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The Effect of Student Loans on Master's Degree Participation: Evidence From England

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NEON Widening Participation in Postgraduate Study Network

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Outline

1. Summary of research on the impact of master's loans
2. Some observations on PG WP criteria
3. A quick update on some other matters relevant to the Network

Master's loan research

Full article:

Mateos-González, J. L. and Wakeling, P. (2020)
Student loans and participation in postgraduate
education: the case of English master's loans.

Oxford Review of Education. [DOI:
10.1080/03054985.2020.1781607](https://doi.org/10.1080/03054985.2020.1781607)

Currently open access!

Case of England

- No apparent *overall* effect of UG fees on participation gaps ([Murphy et al., 2019](#))
- Concern about debt as a deterrent to master's study
- New master's loan scheme as a response

Scheme details

- Different loan schemes introduced in UK home nations
- Not means-tested; income contingent repayment; 'contribution' to costs

| Country of domicile | 2016/17 | 2017/18 |
|----------------------------|----------------|----------------|
| England (or EU) | £10,000 | £10,280 |
| Scotland (or EU) | - | £10,000 |
| Wales (or EU) | - | £10,280 |
| Northern Ireland (or EU) | - | £5,500 |

Four hypotheses

1. Graduates will engage in a rational economic calculation regarding the costs and benefits of master's study leading to **increased overall enrolment rates** following introduction of the loans
2. There is latent demand for master's study among groups which have previously been underrepresented, especially those from lower socio-economic class backgrounds. We would expect to see enrolment rates for **lower socio-economic groups increase more rapidly** than other groups after introduction of master's degree loans.

Four hypotheses

3. In the face of an uncertain graduate labour market, graduates will choose to re-enrol in higher education rather than face un(der)employment. We would expect any **increase in master's enrolment to partially displace unemployment** as a graduate outcome.
4. Graduates may use the new loans in order to 'repair' any perceived deficiency in their first degree. This would involve **'trading up' from a lower to higher status university** between levels, and/or a **greater proportion of graduates with a lower mark enrolling at master's level** than before the introduction of loans.

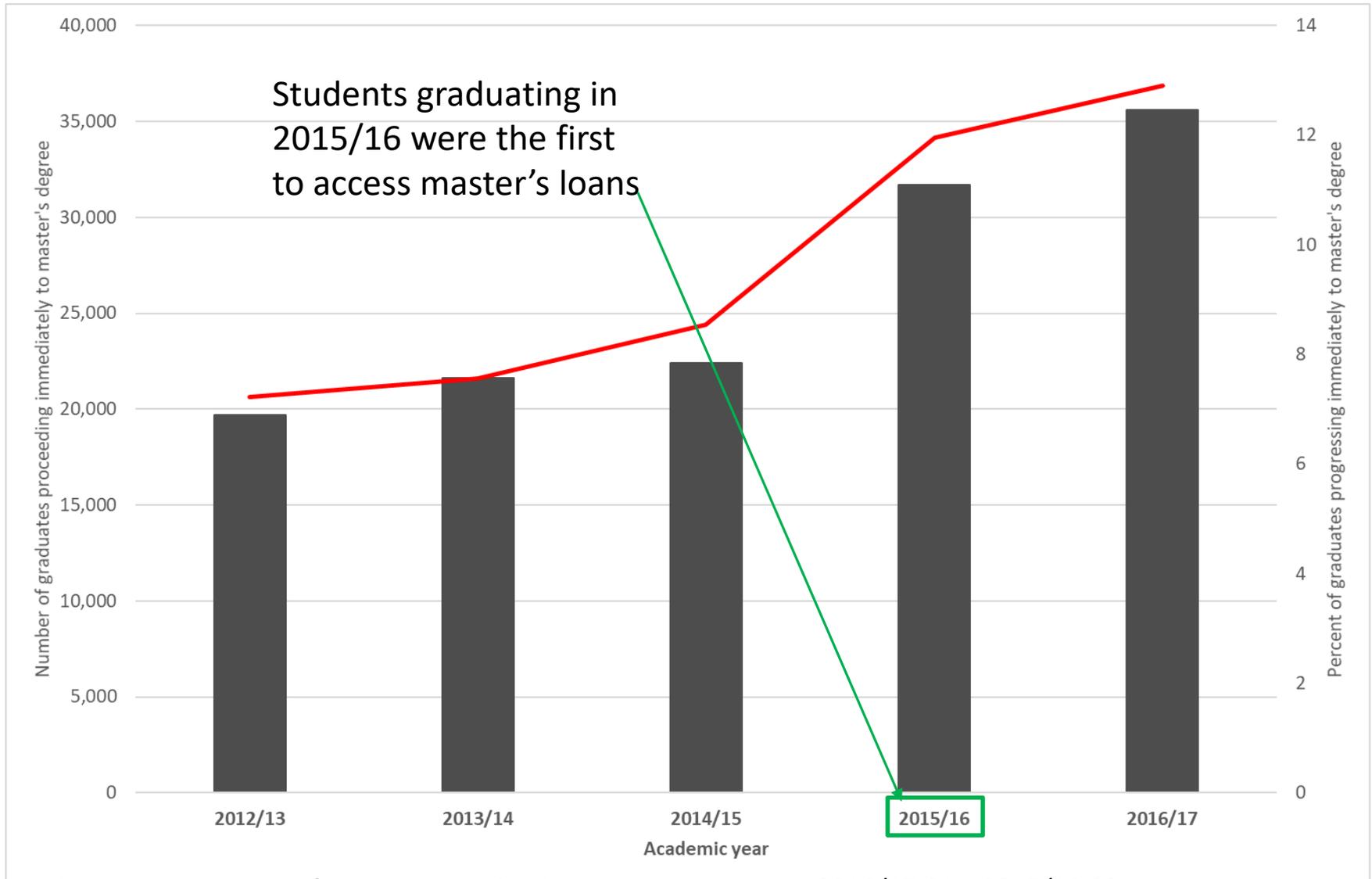
Previous studies

- Very simple analysis by Office for Students
looking at first year of loans found:
 - Increase in enrolments
 - Some ‘catch up’ of underrepresented groups (Black, POLAR Q1/2)
- Analysis of HESA enrolment data + survey for DfE (by IFF) found increase in enrolment, but participation not widened (but methods?!)

Data

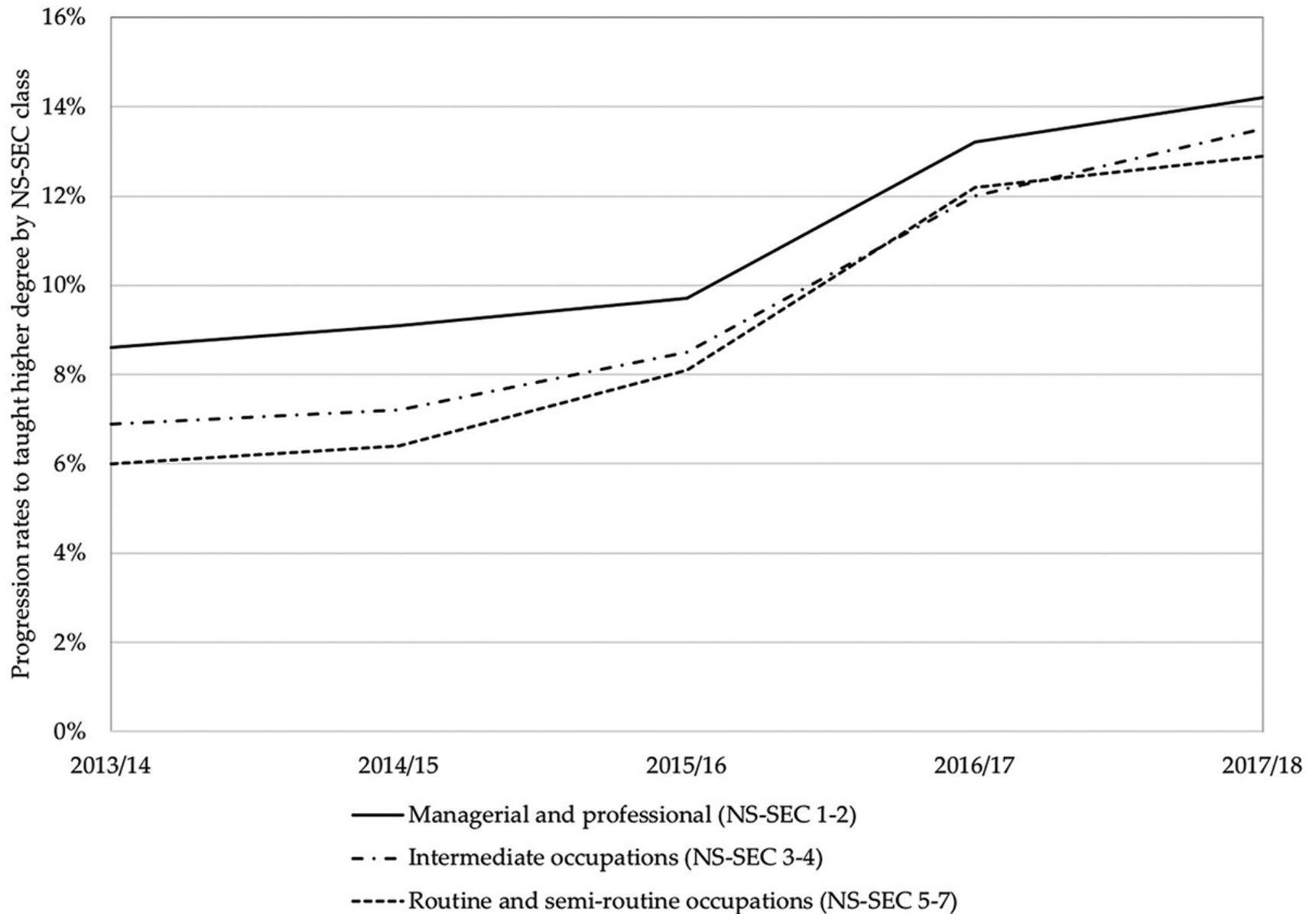
- Higher Education Statistics Agency linked data:
 - Student Record (census of all students)
 - Destinations of Leavers from Higher Education survey (RR≈80%) ('first destination')
 - Graduates in 2012/13 – 2016/17 (3 years before, 2 years after master's loans)
 - $N = 1,620,385$
- Range of academic and demographic variables about graduates and their destination
- Data weighted to adjust for non-response
- Caution: data right-censored

H1: Overall progression to master's in England

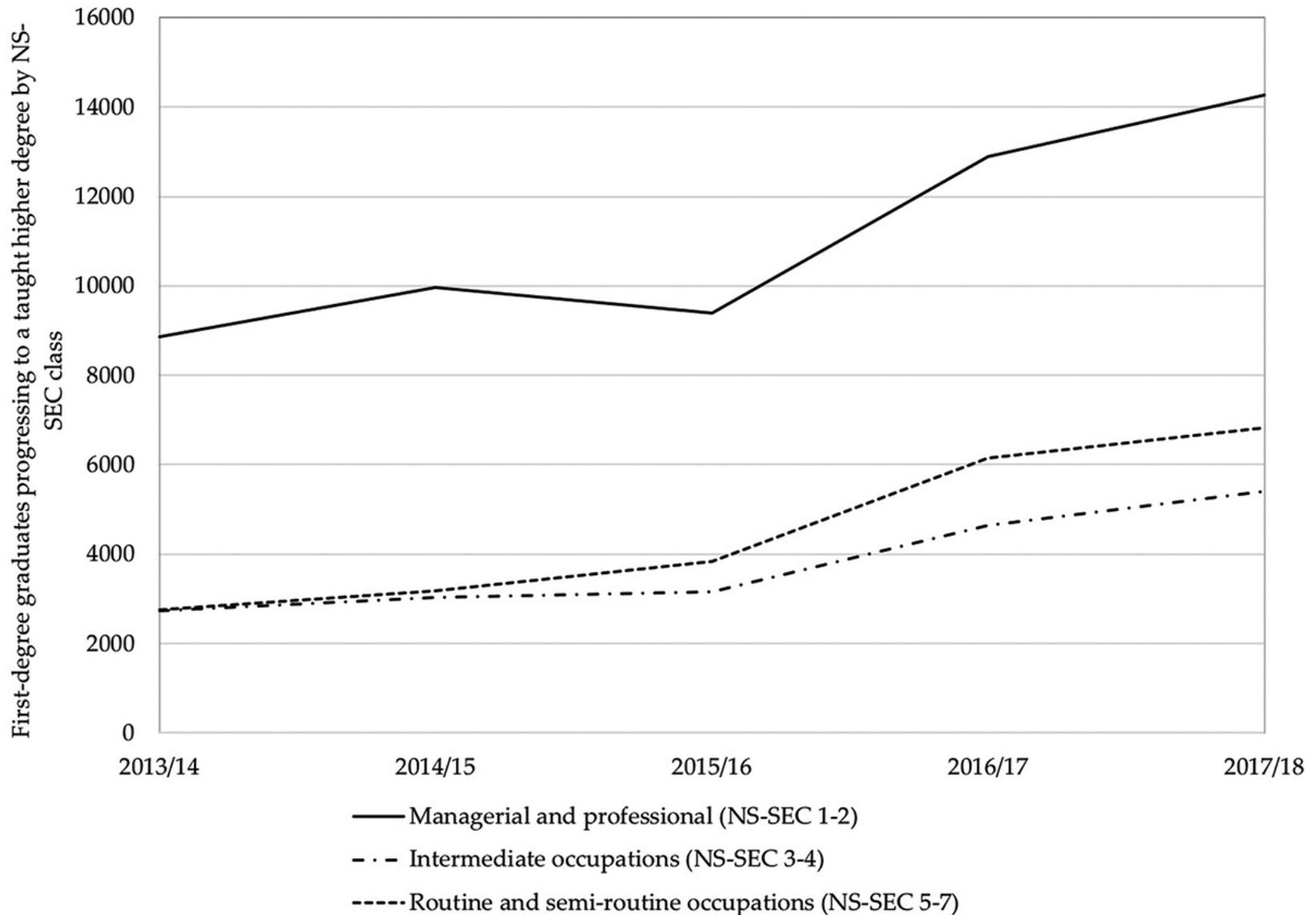


Key: bars – number of students; red line % rate. Loans awarded 2016/17 64k; 2017/18 82k

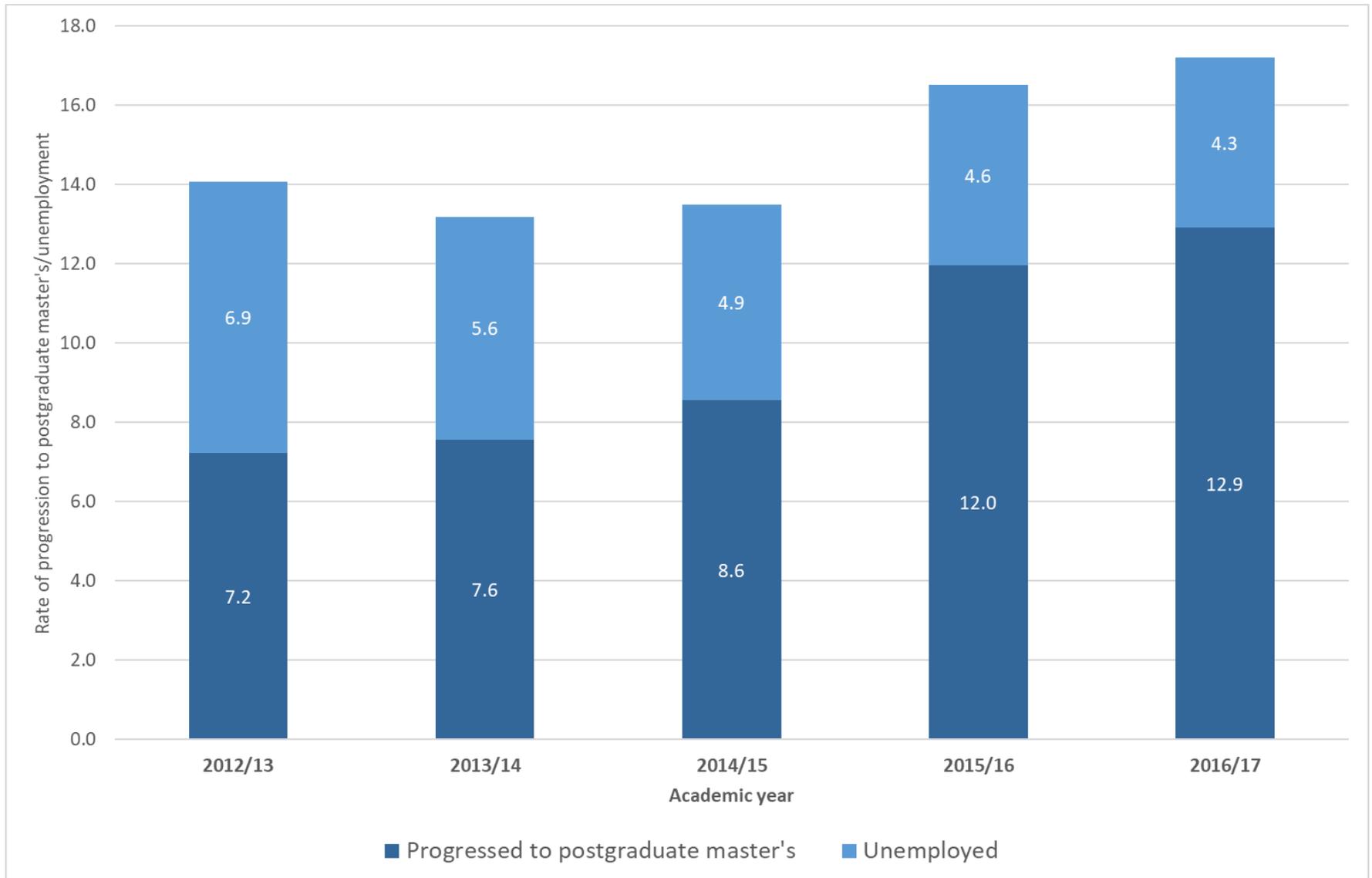
H2: Progression to master's by social class (rates)



H2: Progression to master's by social class (numbers)



H3: Unemployment and master's as destinations



H4a: 'upgrading' institution at master's level

Examined four groups of institutions:

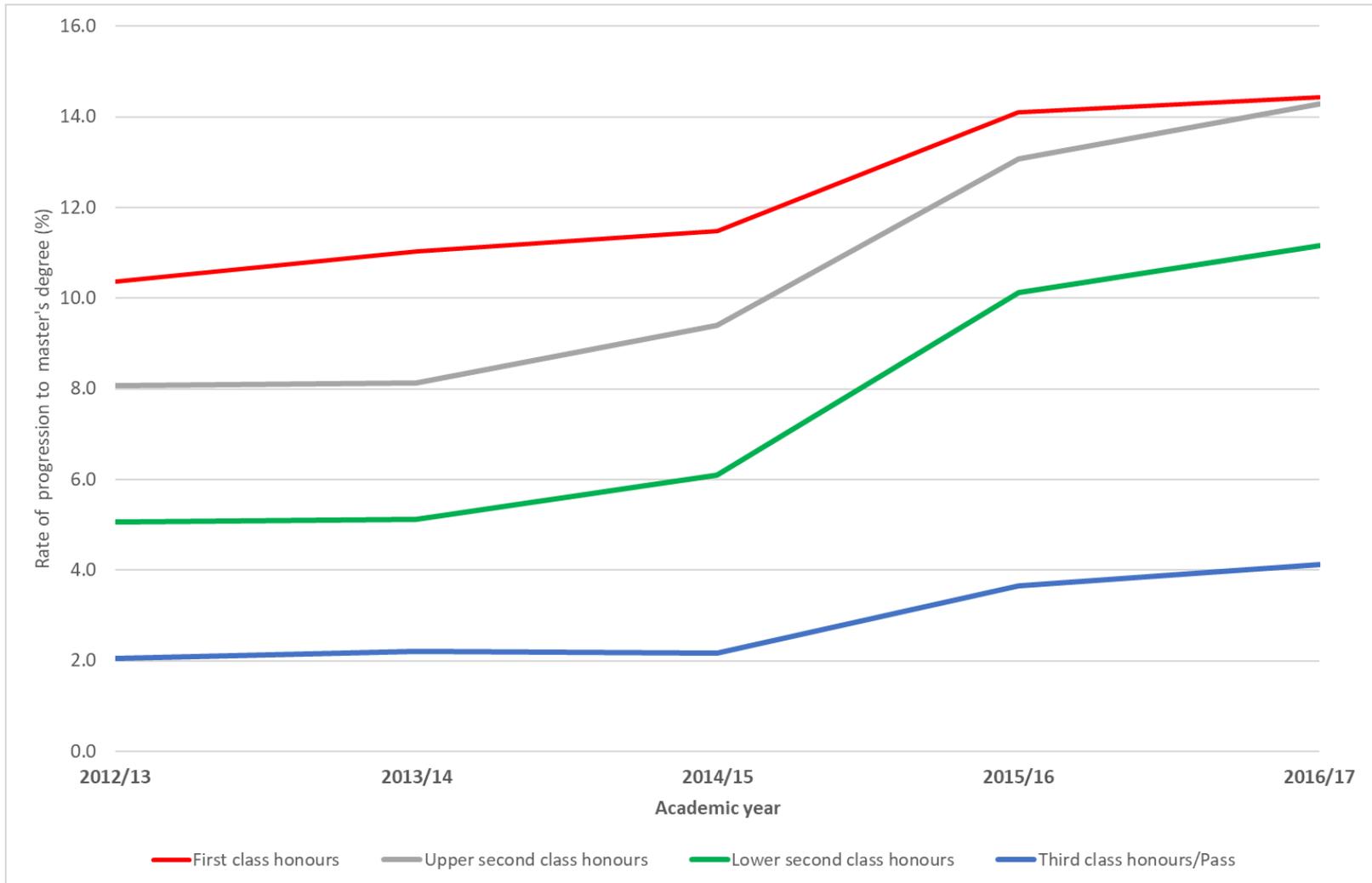
1. 'Golden Triangle' (Oxford, Cambridge, KCL, UCL, Imperial, LSE)
2. Other Russell Group universities (16)
3. Other pre-1992 universities
4. Other institutions

H4a: 'upgrading' institution at master's level

| Movement (%) between first-degree and master's institution | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|---------|---------|
| From Golden Triangle to post-92/other | 2.1 | 2.5 | 2.1 | 1.8 | 2.0 |
| Moved 'down' two categories | 8.1 | 9.0 | 7.8 | 8.5 | 8.5 |
| Move 'down' one category | 12.6 | 13.5 | 11.1 | 11.0 | 10.9 |
| Stayed in category | 66.9 | 66.0 | 71.3 | 71.6 | 71.8 |
| Moved 'up' one category | 6.3 | 5.6 | 4.8 | 4.4 | 4.5 |
| Moved 'up' two categories | 3.5 | 3.0 | 2.6 | 2.5 | 2.1 |
| Moved from other/post-1992 to Golden Triangle | 0.4 | 0.4 | 0.3 | 0.3 | 0.2 |

- Reduction in movement between institutions after loans introduced
- Greater decline in 'upgrading' than 'downgrading'

H4b: 'repairing' first-degree grade



Summary of findings

| | |
|---|----------------------------|
| H1: Master's loans lead to increased overall enrolment | Supported |
| H2: Participation of lower socio-economic groups will increase most rapidly | Supported |
| H3: Increased enrolment will partially displace unemployment | Partially supported |
| H4a: Loans will lead to 'trading up' of first degree | Not supported |
| H4b: Loans will lead to 'repair' of first degree | Partially supported |

Conclusions and implications

- Master's loans appear to have narrowed the socio-economic participation gap
- Some 'deadweight', but not at the expense of employment
- No strong indication of 'repair'
- NB: don't have loan data connected to enrolment data, only looking at immediate transition

Other updates

- Institute for Fiscal Studies research published using LEO data
- We're working on a new analysis of postgraduate participation for The Sutton Trust; other research on institutional stratification at PG level almost finished too
- Meeting arranged by Linkson Jack held with Michele Donelan on 25 June
- ESRC Review of PhD in the Social Sciences (consultation deadline today!), plus other UKRI matters

WP criteria - observations

- Distinguish between high and low stakes actions
- Low stakes
 - Cheap to collect and analyse
 - Margin of error acceptable/averages out
 - E.g. POLAR
 - E.g. of use: monitoring, outreach
- High stakes:
 - Needs to be very accurate
 - Tends to be expensive to collect or verify
 - E.g. means-test
 - E.g. of use: positive action, WP studentships
- Whose money are you spending? **What are your objectives?**

WP criteria suggestions

- Already collected and available:
 - Gender
 - Ethnicity
 - Disability
- Might be collected, but not analysed:
 - Previous institution
 - Dependants/caring etc
- Not collected but cheap:
 - Parental education
 - Home postcode on UG entry