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Abstract

As of September 2012, the undergraduate tuition fee cap at English universities was raised from £3,375 to £9,000 per annum. This article explores the rationales underpinning prospective students' decision whether or not to apply to higher education following the fee increase, specifically, how this decision is influenced by perceptions of study-related debt and expected earnings. The article draws on data obtained from prospective undergraduates in year 13 and conceptualises their decision-making using the notion of 'bounded rationality'. The data shows that participant's primary response to the fee increase and associated study-related debt is that 'there is no point worrying'. This is because in the short term, a higher education degree is considered vital to securing employment in a competitive labour market. In the long term, there is a perception that the income contingent nature of student loan repayments makes the Treasury, not the student, liable for any resultant financial losses.

Key words: tuition fees, study related debt, higher education, student finances, debt aversion

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1. Introduction

In December 2010, the coalition government announced major changes to the funding of English universities from September 2012 onwards. Under the new funding regime, with the exception of certain science, technology and medical subjects (STEM), all public funding for undergraduate teaching are met by the student via a government backed Student Loan (Johnston 2013). Higher Education Institutions are now permitted to charge tuitions fees of up to £6,000 per annum, an increase on the previous cap of £3,375. This higher rate fee can however be increased to £9,000, provided the institution convinces the Office for Fair Access (OFFA) that a proportion of the additional income will be diverted to widening participation programmes (IPPR 2013; Johnston 2013). The government backed Student Loan is repayable after graduation, provided the individual is earning more than £21,000 per annum. After 30 years the remaining balance is written off (GOV UK 2013).

There was a considerable public backlash to the new fee funding structure, with media coverage drawing attention to the thousands of students marching through central London in protest against the policies (Malik et al. 2011). Much of the outrage emanated from perceptions that when compared to other tax and spending decisions, the new fee structure appeared to penalise the current generation (IPPR 2013), and from concerns that higher fees and their associated study related debt would 'price out students' (Malik et al. 2011). To some extent

these sentiments have circulated since 1998, when tuition fees became an important aspect of English higher education funding policies (Lunt 2008). Consequently, a field of research has emerged to investigate the extent to which this shift towards cost sharing is indeed influencing the decision whether or not to apply to higher education (see Adnett and Slack 2007; Bachan 2013; Callender and Jackson 2008; Jerrim 2011; Walker and Zhu 2011). However, given the recent nature of the 2012 tuition fee increase and the magnitude of the changes, there is currently a lack of research examining its impact on prospective undergraduates.

This paper makes a contribution to research on the impact of English higher education tuition fees by exploring the economic rationales underpinning the decision whether or not to apply to higher education under the post-2012 fee structure. More specifically, in the context of the new fee structure, we seek to answer the following research question; 'how do perceptions of study-related debt and expected financial benefits influence a student's decision whether or not to apply to higher education?' In order to answer this question, the article mainly draws on rich qualitative focus group data obtained from prospective undergraduates in Year 13 at schools and colleges in Oxfordshire and Buckinghamshire. We also draw on the notion of 'bounded rationality' to conceptualise their decision-making. The central argument is that for the majority of participants, 'there is no point worrying' represented the dominant sentiment

regarding the tuition fee increase. This is due to the income contingent nature of study related debt, and the interplay between perceptions of a bleak contemporary economic climate and a degree as a sound long-term investment.

The next section discusses debates on English higher education tuition fees, which is followed by an overview of the study's methodological framework and description of the data collection process, and a discussion of the key findings.

2. The rise and rise of tuition fees in England

The landscape of English higher education has changed dramatically in the last forty years. Much of this can be explained by what Brown considers the main driving force of higher education policy during this period, namely, the organisation of the provision of higher education according to a neoliberal ideology (Brown 2012). A key aspect of this mode of organisation is the argument that the benefits of higher education accrue primarily to private individuals, therefore the costs should be borne by the individual and not the public purse (Barr 2004; Brown 2012). An outcome of this argument is the policy approach referred to as 'cost sharing', which first gained serious traction during the conservative governments of the late 1980's and early 1990's, and culminated in the 1990 Education Act (Johnstone 2004).

A key factor underpinning reforms to the funding of English higher education was the rising number of students entering higher education.

The age cohort participation rate more than doubled from 1987-1997, from 15% to 33%, signalling a shift from an elite to mass higher education system, resulting in a halving of unit resource (Lunt 2008). This created a tension, as the New Labour government that came into power in 1998 sought to widen participation while simultaneously cutting costs to the public purse (Wolf 2004). The New Labour government attempted to overcome this tension by introducing a £1000 means-tested student contribution to higher education tuition costs in 1998, known as 'Top-up fees' (Ryan 2005). This was accompanied by a decision to completely abolish grants, thereby making prospective undergraduates fully reliant on Student Loans or other sources of private funding (Lunt 2008). Several studies that emerged in response to these policies argued that they were inconsistent with the government's commitment to widening access and cultivating fairness in educational opportunities (Callender 2002; Forsyth and Furlong 2003).

Top-up fees were found to affect the decision-making of prospective undergraduates in different ways, often depending on their socio-economic background (Lunt 2008). The introduction of loans made certain social groups who were more debt-averse, typically those from black and ethnic minority groups, single parents and the lowest socio-economic classes, less likely to apply to university (Callender 2003; Forsyth & Furlong 2003). A tolerant attitude towards debt was found to have the opposite

effect (Callender 2003). It could be argued that this apprehension towards study related debt was economically irrational, given the low interest rates and repayment terms. Yet, the apprehension of certain social groups to enter higher education in light of the policy changes is perhaps highly rational given that Smith, McKnight and Naylor (2000) found that with all things being equal (and when adjustments are made for educational attainment and higher education choices), graduates from poorer backgrounds had a lower probability of obtaining graduate occupations and therefore higher earnings. This was significant, because the notion of a 'graduate premium', i.e. the notion of higher life-time earnings of higher education graduates, did not circulate as openly in policy discourses at this time. Nevertheless, the desire to improve labour market prospects figured strongly in the decision-making of higher education applicants (Callender 2002; Elias and Purcell 2004).

The next significant change to undergraduate fees and funding occurred in 2006 as a result of the 2004 Higher Education Act (HEA), which led to the introduction of variable tuition fees of up to £3000 in an attempt to foster price competition between institutions (Lunt 2008). Alongside this increase in fees, bursaries and scholarships were integrated into the statutory financial aid system, and the government encouraged all higher education institutions to provide them (Callender and Jackson 2008).

Research investigating how these changes influenced the decision-making rationale of prospective students found that higher education was still viewed as having positive social and economic benefits (Adnett and Slack 2007). On the subject of debt, as noted by Bachan (2013), there is a dearth of official UK data on the level of debt experienced by post 2006/2007 cohorts. However, drawing on Push Survey data, students graduating in 2010 or 2011 were estimated to be in debt by an average amount of GBP£23,000 and GBP£24,700 respectively (Bachan 2013, 6). In comparison, students who graduated in 2008 under the previous funding regime had estimated debts of GBP£7,783. These financial implications may have influenced the decision making of prospective students in the period immediately following the fee increase, because as highlighted by Crawford (2012), overall higher education participation rates dipped slightly in 2006/2007. Yet according to recent UCAS data, applications have subsequently returned to an upward trend consistent with the post 1997 era (UCAS 2013, 10).

The introduction of variable fees in 2006 did not alleviate the financial pressures associated with growing student numbers (Lunt 2008). In an attempt to find a solution, the government commissioned Lord Browne to conduct an Independent review of Higher Education Funding and Student Finance in 2010 at a time when the economic and budgetary environment had changed dramatically. Following the publication of Lord Browne's Review, the Coalition government

implemented the post-2012 funding structure described in Section 1 above. It is important to note that Lord Browne did not recommend introducing a £9,000 fee cap, and the commission was keen to stress that the financial implications of studying should not be a burden on students (Browne 2010). Yet arguments that financial benefits accrued from attending higher education go to private individuals, and therefore the public purse should not be used to cover teaching costs, were prominent. To some extent government data indicating that university graduates earn more over their working lifetime than 'non-graduates' supports the first part of this claim.

On average, graduates tend to earn substantially more than people with A-levels who did not go to university. Projected over a working lifetime, the difference is something like £100,000 (DirectGov 2012 cited in Thompson 2012, p.1)

This notion of private individual gains is central to arguments for higher private contributions towards the funding of higher education, and has implications for the decision-making of prospective students. It places greater responsibility on them to consider and determine expectations of debt against the financial benefits of studying (Wilkins et al. 2012). Moreover as noted by Jerrim (2011), many policy makers believe a market-orientated approach to the provision of higher education will lead to greater efficiency within the system. Yet, as Jerrim further points out, 'a fundamental rule of economics is that such markets are only efficient when those purchasing the product are well informed (ibid

2011, 485). This is important, because as highlighted by Bachan (2013), although several UK studies have found evidence of significant returns to obtaining certain higher education qualifications (see also Walker and Zhu 2011), it is still unclear whether or not students are able to form realistic expectations of their future earnings and study related debt. This issue must also be considered in the wider context of differential returns of university degrees, researched by a number of authors in recent decades (for instance Bratti et al. 2008; Psacharopoulos & Patrinos 2004; Blundell et al. 2000).

The Browne Review emphasised the importance of providing prospective undergraduates with suitable information to enable them to make informed decisions. Higher Education Institutions are now required to provide data about their courses in standardised formats as Key Information Sets (KIS). It is important to note that when the first cohort of new students faced increased fees in 2012, KIS were not yet in place. Nevertheless, HEFCE, which is responsible for collecting and collation of KIS related data, states that this data will;

Give prospective students access to robust, reliable and comparable information in order to help them make informed decisions about what and where to study (HEFCE 2012).

The two previous quotes encapsulate several issues with government approaches to higher education funding before and after the Browne Review in relation to prospective student decision-making. The emergence of a market

orientated approach to higher education in recent decades places greater responsibility on young people to make life changing financial decisions, and in order to do so constructs them as rational agents. This fails to 'separate the beliefs that people have and the choices they make from the optimal beliefs and choices assumed in rational agents' (Kahneman 2003, 1449). This feeds into another assumption, that the age of prospective students and the timing of the decision whether or not to apply to higher education is insignificant. Consequently, there is no clear consideration of the inherent temporality of the decision-making process, and or attempt to situate the process in relation to the life stage of students.

3. Methodology and data collection

As discussed above, a new fee structure for undergraduate study was introduced for September 2012 onwards. This study investigated the decision-making rationales of students in year 13 shortly after the January 2012 UCAS application deadline. We selected this particular demographic in order to obtain insights from those most immediately affected by the new higher education funding regime, which came into effect at the start of the 2012/13 academic year. We acknowledge that engaging with this target group just after the UCAS application deadline could result in participants post-rationalising their decisions. However, our choice of timing was strongly informed by ethical considerations. We sought to ensure that the decision making process would still be very much at the forefront of

participants' minds, yet at the same time, avoid our investigation influencing the decision-making processes itself.

Due to the exploratory nature of this study, seven different types of schools and colleges in one geographic area (six institutions in Oxfordshire, one in Buckinghamshire) were selected. The participating institutions included state comprehensive schools, sixth form colleges, a further education college and an independent school. However, no attempt was made to produce a sample that would be statistically representative of the national population. Instead, we sought to obtain preliminary insights and highlight emerging themes from which to begin further investigations in the future.

The study consisted of a quantitative and qualitative component. For the quantitative element, questionnaires were administered to year 13 students at all participating institutions, in electronic or paper format. Over 700 questionnaires were returned and analysed using descriptive techniques and factor analysis. The article makes reference to some of the findings from the analysis of the questionnaire data (see AUTHOR) but draws primarily on data obtained from the qualitative part of the study, where focus group interviews were conducted at five of the participating institutions. This is because the interview data concentrated on the rationales underpinning prospective students' decision whether or not to apply to higher education following the fee increase, specifically, how this decision is influenced by perceptions of study-

related debt and expected earnings. We grounded the analysis of the focus group data in an interpretivist epistemology, because this provided the potential to investigate the 'sets of meanings which people use to make sense of their world and their behaviour within it' (Cohen et al. 2011, 9). This allowed us to gain a deeper understanding of the decision-making process and rationales from the students themselves.

There are advantages and disadvantages associated with all data collection techniques, and focus groups are no different. Nevertheless, we selected focus groups over other qualitative methods because they offered a practical means to obtain a wide range of opinions on the subject under investigation from our target population in a timely manner (Bogdan and Biklen 2007). Moreover, young people often find meaning through dialogue with their peers, thereby making focus group discussions more approximate to everyday situations, and capable of uncovering insights that may not emerge in a one to one exchange between an adult researcher and young interviewee (Langevang 2007). Thematic coding started with the research question guiding the study but allowed for a good degree of openness in order to capture the range of issues and considerations regarded relevant by participants to their decision-making.

With the support of coordinators at the institutions, groups of five to 12 interviewees were selected to take part in the interviews. According to the researchers' guidelines, coordinators approached students studying a

broad range of different subjects and representing the whole range of predicted grades. However, participation in the focus groups was strictly voluntary. The participating schools were (fictional names); Yare Girls Independent school; Trent Further Education College, Medway 6th Form, Avon 6th Form and Lea 6th Form. The 44 focus group participants represented a broad range of characteristics and backgrounds in terms of gender, parental support and educational achievement, and variety of current and anticipated studies. Two participants had withdrawn their UCAS applications by the time their focus group took place.

4. To apply or not to apply? Facing the debt

In this section we address the first part of our research question, namely; what role do perceptions of study-related debt play in the decision-making rationales of prospective students following the fee increase? Two key responses emerged in relation to this question.

The first key response relates to the government's decision to restrict repayment of student loans to those earning over £21,000, alongside a proviso that the debt would be 'forgiven' after 30 years. This arrangement, which participants referred to as a 'safety net' alleviates concerns regarding the impact of study-related debt, as encapsulated in the quote below from TM at Avon 6th Form.

INTV- How do you feel about the level of debt? Politicians are saying it is about £40,000, as being the debt people will come out with.

TM-Yeah but you don't see it...it is hard to explain but I am not really focusing on the cost side of things, obviously I know that it is there but I quite like the safety net idea that you don't pay anything back until you start earning £21,000 or over, so any doubts that I did have in my mind which weren't very big anyway, were kind of cancelled by the fact that I wouldn't have to start paying anything back until I started earning some money

When this question was posed in the other focus groups, participants intimated that although beneficial to the student, the income contingent nature of the student loan was a potential flaw in the Government's fiscal approach. Barr (2004) drew attention to this topic following the introduction of top-up fees in 1998, when he calculated that for every £100 that the government lends only £50 is repaid. In light of recent reports by the Institute of Fiscal Studies and Sutton Trust (see Crawford and Jin 2014) indicating that a large proportion of loans will go unpaid resulting in significant losses for the Treasury, it is prescient that participants highlighted that while tuition fees were considerably larger, the current funding structure allocates future financial losses associated with obtaining a degree to the state not the student. Although they were not drawing on concrete data, participants argued that the post 2010 funding strategy was also potentially unsustainable and could lead to an increase in public debt levels.

Is it just me being naive because I don't get politics, but if they are worried about a debt crisis before, why would they get us to loan more money that we are not going to pay off? They are

just putting themselves in a bigger hole. (EM, Lea 6th Form)

If you don't do well [in terms of earnings] then you are not going to be able to pay the loans back, but the government loses out on the money so that's their loss. If you do earn lots then you pay it back really quick and you are sorted. (WS, Medway 6th Form)

The questionnaire survey indicated that that the decision-making rationales of students attending independent schools differed from those in state comprehensive schools and further education colleges. Respondents from the independent school had a significantly higher propensity to apply to higher education (97.1%) compared to their counterparts at the Sixth form colleges and state comprehensive schools (ranging from 60% to 83.1%). The focus group data bore out these findings. For example, the participants at Yare Girls independent school explained how for them, the path to higher education is to some extent predetermined. Accordingly, the new fee structure and associated study related-debt was irrelevant to their plans.

It is not as though they (parents) ever pressured me into going to university, but there was always an expectation that they were putting me through such an expensive school that I would go to university at the end (ER, Yare Girls)

K, a participant in a different focus group, picked up on this when she stated;

There is a girl that I go to ballet with and she hasn't thought about finance at all, and she goes to a private boarding school and she is currently paying more than £9,000 a year, which is why it

hasn't effected her decision at all and that is kind of unfair (K, Medway 6th Form)

K's accusation that fee changes are 'kind of unfair' alludes to how for some students, the fee increase proved significant in the decision whether or not to attend university.

They [issues of study-related debt] were extremely important to me because my university choice didn't directly affect my career [acting] so financially it didn't really have any economic gain to be worth all the money. But had it stayed at £3,000 a year I probably would have done the course through my love of the subject (K, Medway 6th Form)

The second key response drew attention to the perception that spending one's time and energy considering the potential implications of study-related debt was a somewhat futile endeavour in the present, because outcomes are inextricably tied to the future. The fact that no fees are payable at the point of entry also means that students defer financial considerations into the future. The following exchange between three students at Yare Girls Independent School succinctly conveys this point;

AH-I've thought about it [debt] but that is where it stops because there is no point really because for all of us if we want to get to where we want to get to, it [university] is just part of the thing

CT-I also generally agree, and it is so far in the future that it doesn't seem that important... (Interrupted)

ER- Yeah exactly, paying it off is just so far away, at the moment we don't have to worry, I mean none of us have financial commitments and we

don't really understand the impact it will have and also you just kind of shrug it off

AH- My assumption was that I would be willing to pay whatever as long as the result at the end was what would benefit me.

It is important to note that claims suggesting changes to tuition fees were not instrumental in the decision to attend higher education were not confined to participants at independent schools. As indicated in several quotes above, and the following quote from OV at Trent College, for the majority of participants, tuition fees and associated study related debt were not deemed a major factor in the decision whether or not to enter higher education. The difficulty of comprehending the sheer level of potential debt also seemed to make some participants ignore this issue for the moment, in order to be able to make necessary decisions in the present.

I pretty much ignored it because if you think about [debt] it is so much money and it is more money then you can probably imagine, so I just decided to do well and do what I wanted to do anyway and just deal with it later (OV, Trent College)

The perception of study-related debt as an investment for the future provides an approach that allows some participants to 'postpone' their concerns to a future phase of their lives:

I see uni as an investment because you are paying the fees now but that means you can have a nice job and have a nice house and make that kind of life for yourself (D, Lea 6th Form).

These responses resonate with existing research highlighted above, which point to the

fact that the current fiscal approach to funding England's higher education system places greater responsibility on prospective undergraduates to consider and determine expectations of debt against the financial benefits of studying (Adnett and Slack 2007; Callender and Jackson 2008; Wilkins et al. 2012). Since variable fees were introduced in 2004, those contemplating entering higher education are being asked to make complex decisions about educational financial matters within a context that is shifting around them (see also Jerrim 2011). This is particularly noteworthy here as the decision to increase the cap on home/EU undergraduate fees at English universities took place when applicants for the 2012/2013 academic year were already in year 12, studying for qualifications based on pre-existing ideas regarding potential fees, future study and employment prospects.

The new funding landscape meant that there was an element of confusion concerning tuition fee rates, and this was accompanied by uncertainty regarding what kinds of financial support such as scholarships, grants and stipends participants would be entitled to. Moreover participants noted that while they were aware the cost of living varies according to location, and that this would have been true under the previous funding regime, it was difficult to quantify these differences and estimate the net cost of continuing their studies. Importantly as MD explains below, these considerations often became more significant to students after they had decided to apply.

Obviously differences in the cost for maintenance, food and things like that are the same [as under the previous fee structure]. But the actual fees are different and I found it quite hard to find websites where you can actually compare their funding policies directly because it is such a hassle going from one website to another university website and getting all their prices and stuff. Doing all that yourself was quite long winded... [But] it was after I applied that I got the pricing up (MD, Avon 6th Form)

Thus it is conducive to view these prospective undergraduates as 'boundedly rational', i.e. by acknowledging that;

If...we accept the proposition that both knowledge and the computational power of the decision maker are severely limited, then we must distinguish between the real world and the actor's perception of it and reasoning about it (Simon cited in Koumakhov 2009, 1).

On the subject of bounded rationality, Kahneman (2003) distinguishes between two modes of thinking when making a decision, namely, reasoning and intuition. Reasoning is done deliberately, while intuitive thoughts come instinctively to mind, with less intentional effort. At first glance, participant's longitudinal response to the new fees appear compliant with Western cultural norms associated with rational decision-making, which favours a long-term view of the utility of outcomes over a preoccupation with momentary concerns and emotions (Kahneman 2003). This understanding of rational behaviour is evident in policy discourses that encourage the proliferation of data to allow students to make more informed decisions e.g. KIS, and which also emphasize and promote the long-term benefits of

attending higher education e.g. a graduate premium. Moreover, it connects to broader arguments that higher education is an investment in human capital that can provide an individual with the means to improve their earning potential and employment prospects, while a lack of human capital can lead to economic stagnation. These ideas, which can be traced to the seminal work of Schultz (1961) and Becker (1993), have become a popular way to theorize the relationship between individual benefits associated with higher education and its subsequent appeal to prospective students (for an overview see Chevalier et al 2004).

Importantly, Kahneman also notes that the long term is not where life is lived and decisions are made. Therefore perceptions of utility cannot be detached from momentary concerns and emotions (Kahneman 2003). The interplay between these two modes of thinking when making a decision, and acknowledging the emotional and contextual nature of decision-making in the face of the fee increase, provides a means to begin unpacking the idea that study-related debt is 'not really an issue' for participants. In the present moment where their lives are lived, participants' intuitive perceptions indicate that the long-term benefits of entering higher education are self-evident, almost bordering on common sense.

Uni is seen as a positive thing, when you talk about jobs and a house you immediately think uni. I associate university with success (EM, Lea 6th Form)

When participants attempted to decide whether to enter higher education they did think through the implications of study related debt, however for many of them this was done intuitively. This situation resonates with Simon's observation that contrary to theories that construct humans as highly rationale agents who perform exhaustive searches of all possible decisions and then pick the optimal choice, it is not uncommon for humans to perform more limited searches of possibilities and to accept the first satisfactory decision (cited in Conlisk 1996).

We are not proposing that participants were oblivious to the positive correlation that may exist between education and earnings, or the notion that entering higher education provides a means to invest in their human capital. Rather, our findings highlight that prospective students could not plan ahead in a manner akin to the rational decision-making of well-informed actors associated with government policy, and often central to human capital theory. Consequently, in the case of applying to higher education following the fee increase, although costs were unclear the income contingent nature of the student loan system was deemed to place potential out of pocket losses in the distant future. Significantly, what remained constant in the present was the intuitive perception that entering higher education is the key to future success, not only in terms of labour market outcomes, but success in life more generally.

5. Expected debts and expected earnings

In order to convey findings as clearly and concisely as possible, we presented the key responses that emerged in relation to the subject of study-related debt separately from discussions concerning expected earnings. However the two topics were not mutually exclusively. Below, J highlights an important tension inherent in the relationship between expectations of potential study-related debt and graduate earnings;

I have met so many people since the rise of tuition fees who said 'don't worry you won't have to pay it back, you'll never pay it back'. Yet at every post offer open day they focus on what career you are going to get, and every career talk expects you to get over the £21,000 per year. So it seems a little hypocritical of them to say 'go to university so you can get a high paid career' but then also 'don't worry about the tuition fees you will never have to pay it back' (J, Trent College)

The previous quote highlights how in the context of decisions incorporating some form of risk or uncertainty, potential gains and losses need to be defined relative to a reference point (Kahneman 2003). Importantly, because the reference point is typically the status quo, alternative options are evaluated as advantageous or disadvantageous relative to the current situation. However the disadvantages of alternatives often appear bigger than their advantages (Kahneman 2003). This point is particularly prescient in relation to entering higher education and labour market prospects, as OV explains below;

There is such high unemployment at the moment for our age group so to not go to university seems like a really silly thing to do, because you are not going to have a job if you don't have these qualifications and that's what is drummed into us from the time that we come to secondary school. That if you don't go to university then you won't have many opportunities and in this climate you don't want to not have a job (OV, Trent College)

This response from OV highlights how on the subject of applying to higher education, economic rationales were not necessarily founded upon, or guided by, what participants were able to compute, but drew upon broader narratives and ideas circulating within society. As noted by several commentators, young people are increasingly faced with strong pressure to enter higher education if they want to access the labour market (Adnett & Slack 2007; Wolf 2004). 'Rather like buying a lottery ticket, purchase does not mean you will win, but without a ticket you cannot win' (Keep and Mayhew 2004, 303). The interview data supports this claim, and also indicates that participant's view of decisions and outcomes are more often than not characterized by 'narrow framing' i.e. they reflect the structure of the environment in which decisions are made (Kahneman 2003). Accordingly 'people rely on a limited number of heuristic principles to reduce the complex tasks of predicting future outcomes into simpler judgemental operations' (Kahneman 2003, 1460). IM provided a good example of this, also conveying the perceived lack of alternative to higher education when he stated;

The cost is kind of irrelevant because I know that I don't have any other choice. If it is going to be nine grand it is either that or don't go to university, and I've got no idea what I'd do instead... when you think about what you are going to do if you don't have the degree it doesn't really leave people with many choices (IM, Trent College)

Inspired by Ulrich Beck's theorisations of risk and uncertainty in contemporary Western societies, Kelly highlights how youth in these societies are compelled to 'assume the role of makers of their own livelihood mediated by the market as well as their biographical planning and organization' (Kelly 2001, 26; see also Kelly 2007). As noted by Reay et al. (2001) and Tomlinson (2007; 2008) university degrees have become much more important as a criteria for obtaining employment. This is because the increasing numbers of graduates means degrees have become a common entry qualification in the labour market. The impression that alternative options to attending higher education are limited appear as common themes throughout the interviews, and as indicated above and the quote below, the decision not to attend higher education and obtain a degree was framed as being risky in the current socio-economic climate and detrimental to an individual's biographical plan.

INTV- Did any of you think seriously about not going down that route [higher education] and going straight into work?

TO- All the top employers [in my preferred career] their requirements are at least a 2:1 or even a first, and maybe a masters for the big companies,

so that [attending university] was pretty much my only option. The other options were apprenticeships with RedBull and Rolls Royce... But I think 47,000 people applied for ten places [at Rolls Royce]. So pretty much uni was my only option and I wanted to go anyway (Lea 6th Form)

Watson has highlighted this emergence of an undergraduate degree as a 'positional good', and has also argued that the more people there are holding a degree, the less distinctive it becomes. Yet this situation simultaneously increases the gulf between those who have a degree and those who do not (Watson 2004 cited in Keep and Mayhew 2004). GM, who opted not to apply to higher education despite being pressurized by teachers at his former independent school to do so highlighted this point, but it was one of his justifications for not joining his peers in trying to obtain a degree

A degree is very valuable but certain degrees are more valuable than others, so is it worth getting a fairly sort of average degree for the sake of getting a degree? Because then what happens is you get all these students who have graduated with average degrees that are not sure what they want to do with them (GM, Trent College)

Similar reflections concerning uncertainty and the associated risk of applying to higher education also emerged in other focus group discussions;

You hear all these stories about people finishing and not having a job after uni, and you just think what is the point? I think there was loads of talk about the debt you can get but that's not the issue, the issue is getting a job in general when you come out (EM, Lea 6th Form)

Despite this uncertainty, there was a consensus amongst participants who were applying to higher education that holding a degree was the best way to secure future employment and high economic returns. This was coupled with awareness that graduate employment prospects vary depending on the degree obtained and university attended (see also Walker and Zhu, 2011). As LW explains below;

I looked at it from that point of view [graduate employment rates], it didn't play a massive part but confirming between my firm and my insurance it was kind of the deciding factor even though it shouldn't have been. But I want to get the money back that I have invested in going to university and I want to get it back as quickly as I can (LW, Avon 6th Form)

Importantly for the current discussion on the subject of debt and expected earnings, while participants often referred to the idea that accumulating study-related debt and attending higher education was an investment in their future, there was considerable ambiguity regarding what the expected returns on their investment would be. JN provides an example of this below;

I didn't take the numbers and work out and think how much it would cost overall with exact numbers, but I know for a fact that graduates do earn more [than non-graduates] (JN, Medway 6th Form)

The belief in this 'fact' that graduates earn more than non-graduates suggests that although they are uncertain about the figures, many participants have internalized policy discourse

surrounding the prevalence of a positive graduate premium. The data gathered in the questionnaire that was distributed as part of this study also highlighted this point: nearly 80% of survey respondents were convinced that graduates would earn more than non-graduates with the same qualification at the point of school-leaving (see AUTHOR). This is important to the decision making process because although participants made reference to a sense of employment insecurity for graduates in the contemporary labour market, there was a strong sense that entering higher education was the best way to secure financial success in the long term, for example L explained that;

In the current scenario it is quite possible that a graduate doesn't earn more than someone who didn't go to university and went straight into work and climbed the ladder. But that situation is not going to last forever (L, Lea 6th Form)

The above quote does not fully address the aforementioned uncertainty amongst students regarding expected earnings. Yet it does highlight and link back to the intuitive and boundedly rational nature of decision-making discussed above. Hall argues that certain beliefs and ideologies function best when we are unaware of the taken for granted premises on which they reside, therefore we 'speak through' ideological discourses already circulating within society, which provide 'a means of making sense of social relations and our place in them' (Hall 2003, 90). Accordingly, applying to higher education under the new fee structure and

accruing a larger study related debt might be a financial risk. However in a society that conflates economic success with participation in higher education, it is a risk prospective students consider worth talking.

6. Conclusions

This article explored the economic rationales underpinning the decision whether or not to apply to higher education under the post-2012 higher education funding structure. We sought to understand how if at all this decision is influenced by perceptions of study-related debt and expected earnings. It was argued that for the majority of participants, 'there is no point worrying' about the Coalition government's decision to increase tuition fees from £3,375, to £9,000 per annum. This appears to imply that despite the fee increase, applying to higher education is a perfunctory process. Yet in the discussion above, we showed how this surface response masks a deeper ambivalence towards, and the thinking that takes place when deciding whether to, attend higher education in the face of rising tuition fees. This ambivalence is linked to contemporary neoliberal problematisations of liberal welfare governance, which in this case, takes the form of a cost-sharing model to fund the English higher education system.

The current cost-sharing model used to fund the English higher education system is founded upon neoliberal rationales, which render prospective undergraduates and their families increasingly responsible for the financial outcome

of their study related decisions. Given that the majority of prospective undergraduates apply to higher education as teenagers, it compels youth to 'assume the role of makers of their own livelihood mediated by the market as well as their biographical planning and organization' (Kelly 2001, p.26). A perception that there is 'no point worrying' about the recent tuition fee increase emerges from the interplay between contemporary social conditions, and projections of future earnings, as participants attempt to undertake their biographical planning.

Against a bleak economic backdrop and a highly competitive labour market, participants viewed applying to higher education and taking on study related debt as a sound long-term investment. This approach is indeed linked to belief in a positive graduate premium, yet more importantly it is also linked to a belief that in contemporary England, a successful biographical plan invariably entails obtaining a university degree. This is connected to a perception among students in their last year of secondary education that there is both a lack of alternatives to higher education, and an absence of information and guidance on the potential alternatives that do exist.

This study was exploratory in nature and there was no attempt to produce a sample that would be statistically representative of the national population. Nevertheless, the economic rationales of potential undergraduates highlighted in this paper can potentially contribute to recent work on government policy; particularly reports

highlighting that the current fee structure may be financially unsustainable (Crawford and Jin 2014; Thompson and Bekhradnia 2013). The findings discussed above shed light on some of the reasons why this might be the case. They indicate that there is currently little economic incentive not to apply to higher education, as the income contingent nature of government backed loans render losses related to tuition fee costs the State's problem, not the individual's. Given that

the vast majority of public funding for undergraduate teaching is now being met by the student via government backed loans, it is perhaps understandable that significant financial pressure is being placed on the Treasury now that repayment levels are expected to fall below government forecasts, and the financial allure of higher education results in participation rates remaining at their current level.

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