

## Student Income and Expenditure Survey 2007/08: Welsh-domiciled students

This Bulletin presents summary results for Welsh domiciled students from the 2007/08 Student Income and Expenditure Survey (SIES). The full SIES report on Welsh-domiciled students can be found on the [Assembly Government's Research web pages](#). The survey covered both full-time and part-time students at higher education institutions (HEIs) participating in undergraduate courses during the 2007/08 academic year. Ten HEIs in Wales participated in the study, plus the Open University.

### Key findings

- Full-time student income rose by eight per cent in real terms between 2004/05 and 2007/08 to over £10,000 during the academic year. However, the bulk of this increase is accounted for by tuition fee loans and grants which are paid direct to the students' institution.
- Compared with their counterparts in 2004/05, full-time students are less reliant on family and friends for income and more dependent on sources of government financial support, ie loans and, increasingly, grants.
- The total average expenditure of full-time students went up by nine per cent in real terms. This was driven by an increase in participation costs (including tuition fees), particularly for first years under the new finance arrangements, for whom participation costs rose by 57 per cent in real terms. However, spending in real terms on living and housing costs has not changed in the last three years.
- Estimated debt levels for full-time students graduating in 2008 were around £7,200 although this will rise for those in subsequent years as a result of additional accumulated borrowing in tuition fee loans among students studying under the new system of student finance. Debt is mainly funded by student loans and the amount borrowed from commercial sources has fallen.
- Income among part-time students has remained steady in real terms, at around £11,700, while overall spending increased by nine per cent in real terms, at £12,430.

### Student Income

The average total income for full-time students during the 2007/08 academic year was £10,065. Part-time students received around 16 per cent more, on average, at £11,710, mainly attributable to their higher earnings from paid work during the academic year. Full-time students relied much more heavily on income from the sources of student funding support.

The highest incomes among full-time students were reported by students with dependent children (in particular lone-parents), and the lowest among students living at home, those aged 20 to 24, or studying under the old system of student finance. However, those with higher average incomes may have also had higher average expenditure and vice versa.

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Social class differences among part-time students were more pronounced than among full-time ones. Part-time students from managerial/professional backgrounds had a much higher average total income than working class students, largely driven by their higher earnings from paid work.

Among full-time students, those covered by the new support system had a higher average total income than those under the old support system (mainly linked to their higher income from the tuition fee loan and tuition fee grant, which are paid direct to the institution). If income from tuition fee loans and tuition fee support is discounted, the total average income for new system students is around eight per cent higher than that for students studying under the old system.

Differences between the new and old funding systems were also related to differences between students in different years of study. Broadly speaking, students in the first or second year had a higher average total income – and obtained a higher proportion of their income – from sources of student support such as loans.

### **Income from loans and other forms of student support**

Maintenance loans and tuition fee loans were the most important source of income for full-time students, contributing 34 per cent of total average income. Part-time students are ineligible for this type of support.

The average tuition fee loan among all full-time Welsh-domiciled students in 2007/08 was £939 (significantly lower than English-domiciled students). Around two-thirds of new system students took out a tuition fee loan (67 per cent) and among these, the average amount was £1,907 – substantially lower than the average among English-domiciled new system students. This can be attributed to the higher level of tuition fee support for Welsh-domiciled students who study in Wales, through the tuition fee grant. It should be noted that income from tuition fee loans and grants is paid direct to the institution rather than to the individual student.

Three-quarters of full-time students received income from the student maintenance loan (73 per cent) and this did not vary according to whether they studied under the old or new system of student financial support.

The Assembly Learning Grant (ALG) was an important source of student support in Wales, although levels, thresholds and eligibility differ between old and new system students. Over one-third of new system Welsh-domiciled students received the ALG (37 per cent<sup>1</sup>), averaging £1,898. A further four per cent of new system students received the Special Support Grant. Sixteen per cent of old system students received the ALG, averaging £1,139.

One-fifth (20 per cent) of new system students studying in Wales benefited from a bursary there, compared with just five per cent of old system students, receiving £1,107 on average.

### **Earnings from work**

Income from paid work was important for full-time students (averaging £1,904 and representing 19 per cent of their total average income) and critical for part-time students (averaging £8,411 and comprising 72 per cent of theirs).

Just over half of all full-time students did some form of paid work during term-time (52 per cent). Working was most common among students who lived at home with their parents during term-time, and women. There was no significant difference in propensity to work between new and old system students.

The vast majority of part-time students combined studying with work (75 per cent). Half of part-time students and around two-fifths of full-time students who worked during the academic year reported

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<sup>1</sup> The proportion of 41 per cent of new system students in receipt of either the ALG or the SSG is not directly comparable to the proportion published by the Student Loans Company, which covers a different eligible population.

that this had affected their studies, eg by making less time available for study/reading (especially among part-timers).

### **Income from family and friends**

On average, full-time students received £1,679 from their family, partner and friends – this accounted for less than one-fifth (17 per cent) of their average total income, almost equal to income from paid work. Old system students both received more (£2,041 compared with £1,479 among new system students) and relied more heavily on this source (which constituted 24 per cent of their total income compared with 14 per cent among new system students). Across old and new system students alike, those who gained the most from family, partner and friends tended to be from more ‘traditional’ student backgrounds – younger, dependent students living away from home to study, from managerial/professional social class backgrounds.

Although few full-time students received income from social security benefits (13 per cent), for those who did this represented a key part of their total average income, especially lone parents, for whom it contributed £4,895 or more than a quarter of their total average income. Social security benefits were a key source of income among part-timers, with around three in five claiming income from this source (59 per cent).

### **Student spending**

The average (mean) total expenditure of full-time Welsh-domiciled students in 2007/08 was £12,430. The average total expenditure of part-time students was £14,644, 18 per cent higher than their full-time counterparts.

Living costs constituted the largest category of expenditure (55 per cent of expenditure for full-time students and 64 per cent for part-time students). Living costs accounted for £6,879 of full-time students’ and £9,391 of part-time students’ spending and were highest for students with children.

Housing costs accounted for a further one-fifth of expenditure for each group – £2,225 among full-time students and £2,992 among part-time students. Full-time students typically lived in rented (non-university) property with friends or other students, with their parents or relatives or in university provided accommodation: these groups reported particularly low housing costs. Part-time students were more likely to be buying or privately renting a property (alone or with family) and this is reflected in their higher overall housing costs.

Participation costs (ie those directly incurred through going to university or college, including tuition fees) accounted for a higher proportion of expenditure for full-time students than for part-time students (25 per cent compared with 12 per cent). Full-time Welsh-domiciled students spent an average of £3,132 on participation costs in the academic year 2007/08. Part-time students spent considerably less than their full-time counterparts on these costs, an average of £1,708.

Full-time students spent an average of £384 on direct course costs such as books, computers and equipment and £522 over the academic year on facilitation costs (such as course-related travel and childcare). Part-time student spending on these costs averaged £277 and £520 respectively. Facilitation costs were relatively high for students who lived with their parents and students with dependent children.

Life stage had a strong influence on expenditure for both full- and part-time students, with spending highest amongst students in families with children. Full-time students under the new system of student finance arrangements (including ‘top up’ fees) had higher participation costs, and higher spending overall, although once other factors such as family type were taken into account, the difference was not significant. Whether they started their course before or after 2006/07 was not associated with differences in expenditure for part-time students.

Eight per cent of full-time students and 33 per cent of part-time students were parents who lived with their children; among these, full-time students spent £2,415 and part-time students spent £1,693 on child-related costs.

### **Savings, Borrowing and Debt**

Part-time students predicted higher levels of savings for the end of the academic year than full-time students, £2,911 compared with £2,075. Among full-time students, savings levels remained relatively steady over time, however, part-time continuing students appeared to dig into their savings over the preceding summer vacation and replenished them again over the course of the academic year.

Levels of borrowing among full-time students were approximately two and a half times higher than among part-time students, averaging £8,222. Full-time students were considerably more likely to borrow money (91 per cent had some form of borrowing compared with 57 per cent of part-time students). Full-time students' borrowing was predominantly made up of student loans (£7,206 out of £8,284). However, some full-time students had borrowed from commercial or 'higher cost' sources such as commercial credit companies (20 per cent) and via bank overdrafts (42 per cent), and where students had made use of these sources, the average amounts involved were substantial (£2,771 and £955 respectively).

Part-time students borrowed less heavily overall (£2,975 on average), but relied more on commercial credit and bank overdrafts (which together, accounted for 85 per cent of part-time students' borrowing).

It is possible to estimate graduate debt by deducting predicted year-end savings from predicted year-end borrowings (for final year students only). This results in average anticipated debt of £7,187 for those graduating from full-time courses and £586 for those graduating from part-time ones. Thus net debt levels of full-time graduates are much higher than part-time graduates.

Estimated graduate net debt varied considerably in a number of ways, reflecting many of the variations noticed for savings and for borrowing patterns.

### **Overall financial position**

Approximately three in ten students had considered dropping out of their university course at some point (29 per cent of full-timers and 33 per cent of part-timers). Among full-time students the most common reason for considering leaving was financial difficulties. However, part-time students were more likely to cite domestic, family or personal reasons.

Almost three in five full-time students (58 per cent) felt their finances had affected their academic performance (eg through worry and stress), although only six per cent felt their financial situation had affected their studies a great deal. Part-time students were less likely to feel their performance had been affected (only 37 per cent).

Despite concerns over finance, the vast majority (92 per cent for both full-time and part-time) of students had not fallen into arrears on any key payments such as credit card bills, utility bills or rent.

Thirty-five per cent of full-time and 28 per cent of part-time students said that the availability of funding and financial support affected their decisions about HE study. A high proportion of these (53 per cent of full-time and 62 per cent of part-time students) said that they would not have studied at all without financial support. Nearly half of all part-time students (49 per cent) said that availability of funding affected their decision to study part-time and nearly half of all full-time students (47 per cent) said it affected their decision whether to study in England or Wales. Over one-quarter (27 per cent) of both full- and part-time students said that concerns over debt nearly stopped them coming to university. New system students were more likely to have had concerns about debt than old system students.

The vast majority of students felt that their HE experience was equipping them for the demands of working life, would lead to higher salaries and was worthwhile despite its high cost. Nevertheless, 58 per cent of full-time students had concerns about increasing competition in the graduate job market.

## Trends since 2004/05

Comparisons are made between all students (for both 2004/05 and 2007/08), but also between first year students across each survey. Most first years in 2004/05 studied under the old student finance system, whereas most in 2007/08 studied under the new system. This means that the best way to compare the two funding systems is via comparison of 'like for like' students in the same year of study, across the two surveys.

Since the last survey in 2004/05:

- Average income among all full-time students has risen by eight per cent (taking account of inflation) – with larger than average increases in income from sources of student support and paid work. Part of this increase was driven by income from tuition fee loans and grants which are paid directly to the students' institution.
- Among first year students, average total income increased by 24 per cent in real terms. In particular, average income from sources of student support (which includes the Assembly Learning Grant) and from paid work increased much more for first years than for other students. At the same time, first year students received substantially less income from family and friends.
- Among part-time students, income remained steady in real terms. Their most important source of income remained paid work, although this declined somewhat compared with income from other sources.
- Similar proportions of students were in some form of paid work across the two studies, both for full-time students (52 per cent in 2007/08) and part-time students (75 per cent in 2007/08).
- The total average expenditure of full-time students went up by nine per cent in real terms – driven by a 41 per cent increase in participation costs (by 57 per cent for full-time first year students) and in particular spending on course fees, which more than doubled for first years. Living, housing and child-related spending costs remained very similar between the studies.
- Although average borrowing has increased, there have been larger increases in savings, and the overall impact on students' financial position has been to increase the level of predicted student (net) debt, but only by around five per cent among all students. Graduate net debt among final year students appears to have fallen slightly (as it has for English domiciled final year students). It is too early to capture the impact of the introduction of the new student support system, as final year students were (generally) subject to the old system of financing and fees.
- Across all part-time students, borrowing levels have increased by five per cent. At the same time, however, average savings levels have fallen and so average net debt amongst part-time students has increased since the previous survey, from an estimated 'surplus' to a small debt.
- The proportion of full-time students who have considered dropping out of their course has fallen from 35 per cent to 29 per cent (it has remained static among part-timers). In 2007/08, fewer of these full-time students cited financial reasons as a reason for considering dropping out.
- The proportion of students falling into arrears has declined among full-time students. Reliance on high cost forms of borrowing has fallen amongst full-time students, but the amount owed in commercial credit has increased by one-third among part-time students.
- The proportion of full-time students who reported that the finances and concerns about debt affected their decisions about HE study remained steady between the two studies. However, the proportion who stated that the support affected their decision of whether to live at home declined among full-time students.
- More full-time students agreed that 'the long term benefits of HE are greater than the costs' in 2007/08 compared with 2004/05 (82 per cent compared with 75 per cent). Among part-time students the proportion agreeing that 'the long term benefits of HE are greater than the costs' also increased (from 74 to 83 per cent).

## Comparing Wales and England

There was no significant difference in the level of full-time student income or spending between Welsh and English-domiciled students. The average income of Welsh domiciled part-time students was lower than that of their English counterparts but their spending was lower too. Estimated graduate debt was lower among Welsh-domiciled full-time students compared with those from England due to higher savings levels among final year Welsh students.

## Background

The 2007/08 Student Income and Expenditure Survey (SIES) was jointly commissioned by the Welsh Assembly Government (WAG) and the Department for Innovation, Universities and Skills (DIUS) and was conducted in partnership by the National Centre for Social Research (NatCen) and the Institute for Employment Studies (IES). This report presents summary findings for students from Wales, whilst the full report is published on the [Assembly Government's Research web pages](#). A separate report covers students from England, and is published on the [Department for Innovation, Universities and Skills' website](#).

This report presents the most detailed, comprehensive and authoritative assessment undertaken about the income and expenditure of students in Higher Education (HE) in England and Wales. It builds on a series of earlier surveys which have been undertaken at regular intervals since the mid 1980s, but in particular updates the findings of the most recent SIES undertaken in 2004/05. That survey took account of the various changes in higher education funding and support enacted since 1998 and provided a baseline for this most recent study, in particular for assessing the impact of further changes in the student funding system which have come into force since 2004/05.

## Key Quality Information

The 2007/08 survey covered both full-time and part-time students at higher education institutions (HEI) and further education colleges (FEC), including the Open University (OU) participating in undergraduate courses during the 2007/08 academic year. Ten HEIs in Wales participated in the study (which did not cover any FECs in Wales), plus the Open University.

Data were collected between January and March 2008 via:

- face-to-face interviews with a randomly selected sample of 744 full-time and part-time Welsh-domiciled students
- expenditure diaries detailing the expenses incurred by these students over the course of seven days, completed by 621 Welsh-domiciled students.

The sample size in 2007/08 was designed to be larger than in the 2004/05 study, in order to produce more robust results and allow greater disaggregation by different types of student.

More detailed analysis and technical information about the survey can be found in the full report on the [Assembly Government's Research web pages](#), including details of the standard errors associated with the figures.