

3. PAYING FOR EDUCATION

How much do tertiary students pay?

- Public institutions charge no tuition fees in eight OECD countries; but in a third of countries with available data, they charge over USD 1 500 in annual fees for national students.
- Since 1995, 14 of 25 countries with available information have implemented reforms on tuition fees. All of these reforms, except in Iceland and the Slovak Republic, were combined with a change in the level of public subsidies available to students.
- An average of 21% of public spending on tertiary education in OECD countries is devoted to supporting students, households and other private entities.

Significance

This spread examines the relationships between annual tuition fees, direct and indirect public spending on education, and public subsidies for student living costs. Governments can address issues of access to and equality of education opportunities by subsidising tuition fees and financially aiding students and their families, particularly students from low-income families. But how this aid is given – whether through grants, scholarships or loans – is a subject of debate in many countries.

Findings

Tuition fees continue to spark lively debate, and over the past decades there have been substantial reforms in OECD countries. Since 1995, some German federal states have introduced fees, while other countries, like Australia, Austria, Japan, the Netherlands, New Zealand, Portugal, the United Kingdom and the United States, have increased fees. Similarly, Denmark, Ireland and the Slovak Republic increased tuition fees charged for international students (only international students are charged tuition fees in these countries). The question of loans versus grants in supporting tertiary students is also under debate in a number of countries. Student support systems have developed extensively in Australia, Chile, the Netherlands, New Zealand, Norway and the United Kingdom, where public subsidies account for at least 29% of public spending on tertiary education.

Overall, there are significant differences among OECD countries in the average tuition fees charged for tertiary education. While negligible or low in the Nordic countries, the Czech Republic, Ireland and Mexico, fees exceed USD 5 000 in the United States and Korea. However, tuition fees are only one part of the picture. It is also important to look at broader support that may be available to students. In this context, countries can be grouped into four main categories:

1. No or low tuition fees, and generous student support systems; this includes the Nordic countries.
2. High tuition fees and well-developed student support systems; this includes Australia, Canada, the Netherlands, New Zealand, the United Kingdom and the United States.

3. High tuition fees but less-developed student support systems; this includes Japan and Korea.

4. Low tuition fees and less developed student support systems; this includes Austria, Belgium, the Czech Republic, France, Ireland, Italy, Portugal, Switzerland, Spain and Mexico.

Although tuition fees for tertiary education are generally high (more than USD 1 500) in category 2, large public subsidies are available to students. At 69%, the average entry rate into universities among these countries is significantly above the OECD average, and higher than most countries with low tuition fees, except the Nordic countries. In countries with low tuition fees and limited subsidies for students, such as those in category 4, the average entry rate into tertiary education is a relatively low 50%.

Definitions

Data refer to the financial year 2008 and are based on the UOE data collection on education statistics administered by the OECD in 2010. Data on tuition fees charged by educational institutions and financial aid to students were collected through a special survey undertaken in 2010 and refer to the academic year 2008-09. Public subsidies to households include grants/scholarships, public student loans, family or child allowances contingent on student status, public subsidies in cash or in kind for housing, transport, medical expenses, books and supplies, social, recreational and other purposes, and interest-related subsidies for private loans.

Information on data for Israel:

<http://dx.doi.org/10.1787/888932315602>.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2011* (Indicator B5).

Areas covered include:

- Average tuition fees charged by tertiary-type A educational institutions.
- Distribution of financial aid to students.
- Governance of tertiary institutions.

Further reading from the OECD

OECD Reviews of Tertiary Education (ongoing).

Higher Education Management and Policy (journal).

Figure 3.9. **Tuition fees in tertiary education, 2008-09**

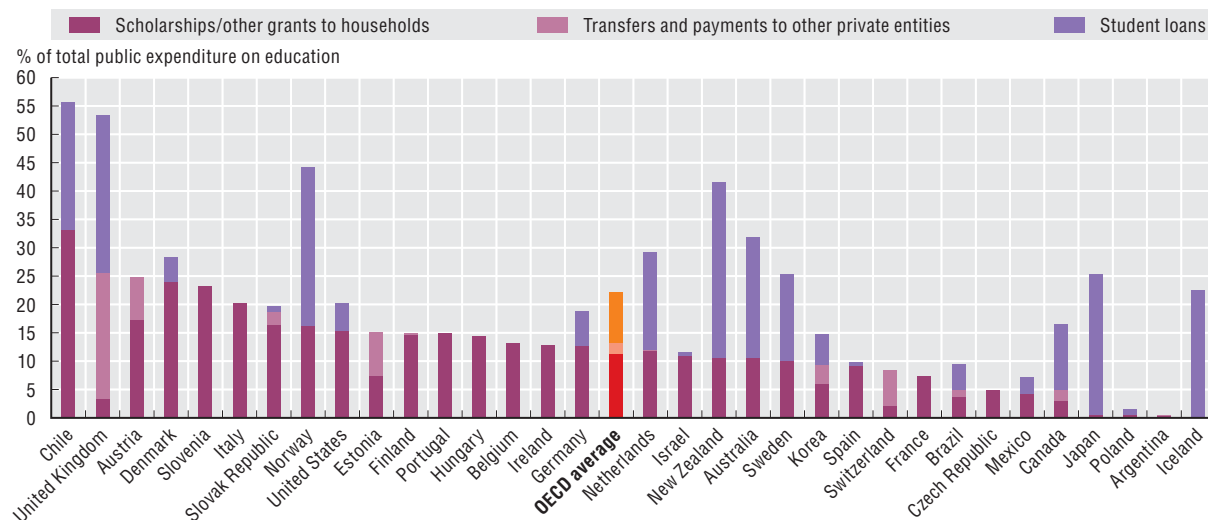
This figure shows the average annual tuition fees charged to full-time national students in public institutions for university-level education.



Source: OECD (2011), *Education at a Glance 2011*, Table B5.2, available at <http://dx.doi.org/10.1787/888932464030>.

Figure 3.10. **Public subsidies for tertiary education, 2008**

This figure shows the public subsidies for education given to households and other private entities as a percentage of total public expenditure on education, broken down by the type of subsidy.



Source: OECD (2011), *Education at a Glance 2011*, Table B5.3, available at <http://dx.doi.org/10.1787/888932464049>.



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