

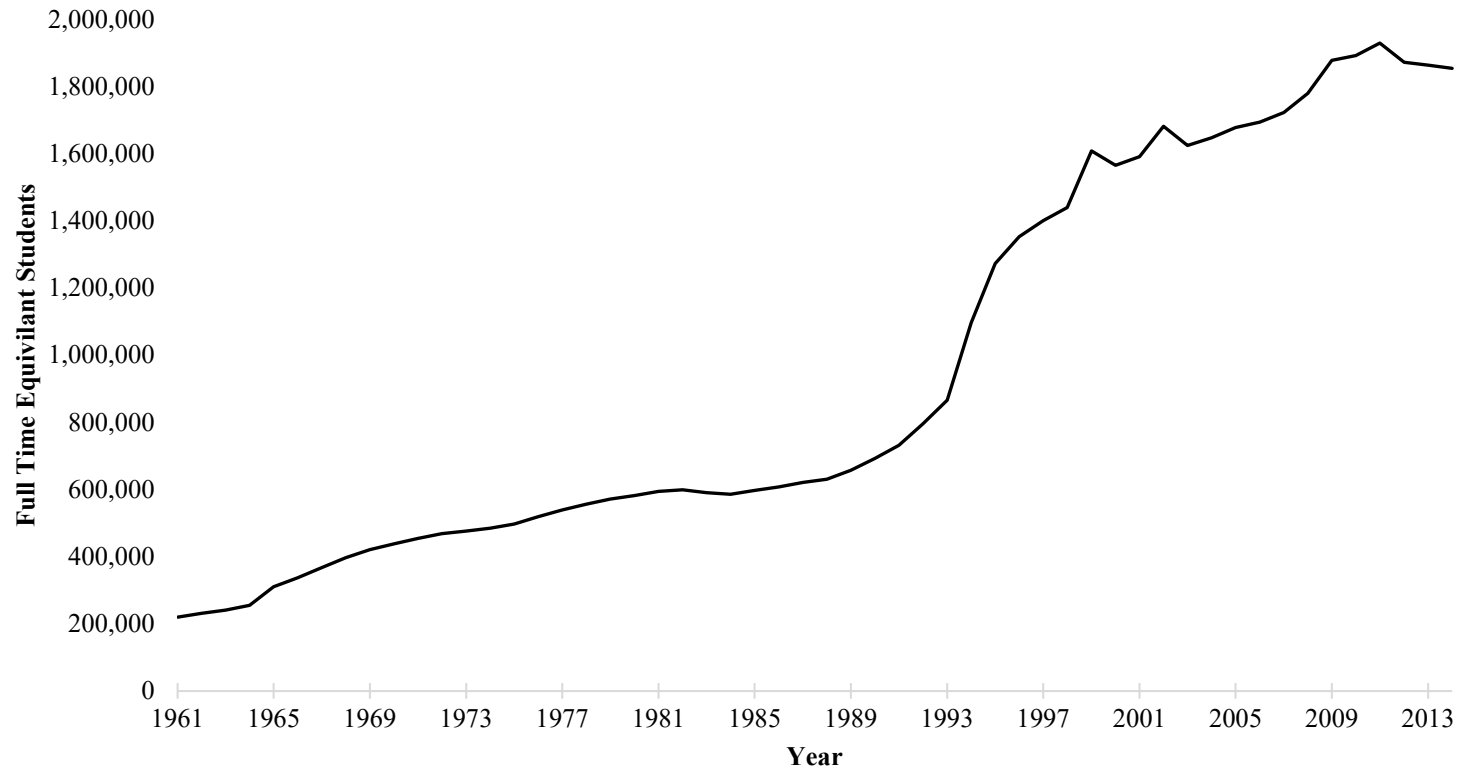
The impact of post Dearing student finance reform on students

Anna Vignoles and Gill Wyness

Did the introduction of fees lead to a decline in student enrolment?

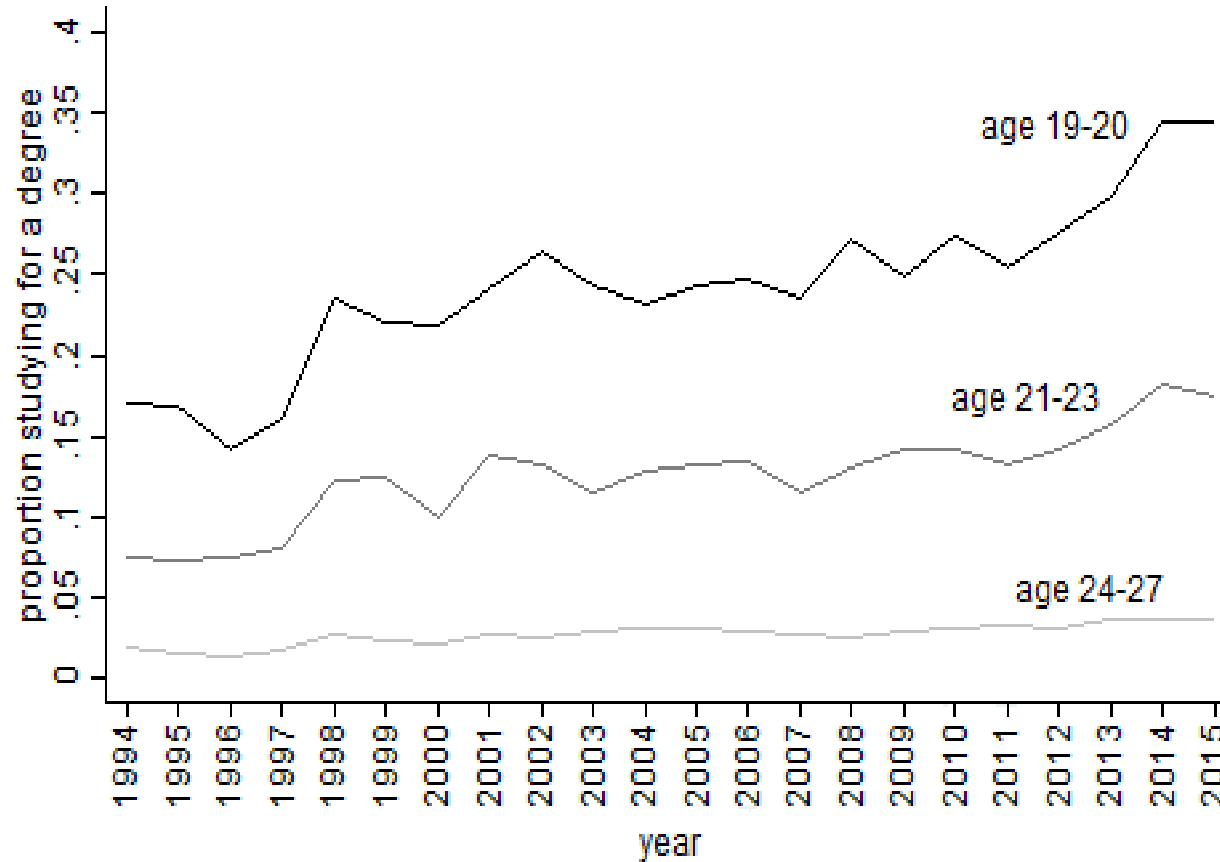
- No decline in young full-time participation
- No decline even in older full-time participation
- BUT large decline in part-time participation
- Part-time participation was declining pre-Dearing
 - concerning long term trend (Callender 2014; Callender and Thomson, 2018)

No decline in overall enrolments



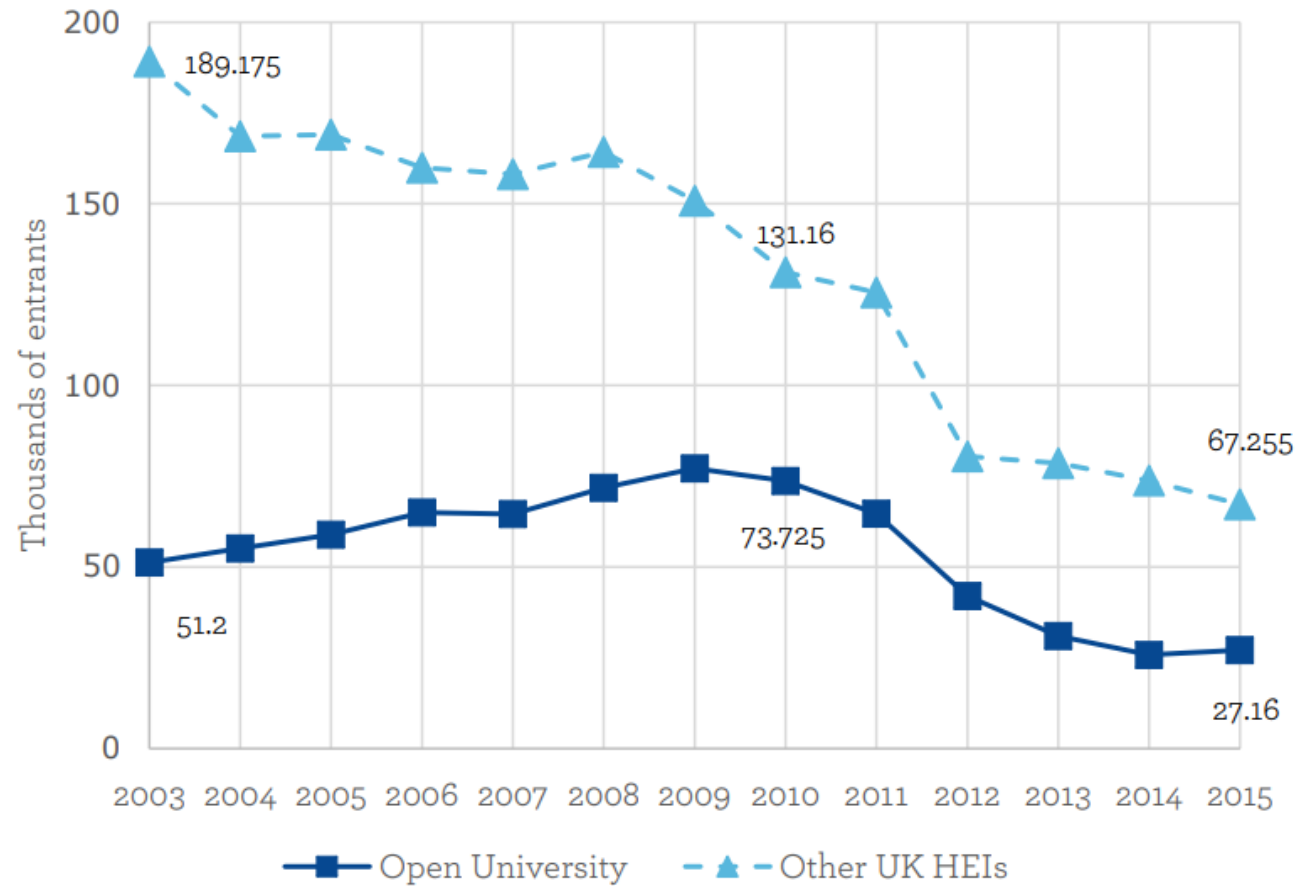
Notes: Wyness' calculations using HESA. Source: HESA (2002-2015)

Or older students (studying full-time degrees)



But significant decline in part-timers

Figure 1: Part-time undergraduate entrants domiciled in England to UK universities (2003 to 2015)*

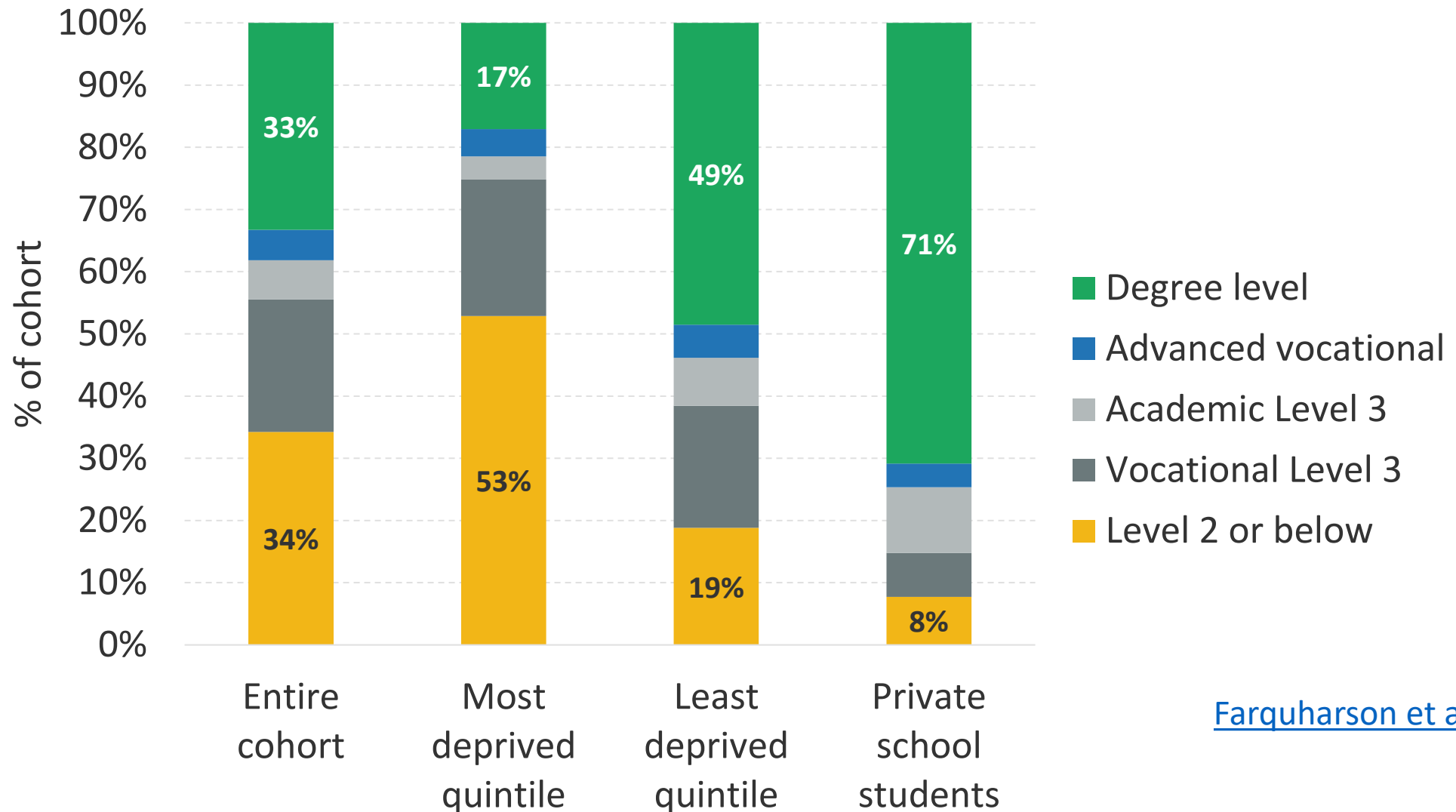


Have we narrowed the socio-economic gap in university participation?

- The socio-economic gap in HE participation remains large
- Slight *increase* in participation of poor students post fees depending on what measure you use
- Narrowing in socio-economic gap on most measures

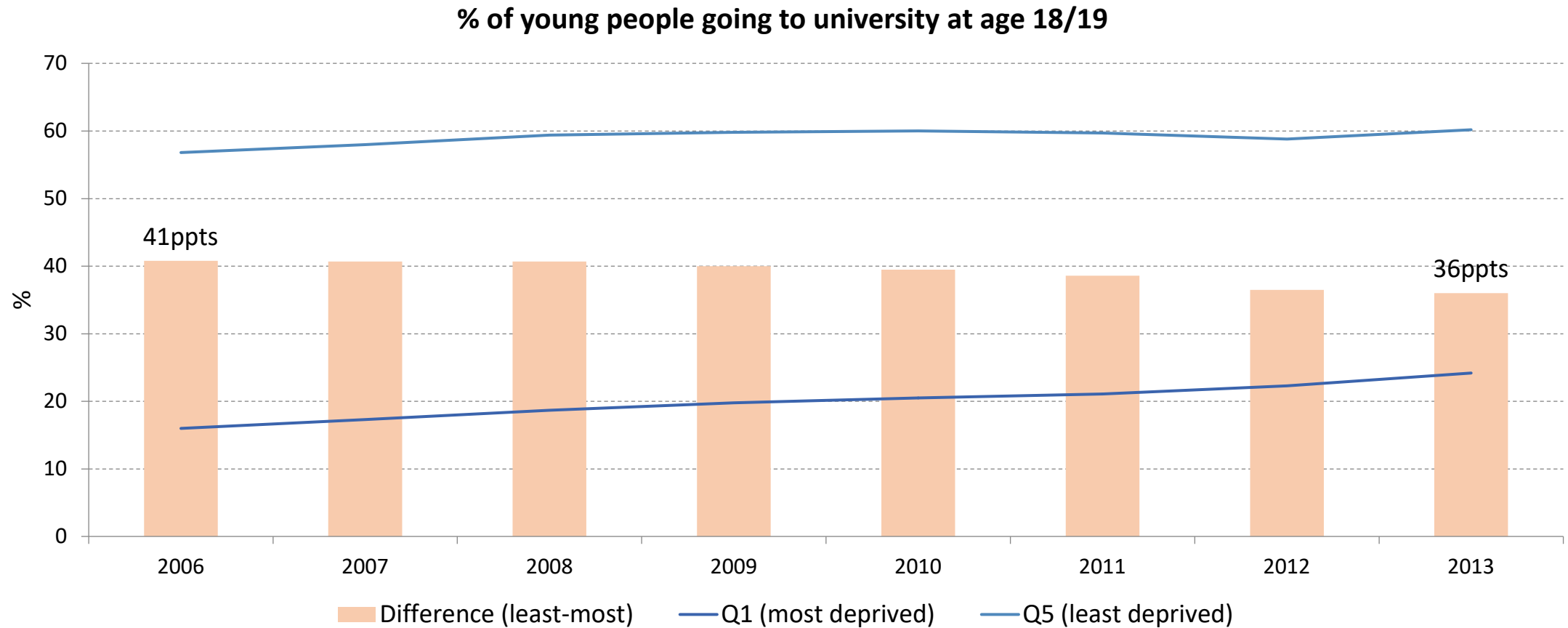
Outcomes remain unequal

Highest qualifications by age 26



[Farquharson et al. 2022](#)

Socio-economic gap in HE participation over time declined if anything post fees

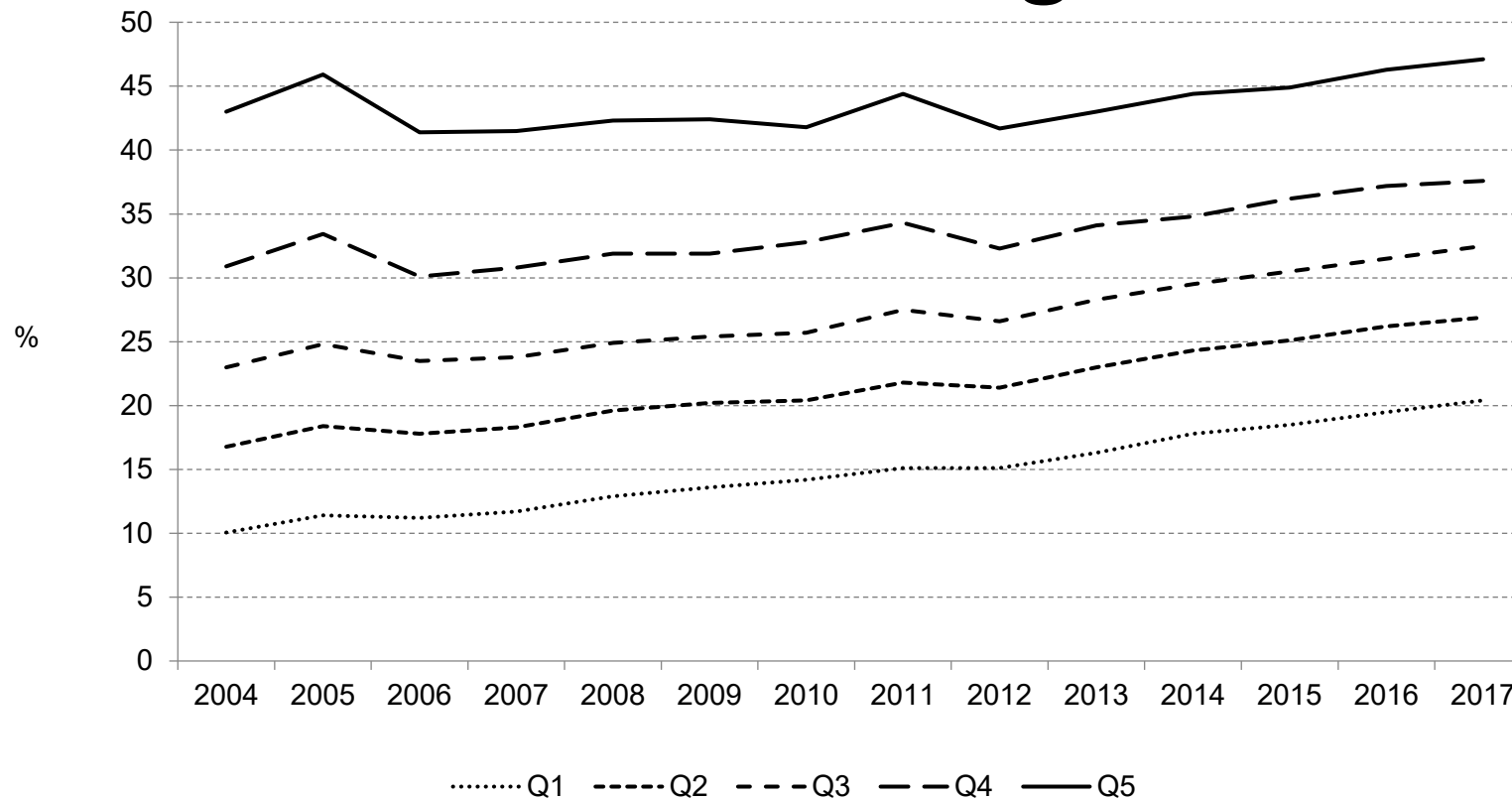


Source: Figure 4.3 of Crawford et al. (2017)

The SES gaps further narrowed
up until 2017

Using slightly different measure...

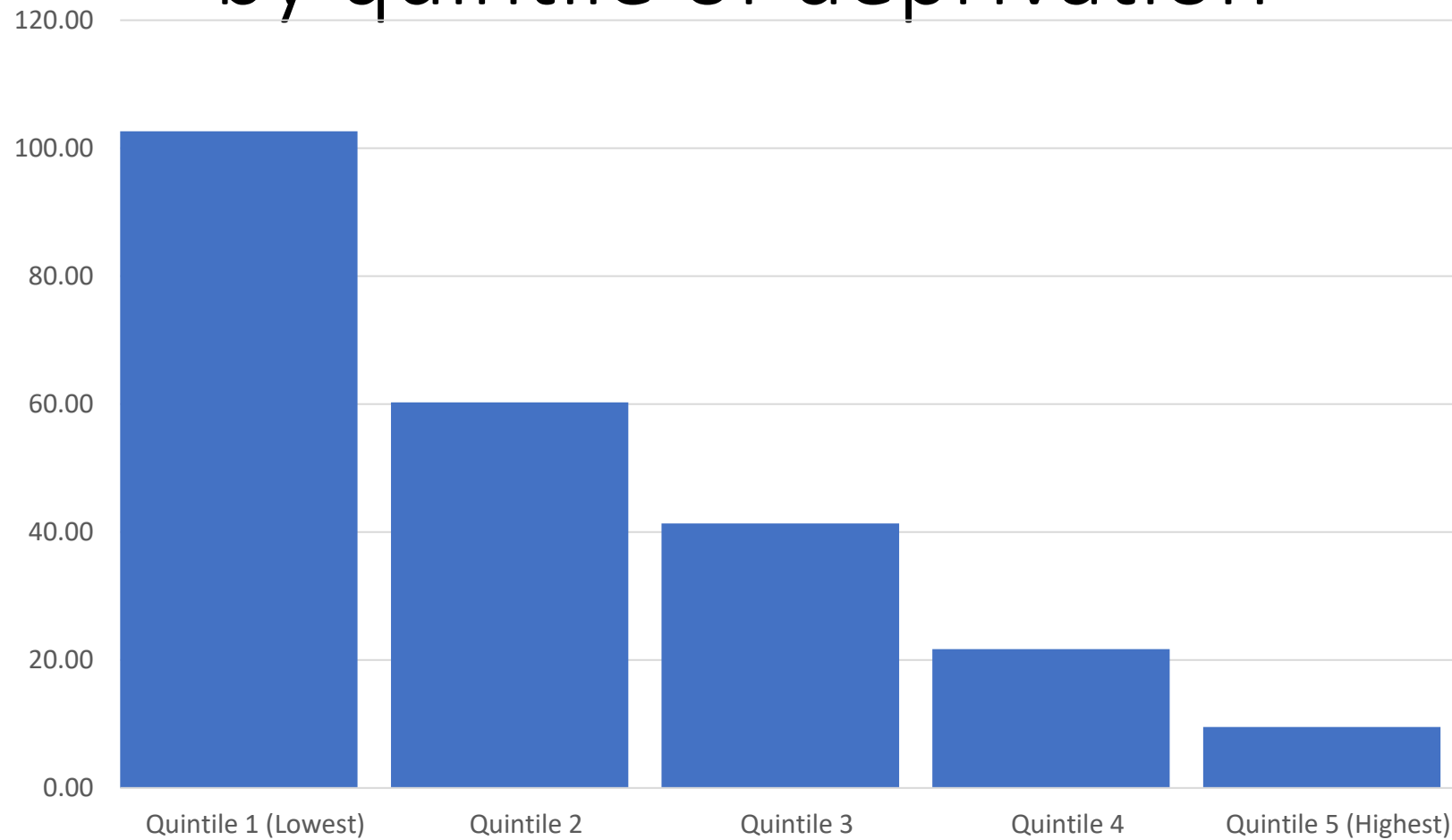
HE participation for young people by quintiles of advantage



Source: UCAS End of Cycle Report 2017, Figure 5.7 (2006 onwards) and 2013 Report Figure 56 (2004-5, adjusted by ratio of 2006 figures in 2017 report to those in 2016 report).

Note: Q1 is the most disadvantaged group, Q5 is the least disadvantaged.

% Growth in participation from 2004 to 2017 by quintile of deprivation



Why did fees did not widen the SES gap?

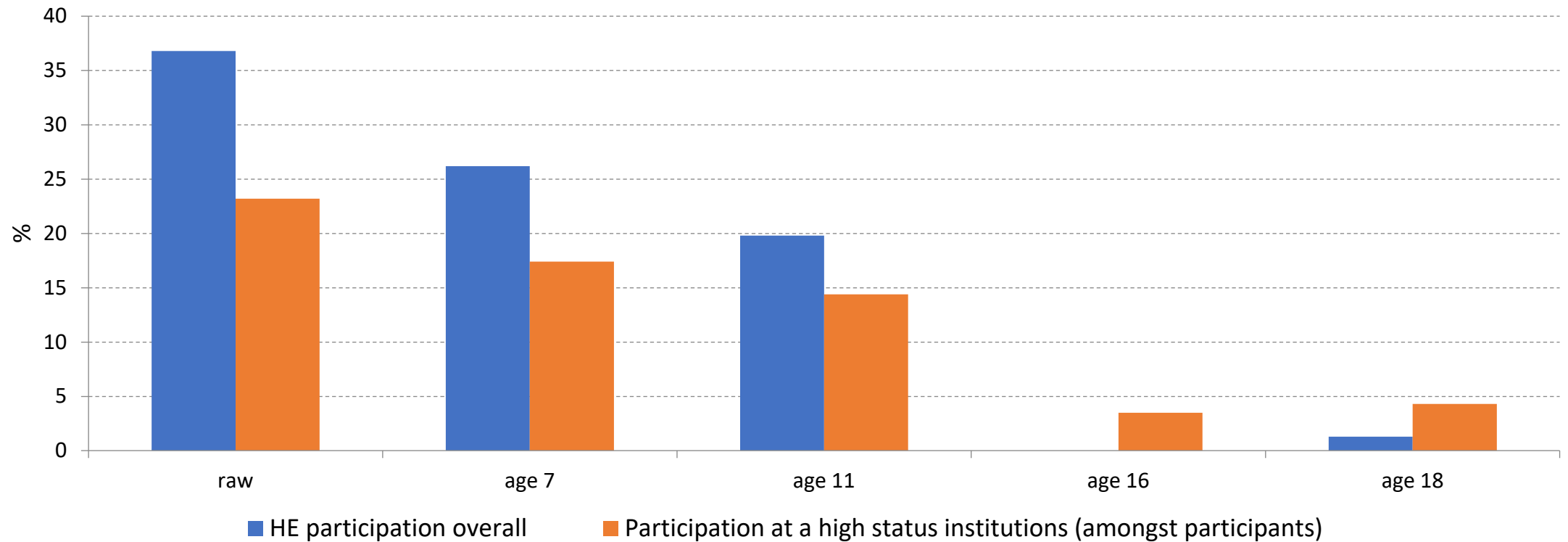
- Students
 - No upfront costs for students from low-income families
 - Increase in funds available to students to live on (maintenance grants, loans and bursaries)
- Universities
 - Expansion of student numbers – less constrained supply
- Graduates
 - Low-income graduates somewhat protected from the costs by income contingent loans, so not put off

Why did fees did not widen the SES gap?

- But the elephant in the room.....
- Large SES gaps when HE was “free”
- Prior attainment ***was and remains*** the major constraint on participation

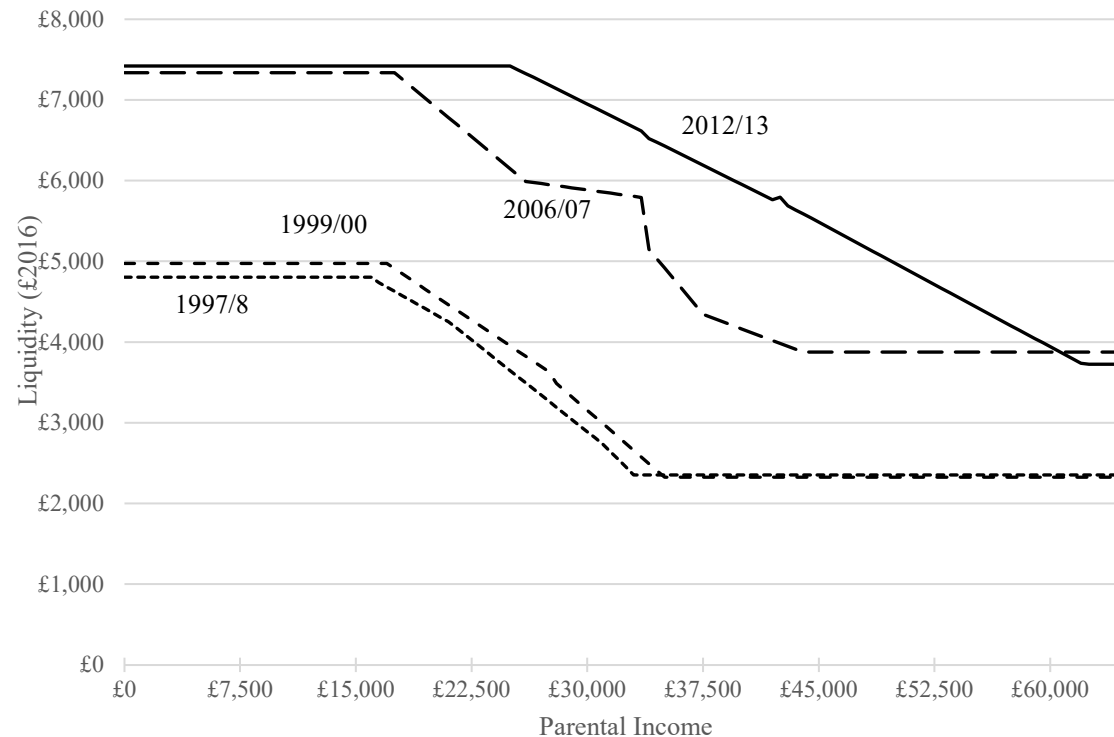
Socioeconomic gaps predate entry to university

Difference in participation at age 18/19 between 20% richest and 20% poorest state school students



Students had more to live on post reform

Net Liquidity (Grants+ Maintenance Loans-Up Front Fees) by Parental Income and Fee Regime



Source: Source: Authors' calculations using data from Student Loans Company, 1991–2015. From 2007 fee costs are not included as they are deferred. Figures are expressed as amounts per year. Figures expressed as amounts per year.

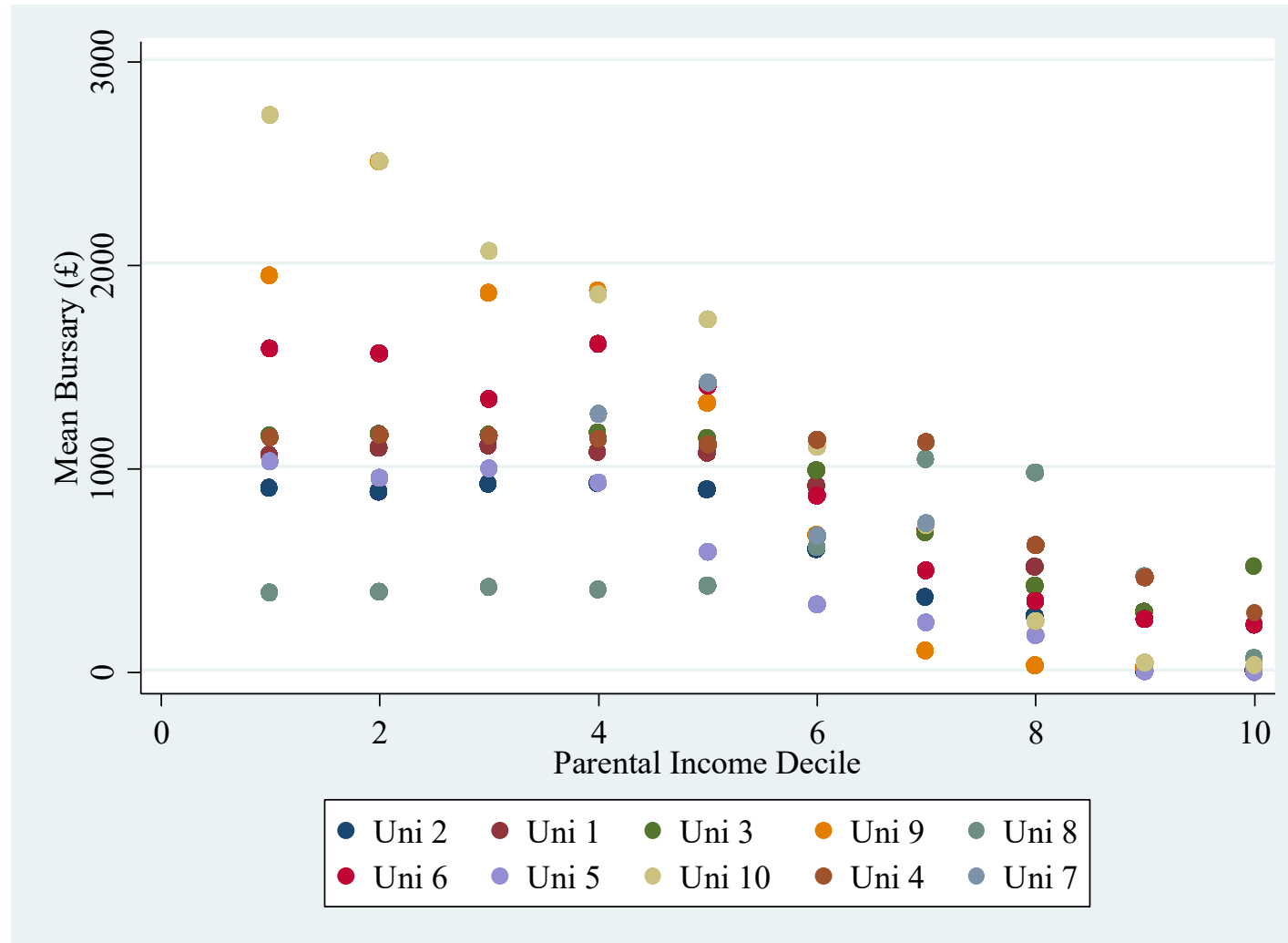
But still well below the cost of living

Net Liquidity (Grants+ Maintenance Loans-Up Front Fees) and estimated cost of living over time



Source: Source: Authors' calculations using data from Student Loans Company, 1991–2015. Figures expressed as amounts per year. Notes: Minimum wage represents annual minimum wage for 18–21 year-olds working for 36 h per week 48 weeks per year. Liquidity represents total net liquidity for a student with no parental income. Cost of living comes from the Student Income and Expenditure Surveys. This is based on a representative survey of students' expenditure on living costs, housing and participation.

Bursaries system did not treat all students equally



Not all smooth sailing going forward...

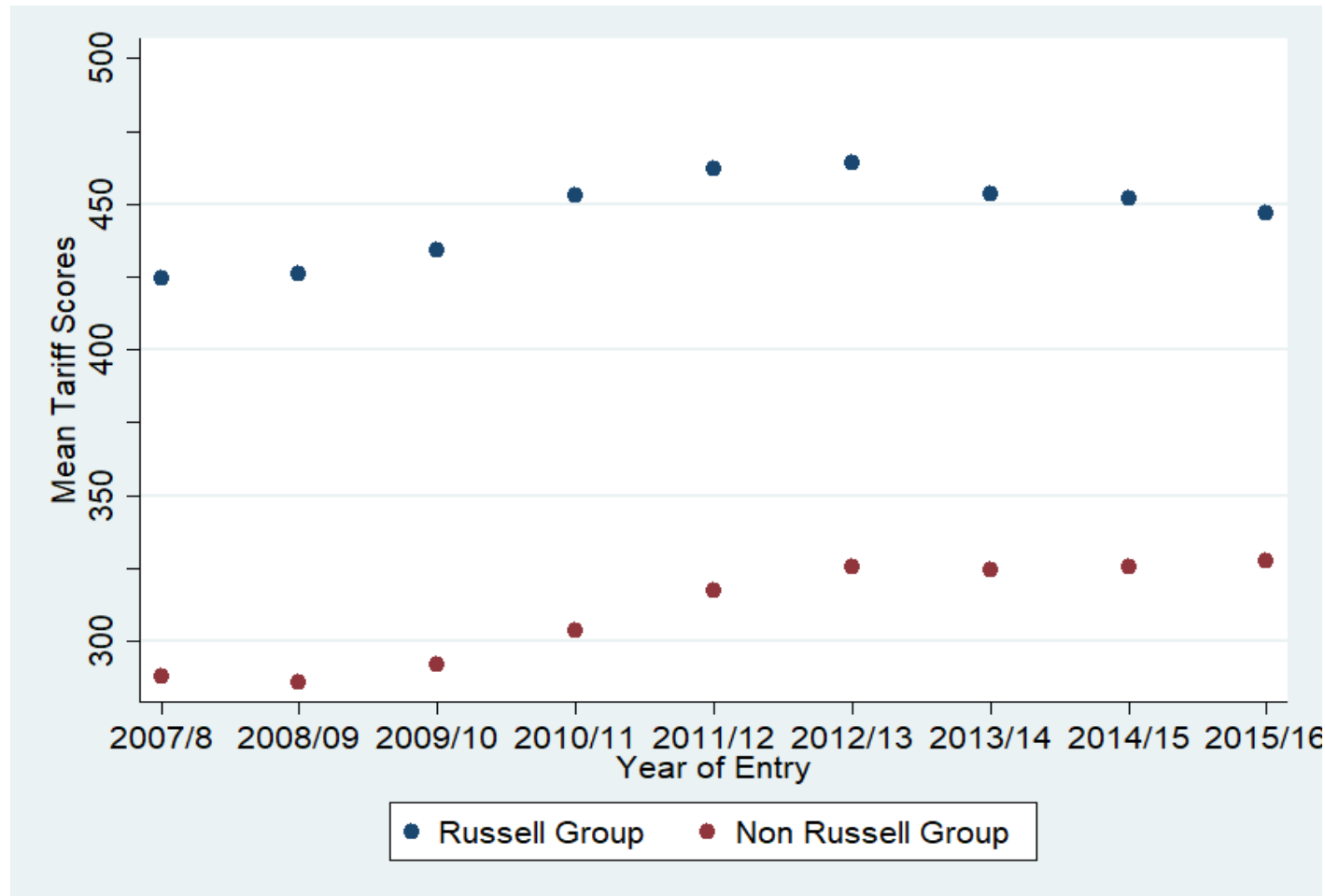
- Level of maintenance not enough to live on
- Abolition of grants and replacement with loans and bursaries is a problem
- Freezing of income threshold for eligibility, especially in the face of inflation and stagnant wages

Institutional response matters

- 2012 reforms and Browne review designed to encourage a “market”
- Wanted competition between institutions
- Little price competition – all charged same fees
- But lifting of cap on student numbers prompted increase in supply

Evidence of more marginal students being let in after lifting of numbers cap (starting 2012)

Average entry tariff scores by university type



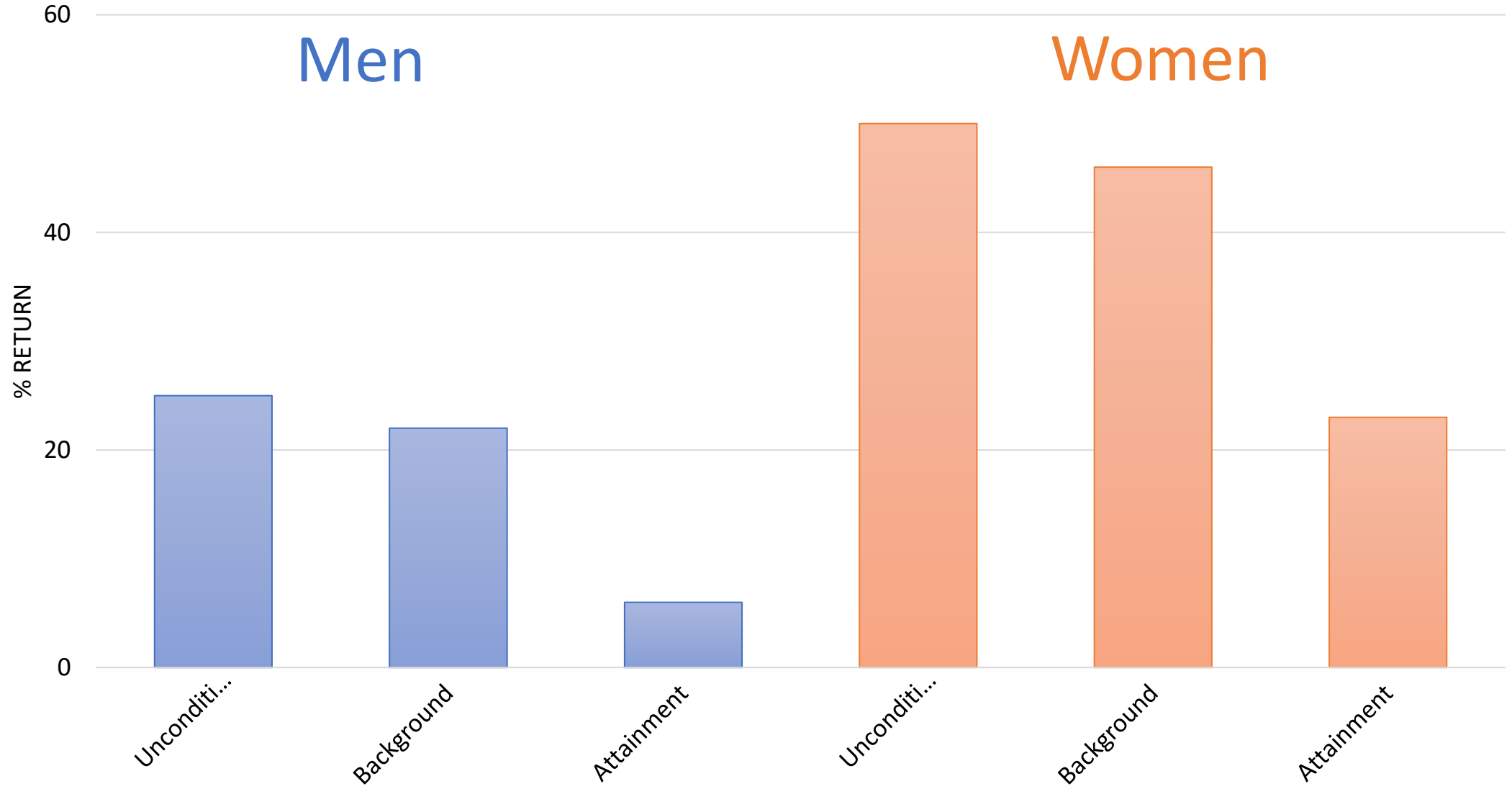
Graduate outcomes and the LEO project

- Wage returns are consequence of supply and demand
- Cannot use returns to judge “success” of reforms
- Graduate outcomes can however illuminate some of the implications for public finances (Britton et al. 2018, 2019 and 2022)

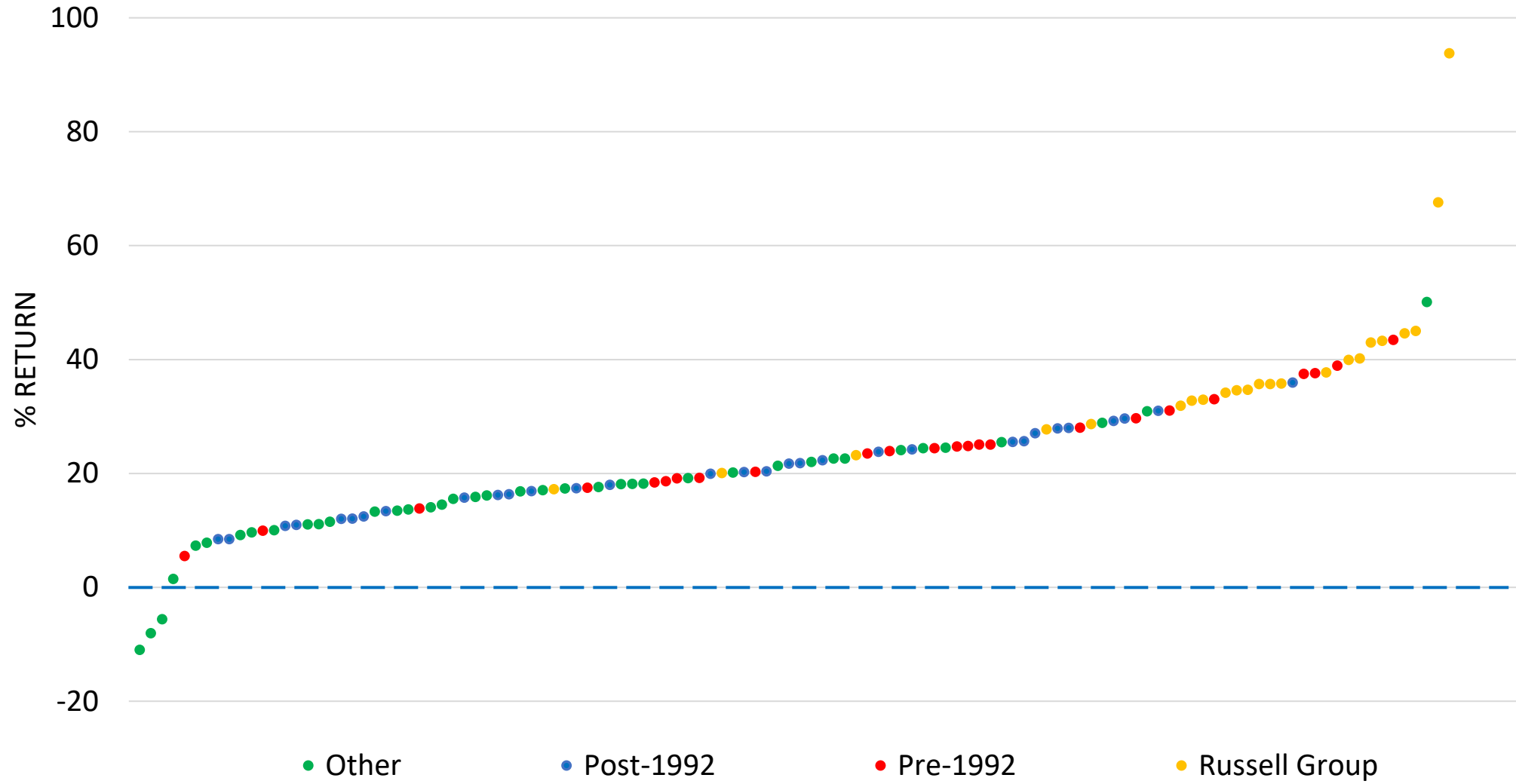
Post reforms – evidence on returns

- A degree offers a pathway to relatively high earnings for many – but not all
- Variation in graduate outcomes has increased
- Large differences between institutions and subjects – largely but not entirely driven by differences in entry requirements

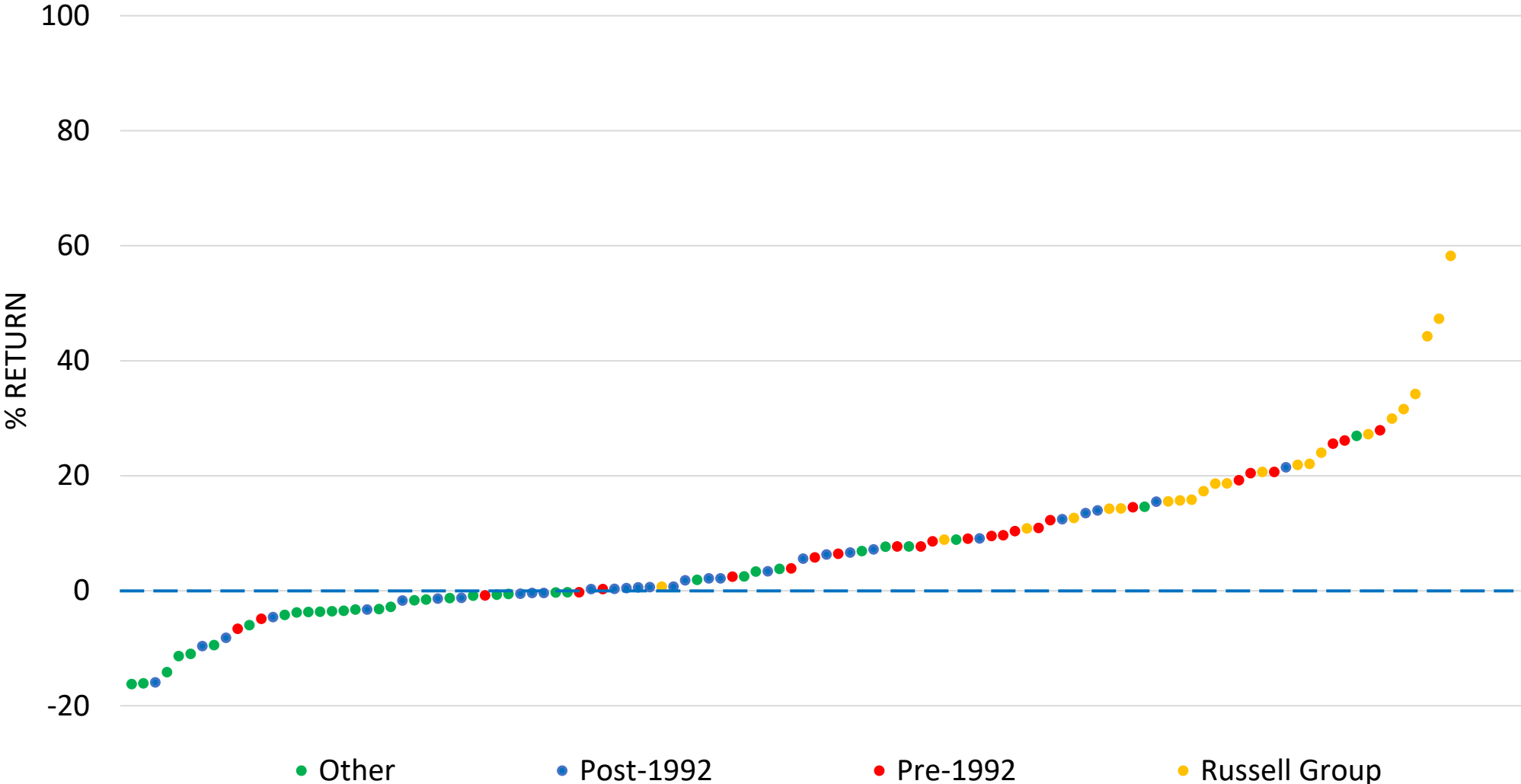
Earnings returns to university at age 29



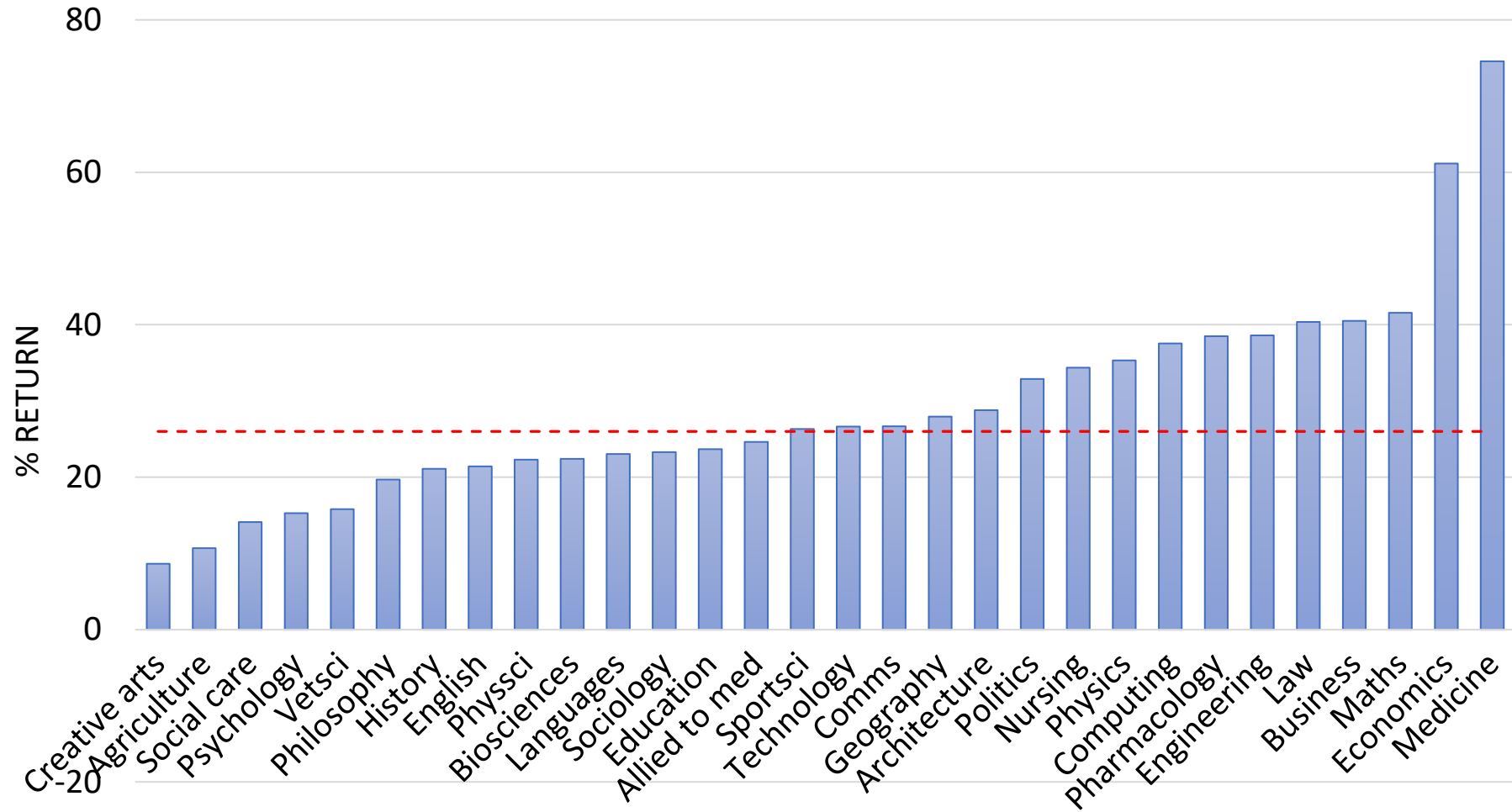
Earnings returns to university at age 29 women



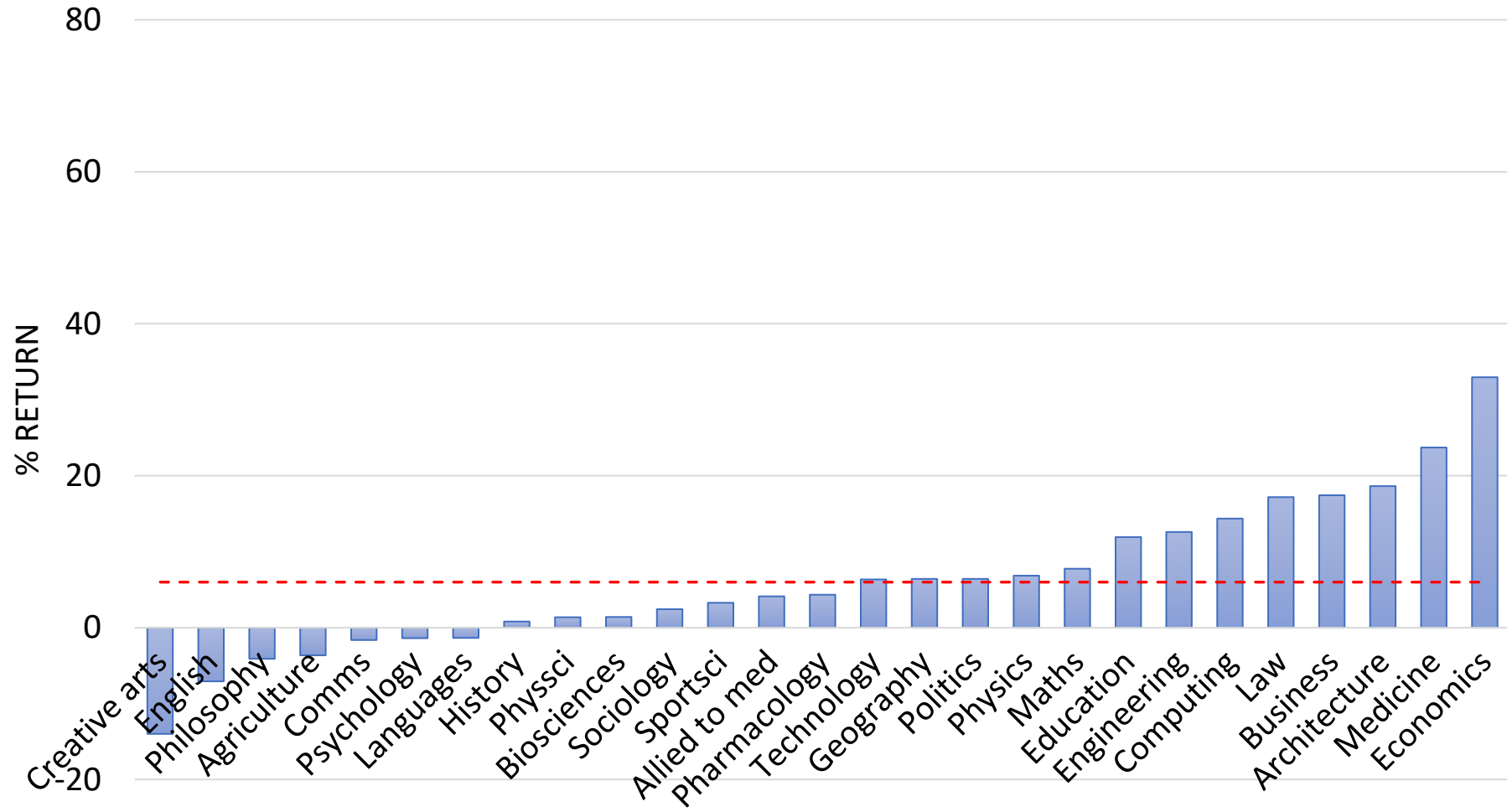
Earnings returns to university at age 29 men



Earnings returns to university at age 29 women



Earnings returns to university at age 29 for men



Socio-economic gaps persist beyond HE entry

- Ensuring equal access to HE clearly first order priority
- But access to institutions and subjects with higher earnings also important
- For graduates taking same degrees, those from higher socio-economic backgrounds earn more (Britton et al. 2018)
- But graduates from low-income families still earn more, on average, than those who don't go to university

25 years after the Dearing report – has its objectives been achieved?

- Increase in numbers of students going to HE and some closing of socio-economic gap
- Butcost of living /inflation eroding finance for student living costs
 - Despite near double-digit inflation, student maintenance loans have risen by only 2.3% for 2022/23
 - Parental income thresholds used to calculate maximum loan amounts have also remained static since 2008.
- Low returns, variation in returns continue to be a challenge
- Discussion of reintroducing number caps – will narrow SES gap

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