

# COST-SHARING POLICY IN THE EUROPEAN HIGHER EDUCATION: A COMPARATIVE PERSPECTIVE

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## **Abstract**

*There has been a worldwide tendency to implement Higher Education (HE) funding policies based upon cost-sharing (Johnstone, 1986, 2002, 2003, 2004, 2005, 2007; Woodhall, 2002, 2003; Vossensteyn, 2002, 2005; Ziderman and Albrecht, 1995). Such trend has taken many forms: introduction or increase of the tuition fees value; introduction of loans programs, or change of social support from study grants to loans; and incentive and support to the outcome and development of private education.*

*Due to the European Higher Education diversity we must perspective a comparative analysis by enhancing the dominant situation in several European countries. In this article we will discuss the relationship of tuition fees policies to the HE accessibility and affordability:*

- *What are the HE funding policies followed over the last two decades?*
- *What results do are the policies of tuition fee have on HE accessibility?*

*In summary, we will demonstrate that in most European countries cost-sharing policies have been implemented, with the adoption of tuition fees with diversified impacts on Higher Education accessibility and affordability. Loans and grants could also be analysed, but we will focus our attention only on the tuition fees policy.*

**Key words:** *higher education, cost-sharing, tuition fees, accessibility and affordability.*

## **Introduction**

The main research questions studied in this paper are: How have the main Financing Higher Education Policies been followed in the different countries of Europe? What are the results of the policies of tuition fees application as far as the accessibility and affordability Higher Education are concerned?

Regarding these matters, over the latest decades, there have been significant changes, as Governments went on a sliding withdraw of funding in HE (often due to facing budgetary constraints or even on account of ideological belief regarding State intervention in Education), and students and their families have been forced to take part in educational costs more and more, by means of the increase of tuition fee fixation. Facing governmental austerity, institutions had to increase and diversify their revenues which came from other sources or turn to what to Johnstone (2004, p.1) named cost-sharing, defined as:

*“[...] shift of the higher educational cost burden from exclusive or near exclusive reliance on government, or taxpayers, to some financial reliance upon parents and/or students,*

*either in the form of tuition fees or of “user charges” to cover the costs of formerly governmentally – or institutionally – provided room and board.”*

This paper encloses a brief description of the Cost-Sharing Policies in Higher Education Area, focused on tuition fees policies. It also presents a comparison between several countries in Europe (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Portugal and United Kingdom,) aiming at an identification of the cost-sharing policy adopted.

## **Recent Evolution of Funding Higher Education Policies**

During the 1960s, the Economy of Education centred its research on the concept of human capital and the contribution of education for the economical development. Those were the times to defend the increase of the public expenses in higher education, under the conviction that it would be an advantage for the overall economy. According to Woodwall's (2007), in the report carried out in the United Kingdom by Lionel Robbins (1963, Robbins Report, p. 207) it is stated: “*Considered ... as an investment, there seems a strong presumption in favour of a substantial increased expenditure on higher education*”.

Until the late 1970s, despite the existing tension between higher education public funding and the role of the market forces, most countries adopted policies favouring public funding. This vision resulted in a rather critical attitude towards loan systems, although some economists have defended since then, their use in the United Kingdom (Peacock and Wiseman, 1964; Blaug 1965).

In 1960, OECD published the report Economic Aspects of Higher Education (Working Group on the Economics of Education), where the discussion of the calculation of the return taxes and the role of tuition fees and loans in Higher Education funding was analysed.

At the time, there were opposite opinions between European and American economists, particularly regarding the role of tuition fees. Although the term was not yet used, the concept of *cost-sharing* was introduced by Harris (1964) when it was estimated that the participation from the private share of higher education costs would surpass the public share in the 1970s.

In the report elaborated in the United States by the Carnegie Commission on Higher Education (1973) – *Higher Education: Who Pays? Who Benefits? Who Should Pay?* – important issues were set for discussion, such as cost and benefits of Higher Education, the weight of public and private funding and the consequences thereby resulting for equity in the access. Although the report identifies important problems in North-American higher education funding system; the authors did not share the most critical and defensive positions regarding the participation of private funding which came from Milton Friedman in “Capitalism and Freedom” (1962). According to Friedman, the role of government was mostly justified as an instrument of promoting a common set of values and basic citizenship through general and compulsory education. At the financial level he argued that those who could afford it should contribute significantly to education.

Since then, these arguments have been persistently developed in more recent decades and they formed the basis of the policy change, aiming at the private funding of Higher Education, with growing of market competitiveness and privatization of HE. In fact, until 1980 Governments in most western countries assumed the main responsibility in funding universities (Ziderman and Albrecht, 1995), since they assumed that the social and economical responsibility was theirs, as it was a way for training the individuals needed for economical activities, while ensuring, simultaneously, HE equity and accessibility.

Notwithstanding, as previously mentioned, Friedman's work stimulated criticism regarding the exclusive role of governmental funding, and questioned higher education as a “public asset”, at least economically speaking.

However, despite the fact that higher education does not own the overall feature of a public asset, it owns all the other characteristics of the externalities. In fact, the individual decision to invest in higher education will get to positively influence all economical and social well-being of the remaining community (which also happens with the effects of corporate investment in research).

This is relevant, as the private decision to invest in higher education and in research may become a risk for the development of all society.

This tendency has been criticized by some authors, due to it's by undervaluing of the social benefits of education and higher education. Bienefeld and Almqvist (2004, p. 429) referred:

*“Whereas, traditionally, higher education was seen as a human right and a public good (UNESCO, 1998), it is now more than ever seen as contributing to national economic growth and to the competitiveness of national economies.”*

Eicher and Chevalier (2002, p.74) argued that there are private benefits of education – *“higher income and social status, greater efficiency in consumption, better health, increased political efficacy, and greater access to and understanding of culture, science, and technology”* – but, at the same time they identified externalities, which are beneficial to society at large.

In this context, the idea that HE costs should be shared by public and private sources, as well, has been introduced, especially by Bruce Johnstone. Johnstone (1986) structured his concept of cost-sharing, when he elaborated the survey *Sharing the Costs of Higher Education. Student Financial Assistance in the UK, The Federal Republic of Germany, France, Sweden and United States*. Johnstone developed his study under the assumption that the costs of the higher education system were divided among taxpayers, parents, students and philanthropist institutions, supported in the following view (2004, p.1):

*“The term cost-sharing, in reference to higher education, begins with an assumption that the costs of higher education in all countries and in all situations can be viewed as emanating from four principal parties: (1) the government, or taxpayers; (2) parents; (3) students; and/or (4) individual or institutional donors.”*

This new way of considering higher education policies with greater intervention of private funding and the diversification of funding sources presented a significant change for some western European countries; but for others, who already had some tradition regarding the participation of private funding it was more a continuation or reinforcement of the existing tendency, as in United Kingdom.

According to Woodhall (2007), the White Paper has proposed a loan system since 1988 in the United Kingdom, as it considered that Government ceased to have conditions to keep its contribution level for the funding of student living expenses (Department of Education and Science, 1988). Barr (1993, 2003, 2004 and 2005) has argued that, from the point of view of economic theory, there are several reasons to argue for a tuition fee policy of variable value.

On the other hand, governments of developed countries defined policies which embodied the concept of HE as an investment, which would bring along public and private revenues and which could not be a priority in the scope of general needs.

It was thereby concluded that the policies needed to be changed and that the central goal – the public expense in education – should be mainly directed towards the education level with the highest revenue rate (elementary education); simultaneously, a credit system should be developed in education, associated with a selective system of study grants.

However, in 2002, in the report *Constructing Knowledge Societies: New Challenges for Tertiary Education*, the World Bank changed its view and started to support a new policy for developed countries, by attributing more importance to the investment in HE:

*“In this context, continued government support of tertiary education is justified by three important considerations: the existence of externalities from tertiary education, equity issues, and the supportive role of tertiary education in the education as a whole.”*

Thus, by following this approach of higher education cost-sharing, we shall immediately focus our analysis on tuition fee policy as this is the most relevant cost-sharing instrument.

## The Tuition Policy as a Cost-sharing Instrument

The decision of applying tuition fees in the public sector (since in the private sector that is already one of the preliminary conditions) is based on several reasons and principles, which depend considerably on ideological pre-dispositions of analysts or of decision-makers. However, besides the ideological position, there is a worldwide tendency for the “cost-sharing” to become a reality within higher education scope, as it is explained by the same author (Johnstone, 2007, p.3):

*“Cost-Sharing is both – that is, that the costs of higher education are shared among a limited number of parties, or bearers, in what is an essential zero-sum game of sharing and shifting the very considerable costs of the higher educational enterprise – and also a description of a worldwide policy of shifting these costs from a substantial (and sometimes even a virtual exclusive) reliance on governments or taxpayers, toward greater shares being borne by students and/or parents.”*

This tendency toward the decrease in the importance of public financing in public higher education has been progressing all around the world, with only a few exceptions, no matter the continents or political orientations followed in the different countries. In the OECD zone, when comparing 1995 to 2003, all countries (providing data of both years) presented a decrease in the public financing weight of the expense with higher education, with four exceptions: Ireland (+14,1%), Czech Republic (+11,75%), Norway (+3%) and Spain (+2,6%).

Another way that governments used to decrease their financial contribution to higher education was the incentive to the emergence of private institutions, imposing, at the same time, restrictive admission policies in public institutions. According to Woodhall (2005), this policy was followed consistently in Asia and Latin America, as well as, more recently, in Eastern Europe and African countries.

Wooldridge (2005), in an article on *The Economist*, facing of the recent changes that occurred in certain countries (democratization in higher education access, emergence of the knowledge economy, globalization and competition among institutions in order to capture students), questioned:

*“What has gone wrong? The biggest problem is the role of the state. If more and more governments are embracing massification, few of them are willing to draw the appropriate conclusion from their enthusiasm; that they should either provide the requisite funds (as the Scandinavian countries do) or allow universities to charge realistic fees. Many governments have tried to square the circle through tighter management, but management cannot make up for lack of resources.”*

Marcucci and Johnstone (2007) consider that, higher education systems have been historically developed based in an ideology that defended higher education as a “public asset”, which should be access-free, allowing, thus, to qualify all students who would look for it and who would have academic conditions to enroll. This vision has been particularly defended in Western, Central and Eastern Europe and in the countries under the influence of the former Soviet Union. Arguments used to defend a “free” access higher education were based, according to those authors, mainly on the following reasons:

1. Gains or revenues to society of an educated population are very high;
2. Education is (or it should be) a fundamental right;
3. Tuition setting can discourage the participation of students coming from lower income families, or from rural areas, or belonging to ethnic minorities, which will eventually have negative impacts in terms of social equality and social benefits;
4. Students’ costs of maintenance or life are high and above the economic possibilities of many families, especially when associated opportunity costs (gains/incomes lost by students by not being working).

However, in recent years a deep change occurred in the perception of public and state responsibility in what concerns higher education financing. Considering that most studies demonstrate that higher education students come mainly from medium and high class, many analysts raised the question of not being fair or equitable that that support, supported by all tax payers, ends up by benefiting mostly the elite, which, ultimately, can support higher education expenses.

Positions of Jacobs and Van der Ploeg (2006, p.9) are illustrating of the several critical positions of the policies which defend free access and subsidized higher education, as a way of guaranteeing an accessibility to the most disfavoured students. They defend that:

*“Empirical research suggest the ability on the students and long-run background factors (“culture”, “family”, “environment”) are the most important determinants of enrolment in higher education (Cunha et al. 2005). Increasing enrolment in higher education of children from lower socio-economic backgrounds requires therefore intervention in basic and secondary education and not generic subsidies for higher education. Equity grounds for large-scale subsidies to universities are doubtful. The vast majority of students in higher education belong to the richest half of the population. Moreover, the average tax payer has less lifetime income than the average graduate. All kind of politicians raise equity issues for the wrong reasons.”*

In general, and has described by Marcucci and Johnstone (2007), the existence of a policy of tuition fees’ fixation depends on the existence of a legal framing that may allow or forbid tuition setting. Hence, we can find countries that have before long chosen national policies of tuition fees’ fixation in most public institutions, as it is the case of the United States of America, Canada, Japan, India, South Chorea, Philippines and certain African English speaking countries, while other countries have progressively approached this policy, as it is the case of China, which in 1998 approved a Higher Education Law, through which it opened the doors to tuition fees’ application to all students.

There are also other countries with prohibiting laws regarding tuition fees’ application. These are the cases of Eastern and Central Europe countries, Russia and other former USSR countries, where higher education is access-free and is consecrated in the Constitution.

In the European Union, the German case is relevant of this situation. In Germany, the Federal Law prevented, until very recently, *Länder* from applying tuition fees to the first degree courses. The reasons that support the German government may be perceived in the words spoken in 2002 by the German Federal Minister of Education and Investigation (Edelgard Bulmahn) and which are quoted in a study from Ziegele (2004, p. 265), about the situation in Germany:

*“In comparison with other countries German’s student’s numbers are too small. So our country can’t afford tuition fees with deterring effects, because our country’s economic progress is based on a highly qualified labour force.”*

However, and also according to the author, in Germany the responsibility for higher education belongs especially to state governments, which are the main financers of higher education institutions; so, despite the federal coordination, there is very broad room for some state laws. Therefore, some exceptions have been introduced to the federal orientation of absence of tuition fees and in some states (*Baden-Württemberg, Bavaria Saxony, Berlin, Low-Saxony, and Brandenburg*) a certain kind of laws have been implemented, which ended up by allowing tuition fees’ application to students, having exceeded the course’s normal duration in over four semesters and, furthermore, to students enrolled in a second degree.

During the 1990’s and 2000’s, fierce debates occurred in Germany, with arguments from both sides. In January 2005, however, the Supreme Court pronounced a sentence regarding a case presented by six States, by which it was allowed to overlap the prohibition of tuition fees’ application, giving reason to the possibility of *Länder* to have the ability of setting tuition fees. Thus, and after 2005, several *Länder* prepared legislation allowing the fixation in the following years, of a tuition

fee of 500 Euros *per* semester. However, some of the States kept their policy of not changing their intention of not applying tuition.

Part of the difficulty in implementing a policy of tuition fees' fixation or increase is often related to the sort of each country's political organization, especially the federal ones (Canada, India, and USA).

In other countries, including United Kingdom (until recently), that ability lays at the Central Government level, which has the responsibility of setting the tuition fee value. In the United Kingdom, a new law was approved in 2004, which caused for great controversy and allowed universities to apply "top up fees", which can go as high as 3000 pounds. Despite the fact that government and the left parties thought that only the most sanctioned universities would take the decision of increasing the amount up to maximum tuition value, what has actually happened during recent years was that most institutions increased their tuition fee up to the maximum value. Consequently to the reform introduced in 2004 and from 2006 on, according to Barr (2005, p. 22) one may observe that:

*"The reforms replace the upfront flat fee with variable fee between 0 e £3000 per year. Within those limits each university can set the fee for each of its courses. Students can pay the fee upfront or take out a loan. In the latter case, the student loans administration pays the fee directly to the university, whose financial position is therefore independent of how students choose to pay their fees."*

In some other countries, the ability to set tuition fees is shared between central and state powers, or between government and institutions. Within this group we find the Netherlands, which, according to Vossensteyn and Jong (2004), has a long tradition of tuition application (since 1945, a uniform tuition fee is applied, regardless the differentiated cost of the several courses). In this country, Government sets centrally tuition fees' value to students who are eligible for support, and the institutions, in turn, set the tuition fees' value of non-eligible students (this is the case of part-time students, students who had exceeded the support period of time and students whose personal income exceeds support limits).

The definition of a tuition fees' policy very much depends on the cultural tradition of countries and of the vision that politicians and persons in charge have of higher education nature. According to Barr (2004), two basic types of policies can be identified, according to the vision one may have of the higher education nature, which he synthesizes into two types of models: the "Anglo-American" political model that sees higher education as heterogenic, which is a virtue, encouraging diversity among institutions, with also distinct qualities and interests, and the "Scandinavian" model, where the policy followed assumes that institutions are homogeneous, and that, therefore, treats them similarly and with equal programs.

According to Barr, the second model, whichever its merits are, is not able to respond to the challenge of higher education massification. On the other hand, there is the issue of knowing who is able to pay for higher education, and this issue is a critical piece in the definition of higher education policy. Barr (2004, p.2) asked:

*"Should it be based on current income – i.e. on where people start? The strategy to which this leads is support for people whose family is poor, even if recipients end up becoming rich. Or should ability to pay be based on future income – that is, on where people end up?"*

Marcucci and Johnstone (2007) argued that the kind of policy adopted by each country ends up by being closely connected to the notion political decision makers have about families' responsibilities toward the support of their children's higher education, or by counterpoint of the State's role. The policy of upfront tuition fees grants itself in the assumption that parents have the responsibility of covering at least partially their children's higher education costs, and that they must pay according to their financial capacity. In this case, the proportion of tuition fees to be paid or the value of financial support available depends on the family income.

Over the years, the debate on which tuition fees' policy should be followed has been intense, not only between those who oppose and those who defend tuition fees, but also among those who defend them, since they can be viewed in many different ways, constant or variable, paid upfront or deferred, etc. Let us see what Barr stated (2004, p. 22 and 23):

*“As discussed earlier, variable fees improve efficiency by making funding open-ended, hence increasing the volume of resources going to higher education and, by strengthening competition, improves the efficiency with which those resources are used.*

*[...] The equity advantages of variable fees were also discussed earlier. They contribute to access by redistributing from better-off to worse-off.”*

In Scandinavian countries, government pays for all the education costs needed to qualify students, using for that a considerable amount of financial resources obtained from tax payers, and at the same time it is considered that students, as “financially independent adults”, have to endure life costs through a program of subsidized loans.

In countries like Scotland, tuition fees are automatically deferred and reimbursed with a loan, and parents have the possibility of choosing whether they will support all costs regarding the student, or just a part of the financial responsibility.

In recent years, policies on “deferred tuition fees” have been defended, and they could simultaneously conciliate the students' requirement to contribute for their higher education expenses and the fact that they do not have the possibility of doing so while still at school. Therefore, appealing to loans and “income-contingent” loans has been gathering adepts, since the method somehow allows deferring those expenses to the future.

According to Johnstone (2005), this kind of loans allows the establishment of a contract where a payment is stipulated, generally according to the income-contingent, with a given interest rate and which reimbursements will end when a certain maximum amount has been paid, or a given number of years. There are also graduation taxes, which are no more than a variation of the income-contingent loans. Even if no country has formally introduced a graduation tax in the most restrict sense, the Scottish GES (Graduate Endowment Scheme) and the Ethiopian Graduation tax have many points in common with this modality.

As there are, in several countries, legal limitations to tuition fees' setting, or there continues to be a strong opposition from public opinion toward this kind of measures, there has been the need to think about what is known as dual track policies. In these countries, in higher education system coexist two sorts of students. We can find a certain limited and very selective number of vacancies in tuition free or very low cost universities, which especially rewards students' results on high school exams, and at the same time another group of vacancies available for students to enrol, but little or not at all supported by government, hence subject to tuition fees.

In some countries, as well, more professional courses frequently exist, which are taught in the scope of universities and in which tuition fees are, some of the times, fairly high.

This kind of “dual track” policy appeared, then, in several regions of the globe, from Australia to Europe, especially in countries under the influence of Eastern European countries. In some Eastern European countries, due to legal restrictions and as well as to economic difficulties, adopted this “dual tack” policy.

In Hungary, until 1998 tuition fees were not applied, with the exception of students whose results were below entry exams' average. In Russia, where Constitution assures free-access higher education, the 1996 Education Law introduced the concept of cost-sharing in higher education; more recently, it is esteemed that 25% of the total universities' revenues come from the revenues of tuition fees paid by students who passed the access exam, but who did not have a result which was high enough to qualify for State support (Bain 2001). In fact, Russian government started the experience of implementing a new financing system based on the governmental obligation of granting each student an individual “voucher” (*GIFO*), which is structured in five levels of tuition fees' subsidies (0 to 100%), and based on the results obtained in the national exam for higher education admittance. In 2001/2002, over 50% of higher education students paid tuition fees.

Ahead is presented a summary table for European countries (Table 1) adapted by Marcucci and Johnstone work (2007, p.34)<sup>1</sup>, where public policies of tuition fees' setting are grouped into four basic types: 1st group – policies of up-front tuition fees; 2nd group – policies of tuition fees' non-setting; 3rd group – dual track policies; and 4th group – “deferred” tuition fees policies.

**Table 1. Types of Public Tuition Fee Policies in European Higher Education Area.**

Up-Front Tuition	No Tuition	Dual Track Tuition	Deferred Tuition
Austria	Cyprus	Bulgaria	England (from 2006 on)
Belgium	Czech Republic	Estonia	Scotland
Bulgaria	Denmark	Hungary (4)	Wales ( from 2007 on)
England (until end of 2005)	Finland	Latvia	
Germany	France (1)	Lithuania	
Italy	Germany (5)	Poland	
Liechtenstein	Greece	Romania	
Netherlands	Iceland	Russia	
Portugal	Ireland (2)		
Spain	Luxemburg		
Switzerland	Malta		
Turkey	Norway		
Wales (until end of 2006)	Scotland (3)		
	Slovakia		
	Slovenia		
	Sweden		

Source: Adapted from Marcucci, P.N. and Johnstone, D.B. (2007). *Tuition Fee Policies in a Comparative Perspective: Theoretical and Political rationales*, p.34.

Authors' notes: (1) 1958 Constitution defines free access to education; however, enrollment fees are approximately 230 euros/year to cover administrative and health care costs; (2) Irish universities do not apply tuition fees. However, they tax students yearly a 750-euro service; (3) The Scottish Parliament abolished tuition fees in February 28<sup>th</sup> 2008; (4) It started in the Fall of 2008 and a payment of a “contribution” is expected. However, there is a strong pressure to abolish this measure. (5) Currently, 7 *Länder* apply tuition fees.

One of the critical issues of tuition fees' policy is knowing which is the appropriate tuition fee value. The answers depend, obviously, mostly on the ideological position of each country's government. In a first moment, we can think, that tuition fee may cover a certain percentage of the education costs' value. However, finding that value is not an easy task, as cost may vary by institution, by sector and above all by course. Johnstone (2007, p. 11) sums up the way tuition can vary in public sector at the international scenario:

“- *The sector or type of public institution (such as higher tuition fees in higher cost research universities – more possible in the UK when there were distinctive sectors separated by an official binary line);*

- *The underlying instructional cost of the program (e.g. as among humanities, science or medicine);*

- *The level of the degree (that is, among bachelors, masters advanced professional and doctoral);*

- *The market demand for a particular institution (which in the United Kingdom, as elsewhere corresponds to the differing degrees of prestige associated with the particular UK university).”*

1 The initial table by Marcucci, Johnstone classified 53 countries regarding the followed tuition fees' policy and not only European countries.



On the other hand, the definition of education cost itself is not an easy one, because it depends on the definition and concept used (for instance, there may be several ways of imputing indirect costs or of differentiating costs with first degree and research and post-graduation programs, not to mention whether health care and staff retirement system's costs should or should not be considered, as well as capital costs).

Therefore, and depending on the country, tuition fees may be undifferentiated (as they were, until recently, in Japan for national universities, and in Hong-Kong for UGC type institutions, where tuition fees are uniform, regardless the course or study), or differentiated based on several criteria, as program cost, level, sector, etc. For example, in Canada, China, South Africa and Vietnam tuition fees vary according to courses, and there are higher tuition fees for those courses with higher costs. In Mexico, USA and Vietnam, tuition fees vary by institution and course, and the most renowned universities or the ones belonging to more competitive categories (universities versus university colleges) are authorized to have higher tuition fees. In many countries, tuition fees vary according to residence, with differentiated tuition fees if it is out of the country, State or province.

In some countries, as in USA and in many others, tuition fees in the public sector may be applied, not by any *a priori* decision about whether the tuition fee should cover a particular part of the costs, but rather by mere necessity of covering the decrease in the support from the State budget.

Another kind of tuition fee policy is the one which sets tuition fees as a means of penalizing students who remain in the system longer than the regular duration of the course. That is the case of Hungary, where tuition fees were abolished in 1998, except for those students who cannot reach minimum value in the admittance exam, or for those who take longer than five years to complete their degree. Also in 1998, Czech Republic approved a HE Law, which allowed institutions to apply tuition fees as a penalty for those students who remain in school beyond the pattern time of the course. In Germany, for instance, State of *Baden-Württemberg* applied a 500 Euro tuition fee *per* semester to those students who exceeded the regular duration of their program.

## **A Tuition Fees Policies European Comparative Perspective: Some Examples**

In order to describe tuition fee policies used in the various countries, we will follow Cerdeira (2008), closely the information gathered in the ICHEFAP (International Comparative Higher Education Finance and Accessibility Project, University of New York at Buffalo, USA) databases and CHEPS (Centre for Higher Education Policy Studies, University of *Twente*, The Netherlands), as well as other studies so that the tuition fee characteristics and value for some may be identified in some European countries.

### *Austria*

In October 2000, after nearly thirty years without applying tuition fees, the centre-right Government announced the introduction of a tuition fee of 363 Euros *per* semester for Universities and *Fachhochschulen*' students from October 2001 on. This amount is a maximum cap per semester, having the student, ultimately, the possibility of being exempted from that payment. All students from EU and EEA (European Economic Area, which includes EFTA countries, pay the amount of €363, 36 per semester. Students from other countries not belonged to these regions pay €726, 72.

Even though tuition fees introduction has been useful in reducing the number of students who only enrolled in order to get the benefits from the student status, but whose aim was not really to finish their degree, it seems not to have had a great impact on the number of enrolments, which fell significantly in 2001/2002, but increased again in 2002/2003, although not to the initial levels.

Tuition fees introduction continued to earn criticisms, as the revenues obtained through them ended up by not having had a real impact in the quality of education and in the financing means higher education institutions have, since the Government reduced on equal value its budgetary contribution to institutions. In the summer of 2008, a new law aiming at abolishing tuition fees was passed.

*Belgium**Belgium – Flemish language*

In Flemish speaking Belgian HE institutions, students have to pay tuition and its value varies slightly according to the institution and the attended course, being in general updated according to the inflation rate. Full-time students who do not receive any scholarship paid in 2004, on average, a tuition fee of €445 on university courses; if the student receives a scholarship, the tuition fee is just €80. Regarding non-university courses, tuition fees vary from €73 to €425. These values do not include the exam tax, which is on university and non-university institutions at least €50. If students receive social support, the value of the exam tax may fall down to €25 or €37 per exam.

Foreign students pay the same tuition fees as the Belgian ones, provided that they are in the following situations: all students whose parents are foreign and have legal residence in the country; students from EU countries; students living in Belgium with the refugee status; students coming from developing countries with which Belgium has a special agreement; students coming from countries with a cultural agreement and who have a scholarship granted by the Ministry responsible for international relations and the Ministry of Culture. Regarding the remaining foreign students, each higher education institution will set the value of tuition fees.

Students who have a scholarship pay between a minimum of 55 Euros, and a maximum of 100 Euros a year. For students who, in spite of not having a scholarship, do not have an income, plus 1.250 Euros, that permit them to have a scholarship, the variable part of the tuition fee must not exceed about two thirds of the amount the regular student has to pay.

Doctorate students pay between €240 and €300 per year.

*Belgium – French language*

University students pay a tuition fee of up to 726 Euros a year. However, students who have a scholarship can have their tuition fee reduced to a level close to 98 Euros at least. Even without having a scholarship, the student, as long as he/she proves to have a low income, may have a tuition fee's reduction, which may be decided by the higher education institution itself.

In colleges (*Hautes Écoles*), tuition fees regarding the smaller courses are between 151 and 197 Euros a year, and if the student has a scholarship, the amount is 30, 60 Euros. In longer programs, the level of tuition fees varies between 303 and 394 Euros a year, and with the bursars paying up to 45, 29 Euros. Institutions (universities and other institutions) may request the payment of other taxes, as the exam tax, for example.

These amounts are extendable to all students coming from EU countries, and also to those students in the following situations: if one of the parents or tutor has Belgian nationality; if the spouse lives in the country and receives social support; a student who lives in Belgium and is employed or receives social support; a student who receives support from a public social agency or who is a refugee, or are his/her parents.

Regarding the remaining foreign students, universities may set tuition fees as they see fit, which may vary, thus, according to the kind of institution, course or level. In colleges, tuition fees for foreign students are, in smaller courses, about 1.487 Euros and, in longer ones, 1.984 Euros.

*Czech Republic*

In general, students do not pay any tuition fees on the accredited courses, either they are first, second or third degrees (bachelor, master, doctor) and that are taught in the Czech language in public higher education institutions.

However, since 1998 (Law n° 111/98, art. 58-5) in certain special situations tuition fees may be applied. According to that legal framing, the basis for tuition setting is about 5% of the mean of the value corresponding to the total expense per student, except for financial expenses, paid yearly by the Ministry to public higher education institutions. The situations in which a tuition fee can be applied are:

- if students enrolled in bachelor or master courses exceed the standard duration of the course in over one year, then higher education institutions may set a value corresponding to, at least,  $\frac{1}{4}$  of the value base per month of study;
- if a graduate of a bachelor or master program enrolls in another program, then institutions may apply a tuition fee. This does not apply in case the student continues studying in the same course, but on a superior level; however, if duration exceeds the course limit, then institutions may set a tuition fee of at least  $\frac{1}{4}$  of the value base;
- if the course is in a foreign language, institutions may apply tuition fees on bachelor, master and PhD programs, according to their own criteria;
- institutions which have to announce the tuition fee's value for the following year before enrolment period.

The Rector has the ability of deciding on reduction, exemption or deferment in tuition fees' time, considering academic results and students' social situation.

In private institutions decisions regarding tuition fees depend on internal regulations.

In general terms, there are no different procedures regarding foreign students.

Public institutions may apply some special taxes (for certain kinds of support – sports, libraries, or for the graduation ceremony, etc.). The maximum value of those taxes cannot exceed 20% of the base value.

#### *Denmark*

Tuition fees are not applied in Denmark. Neither national nor foreign students have to pay for tuition fees.

#### *Estonia*

In this country, there are a number of vacancies set by the government, in which students do not have to pay tuition fees. However, there are another number of vacancies (about 52% of the total number of the enrolled students), in which students have to pay tuition fees, and which value may vary from 500 to 2.500 a year. These vacancies may be of full-time or part-time students.

Institutions are free to set tuition fees and it works somewhat according to the market, but the value depends above all on the level and type of course; master and PhD courses have higher fees than first degree course.

Foreign students pay tuition fees, except if they are involved in ERASMUS or other programs. They may vary between 1.900 and 5.100 Euros a year.

In public HE there is only one university applying enrolment fees which only covers the students who pay for tuition fees (round 64 Euros). On the other hand, private institutions require all their candidates to pay a fee, which may vary from three to 30 Euros.

#### *Finland*

In 2005, the Finnish Government set a reform forward, in the attempt of implementing new financing mechanisms in the university and polytechnic sectors, and aiming at decreasing the participation of public funds, trying, at the same time, to encourage competition among institutions (CHEPS, 2005).

In this country, students do not pay tuition fees in any levels our courses. However, in continuing education courses as well as at the Open University, students pay tuition fees. On the other hand, there are no part-time students, and students take on average a considerably higher amount of time to graduate than the usual course duration, a student often gets more than one higher education diploma.

Foreign students do not pay tuition fees, too.

All students have to pay a tax for the General Student Committee and for the Finnish health care services.

### France

French students have to pay tuition fees, which vary among the several sectors and from one institution to another. Since the Bologna process was introduced, institutions started their adaptation to the “LMD” system, while tuition fees have been standardized by education level. In July 2007, the Ministry of Higher Education and Research determined for 2007/2008 the amounts of 162-165 Euros for the first degree, 211-215 Euros for master and 320-326 Euros for a Doctorate (in engineering courses the amount is higher, close to 500 Euros). This new scheme does not apply to the *Grand Ecoles* and to medical schools.

The great debate in France has been centred on the promotion of youngsters’ accessibility and their prolongation from high school to higher education and the employability of the graduates, given the high level of unemployment among this group of people.

Even though in 2001 a new legal framing for higher education was implemented for the financing area – LOLF – and despite the fact that its application was intensified from 2006 onward, with the introduction of budgetary restrictions that force universities to change their management styles and to change management and government styles, there is still in France a very strong intervention from the government, which centralizes human resources policies, tuition fees’ definition policies and loan selection and attribution policies (CHEPS, 2006). This policy causes for criticism on the part of universities, which complain from lack of instruments to implement LOLF.

### Germany

In Germany, students do not have to pay tuition fees in first degree courses in higher education public institutions. In fact, there is, since 2002, a federal law which forbids it and this rule is also valid for master courses, in case they come immediately after first degree courses.

However, this prohibition does not prevent the application of other taxes for students who remain beyond the regular course time, or on second degrees, or whenever students wish to take new courses and get further education. The value is set by the *Länder* and not by the institutions, and although there is some variation, the amount is about 500 Euros per semester. Tuition fees for part-time students are lower. Foreign European Union students are treated similarly to German students. For the remaining foreign students, tuition fees can be applied, but (at least until 2004) the government had chosen not to do it, and therefore these students are treated similarly to the national ones.

In 2004, Federal Constitutional Court voided the Federal Government the possibility of prohibiting tuition fees’ application and opened that door to state governments.

Private institutions are free to apply tuition fees they consider appropriated.

The *Länder* are free to determine the application of the taxes in general, all students pay a tax so that they can use social facilities and they contribute monetarily to the General Student Committee. Some States apply an enrolment fee close to €50 per semester.

### Hungary

As in all other countries pertaining once to the former Soviet Union bloc, tuition fees are not, by constitutional imperative, applied. However, from the middle 1990s on (1994/1995) tuition fees were introduced for all students. Their value was approximately 100 Euros (20.000 HF – Hungarian Forints) per student and per academic year and represented between 2 and 10% of the amount of education costs, according to the type of course.

The existence of tuition fees arose a great discussion and in 1998 they were once again abolished for students supported by public financing. Only in exceptional situations do the students have to pay some taxes, as in the case of those students who fail in the exams or who have to repeat semesters or the academic year. In 2002, the maximum value for this kind of situations was around 300 Euros per student.

However, an amendment to the Law of HE was approved in 1996 and it authorized public higher education institutions to admit new students who would pay for the overall educational costs and this has been a fact since 1997. This way Hungary has been following the two track policy, as there have been two student groups: those supported by public funds and those who have to fund themselves.

Students who have to fund themselves and thereby endure the overall education costs may be admitted in the higher education system in case they obey the following conditions: having had minimum achievement in the higher education admission process, despite not having been enough to be admitted in the vacancies withhold tuition fee enforcement/ application; part-time students studying in the nocturnal regime or in virtual programs; students enrolled in 2nd cycle degree programs; and, finally, students, who despite being enrolled in public institutions, have exceeded in more than one year the normal duration of the course.

Institutions are sovereign regarding the fixation of the tuition fee values/ amounts to apply to those students who fund themselves and those values/ amounts vary immensely among institutions and courses. Once the tuition fee value/ amount had been fixed, the government announced that its future authorization should only follow the inflation rate, taking into account the defence of the students and avoiding great value increase. The 2005 annual value of the tuition fee for students who fund themselves varied from 200 000 HF to 1.400.000 HF (860 Euros – €6000 Euros) and part-time students paid round a third of that value.

According to Vossensteyn (2004), financially independent students had raised from a residual value in 1996 to 120 000 students in 2001 (which represented round 40%). Apart from tuition fees, students also have to pay other taxes, particularly for the enrolment in examination or repetition of examinations. Those fees may vary from 5000 e 15.000 HF (22 Euros – 65 Euros).

### *Ireland*

Since 1996, Irish and EU students have been exempted from the payment of tuition fees, and the State has endured the tuition fee value correspondent to those students. On the other hand, students pay for standardized enrolment and examination fees, which reached 928,50 Euros in 2007/2008, plus other service fees/ taxes which may vary according to the institution and which round 50 Euros – 70 Euros.

Meanwhile, part-time students or students who may have to repeat the year or who fail the examinations will pay for tuition fees that round 200 Euros a credit. If students enrol in substitute modules at the normal number of credits for each course (for example 5 credits in Management or Art cost 335 and 670 Euros in Medicine or Veterinarian Sciences; 30 credits in Management or Art cost 2010 and 4040 Euros in Medicine or Veterinarian Sciences). This payment will not be applied in case students enrol in advance in postgraduate programs (2nd and 3rd cycles).

Foreign students from countries out of EU pay for far more expensive tuition fees, particularly students in degree programs. For example, master's degrees charge tuition fees twice as high as other (Irish and EU) students: Master of Literature – 4.400 Euros (2.200 Euros EU and national students); Master of Philosophy – 10.000 Euros (5.000 Euros EU and national students), etc.

### *Italy*

Tuition fee fixation in Italy is far more decentralized, as each institution sets its tuition fee level, and consequently its value rather varies according to the institution. However, governmental authorities define the general terms, so as to prevent the tuition fee value from exceeding a certain value of the revenues of the institutions. In general terms, the tuition fee value of postgraduate programs (Master) is 50% higher than the ones of undergraduate programs (1st cycle and also varies according to the type of course).

Two Italian institutions may be used as reference: the University of Bologna and the Polytechnic Institute of Milan (*Politecnico di Milano*). In 2006/2007 at the University of Bologna, 1st cycle programs varied from 1.208 Euros (Law, Economics, Literature, etc.), 1.447 Euros (Medicine and Surgery) and 3.445 Euros (Ortodoncy and Dental Prothesis). Also in 2006/2007, postgraduate programs (*Laurea Specialistica*) varied from 1.842 to 2.716 Euros.

In the Polytechnic Institute of Milan tuition, fees depend on the income of the family of the student and there are 10 categories: from a minimum tuition of 792 Euros to 3.128 Euros in 2006/2007. Nevertheless, students awarded a study grant only pay for an administrative tax of 144 Euros. In fact, eligible students for social support are provided with a significant tuition fee reduction.

*The Netherlands*

In the Netherlands, the government has fixed tuition fees for higher education attendance since 1945. During the 1980s university students paid higher tuition fees than students enrolled in the *HBO* sector (*Hogescholen*). This was changed in the 1990s, as an equal tuition fee was applied to the whole system. The student pays directly to the HE institution. According to Vossensteyn (2007), in 2003 the amount from tuition fees represented round 17% of *HBO*'s budget and 15% in universities.

In 2006 a new law for HE and for research was approved. This law brought new ideas and policies of higher education institutions' financing and government, with the approval of a new financing model and of modernization of institutions' government models (contracts with institutions defining resources contingent to results). The new law bases HE financing on the concession to students of "learning entitlements", who can choose the institutions they enrol in. This allows students to change their enrolment, in any moment they wish, as long as they pay a given legal tuition fee, which can be higher, but which cannot exceed twice the regular amount. HE institutions receive their budget based on the number of students enrolled.

These measures received criticism from universities and "*Hogescholen*" representatives, as well as from students, but the law and these new measures were applied from September 2008 (CHEPS, 2006).

All students who are enrolled in full-time had to pay a tuition fee which is close to 1.538 Euros in the academic year of 2007/2008, and these values are applied to all EU students. Tuition fees for non-European Union students are usually higher (at least twice the tuition fee for national and EU students).

HE institutions are authorized to charge special taxes regarding certain groups of students: those who have lost the right to be enrolled with the regular tuition fee (for having exceeded the duration of three years and seven to eight years); part-time and non-European foreign students. However, there are minimum values that institutions have to apply to part-time students (around 600 Euros) and to full-time students (close to the amount of 1.500 Euros).

Students do not have to pay any other taxes (for libraries, laboratories, computers, General Student Committee, etc.). When students are enrolled in universities or in the "*Hogescholen*", they have access to computer services, being attributed to them a given plafond, which, in case of being exceeded, involves an additional payment. Should they wish to register as members of the General Student Committee, they should do so voluntarily, paying a yearly amount of around 15 Euros.

*Portugal*

According Cerdeira (2008), until the 1990s the revenues obtained from tuition fees were relatively marginal for the funding of public higher education. Until 1992 the value of the tuition set was totally symbolic. In that same year Law 20/92 made the payment of tuition fees in public universities and polytechnics mandatory. According to that diploma, tuition fees were calculated as follows:

- Division of the current management expenses of each institution in a given year (including capital expenses, enrolled in the management budget, leaving out the expenses related to the investments for the construction of buildings and their equipment) per number of students in the institution;
- In the 1st year of enforcement of the law, students would pay round 12% of the expense/year and in the following years; they would pay for 20% until they reached 25% of the value.

The implementation of Law 20/92 caused great controversy among the student body, eventually leading to the approval of a new Law (Law 5/94, May 14th) which introduced some alterations in the way of calculating the tuition (grant holder students would be exempted from tuition payment; students whose per capita or overall net family income was lower than certain values annually defined by the Ministry of Education, would benefit from a reduction of half the tuition value).

The fixation of tuition fees was under the tutelage of CRUP (Portuguese Rectors' Conference) and CCISP (The Council of Portuguese Polytechnics). Nevertheless, those entities eventually refused

to do so and from 1992/93 to 1995/96 the Ministry of Education itself eventually calculated the tuition fee value for universities and polytechnics, in compliance with the legal framework.

In 1996, with the venue of a new Government, Law 1/96 was proclaimed and it suspended the Law on Tuition. Once again, the tuition value was fixed according to the former system dated from the 1950s and 1960s.

In 1997 the Parliament passed Law 113/97, of September 16th (on the Grounds of the Public Funding System) that reintroduced updated tuition fees, but limited its yearly value to the amount of the monthly *minimum* salary (283€ in 1998).

Later on in 2003, the Law 37/2003 established a frequency rate that can vary from a minimum value of 1, 3 of the *minimum* national salary and a certain *maximum* value (in 2007/2008 the tuition fees varied between 524 Euros and 949 Euros).

### *United Kingdom*

In the United Kingdom, the White Book presented by the Government to the Parliament in January 2003 marked a significant shift in the tuition fees' policy, which passed from an up-front system to a deferred tuition fees' system, associated to loans depending on the income-contingent (ICL).

Since 1998, the income-contingent loans system was introduced in the United Kingdom but, as Barr (2004) argued, the system had serious problems, which, according to the author, resulted from the fact that centralized planning was maintained, as tuition fees has been centrally introduced by the government and were the same for all courses as in all universities, and were applied up-front. At the same time, loan programs presented serious problems regarding design and implementation, namely due to the fact that their value was too low to cover students' expenses. Simultaneously, the previous social support systems, based on grant awarding were abolished, which at that moment covered, at least partially, students' expenses.

Consequently, since 2004 a new legislation was introduced, which abolished up-front tuition fees and introduced a system of payment of income-contingent loans to students who started their studies in 2006, who paid, from that moment onward, only after finishing their course and through the financial system. Institutions were authorized to apply tuition fees to students, in a range from 0 to 3.000 pounds.

Institutions may, therefore, vary the tuition fee's value they apply by course, while students may choose to pay up-front tuition fee, or may decide to contract a loan. In this case, the entity that manages the loans pays the tuition fee directly to universities, whose budgetary situation is now independent from the way students choose to pay the tuition fee.

In a recent Wales Assembly decision and after an inflamed debate, it was concluded that Welsh students in Welsh Universities should be exempted from up-front tuition fees during the year of 2006/2007, and would start paying a constant subsidized fee of £1200 pounds per academic year. In turn, English and Scottish students studying in Wales will have to pay tuition fees in the amount of £3000 after 2007. Welsh students studying in England or in Scotland will also have to pay tuition fees.

In Scotland, students do not pay up-front tuition fees, but in 2001, and as legislated by the Scottish Parliament, the Graduate Endowment Scheme (GES) was created, through which Scottish and European Union students have to pay a constant part (2154 pounds per academic year) at the end of their course, as form of recognition of the higher education benefits they received. This contribution may be paid all at once (lump sum) or through an income-contingent loan, whenever the graduate's income should reach £10 000 pounds. That amount was recently increased to £15 000. For the year 2005/2006, the amount students paid had already reached £2 286 pounds.

A recent Scottish Parliament decision allowed the Government to set "top-up" tuition fees for English, Irish or Welsh students who are studying in Scottish Universities. In 2006/2007, these students paid a constant tax of £1 700 pounds a year (and £2 00 in medicine courses). In turn, Scottish students who are studying in England or Wales will pay tuition fees up to £3 170 pounds per year for 2007/2008. Payment may be deferred if the student applies for a loan and payments will only begin when the graduate reaches an income of £15.000 a year.

Foreign and non-European Union students have to pay tuition fees to a level that depends on

the decision of higher education institutions, with some exceptions regarding EEA, political refugees or other students.

In a recent research on the consequences of this policy, namely the application of variable tuition fees in England, Ramsden and Brown (2007, p. 35) report that, after an initial retraction moment on the part of students regarding the entrance on higher education, the attendance and enrolments kept increasing and most full-time students (87%) who started their course in September 2006 and who paid tuition fees have applied for a loan:

*“So far only the Universities and Colleges Admissions Service (UCAS) applications data provides any real indication of the impact of the new fees regime for full-time undergraduates. This data shows that, after a modest blip over the two years 2005 and 2006, the number of applicants as a proportion of the 17-year old population has now continued its steady rise.”*

Presently, almost all English universities and nearly two thirds of English colleges apply a maximum tuition fee of £3000 per year (in September 2006, the maximum limit was re-defined in £3070 and the minimum maintenance scholarship to £305).

However, many of the “research” universities’ responsible leaders claim for the increase of that limit to about £5000 pounds and one of the first mentors of tuition fees and their increase, Lord Dearing, has been defending that government should increase once again that cap in 2009, especially in the most renowned universities in the country which are part of the group of the ten or fifty best universities in the world.

Students from the European Union generally pay the same tuition fee as the United Kingdom ones, either at the level of first degree courses, and in post-graduation courses. The tuition fees that these students pay take into account their social-economic situation, the maximum payment tax by academic year £1125. Post-graduation tuition fees vary according universities and courses.

Universities are free to fixate tuition level they consider adequate for students from out of the European Union and that value may vary for pre and post-graduation courses from £6000 and £22000.

## Conclusion

We can conclude that there has been a worldwide tendency to implement higher education funding policies based upon cost-sharing. Such trend has taken different forms: introduction or increase of the tuition fee value; introduction of loans programs, or change of social support from study grants to loans; and incentive and support to the outcome and development of private education.

This international trend may be conceived by considering the three vertices of a triangle: tuition fees, loans and social support. From the conjugation and intensity of these three instruments, result higher education funding policies, with more or less participation from the governments and taxpayers, students and families, patrons and philanthropists, and consequently with the adoption of more or less liberal, or more or less socialist or social-democratic policies.

One of the arguments defending that higher education must not be totally access free, that is, “free of charge”, without the application of any tuition fee to students, lays in the fact of being regressive, that is, medium and high classes are the ones which benefit from it, given that most students come from these classes, and at the same time they are supported by low income tax payers, whose children end up by not being properly represented in higher education.

The tuition fees policies may take various forms (up-front tuition fees, deferred tuition fees and dual track tuition fees) and are almost always the most efficient way Governments have to share the HE costs with the students and their families, as they decrease the governmental support to higher education, and this way are able to free governmental resources, which may or may not be allocated to other sectors, or may actually result in a decrease of the public expenditure.

However, critics of this position counter argue that it is tuition fees’ application or its raise that has a negative impact in higher education enrolment taxes, having consequences at the level of higher education accessibility. In order to prevent cost-sharing policy from raising equity and accessibility constraints, it is necessary that tuition fee and loan policies are supplemented by the other vertices



of the triangle – social support policy – by means of grants and subsidies. In this framework the students, who wish and have the ability to attend higher education, may do so, regardless of their social, economical or ethnical background.

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