;

- none of them had any savings left once their debts were deducted – unlike any other student group;
- all had remaining debts once their savings were taken into account – again unlike any other student group; and
- they owed £4,747 more than they had in savings, the highest amounts among all students groups.

In comparison, two-parent families were in the red by £2,777, while single childless students had overall debts amounting to £2,449. Thus lone parents were the most financially vulnerable – and these were mainly women over the age of 25.

The links between social class and overall finances were also strong. As we have seen, savings declined from social classes I to V, while borrowing rose. As a consequence, the financial position of students from social class I and II were better off on average in comparison with their peers in classes IV and V. Students from social classes I and II were more likely to have savings (18%) once they had paid off their debts and less likely to have debts (77%) than students from social classes V and IV (11% and 84% respectively).

Given the association between student loan take-up and living at home with parents, it is not surprising that students living at home were less likely than students with other living arrangements to have any outstanding debt. Only 69 per cent of them continued to have debts compared with 83 per cent of students living

independently, although the amounts owed were similar. Overall, all students living with their parents were in debt by £1,818, well below the average of £2,669 among students living independently (table 8.9).

Earlier we showed that, after taking account of housing and basic living costs, students who live at home would have more money remaining from a maximum grant and loan than would students living independently. And independent students living outside London would have marginally less debt than those studying in the capital. This is reflected in their overall financial position, as table 8.10 shows. These differences are too large to be entirely explained by the higher level of maximum student loans for students not living at home - especially for those living and studying in London. They may be partly explained, however, by the pattern of the take-up of student loans and how students without a loan managed financially.

Table 8.8 Overall debt - savings minus debt at the end of the academic year for all full-time students by whether they have taken out a students loan, year of study, and family type

		SAVINGS MINUS DEBTS (£)	
HAS TAKEN OUT A LOAN	Yes	Mean (£)	-3,667
		Median (£)	-3,370
		Standard Error of Mean	78
	No	Mean (£)	472
		Median (£)	0
		Standard Error of Mean	163
YEAR OF STUDY	First-year	Mean (£)	-1,765
		Median (£)	-2,429
		Standard Error of Mean	104
	Second-year	Mean (£)	-2,129
		Median (£)	-2,600
		Standard Error of Mean	147
	Third-year +	Mean (£)	-3,689
		Median (£)	-4,000
		Standard Error of Mean	157
FAMILY TYPE	Single, no children	Mean (£)	-2,449
		Median (£)	-2,700
		Standard Error of Mean	86
	Couple, no children	Mean (£)	-3,035
		Median (£)	-3,047
		Standard Error of Mean	445
	Single with children	Mean (£)	-4,747
		Median (£)	-4,761
		Standard Error of Mean	344
	Couple with children	Mean (£)	-2,777
		Median (£)	-2,867
		Standard Error of Mean	506
BASE (N)			2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 8.9 Overall debt- savings minus debt at the end of the academic year for all full-time students by living circumstances and social class

		SAVINGS MINUS DEBTS (£)	
LIVING CIRCUMSTANCES	Lives independently	Mean (£)	-2,669
		Median (£)	-2,800
		Standard Error of Mean	98
	Lives with parents	Mean (£)	-1,818
		Median (£)	-1,799
		Standard Error of Mean	149
	Lives with spouse/ children	Mean (£)	-2,925
		Median (£)	-2,869
Standard Error of Mean		365	
Other arrangement	Mean (£)	-2,271	
	Median (£)	-2,514	
	Standard Error of Mean	907	
SOCIAL CLASS²⁶³	I and II	Mean (£)	-2,306
		Median (£)	-2,645
		Standard Error of Mean	120
	IIIN and IIIM	Mean (£)	-2,655
		Median (£)	-2,735
		Standard Error of Mean	140
	IV and V	Mean (£)	-3,050
		Median (£)	-3,000
		Standard Error of Mean	255
BASE (N)			2,054

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 8.10 Overall debt – savings minus debt at the end of the academic year for all full-time students by type of grant

	NO GRANT	HOME GRANT	GRANT AND LIVING IN LONDON	GRANT AND LIVING OUTSIDE LONDON
Mean total savings (£)	1,039	539	614	663
Mean total debt (£)	2,827	2,480	4,199	3,700
Net savings/debt (£)	-1,788	-1,941	-3,585	-3,037

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

²⁶³ Note missing data so base does not add up to 2,054

8.4.2 *Changes in full-time students' overall debt since 1995/6*

According to the 1995/6 SIES study, full-time students owed £840 on average once their savings had been taken into account. As we have seen, by 1998/9 this figure had risen to £2,528 – a threefold increase. So between 1995/6 and 1998/9 students' overall debt had almost trebled in real terms. The rising student debt between 1995/6 and 1998/9 has had a greater impact on students under the age of 26 than those aged 26 and over (tables 8.4 and 8.5). Over this period, younger students' overall debt trebled, while mature students' overall debt more than doubled. So final debt for young students increased by 195 per cent in real terms and by 140 per cent for mature students.

Needless to say students completing their studies in 1995/6 had much lower levels of debt than those finishing university in 1998/9. In 1995/6 students left university with average debts of £2,404, but 1998/9 this sum had risen to £3,462 or £4,781 for each of the 81 per cent of indebted students.

As we have seen, most, but not all, of this steep rise in student overall debt results directly from the changes in student funding. In particular, the increasing take-up of student loans and the rise in the maximum sums borrowed largely accounts for these considerable increases. It should be recalled, however, that all the students surveyed were **still** potentially eligible for student grants. Once these grants have been phased out completely, we can expect to see yet further sizeable rises in overall debt as student loans make up an even higher proportion of student finances.

By 1998/9, debt had become an acceptable way of life for the vast majority of students. Our findings strongly suggest that decisions about whether to borrow, be it in the form of a student loan or commercial credit, were not only driven by financial need or perceptions of financial advantage but also by a desire to increase consumption. So one of the consequences of the shifts in student funding to student loans appears to have been a change in student behaviour and attitudes towards debt.

Unlike students in 1995/6, students now are more willing than ever before to borrow from a wide variety of credit sources, in an environment where credit is more readily available and accessible. Thus the distinction between borrowing to finance current consumption and borrowing to invest in the future is getting blurred. Consequently Government student finance policies may be feeding into or even encouraging a culture unworried by debt. And, in a student-funding system which is predicated on debt, the incentives to enter HE of potential students who are debt averse or unwilling to embrace such a culture are likely to be negatively affected.

8.4.3 *Part-time students*

The anticipated overall financial situation of part-time students at the end of the academic year was very different from that of full-timers. Indeed, overall part-time students' savings were not totally wiped out by their debts, they still had £14 left in savings after adjusting for debt. However, not surprisingly, there was a wide variation in part-time students' overall finances.

- 30 per cent of all part-time students anticipated having savings worth £4,588 on average at the end of the academic year once their debts had been deducted;
- a half continued to be in debt once their savings had been taken into account with each owing an average of £2,627; and
- one in five had neither savings nor debts left.

Like full-time students, the widest variations in part-time students' finances were associated with their family circumstances. Again, lone parents were the most vulnerable financially:

- they were more likely than others to have debts after adjusting for savings- 69 per cent had debts;
- they owed the most - £2,367 on average; and
- they were least likely to have any savings left once their debts had been deducted - only ten per cent had any.

In contrast, 53 per cent of married/cohabiting students with children and 40 per cent of married/cohabiting students without children had debts outstanding while 30 per cent of married/cohabiting students with and without children had savings they could call upon. At the other extreme, married/cohabiting students without children were in the strongest financial position – with £410 more in savings than they owed. In other words, they were £2,777 better off than lone parents (table 8.11).

Students living in their parental home were the most likely to have savings left once their debts had been paid off. Some 42 per cent of them had savings worth £3,331, but this was less than the 24 per cent of students living independently with an average of £6,059 each in savings left. So overall, all students living at home were better off by £500 compared with all those living independently (table 8.11).

However, by far the most affluent of all were men in social classes I and II. They had £1,127 in savings, after adjusting for debt, and were for example, £1,714 better off than women in social classes III.²⁶⁴ There were other gender differences in overall finances but these were strongest within the context of class and family type - the vast majority of lone parents were women.

Unlike full-time students, there were some regional differences with students living outside the capital being £941 better off than those living in London. There were, however, no major variations by students' age or gender but when these characteristics were combined, men under 25 were nearly £1,000 better off than women under 25.

²⁶⁴ There are too few women in social classes IV and V to make a reliable comparison.

Table 8.11 Overall debt- savings minus debt at the end of the academic year for all part-time students by family type, living circumstances and social class

		PART-TIME STUDENTS	
FAMILY TYPE	Single, no children	Mean (£)	-13
		Median (£)	-232
		Standard Error of Mean	338
	Couple, no children	Mean (£)	410
Median (£)		0	
Standard Error of Mean		359	
LIVING CIRCUMSTANCES	Single with children	Mean (£)	-2,367
		Median (£)	-250
		Standard Error of Mean	779
	Couple with children	Mean (£)	125
Median (£)		-124	
Standard Error of Mean		349	
LIVING CIRCUMSTANCES	Lives independently	Mean (£)	34
		Median (£)	-130
		Standard Error of Mean	386
	Lives with parents	Mean (£)	488
Median (£)		0	
Standard Error of Mean		382	
LIVING CIRCUMSTANCES	Lives with spouse/ children	Mean (£)	-136
		Median (£)	-202
		Standard Error of Mean	270
	Other arrangement	Mean (£)	-1,036
Median (£)		-8	
Standard Error of Mean		1,085	
SOCIALCLASS²⁶⁵	I and II	Mean (£)	444
		Median (£)	0
		Standard Error of Mean	407
	IIIN and IIIM	Mean (£)	-277
		Median (£)	-125
		Standard Error of Mean	398
IV and V	Mean (£)	60	
	Median (£)	-334	
	Standard Error of Mean	661	
BASE (N)			748

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

²⁶⁵ Note missing data so base does not add up to 748.

8.5 Summary

Full-time students' total incomings amounted to £5,862 and their total outgoings to £6,434, leaving on overspend of £572, which was even greater for lone parents. The equivalent overspend for part-time students was £514. This overspend is probably associated with the way couples were defined in this survey, and the methods used to collect income and expenditure data, especially for students with families.

8.5.1 Savings

Savings were very unequally distributed. The majority of both full (61%) and part-time (57%) students did not anticipate having any savings by the end of the 1998/9 academic year. So overall, full-time students had average of £770 in savings and part-time students an average of £1,515.

Among both full and part-time students, savings were strongly linked with social class. Both the proportions with savings and the amounts saved rose sharply with social class. So for instance, among part-time students savings dropped from a peak of £2,091 for students in the highest classes to £1,298 for those in the lowest. Among full-time students average savings fell from £806 for full-time students from social classes I and II, to £504 for students from social classes IV and V. However, full-time students without a student loan had even more savings. Over half anticipated having savings worth £1,396 on average at the end of the academic year.

The most vulnerable financially of all full- and part-time students were lone parents. Nine out of ten lone parents studying full time and four out of five studying part time had no savings at all, which made them even more vulnerable financially than lone parents in the general population - 71 per cent of whom have no savings. Lone parents studying full time had accumulated just £65 in savings on average, while those taking part-time courses had £371 in savings.

Full-time students in 1998/9 had less savings than comparable students in 1995/6. Younger students' savings had kept pace with price rises but not wages. However, older students' savings had not kept pace with either, and had dropped considerably because they used up their savings to finance their studies. Consequently, older students in 1998/9 had less money to fall back on than students in 1995/6, and so comparatively were poorer.

8.5.2 Borrowings

Students had accumulated debt by borrowing from a variety of sources including:

- Commercial loans which included bank loans, credit cards and HP
- Bank overdrafts
- Arrears including unpaid outstanding bills
- Informal loans from family and friends
- Career Development Loans
- student loans

Full-time students

Full-time students anticipated that by the end of the academic year, their debts would amount to £3,287, three-quarters of which consisted of student loan debts. Nearly nine in ten (87%) had borrowed an average of £3,801, and three-quarters had accumulated an outstanding loan from the Student Loan Company, the average value of which was £3,227. Consequently, students without loans were the least likely to have any debts.

Like students in other studies, three in five students had bank overdrafts of £951 on average, so that, overall, overdrawing accounted for £568 or 17 per cent of all monies students owed. Other creditors were only owed money by a minority of students so they contributed relatively little to the overall level of students' financial commitments.

Interestingly, the borrowing behaviour of students with and without student loans was quite distinctive. Those with student loans were much more likely to borrow from every available source of credit compared with those without them, supporting earlier findings about the way in which certain student groups were debt averse.

Lone parents were the most likely to borrow, and to borrow the largest sums were. All of them were in debt. And they owed £4,812 on average - the most any student group owed and more than for instance, couples with children (£3,522). This was because of:

- their much higher take-up of student loans (98% compared to the average take-up of 76%);
- their higher use of credit cards (42% compared with 23%);
- their higher reliance on HP (20% compared with 3%); and
- the fact that they were four times more likely to be in arrears with their bills (22%) compared with students in general (5%), owing £488 compared with £291.

Changes in full-time students' borrowing since 1995/6

Since 1995/6, more full-time students have got more heavily into debt, owing considerably larger sums of money, to a broader range of creditors. By 1998/9, they owed twice as much as students in 1995/6, after adjusting for inflation. However, younger students' borrowing increased at a faster pace relative to mature students. Between 1995/6 and 1998/9 borrowing doubled in real terms for younger students and increased by one third for mature students.

Most of students' rising debt between 1995/6 and 1998/9, can be accounted for by changes in student financial support and in particular, the 18 per cent increase in student loan take-up and the doubling of amounts borrowed (from £1,220 to £2,465). However, students' borrowings from other credit sources also rose from £492 to £880 - an increase of 66 per cent in real terms between 1995/6 and 1998/9. More owed money on credit cards (23% compared with 19%); and on

bank overdraft (60% compared with 47%), from where they had borrowed over twice as much (£595 compared with £240). As a result, far fewer students in 1998/9 were debt-free compared with students in 1995/6 (13% compared with 25%).

Part-time students

Part-time students had lower levels of debt than full-time students because they did not have any student loans, and on average owed £1,496. Only three in five (62%) had borrowed an average of £2,405.

Part-time students primarily used commercial credit namely, bank loans and credit cards which together made up 82 per cent of all their borrowings. A half of part-time students had some type of commercial credit but they owed the most on bank loans. Like full-time students their next most important credit source was bank overdrafts, with one third borrowing from this source. However, low-income students raised credit in different ways, relying on the most accessible forms of credit namely, overdrafts, borrowing from friends and relatives, and not paying their bills.

The part-time students least likely to have any debts were lived with their parents – just a half were in debt. Those most likely to borrow were female lone parents (75%), and students from social classes IV and V (70%), namely the poorest and most vulnerable financially of all students. Lone parents anticipated owing £2,738 at the end of the academic year - the largest debt any student group faced.

8.5.3 Overall finances

Full-time students

- 84 per cent of full-time students anticipated having no savings at all by the end of the academic year, once their debts had been taken into account;
- 16 per cent anticipated having some savings at the end of the academic year worth an average of £2,687;
- four out of five expected to have debts remaining at the end of the year after adjusting for savings, worth £3,721 on average;
- one in five anticipated no debts whatsoever, once their savings had been deducted; and
- four per cent of students had neither savings nor debts.

So final debt for all full-time students was £2,528.

Students who completed their studies in 1998/9, anticipated having leaving university/college with debts of £3,462, once their savings had been taken into account. These students had accumulated these debts before the abolition of student grants and their replacement by student loans, and before the introduction of tuition fees. Consequently, future cohorts of students will leave university with considerably higher debts than those leaving in 1998/9.

Students without student loans were the only group to have more in savings than they owed creditors, £472 more. Some 45 per cent of them were in the black, compared to five per cent of students with loans. The student loan system also largely accounted for the fact that students in their third year and above owed double the amount owed by first-year students (£3,689 compared with £1,765).

Students' family type and living arrangements were the other main indicators of their overall financial position. Lone parents were in the most financial difficulty. They owed £4,747 more than they had in savings - the biggest debt among all students groups. By comparison, students living at home with their parents had the lowest debts, owing £1,818 on average.

Changes in full-time students' overall debt since 1995/6

In 1995/6 full-time students owed £840 on average, once their savings had been taken into account, by 1998/9 this figure had risen to £2,528 – a threefold increase in real terms. This rising student debt has had a greater impact on younger students than older ones. Overall final debt trebled among younger students and doubled among mature students.

Not all of the increase in final debt can be attributed directly to the increase in student loan take-up and the rise in value of student loans because outstanding debts to commercial creditors have also risen substantially since 1995/6. So debt has become an acceptable way of life for most students.

Students' behaviour and attitudes towards debt have changed since 1995/6. They are now more willing than ever before to borrow more money from a broader range of creditors. Thus the distinction between borrowing to finance current consumption and borrowing to invest in the future is getting blurred. Consequently, Government student finance policies may be feeding into or even encouraging a culture unworried by debt. And for those potential students who are debt averse or unwilling to embrace such a culture, their access to HE is likely to be affected negatively.

Part-time students

Part-time students still had £14 left in savings at the end of the year, after adjusting for debt.

- 30 per cent of all part-time students anticipated having savings worth £4,588 on average at the end of the academic year once their debts had been deducted;
- a half continued to be in debt once their savings had been taken into account with each owing an average of £2,627; and
- one in five had neither savings nor debts left.

The widest variations in part-time students' finances were associated with their family circumstances. Again, lone parents were the most vulnerable financially, owing £2,367 more than they had in savings. At the other extreme, single men in social classes I and II were in the strongest financial position – with £1,127 more in savings than they owed.

9 STUDENT FINANCES AND THEIR IMPACT ON PARTICIPATION, STUDENTS' LIFESTYLE AND BEHAVIOUR

9.1 Introduction

In the previous chapter we examined student financial hardship in terms of debt and the overall state of their finances. In this chapter, we concentrate on students' subjective feelings of hardship and their perceptions of disadvantage in relation to their studies. In addition, we look at the impact of students' subjective feelings and their actual financial position on their behaviour and lifestyle, as well as how financial matters impacted on their participation in university/college life. And we investigate the impact of the recent changes in student financial support on student perception and behaviour.

Previous research has singled out academic ability and social class as the strongest determinants of participation and achievement in HE.²⁶⁶ Other factors also play a role and together they help explain the overall patterns of participation in HE. No research exists in the UK, however, which systematically assesses the impact of finances on participation *per se*.²⁶⁷ There is limited research to show 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 non-completion and financial support has some limitations. For example, rarely are the financial circumstances of students who drop-out compared with those who do not,²⁶⁸ and so it is not possible actually to isolate the influence of financial factors on student behaviour.

As discussed in chapter 1, this study was not designed to evaluate the impact of changes in student finances on access to, or participation in, HE. Nor was it designed to assess non-completion arising from the changes in student financial support. Furthermore, it was conducted before one of the key changes in student funding had been implemented, namely, the complete abolition of student grants for new entrants. Thus it can assess some issues around the introduction of tuition fees, but not those arising from the abolition of grants. However, this can be done only for first-year students.

²⁶⁶ National Committee of Inquiry into Higher Education (1997) *Higher Education in the Learning Society op.cit.*

²⁶⁷ For a review of some of the literature from the USA see Naidoo R and Callender C (forthcoming) 'Towards a more inclusive system of higher education? Contemporary policy reform in higher education' in Dean H, Sykes R and Wood R (eds.) *Social Policy Review 12*

²⁶⁸ HEFCE (1997) *Undergraduate Non-Completion in Higher Education in England Report 97/29*, Bristol

Given the types of students interviewed in this survey as well as the timing of the study, one would not expect changes in student funding or finances to have a widespread impact on the students interviewed. In the context of the present study, it is possible to ask, however, how current students handle financial hardship and money difficulties. And also how, in retrospect, they thought the changes in student funding and financial issues affected their choices and influenced their behaviour?

9.2 Students' perceptions of the costs of going to university/college

Nearly three out of every five full-time students and 43 per cent of part-time students had anticipated the costs of going university/college incorrectly. Over half (55%) of full-time students and 30 per cent of part-time students thought the costs would be more than they actually were, while three per cent of full-time and 13 per cent of part-time expected the costs to be less. The remainder had not thought about the costs before they started, or could not remember.

This mismatch between expected and actual costs raises questions about the availability of, and access to, information on participation costs and funding sources. Providing information on costs is important in the context of widening participation; prospective students may well have misconceived ideas about the actual costs of participation, as have some of the students who participated in the present study. Students with ready access to such information would be better placed to make informed decisions about going to university/college, than those who do not. Furthermore, more accurate information on the costs of going to university/college may help stem any drop-out associated with unanticipated money problems.

Despite the large proportion of students who had over-estimated the costs of going to university, only one in five of both full-time students and part-time students agreed with the statement: *'My financial situation at university is better than I anticipated'*. One half of full-time students and 38 per cent of part-time students disagreed with this statement.

9.3 The impact of changes in student funding and finances on educational choices

As already noted, changes in student funding or finances were not expected to have a widespread impact on these students' participation choices and behaviour. This expectation was confirmed, except in terms of the timing of some students' entry into university/college.

In reality only a small proportion of students had control over the timing of their entry into university, in terms of bringing it forward, because of when public examinations take place. However, students were asked if the timing of their university entrance had been influenced in any way by student funding issues. In particular, they were asked if they had decided to enter university to avoid tuition fees or concerns over losing entitlement to the student funding that was available. Some 14 per cent of students in their second year at the time

of the study had started university in 1997/98 to avoid having to pay tuition fees while six per cent had entered that year so that they would get a full grant where eligible. The equivalent proportions for first-year students, entering in 1998/9 were two per cent and three per cent respectively.

In addition, students were asked if their decision to study full or part-time was affected by the new student funding regime. Hardly any identified this as an issue. However, financial matters did enter into their decision making process. Over a quarter of part-time students said that they could not afford to study full time and a further half had chosen to study part-time because they were in full-time employment, and so could not afford to give up their job.

In addition, some attitudinal data were collected on these issues. Some 15 per cent of both full- and part-time students agreed with the statement: *'I nearly did not come to university because I was concerned about the debts I would build up.'* Three-quarters of full-time students and two-thirds of part-time students disagreed. More significant was the 61 per cent of full-time and 45 per cent of part-time students who agreed that *'Changes to student funding have deterred some of my friends from coming to university.'* Among full-time students, those most likely to concur were women aged 25 and over (68%).

So, overall, the majority of students' initial educational choices were not influenced heavily by changes in student funding, except among a minority of part-time older students. These findings are not surprising given that it is likely that those potential students most constrained by finances are least likely to enter HE.

9.4 Assessing financial difficulty

There is an ongoing debate about what constitutes poverty and how it should be defined and measured, and over the past few years this debate has broadened and shifted within the context of the notion of social exclusion. Given the relatively low incomes of all full-time students, and the limited range of their income levels, it is not useful to attempt to classify students by their income. Furthermore, as discussed in chapter 2, although students' incomes are low, for most students this is a temporary phase in their lifetime income profile. This study, therefore, discusses low student income within the context of financial concerns, difficulties, and indications of hardship rather than in terms of poverty or social exclusion.

Among low-income groups, money management and budgeting assumes a greater importance where a budget has to be eked out. So financial difficulty refers to the day-to-day and week-to-week problems of budgeting and money management.

In order to gauge students' perceptions of financial disadvantage, we have principally used a series of subjective indicators. The survey asked students if they planned their expenditure on a regular basis, and those who said they did were asked four questions about their financial concerns and difficulties. These questions were:²⁶⁹

- How often do you find yourself short of money before the next pay grant /loan payment/pay-day or benefit day, so that you have trouble lasting out your budgeting period?
- How often would you say you have worried about money in the past few weeks?
- How often would you say you have worried specifically about debt in the past few weeks?
- Taking everything together, which best describes how you/ your household manage financially these days?

A scale was then developed on the basis of these questions. Students were allocated a score of one or zero for each question. They received a score of one if in answer to each of the first three questions they said '*Almost all the time*', '*Quite often*', or '*Sometimes*' and zero if they answered '*Hardly ever*' or '*Never*'. On the last question they scored one if they answered '*I/We have some financial difficulties*' or '*I/We have a lot of financial difficulties*', and zero if they replied '*I/We manage very well*', '*I/We manage quite well*', or '*I/we get by*'.²⁷⁰ Scores, therefore, ranged from nil to four. A score of nil would indicate no financial concerns or difficulty. A score of four would reflect worries or problems in relation to all of the questions. A score of four, then, indicates a high level of perceived financial difficulty, and a nil score on this scale indicates that the student did not perceive themselves to be have any concerns about their finances.

Given the subjective nature of these questions, it is important to assess if the indicator created is consistent with more objective indicators of students' financial position. We can assess its validity by comparing it with survey data on student saving and debt. For example, we can compare students' propensity to save with the extent to which they reported experiencing financial difficulties and concerns.

Table 9.1 clearly shows that as a student's tendency to save increased, so they were less likely to be worried about their financial situation or to experience problems with money. The savings students expected to have at the end of the academic year illustrate a similar trend (Table 9.2). As a student's anticipated savings increased, they were less likely to report financial difficulties. When compared with students' overall anticipated finances at the end of the academic year, students' subjective perceptions of financial difficulty can be seen to reflect their actual financial position. Thus, among full-time students, those who

²⁶⁹ These questions were derived from other studies where they have been used to measure financial hardship e.g Berthoud R and Kempson E (1992) *Credit and Debt: the PSI Report* Policy Studies Institute, London,

²⁷⁰ Other studies indicate that those claiming that they '*get by*' are likely to experience financial difficulties and hardship such as getting into arrears or debt eg Kempson *et al* (1994) *op cit*

said they were not experiencing financial difficulty still had savings averaging around £3, once all their debts had been taken into account, while those who indicated the highest level of financial difficulty still owed £4,853 on average, once all their savings had been taken deducted. Among part-time students, those who perceived themselves to be in most financial difficulty (scoring positively on all four items making up the scale) had average debts of £2,558 at the end of the academic year (Table 9.3). This meant that the latter were £4,683 worse off than those part-time students who reported that they had no worries or difficulties with their financial position.

This high degree of correspondence between a student's perceived financial difficulty, as indicated by the ordinal scale, and their actual financial position, increases our confidence in the validity of the construct: the ability of the scale to indicate the real financial pressures that a student lives under.

Table 9.1 Financial difficulty – for all full- and part-time students, by the proportion with savings at the end of the academic year

Row percentages

			Whether has any savings		N
			No %	Yes %	
FULL-TIME	Extent of financial difficulty (Low = 0, High = 4)	0	31	69	274
		1	42	58	293
		2	55	45	535
		3	73	27	603
		4	88	12	349
	ALL		61	39	2,054
PART-TIME	Extent of financial difficulty (Low = 0, High = 4)	0	41	59	179
		1	40	60	157
		2	56	44	161
		3	75	25	171
		4	87	13	80
	ALL		57	43	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 9.2 Financial difficulty – for all full- and part-time students, by the size of their anticipated savings at the end of the academic year

SAVINGS AT END OF ACADEMIC YEAR (£)			
FULL-TIME STUDENTS			
EXTENT OF FINANCIAL DIFFICULTY (LOW = 0, HIGH = 4)	0	Mean (£) Median (£) Standard Error of Mean	1,875 500 205
	1	Mean (£) Median (£) Standard Error of Mean	1,121 300 131
	2	Mean (£) Median (£) Standard Error of Mean	921 0 122
	3	Mean (£) Median (£) Standard Error of Mean	317 0 44
	4	Mean (£) Median (£) Standard Error of Mean	156 0 42
TOTAL		Mean (£) Median (£) Standard Error of Mean N	770 0 50 2,054
PART-TIME			
EXTENT OF FINANCIAL DIFFICULTY (LOW = 0, HIGH = 4)	0	Mean (£) Median (£) Standard Error of Mean	3,356 750 523
	1	Mean (£) Median (£) Standard Error of Mean	2,306 300 414
	2	Mean (£) Median (£) Standard Error of Mean	756 0 154
	3	Mean (£) Median (£) Standard Error of Mean	265 0 69
	4	Mean (£) Median (£) Standard Error of Mean	59 0 27
TOTAL		Mean (£) Median (£) Standard Error of Mean N	1,515 0 163 748

Base: All full and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 9.3 Financial difficulty – for all full- and part-time students, by the size of their anticipated overall finances (i.e. total savings minus total debt) at the end of the academic year

SAVINGS MINUS DEBT AT END OF ACADEMIC YEAR (£)			
FULL-TIME STUDENTS			
EXTENT OF FINANCIAL DIFFICULTY (LOW = 0, HIGH = 4)	0	Mean (£) Median (£) Standard Error of Mean	3 -181 225
	1	Mean (£) Median (£) Standard Error of Mean	-1,303 -1,700 182
	2	Mean (£) Median (£) Standard Error of Mean	-1976 -2400 175
	3	Mean (£) Median (£) Standard Error of Mean	-3,416 -3,275 112
	4	Mean (£) Median (£) Standard Error of Mean	-4,853 -4,333 182
TOTAL		Mean (£) Median (£) Standard Error of Mean N	-2,528 -2,735 82 2,054
PART-TIME			
EXTENT OF FINANCIAL DIFFICULTY (LOW = 0, HIGH = 4)	0	Mean (£) Median (£) Standard Error of Mean	2,558 0 547
	1	Mean (£) Median (£) Standard Error of Mean	1,403 0 463
	2	Mean (£) Median (£) Standard Error of Mean	-684 -367 238
	3	Mean (£) Median (£) Standard Error of Mean	-2,255 -962 309
	4	Mean (£) Median (£) Standard Error of Mean	-2,125 -977 410
TOTAL		Mean (£) Median (£) Standard Error of Mean N	14 -71 202 748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

9.5 The extent of financial difficulty

Of all full-time students who regularly planned their expenditure, 87 per cent reported that they had some financial worries or concerns (i.e. they scored positively on at least one item on the scale) (Table 9.4). The equivalent figure for part-time students was 76 per cent. Nearly one in six full-time students and one in ten part-time students reported the highest level of financial difficulty (i.e. they score positively on all four items).

Not surprisingly, given the overall financial position of lone parents, they were far more likely than any other student group to report financial problems. This was especially the case with those lone-parent students aged 25 and over. Three-quarters of lone parents studying full-time scored positively on at least three of the questions compared to under half (46%) of all students (Table 9.5). By contrast, those least likely to experience any difficulties were men aged 25 or under in social classes 1 and II – 44 per cent of them scored zero on the indicator.

Table 9.4 Financial difficulty – extent of hardship for all full- and part-time students

Column percentages

			%	Cumulative %	N
FULL-TIME	Extent of financial difficulty (Low = 0, High = 4)	0	13	13	274
		1	14	27	293
		2	26	53	535
		3	30	83	603
		4	17	100	349
	BASE				
PART-TIME	Extent of financial difficulty (Low = 0, High = 4)	0	24	24	179
		1	21	45	157
		2	21	66	161
		3	23	89	171
		4	11	100	80
	BASE				

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 9.5 Financial difficulty – all full- and part-time students, by family type

Row percentages

			Extent of financial difficulty (High = 4)					Total
			0	1	2	3	4	
FULL-TIME	FAMILY TYPE	Single, no children	14	14	26	29	17	1,871
		Couple, no children	12	16	26	29	17	88
		Single with children	3	3	18	45	31	40
		Couple with children	12	13	26	30	19	55
	ALL	13	14	26	30	17	2,054	
PART-TIME	FAMILY TYPE	Single, no children	17	20	24	26	13	340
		Couple, no children	33	24	22	18	3	185
		Single with children	7	27	12	22	32	36
		Couple with children	30	19	19	23	9	188
	ALL	24	21	21	23	11	748	

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

9.6 The experience of financial hardship

Here we will focus on what student financial hardship meant in reality. People on low incomes devise a range of strategies to cope with limited resources. Studies²⁷¹ 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 (chapter 8). There was also evidence that they had had to adopt the first approach too.

²⁷¹ Kempson *et al.* (1994) *op.cit.*

9.6.1 *Impact on lifestyles*

As a result of this financial hardship, students cut back first on entertainment (44% full-time and 32% part-time). Thereafter, they economised on essentials such as personal items (29% full-time and 19% part-time) and food (23% full-time and 17% part-time). So it was full-time students who were forced to economise the most of all. These economies also help us understand the expenditure patterns on these items, described in earlier chapters. In other words, how their expenditure was constrained by financial hardship.

When we examine strategies for dealing with financial hardship by family type, we see just how difficult things were financially for lone parents, especially those studying full time. They cut back on every area of expenditure, more than any other student group.

9.6.2 *Impact on children*

But what was the impact of students' perceived financial hardship on children? Some 45 per cent of full-time students with dependent children and one in five part-time students reported that their children had to go without certain items because they could not afford them. However, lone parents studying full-time were the most likely to report this - 61 per cent had had to adopt such strategies compared with half that proportion for two-parent families (table 9.6). And these findings are mirrored in other research on spending on children. For example, Middleton *et al* (1997)²⁷² found that children in one-parent families were much more likely to go without necessities than children in two-parent families, irrespective of other family circumstances, such as whether parents were in or out of paid work.

Parents studying full time were most likely to economise on toys, books, presents, and children's entertainment. Over a quarter of all full-time students with children identified these areas of consumption as areas in which they had limited their spending (58% of all parents who said they had cut back on expenditure). However, three out of five lone parents identified toys as an item they could not afford to buy their children. By contrast, the children of students pursuing part-time courses, were most likely to go without pocket money because their parents could not afford to give it to them - one in eight parents mentioned this (table 9.7).

²⁷² Middleton S, Ashworth K, and Braithwait I (1997) *op.cit.*

Table 9.6 The experience of financial hardship – full- and part-time students with dependent children, by whether they had to cut back on items for their children because they were not affordable, by family type

			Whether parents had cut back on items for their children		N
			No %	Yes %	
FULL-TIME	FAMILY TYPE	Single, with children	39	61	40
		Couple with children	68	32	55
	ALL		56	45	95
PART-TIME	FAMILY TYPE	Single with children	62	38	36
		Couple with children	84	16	188
	ALL		80	20	223

Base: All full- and part-time students with dependent children

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 9.7 The experience of financial hardship - percentage of full- and part-time students with children who economised on expenditure on their children, by area of expenditure

CHILDREN'S ITEM	FULL-TIME		PART-TIME	
	% ²⁷³	N	% ²⁷⁴	N
Toys and children's books/presents	26	24	7	15
Children's entertainment/hobbies	26	24	8	18
Children's clothes (including school uniforms)	21	20	8	18
Pocket money/allowances	21	20	12	28
School trips/outings	11	11	3	6
School lunches and school milk	6	5	0	0
TOTAL		95		180

Base: All full- and part-time students with dependent children

Source: South Bank University – Student Income and Expenditure Survey 1999

²⁷³ Does not add up to 100% because respondents could identify more than one item

²⁷⁴ See above footnote.

9.7 The impact of finances on university life and achievement

9.7.1 *Impact on buying books and equipment*

In chapter 6 we examined participation costs which altogether amounted to £771 for full-time students and £1,179 for part-time students on average. We showed how these costs varied considerably among different student groups. What was not clear from these different spending patterns, however, was whether students choose not to buy items because they did not need them, or because they could not afford them. Here we concentrate on the latter.

Nearly a half (49%) of all full-time students and 40 per cent of part-time students had not bought books needed for their course. In three-quarters of cases it was because they could not afford them. However, students experiencing financial hardship, lone parents, and students from social classes IV and V were particularly constrained in this area of expenditure.²⁷⁵ So overall, 37 per cent of all full-time students and 30 per cent of all part-time students did not buy the books they needed because of a lack of money. This proportion rose to 67 per cent for all lone parents.

Money was less of a restriction when it came to computers. The most common reason students had not purchased one during the academic year was because they already had one (40% of full-time students, 57% of part-time students), followed by lack of funds (24% full-time students 16% part-time students).

Interestingly, those students most likely to own a computer had children. For instance, 83 per cent of married/cohabiting students with children, who were studying full time, had not purchased a computer during the 1998/9 academic year because they already owned one. This could be interpreted in several ways. Parents may have needed them so that they could work at home due to their domestic responsibilities. Alternatively, or in addition, the presence of children in the household may have encouraged parents to buy them for their children. However, if we exclude those students who already owned a computer, then 41 per cent of all full-time students were without a computer because they could not afford it, whereas 59 per cent had other reasons for not buying one in 1998/9.

Only eight per cent of all full-time and three per cent of part-time students had failed to buy equipment needed for their course, and for the majority (82% and 92% respectively) it was because they could not afford to.

²⁷⁵ In chapter 6 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.

9.7.2 Impact on university/college attendance

Seven per cent of all full-time students and five per cent of all part-time students had missed going to college because they could not afford the travel costs. This proportion more than doubled for full-time students and quadrupled for part-time students among those experiencing the greatest financial difficulties (table 9.8). So among this group of students, lack of funds meant they could not participate fully in life at university or college.

These findings are important because some universities use students' attendance records as a condition for receipt of financial assistance, for example in relation to tuition-fee remission or Access Funds. Thus universities/colleges using this criterion may penalise, inadvertently, students in the greatest need of financial help.

Table 9.8 Whether students have missed going to college due to the costs of transport – for full- and part-time students by the extent of financial difficulty

Row percentages

		WHETHER HAS EVER MISSED GOING TO UNIVERSITY DUE TO TRANSPORT COSTS			
			Yes %	No %	N
FULL-TIME	Extent of financial difficulty- (high=4)	0	1	99	272
		1	2	98	293
		2	5	95	535
		3	8	92	603
		4	15	85	349
	All		7	93	2052
PART-TIME	Extent of financial difficulty- (high=4)	0	1	99	179
		1	1	99	157
		2	3	97	161
		3	7	93	171
		4	21	79	80
	All		5	95	748

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

9.7.3 *Impact on course-work and academic performance*

As we saw in chapter 4, very high proportions of students undertook some paid work while studying, and they were asked if paid work had affected their university work and studies. Two out of five full-time students and nearly three out of five (57%) part-time students believed that it had, particularly older students and those with family responsibilities. 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 majority (73%) of full-time students who believed that paid work had influenced their course work, thought it had had a negative impact. Part-time students were more ambivalent: while the majority (51%) felt it had had a detrimental affect, a large minority (38%) thought it had had both a negative and positive impact.

The detrimental impact cited by both full- and part-time students were:²⁷⁶

- their inability to devote enough time to their college work (78% full-time students, 74% part-time students who cited a negative reason);
- getting very tired (61% full-time students, 66% part-time students); and
- feeling constantly overloaded (47% of full-time students versus 55% of part-time students).

However, full-time students experiencing the greatest financial difficulties in particular, were concerned about the classes they had had to miss. One third of them were worried about this, compared with a quarter of all full-time students.

The positive impact of paid employment for part-time students were:

- they could see the relevance of their academic studies (35%); and
- what they learnt at work fed into their studies (34%).

So overall, equal proportions, 29 per cent, of all full- and part-time students who had worked, felt that paid employment had had a purely detrimental impact on their academic performance. Only two per cent of full-time students and six per cent of part-time students who had worked believed it had had an exclusively beneficial impact. Eight per cent of full-timers and 21 per cent of part-time students thought it had had both a positive and negative impact.

So altogether nearly two in five full-time students and half of part-time students thought it had had a negative impact while nearly one in ten full-timers and over a quarter of part-time students believed it had had a beneficial impact.

²⁷⁶ The base is all students who thought paid work had had an effect on their studies be it positive, negative or both. The question was multi-coded so students could give more than one response.

These findings reflect other recent research on the impact of paid employment on students' academic achievement. For instance, Barke et al.²⁷⁷ showed that 43 per cent of students who took paid work during term-time felt that it had a deleterious effect on their academic performance, and the proportion was significantly higher for students working long hours. In addition, 36 per cent of students admitted missing classes because of their paid work commitments, with those working longer hours more likely to miss some classes.

All students, irrespective of whether they undertook paid work while studying, were asked if financial difficulties affected how well they were doing at university/college. Three in five of all full-time students and two in five of all part-time students thought that financial difficulties had had a negative effect on their academic performance. Three out of ten full-time and one in five part-time students believed it had affected them a great deal or a fair amount.

Two groups of students stand out – predictably, students experiencing the greatest financial difficulty and lone parents. Some 57 per cent of full-time and 60 per cent of part-time students with the greatest financial difficulties believed their academic performance suffered a great deal or a fair amount. Slightly fewer lone parents thought this (57% studying full-time and 33% studying part time).

The key consequences for those reporting that financial difficulties affected their academic performance were:²⁷⁸

- worry and stress, experienced by 64 per cent of full-time and 70 per cent of part-time students and among especially single full-time students (74%) and those living at home who had particularly high employment rates ;
- having difficulties buying books (42% full-time and 36% part-time)
- having to work part-time: this affected 40 per cent of full-time and 36 per cent of part-time students; full-time students aged under 25 were particularly concerned about this (57 per cent);
- being unable to cover travel costs to and from college; this was mentioned by just 10 per cent of full-time and 13 per cent of part-time students but by over one third of full-time students living with their parents, which is not surprising given their above average travel costs (chapter 6 , section 6.5); and
- health problems that mainly afflicted lone parents and students with the greatest financial difficulties.

²⁷⁷ Barke M, Braidford P, Houston M, Hunt A, Lincoln I, Morphet C, Stone I, and Walker A (2000) *Students in the Labour Market – Nature, Extent and Implications of Term-time Employment among University of Northumbria Undergraduates* DfEE Research Report RR21, DfEE, London

²⁷⁸ The base is all students reporting financial difficulties affected their academic performance. The question was multi-coded so students could give more than one response.

In this study we have not attempted to quantitatively demonstrate the impact of paid work or financial hardship on students' academic performance. To do so would demand tracking student achievement over time. Nevertheless, according to students' perceptions of their own situation, their courses work has been suffered as a consequence of hardship or having to work.

Other research has assessed the impact on paid work on actual student attainment. Barke et al²⁷⁹ found that the mean percentage grade for students who had worked during term-time was 1.7 percentage points below that of non-working students. The effect was stronger for male students (2.7% points) than for female students (1.4% points).

9.7.4 Impact on non-completion

The latest DfEE figures on drop-out rates show a rate of 1 in 5 students. Figures produced by HEFCE in November 1999 show the same overall rate, but for mature students and those in institutions with a high proportion of mature students or students from disadvantaged backgrounds, the rate is as high as two out of every five students.²⁸⁰ It is widely acknowledged that the reasons why students choose to drop-out are very complex.²⁸¹

As suggested earlier, this study was not designed to assess the impact of student finances on either student drop-out or progression. However, this study can tell us how money matters entered students' thinking on these issues. Students were first asked if they had ever thought about dropping out. Three out of ten all full-time students and 35 per cent of part-time students had thought about dropping out of university/college, and especially those who believed that their academic performance was suffering because of financial pressures (61% of full-time students, 71% of part-time). Of those who had thought about dropping out, 38 per cent of full-time students and 26 per cent of part-time students reported that financial difficulties had made them think about dropping out (table 9.9). Indeed, financial reasons were cited most often by all students. So overall, around ten per cent of all full-time and all part-time students had thought about dropping out for financial reasons.

The correlation between financial reasons for considering leaving their course prematurely and students' perceptions of the impact of financial difficulty on their academic performance was particularly strong (table 9.9). In other words, the more students thought their finances affected how well they were doing at university, the greater the likelihood that they would attribute their reason for thinking about dropping out, to financial reasons and *visa versa*. So here we see the interaction between financial difficulty, perceived academic performance, and thoughts about leaving the course.

²⁷⁹ Barke et al *Op. cit.*

²⁸⁰ Quoted in *Report of the Access Funds and Hardship Loans Review* (2000) DfEE, Student Support Division 1, London

²⁸¹ HEFCE (1997) *Undergraduate Non-Completion in Higher Education in England Report 97/29*, Bristol. See also Herbert A and Callender C (1997) *The Funding Lottery: Student financial support in further education and its impact on participation*, PSI, London, for a discussion of the methodological problems involved in measuring non-completion and a review of the American literature on non-completion in HE.

Similarly, there was a very strong association between financial difficulty and students citing financial reasons for thinking about dropping out. For instance, among full-time students, of those experiencing the greatest hardship, 54 per cent had considered dropping out because of their finances compared to just 21 per cent of those not experiencing financial difficulty. And this relationship was even stronger for part-time students, falling from 49 per cent to 16 per cent.

Table 9.9 Non-completion – Main reasons for considering dropping out by extent to which students perceive that financial difficulties are affecting their academic performance

Row percentages

			MAIN REASON FOR CONSIDERING DROPPING OUT							
			Financial reasons	Academic reasons	Domestic/ Personal reasons	Job offer	Social reasons	Disenchantment with course /university or college	Other	COUNT
FULL-TIME	Extent to which financial difficulties affect academic performance	A great deal	71	9	9	1	0	9	1	119
		A fair amount	44	16	14	2	2	19	3	180
		A little	28	26	15	1	2	25	3	178
		Not at all	9	27	19	3	4	31	7	126
	All		37	20	14	2	2	21	4	604
PART-TIME	Extent to which financial difficulties affect academic performance	A great deal	77	3	3	3	0	7	7	32
		A fair amount	30	15	26	0	2	21	6	52
		A little	27	11	27	3	0	20	12	55
		Not at all	11	20	20	0	5	19	25	121
	All		26	15	21	1	3	18	16	259

Base: All students who have thought about dropping out of university

Source: South Bank University – Student Income and Expenditure Survey 1999

9.8 The impact of student financial support arrangements on students' future plans

The majority (56%) of full-time students were intending to find a job in their chosen career on completing their course while a sizeable minority (16%) were intending to continue studying (table 9.10). Some 43 per cent of all full-time students reported that student funding arrangements had influenced their future choices. Those most likely to be influenced either a great deal or a fair amount, were students experiencing the greatest financial difficulty. In other words, financial issues were driving students' choices of what they planned to do on completing their course.

Indeed, financial issues may have affected full-time students' desire to undertake further study. Some 78 per cent agreed with the statement: *'People are discouraged from doing postgraduate degrees because they do not want to take on additional debt'*. By contrast 7 per cent disagreed with this comment while the remainder were undecided.

Of those full-time students intending to enter the labour market on completing their course, only one in six said the sort of job they were thinking about getting had been influenced by student support arrangements. However, this proportion doubled to 31 per cent for students with the greatest financial problems and was just below that proportion (27%) for students from social classes IV and V. This suggests that the choices of students from poorer households may have been constrained by the student funding arrangements.

Table 9.10 Future plans – all full- and part-time students

Row percentages

	FUTURE PLANS ON COMPLETION OF COURSE							
	Get a job in your chosen career	Get a temporary or fill-in job	Get a different job from the one you have now	Continue studying	Take time off/go travelling	Do something else	Don't know yet	BASE
FULL-TIME	56	9	2	16	11	1	5	2052
PART-TIME	41	2	20	17	3	7	10	743

Base: All full- and part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

9.9 The economic and social returns of HE

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 and social returns of their current educational experience. In other words, to explore just how worthwhile students felt their university education was to them, personally and financially, in the longer term.

The issue is significant because assumptions about the economic and social benefits of education underpin the current student support system. The new funding regime is based on the assumption that HE students will reap certain social and economic returns from their education. Indeed, such arguments are used to help justify the new funding arrangements.²⁸² Thus, students can afford to take out loans because graduates, especially women, have certain labour market advantages over non-graduates in terms of occupational status, salary levels, lifetime earnings and job security.²⁸³ And because they benefit personally, they should contribute to the costs of their education.

So how did the students surveyed see themselves benefiting from HE? To capture their views, students were asked the extent to which they agreed or disagreed with a range of attitudinal questions. The results are in tables 9.11 and 9.12 Overall, students were optimistic and positive about their university experience and the advantages they were reaping. Full-time students were especially positive about the economic and social returns of their education. Around 86 per cent of them agreed with the statements *'In the long term, I will benefit financially from going to university'*; *'My qualification will get me a better job'*; and *'I am benefiting socially from going to university'*.

Turning now to the actual financial benefits in terms of salary expectations. Full-time students expected to be earning £13,510 in their first job after graduation, although a half were hoping for £15,000. Interestingly, their expectations reflect estimates on graduate salaries drawn from the Labour Force Survey which show starting salaries were approximately £14,800 for men and £12,600 for women.²⁸⁴

There was some variation in students' salary aspirations. One of concern is the gender differences whereby women had lower expectations than men (£12,837 compared with £14,257). It is not clear why this should be the case, except evidence from other studies does suggest that women are more likely than men to enter temporary jobs on graduating. Somewhat surprisingly, however,

²⁸² See Blunkett D (2000) Speech on higher education at Greenwich Maritime University, 15 February

²⁸³ Institute of Fiscal Studies (1997) *Higher Education, Employment and Earnings in Britain* London

²⁸⁴ Institute of Employment Studies (2000) *Annual Graduate Review* Association of Graduate Recruiters/IES, Brighton

students' age had little effect on their salary expectations. Also those experiencing the greatest financial difficulty gave lower salary estimates, on average than students not facing financial difficulties.

9.10 The economic and social returns of HE

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 and social returns of their current educational experience. In other words, to explore just how worthwhile students felt their university education was to them, personally and financially, in the longer term.

The issue is significant because assumptions about the economic and social benefits of education underpin the current student support system. The new funding regime is based on the assumption that HE students will reap certain social and economic returns from their education. Indeed, such arguments are used to help justify the new funding arrangements.²⁸⁵ Thus, students can afford to take out loans because graduates, especially women, have certain labour market advantages over non-graduates in terms of occupational status, salary levels, lifetime earnings and job security.²⁸⁶ And because they benefit personally, they should contribute to the costs of their education.

So how did the students surveyed see themselves benefiting from HE? To capture their views, students were asked the extent to which they agreed or disagreed with a range of attitudinal questions. The results are in tables 9.11 and 9.12 Overall, students were optimistic and positive about their university experience and the advantages they were reaping. Full-time students were especially positive about the economic and social returns of their education. Around 86 per cent of them agreed with the statements '*In the long term, I will benefit financially from going to university*'; '*My qualification will get me a better job*'; and '*I am benefiting socially from going to university*'.

Turning now to the actual financial benefits in terms of salary expectations. Full-time students expected to be earning £13,510 in their first job after graduation, although a half were hoping for £15,000. Interestingly, their expectations reflect estimates on graduate salaries drawn from the Labour Force Survey which show starting salaries were approximately £14,800 for men and £12,600 for women.²⁸⁷

There was some variation in students' salary aspirations. One of concern is the gender differences whereby women had lower expectations than men (£12,837 compared with £14,257). It is not clear why this should be the case, except

²⁸⁵ See Blunkett D (2000) Speech on higher education at Greenwich Maritime University, 15 February

²⁸⁶ Institute of Fiscal Studies (1997) *Higher Education, Employment and Earnings in Britain* London

²⁸⁷ Institute of Employment Studies (2000) *Annual Graduate Review* Association of Graduate Recruiters/IES, Brighton

evidence from other studies does suggest that women are more likely than men to enter temporary jobs on graduating. Somewhat surprisingly, however, students' age had little affect on their salary expectations. Also those experiencing the greatest financial difficulty gave lower salary estimates, on average than students not facing financial difficulties.

Five years after graduation students hoped to be earning £22,030 on average. And over this period the gap between men and women's expected salaries widened - women hoped to earn £20,151 after five years while men aspired to £24,116 per annum. Other gaps appeared too. Students of different social classes expected to receive about the same salaries after graduating. However, those from the highest social classes hoped to earn about £2,000 more than their peers from social classes IV and V five years after graduation.

Table 9.11 Students' attitudes towards the social and economic returns of HE – full-time students

Row percentage

STUDENTS' ATTITUDES TOWARDS THE SOCIAL AND ECONOMIC RETURNS OF HE						
	Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree	Not applicable
So far, my time at university has lived up to my expectations	21	53	13	11	2	0
My course is equipping me for the demands of working life	13	44	21	17	5	0
My qualification will get me a better job	34	51	9	4	1	0
In the long term, I will benefit financially from going to university	36	50	9	4	1	0
I am benefiting socially from going to university	48	38	8	5	1	0

Base: All full-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

Table 9.12 Students' attitudes towards the social and economic returns of HE – part-time students

Row percentage

STUDENTS' ATTITUDES TOWARDS THE SOCIAL AND ECONOMIC RETURNS OF HE						
	Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree	Not applicable
So far, my time at university has lived up to my expectations	16	56	15	10	3	0
My course is equipping me for the demands of working life	9	39	25	19	3	0
My qualification will get me a better job	23	46	18	8	1	4
In the long term, I will benefit financially from going to university	27	45	14	9	2	3
I am benefiting socially from going to university	21	39	18	18	4	1

Base: All part-time students

Source: South Bank University – Student Income and Expenditure Survey 1999

9.11 Summary

9.11.1 The impact of changes in student funding and student finances on initial educational choices

Given the type of students interviewed in this survey and the timing of the study, recent changes in student funding or finances had had a limited impact on these students' participation, choices and behaviour, except among a minority of part-time older students. This is not surprising given the probability that those most constrained by finances are unlikely to enter HE.

However, the students did think that others may have decided against university because of the changes. Some 61 per cent of full-time and 45 per cent of part-time students agreed with the statement that *'Changes to student funding have deterred some of my friends from coming to university.'* Among full-time students, those most likely to concur were women aged 25 and over (68%).

9.11.2 Extent and experience of student financial difficulty

The indicators of financial difficulty, based on students' subjective feelings of financial wellbeing, reflected other survey data on students' financial circumstances which gives us confidence in them as indicators of hardship. Overall, 87 per cent of full-time students experienced some financial difficulty in contrast to 76 of part-time students. Nearly one in six full-timers experienced financial problems in all areas assessed, compared to one in five part-time students.

Given the overall financial positions of lone parents, they were far more likely than any other students to experience the greatest financial difficulty - three quarters of those studying full time did, compared to under half of all students. By contrast, those least likely to experience any hardship were men aged 25 or under in social classes 1 and II – 44 per cent of them experienced no financial difficulties.

Students experiencing financial hardship tried to minimise their expenditure and juggle their bills to make end meet. Full-time students had to make the greatest economies, and especially lone parents. Lone parents cut back the most on every area of expenditure. As a result, 61 per cent (compared with 30 per cent of couples with children) reported their children had to go without certain items such as toys, books, presents, and entertainment because they could not afford them.

9.11.3 Impact of finances on university life and achievement

For some students their financial difficulties meant they could not fully participate in their course or university life. For instance,

- 60 per cent of all full-time students and 40 per cent of part-timers reported that they thought financial difficulties had negatively affected their academic performance;
- 40 per cent of full-time students and half of all part-time students who had undertaken paid work while studying thought it had had a negative impact on their coursework while 10 per cent of full-timers and over a quarter of part-timers believed it had had a beneficial impact.
- 37 per cent of all full-time students and 30 per cent of all part-time students had not bought all books needed because they could not afford them and this rose to 67 per cent among lone parents studying full time;
- 41 per cent of all full-time students who did not already own a computer were without one because they could not afford one;
- One in ten of both full- and part-time students had thought about dropping out for financial reasons. Interestingly, the more students thought their finances affected how well they were doing at university, the more likely they were to identify financial reasons for dropping out and *visa versa*. So here we see the interaction between financial hardship, perceived academic performance, and drop out.
- 7 per cent of all full-time students and 5 per cent of all part-timers had missed going college at least once because they could not afford the travel costs. This proportion more than doubled among full-time students experiencing the greatest financial difficulties and quadrupled among such part-timers.

9.11.4 The impact of student financial support arrangements on students' future plans

Overall, students were optimistic and positive about their university experience and the advantages they were reaping.

Full-time students were most convinced of the economic returns of their education: around 86 per cent of full-time and 60 per cent of part-time students agreed with the statement *'In the long term, I will benefit financially from going to university'*.

Forty-three per cent of full-time students reported that the student funding arrangements had influenced their future choices. The majority (56%) of students were intending to find a job in their chosen career, and one in six of these said the sort of job they were thinking about had been influenced by the student funding arrangements. On average, full-time students expected to be earning around £13,500 in their first job after graduation, and around £22,000 five years after graduation. Women, however, had slightly lower expectations

than men (about £1,400 less for the first job). A sizeable minority (16%) of full-time students was intending to continue studying. However, financial issues may have affected these choices as 78 per cent of full-timers agreed with the statement *'People are discouraged from doing postgraduate degrees because they do not want to take on additional debt'*.

10 APPENDIX 1 - TECHNICAL REPORT

10.1 Introduction

Between April and August 1999, NOP Research Group carried out the fieldwork for a survey of Student Income and Expenditure commissioned by Professor Claire Callender of South Bank University on behalf of the Departments for Education.

The survey included both full-time and part-time students. The 2054 full-time students were interviewed between April 19 and June 30. The 748 part-time students were interviewed between April 19 and August 30. All students were interviewed face-to-face by members of the NOP field force using CAPI (Computer-Assisted Personal Interviewing). The majority of students were interviewed at their universities and colleges, but many were also interviewed in their own homes.

The population of students covered by the survey was those:

- Domiciled in the UK
- Studying for a first degree, PGCE or HND
- Actively studying at one of the HEIs sampled for the survey in the academic year 1998-99 (excluding for example sandwich course students who were on a placement that year, language students on an optional or compulsory year abroad, as well as those who had finished their courses in previous academic years or abandoned their courses without completing them)

Students were offered a £10 postal order as a thank-you for completing the interview and returning an expenditure diary to NOP.

10.2 The methodological approach

The methodological approach planned for the current study was broadly a repeat of that used in the 1995/6 SIES study, which was also conducted by Professor Callender and NOP. This approach had proved very successful in 1995/6. We had learnt some useful lessons from the 1995/6 study and we built these into the design of the 1998/9 study. While acknowledging these lessons, overall, there was no reason to believe that our approach would not work just as smoothly in 1998/9. However, as this technical report demonstrates, the climate within the HE sector has changed and is very different from 1995/6. The key changes include the sector's attitude to issues of student confidentiality and data protection, and the increasing demands placed on universities to collect and provide data on their student population.

These issues have implications for future quantitative studies on students, which require large samples, and ideally random samples. If there is a desire to pursue such studies, then steps will need to be taken by the HE sector to remove the impediments. The frameworks already exist to do so. For example, while recognising the importance of the data protection legislation and the need to protect the rights of students afforded them by that legislation, it is quite possible for HEIs to release data on students for bona fide research purposes, as long as students agree. However, quite correctly, students' consent must be obtained. Such consent, however, needs to be obtained when the students register at their HEI, in a similar way as consent is collected about releasing data to HESA. Unless such steps are taken by the HE sector, undertaking rigorous research will continue to prove a difficult undertaking, and a very expensive one.

10.3 Selection of sampling points

The students included in the survey attended a total of 87 different universities and colleges of HE across the whole of the UK.²⁸⁸ The universities and colleges involved in the survey had been selected in the following way.

In November 1998, DfEE supplied NOP with a UK-wide list of universities and colleges, together with the numbers of full-time and part-time students attending each who would be eligible to take part in the survey if selected. These figures were based on HESA returns for the academic year 1997-1998. This list was used twice in order to draw two separate samples of institutions, one for full-time students and one for part-time students. In each case the list of institutions containing eligible students was stratified firstly by region/country (region within England), and then within region/country by area type (metropolitan or non-metropolitan) and by institution type (old university, new university, college or medical school).

In order to select the sample of institutions for full-time students, the list was further stratified by the number of eligible full-time students within institution type. The total number of eligible full-time students was then summed across all institutions and divided by 80 – the number of sampling points required – in order to give the sampling interval. From a random starting point this sampling interval was applied until 80 sampling points had been selected with probability of selection proportional to number of eligible students.

A similar process was carried out in order to select the sample of institutions for part-time students, except that the list of institutions was stratified by the number of eligible part-time students within institution type, and 40 sampling points were selected.

²⁸⁸ There are a total of 174 HEIs in the UK including 18 constituent colleges of the University of London and the 6 constituent colleges of the University of Wales.

Unfortunately, it emerged much later that the data on numbers of supposedly eligible students at each institution had been incorrect, as the numbers supplied to NOP by DfEE in November 1998 included students studying for some qualifications which were actually excluded from the study (HNCs and NVQs levels 4 and 5). The sample points were therefore not selected with probability of selection proportional to the true population size.

Some institutions were selected as part of both samples, while some were actually selected twice within one sample simply because their numbers of eligible students were so large that they exceeded the sampling interval. A total of 89 different institutions were actually selected to take part in the study.

On behalf of Professor Callender, NOP then sent letters in early December 1998 to the Vice Chancellors and Principals of all the selected institutions, giving them some background information about the aims and objectives of the study informed them that their institution had been selected as a sampling point, asked their formal permission for the institution to be included in the survey and also asked them to nominate someone to act as a liaison point over the detailed sampling process which would follow. Although the Vice Chancellors were asked to respond directly to NOP by mid-December (because it was hoped that the fieldwork could be started by mid-February 1999), only a small minority managed to do so; indeed, repeated reminders by post, fax and telephone had to be sent to large numbers of the sampled institutions throughout January 1999 with only limited success

Although the majority of the sampled institutions did eventually agree to take part in the survey, some did not – unlike the 1995/6 SIES when none of the sample institutions refused to take part in the study. The reasons given for refusal were mostly related to the workload of staff in the Registry/Student Records offices, or to problems with Student Records which would make sampling too difficult. Some institutions refused due to general workload and existing commitments and one refused because it was thought that the student body would find the survey objectionable. As far as possible, institutions which had refused to take part were replaced with alternative institutions of a similar type within the same region, though some refusals came through so late that no further substitution was possible. The final selection of sampling points for full-time students therefore consisted of 77 institutions, while the final selection of sampling points for part-time students consisted of 36 institutions.

10.4 Sampling students within institution

The original sampling strategy agreed between NOP, Professor Callender and DfEE was a stratified random probability sampling method, involving asking each institution to supply details of a random selection of students meeting certain criteria. Each institution of the same type would be asked to supply details of the same number of students, though

the numbers would vary according to whether the institution was supplying full-time or part-time students, whether it was in London or outside London, and whether the details were being supplied on an ‘opt-in’ or an ‘opt-out’ basis.²⁸⁹

The number of students to be included in the random selection provided by each institution was calculated by NOP on the basis of the national student profile information supplied to NOP by DfEE in November 1998, taking into account that certain types of students were to be oversampled (e.g. first years, mature full-time students etc.) and the likely response rates from each type of student.

The table below gives details of the target number of full-time students with each category used to stratify the sample, compared with the numbers actually sampled unweighted.

Table 1 Target Number of full-time students

Category	NOP TARGET	ACHIEVED SAMPLE (UNWEIGHTED – ACTUAL N)	ACHIEVED SAMPLE (WEIGHTED N)
PGCE	48	26	48
Under 25, year 1 non- PGCE)	542	607	645
Under 25, year 2 non- PGCE)	373	461	538
Under 25, year 3+ non- PGCE)	399	468	560
25+, year 1 non- PGCE)	290	178	74
25+, year 2 non- PGCE)	168	137	80
25+, year 3+ non- PGCE)	259	174	106
Men under 25	647	729	849
Women under 25	693	815	906
Men aged 25+	320	226	124
Women aged 25+	419	281	173
London	456	408	285
Non-London	1623	1646	1768

TOTAL =2054

As soon as the Vice Chancellor or Principal of each institution had given permission for the institution to be included in the survey, detailed sampling instructions were posted to the nominated person in charge of liaison over sampling, usually the university Registrar. As far as possible, university/college Registries were contacted in advance of mailing out these detailed sampling instructions to find out whether they would be supplying student

²⁸⁹ ‘Opt-in’ means that the details supplied would be anonymised and that the institution would forward a letter to the student selected, who would then have to ‘opt in’ to the survey by supplying NOP with his/her name and contact details; ‘opt-out’ means that the details supplied would include the name and address of the students, who would be contacted directly by NOP and who would have the opportunity to decline to take part in the survey after being contacted. Obviously it could be anticipated that a lower response rate would be obtained from ‘opt-in’ leads as the onus was on the student to take action in order to be included in the survey.

records on an 'opt-in' or an 'opt-out' basis. The sampling instructions were then tailored according to this. Where it was not possible to find out in advance on what basis the student records could be supplied, it was assumed that they would be supplied on an 'opt-out' basis but Registries were asked to inform NOP and obtain alternative instructions if this turned out to be incorrect.

In the previous Student Income and Expenditure survey carried out by PSI and NOP in 1996, some 80 per cent of institutions (58 out of 73) had been happy to supply samples of student records to the research team on an 'opt-out' basis (i.e. complete with names and addresses), while 15 out of 73 had insisted on the 'opt-in' method. The NOP research team handling the sampling found the situation very different in 1999. Only ten per cent of institutions were happy to supply student records on an 'opt-out' basis (9 out of 87), and the majority following the 'opt-in' method, in spite of the fact that the latter meant considerably more work on their part.

This had considerable implications for the entire design of the study. And it is within this context that the sector needs to consider the impact of their very legitimate concerns about data protection and student confidentiality.

The HEIs' decision not to release the names of the students to the research team also had significant implications for the timing of the survey. A range of additional procedures had to be implemented by both NOP and the universities/colleges concerned. As important, from our previous experience, we knew that the response rate from students who 'opted-in' to the study would be poorer than those who 'opted-out'.

The extent of the problem for the research team did not become plain until January and February 1999. Most university/college registries were only willing to give details of their policy on data protection and related issues after their Vice Chancellors/Principals had given permission for the institution to take part in the survey, and often some internal consultation on these issues was necessary within the institution before giving a final decision to the NOP researchers handling the sampling.

Institutions were asked to supply the following information about each student included in the random selection:

- HESA student identifier (HESA variable name HUSID)
- Student surname (HESA variable name SURNAME)
- Student forename/s (HESA variable name FNAMES)
- Date of birth (HESA variable BIRTHDTE)
- Qualification studying for (HESA variable QUALAIM)
- Year of student on this programme (HESA variable name YEARSTU)
- Last known term-time address
- Last known term-time telephone number, if any
- E-mail address, if any
- Address at department, faculty or college through which student may be contacted
- parental address
- Any other information which might help NOP to make contact with the student

Institutions using the ‘opt-in’ route omitted the name, address and other contact details from the information to be supplied. Many of them also omitted the HESA identifier, either on the grounds of confidentiality or because at that stage in the academic year the HUSID number for new first-year students was not yet available.

Once each institution had supplied NOP with a sample of student records, NOP then sorted the list supplied into a number of categories of student and randomly selected a specified number of students from within each category. The table below details the numbers of student records to be supplied by different types of institutions together with the total numbers of records needing to be sampled by NOP.

Table 2 Number of student records required for the sampling

Contact route	Location of institution	Type of student being sampled	Numbers of records to be supplied by institution	Total number of records to be sampled by NOP
'opt-in':	London	full-time	360	119
	London	part-time	360	113
	Outside London	full-time	150	60
	Outside London	part-time	210	68
'opt-out':	London	full-time	270	90
	London	part-time	210	70
	Outside London	full-time	100	35
	Outside London	part-time	150	46

The tables below detail the categories into which the student records from each institution were sorted and the target number of records in each category which NOP aimed to sample:

Table 3 Category of full-time student records required for sampling

Samples of full-time students				
			target numbers:	
In London:			'Opt-in' institutions	'Opt-out' institutions
under 25:	PGCE		1	1
	non-PGCE	year 1	21	16
		year 2	14	10
		year 3+	18	14
25+	PGCE		1	1
	non-PGCE	year 1	28	21
		year 2	10	8
		year 3+	26	20
TOTAL			119	91
outside London:				
under 25:	PGCE		1	0
	non-PGCE	year 1	17	11
		year 2	12	7
		year 3+	12	7
25+	PGCE		1	0
	non-PGCE	year 1	7	4
		year 2	4	3
		year 3+	6	3
TOTAL			60	35

Table 4 Category of part-time student records required for sampling

Samples of Part-time students					
			target number		
			'Opt-in' institutions	'Opt-out' institutions	
In London					
under 25	Degree	year 1	10	6	
		year 2	6	3	
		year 3+	7	4	
	sub-degree	year 1	10	6	
		year 2	5	3	
		year 3+	2	1	
		PGCE		1	0
	25+	Degree	year 1	19	11
			year 2	11	7
year 3+			19	11	
sub-degree		year 1	11	7	
		year 2	7	4	
		year 3+	4	2	
		PGCE		1	1
				113	65
outside London:					
under 25	Degree	year 1	6	7	
		year 2	3	4	
		year 3+	4	2	
	sub-degree	year 1	6	4	
		year 2	3	2	
		year 3+	1	1	
		PGCE		1	0
	25+	Degree	year 1	12	8
			year 2	7	5
year 3+			11	8	
sub-degree		year 1	7	5	
		year 2	4	3	
		year 3+	2	2	
		PGCE		1	1
TOTAL				68	5

The following procedures demonstrate how the 'opt-in' procedures created so much more work for the HEIs. Once the selection of student records had been made, NOP had to send back to each institution a file or list of those selected together with a supply of information letters about the survey for the students, contact details forms for students to complete (personalised with the HUSID number or another ID number so that responses could be tracked) and reply-paid envelopes pre-addressed to NOP for the students to use. Where HUSID numbers had not been supplied to NOP by the institution, the institution was asked to further personalise the contact details form with the HUSID number before passing it on to the student. The institutions had to match this anonymised file or list back to their own student records, generate name and address labels for the students selected by NOP, further personalise the forms where necessary and mail the appropriate items to these students. NOP then had to wait for students to respond before assessing how many usable leads of each type would be available from that institution.

By mid-February 1999 only some 30 institutions out of the 87 had mailed the NOP letters and forms to the selected students. Looking at the numbers of acceptances and refusals from these 30 institutions where students had started replying by mid-February, the NOP/SBU research team could see that responses stood at a very low level. Even after sending a reminder letter, they believed they were not likely to obtain the number of leads they needed to get the number of interviews required.

In those 30 institutions we wanted to carry out at least 883 interviews. 2408 individuals in these institutions had been sampled by NOP and sent letters by their registries. However, NOP had received 421 acceptances and 158 refusals from those 2408 individuals (17% and 7% respectively of all letters sent out). The main problem in those institutions, therefore, was that students were not troubling to fill in the contact forms and send them back to NOP, perhaps because they were not particularly interested in the survey. There was no reason to believe that students at the other institutions would be more enthusiastic about the survey.

A more widespread problem, and an equally serious one, given that NOP only had responses from students at 30 of the 87 institutions at that point, was that university/college registries were clearly unable to respond to the requests for samples in time for fieldwork to be able to start in the second term of the academic year as planned.

The research team were therefore faced with very serious obstacles to their aim of obtaining 2000 interviews with full-time students and 1000 interviews with part-time students, using a random probability sampling method, by the end of the 1999 summer term. They therefore had to consider what options were open to them.

10.5 Change in the methodological approach

10.5.1 Option A

The research team could draw additional leads from the pools of leads supplied by each university, and ask the universities to forward letters and forms to the additional students. While they could make up absolute numbers of students this way, the disadvantages were:

- They would not be able to achieve the target numbers of students they wanted to oversample, as they had already selected all or most of these from the pools;
- the universities' registries might not be willing to accept the extra burden of mailing further letters and further reminders, or might be annoyed at the research team making this further request;
- the universities' registries might not be willing or able to do further mailings right away, introducing yet more delay; and
- the low response rate achieved overall would cast doubt on the validity of the findings

10.5.2 Option B

The research team could ask the university registries to draw further samples of students. In this way we might be able to make up absolute numbers of students interviewed, and be able to achieve the target numbers for particular kinds of students. However this was assuming that the universities were willing and able to draw these additional samples without excessive delay.

The main disadvantages of this approach were:

- the universities' registries might feel that the research team were placing an excessive burden on them, with the extra sampling and then the additional mailings which they would have to do
- it was inevitable that significant delays would be introduced, as many registries would not be able to do the sampling right away (even once the sampling is done there would be a delay of several weeks before this resulted in the research team having additional leads in their hands)
- the biggest problem, the low response rate achieved overall, would still cast doubt on the validity of the findings

10.5.3 Option C

The research team could abandon the random sample approach because the practical difficulties had become too great and the resulting quality would not be high enough to justify continuing with the study. Instead they could use a quota sample. This would entail students on university premises for a personal interview, either on university premises or in the students' homes. The profile of students interviewed at each HEI would be controlled by interlocking quotas for age of student and year of course within

mode of study, as well as a non-interlocked quota for subject of study. Interviewers would work evening shifts etc as required to contact the numbers of part-time students needed. All those students who had already indicated their willingness to be included in the study could be interviewed in the relevant parts of the quota.

The disadvantages would be:

- the research team would have to re-contact universities to make new arrangements with them for interviewers to work on campus;
- it is not possible to calculate the statistical reliability of findings based on quota samples; and
- comparisons between 1999 and 1996 data would be more problematic because the sampling methods were different.

However, a good, tightly controlled quota sample was preferable to a random sample with an extremely poor response rate. In addition, nothing more could be done to ensure a high response rate in a random sample survey where the researchers were completely dependent on the students' willingness to divulge contact details. Some of the disadvantages of the quota sample could have been overcome if the sample profile achieved in the new survey was known to be representative of the student body.

In addition, by switching to face-to-face recruitment on university/college premises, the research team felt they could be sure of achieving samples of the required sizes and structures within the time available, which was far from certain with either of the other options.

The NOP/SBU research team therefore formally proposed this change of sampling method to DfEE on 17 February 1999, and this change was subsequently accepted by DfEE.

10.6 Limitations of the quota sampling approach

The survey methodology was changed from probability sampling to quota sampling, for reasons entirely outside the control of Professor Callender or NOP. This methodological switch was undertaken for purely practical reasons – it was effectively the only way in which data could be collected in that academic year – but it must be recognised that it inevitably raises questions about the quality of data in comparison with probability samples, and in particular about the ability to draw comparisons with previous SIES surveys, each of which were conducted using probability samples.

This is not the place for a detailed discussion on sampling theory, but put at its simplest, probability sampling has a sound theoretical basis in statistical terms, while quota sampling does not. Using number theory, and indeed empirical experiment, it is possible to **prove** that in 100 probability samples of equal size, 95 of them will yield results within approximately two standard errors of the true value of any variable. It would be impossible to do the same for quota samples, on either a priori or empirical grounds. This means that strictly speaking one should not quote sampling errors in any reporting of quota-based surveys.

However, there is some empirical evidence that quota surveys do exhibit ranges of values that match the sampling errors associated with probability samples of the same size. It has therefore become common practice for reporting of quota-based surveys to include sampling errors calculated in the same way as for probability samples. This is useful in giving readers some idea of the likely sampling error associated with each variable, but it must be stressed that this is purely indicative, and one cannot guarantee that the sampling error is exactly that.

The point above concerns only the relatively limited issue of sampling **error**, but far more important is the issue of sampling **bias**. While the lack of a statistical basis is a key difference in theoretical terms between quota and probability sampling, there is a potentially much more significant difference in practical terms. With probability sampling there is no element of individual choice involved in the selection of respondents. In cases where a sampling frame of individuals exists – such as the selection of students – potential respondents are selected purely by the rules applied by the sampling process, typically the selection of every *n*th respondent. Once selected they cannot be replaced. They are either interviewed or they are not, and if they are not interviewed there is no alternative respondent who can be interviewed instead.

With quota sampling, the selection of individuals lies in the hands of the interviewers. They are constrained by any stratification of the sample into psu's, and further by the quota controls that are set. The controls – on gender, age, and subject in this case – are effectively an additional form of stratification, but they still leave the selection of individuals in the hands of the interviewers. Whatever the levels of stratification involved, quota sampling is at heart convenience sampling, and this allows the possibility of bias.

The bias is likely to operate in one of two main ways. The first concerns availability, and the second concerns the application of the interviewers' judgement. With quota sampling, there is no requirement to interview particular individuals, and interviewers are therefore bound to choose the ones that are easiest to find. In the case of SIES this means that the more a student went to the various communal buildings used as the sites for interviewing, the better chance he or she would have of being interviewed. If certain types of students rarely or never went to these places, then they would not be included in the survey, and it is easy to see how this could lead to the introduction of bias.

In the case of SIES steps were taken to minimise this. The stratification by subject acts as control for some causes of differing propensity to be present at the interviewing sites. Also, as far as was possible within the terms of permission granted by the HEI authorities, the selection of interviewing sites was chosen to maximise the possibility of students being present there at some time. Thus as well as faculty buildings, lecture theatres or laboratories, students unions and other recreational locations were included as interviewing sites.

These will have served to **reduce** the extent of availability bias, but they cannot remove it. It must therefore be borne in mind when looking at the results of this survey that availability bias may be operating. It is also true that while quota samples will **inevitably** suffer from availability bias, probability samples **may** also do so, and this is a factor

when comparing this wave of SIES with previous waves. One of the factors of the previous wave was the difficulty of getting hold of some of the selected sample, and the higher the non-response rate on a probability sample, the greater the likelihood of availability bias.

The other principal cause of bias in quota samples is the operation of selection bias by the interviewer. Within the confines of the quota controls, interviewers have complete freedom over whom to interview, and this can lead to very significant biases. As a very obvious example, quota samples used to contain considerably fewer black or Asian respondents than the population as a whole, and while diminished, this problem has not gone away entirely. In the context of SIES, some interviewers may have shied away from approaching the less conservatively dressed or coiffured, and it is easy to see how this too could lead to bias.

A slightly different manifestation of selection bias is the fact that interviewers working on quota samples have little incentive to persuade the reluctant to take part. Since anyone approached can be replaced by anyone else who fits the same quota controls, it is more efficient for a quota interviewer to accept refusals immediately and move on to approach someone else. With probability samples, the interviewer has an incentive to try to convert an initial refusal into an interview, because the alternative is to lose that interview altogether.

Potential respondents can thus be placed on a continuum of responsiveness. At one end are those who agree to take part in the survey quite happily, while at the other are those who will not take part under any circumstances. Differences between these groups are important and are likely to lead to biases, but these biases will be equally present in probability samples as well as quota ones. At some point between these two extremes are those who are reluctant to take part, but who are capable of being persuaded to do so. This group is likely to be included in a probability survey and excluded from a quota one, and if they are different from those at the most responsive end of the spectrum, this too will introduce bias. However, the difference between quota and probability samples on this particular point decreases as response rate decreases. The more refusals there are on a probability survey the more chance there is of response bias, and the less the likely difference in reliability between quota and probability sampling.

As the above has shown, the most important difference between quota and probability samples is that the former have a greater **potential** for bias, but it is very difficult to establish how much **actual** bias there is in either. There is a very limited case history of direct comparison of probability and quota samples, and what there is has tended to suggest that actual differences between the two are not great, although they have not suggested that this will automatically be the case.

In the case of SIES, anyone looking at the results of this wave need to be aware of the potential for greater bias brought about by the enforced switch to quota sampling, but it is not possible for this report to quantify this bias. It is worth noting that the survey estimates of student loan levels, for example, are close to the known actual figure, and also that results from this wave were comparable to those from the last wave. This suggests that the sample is reasonably robust, but caution still needs to be exercised because of the key theoretical weaknesses of quota sampling. Estimates of the actual

levels of bias on any variable will depend on estimates of how that variable correlates with factors that may make students harder to get, or less co-operative. In terms of comparisons with previous years estimates need to be made of how those same correlations would be at work, given the response rates achieved in those earlier years.

10.7 The quota sample

NOP wrote to the institutions involved in the survey to inform them of the proposed changes in the sampling method and the reasons for the changes, and also to ask formally for permission for NOP interviewers to go on to university/college premises to carry out face-to-face recruitment at the start of the summer term. At the same time they asked institutions to supply the name and telephone number of a person with whom they could liaise over the practical arrangements which would need to be made. Two institutions out of the 89 refused permission for NOP interviewers to carry out on-site recruitment.

DfEE supplied NOP with information on an institution-by-institution basis about the profile of eligible students by year of course, gender within age band and by subject of study. Unfortunately this information also turned out later not to have been totally accurate, as it was not only based on HESA figures for 1997-8 (which the researchers were aware of at the time), but also it was again based on a slightly incorrect definition of the population of interest, including students studying for HNCs and NVQs. However, this was not a major problem given that in any event certain types of student were still to be oversampled, rather than aiming for a perfectly representative cross-section of students.

The institution-level information was used to calculate quota controls for the interviewers recruiting students face-to-face at the HEIs; the quotas for each institution were then modified slightly in order to ensure the over sampling of certain types of student at a national level.

NOP liased directly with each institution to obtain basic information on the best places to recruit students for the survey, and also arranged with the institutions wherever possible for a room to be available for the interviewers to carry out the interviews in. In some cases the institutions made it clear that they wanted the NOP interviewers to work only in specified parts of the site such as the Student Union, while others were happy for the NOP interviewers to move about the site as needed, provided that obvious no-go areas such as libraries, teaching areas and offices were avoided.

The NOP interviewers were given screening questionnaires to enable them to identify students eligible to take part in the survey. They were also given separate quotas for full-time and part-time students for each institution. The quotas consisted of a target total number of interviews to achieve, plus separate targets for the following categories of student:

Table 5 Categories of quota given to NOP interviewers

Any age)	PGCE
Aged up to 24:	year 1 apart from PGCE) year 2 apart from PGCE) year 3+ apart from PGCE)
Aged 25+:	year 1 apart from PGCE) year 2 apart from PGCE) year 3+ apart from PGCE)
Aged up to 24:	Men Women
Aged 25+:	Men Women
Subject of course:	1. medicine/dentistry 2. subjects allied to medicine 3. biological sciences 4. veterinary science/ agriculture/ related subjects 5. physical sciences 6. mathematical sciences 7. computing science 8. engineering/ technology 9. architecture/ building 10. economics, sociology etc 11. politics/ law 12. business/ management studies 13. librarianship/ information sciences/ media studies 14. languages etc 15. humanities 16. creative arts 17. education/ leisure not PGCE) 18. PGCE 19. Combined Honours

Interviewers working at certain institutions were also given the contact details of students who had replied positively to the mailings about the survey in January and February (though these too needed to be screened to ensure that they were eligible to take part in the study), and instructed in the first instance to interview them as part of their quotas.

10.8 Topping up part-time students

At the start of the summer term it was hoped that it would be possible to recruit part-time students to the survey in the same way as the full-time students. This would involve contacting them on site at the HEIs and following up the small number of leads which had come through the mailings carried out by the institutions in January and February. It was already known that many part-time students would be attending courses in the evening rather than during the day, and that the majority of part-time students would

spend very little time at the HEI other than when they were attending teaching sessions. The interviewers had been warned of this and had been instructed to try to obtain detailed information from the HEI about when and where teaching would take place for the main part-time courses, so that they could target those times and places in their recruitment efforts.

This strategy met with very limited success, for a number of reasons. The most important was the incorrect information supplied to NOP by the DfEE about numbers of eligible part-time students at each institution. The data provided by the DfEE over-represented the number of part-time students which meant that in some institutions interviewers were looking for very tiny numbers of students. In some cases the interviewers' contacts in registry offices told them that the institution had only one or two hundred part-time students while the incorrect data had suggested there were one or two thousand. If the correct data had been available at the time of the selection of sample points of the survey, such institutions would have stood a much smaller chance of being included in the survey at all.

Given these difficulties, NOP took a number of steps to try to make it easier for interviewers to obtain interviews with part-time students. Despite these efforts we estimated that only between 400-500 interviews with part-time students would be achieved by the end of the summer term, against a target of 1,000. This number would not have been adequate for analysis purposes. DfEE gave permission for fieldwork among part-time students to continue throughout the summer months.

In addition, the research team designed a self-completion questionnaire to be sent out to the part-time students by the HEIs along with the letters and contact forms. The aim was to gather some essential pieces of data required by the DfEE. Predictably, the response rate was not good and the completed questionnaires were not used. However, the number of leads was increased by 200.

10.8.1 Telephone follow-up

It was discovered in early August that due to a computer programming error, none of the part-time students had been asked the questions which would enable SEG and social class to be coded. The computer interviewing script was corrected at that stage so that all respondents interviewed after 11 August were asked all the appropriate questions. Attempts were made to re-contact by telephone all the part-time students who had been interviewed before that point, of whom there were around 660 in total. Around 30 of these had no telephone number; 435 of the remainder were successfully re-contacted between 16 and 26 August and the appropriate questions asked. It is for this reason that data on social class are missing for some part-time students.

10.9 Sampling points and leads available

The table below gives a list of the sampling points and the number of leads of various sorts available to interviewers at each.

Table 6 Sampling points and number of leads available

Sample point no	Name of institution	Those willing to take part in survey following Jan/Feb mailings		Leads available directly from HEI, not screened for willingness to participate		New pt leads from June mailing	Interviews required	
		No of f/t leads	No of p/t leads	No of f/t leads	No of p/t leads		F/t	P/t
1	Homerton College	16	0	0	0	0	23	0
2	Uni. of East Anglia	0	6	0	0	3	23	25
3	Nottingham Trent University	17	0	0	0	0	23	0
4	Loughborough University	16	0	0	0	0	23	0
5	Uni. of Nottingham	24	0	0	0	0	23	0
6	Uni. of Leicester	9	6	0	0	0	46	0
7	Uni. of Derby	0	0	0	211	0	23	25
8	University College London	26	0	0	0	0	38	0
9	Brunel University	23	0	0	0	0	38	0
10	Roehampton Institute of HE	41	0	0	0	0	38	0
11	South Bank University	0	0	0	0	0	38	0
12	Uni. of East London	0	0	0	0	0	57	19
13	School of Pharmacy	0	0	0	0	0	38	0
14	Middlesex University	0	0	0	0	0	38	0
15	Uni. of North London	0	0	0	0	21	57	57
16	Birkbeck College	0	0	0	0	43	0	38
17	Uni. of Westminster	0	24	0	0	0		76
18	Queen Mary and Westfield College	0	0	0	0	0	38	0
19	Imperial College	0	0	0	0	0	38	0
20	London Guildhall University	0	0	0	0	0	38	38
21	Queen's University Belfast	0	0	0	0	6	23	25
22	Uni. of Ulster	0	0	0	211	0	23	25
23	Uni. of Newcastle-upon-Tyne	16	0	0	0	0	0	0
24	Uni. of Sunderland	0	0	0	0	22	23	25
25	Uni. of Northumbria at Newcastle	0	0	0	0	0	46	0

26	Uni. of Manchester	18	0	0	0	0	23	0
27	Uni. of Manchester Institute of Science & Technology	17	0	0	0	0	23	0
28	Bolton Institute of HE	15	0	0	0	0	23	0
29	Uni. of Liverpool	0	0	0	0	0	23	0
30	Edge Hill College of HE	0	0	0	0	44	23	25
31	Uni. of Central Lancashire	0	0	0	0	5	23	25
32	Uni. of Salford	18	4	0	347	0	23	25
33	Manchester Metropolitan University	0	0	0	66	0	23	25
34	Liverpool John Moores University	0	0	0	150	0	23	25
35	Uni. of Aberdeen	22	0	0	0	0	23	0
36	Uni. of Paisley	14	0	0	0	0	23	0
37	Uni. of Glasgow	13	0	0	0	0	23	0
38	Napier University	13	0	0	0	0	23	0
39	Uni. of Edinburgh	26	0	0	0	0	23	0
40	Northern College of Education	33	0	0	0	0	23	0
41	Glasgow Caledonian University	12	0	0	0	0	23	0
42	Uni. of Stirling	0	0	0	0	23	23	25
43	Robert Gordon University	0	8	0	0	0		25
44	Queen Margaret University College	0	15	0	0	0		25
45	Uni. of Strathclyde	0	0	0	0	0	23	0
46	Canterbury Christ Church College of HE	26	0	0	0	0	23	0
47	Uni. of Oxford	14	0	0	0	0	23	0
48	Southampton Institute	7	0	0	0	0	23	0
49	Uni. of Kent at Canterbury	12	0	0	0	0	23	0
50	Uni. of Reading	0	0	0	0	0	23	0
51	Uni. of Hertfordshire	0	0	0	0	0	23	0
52	Uni. of Luton	0	0	0	0	0	23	25
53	Anglia Polytechnic University	0	0	0	0	21	23	25
54	Uni. of Southampton	0	14	0	0	0	0	25
55	Uni. of Brighton	0	0	0	211	0	23	25
56	Uni. of Portsmouth	0	0	101	29	0	23	25
57	Royal Holloway	0	0	0	0	0	23	25
58	Surrey Institute of Art and Design	0	0	0	0	0	23	0
59	Bournemouth University	12	0	0	0	0	23	0
60	Uni. of Bristol	13	0	0	0	0	23	0
61	Uni. of Bath	10	0	0	0	0	23	0
62	Falmouth College of Arts	0	0	0	0	0	23	0
63	Uni. of West of England	15	13	0	0	0	23	25
64	Uni. of Plymouth	0	0	0	211	0	23	25

65	University College of Wales, Aberystwyth	22	0	0	0	0	23	0
66	Cardiff University	16	0	0	0	0	23	0
67	Uni. of Glamorgan	0	0	0	0	10	23	25
68	Uni. of Wales Swansea	0	20	0	0	0	0	25
69	Uni. of Wales Institute, Cardiff	0	20	0	0	0	0	25
70	Staffordshire University	0	0	0	0	0	23	0
71	Uni. of Warwick	22	0	0	0	0	23	0
72	Uni. of Birmingham	16	0	0	0	0	23	0
73	Uni. of Central England in Birmingham	10	8	0	0	4	23	25
74	Uni. of Wolverhampton	8	11	0	0	6	23	25
75	Coventry University	0	0	0	0	0	0	25
76	Aston University	18	0	0	0	0	23	0
77	University College, Scarborough	22	0	0	0	0	23	0
78	Trinity and All Saints College	15	0	0	0	0	23	0
79	Uni. of Bradford	15	0	0	0	0	23	0
80	Uni. of Hull	23	0	0	0	0	23	0
81	Uni. of Leeds	0	0	0	0	0	23	0
82	Sheffield Hallam University	0	0	0	0	0	23	0
83	Uni. of York	0	0	0	0	0	46	0
84	Uni. of Huddersfield	0	0	0	0	22	23	25
85	Uni. of Teesside	0	0	0	0	0	23	25
86	Uni. of Lincolnshire and Humberside	0	0	0	0	0	23	25
87	Leeds Metropolitan University	0	12	0	0	0	0	25
	TOTAL	685	161	101	1436	230	2043	1003

10.10 Research instruments

10.10.1 Questionnaire development

The draft questionnaire was designed by Professor Callender, based closely on the questionnaire used in the 1996 survey but incorporating a significant number of new elements. Once the questionnaire content had been agreed with DfEE, NOP produced a CAPI interviewing script. The questionnaire was piloted by NOP interviewers to test it for length and general acceptability, at five HEIs which were not being included in the sample for the main stage, and also at South Bank University. The pilot study fieldwork was carried out between 16 and 18 February 1999, with the interviewers being briefed and debriefed in person by the NOP/SBU research team. Following this, the questionnaire was revised, with the aim of shortening it considerably, and of simplifying certain sections.

10.10.2Diary

In addition to taking part in an interview, all respondents were asked by the interviewers if they would be willing to keep an expenditure diary for seven days following the interview. If willing to accept the diary, they were given a reply-paid envelope in which to return the diaries directly to NOP.

10.11 The achieved sample

As already mentioned, 2054 full-time students were interviewed, with fieldwork finishing at the end of June, as planned. Of these full-time students, 1671 (81%) were recruited face-to-face on site at their HEI. So only 19 per cent were recruited using random selection methods. 748 part-time students had been interviewed by the time the fieldwork terminated at the end of August, and of these 355 (47%) had been recruited face-to-face on site at their HEI.

Table 7 compares the profile of the achieved samples of full-time and part-time students with a representative cross-section of students eligible to take part in the survey (based on data supplied to NOP by DfEE in June 1999 and derived from HESA data for the academic year 1998-99).

The probability with which students were selected in this study was not always known in advance. As discussed above, mid-way through the fieldwork for this project, it became clear that it would not be possible to achieve the target sample for some institutions. We were therefore forced to revert to a non-random method of selection – quota sampling. This makes it important to establish the extent to which the characteristics of our achieved sample resembles the UK student population as a whole. Given that our selection procedure – particularly where part-time students were concerned – was not strictly random, it is necessary to evaluate the representativeness of the sample, and to gauge the degree of confidence we can have in the generalisability of our findings to the student body as a whole.

10.11.1 The representativeness of the achieved sample relative to the student population as a whole

In Tables 7 and 8, the characteristics of the achieved sample are compared with HESA data. Table 7 shows that there are almost thrice as many part-time students in the sample as in the student population as a whole: part-time students are grossly over-represented in the sample. This is a consequence of a strategy of over-sampling part-time students in order to achieve adequate numbers of analysis.

Table 7 SIES2 data (1998-1999) compared with HESA data (1997/98)

	Unweighted	Weighted*	HESA
Full-time	73	88	90
Part-time	27	12	10
Total % (N)	100 2,801)	100 2,691)	100 883,434)

*weighted to adjust for relative proportions of part-time students and full-time students in the student population.

Table 8 shows that the following groups of students are under-represented in the full-time sample: young students; PGCE students; students in Wales. The following groups are under-represented in the part-time sample: young students, especially young men and those in their second year or above; students from Scotland. Certain groups of full-time students are over-represented; these include: mature students, particularly those in year 1; students in London. Some part-time student groups are also over-represented in the sample: PGCE students; women aged over 25; students from Wales and Northern Ireland. Apart from these differences, the sample and the population profiles are broadly similar.

Table 8 The profile of the unweighted sample of full-time and part-time students compared with the UK student population

UNWEIGHTED	Full-time students			Part-time students		
	Achieved sample		Popu- lation*	Achieved sample		Popu- lation*
	Number	%	(%)	Number	%	(%)
PGCE	26	1.3	2.4	16	2.1	1.6
Non-PGCE, <25, year 1	593	28.9	31.1	47	6.3	8.2
Non-PGCE, <25, year 2	452	22.0	26.0	33	4.4	6.2
Non-PGCE, <25, year 3+	460	22.4	27.1	19	2.5	8.1
Non-PGCE, 25+, year 1	194	9.4	3.9	182	24.3	23.4
Non-PGCE, 25+, year 2	146	7.1	4.1	171	22.9	17.9
Non-PGCE, 25+, year 3+	183	8.9	5.5	280	37.4	34.6
Men <25	713	34.7	40.9	53	7.1	13.2
Women <25	798	38.9	43.6	46	6.1	9.3
Men 25+	243	11.8	6.5	212	28.3	28.9
Women 25+	300	14.6	9.0	437	58.4	48.6
England excluding London	1309	63.7	66.4	463	61.9	62.7
London	408	19.9	13.9	133	17.8	21.3
Scotland	215	10.5	11.6	37	4.9	7.5
Wales	74	3.6	6.0	63	8.4	4.0
Northern Ireland	48	2.3	2.1	52	6.8	4.5

*source: HESA 1998/9

10.12 Weighting

The above differences between the national profile and characteristics of the sample were adjusted for using two sets of weights, making them broadly comparable (See chapter 1). The population figure is the target proportion of the population to which the profile of the achieved sample has been weighted within the full-time and part-time sub-samples.

In addition, all the full-time students have had a weight applied to them to correct for the probability of selection, equivalent to the target number of interviews in that sample point divided by the actual number of interviews achieved. It was not felt desirable to apply such a weight to the part-time students given the very wide variation in numbers of interviews achieved at each sample point. In addition, this form of weighting relies on knowing the universe size N , from which the sample size n is drawn. As discussed above, one of the main problems with the part-time sample was establishing a true value for the universe size.

The set weights derived above were calculated as though the part-time and the full-time samples came from two separate populations, and these were applied in all analyses of full-time and part-time students separately. However, in analyses of full-time and part-time students together, another factor has been added to these intra-group weights to adjust the sample for ratio of full-time to part-time numbers in the UK student population (see Table 7 above). After these extra weighting factors have been added, the proportion of full-time students in the sample is almost the same as that of the UK student population.

10.13 The diaries

10.13.1 Response rates

Table 9 shows the response rates for the diary by some key variables. Of all the students who were interviewed, just over two-thirds ($N=1826$) returned a completed diary. Overall response rates were lower for part-time students than for full-time students. However, the response rate for full-time students was lower compared to the 1995/6 SIES study when 83 per cent of students returned a completed diary. This lower response rate may be symptomatic of students' overall interest in the subject area – a major issue for the study as a whole. It also raises issues about the adequacy of the £10 postal order given to students on returning a completed diary. It may have been an inadequate financial incentive to take part. Students in the 1995/6 study were also given a £10 postal order. So the value of this postal order has fallen in real terms when compared to its value in 1995/6. In other, words, in a future study, careful consideration will need to be given to how much can be given to students for returning the diary.

The lower response rate among part-time students also may be associated with the £10 incentive. Most part-time students were employed, so they would have been even less likely to complete the diary for financial reasons in comparison with full-time student. The difference might also be because the majority of part-time students were in full-time jobs and had stronger family commitments, and so would have had less time to monitor and report on their daily spending.

Given that students had been interviewed, the likelihood that they would go on and complete the expenditure diary was much less for students at London institutions of HE. Overall, only half of London students completed the questionnaire. This compares with almost seven in every ten students based elsewhere in the UK. This difference was especially great for part-time students, with only four in ten part-time students attending a London university or college completing the questionnaire, compared with six in every ten students attending educational institutions outside of London. Poorer response rates in London are routinely reported in national surveys. National surveys of students appear to be no exception to this general pattern.

Response rates also varied by family circumstances, but it was the presence of dependent children rather than marital status, which was the key factor. Full-time students with children were much less likely to complete the diary than those without children. This again reflects the pressures and commitments that might have reduced the motivation and time available for completing the daily expenditure diary. Full-time students who did not have a responsibility for dependent children were 15 per cent more likely to respond than those who did have such commitments.

The presence of children only affects the response rate of full-time students; part-time students without children are marginally less likely to have completed the diary than those with children. This pattern remains the same even where age group and sex are adjusted for.

The variation of the response rate by age group is also different for part-time and full-time students. Younger full-time students were more likely than older students to respond, but the reverse is the case for part-time students. Finally, both full-time and part-time men were less likely than women to complete the diaries.

Table 9 The response rates for full-time, part-time and all students by key characteristics (unweighted)

Characteristic	Full-time		Part-time		All Students	
	%*	Base N	%*	Base N	%*	Base N
Full-time	-	-	-	-	69	2,054
Part-time	-	-	-	-	56	747
London	56	408	41	134	52	542
Non-London	72	1,646	59	613	68	2,259
Single, no children	70	1,773	52	298	67	2,071
Couple, no children	71	117	57	191	62	308
Single, children	54	71	60	40	56	111
Couple, children	55	93	59	218	58	311
No dependent children	70	1,890	54	489	67	2,379
Dependent children	54	164	59	258	57	422
Age <25	72	1,544	49	124	70	1,668
Age 25 or over	59	507	57	623	58	1,130
Male	64	956	50	265	61	1,221
Female	73	1,098	59	482	68	1,580
All	69	2,054	56	747	65	2,801

*Percentage of students who returned the questionnaire for all those in each category.

Next we compare diary respondents with diary non-respondents. Respondents and non-respondents are alike in terms of their class composition and family circumstances. However, as is implicit in the response rates quoted above, diary respondents are under-represented in the following categories: part-time students; students attending London educational institutions; mature students; male students.

Table 10 The characteristics of diary respondents compared with non-respondents.

Unweighted

Column percentages

	RETURNED DIARY	DID NOT RETURN DIARY	ALL
Characteristic	%	%	%
Full-time	77	66	73
Part-time	23	34	27
Classes I&II	54	52	54
Classes IIIN & IIIM	36	38	37
Classes IV & V	10	9	9
London	16	27	19
Outside-London	84	73	81
Single, no children	76	70	74
Couple, no children	10	12	11
Single, children	3	5	4
Couple, children	10	14	11
Age <25	64	51	60
Age 25 or over	36	49	40
Male	41	49	44
Female	59	51	56
Total %	100	100	100
N	1828	973	2801

10.13.2 Missing diary data

Over one third of students overall did not complete the expenditure diary, but were interviewed and so completed the main questionnaire. In order not to lose those cases altogether from our analysis, it was necessary to impute some of the missing diary data, just as we did in the 1995/6 SIES study.

A simple method of imputation was used. It was applied to expenditure on entertainment and food because no data were collected on these via the main questionnaire and they were essential areas of expenditure.²⁹⁰ The most important potential determinants of food

²⁹⁰ Originally, the questionnaire included all the items covered in the diary, in anticipation of this problem of missing data. Furthermore, the researchers wanted to test out and compare data on students' estimates of

and entertainment expenditure were identified calling upon evidence from the 1995/6 SIES study. We chose a limited number of key variables to stratify the full-time and part-time sample using the following variables: part-time/full-time; marital status; presence of dependent children; living circumstances; high and low income. Averages for entertainment and food expenditure were calculated for each of the resulting subgroups, and students with matching characteristics but who had not completed the diary, were assigned the mean expenditure values for the sub-group they belonged to.

The effect of this, as the Table 11 shows, is to reduce the variation in expenditure on entertainment and food, but it increases the number of cases available for analysis. It was assumed that the reduction in variability has been compensated for by the potential loss of data that would have resulted without the implementation of even a rudimentary imputation procedure. Furthermore, the average expenditure in these two categories is not significantly affected by the imputation procedure; post-imputation, the average amounts spent on food and entertainment are only marginally greater than before the imputation procedure was carried out.

Table 11 The effect of the imputation on expenditure levels

	Mean	Median	s.d	N
Pre-imputation				
Diary entertainment expenditure	£954	£729	£922	1828*
Diary food expenditure	£1223	£1093	£801	1828*
Post imputation				
Diary entertainment expenditure	£942	£729	£873	2801
Diary food expenditure	£1210	£1093	£758	2801

*All students who completed the expenditure diary - unweighted

10.13.3 Integration of diary data with rest of data

The diary data were integrated with the data from the main interview in the following way:

1. The daily amounts recorded in the diaries were grouped into expenditure categories (i.e. food, entertainment, etc.);
2. Diary expenditure categories that overlapped with the main questionnaire were excluded or adjusted for (i.e. music, travel expenses);
3. The resulting daily amounts were then summed over the entire week to get a weekly amount for each subcategory;

expenditure given during the interviews with those they recorded in the diary. We wanted to assess the effects of dropping the diary in any future studies for a variety of methodological and practical reasons. Unfortunately, at the DfEE's request we dropped these questions due to the lack of space in the questionnaire.

4. The weekly amounts were then multiplied by the number of weeks in the academic year by doing this we have been forced to make the assumption that the expenditure in the week that the diary data was recorded was typical for the entire academic year. There is no way of knowing whether this was actually the case.
5. The weekly amounts were then assigned to higher-level categories such as “living costs”. This sometimes involved merging total amounts from the diary with amounts recorded in the main questionnaire (e.g. the components of “living cost” are taken from the diary and main questionnaire even though the questions covered different time periods).

10.14 Extreme values

Extreme values were defined as plus or minus three times the mean for each particular underived quantitative variable, each corresponding with a questionnaire item. For all quantitative variables, extreme values were identified and set to the value of this upper threshold. This procedure was carried out at the initial stage of analysis on the most basic components of income, expenditure and debt in their underived form. For most variables this only affected a small number of cases whose values were outside of the normal range. Upper limits built into many questions which asked students to quote an amount and where some maximum amount could be predicted or was known in advance (i.e. maximum grant available) – for all such variables, then, there was an in-built upper threshold which students could not exceed. All of our quantitative variables were derived from these initial variables. Higher-level or derived quantitative variables were not capped because this would have disrupted the coherence of the totals. In other words, although we initially set extreme values to a fixed upper limit, or they were automatically set at the point of data-collection some outlying values (i.e. multivariate outliers) may have remained, but we have kept these in and assumed them to represent true values. For this reason we quote the medians as well as the means in all of the tables displayed - when compared with each other this indicates the shape of each distribution

10.15 Missing and unreliable date data

Missing dates and unreliable time-period data were dealt with differently from other quantitative variables. Date data were collected in order to establish the length of each term and vacation. In addition the length of the academic year was calculated by converting the start date of the first academic term and end date of the last academic term into a pair of numbers and subtracting the one from the other. This yielded the number of days in the academic year, which was then converted to weeks. A similar process was carried out for each pair of term/vacation start and end dates.

The accuracy of these crucial duration variables required that the student correctly specify the start and end date of each segment of the academic year, including vacations. The accuracy of this information also depended on reliable data-entry on the part of the interviewer.

Erroneous and unreliable date data caused considerable problems. First, date data (terms and vacations start and end dates) were missing for a small minority of cases. Second, in some cases the start or end date given were inconsistent with other the dates recorded – for instance, the end date of a term was sometimes found to be earlier than the start date of that same term, making calculation of the term’s duration impossible. This is most likely to have been caused by errors in the data-collection process. For instance, in some cases, interviewers appeared to have entered the wrong year or month for either the beginning date or end date of a term or vacation – the start date might have been confused with the end date, and vice versa. The incorrect recording of the year or month therefore were major sources of error. In many cases the problem could be corrected, and the correct dates deduced. Where there were no clues as to what the correct dates should be, such errors could not be corrected. Thus, if a pair of start and end dates remained incoherent after this correction procedure had been applied, then they were set to missing.

Third, once incoherent pairs of dates had been identified and temporarily set to missing, the durations (in weeks) of each term and vacation were calculated. This led to another problem: that of extremely large or extremely small time periods; i.e. where date pairs were very close together or very far apart, incoherent time periods resulted. To resolve this problem, a set of rules were applied for each time period (each period marked out by a pair of dates) to identify those which did not make sense (e.g. a Christmas vacation of more than eight weeks, or a term length of less than five weeks). Those time periods that did not make sense were set to missing. The same process was applied to the length of academic year – very high or very low time periods were set to missing according to a consistent set of rules (e.g. only an academic year of less than 13 months and more than six months in duration was acceptable).

So, to re-cap: missing and erroneous date data were identified; time periods (vacation/term lengths) were calculated using the remaining data; then incoherent time periods were identified, and set to missing, so as not to lose these cases in the analysis.

To give some idea of the scale of the problem, it was found that 10 per cent of all length of academic year data was either missing or erroneous. Because it was not the dates, but the time periods marked out by the dates that were of importance in the subsequent analyses, it was these periods that were imputed. The date data were stratified according to type of course (PGCE, Undergraduate Degree, etc) and by university attended. Average time periods for term and vacation lengths, and for the length of the academic year, were calculated for each of the resulting sub-groups. Where the time periods were either missing or erroneous for a particular student, they were then replaced by the average, depending on the sub-group to which the student belonged. Students with incoherent time-period data, then, were assigned the average time periods for students at the same university and with the same course type.

10.16 Bias introduced by reversion to non-random sampling procedure

The analysis of representativeness and use of weights increases the degree of confidence in the generalisability of the sample to the population. As discussed above it is not possible to estimate the degree of bias introduced by the eventual non/semi-random nature of the sampling procedure.

It is conventional in large-scale sample surveys to calculate true sampling errors by means of replicate pairs. By dividing the sampling points into a series of random halves, and comparing distributions across these replicate pairs, the process enables actual design effects to be calculated, thus demonstrating the extent to which the use of a clustered sample (in this case clustered by institute) has worsened the survey's reliability compared with a sample random sample. By using these as a multiplier for the sampling errors that would have resulted from using a pure random sample, bootstrapping enables errors to be calculated for the sampling designs actually used in surveys, which are rarely purely random.

However, this would merely provide figures for sampling errors assuming the survey were conducted using a probability sample. As explained in above, the errors in the survey are far more likely to stem from the use of quota sampling than from cluster effects, and presentation of sampling errors in this way could give a spurious impression of precision.

10.17 Differences in the definitions of income, expenditure and debt used in the 1995/6 SIES survey and the 1998/9 SIES survey

When comparing changes in student finances over time we have attempted to use the same methods for calculating student income, expenditure, and debt as those employed in the 1995/6 SIES survey. Thus we have tried to use similar definitions categories, and components of income, expenditure, and debt. In the report, we refer to this as the '1995/6 definitions'.

Replicating exactly, the 1995/6 definitions has not been a straight forward process. Although we had access to the SPSS definition file used in the 1995/6 SIES study, there was no documentation or commentary on the rationale behind the definitions being used.

Due to concerns about the way in which elements of income, expenditure, and debt were calculated in the 1995/6 SIES study, we have employed new ways of estimating these when focusing on the 1998/9 cross-sectional data.

As a result, two sets of definitions of income, expenditure and debt are used in this report. One set is used when comparing changes over time (1995/6 definition), and another is used when exploring the position of students in 1998/9 only (1998/9 definition). The major differences between these two sets of definitions are outlined below.

10.17.1 Definition of age groups

Young and mature students

In the 1995/6 SIES study, the divide was between students under the age of 26 and those aged 26 and over at the start of their course. In the 1998/9 study the age break was: students under the age of 25, and those aged 25 and over at the time of the interview. This change was made to make comparisons with other national data on students easier.

10.17.2 Income

In the 1995/6 SIES study, student income was divided into two main categories: *student support* consisting of grants, parental contribution, student loans, Access/Hardship funds, and share of spouse's income; and *other income* which included earnings from employment, gifts, commercial loans, informal loans, social security benefits, sponsorship/charitable trusts, and money withdrawn from savings.

In the 1998/9 study, in keeping with the Family Expenditure Survey's definition of income, borrowings from commercial loans, informal loans were excluded from total student income along with money withdrawn from savings. All the other component parts of income used in the 1995/6 study were included in the 1998/9 definition of income. However, the presentation of these data is slightly different. For instance, money from parents, share of spouse's income, and gifts have been discussed under the heading of money from the family. It is still possible, however, to identify each of these three sources of money within the heading of the family.

In the 1998/9 study, income generated from the sale of books, course-related equipment, and household goods over £50 has been included in total student income. By contrast, in the 1995/6 study the income students' gained from these sales was subtracted from students' expenditure on these items.

10.17.3 Expenditure

In the 1995/6 SIES study, expenditure was divided into two broad categories: *essential expenditure* consisting of accommodation; food, bills, household goods; course expenditure; essential travel; and children and *other expenditure or non-essential expenditure* which included entertainment, non-essential travel, other, and credit repayments.

In the 1998/9 study, we abandoned this broad division of expenditure because it was not found to be particularly useful. We have attempted to make our categories of expenditure more transparent than was the case in the 1995/6 study.

In the 1998/9 study, in keeping with the FES's definition of expenditure, credit repayments, regular investments and other savings were excluded from total student expenditure. Also some new components of expenditure were added to the 1998/9 definition of expenditure. These were other miscellaneous expenditure and non-course related spending on travel: items of expenditure recorded in the diary of expenditure were excluded from the 1995/6 expenditure calculations.

All the other component parts of expenditure used in the 1995/6 study were included in the 1998/9 definition of expenditure. However, the presentation of these data is slightly different. For instance, in 1998/9 we have adopted the term living costs which consists of expenditure on food, household goods, personal expenditure, entertainment, travel and other general expenditure.

In both the 1995/6 and 1998/9 SIES surveys, the expenditure for married/cohabiting students was calculated as half household expenditure. However, what was deemed to be a couple's household expenditure varied slightly in the two studies, and thus in the assessment of their expenditure levels. In the 1995/6 study, household expenditure included accommodation, food, bills, household goods and spending on alcohol and cigarettes. In the 1998/9 study, we excluded from our definition of household expenditure: meals eaten at university, alcohol consumed outside of the home, and cigarettes, consequently expenditure on these items was not divided in half for married/cohabiting students. However, unlike in 1995/6, we included in household spending the costs of maintaining a car and holidays, and so this expenditure was divided in half in the 1998/9 definition of expenditure.

In the 1998/9 study, credit repayments on commercial loans, the outstanding balances on credit cards and hire purchase agreements, and debts arising from arrears were considered part of the household's overall finances. Consequently, for married/cohabiting students the value of these financial commitments was divided in half. This was not done in the 1995/6 study.

11 APPENDIX 2 – ADDITIONAL TABLES

Table A1 Models for taking out a student loan at any time during the current course
excluding causally ambiguous predictors)

	Model 4A estimate	Model estimate
Constant	* 1.81	1.8
<i>Gender:</i>		
Female	1.00	1.0
Male	.99	1.0
<i>Ethnic identification:</i>		
White	**** 1.00	*** 1.0
Black Caribbean, Black African, Black other	.95	1.0
Asian (Indian, Pakistani, Bangladeshi, Chinese)	**** .38	**** .4
Other	* .42	.5
<i>Course length and year of study:</i>		
first-year of a 3 year course	**** 1.00	**** 1.0
second year of a 3 year course	1.07	1.0
third year of a 3 year course	.83	1.0
1 year course	**** .19	**** .1
first-year of a 2 year course	.64	.6
second year of a 2 year course	** .45	** .4
first-year of a 4+ year course	1.30	1.2
second year of a 4+ year course	.71	* .6
third year of a 4+ year course	** .48	* .5
4 th or higher year of a 4+ year course	.82	1.1
<i>Family type:</i>		
Single no children	1.00	1.0
Partner but no children	1.04	1.0
Single with child(ren)	** 8.39	** 6.9
Partner with children	.99	.8
<i>Location of HE institution:</i>		
UK excluding Greater London	1.00	1.0
Greater London	* .76	.7
<i>Age of student:</i>		
up to 18	*** 1.00	
19	1.44	
20	1.14	
21	** 1.98	
22 - 24	*** 2.22	
25 - 29	** 2.14	
30 - 34	1.80	
35 and over	1.17	
<i>Value of maintenance grant for 1998/9 (inc. allowances):</i>		
£0 (30% of sample)	**** 1.00	
£1 - £520 (4 th decile)	* 1.40	
£521 - £810 (5 th decile)	*** 1.71	
£811 - £1110 (6 th decile)	*** 1.83	
£1111 - £1595 (7 th decile)	**** 2.42	
£1596 - £1809 (8 th decile)	**** 2.20	
£1810 - £2190 (9 th decile)	**** 2.29	
£2191 or more (10 th decile)	** 1.81	
<i>Age of student combined with value of maintenance grant:</i>		
Age up to 19; no grant		**** 1.0
Age up to 19; £1 - £1110 (deciles 4 - 6)		1.4
Age up to 19; £1111 or more (deciles 7 - 10)		2.6
Age 20 - 24; no grant		1.4
Age 20 - 24; £1 - £1110 (deciles 4 - 6)		** 2.2
Age 20 - 24; £1111 or more (deciles 7 - 10)		**** 3.0
Age 25+; no grant		.7
Age 25+; £1 - £1110 (deciles 4 - 6)		*** 3.9
Age 25+; £1111 or more (deciles 7 - 10)		**** 4.0
<i>N (unweighted)</i>	2,034	2,037
<i>Residual df</i>	2,003	2,012

Significance levels: * 10%, ** 5%, *** 1%, **** 0.1%

Table A2 Model for taking out a student loan in the academic year 1998/9, including causally ambiguous predictors, and showing the stages in which the model was built up

	Model 1 estimate	Model 3A estimate	Model 3B estimate	Model 3C estimate	Model 3D estimate	Model 3 estimate
Constant	*** 1.84	*** 2.14	*** 2.08	1.32	.66	.70
<i>Gender:</i>						
Female	1.00	1.00	1.00	1.00	1.00	1.00
Male	1.03	1.03	1.03	.97	.96	.96
<i>Ethnic identification:</i>						
White	**** 1.00	**** 1.00	**** 1.00	**** 1.00	**** 1.00	*** 1.00
Black Caribbean, Black African, Black other	.66	.67	.63	.59	.62	.81
Asian (Indian, Pakistani, Bangladeshi, Chinese)	**** .35	**** .39	**** .38	**** .43	**** .43	**** .41
Other	** .34	** .34	** .34	** .38	** .37	** .33
<i>Course length and year of study:</i>						
first-year of a 3 year course	**** 1.00	*** 1.00	*** 1.00	*** 1.00	*** 1.00	**** 1.00
second year of a 3 year course	.75	* .72	* .71	** .64	*** .64	** .64
third year of a 3 year course	.73	* .68	* .67	** .59	** .61	** .59
1 year course	**** .24	**** .27	**** .28	**** .28	**** .27	**** .25
first-year of a 2 year course	.67	.71	.72	.72	.75	1.02
second year of a 2 year course	*** .38	** .44	** .46	** .38	** .41	** .39
first-year of a 4+ year course	1.29	1.29	1.29	1.43	* 1.50	** 1.67
second year of a 4+ year course	** .63	** .62	** .61	** .61	* .65	* .65
third year of a 4+ year course	** .52	** .50	** .50	.66	.69	.68
4 th or higher year of a 4+ year course	** .60	** .57	** .57	** .49	** .50	** .47
<i>Family type:</i>						
Single no children	1.00	* 1.00	* 1.00	1.00	1.00	1.00
Partner no children	.91	1.18	1.16	1.06	1.17	1.38
Single with child(ren)	** 5.31	*** 7.31	*** 7.35	** 5.15	** 5.14	** 5.87
Partner and child(ren)	.92	1.38	1.23	1.11	1.14	1.33

Table A2 (continued)

	Model 1 estimate	Model 3A estimate	Model 3B estimate	Model 3C estimate	Model 3D estimate	Model 3 estimate
<i>Location of HE institution:</i>						
UK excluding Greater London	1.00	1.00	1.00	1.00	1.00	1.00
Greater London	.79	.82	.86	.92	.88	.96
<i>Age of student:</i>						
up to 18	* 1.00	** 1.00	* 1.00	1.00	1.00	1.00
19	** 1.54	* 1.55	** 1.61	* 1.53	* 1.54	* 1.61
20	1.12	1.12	1.19	.95	.95	.93
21	* 1.59	* 1.68	** 1.76	1.19	1.12	1.13
22 - 24	** 1.80	** 1.94	*** 2.06	1.33	1.28	1.37
25 - 29	* 1.77	** 2.10	** 2.27	1.60	1.55	1.63
30 - 34	1.71	1.97	* 2.16	2.02	1.75	1.83
35 and over	1.09	1.22	1.33	1.36	1.22	1.29
<i>Value of maintenance grant for 1998/9 (inc. allowances):</i>						
£0 (30% of sample)	**** 1.00	**** 1.00	*** 1.00	*** 1.00	** 1.00	* 1.00
£1 - £520 (4 th decile)	1.26	1.35	1.31	1.26	1.25	1.20
£521 - £810 (5 th decile)	*** 1.76	**** 1.89	*** 1.77	*** 1.78	** 1.66	** 1.70
£811 - £1110 (6 th decile)	*** 1.90	*** 1.88	** 1.70	** 1.72	** 1.68	** 1.79
£1111 - £1595 (7 th decile)	**** 1.93	**** 2.04	*** 1.85	*** 1.77	*** 1.76	** 1.60
£1596 - £1809 (8 th decile)	**** 2.17	**** 2.12	**** 1.93	*** 1.80	** 1.70	** 1.71
£1810 - £2190 (9 th decile)	**** 2.08	**** 1.92	*** 1.75	** 1.59	** 1.57	** 1.66
£2191 or more (10 th decile)	**** 2.09	**** 1.98	*** 1.85	** 1.69	* 1.53	* 1.54
<i>Living arrangement:</i>						
Lives independently		**** 1.00	**** 1.00	**** 1.00	**** 1.00	**** 1.00
Lives with parent(s)		**** .49	**** .47	**** .55	**** .61	*** .60
Lives with spouse/child(ren)		** .48	** .48	* .53	** .48	** .42
Other arrangement		*** .32	*** .32	** .36	** .34	** .36

Table A2 (continued)

	Model 1 estimate	Model 3A estimate	Model 3B estimate	Model 3C estimate	Model 3D estimate	Model 3 estimate
<i>Parental contributions 1998/9:</i>						
£0 (40% of sample)			** 1.00	** 1.00	** 1.00	* 1.00
£1 - £300 (5 th decile)			1.11	1.03	.97	1.01
£301 - £677 (6 th decile)			1.31	* 1.44	1.44	* 1.50
£678 - £1119 (7 th decile)			** 1.69	** 1.69	** 1.67	** 1.66
£1120 - £1800 (8 th decile)			1.05	1.22	1.19	1.12
£1801 - £2700 (9 th decile)			.88	.90	.88	.90
£2701 or more (10 th decile)			* .70	.81	.76	.78
<i>Commercial credit 1998/9:</i>						
£0				**** 1.00	**** 1.00	**** 1.00
Under £250				** 1.49	** 1.42	1.34
£251 - £500				**** 2.07	**** 1.86	*** 1.83
Over £500				**** 5.21	**** 4.82	**** 4.56
<i>Term-time employment:</i>						
No paid work during term-time					1.00	1.00
Paid work during term-time					.94	.99
<i>Total expenditure 1998/9:</i>						
under £3164 (1 st decile)					**** 1.00	**** 1.00
£3164 - £3883 (2 nd decile)					**** 2.47	**** 2.63
£3884 - £4399 (3 rd decile)					** 1.57	*** 1.85
£4400 - £4958 (4 th decile)					**** 2.87	**** 2.87
£4959 - £5460 (5 th decile)					**** 3.59	**** 3.50
£5461 - £6108 (6 th decile)					**** 2.44	**** 2.93
£6109 - £6820 (7 th decile)					**** 2.49	**** 2.56
£6821 - £7847 (8 th decile)					**** 2.82	**** 3.14
£7848 - £9657 (9 th decile)					**** 2.51	**** 2.89
£9658 or more (10 th decile)					**** 2.77	**** 3.00
<i>Parent's social class:</i>						
Class I						1.00
Class II						.87
Class III _n						.73
Class III _m						.72
Class IV						.83
Class V						.52
<i>N (unweighted)</i>	2034	2034	2034	2034	2032	1838
<i>Residual df</i>	2003	2000	1994	1991	1979	1779

Significance levels: * 10%, ** 5%, *** 1%, **** 0.1%

Table A3: Correlations between explanatory variables in Model 3E

	male	non-white	year of study	lives with others	London	age	grant	Parent contrib	commer'l loan	has a paid job	total spending	social class
male	1	0.022	-0.009	-0.046	-0.034	-0.066	-0.02	0.007	0.05	0.054	-0.005	-0.05
non-white		1	-0.036	0.082	-0.352	-0.014	0.02	-0.073	-0.053	0.067	0.025	0.038
year of study			1	-0.073	0.034	0.129	0.149	0.064	0.142	0.077	-0.026	0.008
lives with others				1	-0.058	0.205	0.012	-0.249	-0.03	-0.071	0.125	0.108
London					1	-0.022	-0.05	0.026	0.032	-0.006	-0.024	-0.028
age						1	0.334	-0.239	0.114	0.102	-0.07	0.135
size of grant							1	-0.35	0.112	0.052	-0.08	0.244
parental contribution								1	-0.069	0.109	-0.015	-0.255
commercial loan									1	-0.03	-0.092	0.022
has a job										1	0.064	-0.011
total spending											1	-0.017
social class												1

This table reports on the Pearson correlation coefficient between variables used in regression model 3. It uses continuous versions of: age, grant, parental contribution, commercial loan, and total expenditure. Some variables were simplified to zero/one: variable 'non-white' contrasts white with black/Asian/other. The number 1 in some cells indicates that each variable is perfectly correlated with itself. There is no consensus about the level of collinearity which represents a problem, as some argue that we should consider sample size when assessing if collinearity is a problem. However, some writers suggest a correlation above +0.8 or under -0.8 indicates collinearity; using this viewpoint, then collinearity is not a problem in regression 3.

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