

About PEP

The Postgraduate Experience Project was one of 20 projects funded through HEFCE’s £25m Phase 1 Postgraduate Support Scheme that was designed to test ways of supporting progression into taught postgraduate education in England. A description of PEP can be found in Briefing Paper 1. This briefing paper reports the headline findings of the debt levels of PGT STEM students prior to PG study and their anticipated debt as a direct result of undertaking an MSc qualification. It also reports what current PGT STEM students feel would have been viable funding options for them when starting their postgraduate studies. The final report containing the detailed findings will be published late October 2015.

Debt on Entry to PGT STEM study

Of the respondents who completed the Entry to Study Survey in September/October 2014, 48.3% of the aggregate sample considered themselves to have existing study debt prior to starting their PGT studies (see Table 1). A significantly higher percentage of UK respondents compared to those who were EU and OS domiciled reported that this was the case. And within the UK domiciled group, the figure was higher for those with a PEP Scholarship (UK dom. only- see Briefing Paper 2). For some PEP Scholarship recipients, their prior study debt level was a driver for seeking scholarship support (see MSc Anthology document).

Table 1

	Aggregate sample (1221)	UK PEP Scholarship (306)	UK Non-scholarship (424)	Non-scholarship EU & OS (484)
Yes	48.3% (590)	83% (254)	63.7% (270)	12.8% (62)
No	51.2% (631)	17% (52)	36.3% (154)	87.2% (422)

When the levels of debt were compared between the PEP Scholarship and non-scholarship recipients, there was no significant difference. However, when examined by domiciled status, there were significant differences between UK and EU/OS respondents’ debt levels with the UK reporting substantially higher levels of debt (see Table 2). The majority of UK domiciled respondents reported debt levels of £15,000 to £24,999 whereas for EU and OS it was £1000 to £14,999 with the majority being in the £1-9,999 category. For UK domiciled respondents under 25 years of age, 30.8% had study debt between £20-25K.

Table 2

Debt level	UK PEP Scholarship (254)	UK Non-scholarship (270)	Non-scholarship EU & OS (62)
£1 – 9,999	12.2% (31)	12.6% (34)	33.9% (21)
£10,000 – 14,999	12.6% (32)	18.1% (49)	21% (13)
£15,000 – 19,999	20.5% (52)	24.8% (67)	8.1% (5)
£20,000 – 24,999	28.7% (73)	22.2% (60)	8.1% (5)
£25,000 – 29,999	9.8% (25)	8.9% (24)	6.5% (4)
£30,000 +	4.3% (11)	4.4% (12)	11.3% (7)
Rather not say	11.8% (30)	8.9% (24)	11.3% (7)

Although the EU/OS respondents reported less debt on entering PGT study, these groups stated that their debt level had impacted more significantly on their decision making process about where and how to study at PGT level, compared to UK domiciled respondents.

Debt expected from PGT study only

‘Expected’ PGT study debt was explored in the Finance Survey, which was completed in June 2015 by PGT STEM respondents in PEP’s 9 English participating universities (9E Group). The majority of respondents (regardless of domiciled status) expected their PGT debt to be in the region of £1-9,000 (see Table 3). The PGT fee level in the 9E group ranged between £4,500 and £6,500 and was an important factor in the level of PGT study debt accrued. A higher number of EU and OS respondents reported PGT debt levels between £15-24,999 compared to UK domiciled students. However, more UK respondents reported that they chose to study at a local university in order to live at home and reduce debt levels. When analysed by UK domiciled and scholarship status, more PEP Scholarship than UK non-scholarship respondents reported that their expected debt would be up to £9,999 than £10,000 upwards (see Table 3).

Table 3 Expected PGT STEM debt only by domiciled status and UK scholarship status

Debt level	UK domiciled (524)	EU domiciled (35)	OS domiciled (150)	UK Non-scholarship (111)	UK PEP Scholarship (242)
£1-9,999	70.7% (370)	54.3% (19)	48.0% (72)	67.6% (75)	73.1% (177)
£10-14,999	11.6% (61)	11.5% (4)	25.3% (38)	16.2% (18)	7.9% (19)
£15-19,000	5.4% (28)	17.1% (6)	10.0% (15)	6.3% (7)	4.5% (11)
£20-24,999	4.9% (26)	17.1% (6)	7.3% (11)	4.5% (5)	5.8% (14)
£25-29,999	4.0% (21)	0%	2.6% (4)	0.9% (1)	5.8% (14)
£30,000+	3.4% (18)	0%	6.8% (10)	4.5% (5)	2.9% (7)

Total study debt (inclusive of UG and PG)

The Finance Survey also explored the expected ‘total’ study debt of respondents upon completion of their PGT studies. A significantly lower number of UK domiciled respondents reported that they anticipated no debt (this finding is linked to age) compared to those who were EU and OS. It is important to note that EU and OS students are able to obtain funding from their governments to help pay for UG and PG study costs in the UK. When UK domiciled status was examined by scholarship status, a higher number of non-scholarship respondents reported their expected ‘total’ debt to be in the debt categories up to £24,999. Many respondents reported that their expected ‘total’ debt level did not include interest. A higher number of PEP scholarship

respondents expected their debt levels to be in the top two highest debt categories. A contributory explanation for this could be that of the PEP scholarships respondents 65% were 1st generation, and thus more likely to be in the lower social classes compared to their 2nd generation counterparts, and less likely to obtain parental support for funding of fees (see Briefing Paper 4). Debt levels for UK domiciled respondents was related to age so the older respondents were less likely to have high levels of study debt, but those under 25 years of age expected their ‘total’ study debt to be in the region of £20-30K.

Table 4 Total study debt by domiciled status and UK scholarship status

Debt level	UK domiciled (603)	EU domiciled 47	OS domiciled 258	UK Non-scholarship (121)	UK PEP Scholarship (264)
£0	29.0% (175)	68.0% (32)	65.5% (169)	27.3% (33)	20.5% (54)
£1-9,999	7.5% (45)	8.5% (4)	9.7% (25)	8.2% (10)	4.5% (12)
£10-14,999	7.8% (47)	4.2% (2)	5.8% (15)	7.5% (9)	7.6% (20)
£15-19,000	8.9% (54)	4.2% (2)	6.9% (18)	13.2% (16)	7.6% (20)
£20-24,999	12.9% (78)	4.2% (2)	4.6% (12)	17.4% (21)	15.2% (40)
£25-29,999	13.1% (79)	2.4% (1)	1.6% (4)	4.1% (5)	20.7% (55)
£30,000+	20.8% (125)	8.5% (4)	5.8% (15)	22.3% (27)	23.9% (63)

Finance anxieties

Debt levels were identified as a significant concern for respondents in the Entry to Study Survey. Of the 1,235 sample, 23.7% were concerned about lack of sufficient funding; 20.5% concerned about getting into debt and 17.3% concerned about increasing their existing levels of debt. Fee levels were considered *very important/important* for 78.1% of respondents. Attitudes to finances were further explored in the Finance Survey. When asked about how important fee levels were in deciding to undertake PGT study, of the 933 respondents, the percentage who said that fees were *very important/important* was higher with 81.7%. Of these respondents, 3.1% stated that they had changed their opinion about the importance of fee levels since starting their studies. The reasons given included:

‘Whilst studying at postgraduate level, I have realised the impact of the fees and how they can change somebody’s perception on studying at post grad level’.

‘I underestimated the total cost of living, travel and other costs associated with the course. Reasonable priced fees really help meet costs’.

I believe that high university fees are the major reasons why some students decide not to undertake post-graduate studies, therefore fee levels are hugely important’.

For PEP Scholarship recipients, even though they had secured a fee scholarship, fee levels were still *very important/important* in the decision making process compared to non-scholarship students. When respondents were asked about their current financial situation, 38.5% stated that they were *very anxious/anxious* about their finances and 37.3% *slightly anxious*. Only 20.3% were *not anxious at all*. UK domiciled respondents reported significantly more financial anxiety than EU and OS and PEP scholarship respondents (even with their scholarship) reported higher levels of anxiety than the UK non-scholarship. Anxiety levels were directly related to expected debt levels.

Viable funding support

The Finance Survey asked respondents what type of funding model would have been the most viable when considering embarking on their PGT studies. The options included the current thinking on a possible PGT loan scheme. All the options and the responses are listed in rank order in Table 5. For almost two thirds of the sample, the preferred funding option was a mixed scheme. There were no significant domiciled, generational or social class differences. The financial anxieties highlighted suggest that respondents do worry about debt thus in order to keep their debt to a minimum, a mixed funding option is more preferable. Companies such as StudentFunder and Future Finance are spearheading funding models in this area.

Table 5 Viable funding methods

Type of viable loan	Yes	N=933
A mix of fee scholarship or alumni discount, loan (government or bank) and self funding	62.2%	580
A government backed loan where your undergraduate and postgraduate loan is combined and you pay 9% interest overall but over a longer period of time	14.1%	132
A government backed loan at 9% interest that you only repay once you are earning £21,000 a year (<i>note: if you have a UK UG loan already, you will pay both at the same time = 18% of your salary</i>)	13.5%	126
A bank loan you would only start repaying six months after graduation	9%	84
A government backed loan at 9% interest that you start repaying six months after graduation regardless of income (<i>note if you have a UK UG loan, you will pay both at the same time = 18% of your salary</i>)	1.2%	11

Issues for further consideration

It is unclear what the debt levels of graduates who studied under the £9K a year fee scheme will be and the impact it will have on graduates pursuing a PGT level qualification. Neither is it clear what the impact of high levels of debt will be for the individual, society and the economy. Although PEP has provided baseline data of attitudes and behaviour towards debt and its impact on the decision making process at PGT level, it only covers those who graduated under the previous funding regime thus further research into this area along with exploring alternative funding models would be advisable.

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