Press Release

IFS research provides new evidence on the consequences of recent changes to university funding in England

The gap in HE participation between those from the richest and poorest families has been narrowing over the last decade. The gap in participation at age 18 or 19 between state school students from the most and least deprived fifths of the population fell from 40 percentage points in 2004-05 to 37 percentage points in 2009-10 with much of that narrowing occurring after the tuition fee cap was raised to £3,000 in 2006-07. This may reflect the fact that, contrary to popular beliefs, the new regime introduced in 2006-07 was actually more generous to students from poorer backgrounds and hit richer students relatively harder.

The current government is looking to offset possible effects of increasing the fee cap to £9,000 by introducing a National Scholarship Programme (NSP) aimed at providing bursaries and fee waivers to poorer students. In its first year the NSP will cost the government £50 million, and universities must match the funds. But the programme is being administered separately, and differently, by each university and for students entering a majority of universities they cannot be sure in advance what level of support they will receive. The effectiveness of this financial support in encouraging participation of students from poorer backgrounds is likely to be undermined by these levels of complexity and uncertainty.

These are the key findings of two new pieces of research published today by the Institute for Fiscal Studies and funded by the Nuffield Foundation, which will be presented as part of the ESRC's Festival of Social Science on Friday 9th November.

Our findings in more detail

Socio-economic gaps in HE participation: how have they changed over time? (Claire Crawford)

It is well known that substantially more young people from rich families go to university than young people from poor families. This study uses linked individual-level administrative data from schools and universities to investigate whether and to what extent this gap rose or fell between 2004-05 and 2009-10 amongst state school students in England going to university at age 18 or 19. In particular, it considers whether the 2006-07 reforms to HE finance had any bearing on these patterns.

Our results showed that:

- Higher education participation has been rising over time: 29.7% of state school students in England started a degree course at a UK university at age 18 or 19 in 2004-05, compared to 34.4% in 2009-10.
• **It has been rising quickest for young people from the poorest families:** the gap in participation between state school students from the most and least deprived fifths of the population fell from 40 percentage points in 2004-05 to 37 percentage points in 2009-10.

• **This catch-up in HE participation is partly explained by a catch up in earlier measures of attainment:** the proportion of young people with a Level 3 qualification (equivalent to 2 A-levels) rose quicker amongst the poorest fifth than amongst the richest fifth over this period (a 6.4 percentage point increase compared to a 3.1 percentage point increase).

• **There was a small dip in participation in 2006-07, which was largest amongst students from better off backgrounds:** participation amongst the richest fifth fell by 2.1 percentage points more than expected compared to less than 0.5 percentage points amongst the poorest fifth.

• **But this dip was temporary, and, after 2006-07, the upward trend in participation continued, and most quickly for those from the poorest backgrounds:** while we cannot say that this change arose as a consequence of the new funding arrangements, this pattern is a plausible response to the reforms, which were more generous to students from poorer backgrounds and hit richer students relatively harder.

Claire Crawford, Programme Director at IFS and author of the report, said: “University participation rates have been rising over time, more quickly for students from the poorest backgrounds. Whilst there was a small dip in participation following the increase in tuition fees in 2006-07, this was only temporary. This experience in 2006-07 provides some hope that the drop in university applications observed this year – following the most recent increase in tuition fees – may not herald the start of a longer term fall in participation rates.”

**Fees and student support under the new higher education funding regime: what are different universities doing?**

(Haroon Chowdry, Lorraine Dearden, Wenchao Jin and Barnaby Lloyd)

A new National Scholarship Programme (NSP) was introduced for students starting university in 2012-13, funded by £50 million from the Government and additional matched contributions from universities. The scheme replaces the old bursary system and aims to provide an overall package of support to students from disadvantaged backgrounds, comprising fee waivers, cash bursaries and campus discounts.

IFS researchers collected detailed information on the tuition fees charged and financial support packages offered by 90 universities in England to provide the first detailed assessment of the support available under the scheme.

Our results showed that:

• **There is substantial variation in the type and amount of financial support on offer.** Universities are free to design their own student support packages, with noticeable differences in the scale and complexity across institutions. Some schemes are based on parental income, while others take into account neighbourhood disadvantage; others focus on academic ability or are based on a range of characteristics.

• **Student support arrangements are considerably more complex than they were before.** At the majority of institutions, prospective students would not know in advance of enrolment how much total support they might receive. In its current form, the National Scholarship Programme...
thus seems unlikely to encourage participation amongst students from the poorest backgrounds.

- **Higher-ranked universities tend to offer more generous financial support packages, especially for disadvantaged students.** A student with a family income of up to £25,000 could expect to receive total support of over £2,900 a year on average at a Russell Group university; at a University Alliance or Million+ institution it would be £900 or £700 respectively.

- **Poor students at lower-status universities will receive less in cash bursaries than under the old system.** The total support they will receive – including fee waivers, which were not present under the old system – has increased, but fee waivers may be deemed less valuable by students since they are only a potential future benefit.

- **Support for high achieving students has become more generous across all types of institutions, particularly lower-ranked ones.** This may be at least partly a response to the new admissions system, under which universities are allowed to recruit as many students as they like with grades at AAB or above. It may result in high achieving students being attracted to lower ranked universities by the promise of more financial support in the short-term.

- **The differences in net fees across institutions are small:** while higher ranked institutions such as the Russell and 1994 groups tend to charge higher gross (sticker price) fees than lower-ranked institutions, they also offer higher fee waivers. Among low-income students, who benefit from the majority of fee waivers, net fees after these discounts have been applied are lower, on average, at Russell Group universities than at University Alliance institutions.

Haroon Chowdry, Senior Research Economist at IFS and one of the authors of the piece on the new student support arrangements, said: “The introduction of the National Scholarship Programme has led to substantial variation across universities in the generosity and type of financial support available to the poorest students. Of particular concern is the fact that it is often very difficult for a student to work out how much total support they might receive before they apply. This complexity and lack of transparency raises questions about whether the programme will encourage participation among students from poor families.”

ENDS

Notes to Editors:

1. For embargoed copies of the reports or other queries, contact: Bonnie Brimstone at IFS: 020 7291 4800, bonnie_b@ifs.org.uk.

2. This work forms part of a larger project funded by the Nuffield Foundation (see [http://www.ifs.org.uk/projects/358](http://www.ifs.org.uk/projects/358)). The Nuffield Foundation is an endowed charitable trust that aims to improve social well-being in the widest sense. It funds research and innovation in education and social policy and also works to build capacity in education, science and social science research. The Nuffield Foundation has funded this project, but the views expressed are those of the authors and not necessarily those of the Foundation. More information is available at [www.nuffieldfoundation.org](http://www.nuffieldfoundation.org)
3. The results of this research will be presented alongside other work at an event held as part of the ESRC’s Festival of Social Science at 10am on Friday 9th November at the Nuffield Foundation in London:

The Festival of Social Science is run by the Economic and Social Research Council and takes place from 3-10 November 2012. With events from some of the country's leading social scientists, the Festival celebrates the very best of British social science research and how it influences our social, economic and political lives - both now and in the future. This year’s Festival of Social Science has over 180 creative and exciting events across the UK to encourage businesses, charities, government agencies, schools and college students to discuss, discover and debate topical social science issues. Press releases detailing some of the varied events and a full list of the programme are available at the Festival website. You can now follow updates from the Festival on twitter using #esrcfestival.

4. The Russell Group represents the larger research-intensive universities, while the 1994 Group comprises smaller research-intensive institutions. The University Alliance represents universities focussed on business engagement as well as research, while Million+ represents newer post-1992 universities and university colleges.