

Tuition Fees and Student Financial Assistance

2010 Global Year in Review

Pamela Marcucci
Alex Usher

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Higher Education Strategy Associates (HESA) is a Toronto-based firm specializing in research, data and strategy. Our mission is to help universities and colleges compete in the educational marketplace based on quality; to that end we offer our clients a broad range of informational, analytical, evaluative, and advisory services.

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Introduction

All around the world, the pace of change in higher education is accelerating. In the face of continued increases in participation, demographic change and – in the west at least – profound fiscal crises, higher education institutions are increasingly being required to raise funds from students as opposed to relying on transfers from governments. Indeed, the pace of policy change is coming so quickly that it is difficult to keep track of all the relevant developments in different parts of the world.

In this, the inaugural edition of *Tuition Fees and Student Financial Assistance: 2010 Global Year in Review*, we outline the major changes relating to higher education affordability around the world in 2010. In order to keep our global sample manageable, we have kept our inquiries to a selection of 40 countries which collectively best represent the global situation (see box). Of these, we were able to secure information on 39.

We could not, of course, have been able to complete such a project without the assistance of friends in many countries. Our thanks therefore go to, Marcelo Rabossi, Clarissa Neves, Shengjun Yuan, Consuelo Gutierrez de Gonzalez, Ian Dobson, Thierry Chevaillier, Frank Ziegele, Ulrich Müller, Raphaella Dwianto, Adrian Ziderman, Morshidi Sirat, Sherene Cheah Milizia, Jean C. Tayag, Nathaniel Abara, Marek Kwiek, Nadia Kulikova, Abdulaziz Omar, Mardiana Bte Abu Bakar, Pundy Pillay, Gaele Goastellec, Thiep Lam, Angela Hou Young-chi, Jin Hyung Kim, the Hong Kong Student Financial Assistance Agency and the Commission on Higher Education in the Philippines all of whom provided immeasurable help in understanding the landscape of tuition and student aid policy around the world. Any errors or omissions, however, remain the responsibility of the authors.

The paper is organized in a fairly straightforward manner. In Chapter 1, we briefly describe the key aspects of the economic, social and political context in which Higher Education is operating. In Chapter 2, we outline the different types of tuition and student aid policies that are in operation around the world and how key policy parameters vary across countries.

In Chapter 3, we summarize the main policy changes in key nations around the globe (based on data provided in the Annex following page 12) and try to draw some conclusions from a meta-level analysis of 2010 policy changes around the globe. Finally, in the Annex, we examine changes in tuition, loans, grants, tax benefits and so on, across the G-40 (see text box below). Some national summaries, such as the United Kingdom, are very long and detailed; in others, where there has been little or no change in policy change in the past 12 months, they are extremely brief. To the extent possible, we have tried to situate national-level policy changes in the context of each country's longer-term trends and policy discussions.

HESA Introduces the Higher Education G40

In this paper, we focus on a “G-40” consists of forty countries which, combined, account for over 90% of global enrolments and 90% of global research production. Our intention is to make the G-40 our standard focus of analysis not just for this paper and its future iterations, but also for all future policy analyses conducted by Higher Education Strategy Associates (HESA). Though the G-40 is obviously not an exhaustive global list, we feel that by comprehending the main trends in these countries, a truly global picture can be built up without the need to examine all of the globe’s 200-odd states.

The G-40 consists of: Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Egypt, Finland, France, Germany, Hong Kong, India, Indonesia, *Iran*, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, Nigeria, Pakistan, Philippines, Poland, Russian Federation, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Kingdom, United States, Vietnam.

Data was unfortunately not available for all countries in this list. Countries listed above in *italics* are not included in this report due to lack of data.

Chapter 1: Economic, political and social context of higher education in 2010

The national and international economic, political and social environments within which higher education institutions and national and sub-national governments operate greatly influence their decisions on tuition fee and student financial assistance policy. In 2010 many public higher education systems continued to feel the effects of the global recession. Funding cuts were experienced around the world especially in the hardest hit countries such as the United States, Canada, much of Europe, and Japan. There were also significant funding cuts to higher education in the Philippines, Pakistan and Venezuela. Universities in much of Eastern and Southern Asia and Latin America, however, escaped cuts and other countries (Australia, Germany and France, for example) even increased funding to higher education. However, even in those countries where governments have maintained higher education funding levels, the trend towards more private investment in higher education continues unabated. In virtually every region of the world, given increasing enrollments, rising costs and the ongoing competition for public resources from other critical public sector services, higher education institutions are being pushed to access increasing proportions of their revenue from private sources including student tuition fees, donations and income generating activities such as faculty consulting and facility rental. At the same time equity and access concerns lead to changes in financial assistance policies that are aimed at mitigating the negative effects of decreased government investment in higher education.

Demographic changes and massification trends also continue to impact higher education systems around the world. Governments and institutions in countries with declining numbers of young people and contracting higher education systems such as Japan and South Korea are looking for ways to appeal to nontraditional local students and to attract international students and exploring the feasibility of opening overseas campuses. Other countries such as Brazil, China and India and most countries in the developing world experiencing rapid population growth coupled with growing participation rates struggle to accommodate ever increasing numbers of qualified students into higher education with limited government resources. Moreover, many of these countries are intensifying their efforts to expand participation especially among previously marginalized groups of students. In Brazil, the REUNI investment programme is aimed at doubling the number of students in public institution in four years. China, which has 29 million full time tertiary students in 2010, plans to increase its university gross enrolment rate from 24 percent to 40 percent in the next 10 years (though a substantial portion of this will come from a shrinking of the university-age population rather than an expansion of places) and India, with about 14 million students at present, plans to increase the enrolment rate from 12 to 30 percent by 2020.

Globalization trends influenced higher education in 2010 as students travelled abroad to study in great numbers despite the economic crisis and institutions and governments intensified their internationalization efforts in order to gain prestige and profit from new

markets. As of 2007, more than 2.5 million students are studying outside their home countries and the number is expected to rise to 7 million international students by 2020. As of 2010, there are more than 162 branch campuses around the world mainly in the Middle East and Asia.

Issues of university autonomy and accountability remained on the agenda of many countries in 2010 especially in Europe and Southeast Asia. University governance patterns are continuing to evolve towards greater university autonomy especially in financial matters. Over the past decade there have been major transformations in higher education governance systems both at the system and the institutional levels. At the national level, governments in virtually every region of the world have been retreating from direct management of public universities by giving them more autonomy to set their own goals and manage their own affairs, and especially pursue non-governmental sources of funding. At the same time, there is a growing tendency for governments to introduce new forms of control through accountability mechanisms to balance this autonomy.

In OECD countries, the combination of a looming demographic crunch and the realities of public finance in an era of low growth and substantial public debts means that we may have hit “Peak Higher Education”. Government support to higher education generally seems likely to decline, meaning that the system will come under greater pressure to extract revenue from students. In much of the developing world – particularly in Asia - public sector higher education expenditure is growing, but often not fast enough to meet an explosion in demand. This in turn leads to greater private expenditure on higher education through payment of fees to private higher education institutions. Only in a very few countries, such as Brazil, is there an aggressive move to expand the share of subsidized places within the system.

All of which is to say that fees, generally, are on the rise and in such circumstances one would hope that student financial assistance programmes are able to keep pace.

Chapter 2:

Types of tuition fee policies and student financial assistance policies worldwide

The term *tuition fee* is used here to indicate that portion of the per student instructional cost that is the responsibility of the student and/or his/her family to pay. Tuition fees are considered distinct from other fees which are used to cover institutionally provided non-instructional services such as campus transportation or student health care as well as recreational and athletic programmes. The distinction between tuition fees and fees is not always clear and sometimes, the term *fees* is used deliberately to avoid political opposition to tuition fees. In Ireland, for example, no *tuition fees* are charged, but the *registration fees* are comparable to the level of tuition fees in many countries and look set to rise further in 2011. In the California State University system in the United States, it was only this year that the term “tuition fees” began to be used instead of just “fees” to refer to student charges because the university system had started to use the student fees to cover educational costs as well as specialized or optional services such as health, housing and recreation and felt that the change in terminology was necessary for transparency reasons.

Tuition fee policies can be divided into three main categories: i) *tuition fees for all, whether upfront or deferred*, ii) *no tuition fees*, and iii) *dual track tuition fees*. Each category is closely linked to a country’s conception of parental financial responsibility for their children’s higher education.¹

Upfront tuition fee policies are based on the belief that parents have a responsibility to cover some portion of their children’s higher education costs. In some countries (Colombia, the Philippines, the United Kingdom prior to 2004 reforms) the amount that parents are responsible for paying is based on their income and in others (Chile, China, Canada, Hong Kong, India, Indonesia, Italy, Japan, Germany (some Lander), Malaysia, the Netherlands, Singapore, South Africa, South Korea, Spain, Switzerland, Thailand, Taiwan, Turkey, the United States, Vietnam) tuition fee levels do not change with a family’s income level, but eligibility for aid does change and tuition fee costs are off-set by means-tested grants and/or government subsidized loans.

In those countries with *no tuition fees* or with deferred *tuition fee* policies, parents are not considered to be financially responsible for their children’s higher education nor are the children themselves expected to pay while they are studying. In countries with no tuition fees (Argentina, Brazil, Finland, France, Iran, German (some Lander), Nigeria (Federal universities), Sweden), the state covers all instructional costs for qualified students using the resources collected from its taxpayers, while the students live at home or assume the burden of living costs through subsidized student loans. In countries with a deferred

¹ Based on the conceptual framework developed by Bruce Johnstone and Pamela Marcucci in the International Comparative Higher Education Finance and Accessibility Project, SUNY at Buffalo.

tuition fee policy (Australia and England), parents may choose to pay the “up front” tuition fees – generally with a financial incentive to do so or they may choose to leave this burden on the children who can defer payment of their tuition fees on an income contingent basis once their income has reached an agreed upon level.

In recent years, deferred tuition policies have become a popular way to reconcile requiring students to contribute to their higher educational costs with their inability to do so while still studying. Income-contingent loans are one way of deferring the tuition fee to the future. Graduate taxes are a variation on the income contingent loan whereby students who have attended higher education free of charge are responsible for paying an income surtax throughout their working lifetime. No country has introduced a formal graduate tax though Ethiopia calls its deferred tuition fee a “graduate tax”.

Dual track tuition fee policies have been introduced in many countries including Russia and the post-communist countries of central and Eastern Europe, and Egypt, and several other countries not part of our G40 with either legal restrictions against, or strong popular resistance to, tuition fees. In these countries, a certain number of free (or very low cost) university places are awarded by the government based on academic merit, while other places are available to qualified, but lower performing, students on a tuition fee paying basis. Another type of dual track tuition fee policy is in force in those countries where universities may set up special continuing education programmes (Poland), professional courses or courses taught in a foreign language for which they charge tuition fees (Egypt, the Netherlands).

One further variation on the dual track tuition policy model is the practice of charging international students tuition fees that are even higher than those charged to domestic full-fee paying students. Some European Union countries such as Sweden (as of December 2010), Denmark and the Netherlands (where institutions have the option of charging higher fees) have different tuition policies for international students from other EU countries and for international students from non-EU countries.

The locus of authority for setting tuition fee levels is changing as countries experiment with institutional autonomy in areas of governance and financial management. In about half of the 27 countries for which we have information that charge some type of tuition fee whether upfront or deferred, the central or state/local government sets the tuition fee levels (Canada, Germany, India, Israel², the Netherlands, Spain, Turkey, the United States) or sets maximum tuition fee levels above which institutions may not go (Australia, England, Japan, China, Malaysia, and Vietnam) while in the other half the institutions themselves theoretically have the authority to set their fees (Chile, Colombia³, Indonesia, Italy, Mexico, the Philippines, South Africa, South Korea, Singapore, Switzerland, Taiwan, Thailand and the Ukraine for fee paying students). We

² Though authority has gone back and forth between the Council for Higher Education and the institutions

³ Tuition fees in Colombia vary according to the socio-economic background of each student. The maximum tuition fee is set by the university councils each semester as some proportion of the minimum wage.

say theoretically because in several of these countries this institutional autonomy appears uncertain. In Indonesia, institutional autonomy to set tuition fees is currently under discussion again as will be seen below, in the Philippines the government can institute a freeze on tuition fee increases (and did so in 2008), and in South Korea the government just capped annual increases at 150 percent of the average inflation rate in the preceding three years starting in 2011.

Government provided financial assistance is generally given to needy students to cover their tuition fee costs (or some portion of them) and/or living expenses thereby ensuring that qualified low income students are not precluded from attending higher education due to lack of resources. It is sometimes also used to encourage higher education participation by underrepresented minority groups, or to encourage the study of certain disciplines or, in the case of loan forgiveness, to reward desired post-graduation behavior. In some countries, however, access to financial assistance is not based on need, but on academic merit with qualified students paying no tuition fees or significantly lower tuition fees and often even having access to free or subsidized student housing.

Government provided financial assistance to students takes three main forms:

1. Grants, which may be awarded based on family means or need such as in Australia, Canada, England (maintenance grant), Germany, Hong Kong, Mexico, Netherlands (supplementary grant) Norway, the Philippines and United States⁴, student means if they are considered economically independent of their parents, academic merit (Mexico, Russia and other post-communist countries) and/or attributes associated with underrepresentation such as ethnicity, gender or home region (Australia, Brazil, Canada, the United States) or even universal in some countries such as Sweden.
2. Loans, which may be subsidized in terms of interest rates or other repayment terms based on family or student means such as in Canada, Colombia, England (portion of maintenance loans which is income assessed), Germany, Hong Kong, Pakistan, the Philippines, South Africa and the United States or forgiven based on low lifetime earnings (England, the Netherlands, the United States) or the fulfillment of some type of post-graduation behavior (United States, New Zealand: loans are not forgiven, but interest is written off if the graduate remains in New Zealand or returns to it after completing his/her study abroad).
3. Indirect assistance through universally awarded family allowances (France) or advantages delivered through the tax system such as tax credits (Austria, Canada), tuition deductions (the United States). There are also some cases,

⁴ A distinction can be made between countries that allocate financial assistance based on a family's means (i.e. their income level combined with some assessment of their assets) and those that base it on a family's need (i.e. the difference between the costs of attendance and what the family can be expected to pay). Arguments have been made that the latter unduly advantages well-off students attending expensive institutions. In most countries such as the United States, however, having high need does not entitle a student to the difference between the cost of attendance and the expected family contribution, but only to some portion of it.

such as Canada's Education Savings Grants programs, where the benefits are targeted at individuals who are actually not yet enrolled in higher education (or their families).

Chapter 3:

Global trends in tuition fee policy and financial assistance and their implications for the future

Of the 32 countries where tuition fees are charged, tuition fee levels in 2010 (or 2011 for those countries with 2011 changes announced in 2010) remained the same in close to three-quarters (23 countries) and went up in a little over one-quarter (9 countries). If the two countries that introduced tuition fees for international students were to be included in the group with increasing tuition fees than the proportions would shift slightly to 65 percent with no change and 35 percent with an increase. In no country did tuition fees decrease. In terms of the financial assistance available to students, more than half (24) of the 40 countries retained the same levels as before, about 35 percent (14) of the countries increased their aid or introduced new programs, and only 4 countries (and one Canadian province) reduced available assistance⁵.

Table 1 puts all of this together to show in very broad strokes the combined impact of the 2010 changes in tuition fee policy and student financial assistance policy on the ability of students and their families to cover the costs associated with attending higher education (i.e. on its affordability). The columns move across from decreases in aid to increases and the rows move down from decreases in tuition fees to increases. Drawing a line from the table's upper left corner to its lower right corner, students from countries in cells above the line are facing decreasing financial barriers to access while those below it are facing increasing financial barriers. Students in the countries on the line would be experiencing little change either way.

Students in Pakistan, Thailand and the Philippines probably faced the largest increases in barriers to education in 2010. Even though tuition did not rise, all experienced major cuts to student financial assistance. Governments may believe that holding the line on tuition fees is a way to keep higher education accessible; however, holding the line on tuition while reducing direct aid to the poorest is in fact a highly regressive policy which above all benefits the affluent. The Canadian province of Alberta followed a similar policy, though given the much higher levels of personal income the effects will likely not be as severe. The Netherlands, too, are on a similar course for 2011, though since the changes in tuition apply only to fourth year onwards and the reductions in student assistance are at the Master's level, the impact on access of the new package is likely to be negligible.

⁵ Given that the United States and Canada are composed of states and provinces that have significant power over education, some states and provinces fall into one part of the table, while others fall someplace else. Because of this, the United States and Canada are counted more than once.

Table 1. Changes to Higher Education Affordability in 2010 and 2011 in the G40⁶

		Student Financial Assistance Policy			
		Decrease in student aid	No change in student aid	Small increase in student aid	Significant increase in student aid
Tuition Fee Policy	Decrease in tuition				
	No change in tuition	Pakistan, Philippines , Thailand	Argentina, Brazil, Colombia, Egypt, Finland, France, Hong Kong, Indonesia, Israel, Italy, Malaysia, Mexico, Poland, Saudi Arabia, Sweden, Switzerland, Taiwan, Turkey, the UK	Chile , China, Germany, India, Japan, Nigeria, Russian Federation, Spain	
	Small increase in tuition	Netherlands , Canada (Alberta)	Singapore, South Africa, Ukraine	Some US states, Korea, most Canadian provinces	Australia ⁷
	Large increase in tuition			Some US states (e.g. California)	Vietnam

⁶ Countries in bold had policy changes announced in 2010 that are being implemented in 2011.

⁷ While tuition fee increases are being implemented in 2011, some of the increases in student financial aid were implemented in 2010.

Students in Chile, China, Germany, India, Japan, Nigeria, the Russian Federation, and Spain, on the other hand, face decreasing barriers, although in some cases the improvement is likely to be quite small. (In Russia, for instance, the new loans program is intended to serve just 10,000 students out of a population of roughly seven million; in Nigeria, the new scholarships are welcome, but a mere drop in the ocean in the face of demand). Australia is the one country where policies around affordability are changing on the scale necessary to affect outcomes (Vietnam, too, is increasing aid on that scale, but in the context of rising tuition, which mitigates the effect somewhat).

It should be noted that table 1 is a snapshot for the year 2010 and early 2011, and many policy changes are already on the books for 2012 for several countries that will dramatically influence their placement in the table. The UK, for example, is in a “no change” position for 2010, but the projected changes that will start in 2012 will clearly move it into a lower position on the chart. In other countries, some policy changes are almost certain. Contracting state allocations to public higher education systems in the United States are likely to lead to tuition fee increases, which will not be offset this time by federal stimulus funding. Pending legislation in Colombia to allocate additional funds to student financial assistance will, if passed, increase higher education’s affordability for students and their families. Finally, a Parliamentary vote in North-Rhine Westphalia in the end of February could abolish the charging of tuition fees in universities in that Länder altogether.

Students in Argentina, Brazil, Colombia, Egypt, Finland, France, Hong Kong, Indonesia, Israel, Italy, Malaysia, Mexico, Poland, Saudi Arabia, Sweden, Switzerland, Taiwan, Turkey and the United Kingdom experienced little change either way, because there were no changes in either tuition fees or financial aid. Students in most of Canada, some parts in the United States, Korea, and Vietnam were in a somewhat similar situation because tuition increases were offset by concomitant increases in financial assistance. Given that the increases in tuition fees and increases in financial assistance are not always commensurate and that not every student hit by higher tuition fees also receives more financial aid, the table shows a very aggregate view of changes in higher education affordability. For instance, even though there were no policy changes for domestic students in Sweden and Finland, international students there may have been subjected to much higher tuition fees with only partially offsetting availability of scholarship funding. For those individuals, if not the countries as a whole, 2010 probably meant a shift downward and to the right on the matrix, likely into the same cell as California.

One somewhat exceptional case which is worth mentioning is that of Brazil. Though there has not been a change 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), policy 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 which, on aggregate, is equivalent to a reduction in tuition. If one were to count that as a policy of tuition reduction, then Brazil would move up one cell.

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 looming public sector

squeezes, 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 tended to be those that increased net prices rather than reduced them. The most notable diminution of affordability occurred in Pakistan, the Philippines, Thailand and some US states (most notably California). Two rich jurisdictions – the Netherlands and Alberta – both announced policies that increased tuition and reduced student aid, but in mixes which 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 its student aid programs; a number of other countries combined tuition freezes with increases in student aid, but the aid increases in many instances were marginal at best.

Our best estimate is that this trend will intensify somewhat in the near future, as the post-Browne review changes in England come into play, inflation in China begins to feed through into tuition, and European and north American governments adapt to the realities of deficit reduction and an ongoing demographic shift. As such, policy analysts need to be alert to changes in outcomes in places like the Philippines, Thailand, California and the UK. If these jurisdiction's experiences with greater cost-sharing take place without major disruptions to accessibility or to institutions themselves, they may act as models for emulation. However, to the extent policy architects in those countries are seen to have made the wrong calls, they will serve as tales of a much more cautionary variety.

Annex - Country Reports



Argentina

Tuition fee policy: No tuition fees are charged in public universities though the universities have authority to do so if they choose. There were no changes to this policy in 2010. However, private universities - which collectively account for about one-quarter of total higher education enrollment in Argentina - charge from US\$5,000 to 15,000/year.

Student financial assistance policy: There were no changes in financial assistance policy in 2010 in Argentina. Two new grant programs (the Bicentennial Grant Program and the National Program for Technology and Communication Grants), were introduced in 2008 to foster enrollment of low income students in the basic and applied sciences and in technology and communication. Their introduction was part of an enormous increase in the number of grants countrywide from 2,453 in 2002, to 42,317 in 2009. Because of this relatively recent activity in the policy field, there is something of a policy hiatus in this area.



Australia

Tuition fee policy: There were a couple of small changes to student tuition and other fees in 2010. As part of Australian's 10 year plan to transform higher education (introduced in 2010), it was announced that new indexation arrangements will apply to maximum student contribution amounts starting in 2011. In addition, the Higher Education Legislative Amendment (Student Services and Amenities) Bill 2010 will allow universities to impose an annual capped compulsory student services and amenities fee of A\$250 (US\$214) for all students starting in January 2011.

Student financial assistance policy: Significant changes in student income support were passed by Parliament in March. The changes will make more students eligible for Youth Allowance by:

- increasing the Parental Income Test threshold from A\$33,300 to 41,165 (US\$28,462 to 35,184⁸) for students to receive the maximum rate of Youth Allowance (from July 1st),
- gradually lowering the age of independence from 25 to 22 years old (from 25 to 24 in April, to 23 in January 2011 and to 22 in January 2012)
- raising the personal income test threshold from A\$236 to \$400 (US\$202 to 342) per fortnight so that students can earn up to A\$400 (US\$28) without having student support reduced (starting July 2012).
- making master's student eligible to apply for Youth Allowance (starting July 2012).

The reforms also introduced a new Student Start-up Scholarship (April 2010) of A\$1,300 (US\$1,111) for all university students receiving student income support and a Relocation Scholarship (April 2010) of A\$4,000 (US\$3,419) in the first year and \$1,000 (US\$855) in subsequent years to help eligible students cover their living costs. The reforms also

⁸ Unless otherwise mentioned the Big Mac implied purchasing power parities for 2010 are used to convert currencies to US dollars.

exempt equity and merit-based scholarships from being treated as assessable income (April 2010).

The reforms will also change the Workforce Participation Criterion for Independence. Starting in July 2010, a young person is required to work full time for a minimum of an average of 30 hours a week for at least 18 months in a two-year period to demonstrate financial independence through workforce participation. This will ensure that support is targeted to students genuinely in need of assistance. No existing recipient will be disadvantaged by this change.

Due to the regulatory change permitting the indexation of maximum fee contributions, Fee-HELP borrowing limits will also rise along with inflation starting in 2012.

Finally, the Higher Ed Support Act of 2003 was amended to remove the loan fee of 20 percent from OS HELP loans for students studying overseas starting in Jan 2010.



Brazil

Tuition fee policy: There are no tuition fees in public universities. Private universities, which enroll about three-quarters of all higher education students, charge significant tuition fees of over \$10,000/year. There were no changes in tuition fee policy in 2010.

Student financial assistance policy: There were no changes in student financial assistance policy, which includes means tested grants and loans. Despite the economic crisis, the government is continuing its REUNI investment plan for university expansion, restructuring, academic renovation and social inclusion. One of the aims of the plan is to increase the number of students in public higher education from 1 to 2.5m within four years.



Canada

Canada is comprised of ten provinces and three territories with wide powers over education, which makes a simple summary of policy changes in tuition and student aid difficult. Because different provinces have different fiscal capacities, different policy priorities and indeed, have economies which are growing at quite different rates, developments in Canadian higher education can be quite uneven.

Tuition fee policy: In 2010, university tuition rose by 4.0% nationally, to an average of C\$5,138 (US\$4,588). But this hides some pretty significant variation at the provincial level – from a drop in fees of 4.5% in Nova Scotia to a rise of 5.4% in Ontario.

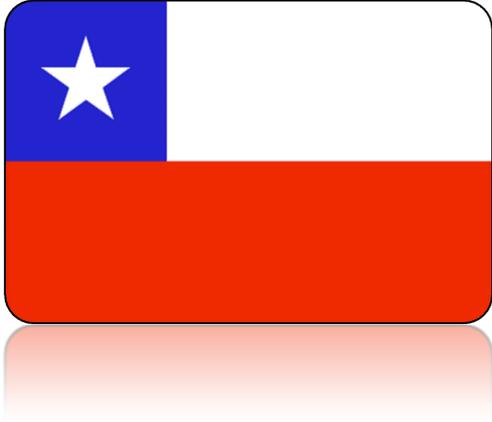
There are five provinces where budgetary woes are likely to create significant upward pressure on tuition fees in the near future: Nova Scotia, Prince Edward Island, New Brunswick, Ontario and Quebec. None of these provinces are especially well placed to gain from a rise in commodity and energy prices, and with the exception of Ontario, these provinces tend to be facing more significant demographic over the coming decades. Government finances in the four western provinces and Newfoundland, on the other hand, are likely to remain relatively healthy, as long as the federal government sticks by its promise not to cut transfer payments to provinces in its quest to balance its books. There will likely be less pressure to increase fees substantially in these provinces, though continued annual increases in the 3-5% range should not be ruled out. The exception here is Newfoundland, where rising offshore oil revenue and a substantial cross-party consensus for low tuition seems unlikely to change any time soon.

Nova Scotia and Quebec are the provinces that have had the most open debates about the future of tuition fees in 2010. Late last year, Nova Scotia premier Darrell Dexter gave economist Tim O’Neill a fairly wide-ranging remit to make recommendations regarding the future of universities in the province. O’Neil’s analysis – one of declining enrolments due to demographic shifts and no real prospect of increased public support – led to him to suggest that a substantial deregulation of fees was in order so that institutions could raise their own funds more easily. At the same time, O’Neil argued for a significant upgrade of student financial aid in the province which he described as “one of the weakest in the country”. In particular, he argued for capping loans and providing all financial aid above a certain level in the form of grant. As of December, 2010, the Government had not published a response to O’Neil’s recommendations.

Quebec is perhaps a more interesting case. It has long had a this more “continental European” style of public service provision than the rest of the country and in keeping with that, university tuition fees have been kept extremely low. In fact, tuition was frozen for well over 80% of the period between 1968 and 2009, and throughout this period, Quebec’s tuition was the country’s lowest.

In the past twelve months, however, there has been an increasing push on the part of both federalist and nationalist elites to rethink this model and the resulting high levels of public debt and taxation that it has caused. As part of this re-think, the Government of Quebec took the occasion of its spring budget to announce that tuition would be allowed to rise from 2012, though no details of any proposed hike were released at the time. Since that time, the government has held a single high-profile consultation on the issue. Students, predictably enough, opposed the idea of an increase and along with labour representatives, walked out on the consultation. The university rectors’ association, known as the *Conférence des recteurs et principaux des Universités du Québec* (CREPUQ) proposed an increase of C\$1500 (US\$1,339) over 3 years, equivalent to a rise of about 70% and which would put fees back, in real dollars, to where they were in 1968. Some speculate that the rise could be even higher, if the government gets serious about reducing its own contributions to universities. A student protest movement is building and will no doubt dominate headlines over the first few months of 2011, but it seems likely at this point that a program of tuition increases not too far removed from the CREPUQ proposals will become law sometime in 2011 and be put into effect in 2012.

Student financial assistance policy: With respect to student assistance in Canada, there was been very little in the way of change. The Canada Student Loans Program is still adjusting to its new larger role after its grant program was expanded to fill the hole left by the termination of the Canada Millennium Scholarship Foundation. Of the ten provinces, only Alberta made any significant changes, eliminating its Student Loan Relief Benefit (its main loan remission program) and reducing its supplemental grant spending for single parents and students from rural and remote areas from \$30 million/year to \$13.5 million per year (from US\$26.7m to 12m). All told, the Alberta government cut its non-repayable aid budget by 80 percent.



Chile

Tuition fee policy: Both public and private institutions are free to set their own tuition fee levels. Tuition rates at both public and private institutions are quite similar at about 3,500,000 pesos (US\$7,463). There were no changes in tuition fee policy in Chile in 2010.

Student financial assistance policy: With regards to financial assistance, the new government, which took power in March, is planning to increase funding for scholarships and grants and has introduced a new grant for the 2011 school year for students studying education that will cover tuition fees and books for qualified students.



China

Tuition fee policy: There were no changes in tuition fee policy in China in 2010. A 2007 National Development and Reform Commission decision froze the maximum tuition fee levels at 2006 levels (shown below) in the 114 higher education institutions that are sponsored by the Ministry of Education (MOE) through 2011. However, a tuition fee increase of up to 20 percent is likely in 2012, given the current inflation rate of 5 percent in China.

Majors	Tuition for undergraduates in top universities	Tuition for undergraduates in general HEIs
General (philosophy, economics, politics, education and management, etc.)	≤5,000 (US\$1,412)	≤4,200 (US\$1,186)
Science and technology	≤5,500 (US\$1,553)	≤4,600 (US\$1,299)
Foreign languages and medicine	≤6,000 (US\$1,695)	≤5,000 (US\$1,412)
Arts (music, dance, photography, performance, opera)	≤10,000 (US\$2,825)	≤10,000 (US\$2,825)

Student financial assistance policy: There were several changes in student financial assistance in 2010. The merit-based national assistantship grants were increased from

2000 Yuan (US\$565) to 3000 Yuan (US\$847) starting in the fall semester of 2010 with the increased costs being shared by the central and local governments. In August 2010, the Ministry issued a notice introducing various measures to ensure that qualified students are not kept from higher education for financial reasons. Measures included more opportunities for part-time work and part-time study, and a strengthened "Green Channel" policy whereby poor students are able to register for college without paying their tuition fees upfront and then have their need levels assessed for financial assistance and fee reductions. Since the costs of the Green Channel are borne by higher education institutions and not the government, this last measure was costless to government but represented a reduction in funds available to institutions for their own operating expenses.



Colombia

Tuition fee policy: In Colombia, at public universities, tuition fee levels vary by student depending on their family's socio-economic situation. Tuition for low income students is established by multiplying each student's Puntaje Básico de Matrícula (PBM) (a figure assigned based on his/her socio-economic situation backed up by various documents) by some percentage of the national minimum wage in force at the time of the student's entrance. University councils decide on the percentage of the minimum wage that they will use in their calculations. As in other Latin American countries, more than half of the student body attends a private university. There were no changes in tuition fee policy in Colombia in 2010.

Student financial assistance policy: There were no changes in student financial assistance policy in 2010, but there was substantial debate on the subject thanks to a law introduced in parliament in April.

Proposed law 237, in addition to increasing the size of direct subsidies to universities, contains two changes to the funding for ICETEX, the national student loan provider. The proposals calls for i) additional annual funding to ICETEX to be used to cover tuition fee subsidies for low income students and ii) for the creation of a grant fund to be managed by ICETEX that would cover their living expenses, with the goal of increasing retention in higher education.



Egypt

Tuition fee policy: Egypt has a dual track tuition fee system (see page 5, above) in which many programs are free but high tuition fees are charged for programs taught in foreign languages. Though there was no formal change in the country's tuition policy in 2010 (which formally is a "zero tuition" policy), the dual track was extended to include some other high demand programs.

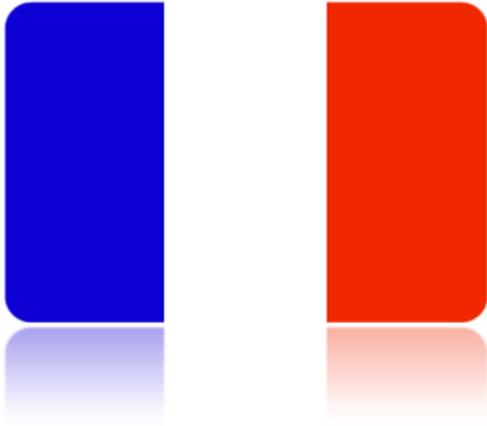
Student financial assistance policy: There were no changes in the government's financial assistance policy in the past year.



Finland

Tuition fee policy: There were no changes in tuition fee policy in 2010 in Finland and students continue to study for free as guaranteed in the Constitution (though there are a number of small mandatory charges payable at the time of registration). Starting in January 2010, institutions were able to charge tuition fees to non EU/EEA students in some circumstances, though implementation to date has been limited.

Student financial assistance policy: There were no changes in the government's financial assistance policy in the past year and the amounts of both loans and grants remain the same.



France

Tuition fee policy: There were no changes in the government's tuition fee policy in 2010 and students continue to study tuition-free at French universities and other higher education institutions despite attempts through the years to introduce tuition fees. Students must pay fees set by the Ministry of Higher Education and Research of about €200 (US\$220) to cover basic services beyond teaching. Students also have to pay a mandatory health insurance fee of about €350 (US\$380). Growing international pressure and the poor ranking of the country in the international league tables have reintroduced the political debate on higher education funding in recent years.

Student financial assistance policy: The only concrete change in the financial aid system in 2010 involved an increase in the number of months for which grants are paid (from 9 to 10 months) given the lengthening of the academic year. Much of the public financial assistance in France government is channeled indirectly through subsidized housing and transportation and tax benefits that are distributed to all students regardless of their socio-economic need. A reform of the public student aid scheme has been on the political agenda for many years without any substantial alteration.

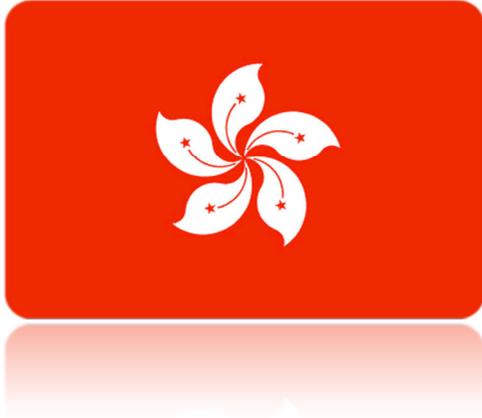
Uptake of the new (2008) government guaranteed student loans remained low and only 13,700 loans were taken in 2009 and 2010 with an average amount of €7,800 (US\$8,580).



Germany

Tuition fee policy: Tuition fee policy in Germany changed dramatically in January of 2005, when the country's Supreme Court overturned a ban on the charging of tuition fees in a case brought by six states (Länder) and ruled that individual Länder could introduce tuition fees. Since then, seven German Länder have introduced general tuition fees. Two of these (Hesse, Saarland) subsequently reversed their position upon a change of government. A third (Hamburg) lowered its tuition fee from €500 to 375 (US\$550 to \$413) in 2008. North-Rhine Westphalia announced plans in 2010 to forbid tuition fees once again from May 2011, after having earlier given institutions the right to set tuition fees by themselves of up to €500 (US\$550) per month. Tuition is also an issue in Hamburg, which raised fees after the Supreme Court decision and then lowered them again in 2008. The state faces elections in February 2011, and could see another change in fee policy as a result.

Student financial assistance policy: In terms of financial assistance policies, the BAföG (German Federal Law on Training and Education Promotion) was modified in October 2010 to award a two percent increase in the amount of monthly student support (now up to €670 (US\$737) per month) and increase the age limit from 30 to 35 years of age for Master's students. A new scholarship was introduced, the merit-based Deutschlandstipendium, which provides €300 (US\$330) per month of which half is covered by university fundraising from industry, foundations and individuals and half by the federal ministry. Ten thousand students received the scholarship in 2010, but the numbers are expected to slowly increase to 160,000 (8 percent of all students). Public and private student loans are currently being offered at extremely favourable conditions with many providers reducing their interest rates from last year's levels.



Hong Kong

Tuition fee policy: There were no changes in the centrally determined tuition fee levels (HK42,100 (US\$10,631)) for local students in 2010, though the tuition fee for non-local students was raised from HK100,000 to HK119,000 (US\$25,252 to 30,050). The tuition fee is reviewed annually by the government.

Student financial assistance policy: In terms of student financial assistance, the government is reviewing the operation of the Non-means-tested Loan Schemes administered by the Student Financial Assistance Agency (SFAA) that was introduced in the late 1990s to cover tuition fees and (in some cases) living costs for higher education students not eligible for means tested loans. The government review is aimed at ensuring that reasonable financial support is provided for postsecondary students, that effective measures are in place to reduce the loan default rate, and that there is proper use of public resources. The review covers the loan's scope, eligibility criteria, application procedures, interest rate, repayment arrangements (affordability), as well as measures to address the default situation (more than 15 percent). Phase one of the review included a public consultation that was completed in June 2010. The SFAA is drawing up recommendations based on the consultation that will be made public for further feedback in the second quarter of 2011 before finalizing the improvement measures.



India

Tuition fee policy: At public universities, all students pay a nominal tuition fee plus other sundry fees, but data suggest that fees are substantially higher at state universities than at central universities. There were no changes in the country's tuition fee policy in 2010.

Student financial assistance policy: Since 2001, India has been running a student loans scheme based on a model created by the Indian Banks' Association, which provides need-based assistance to students across a range of post-secondary programs in India and abroad. These loans were interest-bearing throughout the life of the loan. In 2009-10, the Indian government modified the scheme by reducing the interest burden on lower-income students in particular fields of study. Under the scheme, loans of up to Rs 7.5 lakh (USD = \$46,396⁹) which bear no interest until the student one year after a student has graduated or six months after they have graduated and begun a job (whichever is shorter) are provided to students from low-income families (less than Rs4.5 lakh)USD= \$27,837) per annum) who choose to study in certain technical and professional courses of study in India. Students with higher incomes, studying in a field of study which is not covered by the new program, or studying abroad remain eligible for loans without interest subsidies.

⁹ Because the Big Mac Index does not measure India, an implied ppp rate of US\$1 = Rs. 16.165 was used based on ppp conversion calculations found at: www.economywatch.com.



Indonesia

While there have been no significant changes in tuition fee levels in Indonesia, there has been a fair amount of controversy over university authority to set their own tuition fee levels. In March 2010, the Constitutional Court annulled the controversial Educational Legal Entity Law of 2008 under which all higher education institutions were to become legal entities within six months with autonomy to mobilize their own resources. The law was controversial because many stakeholders felt that it indicated that the government was moving away from its financing role and that it penalized those higher education institutions who were less well placed than others to raise funds. The government is working on a new plan for university finances and tuition fees.

In the meantime, universities set their own tuition fees differentiated by discipline (tuition fees are higher for courses with higher costs). For example, at the University of Indonesia, tuition fees range from Rp4.5m (US\$737) in the social sciences to Rp7.5m (US\$1,229) in the hard sciences. Starting in 2008, students pay according to their ability whereby a tuition fee basis is set for each student each year based on their socio-economic situation. The fee basis determines what portion of the maximum fee (set by a consultative assembly consisting of government and society representatives, university lecturers and staffers, student and the rector for each discipline) must be paid by the student. More than half of the regular students pay below the tuition fee maximum at the University of Indonesia and some pay as little as Rp100,000 (\$16) if they are from a very poor family. The methods used to determine this at the University of Indonesia, however, have come under scrutiny in (December 2010) from Indonesia Corruption Watch after allegations of lack of transparency in the means-testing. There were no other changes in the country's financial assistance policy.



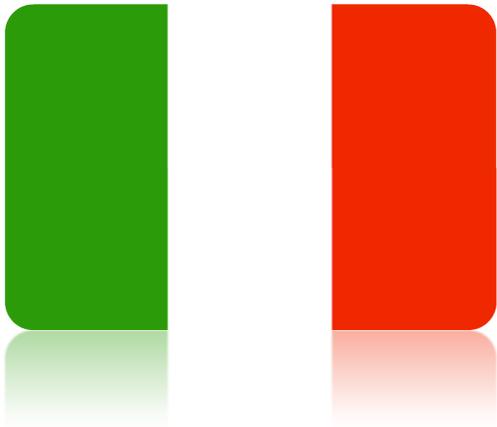
Israel

There were no changes in tuition and financial assistance policies in Israel in 2010. However, the 2007 Report of the Shochat Committee on the Higher Education system in Israel had a number of recommendations on the country's tuition fee and student financial assistance policies that continue to be discussed.

Tuition fee policy: The Report recommended that a single rate of tuition for the first degree be charged across disciplines and institutions that would be comprised of two portions that together would amount to an increase of 6,200 shekels (US\$1,553) over the existing tuition fee of 8,600 shekels (US\$2,155). The first portion (₪5,800)US\$1,454) would be paid by students and their families during their studies and the second (₪9,000)US\$2,256) would be deferred for payment after graduation through a government subsidized mortgage type student loan program run by financial institutions.

Student financial assistance policy: The tuition fee rises foreseen in the Sochat report were to be accompanied by substantial expansion of government spending (an increase of US\$100m in the first five years) to fund significant increases in financial assistance. The Report recommended three categories of student support. The first would be a grant to cover some portion of the cash tuition component for low income families, the second would be a more subsidized student loan for students whose future income is expected to be low and the third would be for a grant to cover tuition fees and some living costs for very poor students who were living away from home.

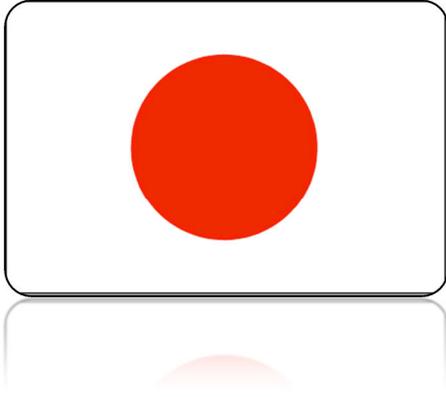
Formally, nothing has happened publically on these issues mainly because of student opposition to the proposed fee increases, but the national Higher Education Council's Planning and Budgeting Committee - PBC- (the body responsible for allocating the state higher education budget to universities) has been quietly negotiating with the students on compromises. The PBC is now thinking of an income contingent loans scheme and the students are demanding a seat on the relevant national bodies (including the PBC) as their price for (partial) agreement to the proposed fee increases.



Italy

Tuition fee policy: While there were no changes in tuition fee policy in Italy and fee levels continue to be set by the universities within limits set by law, there were massive protests against a higher education reform bill that eventually passed in December, which included significant cuts in funding. Opponents of the bill feared that decreased funding will lead to increases in tuition fees and decreases in student grants.

Student financial assistance policy: There were no changes in student financial assistance policy in Italy. Eligible students may receive grants and/or subsidized food and lodging. The government also partially guarantees the Diamogli student loan scheme begun in 2008 through a limited loan loss reserve liable for up to 50 percent of total losses.



Japan

Tuition fee policy: There have been no changes in tuition fee policy in Japan. Tuition fee levels continue to be set by institutions so as not to exceed 110 percent of the standard annual tuition fee set by the Ministries of Education and Finance. These fees have not been increasing in recent years because persistent deflation means that a freeze in nominal dollars implies an increase in the value of tuition in real terms.

Student financial assistance: Japanese student financial assistance is channeled mainly through student loans run by the Japan Student Services Organization (JASSO) using central government funds. There are two loan schemes, both of which are means-tested – one in which interest on loans is subsidized and one where it is not. Access to the subsidized loan scheme is rationed through a merit test.

There were a few small changes to JASSO programs in 2010. First, maximum loan amounts were increased for students studying abroad; Second, full or partial loan forgiveness was introduced for graduate school recipients of interest-free loans who got excellent results in their studies.



Malaysia

Tuition fee policy: Although there were no changes in Malaysian tuition fees in 2010, the 10th Malaysian Plan (2011-15) foresees increased university financial autonomy including limited authority to set tuition fees within boundaries laid out by the Ministry of Higher Education. This would be a continuation and expansion of the Accelerated Program for Excellence (APEX), an initiative that proposed by the National Higher Education Strategy Plan (2007-10) and implemented in 2008 that gives selected institutions increased financial autonomy though not the authority to set fees except in very limited cases (such as when the majority of students are from overseas). Tuition fees are set de facto by the Student Loan agency when it establishes its loan ceilings.

Student financial assistance policy: There were no significant changes to student financial assistance (mainly student loans) in 2010 or foreseen for 2011.



Mexico

Tuition fee policy: There have been no significant changes in tuition fee policy in Mexico in 2010 and individual institutions continue to set their own fee levels.

Student financial assistance policy: There have been no significant changes in Mexican financial assistance in 2010. At the national level, only grants (means tested and merit based) are available as there is no national student loan program. Three individual states have well developed student loan programs, and a number also have small grant programs.



Netherlands

Tuition Fees: In the Netherlands, tuition fees for EU students at public institutions are roughly 1600 EUR per year. However, over the past decade a number of new programs and institutes have arrived, usually teaching in English and operating primarily (but not exclusively) at the master's level, which are charging market fees of anything between €7,000 and 25,000 (US\$7,700 - \$27,500 US). Though there were no changes in tuition fee policy for 2010, a plan was announced late in the year which would see students who take more than three years to obtain their undergraduate degree pay €3,000 (US\$3,300) per year in tuition (i.e. roughly double what they currently pay).

Student Financial Assistance: Early in 2010, there was a proposal mooted by the Education Minister to modify the system of basic grants. Created in 1986, the basic grant is essentially a universal grant of €266 (\$293 US)/month given to every student (technically, it is a loan which is converted into a gift provided the student finishes their degree within ten years). The Minister's proposal – which in one form or another have been circulating for some years - would have seen the grant simply converted into a loan. The plan was not acted upon, but given the longevity of this idea, it is possible that it will return again in 2011. In late 2010, student aid changes were announced that would replace grants with loans at the Master's level starting in 2011.



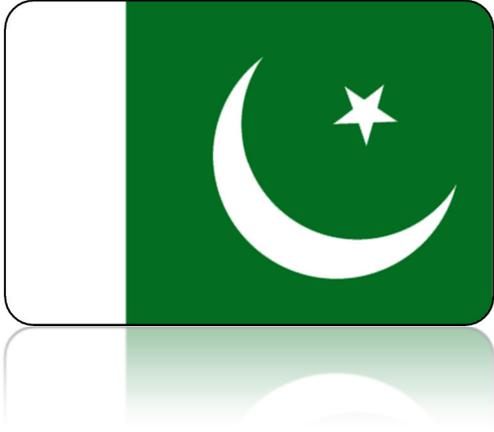
Nigeria

Tuition fee policy: In Nigeria, no tuition fees may be charged at Federal universities, but the eleven state universities may set their own tuition fee levels. This policy did not change in 2010, there has been quite a bit of discussion about future alternatives. The Federal Government announced a decision to deregulate the tertiary education system and sent up trial balloons suggesting a possible introduction of tuition fees in federal universities. The suggestions were predictably met with threats of strikes and shut downs by students and labour unions in tertiary education. A position paper on the issue of tuition fees was expected to be prepared by the end of 2010 as part of the education roadmap for 2009-2011, however no report has been issued to date.

Student financial assistance policy: In terms of student finance, the Federal Ministry of Education reintroduced the Federal Government Scholarship Award Scheme in 2009 which took effect in the 2009/10 academic year. So far 1,087 students have benefited. In 2010, the Federal Government decided to strengthen the Federal and State Scholarship Boards capacity to direct public and non-government scholarship and financial aid to students. Accordingly it began channeling awards for science and petroleum related degree programs through the Petroleum Technology Development Fund and others through the Education Trust Fund which is being refocused on tertiary education needs (though the bill on the reform of the Fund is still pending in the National Assembly). It is not clear if the existing scholarship schemes being administered by the Federal Scholarship Board will be absorbed by the restructured Fund.

Information on state and local level financial aid is difficult to come by, though it is safe to say that demand continues to exceed supply.

In terms of student loans, the Federal Government announced a plan to restructure and strengthen the Nigeria Education Bank (which was established to succeed the Nigerian Student Loans Board in 1993 but which has remained moribund since its incorporation) by the end of 2011.



Pakistan

Tuition fee policy: Pakistan operates a dual track tuition fee policy in wherein open merit and regional quota students pay a low tuition fee and self-financed (and international) students pay much higher fees in public universities. There were no changes to the policy in 2010.

Student financial assistance policy: Cuts to the overall government budget for higher education in 2010 were very severe (33 percent), and student financial assistance was a casualty. Most financial assistance for graduate students studying abroad has been frozen and no new scholarships have been awarded in most programs for the 2010/11 academic year. However, means-tested interest free loans remain available to academically eligible students from the National Bank of Pakistan in collaboration with four other commercial institutions to cover tuition fees, lodging and books.



Philippines

Tuition fee policy: Theoretically, public universities can set their own fees; however in 2008 a Presidential order created a moratorium on further tuition increases. Despite the significant reductions (Php1.1 billion)US\$40.2 million) in the 2011 budget (to be ratified in mid-December) allocated to state universities and colleges that was announced in November, this moratorium remained in place and tuition levels remained unchanged at public universities. Earlier in the year, proposed tuition fee increases from P12 to P200 (\$0.50 - \$8) per unit – i.e. \$6 - \$144 per year - at the Polytechnic University of the Philippines were dropped following a month of violent student protests. Private institutions, which enroll over 50% of all students in the country, remain free to set their own tuition.

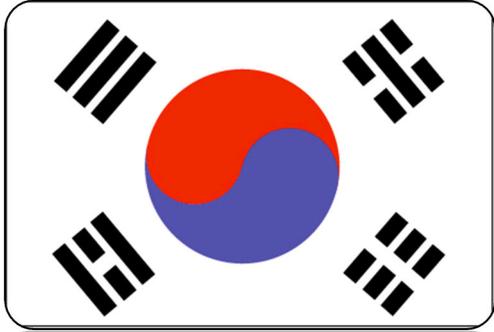
Student financial assistance policy: Funds for student financial assistance, which is usually a mix of loans and grants - were cut by 43 percent in the 2011 budget. Students and faculty have been staging walk outs and protests against the cuts.



Poland

Tuition fee policy: Poland operates a dual track tuition system. Though higher education in the public sector remains formally “free” for those who gain access on a competitive merit basis, roughly half of all students (including students being taught in a foreign language, students retaking classes and students studying part-time) pay fees on an essentially cost-recovery basis equal to what they would pay at a private university, with fee levels determined independently by the higher education institutions.

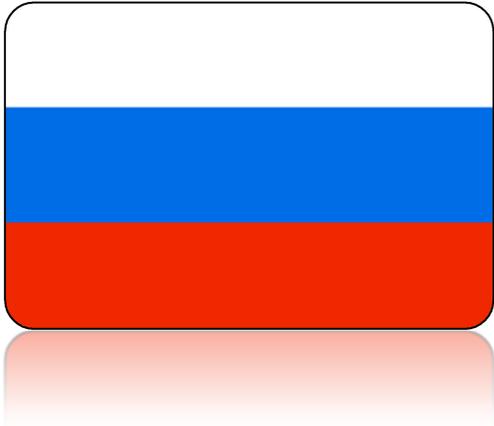
Student financial assistance policy: In terms of financial assistance there were no changes in 2010, however, new regulations designed to shift money from merit-based scholarships towards means-tested benefits are expected in 2011 following a large scale reform effort (the new acts are currently before Parliament).



South Korea (Republic of Korea)

Tuition fee policy: In response to very significant growth in tuition fees over the past ten years, in 2010 the government capped annual tuition fee increases for both private and public tertiary institutions. Growth in tuition was just 1.29 percent in 2010, but yearly increases of 5 percent have been the norm since 2004 (with the exception of 2009 when tuition fees were increased by only 0.5 percent given the global economic crisis). Henceforth, universities will not be able to raise their tuition fee by more than 150 percent of the average consumer inflation rate in the previous three years. Institutions must submit a detailed report to the Education Ministry if they plan to increase their tuition fees by a rate above the set standard.

Student financial assistance policy: With respect to financial aid, a new income contingent student loan program (referred to as the Study-Now-Pay-Later program) was introduced in January 2010. The loans became available to basic livelihood student recipients and students from households in the lowest to the seventh income deciles starting in the spring 2010 semester. The loan was introduced alongside the existing government guaranteed GGSL in response to concerns about the GGSL's monthly interest burden on students still in school. The new income contingent loans will cover annual tuition fees plus two million Korean won (US\$ 2,195) in living expenses per year. The interest rate was set at 5.7 percent, but will be decided on a year by year basis. Students will make no payments during the grace period (study period) and will be required to pay back interest and principal in installments spread over a maximum of 25 years after their annual earning reaches 16 million won (US\$17,563). Students whose families do not meet the financial criteria for the new loans will continue to be able to receive loans under the existing student loan program.



Russian Federation

Tuition fee policy: There have been no changes in Russia's dual track tuition fee policy. In fact, the draft version of the new Law on Education, which is open to public discussion through February 2011, confirms the system, stating that that free higher education will be offered on a competitive basis with those not accepted for tuition free place being responsible for paying tuition fees.

Student financial assistance policy: In terms of financial assistance, in April 2010, a new student loan program was launched for 56 Russian higher educational institutions (including three private ones) that is expected to cover 10,000 students. Sberbank of Russia, a state controlled bank, will give loans to academically qualified undergraduate students on favorable terms (5 percent annual interest). The borrower will make no principal payments during the period of study and for 3 months following graduation, but must pay a portion of the interest during the first two years of study. The rest of the interest is compounded. The student has to repay the loan over a 10-year period following graduation. The state acts as a guarantor providing special subsidies (up to 20 percent of the loan total) to cover possible bank losses and the student borrower does not have to provide a co-signatory.

The state guaranteed loan joins the existing Sberbank unsecured educational loan which carries an interest rate of 12 percent for 11 years.

A new federal target program was approved in November 2010 under which the government will allocate 137 billion rubles (US\$7.2 billion) to higher education from 2011-15. It is expected that some of these funds will be allocated to student scholarships.



Saudi Arabia

Tuition fee policy: There are no tuition fees in public higher education.

Student financial assistance policy: There were no changes in financial assistance in 2010. All Saudi university students are eligible for a monthly allowance. If they are members of the Student Fund Program (membership is \$350/year) they are also eligible for an interest free loan. Some Ministry of Higher education scholarships are also provided to selected students to study in private universities or abroad.



Singapore

Tuition fee policy: Each of the three Singapore universities increased their tuition fees for students starting their studies in August of 2010. The largest increases were done at the National University of Singapore where tuition fee increases ranged from 3 to 10 percent depending on the program. Tuition fee increases were 3 percent at the Singapore Management University and 1.6 percent at the Nanyang Technological University. In line with government policy, the respective tuition fees paid by Singapore students and permanent resident and international students are differentiated with the latter two paying about 20 and 60 percent more in tuition fees respectively. The country's polytechnics had increased their tuition fees in 2009 so they were not increased again in 2010.

Student financial assistance policy: There were no changes in government direct and indirect student financial assistance (universally available grants and several loan programs) in 2010 despite the fee hikes.



South Africa

Tuition fee policy: Institutions set their own fees. In 2010, fees at most institutions rose between 9 and 15%, roughly in line with inflation. There were no changes in tuition fee policy in South Africa in 2010.

Student financial assistance policy: There were no changes in financial assistance policies in 2010 except that the interest rate on NSFAS loans was reduced from 7.6 to 5.2 percent as of April 1, 2010.

In terms of future changes, a Ministerial Review Committee appointed by the Higher Education and Training Minister presented a report to cabinet in March 2010 reviewing the National Student Financial Aid Scheme, which administers the government's student loan program and several public and private bursary and scholarship programs. The review was the first step in a process to assess and redirect government policies on higher education and the committee consulted stakeholders over a period of several months by soliciting written submissions, holding panel hearings, interviewing focus groups, and administering surveys. The report recommended a number of significant changes to the existing program including:

- revision of the formula used to allocate loan funds to universities from one based on the racial composition of the student body to one based on socio-economic criteria¹⁰;

¹⁰ In South Africa, NSFAS allocates funds to institutions based on their disadvantaged students cost indexes. Each institutional index is calculated on the basis of the institution's racial mix multiplied by the institution's full cost of study. It has been found, however, that population groups are no longer good proxy measures of relative economic need, so some institutions get few funds due to the racial profile of their students, but because they have so many low income students, they have to spread their allocation across a large number of students who, therefore, get insufficient amounts. There are other institutions that are allocated a greater amount of funds due to the racial profile of their students, but they can barely spend it all because their students are not from low income families.

- centralization of the loan application process, which is now decentralized to financial aid offices within the individual universities; and
- revision and simplification of the means testing formula used for loan allocation to students.

NSFAS and the greater public both have had the opportunity to comment on the report. The Department of Higher Education and Training's plan for the implementation of selected recommendations is due out in late March 2011 according to its *Strategic Plan 2010-2015*.



Spain

Tuition fee policy: There were no significant changes in tuition fee policy in Spain and tuition fees in public universities continue to vary depending on the university and courses being taken and the number of credits per course.

Student financial assistance policy: The student financial assistance policy in Spain underwent some changes in 2010 as part of the Ministry of Education's 2010/2011 Action Plan, which aims to create a new model for student financial aid so that no student abandons university for financial reasons. In May 2010, the Ministry launched a campaign for student scholarships and financial aid worth €1.5 billion (US\$1.65 billion), a 9 percent increase over the aid budget the previous year. The financial assistance had various components to cover tuition fees, transportation costs, living expenses, etc. that are assigned to students based on a means test. Approximately 57 percent of university students obtained a grant to cover university tuition fees.

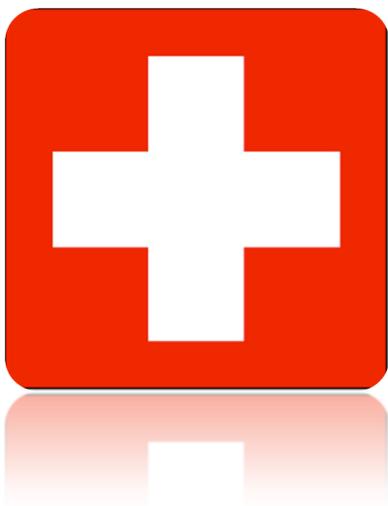
In addition, an Observatory of Scholarships, Grants and Academic Performance was created in October 2010 to improve the quality of scholarships. It is an advisory body Chaired by the Minister of Education which will review and analyze the results of the grant and aid programs in order to contribute to improvements in equity, efficiency, effectiveness and transparency. This Centre will track the distribution of spending on grants and assess their impact on students' education.



Sweden

Tuition fee policy: There were no changes in tuition fee policy for Swedish students who pay no tuition fees, but it was announced in February 2010 that students from outside of the European Union and the European Economic Area will have to pay a kr900 (US\$69) application fee starting in December and a significant tuition fee (as much as kr200,000 (US\$15,384) per year depending on the university and program) starting in autumn 2011. The change marks a shift in the country's strategy for attracting international students from one in which its competitive edge comes from price to one that will be more focused on quality (indeed reports in early 2011 suggested that the tuition hike had caused a decrease in foreign applications of nearly 75%)

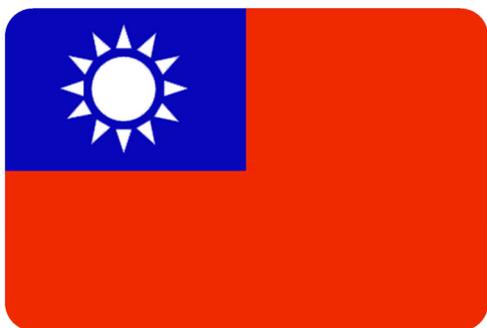
Student financial assistance policy: There were no changes in existing financial assistance policy for Swedish students, but additional financial assistance totaling 30 million kronor (US\$2.3 million) is being allocated as of 2011 to students from 12 low income countries studying in programs that promote their development. The funds will cover tuition fees, living expenses and a travel allocation. An additional 30 million kronor has been allocated for scholarships to non-European students from the rest of the world



Switzerland

Tuition fee policy: In Switzerland, tuition fees range between CHF1,000 to 2000 (US\$574 to 1,149) per year depending on the institution. There were no changes in tuition fee policy in 2010.

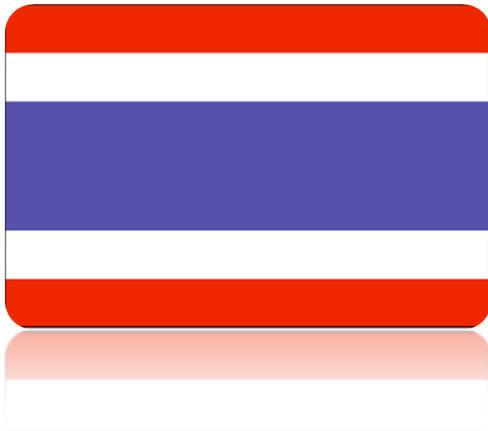
Student financial assistance policy: There were no significant changes in the student financial aid system which is made up of grants from the individual Cantons (26). There have been calls from the Swiss Students Union to harmonize the grant system as the amounts and coverage are very different from Canton to Canton. According to a 2009 survey by the Federal Statistics Office, only 16 percent of Swiss students receive financial aid.



Taiwan

Tuition fee policy: Facing declining demographic trends, institutional worries about declining enrolment and worries about how Taiwanese families were weathering the economic downturn, tuition fees at Taiwanese universities were kept frozen 2010. The fee-freeze policy has been in effect now for nearly eight years and has led to concerns about underfunding of Taiwanese institutions. A new policy permitting students from mainland China for to study in Taiwan was therefore welcomed by Taiwanese universities, since as international students they will be subject to much higher fees.

Student financial assistance policy: There were no major changes in student financial aid policy in Taiwan, which operates a reasonably complex set of subsidies, including loans, work/study programs, grants for students with low-income or unemployed parents, disabled students, aboriginal students, Tax reduction programs also exist for the children of farmers and fishermen. In 2009, the Government introduced the “Education Safety Net” program, which loosened eligibility criteria on student loans (which are also available for vocational high school programs) and made more grant and work-study assistance available.



Thailand

Tuition fee policy: In Thailand, tuition fees vary significantly based on discipline and type of public higher education institution. There were no policy changes in 2010.

Student financial assistance policy: While there are some government scholarships, their numbers are quite low compared to the number of student loans given each year. In an effort to increase the number of students who receive student loans, the student loan fund budget grew from 24,090 million baht (US\$1,281 million) in 2006 to 31,324 million baht (US\$1,666 million) in 2007. However due to the impact of the global economic crisis in Thailand, the budget dropped significantly to 20,069 million baht (US\$1,068) in 2010.

The state-run Islamic Bank of Thailand began offering student loans in May 2010. Previously, students could only get loans through the government-owned Krung Thai Bank. Earlier efforts to create an income-contingent loan system in Thailand were ended after the coup in 2007 because of the project's close association with the government of deposed Prime Minister Thaksin Shinawatra.

Plans are in progress to start collecting debt repayments directly from employers of new graduates to increase recoveries given the heavy burden on the annual government budget given the high level of student defaults.



Turkey

Tuition fee policy: There were no changes in Turkish higher education tuition fee policy and tuition fees continue to be centrally determined and the same for all programs.

Student financial assistance policy: There were no changes in the student financial assistance policy in Turkey.



Ukraine

Tuition fee policy: While the Ukraine continues to have a dual track tuition fee whereby “budget-based” students have their instructional costs covered by the government and “fee-paying” students must pay their own tuition fees (set by each higher education institution), in August, the government adopted a resolution introducing some charges for a number of services (extracurricular classes, the use of the internet, libraries, etc.) that all students must pay.

Student financial assistance policy: There were no significant changes in the student financial aid system which is made up of merit-based scholarships, various grants and municipal loans.



United Kingdom

The year in tuition and student aid in the UK (or, at least England – see below) was dominated by the Browne Review and its aftermath.

In late 2009, the Labour government appointed Sir Nicholas Browne to conduct a review of fees policy. It was well known at the time that major cuts to public services were in the offing as the UK's public borrowing was over 11% of GDP per year and both main political parties were promising a period of austerity ahead.

Browne's final report was released in October 2010. The report suggested essentially removing the cap on tuition fees (currently just over 3300 GBP (US\$5,410)) but taxing institutions who raised tuition to a level over 6000 GBP (US\$9,836) in order to help poorer students (though the current arrangements requiring institutions to provide their own minimum level of bursaries would be scrapped). Part-time students would be allowed to pay tuition on a deferred basis, like full-time students, instead of being required to pay up front. Student aid would be improved to compensate – loans would continue to be available to all students to cover tuition, eligibility for maintenance grants would be widened, living allowances would be increased at the lower end and the threshold beneath which no repayment would be required on student loans would be raised to 21,000 GBP (US\$34,426) from 15,000 GBP (US\$24,590). Interest rates on student loans would, however, rise to match the government's cost of borrowing.

This was all good news for institutions, of course; the bad news was Browne's recommendation that the Government be given scope to remove funding for all but "priority" subjects – medicine, science, engineering and modern languages.

The government's actual response to the review is described below.

Tuition fees: Though no changes to tuition fee policy were implemented in 2010, the year was completely dominated by discussions of what would happen to tuition fees starting in 2012. Following the Browne report, the Liberal Democrats (the junior partner in the coalition government) expressed concern about truly deregulating the market as Browne had suggested. The eventual compromise within the coalition was to cap fees, but at quite a high level (9,000 GBP (US\$14,754)) and to remove the idea of the tax on

institutions charging over 6,000 GBP (US\$9,836). However, the government also introduced proposals which would fine institutions (or even strip institutions of the right to charge more than 6,000 GBP (US\$9,836)) if they failed to meet agreed targets for attracting pupils from disadvantaged backgrounds. This package passed the House of Commons in early December, amidst significant student protest.

Student Aid Policy: As expected, the government chose to maintain the policy of providing non means-tested loans to all students for the cost of tuition. However, these loans will henceforth bear some interest of 3% during the period studies and in repayment if the borrowers' income exceeds 36,780 GBP (US\$60,295); in repayment with income below 36,780 GBP (US\$60,295), the rate gradually tapers from 3% to zero. Loans continue to be repayable on an income-contingent basis of 9% above the threshold; however, the threshold will be raised from 15,000 GBP/year to 21,000 GBP/year (US\$24,590/year to US\$34,426/year). The repayment period of the loans was extended from 25 to 30 years. Though the first measure is designed to reduce the cost of borrowing to government, the latter two will raise the cost substantially over the longer term.

The requirement for institutions to provide bursaries for low-income students was eliminated; maintenance grants were altered slightly so as to make them more generous to students with parental income below 25,000 GBP (US\$40,984) (an increase from 2990 GBP/year to 3340GBP/year (US\$4902/year to US\$5,475)), but less generous to middle-income students, with tapering to zero now occurring at 42,500 GBP (US\$69,672) per annum rather than 50,000 (US\$81,967) per annum as previously. The government has also proposed creating a 150 million GBP (US\$245.9 million) scholarship fund to help pay third-year tuition for those from backgrounds poor enough to have obtained free school meals while in secondary school; however, there were some concerns about whether or not the amount put aside would be sufficient, and also whether or not institutions would participate (the proposal at present requires institutions to pay the first year's tuition for such students) and whether or not it might create a disincentive for institutions to admit these students).

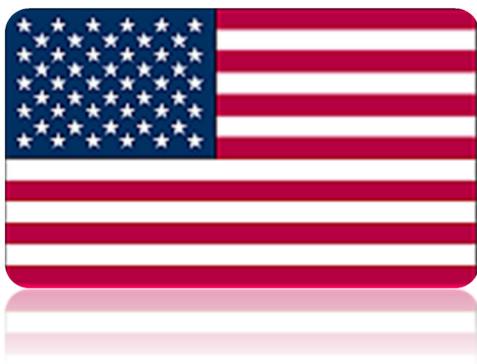
Maintenance loans were also made about 10% more generous for students with parental income around 50,000 or less, but slightly less generous for students with parental income above that level (maintenance loans are subject to the same interest regime as fee loans, described above).

Finally, the Education Maintenance Allowance, a small monthly grant for 16-18 year olds, tied to income and attendance in further education colleges, was abolished, effective September 2011.

The net impact of these changes, once they are implemented in 2012, is difficult to tell. It is the largest single increase in tuition fees anywhere in the world since records began. Student aid has kept up in the sense that the availability of student loans means no one will be out of pocket in the short term (indeed, low income students will actually be slightly better off), but the government is doing virtually nothing to reduce the net cost of education for low-income students – a policy which is the cornerstone of US efforts to increase access. It is, quite simply, a gamble; no one has ever attempted something like

this before. The results of this gamble will no doubt inform fee and aid policy worldwide for much of the next decade.

Though the Browne review and the resulting debate on fees took place in the British parliament, it is worth remembering that in fact these policy changes only affect students in England. Scotland and Wales have different funding, tuition and fee arrangements and are unaffected – for the moment – by the fee review. However, concerns about English students moving in droves to Scottish and Welsh universities because of lower tuition fees means that some policy changes are likely to occur in the near future in these jurisdictions.



United States

In the United States direct funding for public higher education comes from the individual states and because states are required to balance their budgets each year, most states have been reducing their appropriations for higher education due to the economic crisis. In response, Congress passed the American Recovery and Reinvestment Act (ARRA) in February 2009 that provides federal funds to the states to help stabilize support for key programs including higher education. The use of ARRA funds offset declining state-only support for higher education in both FY 2009 and FY 2010. In 2010, 39 of the 46 reporting states used fiscal stabilization funds to support higher education, resulting in a 2.3 percent increase in higher education funding. Funding would have decreased by 2.5 percent in the absence of ARRA. Ten states reported increases of more than 5 percent in FY 2010 higher education appropriations, but even with the ARRA money, 23 states reported funding decreases from FY 2009 levels, with eight states reporting drops of more than 5 percent. Hawaii and Idaho reported declines of more than 10 percent.

Tuition fee policies: State cuts are leading multi-campus systems to cap or reduce enrollments and to raise tuition fee levels. Public in-state tuition and other fees at four year institutions increased by almost 8 percent between 2009/10 and 2010/11 and out of state tuition fees increased by 6 percent in the same period. In the University of California system, for example, one of the hardest hit states, tuition fees were increased by 32 percent in November 2009 and again by 8 percent in November 2010.

Financial assistance policies: These tuition fee increases are not as grim as they appear, at least not yet, because they have been accompanied by an unprecedented increase (22 percent in 2009/10) in Federal student aid (the individual Pell grant increased to US\$5,500 in the fall of 2010 and annual increases will be tied to the Consumer Price Index through 2017 rather than being subject to the annual budget appropriation process) and a significant increase in student loans (9 percent) which has considerably lowered the net price for low and moderate-income families. States such as California have also substantially increased financial aid for low income students. At the same time, such increases especially at the Federal level are unlikely to continue in coming years, while increases in tuition fees are likely to continue their upward trajectory.

Other federal policies that were implemented in 2010 to mitigate the effects of high tuition fees include offering tax credits for tuition, and increasing the number of work-study jobs paid for with federal funds.

A significant change to the federal student loan program took effect in July 2010. Under the new Student Loan and Student Grant laws, private banks may no longer originate federal Stafford and PLUS loans. All new loans will be originated at the by government at a projected savings of \$68 billion over 11 years that will be used to expand Pell grants and facilitate student loan repayment.

In September 2010, the government decreased the interest rate on subsidized Stafford loans from 5.6 percent to 4.5 percent and will make a further reduction to 3.4 percent in July 2011. The loan fee was reduced from 1.5 percent to 1 percent in July 2010.

One issue being debated within the current deficit-reduction discussion is the elimination of the in-school interest subsidy on federal student loans under which the federal government pays the interest on Perkins loans and subsidized Stafford loans while the student is in school and for six months after graduation. Given that there is little evidence that the subsidy itself contributes to college attendance and completion, it is considered by some to be an inefficient use of resources.



Vietnam

Tuition fee policies: There were several changes in tuition fee policy in Vietnam in 2010 and signs of increasing institutional financial autonomy. In May 2010, the Prime Minister approved a decree (Decree No. 49/2010/ND-CP) to regulate the setting of tuition fees for 2011 to 2015, which includes a new tuition fee schedule for public sector institutions. The new decree increases the previous fee range for public universities from VND 50,000-180,000 (US\$10 to \$38¹¹) per month to VND 50,000-240,000 (US\$10-51) per month for 2010 onwards; an increase of VN60,000 (US\$12.7) (or 33 percent) over the previous maximum rate. This change is expected to increase institutional revenue derived from tuition fees from 34 percent of total revenue in 2006 to 45 percent in 2012.

Student financial assistance policies: While overall higher education costs (before any fee exemption, student aid and student loans) represent a significant proportion of income for the poorest quintile, the new Decree expands the coverage of fee deductions and exemptions by adopting a broader concept of disadvantage (including disability, several types of economic difficulties, remote areas and ethnic minorities) and is built on an already fairly well targeted means tested financial aid system of grants that is set to increase in line with fee increases.

Moreover, improvements (increases in loan amounts and repayment periods) were made in the student loan programme in 2007 and the number of students that it benefits increased ten-fold from previous years. The loan amount has been very recently increased to VND 860,000 (US\$182) per month.

¹¹ Using ICP World Bank ppp 2005 conversion.

www.higheredstrategy.com

207-20 Maud Street
Toronto, ON M5V 2M5
Phone: (416) 848-0215
Fax: (416) 849-0500

