

HIGHER UNIVERSITY FEES REDUCE APPLICATIONS AND ATTENDANCE: Evidence from England and Scotland

Increases in tuition fees have a negative effect on university applications, particularly for courses with lower expected salaries after graduation. The number of students attending university also falls when fees increase. But there is no evidence of a larger reduction in attendance for students from ethnic minority backgrounds or from communities with lower rates of participation in higher education.

These are the main findings of research by **Filipa Sá**, to be presented at the annual congress of the European Economic Association in Mannheim in August 2015. Her study compares the evolution of university applications and attendance in England and Scotland and looks at two specific reforms. By exploiting variation in the level of fees across the two countries over time, this study measures the causal effect of fees on university applications and attendance. The main findings are that:

- The removal of upfront fees in Scotland in 2001 increased applications by about 23%.
- The increase in fees in England in 2012 reduced applications by between 18% and 22% and reduced the number of first-year undergraduate students by between 17% and 27%.
- Applications to institutions and subjects whose graduates are paid higher salaries after graduation are less responsive to changes in fees. This suggests that students respond to higher fees by choosing courses that lead to better paid jobs after graduation.
- There is no evidence that the increase in fees in 2012 had a larger negative effect on attendance for students from ethnic minority backgrounds or from local authorities with a lower rate of participation in higher education.

More...

The recent increase in university tuition fees in England has stimulated a debate on how the cost of higher education affects applications and attendance, particularly for students from disadvantaged backgrounds.

This study exploits variation in the level of tuition fees in England and Scotland to design two experiments to measure the causal effect of fees on applications and attendance. The first experiment looks at the removal of upfront fees in Scotland in 2001, while the second experiment looks at the increase in fees in England in 2012. The causal effect of changes in fees is measured by comparing the evolution of applications and attendance in the country affected by the policy change and the country unaffected.

Using data on applications from the Universities and Colleges Admissions Service (UCAS) for the period 1998-2013, this study finds that the removal of upfront fees in Scotland in 2001 increased applications by about 23%, while the increase in fees in England in 2012 reduced applications by between 18% and 22%. These results imply that a 1% increase in tuition fees leads to a fall in applications of between 0.14% and 0.23%.

To test whether this effect differs by institution and subject, the author merges applications data with information on average salaries of first-degree graduates six months after graduation by gender, institution and subject area. Interestingly, applications to institutions and subjects that lead to higher salaries after graduation are much less affected by changes in fees. The results are consistent for the 2001 and 2012 reforms and suggest that students respond to higher fees by choosing courses that lead to better paid jobs after graduation.

To examine whether the increase in fees in 2012 had a disproportionate effect on students from less advantaged backgrounds, the study uses data from the Higher Education Statistics Agency (HESA) on the number of first-year undergraduates by ethnic group and by local authority for the period 2008-2013.

The findings suggest that, although students from ethnic minorities are less likely to go to college, they were actually less affected by the increase in fees in 2012: the number of first-year black undergraduates fell by 11%, compared with 22% for white students. There is also no evidence that attendance has decreased by more for students from local authorities with lower rates of participation in higher education.

ENDS

'The Effect of Tuition Fees on University Applications and Attendance: Evidence from the UK', by Filipa Sá

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