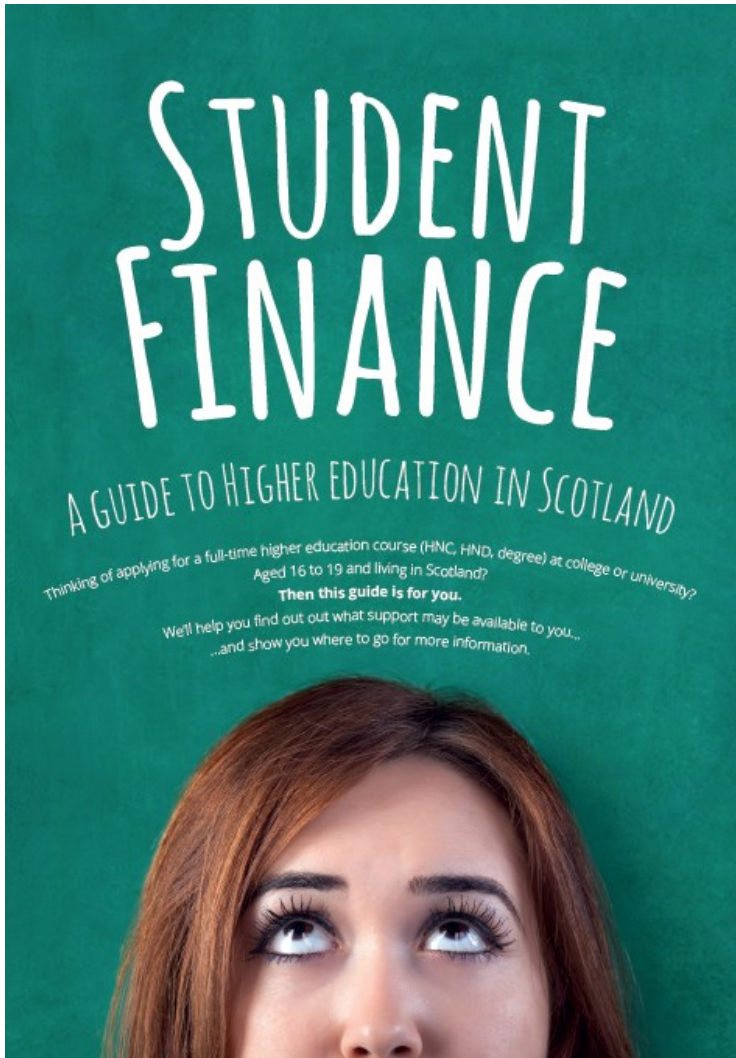




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Improving young people's knowledge of student finance

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Messages from the literature: The influence of debt on patterns of participation

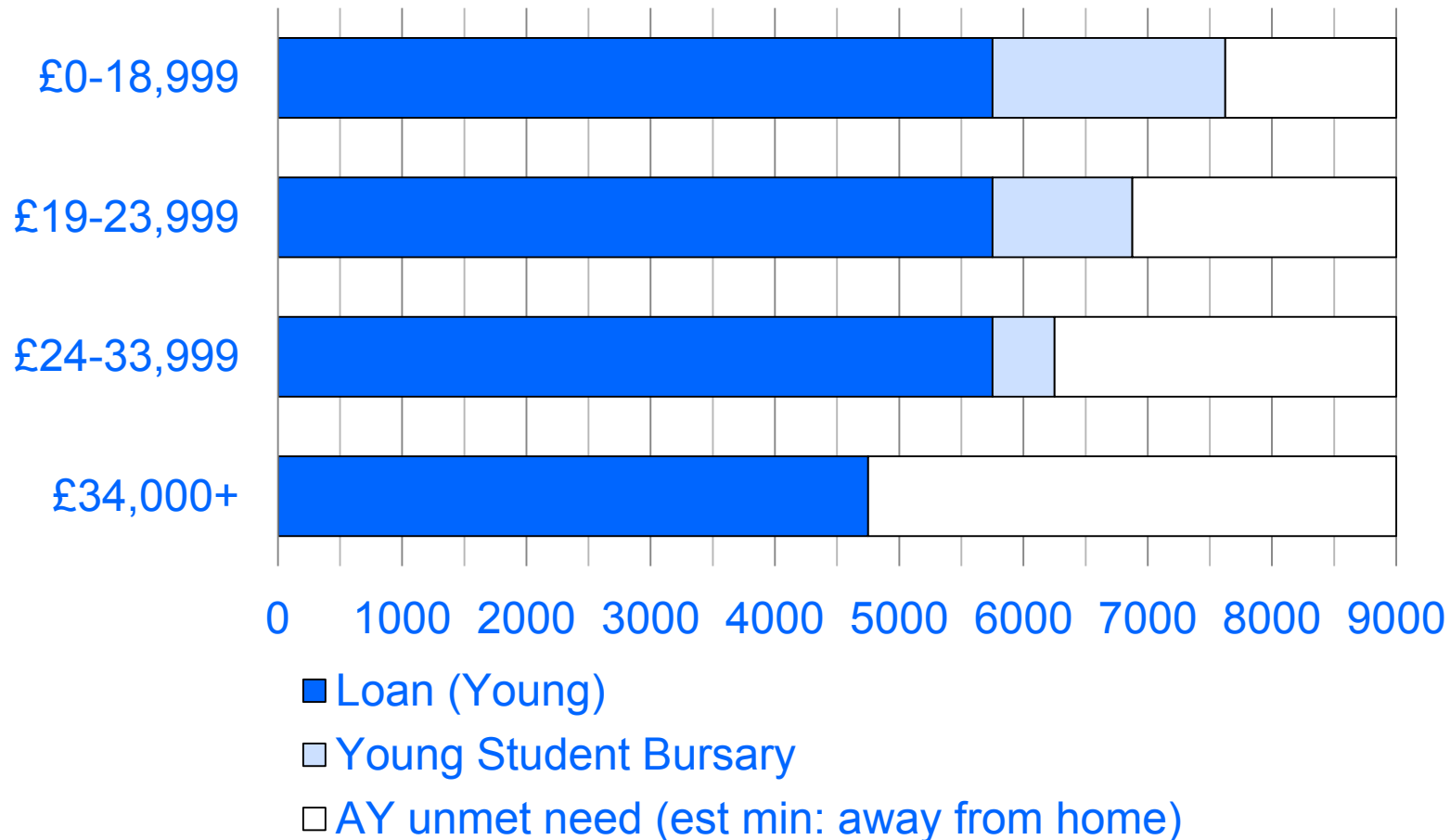


- Research evidence suggests:
 - those from poorest backgrounds are most debt averse
 - prospective students do not understand the extent of study related costs and forms of financial support available
 - understanding is worse among students from low-income families
- Concerns re fee increases and participation rates
 - BUT increased RUK fees have not led to predicted drops
 - Scotland: the removal of fees has not led to increased participation
- Little evidence on impact of HE costs on participation in Scotland, but:
 - majority of Scottish students (67%) take out maintenance loans
 - those from lower income backgrounds incur greatest debts



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The current system in Scotland: proportion of Young Student Bursary to student loan available (2016-17)

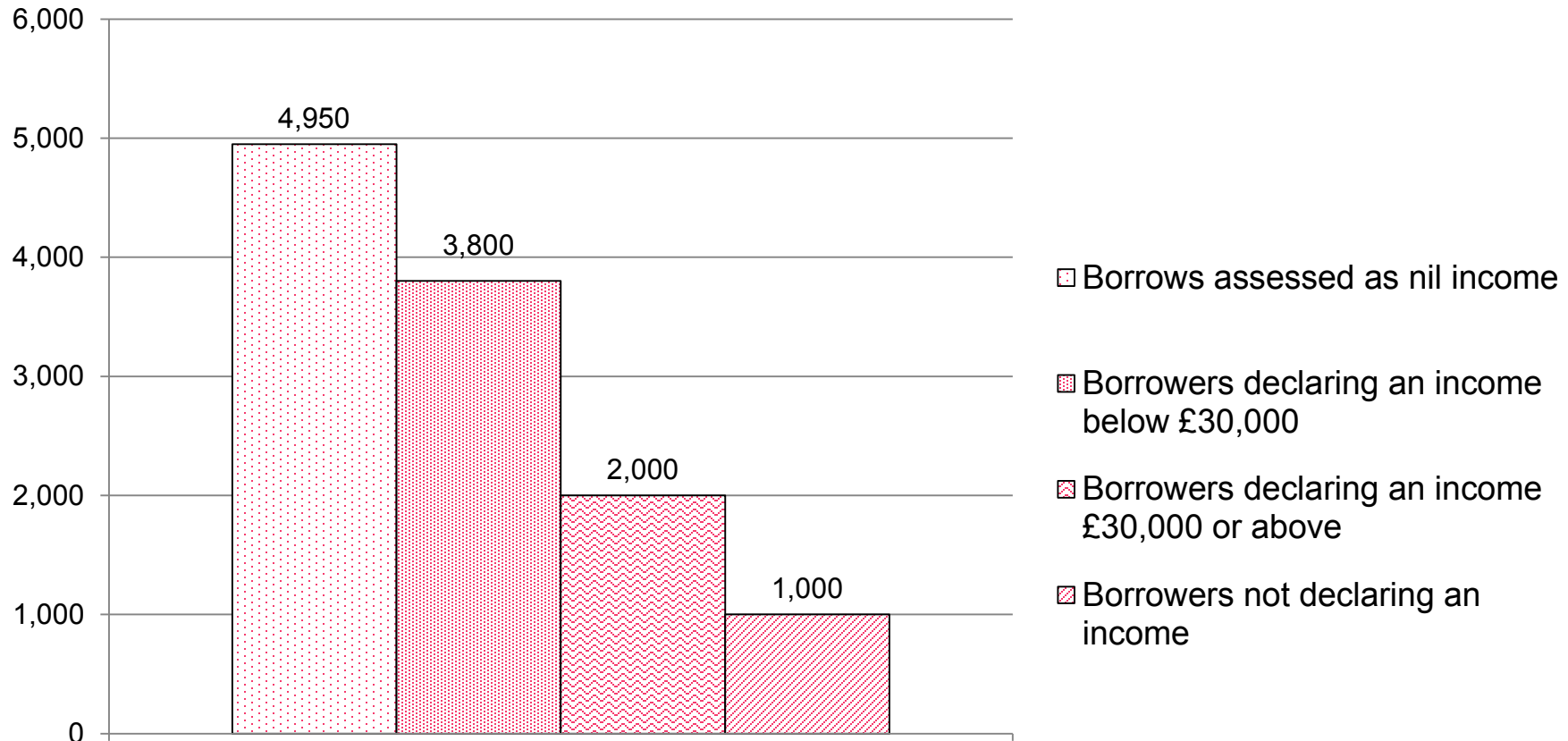




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Average amount borrowed per year by income category, Scotland, 2011/12 (£ sterling)

Source: Lucy Hunter, 2015



The category 'Borrowers assessed as nil income' includes those looked after by the local authority. The category 'Borrowers not declaring an income' includes those with the greatest family resources claiming the minimum non-means-tested loan. Students from richer backgrounds are least likely to take out a loan.



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Project 1: HE in Scotland, the devolution settlement and the referendum on independence: young people's views on HE in Scotland



In total, 148 young people aged 14 to 19 were interviewed during the two stages to the research:

- 89 young people in Scotland were interviewed for the film, 'Our Future: young people's views of HE in Scotland'
- A further 59 young people in Scotland and the north of England took part in more in-depth interviews

121 young people in Scotland and 27 in England

From: 12 state schools, 1 independent school, 2 sixth form colleges and 1 FE college

<https://www.youtube.com/watch?v=Alc1XzblgpE>



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Attitudes towards debt

- Young people in Scotland substantially more debt averse than those in north of England (especially those from deprived areas)
 - Majority of interviewees in Scotland were debt averse and viewed loans as a 'last resort', including those from:
 - a) poorer backgrounds intending to live at home, and
 - b) more affluent backgrounds relying on family support
 - Minority were comfortable with student debt
- Debt was normalised in the north of England
- Attitude to debt informed by level of mis/understanding of student funding and support



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Debt averse and planning to live at home



My mum says that there's no point looking at loans until you've got a part time job until you start at uni. So I'm just looking at having a part time job. And when I'm not at uni I'll be working. And I just want to try and balance it with the part time job with the money from the part time job. (Callum, 16, South Lanarkshire)



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...but poor understanding among those reluctant to take student loans



*I know something about a bursary and stuff, I've heard of stuff like that, but I really don't know anything about it because my brother never took out a loan and when my sister went to College she only had her expenses paid for. But other than that I really don't know. I suppose because my uncle has just recently paid off his bill because he done Law at Strathclyde I think he done it, now he's like 32 and that's him just paid off his loan and that just makes me think, that's scary, that's like ... that's nearly like 12 years that you're paying off something, and I'd rather stay away from that.
(James, 16, South Lanarkshire)*



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More affluent debt avoiders



Well, I'm kind of lucky because I've been putting money aside for University and the family has been since I was very young. So there's been a lot of money saved up for it. And because of like no tuition fees, it's really just the costs. Cause I knew that if there were tuition fees then you would have to take out like loans and stuff. So, I'm lucky that the family sort of prepared for it. (Orlaith, 16, West Lothian)



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Comfortable with student loans/ improved understanding



I'm not too worried about it... I don't know about taking out the full loan, I would far rather take on the financial responsibility for myself than have my parents do it. I'm not sure what they think about it, I haven't properly spoken to them, but I figure that I've got my whole life and career ahead of me to pay back any debts, and as I said earlier it's probably one of the best investments you can make, for some people anyway, I don't know, hopefully [laughs]. But so yeah, I would far rather take on that debt myself...and be paying it...yeah I'd value my freedom from my parents more... (Jonathan, 17, East Lothian)



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Knowledge and understanding of student finance



- Knowledge worse in Scotland than north of England, and amongst those from more deprived areas and/ or first in family applicants
- Confusion in relation to:
 - When loans are repaid
 - Interest rates
 - English and Scottish loan repayment thresholds
 - How RUK fees are paid (upfront charge?)
 - Link between student loans and credit ratings

Schools and student finance

- Teachers seen as unreliable sources of information on student finance
- Schools providing little information on practicalities of going to, and paying for, higher education
- Focus is on UCAS applications
- Student finance as an afterthought
- Means pupils are making HE decisions with poor financial info





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Student finance in schools



Yeah I only knew a little bit cause my sister pays it, but I don't know how much she pays or how much she gets. She just says, 'oh I get SAAS money today'. I'm like, 'I don't know what that is', but I think they should have taught us it while we were applying in case that was a major fall in you not wanting to apply, not being able to afford it. We did a lot of PSE lessons that were literally us sitting there and Mrs X saying, 'does everybody have a personal statement to give me?' And if the answer was no we just got to leave. (Catrina, 17, East Lothian)



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Why is knowledge and understanding worse in Scotland?



- Different funding systems within the UK
- Rhetoric of free tuition vs reality of student debt for many
- Media reporting/ public debate
- Mis-information from student finance websites
- Parental attitude to debt





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Project 2: Improving young people's knowledge and understanding of student finance in Scotland



- Partnership project with:
 - SAAS
 - NUS Scotland
 - LEAPS
 - Gateway Shared Services
- Guide specifically aimed at 16-19 year olds
- Guide development informed by focus groups with S6 pupils, current students and staff from range of organisations
- Focus groups explored current levels of knowledge and understanding and specific areas of confusion, as well as ideas for a new guide



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Conclusions



- Challenges in writing the guide:
 - encouraging students to be realistic about student debt without deterring would-be-applicants
 - balancing the suggestions of young people with those of organisations who work with them
- Young Scots are substantially more debt averse than their English counterparts
- Those from poorer backgrounds have the least knowledge and are the most worried about debt
 - Yet 67% of Scots take out a loan and borrowing rates are higher at lower incomes



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Group discussion



1. How can we ensure that students have a good knowledge of student finance before they apply for higher education?
2. How can we channel information to those who need it most i.e. those from widening participation backgrounds?
3. How can we improve parents' understanding of student finance?
4. How can we ensure teachers feel comfortable discussing student finance with students?