

3. PAYING FOR EDUCATION

How much do tertiary students pay?

- Public tertiary institutions charge no annual tuition fees in the Nordic countries, the Czech Republic, Ireland and Poland; in a number of other countries they charge fees exceeding USD 1 500.
- An average of 18% of public spending on tertiary education is devoted to supporting students, households and other private entities.
- There is no systematic link between low annual tuition fees and a low proportion of students who benefit from public subsidies.
- OECD countries where students are required to pay tuition fees and can benefit from particularly large public subsidies do not show lower levels of access to universities compared to the OECD average.

Significance

This indicator 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 or loans – is a subject for debate in many countries.

Findings

There are large differences among OECD countries in the average tuition fees charged in tertiary education. Public universities charge negligible or low fees in the Nordic countries, the Czech Republic and Turkey; by contrast, tuition fees in the United States reach more than USD 5 000. However, tuition fees are only one part of the picture. It is important also to look at broader support that may be available to students. In this context, countries can be placed into four main groups:

1. No or low tuition fees, but generous student support systems; these include the Nordics, the Czech Republic and Turkey.
2. High tuition fees and well-developed student support systems; these include Australia, Canada, the Netherlands, New Zealand, the United Kingdom, and the United States.
3. High tuition fees but less developed student support systems; these include Japan and Korea.
4. Low tuition fees and less developed student support systems; these include Austria, Belgium, France, Ireland, Italy, Poland and Spain.

Although tuition fees for tertiary education are generally high (more than USD 1 500) in group 2, large

public subsidies are available to students. At 67%, the average entry rate into universities among these countries is slightly higher than for countries in group 1, where tuition fees are low and public subsidies high. In countries with low tuition fees and relatively low subsidies for students, such as those in group 4, the average entry rate into tertiary education is a relatively low 48%.

The question of loans versus grants in supporting tertiary students is under debate in a number of countries. Public loan systems have developed particularly well in Australia, Sweden and Turkey, where about 80% or more of students benefit from a public loan during their university studies. In Norway, 100% of students take out public loans. In contrast, the United States has the highest level of tuition fees in public universities, but less than 40% of students there benefit from public loans during their studies. Some studies conclude that loans may encourage middle and upper-income students to finish their studies, but not lower-income students; the converse may be true for grants.

Definitions

Data refer to the financial year 2005 and are based on the UOE data collection on education statistics administered by the OECD in 2007. 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, transportation, medical expenses, books and supplies, social, recreational and other purposes, and interest-related subsidies for private loans.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2008* (Indicator B5).

Areas covered include:

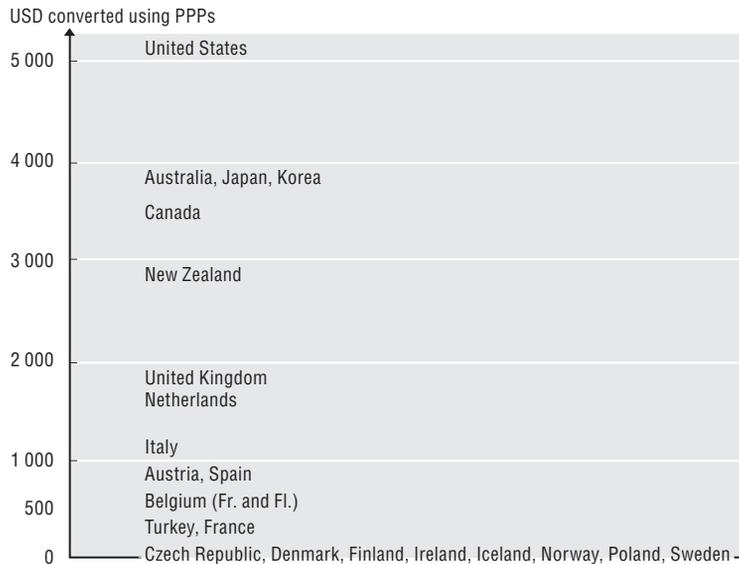
- Average tuition fees charged by tertiary-type A educational institutions.
- Distribution of financial aid to students.
- Governance of tertiary institutions.

Further reading from OECD

Higher Education Management and Policy (journal).

Figure 3.10. **Tuition fees in tertiary education, 2004/5**

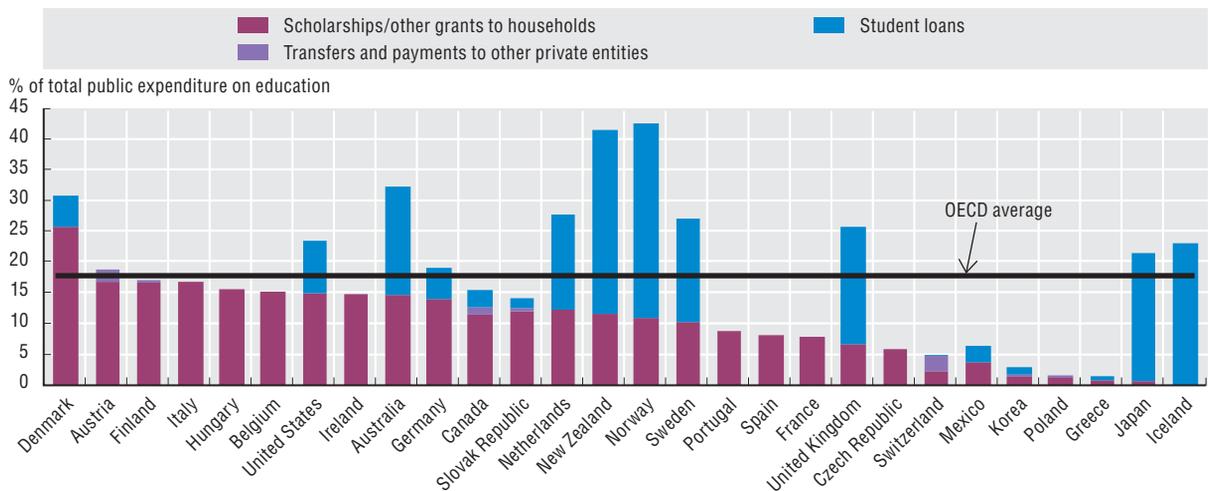
This figure shows the average annual tuition fees charged to full-time national students in public institutions for university-level education.



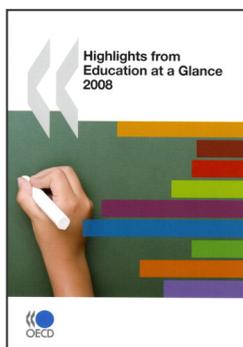
Source: OECD (2008), *Education at a Glance 2008*, Table B5.1a, available at <http://dx.doi.org/10.1787/402038326553>.

Figure 3.11. **Public subsidies for tertiary education, 2005**

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 (2008), *Education at a Glance 2008*, Table B5.2, available at <http://dx.doi.org/10.1787/402038326553>.



From:
Highlights from Education at a Glance 2008

Access the complete publication at:
<https://doi.org/10.1787/9789264040625-en>

Please cite this chapter as:

OECD (2009), "How much do tertiary students pay?", in *Highlights from Education at a Glance 2008*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/eag_highlights-2008-25-en

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