

KNOWLEDGE ECONOMY

Invest in opportunity



Higher education tuition fees
International comparisons

HIGHER EDUCATION TUITION FEES INTERNATIONAL COMPARISONS

The UK government has vastly increased the maximum amount that public higher education institutions are allowed to charge undergraduate students from 2012/13. This has allowed universities to attempt to make up the shortfall in their funding following cuts made by the government under the guise of deficit reduction. The policy also ensures that money follows the student and attempts to create a market within higher education. Examination of some of the UK's international competitors shows that no other nation has responded to the financial crisis by reducing so dramatically the funding going into higher education while simultaneously increasing the financial burden on the individual student.

In the Eurydice Network (EU Member States, EFTA countries, Croatia, Serbia and Turkey) tuition fees at public universities are highest in England, where students pay up to £9,000 per academic year, while nine countries (Austria, Cyprus, Denmark, Finland, Greece, Malta, Norway, Scotland and Sweden) do not charge any fees in most cases. In Germany, for the new academic year 2012/13, two Länder (Bavaria and Lower Saxony) charge fees, while the other 14 do not. Many of the non-charging countries, such as Austria, Scotland and the Nordic countries, also provide generous student support such as maintenance grants and loans.

This paper sets out the tuition fee levels in the UK, Germany, USA, Australia and the student support available and examines the case of Quebec, Canada which has recently experienced political unrest over the tuition fee issue.

UNITED KINGDOM

England

As of September 2012, England introduced a new basic tuition fee of £6,000 and a maximum of £9,000. Most Universities have set their fees at the upper end of the scale to finance themselves adequately within the context of extreme funding cuts and to maintain prestige within a new competitive market place. This represents an almost tripling of the previous fee level of £3,375 in 2011/12. Students in England receive a loan to pay the fees which they will start to repay once in employment earning over £21,000 per annum. The government has also introduced a National Scholarship Programme (NSP) for students with a family income of less than £25,000 which may provide a package of £3,000 of support to help pay for tuition fees, accommodation or other costs. It is up to the individual institution to set out what the NSP may be used for.

Wales

Welsh Universities have been permitted to charge up to £9,000 in tuition fees; however the Welsh government will meet the extra cost in tuition with a grant for students paying over £3,465 in fees wherever they study in the UK. A loan will also be available to students to cover this first portion of their tuition fee.

Northern Ireland

Fees will rise only in line with inflation at £3,465 in 2012/13.

Scotland

The Scottish government abolished the requirement for students to pay a graduate

endowment in 2008. Universities in Scotland do not charge fees to Scottish or non-UK EU students although they have introduced fees for English, Welsh and Northern Irish students. A mixture of bursaries and loans are also available depending on family income.

GERMANY

Since the decision of the Constitutional Court in 2005 on the Framework Act for Higher Education, the individual Länder can decide whether or not to charge tuition fees and how much to charge. In the majority of the Länder studying is free of charge. Only in Bavaria and Lower Saxony do students pay fees of a maximum of €1,000 per academic year.

The City of Hamburg which did previously charge fees has abolished them as of the 2012 winter semester. This leaves Germany with just two of its 16 federal states charging fees to all students in publicly funded higher education. Furthermore students in Bavaria and Lower Saxony may also be exempted from fees on merit based or needs based criteria.

USA

Although tuition fees are much higher in the US than the UK is accustomed to, the current administration has recognised that the financial burden is becoming too much to bear. In January 2012 President Obama announced a new plan to address the rising costs of higher education in order to meet the national goal of having the highest share of college graduates in the world.

It includes proposals to establish a \$1 billion 'Race to the Top: College Affordability and Completion' competition that rewards states that keep down college tuition fees. They also plan to make the American Opportunity Tax Credit permanent. This is a partially refundable tax credit that can cover up to \$10,000 of college costs over the first four years of a student's higher education.

Pell Grants have been increased and the maximum grant for 2011/12 award year is \$5,550. The amount depends on financial need, costs to attend school, status as a full-time or part-time student, and plans to attend school for a full academic year or less.

Federal Supplemental Educational Opportunity Grants do not need to be repaid and are given to students with exceptional financial need who are also eligible for Pell. Awards range between \$100 - \$4,000 a year, depending on level of financial need, and the funding and financial aid policies of the student's college.

AUSTRALIA

Following the deregulation of university fees in 2005, tuition fees in Australia also have been high compared to the UK. However there is a lot of state assistance available for students. The Australian government determines which institutions are provided with government funding and sets the maximum level of students' fees for four bands of courses. Most domestic students are Commonwealth supported for which the government makes a contribution to the higher education provider towards the cost of a student's education. The student only makes a contribution towards the cost of education, known as the student contribution.

The fee levels across all four bands were increased by 3.8 percent between 2011 and 2012 (The highest band maximum fee grew from A\$9,080 to A\$9,425 approx

£6,000) Students may pay these fees upfront and receive a 10 percent discount or they may defer them by taking out an interest-free government loan, which is repaid on an income-contingent basis.

All student grants were increased as a result of their being indexed to the consumer price index starting in January 2011. New legislation on student income support measures passed in November 2011. It introduced a relocation scholarship of up to A\$4,000 for regional students studying away from home. There will also be an increase in the individual earnings exemption and an increase in the age at which students' payments are not affected by means-testing of parental income.

CANADA

It is worth noting the recent case of the Quebec province in which the ruling Liberal Party announced a 75% tuition fee increase over the next five years onto the current fee of \$2,200. The rise translates into an extra \$325 each year, a total increase of \$1,625 per student. It means that in five years, Quebec students would pay just under \$3,800 a year for a basic undergraduate degree – still one of the lowest rates in Canada.

There was heavy student opposition to the plans, which sometimes descended into violent clashes and mass arrests. Following the emergency legislation (Bill 78) passed by the government which set rules for demonstrations and imposed heavy penalties on students disrupting classes, the students joined with the labour movement to create a mass protest movement and defy the bill.

In September 2012 a general election took place in Quebec in which the ruling Liberal Party came second and the former Premier lost his seat. Therefore the steep proposed tuition fee increase has been avoided for now.