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funding policy and families**

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PAYING FOR HIGHER EDUCATION IN ENGLAND: FUNDING POLICY AND
FAMILIES

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PAYING FOR HIGHER EDUCATION

PAYING FOR HIGHER EDUCATION IN ENGLAND: FUNDING POLICY AND FAMILIES

ABSTRACT: Responsibility for meeting the costs of higher education in England has moved inexorably away from the government toward the family with the introduction of tuition fee and maintenance loans. Although an important public policy issue, there is limited research on how the policy impinges on the private sphere of the family. This paper focuses on financial support given by parents, including difficulties and constraints along with their perspectives of and responses to student loan debt, and students' views of their financial independence. In-depth interviews with 28 parent-student dyads revealed different patterns of support. Some parents, contrary to policy assumptions, felt responsibility for their children's student loan debt and acted to avoid, minimise or cushion the debt. There was evidence of financial stress for less affluent families. However, students with no parental support and high levels of government funding felt financially independent. The findings suggest that more affluent families were able to protect their children from student loan debt in different ways, whilst those with lower incomes were not able to do so, apparently creating a new form of inequality.

1. INTRODUCTION

There has been much debate in the UK about how young people today are more disadvantaged than their 'babyboomer' parents (born between 1945 and 1965) (Willetts, 2010). Indeed, as students, such parents paid no tuition fees and may have received means-tested maintenance grants. However, over the past two decades, as a result of policies introduced by Conservative, Labour and Conservative-Liberal Democrat Coalition Governments, fundamental shifts have taken place in England with respect to the financial support provided by the state. To cover living costs, loans have largely replaced grants, and tuition fees, covered by loans, are levied by universities.

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In England, young people have traditionally moved away from the family home to go to university: in 2011/12, 70% of English-domiciled undergraduate students on full-time undergraduate programmes lived away from home (House of Commons, 2013). The higher education funding system assumes that students are not independent of their families and not eligible for financial support in their own right (unless certain conditions are fulfilled) (see Student Loans Company (SLC), 2011a). This contrasts with countries such as Sweden, where students are viewed as independent for the purposes of financial aid (Centrala studiestödsnämnden, 2013). The introduction of tuition fees and loans means that middle-class parents may now give significant material support to their student children, so prolonging financial dependence (Ahier, 2000).

This paper focuses on the interplay between the higher education funding policy in England and the private sphere of the family, in particular, financial support arrangements. We provide an overview of policy before reviewing relevant literature on both parental financial support and young people's financial independence. Our research questions, methods and findings follow. The penultimate section discusses the findings and the final section concludes.

2. OVERVIEW OF HIGHER EDUCATION FUNDING POLICY

Different approaches have been adopted by governments in different jurisdictions to support students' participation in higher education (OECD, 2014). Financial support for British students studying on undergraduate programmes was introduced by the Conservatives in 1962. Full-time UK-based students studying for a first degree received maintenance grants (for living costs), which were means tested according to parental income. Parents were expected to contribute to their children's living expenses if a maintenance grant was not awarded, or not awarded in full.ⁱ From 1977, local education authorities paid tuition fees for eligible students directly to higher education institutions (House of Commons, 1998). Policy changed significantly under the Conservatives with the 1990 Education (Student Loans) Act, when 'mortgage-style'ⁱⁱ student loans were introduced to provide additional resources towards students' living expenses (see Barr, 2012). There was also a

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massive increase in the proportion of young people entering higher education – from around 15% in 1987 to around 30% in 1992 (Wilson, 1997).

In 1996, the Conservative Government set up the National Committee of Inquiry into Higher Education (NCIHE) (the Dearing Committee) (NCIHE, 1997). The report concluded that future policy could not rely on an increase in public expenditure to support the rising costs of higher education. The Labour Government, elected in 1997, accepted the Committee's recommendation that students, except for those from the poorest families, should be charged tuition fees (DfEE 1998). Following the 1998 Teaching and Higher Education Act, new UK entrants to full-time higher education programmes were, with certain exceptions, required to pay an upfront contribution towards tuition fees (originally set at £1,000), depending on their own, their parents' or their spouse's income. Moreover, grants for living costs were not retained: from 1999/2000 eligible new full-time entrants to higher education received support for living costs solely through income-contingent loans (SLC, 2004). There was no loan to cover the tuition charge.

Subsequently, the Labour Government's 2004 Higher Education Act, which came into force in 2006, introduced a new system of 'variable fees' of up to £3,000 per annum for students on full-time undergraduate programmes at English higher education institutions.ⁱⁱⁱ In contrast to the 1998 arrangements, students were eligible for income-contingent loans to cover tuition fees in addition to loans for maintenance. Repayment started once the graduate was earning above £15,000 a year and attracted a zero real interest rate (Barr, 2012). A package of additional financial support was also introduced for students from low-income backgrounds comprising the re-introduction of government-funded means-tested maintenance grants and mandatory university-funded cash bursaries for students in receipt of the full maintenance grant; in addition, non-mandatory discretionary bursaries were also offered by universities to these students and to others.^{iv} For students participating in our study, who commenced in 2011/12, tuition fees had risen to £3,375 per annum.

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Whilst the government claimed that these reforms ‘take an important step in the direction of treating students as independent adults at 18’ and that ‘no student need rely on their parents to pay for the cost of their tuition’ (DfES 2003, 88), an inextricable link continues to be made between students and their families with regard to the funding regime. Thus, access to higher levels of loan and grants are contingent on household income (see Annex). Where students do not receive the maximum maintenance loan, parents/spouses are expected to make up the difference. In 2011/12, the maximum ‘assessed household contribution’ was £1,940/£1,386 per annum (in/outside London) (SLC, 2011b). As Ahier (2000, p. 686) notes: ‘All the calculations are based upon notions of what good parents are expected to contribute to their children’s higher education’.

3. PARENTAL CONTRIBUTIONS AND FINANCIAL (IN)DEPENDENCE

Whilst some parents in the UK have been expected to contribute to their children’s higher education over the past 50 years, this does not mean that all such parents do contribute, perhaps because they cannot afford to (see Hesketh, 1999); nor does it mean that such support is without hardship for parents. In one case described by Finch and Mason (1993), a student’s entitlement to a grant was unclear because the assessment of parental income was complex. The parents could not support him out of their own resources, but felt a strong obligation to ensure he was able to take up his place. Thus, the mother took a sewing job in a factory, her entire wages being used to pay for his university accommodation. When the grant finally came through, the son immediately gave back the money to his mother.

Christie and Munro (2003, p. 633) likewise stress that it is ‘misguided to see student funding as an issue for individual students...alone’. They found that students from less affluent backgrounds were more conscious of the difficulties that their parents faced supporting them and were more likely to bear the costs themselves. Ahier (2000, p. 690) argues that whilst higher education loan policies emphasise individual investment, families not able to invest intergenerationally may experience increasing stress, being unable ‘to fulfil the new obligations and

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expectations which simultaneous policy changes in education, pensions and welfare thrust upon them'. He also stresses the importance of the heterogeneity within the middle classes: whilst the policies may sustain certain forms of familial support they may place new strains on others.

A government-funded study of students' income and expenditure (Pollard *et al.*, 2013), which involved surveying around 3,900 English-domiciled students and analysing expenses incurred by 53% of these, found that students who received the most from families tended to be from more 'traditional' student backgrounds: they were younger, white, living away from home, from managerial/professional backgrounds and single. In 2011/12, the mean financial contribution^v from parents/other relatives to full-time students was £1,603 (median £500). Those who received the most were from professional or managerial backgrounds (mean £2,310) and the least from manual backgrounds (mean £732). Pollard *et al.* (2013) also found that 79% of full-time students took out a tuition fee loan and 74% took out a means-tested government maintenance loan; fewer students from managerial, professional or intermediate backgrounds took out maintenance loans than those from routine and manual work backgrounds.

Students' attitudes towards debt have also been explored. Research carried out in the late 1990s found that the most debt-averse students were those from the poorest backgrounds and those who are most under-represented in the student population (Callender, 2002; see also Archer *et al.*, 2002; McCaig, 2011). However, qualitative research carried out following the 2006 changes to the student loans architecture, found that many students from lower social class backgrounds expressed positive views about debt believing it would offer them the opportunity to access higher-level careers (Harrison *et al.*, 2015).

Whilst quantitative and qualitative research on student loans and attitudes towards student loan debt, there is a paucity of qualitative research on parents' approaches to financially supporting their student children or their views about student loan debt. There is also little research that focuses specifically on middle-class families (but see David *et al.* (2003); Brooks (2003) for work on higher education choice). This is an important group, not only because of the strong association between

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socio-economic status and participation in higher education (Croll and Attwood, 2013) but also because middle-class students are most likely to be beneficiaries of parental financial support.

Our exploratory study seeks to fill these gaps. In so doing it also addresses the issue of financial independence, a key characteristic of full independence (Whittington and Peters 1996). Significantly, Arnett (2000, p. 472) in his theory of development found that one of the most important characteristics for young American ‘emerging adults’ in terms of their own ‘subjective sense of attaining adulthood’ is becoming financially independent from parents. Quantitative research has revealed a relationship between parental resources and students’ reported financial independence. Xiao *et al.* (2014) found that students whose parents had higher incomes and assets were less likely to report financial independence than those with lower levels; in a similar vein, Padilla-Walker *et al.* (2012) found that parents with the lowest income levels, who provided the least financial support to their student children, were more likely to consider their child to be an adult. Thus, a lack of financial support encouraged, if not forced, young people into taking on adult characteristics such as financial independence.

As well as exploring the level and nature of parents’ financial support for their student children, we are also interested in students’ views of their financial independence in the context of such support (or lack of it). Qualitative research by Gillies *et al.* (2001) found that 16 to 18 year olds incorporated ideas of responsibility as an individual and responsibility to others in their understandings of independence (see also Holdsworth, 2009). We might therefore expect to see different understandings of financial independence amongst students – in particular, those receiving lower levels of family financial support, but high levels of government financial assistance, might be more likely than others to consider themselves responsible and hence financially independent.

The exploratory study we report, which builds on the existing literature, is related to key policy assumptions: that parents will contribute the ‘assessed household contribution’ to supplement their child’s maintenance loan; that students are responsible for student loan debt; and that students

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are being treated more like ‘independent adults at 18’. We seek to answer **four** research questions derived from these assumptions:

- What is the level and nature of financial support provided by parents to their student children?
- **What constraints and difficulties do parents encounter and what conditions (if any) are attached?**
- Does student loan debt influence parents’ decisions regarding financial support, and why?
- To what extent do students in receipt of different forms of support (familial or government) view themselves as being financially independent?

4. METHODS

The sample comprised students studying on undergraduate degree programmes at two long-established^{vi} research intensive English universities, and their parents.^{vii} Our aim was to interview 30 students who had completed the first year of their undergraduate studies, who were living away from home in term-time, and who had at least one parent who had been to university. Students and parents were approached through universities’ student services. Those willing to be interviewed responded to the research team with their contact details. Our achieved sample was 28 dyads.^{viii} Fifty-six in-depth qualitative interviews were conducted separately with parents and students. Interviews with students were carried out by one researcher and those with their parent(s) by another, in the latter half of 2011/12 and 2012/13. Interviewees were informed that nothing would be reported to the other party in the dyad but that they might be quoted in academic papers and so it was conceivable that the other member of the dyad might identify the interviewee. Parents and children are not linked in this paper, so that the possibility of identification is further reduced. Specification of health difficulties has been avoided to protect anonymity. The analysis explores, in the main, parents’ standpoints with respect to financial arrangements, whilst views of financial (in)dependence are addressed from the standpoint of the student (cf. McCarthy *et al.*, 2003).

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All 28 students in our sample were eligible for financial support from the UK government, and had at least one parent who had been to university; virtually all of these parents had graduated from British universities and, as students, had received means-tested local authority maintenance grants. Students were near completion or had recently completed their first year of undergraduate studies. Fifteen were from one university and 13 from the other; 9 were male and 19 female. Fathers were interviewed in 6 cases, mothers in 21, and both parents in 1 case (29 parents, 28 interviews).^{ix} Twenty-three were white British and six were of Dutch, Irish, South African, Turkish, Irish/American and Indian origin respectively. All but two students had parents from professional or managerial occupational groups. Nineteen parents were married, seven divorced and two widowed. A majority of interviewees in our study were female, which is not unusual in research focusing on students and their parents (see David *et al.*, 2003). We intentionally focused on students whose parents had been to university and who were by definition highly educated; this needs to be borne in mind when interpreting the findings.^x

5. FINDINGS

Financial contributions

The majority of parents supported their student children financially. Only four, on low incomes, and all of whom were lone mothers did not provide regular contributions. Parents and in some cases other relatives also contributed in material ways: most parents paid or helped pay for a laptop and/or their children's mobile phone costs. Small cash gifts, food purchases/supermarket vouchers, train fares, family holidays, gym membership and clothing were amongst other types of gifts provided. Grandparents or other relatives supported over a third of the students; their support included cash gifts and loans, assistance with accommodation costs, free accommodation and supermarket vouchers.

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Table 1 gives details of parents' contributions to their children along with broad household income categories based on cut-offs for government financial support (SLC 2011b): these ranged from £25,000 or below to over £58,000. The highest contributions tended – unsurprisingly – to be made by those who were either paying all the costs of higher education themselves or those with higher household incomes, where government financial support levels were lower. Parents who contributed regularly to their children's maintenance costs paid for accommodation, living costs or both.

Table 1 here

On the basis of their financial arrangements and the mix of government financial support, we classified families into three groups (see Table 2).

Table 2 here

Four families (group i) paid all their children's higher education costs (tuition fees, accommodation and living expenses); the mean annual parental contribution was £10,531. Fifteen students (group ii) were in receipt of a tuition fee and maintenance loan and their parents also provided regular financial contributions (mean contribution of £4,437 a year). Nine students (group iii) were in receipt of a means-tested maintenance grant (see Annex for details); five parents in this group made regular financial contributions ranging from £1,300 to £3,400 a year (mean £2,332), whilst four did not contribute regularly.

Drawing on the interview data from families in these three groups, we analyse the financial difficulties and constraints experienced, together with conditions imposed by parents in groups ii and iii; parents' perspectives of, and responses to, student loan debt (groups i and ii); and students' views of their financial independence (groups i, ii and iii).

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Financial support, difficulties, constraints and conditions

Almost all parents felt that they *should* contribute financially to their children's higher education costs and most with the means to do so were providing more than the government's maximum assessed household contribution. However, for some parents this was stressful and caused financial difficulties. For other parents, their limited financial means resulted in them being unable to contribute, even though they wished to do so.

One recurring theme was a lack of information about the fact that the government financial support did not cover their children's living and accommodation costs. The cost came as a surprise to some parents (in group iii). As one mother said:

We were a bit shocked at the money side of things...we'll have two boys at university alongside of each other...I don't think that's hit us yet. Nowadays I think we do have a responsibility if we want our children to do well, to support them in their ambitions.

For another mother, the financial challenges had caused significant stress:

In my naive state, I assumed that [the loan and grant] was enough for her to live on, how else could it be? If you're saying that all students can go to university...then it should be enough for you to live on then you pay it back...I was absolutely shocked looking at the maths, that the maintenance [loan and grant] only paid the rent and she couldn't eat...we needed to find the money!

This mother found a job and so was able to give her daughter a monthly allowance. Whilst she felt an obligation to get a job to support her daughter financially, there was associated conditionality: 'I said to her "I'm not financing a load of boozing...you go out for a drink but you don't need many more than that"'.²²

When children had specific health needs, some parents (in group ii) felt an obligation to support them to a greater extent than would otherwise have been the case. In one case, parents had chosen to pay for more expensive accommodation because of their daughter's medical condition – her daughter was not 'disabled enough' to be eligible for additional support – but in order to do so they had had to take out a commercial loan. This they found 'really difficult financially' but they

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wanted their daughter to have the experience of going away to university: 'so if...we're a few thousand in debt well then we are'.

Another mother (in group ii) also felt that she had to be especially supportive because of her daughter's health needs. In addition to the financial support she and her ex-husband provided, she had agreed to her daughter using her maintenance loan to pay for a car which she felt was 'a bit of an expensive luxury'. Sometimes parental concern about a student's health might affect how financial support was given. One mother (also in group ii) was worried that her daughter did not eat enough; she therefore sent her supermarket vouchers instead of giving her a larger cash allowance to encourage her to purchase food.

Some parents would have liked to have paid all their children's university costs, but as one said 'the total amount was quite huge'. Constraints included parents' own retirement costs. Thus one mother (in group ii) felt that it would be wrong to stop the pension contributions she and her husband were making as they also had an obligation to look after themselves. Another mother (in group iii), a widow, would also have liked to have been able pay all her daughter's higher education costs, but because of her low income was not able to make any regular contributions. She contrasted the situation for her daughter with her own experience when 'you never had debt hanging over you'. However, her daughter was able to ask her grandmother for help: 'she's 86 and living on her own so she doesn't spend her money on anything...she always says that she'd rather us have it now than when she's dead'. There were conditions, though, as the grandmother would not 'give money for like stupid things but when it comes to things like education, housing and rent then she's very happy to help and pay'.

Parental support could similarly be associated with obligations for student children to behave in particular ways. In return for an allowance, one mother (in group ii) required her daughter to regard study as being like a full-time job, and not take on substantial paid work. The conditionality was entirely opposite in the case of another student (in group ii) who in return for her allowance was expected her to undertake paid work:

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We will give you money, you will get your student loan, but you do have to have a part-time job...Because that is the responsible thing to do...you...can't expect everybody to just hand it all to you.

In both cases the parents required that their student child should act responsibly as a young adult, but they chose to emphasise very different dimensions of responsibility – in the first case, responsibility was conceived as diligent hard work to make the most of the university opportunity; in the second case, the emphasis was upon financial responsibility and financial independence.

Whilst virtually all parents felt an obligation to support their student children – if they had the financial means – one estranged father (in group ii) gave less money than he had promised. Not only did he not fulfil his obligations, but his daughter was providing some financial support to her unemployed mother. Another student (in group iii) also felt obliged to support her family. Money was very tight – the student had had difficulty paying for medical prescriptions – but she had given her mother, who was divorced from her father, £200-300 and had also paid a sibling's phone bill.

Parents' perspectives of student loan debt

Student loan debt was a recurring theme in the accounts of parents in groups i and ii. Some parents wanted to ensure that their children did not incur any debt (group i); some provided 'protection' against debt (group ii); and some were 'debt averse' (group ii) and sought strategies to minimise their children's student loan debt.

Debt avoiders

The key driver for parents who paid all their children's higher education costs (all in group i) was to avoid their children being burdened with debt. As one father said:

We can afford to fund her and we've got no real need of cheap money...I don't particularly like or trust having a government involved in any particular financial transaction...She'll leave university and...there's no government involvement, there's no long term tie ins, no tax adjustment.

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For one mother, paying all the costs was a financial sacrifice worth making for her two children: ‘So for me, education is very important and... I’d rather sacrifice everything really and make sure that they don’t...have...huge debts’. Unlike other students in group i, the daughter had taken out a maintenance loan, she was not using this – she was saving it, and her father was paying for all her higher education costs. She speculated that her father provided financial support because his family – a working-class household in another European country with no history of university attendance – had paid for his higher education. A rather different case involved a student and his parents co-funding the costs of his higher education programme. The student had savings to pay the fees and his parents had agreed to pay for his accommodation. His view was, ‘why get into debt if you can help it?’ Father and son both agreed on this course of action. This student lived frugally on £10 a week, food provisions from his mother and occasional supermarket vouchers from his grandmother.

Protection against debt

Some parents (in group ii) were not uncomfortable with the government loans – as one said: ‘it’s a bit like an extra tax, so it felt different [from a commercial loan]’ – but they nevertheless offered their children some protection against debt. Two affluent parents had considered paying for all their children’s higher education costs, but decided against. In one case, a father who described himself as ‘very rich’ had chosen to let his daughter take out the student loans. This was a practical decision and he also thought it would be ‘good for [her] to be assimilated to the main body of persons’. His daughter would ‘pick up the loan’, but he was clear that if there were any difficulties with regard to repayments, he would regard it as a ‘residual obligation’ to intervene. In the case of another family, the mother did not want her daughter be totally dependent:

For me things like her...getting the loan, it’s about trying to get her to understand the value of money a bit...I could have just said ‘don't get a loan, I’ll give you an allowance’...but actually she feels much more independent this way and that’s important for her, so it seems a better way.

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She and her husband had divorced soon after he had inherited a significant sum of money, but they agreed that ‘morally he had obligations’ to his daughter and as part of the divorce settlement she had secured funding for her daughter’s university education. The father was paying his daughter’s rent with this. The remainder, her mother speculated, might pay off her student loans.

In one family, both parents had retired. According to the father, ‘every pound we give her is a pound less for our retirement’. However, they had promised to pay her tuition fee loan debt at some point. There was an emerging plan that the parents should:

let her max out on the loan and then we will give her the money that would have gone to the fees to help her buy property. So, in a way, it’s like substituting for a commercial loan. ...to me, that makes a lot of financial sense.

It thus seemed sensible to use the student loan because of its relatively favourable repayment terms: whilst the student would have to pay back the government loan, the parents would contribute, in due course, towards her property purchase.

Debt aversion

There was evidence of some parents (also in group ii) wanting to minimise their children’s future debt levels, and, when they had more than one child, to do so equitably. One mother had an office job and her husband worked in a skilled manual occupation: ‘If it wasn’t for me working it would be an enormous struggle because of the recession...but you have to support your own children’. She was worried that her children would begin ‘their young adult lives with this debt’ so she had encouraged her daughter to get a part-time job in order to save some of her maintenance loan; this could then be paid off as a lump sum. If their son were to go to university, they would have to support him in the same way. Had she known when her daughter was born that she would have to pay eventually, then she could have set up ‘some sort of trust fund, savings fund, whatever, to prepare for that’.

Another mother (also in group ii) also felt an obligation to treat her two children equitably, in this case seeking to ensure that both should come out of university with similar levels of debt.

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She had put funds 'aside years ago in the hope that it would pay student fees'; however, it was only likely to cover half of the costs as her second son would be affected by the higher (up to £9,000 a year) tuition fees.

Students' views of their (in)dependence

Inevitably, most students were reliant on their parents for financial support. This financial dependence could result in feelings of obligations toward parents; thus, one student (in group i) felt that she could not drop out of university because of her parents' financial support and their desire for her to get through university without any debt. Some students (in group ii) expressed guilt about taking money from their parents: 'it doesn't really seem fair...I don't like taking money from my parents...I feel obliged not to waste it'. Another felt that her parents should not have to support her and she would 'always feel bad about them spending money on me, especially because I'm 20 now...I just feel like I'm not their child anymore. They don't have to pay for things for me'. Such obligations brought constraints and tensions – whether a lack of freedom to spend or 'waste' money, or a conflict between receiving support and yet perceiving oneself as an adult, not a child.

Some students sought financial autonomy. One (in group ii) was pleased that he was not financially independent, but was nonetheless striving for more financial *autonomy* – in other words, while being content to accept parental financial support, he wished to have some freedom in how he spent this money. He and his sister, also at university, had negotiated with their father about the form the financial support should take. The father had initially suggested paying for their living expenses, but they had persuaded him to pay for hall fees instead, so giving them more autonomy about how they spent their student maintenance loans.

A desire for financial autonomy led to one student (in group iii) forgoing money. Her father had offered her a £50 incentive to send him spreadsheets of her expenditure; she did this for a period, but then decided that she would prefer not to take the money if it meant him intervening in

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her financial affairs. In a similar vein, another student (in group ii) had changed his bank account. His father had opened his statements which were sent to the parental home which the student found ‘annoying’ as he did not want his father ‘to know exactly what was going on’. Having changed his bank account, statements were sent directly to him so his father did not know what he spent.

Several students (in group ii) felt that they were *becoming* more financially independent. This could mean learning to manage their finances. One student had initially spent ‘stupid money’ on eating out and ‘nights out’ but had learned from his mistakes; another felt financially ‘quite independent’ in that she could manage her money and was in control of her current account, even though her father helped her to work out how much she should spend each week. And another commented:

that’s a weird logic but ... it wasn't like they were paying for everything for you directly. They gave you a lump sum and it was your responsibility to do with that as you pleased because that’s all that you’re getting, so you do... learn how to manage your finances.

In these cases independence was linked to the development of a *capacity* (the ability to manage money) – the students still relied on the financial support given by parents.

Students who did not receive any regular financial support from their parents (in group iii) tended to feel financially independent. One had ‘become entirely independent’. She did not think that her parents needed to play a role as she felt ‘like a young adult now’. Nor did she talk to her parents about money: ‘I’ve set my own budget from the start...they know that I want to...take control of it so they’ve just let me get on with it’. Another student sought autonomy and privacy: when his mother asked about his finances he would ‘fend her off’. Another welcomed her financial autonomy and independence. Her father (who had since died) had looked at her brothers’ bank accounts when they were at university: ‘I don’t have any of that control...but...I won’t spend beyond my means’. The financial support which one student received from the government and from his university meant that he saw himself as ‘very close to completely independent’. He also felt that if his mother did support him ‘to a great extent’ he would feel more dependent – such support would be ‘a much more strong tie’.

6. DISCUSSION

This exploratory study focused on the levels of financial support provided and financial constraints and difficulties (if any) faced by parents who were contributing towards their children's higher education costs; whether student loan debt impinged on parents' decisions regarding financial support, and if so why; and the extent to which students in receipt of different forms of support (familial or government) saw themselves as being financially independent.

Our sample was restricted to families in which one parent was a graduate and concomitantly all respondents could be broadly described as 'middle class'. Indeed, almost all the students interviewed had at least one parent who was employed in a middle class occupation. Nevertheless, net household income levels ranged from less than £25,000 to more than £58,000 per annum and parents with different income levels varied in terms of the extent to which they were involved in financing their children's higher education.

In a small proportion of cases, families with higher incomes paid all the higher education costs. Most students however, took out a tuition fee loan (paid directly to the university) and their parents gave them regular contributions to supplement government maintenance loans. Many gave financial support which was two or three times greater than the government's 'maximum assessed household contribution.'^{xi} Whilst the majority of parents made regular contributions, some did not. All were lone mothers, who were divorced or widowed and for whom finances were very constrained; their children were all in receipt of high levels of government financial aid. There was also one example of paternal unwillingness to contribute money in accord with the assessed contribution (cf. Hesketh, 1999). In addition to the support of the immediate family, the wider family, especially grandparents, were involved in financially supporting the students in different ways (cf. Christie and Munro 2003). 'In return' for the financial support they provided, parents and other relatives could impose conditions, some of which were an attempt to inculcate a sense of responsibility into the students (see also Holmstrom *et al.*, 2011). Responsibility might, however,

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be interpreted in different ways – to work hard, to undertake paid work, or to avoid excess in one's social life.

Moral obligations featured strongly in parents' accounts: in particular that they *should* contribute financially towards their children's higher education (cf. Ahier, 2000). Indeed, some mothers whose children were in receipt of loans and grants expressed regret that they were unable to contribute to a greater extent. Various strategies were adopted to enable parents to fulfil their obligations. In one case a mother found a job and in another, where the child had a medical condition, the parents took out a commercial loan even though this created financial strain (see also Holmstrom *et al.*, 2011; Fingerman *et al.*, 2009). Parents also felt an obligation to treat their children equitably, either in terms of their actual contributions or in terms of the student loan debt, again creating difficulties. Because of retirement costs, some parents were not able to provide as much financial support as they would have liked. Such tensions have also been reported in US research (Holmstrom *et al.*, 2011). **For some families, supporting their student children was clearly a financial struggle, with sacrifices being made by parents to fulfil their perceived obligations, responsibilities and aspirations as regards their children's education (see also Leathwood and O'Connell, 2003; Napolitano *et al.*, 2014).**

The issue of student loan debt also featured strongly in parents' accounts. Some parents wanted to avoid their children incurring debt, others were able to 'protect' their children from debt and others still sought to reduce the debt incurred. More affluent parents were better able to shield their children from debt than those with fewer resources – by paying all or part of their higher education costs, by putting money aside for future property purchases, by being prepared to step in to support loan repayments, or by using other financial resources to pay off the debt. Parents with lower household incomes were not able to shield their children from debt in similar ways.

The different levels of parental financial support were also associated with students' perceptions of their financial independence. For some a feeling of financial dependence created a consequent sense of obligation. Others felt that they had learned to manage their finances and to be

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more responsible about how they spent money, tying in with the idea of ‘learning independence’ (cf., Gillies *et al.*, 2001). Such understandings of independence are more akin to the notion of autonomy, namely the ability to make decisions for oneself (see Gaudet, 2001). There were also accounts of students wanting privacy in their financial affairs, a key element of financial autonomy (Bennett and Sung, 2013). **A desire for privacy has also been identified in other contexts, with students wanting to keep certain aspects of their private lives away from their parents (West et al., 2009). Students are at a key transition point and some are clearly seeking to distance themselves from their parents. Indeed, Holdsworth (2009, p. 1858) stresses that the ‘ideal of independence epitomised by university students is that of freedom to be oneself, unhindered by interference from others, especially parents’.**

Students who did not receive *any* regular financial support from their parents and who were in receipt of government maintenance loans and grants reported feeling financially independent. They had autonomy over how they used their money and took responsibility for their own budgeting. Two female students also provided financial assistance to their mothers, both of whom were unemployed (cf. Holdsworth, 2009). One student commented that she had spent a lot of time supporting her parents and roles had ‘sort of reversed’; the mother of another acknowledged that her daughter was ‘being her mother’. These two students were in financially precarious situations, exacerbated by the fact that they were providing some financial support to their mothers. **These are clear examples of parentification (Castro et al. 2004, p. 205) where children ‘sacrifice their own needs’ to take care of the needs of their parents, in this case their mothers.** Taking responsibility for others is also a key feature of growing independence (Gillies *et al.*, 2001; Holdsworth, 2009): in these cases growing independence was hastened or enforced by the particular contexts which the students faced.

The accounts provided by students suggest a relationship between parental financial support and their views about financial independence, with low levels of parental support and high levels of

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government support being associated with feelings of independence. As one student in receipt of a high level of government support commented:

some of my friends are more dependent on their parents...because their student loan doesn't cover everything 'cos they're...wealthier their parents need to cover it, they have...a stronger financial dependency.

This resonates with research on choice of higher education institution which has found that lack of familial resources resulted in working-class students being more autonomous than middle-class students who were more reliant on their parents (Reay 1998).

7. CONCLUSIONS

The findings from our exploratory research study reveal that the English higher education funding policy is impinging on the private sphere of the family in different ways. The funding policy assumes that parents will contribute to their children's higher education costs – and indeed most parents in our sample did. However, as we have shown, this can pose difficulties for parents. The policy also assumes that students are responsible for the debt which they accrue. Our study demonstrates clearly that for some parents in our sample student loan debt is a family affair.

Our sample explored the experiences of predominantly middle-class parents with children at long-established, research-intensive universities. At more recently established institutions the decision-making context may be different, which could result in different attitudes and decisions being made. Thus, it is not possible to generalise our findings to all students. Nonetheless there was a high degree of heterogeneity in parents' approaches to financial support for their student children,^{xii} suggesting that there may be scope for cautious generalisations with respect to more and less affluent families especially as household income levels varied markedly. This exposes an issue of fundamental concern – that there are clear differences in the extent to which parents are able to 'mitigate' the impacts of the student loan debt. More affluent parents were able to offer protection from debt to their children to a greater or lesser extent as a result of their financial resources; they

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were able to transmit their financial advantage to their children, so creating a new emerging form of inequality. Whilst Willetts (2010, p. 253) claims that ‘younger generations are losing out’, our evidence suggests that a key dividing line in the future is likely to be between those in the younger generation who are with and without economic resources. Both *intergenerational* inequalities and *intragenerational* inequalities fostered by the intergenerational transmission of financial assets need to be considered.

Higher education funding policy continues to change. In 2012/13 the maximum tuition fees in England almost trebled to up to £9,000 a year (DBIS, 2011). **Whilst there may be further middle class fragmentation, with only a smaller and wealthier portion of students and families being able to afford to avoid loans,** the funding structure remains broadly consistent, with government loans,^{xiii} grants and university bursaries (no longer mandatory) for low income and other students, along with a national scholarship programme.^{xiv} Our study points to a number of implications for policy.

First, not all parents are aware how much they are expected to contribute to their student child’s maintenance loan for living costs, suggesting that information needs to be made available to parents in a readily accessible form; this could augment information provided to inform students’ higher education choices (see Davies, 2012).

Second, there is a strong case to be made for student maintenance loans to cover the realistic costs of higher education, including accommodation and living costs, given that excessive reliance on family resources is inequitable (Barr, 1997). An extension of means-tested grants should be considered for students from low income families in lieu of the current mix of grants, student loans and university bursaries.^{xv} Such grants should be transparent, the amount easy-to-predict (cf. Baum *et al.*, 2008), non-discretionary and based on financial need. This is especially important given that the effects of loans are worst for students from poor backgrounds with less access to family support (Barr, 2012). Such a move would protect those with the fewest familial assets from student loan debt. A system of loans moves costs into the private domain; it inevitably privileges some families

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and their children over others and also makes young people's transition to adulthood a highly contingent process.

7. ANNEX

Tuition fee and maintenance loans and grants 2011/12 (SLC 2011a, 2011b)

Students who commenced a full-time higher education degree programme in 2011/12 were, if they fulfilled residential criteria, eligible for government financial support (SLC, 2011a). The tuition loan was paid directly to the university attended (maximum £3,375 per annum). In relation to maintenance, Student Finance England assessed students' and parents' income (unless the student was 'independent', e.g., 25 or over). It worked out the residual income of the parent (normally including his/her partner), taking their gross income and deducting certain allowances. The parents' residual income was added to the student's income to assess a household contribution (no contribution for total income of up to £50,778; £1 for every £5 of the total income over £50,778, until 72% of the full maintenance loan remains). Rates for the maintenance loan for universities in London and outside differed. The maximum was £4,950/£6,928 living away from home studying outside/in London; the minimum loan (72% of the full maintenance loan) was £3,564/£4,988 respectively. The means-tested maintenance grant was £2,906 if the household income was £25,000 or less (see Table A1). With a household income of £50,020, the grant was £50. Above this amount there was none (SLC, 2011b).

Table A1 here

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10. ENDNOTES

ⁱ Between 1962 and 1977 the parental contribution was assessed on the basis of fees and maintenance (House of Commons, 1998).

ⁱⁱ Fixed monthly repayments over a fixed term.

ⁱⁱⁱ See Berry and Georghiou (2011) for details of changes across the countries of the UK.

^{iv} The mandatory bursary was worth £338 in 2011/12. It was payable only students who received a full maintenance grant and were attending a higher education institution charging the maximum tuition fee. Higher education institutions decided on the eligibility and the value of discretionary bursaries (Callender and Wilkinson, 2013).

^v This includes financial contributions (e.g., to tuition fees, rent or living costs) and gifts (e.g., computers/books/transport) (Pollard *et al.*, 2013).

^{vi} Higher education in England is stratified: long-established pre-1992 universities admit fewer students from lower socio-economic groups than post-1992 institutions.

^{vii} One university was established before the 1914-18 War and one in the 1960s.

^{viii} One overseas student ineligible for government financial support was excluded. In another case the parent agreed to be interviewed, but the student, having initially agreed, declined.

^{ix} There were 2 son/father, 7 son/mother, 4 daughter/father, 14 daughter/mother dyads; in 1 case a daughter and both parents were interviewed.

^x Differences in household composition and parental educational and occupational history illustrate the difficulty of attempting to place respondents in social class categories and also illustrate the multidimensional nature of class (see Savage et al., 2013). Nevertheless, the sample may be described as broadly middle class.

^{xi} The government loan and assessed parental contribution was lower than the amount needed to live away from home estimated to be approximately £8,000-9,000 an academic year (based on information provided by a sample of universities).

^{xii} Similar variation amongst middle class parents has also been found with respect to young people's higher education choices (Brooks, 2003).

^{xiii} In 2016, graduates will begin to make loan repayments when their income reaches £21,000. The real (above-inflation) interest rate will be up to 3% (Crawford and Jin, 2014).

^{xiv} A national scholarship programme was introduced in 2012/13 (but is to be abolished from 2015/16 (HEFCE, 2014)). There are national eligibility criteria related to household income, but higher education institutions determine whether the applicant meets their own eligibility criteria. Each student receives a minimum of £3,000 benefit (cash bursaries, capped at £1,000, fee waivers and/or aid in kind) (Callender and Wilkinson, 2013).

^{xv} See McCaig and Adnett (2010) for a valuable critique of bursaries.

Table 1: Regular annual parent to student cash contributions and government financial support

Family ID	Group	Household income category (1)	Parental status	Approx. contribution per year (tuition)	Tuition fee loan, maintenance loan (minimum/higher), grant, bursary
1	i	-	Married	£10,200 (£3,375)	No
2	i	High	Married	£9,100 (£3,375)	No tuition, Maintenance (Minimum) saved
3	i	-	Married	£8,200 (£3,375)	No
4	i	-	Married	£4,500 (2)	No
5	ii	High	Divorced	£11,000	Tuition & Maintenance (Minimum)
6	ii	High	Divorced	£6,600	Tuition & Maintenance (Minimum)
7	ii	High	Married	£5,500	Tuition & Maintenance (Minimum)
8	ii	High	Married	£5,500	Tuition & Maintenance (Minimum)
9	ii	High	Widower	£5,400	Tuition & Maintenance (Minimum)
10	ii	High	Married	£5,100	Tuition & Maintenance (Minimum)
11	ii	High	Married	£4,270	Tuition & Maintenance (Minimum)
12	ii	High	Married	£4,200	Tuition & Maintenance (Minimum)
13	ii	High	Married	£4,200	Tuition & Maintenance (Minimum)
14	ii	High	Married	£3,500	Tuition & Maintenance (Minimum)
15	ii	High	Married	£3,000	Tuition & Maintenance (Minimum)
16	ii	High	Married	£2,950	Tuition & Maintenance (Minimum)
17	ii	High	Married	£2,800	Tuition & Maintenance (Minimum)
18	ii	High	Co-habiting	£1,330	Tuition & Maintenance (Minimum)
19	ii	Intermediate	Married	£1,200	Tuition & Maintenance (Higher)
20	iii	Low	Married	£3,400	Tuition & Maintenance & Grant
21	iii	Low	Divorced	£2,800	Tuition & Maintenance & Grant
22	iii	Low	Married	£2,240	Tuition & Maintenance & Grant
23	iii	Low	Married	£1,920	Tuition & Maintenance & Grant
24	iii	Low	Divorced	£1,300	Tuition & Maintenance & Grant
25	iii	Low	Divorced	£0	Tuition & Maintenance & Grant
26	iii	Low	Widow	£0	Tuition & Maintenance & Grant
27	iii	Very low	Divorced	£0	Tuition & Maintenance & Grant & Bursary
28	iii	Very low	Divorced	£0	Tuition & Maintenance & Grant & Bursary

Notes

(1) Household income category derived from cut-offs for government financial support (missing values – no financial support received) (SLC 2011b; see Annex):

a. The minimum maintenance loan of £4,988 was payable with a household income of £60,478+ (student studying in London) and £3,564 with a household income of £57,708+ (outside London) (household income category High). The maximum maintenance loan was payable where household income was £50,778 (household income category Intermediate).

b. The full maintenance grant was payable where household income was less than or equal to £25,000 (household income category Very Low); some grant was payable where household income was £50,020 or lower (household income category Low).

(2) Tuition fees paid by student.

Table 2: Sources of student finance

Group	Sources of finance	Parental contribution per year including tuition (range)	No. of families [family identifier]
i	All higher education costs covered by the family (tuition fees, accommodation, living expenses)	£4,500-£13,575	4 [ID 1-4]
ii	Student in receipt of tuition fee loan, maintenance loan, regular parental contributions	£1,200-£11,000	15 [ID 5-19]
iii	Student in receipt of tuition fee loan, maintenance loan and grant, with/without regular parental contributions	£0-£3,400	9 [ID 20-28]

Table A1: Annual government funding for maintenance for undergraduate students 2011/12

Category (illustrative household income)	Annual government funding for students (1)			Assessed household contribution
	Maintenance loan	Maintenance grant	Total	
Full-time student (London): full grant (£25,000)	£5,475	£2,906	£8,381	£0
Full-time student (London): no grant, maximum loan (£50,778)	£6,928	£0	£6,928	£0
Full-time student (London): no grant, minimum loan (£60,478+)	£4,988	£0	£4,988	£1,940
Full-time student, (outside London): full grant (£25,000)	£3,497	£2,906	£6,403	£0
Full-time student (outside London): no grant, maximum loan (£50,778)	£4,950	£0	£4,950	£0
Full-time student (outside London): no grant, minimum loan (£57,708+)	£3,564	£0	£3,564	£1,386

Sources: SLC (2011a, 2011b).

Notes

(1) Excludes other sources of state support – social security, NHS payments, child benefit.