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Tuition Fees and Student Financial Assistance: 2010 Global Year

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Since the start of the global financial crisis a little over two years ago, many concerns have been raised on how it might affect funding to higher education and whether or not it might hasten moves toward greater cost sharing. While, globally, some steps have been taken in this direction, in most countries, hard decisions have yet to be taken on this issue.

Our inaugural annual survey of global trends, in tuition fees and student financial assistance, examined the "G-40" of higher education—that is, 40 countries that, combined, account for 90 percent of global university enrollments and 90 percent of global scientific research production. Though G-40 is obviously not an exhaustive list, comprehending the main lines of policy in these countries provides an essentially comprehensive global picture without the need to examine policy in all the world's 200-plus states.

Policy Stasis in Many Countries

Roughly half the countries in the survey—namely, Argentina, Brazil, Colombia, Egypt, Finland, France, Hong Kong, Indonesia, Israel, Italy, Malaysia, Mexico, Poland, Saudi Arabia, Sweden, Switzerland, Taiwan, Turkey, and the United Kingdom—saw no change in policy for either tuition fees or student aid for domestic students. A few countries—notably, Hong Kong, Finland, and Sweden—did, however, see increases in fees for foreign students.

In most of Canada and in some parts of the United States, Korea, and Vietnam, students were in a situation somewhat similar to the "no-change" countries because tuition increases were offset by concomitant increases in financial assistance. Vietnam, in particular, was notable for large tuition rises (or at least, in the maximum allowable tuition charge) offset by significant increases in student assistance.

No country in the survey reduced its rate of tuition. An exceptional case involves Brazil. No change has occurred in the country's student aid or tuition policies; fees are essentially free in the public system, but roughly two-thirds of students are taught in private institutions where fees are often very high. However, a scheme is moving the country in the direction of expanding the public system. As a result, even with no change in fee policy, a greater proportion of students are paying lower fees. This trend could be thought of as equivalent to a reduction in tuition.

Students in Chile, China, Germany, India, Japan, Nigeria, the Russian Federation, and Spain all saw no change in tuition but improvements in student financial assistance. However, in most cases these improvements were quite marginal. For example, the new loans program introduced in Russia is intended to serve just 10,000 students out of a population of roughly seven million; in Nigeria, the new merit scholarships are similarly expected to reach just a few thousand of more than a million students. The only country to have really significantly improved affordability by enriching student assistance is Australia, where the Youth Allowance scheme was substantially enriched, in particular for students who have to move away from home in order to attend school. Vietnam also saw improvement in student assistance, but this was offset by increases in tuition.

THE ASIAN TRIO AND MAJOR STUDENT AID CUTS

Significant decreases in affordability probably occurred in Pakistan, Thailand, and the Philippines. Though these countries held the line on tuition, all experienced major cuts on student financial assistance—on the order of 30 to 45 percent. It is neither unheard of nor impermissible for governments to reduce support to higher education in times of fiscal stress. However, the decision of these governments to hold the line on tuition, while reducing direct aid to the poorest, is in fact a highly regressive policy that above all benefits the affluent.

In the developed world, the Netherlands and the Canadian province of Alberta both introduced cuts to student assistance and allowed tuition to rise. However, given the high levels of personal income in Alberta, the effects may not be too severe, even though the aid cuts were about at the same level as in Pakistan, Thailand, and the Philippines. Meanwhile, in the Netherlands, the changes in tuition apply only to the fourth year onwards and the reductions in student assistance are at the master's level, which suggest that the impact on access of the new policy is likely to be negligible.

Other jurisdictions involving reductions in affordability have taken place in parts of the United States with large increases in tuition but only a slight offsetting increase in student assistance. The most notable example is California, where automatic increases in the availability of aid through federal programs such as Pell grants, Stafford Loans, and work-study programs fall well short of compensating for substantial increases in tuition.

STATUS QUO MINUS

In sum, the global situation for tuition fees and student financial aid in 2010 and 2011 is largely status quo, despite the economic crisis. Faced with a looming public sector squeeze, most countries simply made no moves on either tuition or student assistance. Nevertheless, to the extent that states did make policy changes, the more significant ones increased, rather than reducing, net prices. The most notable diminution of affordability occurred in Pakistan, the Philippines, Thailand, and some US states (most notably, California). As mentioned earlier—the Netherlands and Alberta, in Canada—increased tuition and reduced student aid but seem unlikely to pose any threats to accessibility. The only state to take a major step forward in terms of affordability is Australia, with its significant expansion of student aid programs. A number of other countries combined tuition freezes with increases in student aid, but the growth of support in many instances was marginal, at best.

Our best estimate is that this trend will intensify somewhat in the near future. While improvement of student aid in Colombia and the elimination of tuition in North Rhine–Westphalia will possibly exist, policy trends in the rest of the G-40 suggest that the overall trend is headed in the negative direction. As stimulus funds to states dry up in the United States, as inflation in China begins to feed through into tuition, and as European and North American governments adapt to the realities of deficit reduction and an ongoing demographic shift, the balance of probabilities is for increased costs to students and their families. The only issues will be the extent to which this cost sharing will be practiced in a manner in which student aid will rise to partially offset increased costs (as in Vietnam) or not (as in Pakistan and some other countries), and whether or not access to higher education will consequently be affected.