Introduction

Tuition fees form an interesting and heated topic of debate in contemporary higher education. Higher education systems are expanding rapidly and governments are no longer willing to cover the full extra costs required to cater for such increasing demand. Charging tuition fees seems to be an obvious and perfect solution for this dilemma. However, there are strong opinions that tuition might also harm access, particularly for disadvantaged students.

Why tuition fees?

There are many arguments that favour tuition fees. First of all, tuition fees mean students have a financial incentive to be critical customers that demand “value for money”. Second, tuition fees barely generate new revenues needed by universities, provided that governments do not decrease their funding accordingly. Third, graduates have much higher earning potential than non-graduates. For example, US graduates on average earn $1.000.000 more over their lifetime than non-graduates. Fourth, tuition fees can stimulate equity within society: why should the general tax payers bear all the costs of a service that benefits a limited proportion of people who are very likely to become above average earners?

Of course, one can also mention some counter-arguments. Not all graduates will later earn a high salary. This can vary by discipline, institution, type of job or individual. In some countries even, there are hardly wage differences between graduates and non-graduates. Finally, there may be societies or political regimes that are prepared to fully subsidise higher education and its growth.

Current practice

In practice we see that many governments use tuition fees as one of the instruments to meet the above-mentioned funding challenge. Countries like Australia, Austria, the UK, New Zealand, China, Brazil and Hungary have recently introduced tuition fees for all regular full-time students. Other governments that already charged tuition fees for a long time, have substantially increased these, for example in the US, Canada, Mexico, the Netherlands and Portugal. In Central & Eastern Europe as well as in Latin America and Africa, many countries allow institutions to take on board additional students and part-time students on a full-fee paying basis. This leads to a situation where students who do not succeed through the first round of entrance examinations “buy” their way into university.

Because this often concerns students from disadvantaged backgrounds, one can observe an enormous drive to invest in higher education among poorer students.

Impact of tuition fees

If one looks at the question of whether tuition fees harm access and equality of opportunity to participate in higher education, international research literature demonstrates the following results. In general, students are not very sensitive to price changes. The introduction of or increases in tuition fees do not substantially change application and participation rates in higher education. Countries like Australia, Austria, Canada, the Netherlands and Portugal have shown that the socio-economic composition of the student body did not change. In some cases one can see a temporary dip in applications or enrolments, but in the long term participation patterns are really stable. However, evidence from the US shows that high cost differences may push away lower-income students and minority groups from high cost prestigious universities to less prestigious and less expensive institutions, even if these students would be fully compensated for the cost differences with grants.

Part of the price-insensitivity of students may be explained by the fact that student support policies can help students cover the costs of tuition and living expenses. Most governments, or even higher education institutions, offer grants and loans to facilitate students and to relieve low-income students. Other governments (also) subsidise students’ families with family allowances and/or tax benefits. However, most research shows that the impact of student support is also very limited. Student grants only in some cases are found to have a positive effect on the decision to enrol and persist in higher education, particularly for students from disadvantaged backgrounds. But above all, most research shows that non-financial factors, like parental education and income, gender and academic preparation have a much stronger influence. In most countries, access problems can be predominantly referred back to social selection processes in primary and secondary education.

Additional observations

Regardless of the above mentioned research findings, access issues remain a hot topic of debate. Every time governments propose changes with relation to tuition fees and student support, student organisations, media and other stakeholders strongly argue that higher private costs may seriously damage access to higher education, particularly for disadvantaged students. Therefore it would be interesting to know why evidence does not show the strong access effects suggested by student unions, media and some political groups. Recent studies point at some interesting observations. Policy discussions are heavily driven by the perceptions about issues like tuition fees, grants and loans. Indeed it has been found that students from lower socio-economic backgrounds do find higher education investments more risky, they dislike tuition fees and are more attracted by grants. In addition, they have lower future income expectations compared to students from higher socio-economic backgrounds. However, when it comes to actual choice, these differences are much smaller.

Another interesting fact in the access debate is that in most cases students, their parents and others involved, have very little knowledge about higher education costs, benefits, future employment opportunities, tuition fees, grants, students loans and repayment conditions. In many cases, tuition and support regimes are too complex. Prospective students and their parents are often unfamiliar with what types and amounts of support are available. As a result they cannot make a proper cost-benefit analysis. Nevertheless the demand for higher education continues to grow, also among children from disadvantaged social groups.

Anyway, regardless of the potential impact of tuition fees and student support on access to higher education, there is still a lack of information about costs and benefits related to study. This implies that tuition and student support regimes should be simple and fair. It should reflect that higher education is expensive but a worthwhile investment. Students should have sufficient means to pay for their costs, preferably through loans and some grant subsidies for lower income students. And if higher education does not pay off, because graduates earn only little, they can be subsidised by government, for example through interest subsidies and debt forgiveness. Above all, the message that higher education is a worthwhile investment should be communicated repeatedly and as early as possible to prospective students and their families.

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