

REAL-TIME SYSTEMS

Reflections on Higher Education in the Czech Republic, Hungary, Poland and Slovenia

Jon File and Leo Goedegebuure (Eds.)

Real-time systems (*An ICT definition*)

In real-time multiprocessing there is the extra requirement that the system complete its response to any input within a certain critical time. This poses additional problems, particularly in situations where the system is heavily loaded and is subject to many simultaneous demands. Real-time systems are always dedicated. Most systems are not real-time.

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7. Tuition Fees and Student Support; An issue of cost sharing?

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Introduction

This chapter focuses on the financial position of students in the Czech Republic, Hungary, Poland and Slovenia. It explores both policies and developments in the area of tuition fees and student financial support and particularly addresses the question of how these four countries deal with the increasing demand for higher education in a situation of limited public resources. In many countries around the world, students have been required to contribute more towards the costs of higher education. Often this is referred to as ‘cost sharing’, which is defined as “the predominant development towards a gradual transfer of the financial costs of higher education from governments towards the students and their families” (Johnstone and Shroff-Mehta, 2000). Because public funds in the four countries are limited, it is likely more emphasis will be placed on cost sharing in order to meet the growing demand for higher education.

Cost sharing can take various forms, like the introduction or increase of tuition and other fees, a reduction in grants, an increase in student loans, and the development or growth of private higher education. The central questions of this chapter are to what extent the phenomenon of cost sharing is relevant for the Czech Republic, Hungary, Poland and Slovenia and what this actually means for the financial position of students in these countries.

To explore these questions, the chapter is structured in the following way. The first section addresses the debate on the distribution of costs and benefits between students and societies as a whole. The next section explores the four major ways of cost sharing. The following four sections are country descriptions that address how cost sharing actually takes place in each country. We pay particular attention to national developments in tuition fees, student support and privatisation of higher education. The final section provides a brief comparative overview and reflection on the positions adopted in the four countries.

The public-private debate

In many countries, the answer to the question ‘who should pay for higher education?’ has traditionally been ‘the government’ on the view that higher education is a public service (not to mix up with a public good). Gradually, however, higher education is has come to be regarded as a shared responsibility between students and society.

The notion of ‘cost sharing’ revolves around the following argument. Public funds are limited. As a result, higher education has to compete for scarce public resources with other important public services, like health care, infrastructure, and primary and secondary education. In addition, the demand for higher education is growing, which implies even more resources will be necessary to maintain existing quality. Because students often gain substantial private benefits from higher education, as evidenced by wage premiums compared to individuals having only secondary schooling, fairness dictates that students (and their families) should pay part of the costs of study. Finally, it is believed that if students pay part of the costs of higher education they will make better-informed choices. Not everyone, however, shares this view. Some suggest that private contributions may hinder access to higher education, particularly for students from disadvantaged groups. In addition, there is also the view that the social benefits of higher education justify full public subsidies.

The debate makes clear that understanding private and public contributions to the costs of higher education requires some form of cost-benefit analysis. Table 1 provides an overview of the major costs and benefits of higher education and to whom these devolve.

Table 1: The private and social costs and benefits of higher education

	Private	Social
Costs	<ul style="list-style-type: none"> • Tuition fees and study materials • Foregone earnings 	<ul style="list-style-type: none"> • Operating costs of programmes • Student support • Foregone national production related to students
Monetary benefits	<ul style="list-style-type: none"> • Higher productivity and (thus) higher net earnings • Better job opportunities • Higher savings • Personal and professional mobility 	<ul style="list-style-type: none"> • Higher national productivity • Higher tax revenues • Higher flexibility labour force • Higher consumption • Less dependency on government
Non-monetary benefits	<ul style="list-style-type: none"> • Educational consumption • Better labour conditions • Higher personal status • Higher job-satisfaction • Better health and life expectations (also for siblings) • Improved spending decisions • More hobbies and value of leisure • Personal development 	<ul style="list-style-type: none"> • Social cohesion, appreciation of social diversity and cultural heritage • Higher social mobility • Lower criminality rates • More donations and charity work • Increased capacity to adapt to new technologies • Higher social/political participation

Source: Jongbloed & Vossensteyn, 2002; Worldbank 2002

The table shows that higher education imparts substantial monetary and non-monetary benefits to both society and individual students. The major difficulty however is precisely measuring the extent of the benefits. Not all can be measured according to a single measuring scale, if they can be measured at all. Nevertheless, *rates of return analyses* provide a baseline estimate of the pure economic value of education, including only the monetary costs and benefits of education (Dolton *et al.*, 1997). These studies often suggest substantial private rates of return to higher education (Leslie and Brinkman, 1987; Heller, 1997; Steel and Sausman, 1997; Blundell *et al.*, 2000; OECD/UNESCO, 2002). Consequently, if individual students gain from higher education it is fair that they should also pay (part of) the costs (Eurydice, 1999). Additional non-monetary private benefits make the argument even stronger. However, the argument is less concrete in a situation of low private rates of return. This is, for example, the case in countries like Denmark, Finland, Norway and Sweden.

Next to the arguments for private investments in higher education, there are three major arguments supporting government subsidisation of education: positive externalities, capital market imperfections and equity considerations (Oosterbeek, 1998). Positive externalities from education are also shown in Table 1; they address the effects that bear upon others than those investing in higher education. Based on the monetary external effects, like the presumed effects on economic growth and increased tax payments from graduates, the social rate of return to higher education can be calculated. Recent studies show that the social rates of return are substantial in developed countries, ranging between 6% and 15% (OECD, 2001). If we also take into account the non-monetary benefits of higher education (see Table 1) there is also a case for substantial public investments in higher education (Geske and Cohn, 1998).

Capital market imperfections refer to the fact that investments in higher education involve risks for students because they are uncertain about their abilities and future jobs. As a result, students may have difficulties in getting loans from private banks to pay the study costs (Oosterbeek, 1998). In other words, both students and banks will be reluctant to make human capital investments. To prevent an underinvestment in education, governments may intervene, either by guaranteeing bank loans or by offering loans themselves (Barr, 1998).

The third argument for government subsidisation of higher education relates to equity concerns: redistributions between rich and poor (Barr, 1998). From a lifetime equity position, public subsidies to students seem unfair because they will probably belong to the future group of above average earners. However, at the moment of attendance it may be argued that public subsidies are needed in order to equalise entrance opportunities for potential students from different social-economic backgrounds. Otherwise, students from disadvantaged backgrounds may not enter higher education.

Altogether, the available evidence on the costs and benefits of higher education indicates that higher education is a shared responsibility between students and society. This chapter now proceeds to elaborate on the way higher education costs are being shared between societies and individual students. The next section provides a general discussion of how cost sharing is brought to bear.

Four Ways of Cost Sharing

Tuition fees

There is still considerable ambiguity in the tuition fee debate (Eurydice, 1999). Proponents argue that the often high private rates of return to higher education justify private contributions, though different rates may emerge for different subjects, disciplines, institutions or countries. Tuition fees are also regarded as a type of market mechanism that stimulates quality, guaranteeing that students (and governments) get value for money. In addition, tuition fees are often argued to sustain the lifetime equity principle because the prime beneficiaries from higher education pay part of its costs through fees. Finally, it has also been suggested that if people experience (part of) the costs of higher education through paying fees, they will make well-thought and thus more efficient enrolment decisions based on their abilities, interests and aims.

Opponents of fees, however, claim that higher education generates considerable positive externalities that justify high public subsidies. In addition they stress that fees impede access to higher education, particularly by preventing students from disadvantaged backgrounds attending higher education leading to social exclusion. This equity argument is frequently stressed in countries where higher education traditionally has been tuition free. The opponents of fees also claim that quality and well-thought enrolment decisions can be stimulated in other ways, for example through quality assurance mechanisms.

Regardless of the perceived advantages and disadvantages of tuition fees, it is a fact that fees have become more important in many countries (Vossensteyn and Dobson, 1999). A number have introduced or re-introduced tuition fees (e.g. Australia, Austria, the United Kingdom and Russia). In other countries, like Canada, the Netherlands and the United States, tuition fees have been increased, whereas fees are being debated in countries like Germany, Ireland and some Central European countries. In some countries, however, tuition fees seem not to be an issue. This is the case in Belgium and France where tuition fees are kept at relatively low levels. Another group of countries uphold the principle of free admission to higher education, the Nordic countries in particular.¹ Finally, the opposite development can be seen in Ireland and Scotland. The Scottish government replaced tuition fees with a graduate tax in 1999. The Irish government nullified fees in 1995 but a reintroduction is under discussion in 2002/2003. How the issue of tuition fees is worked out in the four countries under study will be discussed in later sections.

Loans versus grants

Cost sharing can also be accomplished by means of student loans in place of grants and scholarships. Because student loans have to be repaid, student loans are more efficient than grants or scholarships from a public perspective. Through loans the prime

¹ Denmark, Finland, Norway and Sweden have difficulties with tuition fees because the wage difference between graduates and non-graduates is relatively small.

beneficiaries of higher education pay part of the costs of study rather than the general taxpayers.

But loans also include costs, like administration costs, interest subsidies and costs of non-repayment (default). What is more, loans are also argued to harm access for students from disadvantaged backgrounds, whereas grants could potentially help to widen access to higher education through reducing social-economic inequalities.

Grants are direct subsidies to students that do not have to be repaid. They often are utilised to reduce the costs of study, either for all students or for particular target groups. Offering grants to all students can be done as a way of expressing national involvement in higher education. However, because public budgets are limited, choices must invariably be made between those who receive public subsidies and those who do not. As such, grants are often offered to students from lower income families in order to offer equal entrance opportunities for students from various socio-economic backgrounds and thus to widen access. At the same time grants can also be directed at high-achieving students in order to attract the most capable students (to particular studies or institutions). Because the best students often come from more-affluent families and will have the highest future earning potential, it is questionable whether public subsidies should be used for such support.

Because of limited public funds and a growing emphasis on the private returns to higher education, the 1990s have witnessed a trend towards incorporating student loans within broader systems of student support. In some countries loans are provided as an additional financial facility to students to meet the costs of study, as in Australia, Austria, Canada and the US. In other countries student loans have replaced existing grants and scholarships, such as in the Netherlands and the UK. The Nordic countries have traditionally placed strong emphasis on loan financing. Finally in some countries there are no student loans (e.g. in Belgium, Spain and Italy) or they are of little importance (e.g. in France and Germany).

Student loans vary in terms of target groups and repayment conditions. Conditions can include fixed versus flexible repayment periods, fixed versus flexible repayment amounts and the level of interest being charged. Such characteristics can heavily influence the attractiveness of such loans. Income contingent loans attract a lot of attention because of their flexible repayment method. In such a system, graduates repay their debt as a percentage of their income (through taxes). Graduates repay quickly if their income is relatively high, but slowly in periods of low income. This type of repayment has been introduced in Australia, Hungary and the UK.

Parental contributions, indirect support and students' own resources

In many countries, students are legally or morally regarded as being dependent on their parents. This applies for example in Austria, Belgium, Germany, France, Italy, Portugal and Spain. In these countries, parents of nearly all students receive indirect student support in the form of family and/or tax allowances. But family allowances and tax benefits have also been criticised because it is difficult to define the precise

objective of these forms of assistance and because students claim to be financially independent from their parents. It is not certain that parents will pass on the family benefits to their studying children. In addition, the arrangements often are complex and tax facilities often offer higher benefits to better-off families. In countries where living costs rise more rapidly than average wages, the burden for parents becomes larger.

In countries where students have a (partially) independent financial status, the role of parental contributions is growing. This can be seen in Denmark, the Netherlands and the UK. Because student support becomes more loan oriented, parents are making increasingly larger contributions in order to prevent children from accumulating high study debts. Another tendency has been for students increasingly to seek part-time work to help defray study costs, to avoid student loans and to afford higher living standards. Not only are more students taking part-time jobs, they are also working more hours.

The growing importance of private higher education

The final form of cost sharing is addressed by the development of private higher education. Many public systems of higher education have insufficient capacity to satisfy the rapidly growing demand for higher education. Private higher education establishments have increasingly been used to help meet (part of) this demand for higher education services. In most cases, private higher education institutions require students to pay cost-covering or even commercial tuition fees. Hence, a greater portion of higher education costs are being borne by the students and their parents. This particularly occurs in programmes with a high expected private return.

All in all, two major developments in Europe are apparent. First, under pressure of a growing demand for higher education and limited public funds, it is likely that the individual contributions to the costs of study will increase. Second, the discussions tend to emphasise the fairness of private contributions under the condition that equal access will be protected. Consequently, it can be expected that sooner or later, tuition fees, student loans and parental contributions will gain importance in the financing of higher education (Jongbloed and Vossensteyn, 2002). In the next sections, we will discuss the developments and policies in relation to cost sharing in the Czech Republic, Hungary, Poland and Slovenia.

Czech Republic

In the early 1990s a new Higher Education Act brought a number of positive and significant changes, particularly in the area of decentralisation and self-governance to Czech higher education (Šebková and Beneš, 2002). Yet, only a few changes were made regarding the diversification of financial sources for higher education institutions, including the possible introduction of tuition fees. The tradition of free higher education was not changed. In accordance with the 1998 Higher Education Act, however, the Ministry of Education, Youth and Sport promoted the concept of multiple-source financing on the grounds that it would make higher education

institutions more self-reliant. Higher education institutions also became fully responsible for student scholarships.

Role of (tuition) fees in public higher education

The Higher Education Act of 1998 allows public higher education institutions to charge some study-related fees. These include fees both for entrance procedures (covering the administrative costs of the procedure) and study-related fees for students exceeding the nominal duration of study by more than one year. The latter fee seeks to prevent students from using too much time and public resources to complete a degree. Though it has been debated several times since 1990, regular fulltime students still do not have to pay tuition fees, irrespective their mode of study (face to face instruction, distance learning or combination of both). In terms of the entrance examination fees, the Higher Education Act sets a maximum level of 547 CZK or approximately €18 2002/2003 (McMullen, 2000). The available evidence suggests many institutions levy this maximum amount.

The act also prescribes a minimum fee for students exceeding the nominal duration of study by more than one year. The amount is based on the average that higher education institutions receive per student in non-capital expenditure from the state budget. For 2002/03 this amounts to 684 CZK (€22) per month (Šebková and Beneš, 2002). Within the limits stated by the Act, public higher education institutions have considerable autonomy regarding the real level of fees, which they actually use. The resources public higher education institutions collect from the study-related fees in the case of exceeded time of studies must be invested in an endowment fund and distributed among the institution's own students via scholarships.

In terms of free higher education combined with moderate level study-related fees, it must be stressed that the wages of graduates versus those of non-graduates have only begun to differ marginally in the last decade.

Because the demand for higher education is still greater than supply (about 40% of applicants are rejected), a new mode of study has been put in place since 2001 on the initiative of an opposition group within the Czech parliament (Svatoň and Vlk, 2003). These courses are called lifelong learning courses and institutions are allowed to charge their own tuition fees for them. Many students enrol in this mode of study, particularly those waiting to get into the regular full-time higher education system. Students can use the credits from such courses (up to 60% of the whole content of the intended study programme) provided they successfully pass the entrance procedure and enter a full-time higher education programme in the same field of study.

Finally, institutions may also request tuition fees from foreign students if study is undertaken in a foreign language. Tuition fee revenue from lifelong learning students and foreign students can be fully used at the discretion of the institutions. It does not have to be used for scholarships, though that is allowed.

Student financial support

Higher education institutions bear the responsibility for providing scholarships to students. The funds institutions have to use for scholarships come from the study-related fees levied on long-term students. Institutions also decide themselves for what purposes they provide scholarships (Šebková and Beneš, 2002):

- excellent study results
- excellent research results that enhance knowledge
- poor social situation
- support Czech students for study abroad
- support foreign students for studying in the Czech Republic
- support doctoral students
- cases of special consideration

A recent social survey among roughly 1500 students (less than 1% of the total number of students) showed that about 40.5% of students receive social support at an average amount of 880 CZK (almost €30) per month, which covers about 21% of the average monthly student expenditure (4100 CZK, €140). These findings are high compared to general impressions about student support. In addition, the survey showed that just over 6% of the students receive merit-based scholarships totalling on average 1020 CZK (€35) per month, which covers roughly 25% of monthly expenditures.

Another type of public scholarship allocated to higher education institutions is support for full time doctoral students. Such scholarships officially amount 75.000 CZK or €2500 per student per year (in 2002).

The Czech Ministry of Education provides scholarships to foreign students in Czech higher education who come from countries with which the Czech Republic has international student exchange agreements. These scholarships have a maximum duration of one year and in academic year 2002/03 amounted to a maximum of 5000 CZK (€167) per month for Bachelor's and Master's students and CZK 5500 (€183) for doctoral students.

There are no publicly offered student loans in the Czech Republic, nor are there plans to develop a loan system. Though students can apply for private loans, these can be expensive and unattractive. Some banks however try to make attractive arrangements for students.

Finally, Czech students are also eligible for indirect subsidies. The state pays for health insurance for students, which is about €335 per student per year. In addition, students may receive subsidies for accommodation and boarding. The public budget for dormitories and student restaurants has remained rather stable over the last decade, but due to an increasing number of students and inflation, the average per student subsidy has decreased. It is given as a part of the lump-sum budget from the state to higher education institutions.

There is no concrete information on the effects of tuition and other fees on participation, nor on the socio-economic composition of the student body.

Role of parental contributions and students' own resources

Traditionally, parents were responsible for the study-related costs of their children. With the introduction of study-related fees, this financial responsibility has been slightly extended, particularly if students exceed the regular duration of study by more than one year and have to pay monthly fees. Parents and students normally also have to bear the costs of study materials and living expenses. The latter have grown faster than average Czech income increases.

Only students entitled to institutional scholarships may get a portion of these costs covered. However, parents receive child allowances and tax benefits for students until the age of 26. A recent study on the students' financial position showed they spent, on average, roughly 4100 CZK (almost €140) per month, including some 3300 CZK (almost €110) for essential expenses on accommodation, boarding, travelling and study materials. About 91% of the students are supported by their parents, who contribute on average some 2660 CZK per month (€89). Cost differences of studies at public institutions depend largely on the living situation of students, the extent to which they have to pay study-related fees and potential scholarships students may receive.

In addition, students may also be involved in part-time work, which Czech students have increasingly done. A recent study on the students' financial position showed that about 23% of the students hold a regular job throughout the year and 68% are employed occasionally. They earn on average 1760 CZK (€59) per month. Students up to the age of 26 pay less tax than regular employees.

Development of private higher education

The 1998 Higher Education Act also accommodated the development of private higher education. Private higher education institutions must be complementary to the public sector and also show a healthy financial basis. By the end of 2002 there were 27 recognised private higher education institutions, enrolling about 8000 students or about 3% of the total number of students in Czech higher education. In terms of new entrants, the private sector's share is about 7% (about 3500 students), though it is not expected that the private sector will substantially increase beyond this over the next years.

Private institutions have full autonomy to set their own fee structure and fee levels, without any interference by public arrangements. Tuition fees usually vary between €1000 and €1500 per student per year, but in exceptional cases can be up to €4000.

The government may provide subsidies to private higher education institutions only on the condition that the institution acts as a non-profit organisation. In practice this means that potential financial benefit should be used for the further development of the

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core activities of the institution (teaching and research). Such subsidies are only meant to be awarded in exceptional cases and have been granted only once so far.

Conclusion

Developments in the Czech Republic over the past 12 years reflect only a slight tendency towards cost sharing. With the adoption of the Higher Education Act of 1998 some user fees were introduced for entrance procedures and for students taking too long to complete a study program. Though tuition fees have been debated, regular higher education is still tuition free. A start has been made toward developing a recognised private higher education sector. The private institutions charge tuition fees without limits which in exceptional cases reach considerable amounts. In addition, financial support for students is relatively poor and higher education institutions have full discretion over its provision. The average indirect subsidies for accommodation and boarding have decreased. All in all, students and their parents have to make greater contributions to study costs than before. Because the majority of students is still enrolled in fully subsidised public higher education, the increasing costs for students mainly stem from increased living expenses (in relation to lower wage increases).

To the outsider, there seems to be a clear need for more resources in Czech higher education to support any expansion efforts. Because public funds are limited, it can be argued or recommended to shift part of the burden of higher education costs to students (and their families). Since graduates have a better labour market position than non-graduates, in terms of (marginally) higher earnings and types of jobs, it can be regarded as fair that they bear part of the costs of their education. From this perspective, the developments since 1998 form only a first step in the direction of a fairer distribution of the costs of higher education. Introducing (moderate) tuition fees for fulltime (and part-time) students could be considered in a following stage. Entrance procedure fees and fees to long term students do not form a solid funding base for Czech higher education. As an additional way to relieve public funding, another recommendation would be to stimulate private higher education institutions into enrolling a larger share of the student population.

However, it must be stated that further arrangements in the direction of cost sharing cannot work without close monitoring of their impact on access to higher education. Finally, it must be stressed that trends toward cost-sharing must be accompanied by a strengthened mechanism to support capable students that may have access problems due to their (family's) social-economic position.

Hungary

Hungarian higher education has changed substantially since the early 1990s, especially in relation to student financial arrangements. Of particular interest is the modification to the Law on Higher Education in 1996. Since then, higher education institutions have been allowed to admit self-financed students in addition to traditional students to the same programmes. The state-financed students are fully funded by the government whereas self-financed students pay the full costs of instruction. In addition, the budget

available for providing scholarships to students has not kept pace with the growth in student numbers or inflation. In 2001 a student loan mechanism was introduced to help subsidise living costs and tuition fees. Furthermore, parents now contribute substantially to the costs of study and living expenses or students have to take part time jobs. Finally, as in many other Central and Eastern European countries, private higher education was introduced in the early 1990s, though it still remains very limited.

Role of tuition fees in public higher education

Traditionally, public higher education was free of charge in Hungary. However, in the mid-1990s (1994–1995), tuition fees were introduced for all students. The level was set at 20.000 HF (Hungarian Forints) per student per year, which is equivalent to almost €100. This reflects about 2% to 10% of instructional costs, depending on the programme. After strong protests, these uniform tuition fees were abolished for state-financed students in 1998. Only in exceptional cases, must students pay tuition fees, such as if they fail exams or repeat a semester or an academic year. In 2002, the highest tuition fee for such students was 70.000 HF (€300) per year (Reffy, 2003).

In 1996, an amendment to the Law on Higher Education (Chapter 3, section 7) allowed public higher education institutions to admit students willing to pay the full costs of instruction, beginning in 1997. As a result, Hungarian public higher education institutions now enrol two types of students: state-financed and self-financed. Students can be admitted on a self-financed basis under the following circumstances:

- Applicants who fail the required level in the entrance exam for admission to a state-funded study place, but who reach another lower limit (determined by the institution);
- Part-time students in evening or corresponding courses and distance learning students;
- Students studying for a second degree;
- Full-time state-financed students who exceed the nominal duration of a programme by one year or more. If the nominal duration of a programme is longer than 4 years, students are allowed to exceed the nominal duration by 1,5 years before they lose their state-financed status.

Table 2 shows that the share of self-financed students has increased significantly over the past years, both in absolute numbers and as a percentage of total number of higher education students enrolled.

Table 2: Number of students in Hungarian higher education (1996-2001)

Year	Students* (total, x 1000)	Self-financed students (x 1000)	
		Absolute	as % of total
1996	175	0	0.0%
1997	195	40	20.5%
1998	245	80	32.7%
1999	260	90	34.6%
2000	275	100	36.4%
2001	300	120	40.0%

Source: Reffy, 2003

Notes: * These numbers include all students: full-time, part-time, in public, private and church related institutions. In 2001, only 16% of the full-time students were self-financed. This ratio is 8% for public institutions, 16 % for church related institutions and 46% for private institutions. In evening courses, about 60% of the students are self-financed.

The table indicates that by 2001 about 60% of students were enrolled in state funded places. In relation to the self-financed students, the higher education institutions are free to set their own tuition levels. The tuition should relate to the costs of instruction of a programme, but a difference from these “normative costs” is possible. Particularly in programmes where some self-financed students join a class of state-funded students, the fee may be relatively low. But in cases where classes are composed fully of self-financed students, the fees may be set at a higher rate because of the additional costs related to heating, electricity and extra lecture hours. Once a fee has been determined, it is regulated by government decree and institutions can only change the rate to compensate for inflation. This is to protect the self-financed students. The annual tuition fees for full-time self-financed students range between 200.000 HF and 1.400.000 HF (€860 – €6.000). Part-time self-financed students generally pay about one-third of that. Though the number of self-financed students has grown quite rapidly, it is not known whether tuition fees stifle access for particular groups of students, such as those from lower socio-economic backgrounds. Nevertheless, the possibility of self-financing has extended higher education participation substantially (Reffy, 2003).

In addition to tuition fees, students also must pay other fees, particularly for entrance examinations, repeated examinations and administration costs. Such fees vary between 5.000 HF and 15.000 HF (€22– €65).

Student financial support

To guarantee equal access to higher education, the Hungarian government has made in several efforts to stimulate and facilitate participation of low income students. One is by increasing the number of state-financed student places.² As a result, many of the nearly 80.000 high-school leavers have the opportunity to be admitted to a state-financed study place.

² In 1999 50,000; in 2000 and 2001: 55,000; in 2002: 58,500; and in 2003 62,000.

The main form of student financial support has traditionally been the provision of scholarships. The government distributes its student support funding among higher education institutions on the basis of the number of state-financed students enrolled in each institution. The normative amount per full-time state-financed student is 70.000 HF per year (€300). This amount remained stable between 1999 and 2002.

The higher education institutions decide, in agreement with the institutional student unions, how these funds are distributed among the full-time state-financed students. In general, most (70%–80%) of the support is given in the form of scholarships related to study achievement (merit-based). Students with high performances get relatively large scholarships, whereas students with low grades get no scholarships. Approximately 20%–30% of the support is distributed to students from poor families (though reliable income data are scarce). About 40% of the students benefit from these ‘social’ scholarships. All in all, about 80% of the full-time state-financed students receive scholarships between 30.000 HF and 150.000 HF (€130 and €650) per year (Reffy, 2003).

Students may be eligible for some other scholarships provided directly by the Ministry of Education. Based on academic excellence, about 1% of the full-time state-financed students receive a ‘scholarship of the republic’, which amounts 275.000 HF (€1200) per year. Students from low-income families who meet particular performance requirements may also receive a 1.000.0000 HF (€435) scholarship from the ‘chance for learning fund’. This fund distributes about 4000 scholarships annually.

From 2000 onwards, another support scheme for low-income families has been established. In this scheme local authorities provide scholarships to poor students permanently residing in the town or village and the Ministry of Education matches this. Almost half of the local governments participate in this scheme, assisting around 12.000 students per year.

Finally, state-financed PhD students receive government scholarships. These are independent of social status or study performances. The scholarships amounted 648.000 HF (€2800) in 2002 and 950.000 HF (€4100) in 2003.

Student loans were introduced in 2001. All higher education students are entitled to such loans for a maximum of 5 years and regardless of their income situation. Students studying for a second degree cannot apply for a loan. The maximum amount that can be borrowed is 21.000 HF (€90) per month (only 10 months per year). Students have to be under 35 years of age to be eligible. The loans have an income contingent repayment scheme whereby graduates pay 6% of their salaries. In 2002, some 30% of the students took out such loans.

Next to the direct financial arrangements there are also indirect subsidies. For example, the government subsidises student dormitories which accommodate about 43% of the full-time state-financed students. For these students, the government gives institutions 33.000 HF (€143) per year per student. Students are also required to pay the same amount. Renting a room generally costs students between 5 and 10 times more. As

such, most students who do not live in dormitories live with their family. State-financed students also receive additional support for study materials, like text books. This is 8.000 HF (€35) per student per year and covers only a fraction of total costs.

Altogether, there are various ways in which fulltime state-financed students can receive support for the costs of study. Table 3 indicates annual expenses in low cost and high cost scenarios and to what extent these can be covered with public support.

Table 3: Study costs and subsidies for students in Hungary (2001)

		Low cost situation		High cost situation	
		in HF	In €	in HF	in €
<i>Expenses</i>					
Instructional costs	Tuition fee	0	0	70,000	300
	Other fees	5,000	22	15,000	65
	Study materials	10,000	43	30,000	130
Living expenses	Accommodation	0 / 3,300	0 / 140	250,000	1,100
	Food	150,000	650	450,000	2,000
	Transportation	20,000	87	40,000	174
	Personal expenses	12,000	52	24,000	105
Total expenses		377,000	1,500 / 1,640	864,000	3,800
<i>Subsidies</i>					
Scholarships (max.)*		150,000	650	150,000	650
Loans (max.)		210,000	910	210,000	910
Other subsidies		8,000	35	8,000	35
Total financial arrangements		368,000	1,595	368,000	1,595

Source: Reffy, 2003

Note: *excluding the small scholarship programmes (local scholarships, "scholarship of the republic" and 'chance for learning fund').

The table indicates that maximum support (55% in the form of loans) can cover almost all of the expenses in a low-cost higher education situation but at maximum about 40% of a high-cost situation. Most students will receive less support, particularly in the form of scholarships. Only some students receive additional grants.

However, for self-financed students, the situation is substantially different. In the case of low-tuition fees (200.000 HF; €870) their total costs of study reach about 580.000 HF (€2500) per year. This is almost the same as the annual salary of workers with low-earnings in Hungary. If they attend a high-cost study programme, they may pay about HF 1,4 million (€6000) in tuition fees, which raises their total annual expenses to almost HF 2,1 million (€9130). This is nearly twice the average salary in Hungary. Taking into account that students have to rely fully on their own (family) resources (they can take up loans) it can be concluded that self-financed study is relatively expensive in Hungary.

Role of parental contributions and students' own resources

As can be concluded from the previous section, students must rely heavily on family resources. Normally, parents pay the difference between a student's costs and the subsidies received and there are hardly any indirect support mechanisms for parents of studying children. For children over the age of 18 parents are only entitled to some tax exemptions. They can deduct 30% of the tuition fees that have to be paid, with a maximum amount of 50.000 HF (€220). There are no data on the extent to which Hungarian students have part-time jobs.

Development of private higher education

Like other Central and Eastern European countries, private higher education is gradually becoming established. Since the early 1990s, when such institutions first emerged, there are now 26 church-regulated institutions and 10 private foundation colleges (in 1993 there were 3, in 1996 there were 6) though no private university. This development was stimulated by the government who offered these institutions state-financed student places. In 2000/2001, about 54% of full-time students in private foundation colleges were state-financed and about 84% in church-controlled institutions. The government started to phase out its subsidies for state-financed study places to private institutions since the late 1990s, for example through not allocating such places to newly established institutions. Private institutions can only be officially recognised if they meet the accreditation criteria also met by the public institutions. In addition, they must have some starting capital. In 2002, foundation colleges enrolled about 8,5% of the total number of Hungarian students, while church-controlled institutions enrolled to 5,7% of the students.

Conclusion

Developments over the past decade reveal a situation of limited cost sharing in Hungary, particularly due to the number of self-financed students. In 2002, about 40% of the students were self-financed though support for students has not kept pace with inflation, reducing the real value of scholarships given to students through the institutions. Nevertheless, full-time state-financed students remain heavily subsidised. The low tuition fees they had to pay since the mid-1990s were abolished in 1998 and only repeaters pay a moderate tuition fee. A majority of the full-time state-financed students (about 80%) receive some scholarships. However, most of the scholarships (and the highest in value) are given to high achieving students. Poor students only benefit to a limited extent. This seems to be at odds with the social expectation that well-off students on average achieve higher performances. However, the difficulty in obtaining reliable income data prevents stronger conclusions from being drawn.

The introduction of student loans in 2001 does not reflect a tendency towards cost sharing because they simply replace parental contributions. They replace scholarships only to the extent that the latter lost value due to inflation. Also the limited development of the private sector only plays a marginal role in terms of cost sharing. Though it enrolls roughly 14% of the total number of students, about 66% of the full-time students in private higher education are on state-funded places.

Poland

The Polish higher education system has seen remarkable changes over the last decade, especially in areas like academic freedom, curricular innovation, the development of more market-oriented curricula and the emergence of a strong private higher education sector. In addition, participation has grown from about 400.000 students in 1990 to about 1.7 million in 2001 (Wach, 2002). One can imagine that such tremendous growth would require considerable effort and investment. To an increasing extent these investments have been made by students and their families. The evidence can be seen in the rapid growth of private higher education where students pay full-cost covering tuition fees. In addition, the number of fee-paying students at public institutions has also increased rapidly to roughly 65% of all students in 2001. Finally, the old system of student support, which was based primarily on scholarships, was expanded to include student loans in 1998. The further details of these developments will be discussed in the following sections.

Role of tuition fees in public higher education

The Polish constitution states that education in public schools shall be tuition free. However, statutes do allow for tariffs to be levied on certain services provided by public higher education institutions (National Assembly, 1997). The Act on Higher Education from 1990 allows higher education institutions to charge tuition fees, except for regular full-time students in state higher education institutions.

Only students who pass the entrance requirements of the state higher education institutions do not have to pay the costs of instruction. These entrance requirements can be based on the results of entrance examinations (often used at the attractive prestigious institutions) or examination scores from secondary education. Though it is difficult to get into the prestigious institutions, it can be easier to get into less popular programmes. The possibility to charge fees, on the one hand, triggered the strong expansion of the private higher education sector. On the other hand, it also enabled state higher education institutions to charge fees for non-traditional students such as those studying part-time. The following table shows the growth in the tuition basis for higher education based on different categories of students and higher education institutions.

Table 4: Number of higher education institutions and groups of students (1990–2001)

Year	Institutions			Students by mode of study			Students by sector		
	public	private	total	full-time	part-time	total	public	private	total
1990/91	88	3	91	76.7%	23.3%	384,706	100.0%	0.0%	384,706
1995/96	90	75	165	57.1%	42.9%	769,871	90.9%	9.1%	769,872
2000/01	118	206	324	43.8%	56.2%	1568,185	71.4%	28.6%	1568,185
2001/02	126	239	365	44.7%	55.3%	1697,652	71.6%	28.4%	1697,652

Source: Wach, 2002.

Table 4 shows the tremendous growth of the private sector in the 1990s. Furthermore, it shows that the growth took place primarily among part-time students. Though the number of full-time students almost tripled (from 295.000 in 1990 to almost 759.000 in 2001), the number of part-time students increased by a factor of 10. In the state institutions, about 46% of the students study part-time, whereas it is almost 80% in the private sector. The number of students in the public sector rose from 385.000 in 1990 to over 1.2 million in 2001. In total, almost 1 million students are evening, weekend or extramural students, all of whom pay tuition fees.

The level of tuition fees varies considerably, depending on the type of programme, the school organisation and the quality of the teaching staff. Tuition fees for part-time students in state higher education institutions vary from 700 Zł to 10.000 Zł per semester (€175–€2500). On average, students pay between Zł 3000 and Zł 4000 per year (€750–€1000), which is about 50% of instruction costs. The Supreme Court decided that the number of part-time students in state institutions should not exceed 50% of the total number of students in a faculty.

In addition to tuition fees, the 1999 Higher Education Act also allows higher education institutions to charge a fee for special services, like ‘the verification of knowledge and the certification of qualifications’. However, these fees are not allowed to exceed 10% of an average monthly salary (2000 Zł, or about €500).

No information is available on the impact of tuition fees on participation in higher education, but growth in Polish higher education seems to have alleviated problems of unmet demand. Only in some fields, like psychology, law, medical studies, architecture and in the most prestigious institutions may there be more applicants than teaching capacity. In terms of the socio-economic composition of the student body about 23% of the students come from rural regions and about 9% of the students come from farming families.

Student financial support

Students depend heavily on family resources or their own means, though fulltime students may be eligible for public financial support. In 2001, about 236.000 students received some type of scholarship. It is important to note that the Ministry of National Education allocates the public budget for student support to the higher education institutions according to the number of (eligible) students. Within institutions, student parliaments have a strong say in the distribution of social grants and merit-based grants as well as on the criteria, threshold and limits applied. Based on data that cover typical support in the majority of state institutions the following estimation of the distribution of grants can be made:

- 90.000 students receive social grants on a means-tested basis. These scholarships are at maximum Zł. 500 per month (€125).
- 120.000 students receive merit-based grants on the basis of performance. Depending on the study results, such scholarships range between Zł. 200 and Zł. 400 per month (€50–€100).

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- 24.000 students receive both types of grants. In sum they may receive at maximum between Zl. 700 and Zl. 800 per month (€175–€200).

Most of these scholarships are given to full-time students in state higher education institutions (33% of all students in this sector). Only 17.000 students in private higher education (16%) receive a scholarship. In monetary terms, only 3% of total support is provided to non-state funded students.

The overview shows that an important part of financial support is available for academically talented students. Only 38% of the scholarships are meant for students who have difficulty paying for the costs of attending higher education.

The system of student loans established in 1998 allows all types of students to be eligible for these loans, whether they are full-time or part-time students in public or in private institutions. However, eligibility is dependent on the earnings of the student's family (per person). These loans can be taken from private banks and also have to be repaid to the private banks, but the interest on these loans is subsidised by the state and the loans are guaranteed by the state. Thus, in cases of default, the state will (temporarily) make the loan repayments. In 2002, about 31.000 students applied for a loan, of which about 80% actually received one. Each receives about Zl. 400 (€100) per month. In 2002, the total number of active loan recipients was 175.000. There were approximately 35.000 people repaying student loans and over 9.000 loans were already fully repaid.

As a form of indirect support, students get a 37%-50% discount on public transport fares. In addition, 143.000 (from about 330.000 eligible) full-time students in public institutions get a subsidy for student dormitories. All students have state-guaranteed health insurance and they can go to relatively cheap student restaurants.

To put these different student support mechanisms in perspective, rough data indicate that the expenses of students vary between Zl. 500 and Zl. 1600 (€125–€400) per month, depending on the type of institution attended and whether or not they live with their parents. Expenses, however, are also very dependent on differences in study materials required, as well as the city where students live. Warsaw, Wroclow and Krakow for example are particularly expensive. Nevertheless, these cities are the most attractive academic centres (Wach, 2002).

Role of parental contributions and students' own resources

Public support only subsidises part of study costs, thus students still must rely on family resources or their own contributions. In fact, parents are obliged to support their children when they are in full-time (higher) education. Parents do not receive any child or family allowances for their children in higher education but they can make use of a limited amount of tax exemptions. Part of the parental contributions is in-kind, such as providing room and board, clothing, subsidies for leisure, etc. In addition, students to a growing extent 'work their way through higher education' and have come to rely on part-time or seasonal employment to pay for study costs, especially students in the

later stages of their study. This development is highly interrelated with the strong rise of part-time and private education.

Development of private higher education

Private higher education rapidly expanded after the 1990 Higher Education Act gave these institutions greater autonomy, including the possibility to charge tuition fees to particular groups of students. Though the public sector also expanded rapidly during the same period, the growth of private higher education reflected the largely unmet demand for higher education in Polish society. As Table 4 indicated, the number of private higher education institutions rose from 3 in 1990 to 75 in 1995 and to 239 in 2001 (65% of all higher education institutions). The number of students in 1991/92 was 865 and rose to 70.000 by 1995/96 and to 481.000 in 2001/02 (almost 30% of all students). However, the major growth seems to have passed. Demographic decline and saturation of the demand suggest enrolment numbers are likely to stabilise in the coming years (Wach, 2002).

In private higher education students pay full cost tuition fees, which are on average between €450 and €600 per semester or €900–€1200 per year. The full range of fees in 2002 was from Zł. 2.400 to Zł. 10.000 per year (€600 to €2.500). Only some 17.000 fulltime students in private higher education receive scholarships. But all private students, like those in public higher education, can take up publicly subsidised loans provided their (family) income does not exceed a certain threshold.

Most students in private higher education (around 80%) are evening, weekend or extramural students. Many have full-time jobs which enable them to pay for their study. With almost 30% of total higher education enrolments, the rise of the private sector has been a major mechanism for cost sharing in Poland.

Conclusion

Poland is one of the strongest examples of increased attention to cost sharing. While the number of full-time student places funded by the government rose nearly 50% between 1990 and 2001, the number of students paying (part of) their higher education costs expanded even more rapidly. Since 1990, the number of part-time students in public higher education has risen to 46% and these students pay, on average, 50% of their instruction costs. In the same period, private higher education developed to the point that it almost enrolls 28% of all Polish students in 2001. In addition, the major expansion of the student support system has taken place in the form of student loans in 1998.

Altogether, students and their families bear a substantial part of the costs of Polish higher education. In particular students in part-time state higher education make considerable contributions and private sector students even more so. However, the situation for full-time students in state institutions has hardly changed. They still benefit from free higher education, though they may now receive less student support because it is divided among a larger group of students. As a result, the private burden

of higher education costs is unevenly distributed and arguably leads to an unjust situation. Those who get into full-time public higher education are lucky. Most of their educational costs are covered by public funds. But, as in most countries, it is students from the higher socio-economic groups who tend to get these fully subsidised study places, because they on average will have higher scores in the entrance examinations. In addition, because they are likely to have higher study results, they benefit to a larger extent from the scholarships available for high achieving students, which is the largest share of support available. As a result, public money is used to provide tertiary education to students who often come from the higher socio-economic classes. A next step in Poland could be to come to a more equal distribution of costs, for example by introducing tuition fees in full-time public education as well. This of course would require another difficult breakthrough in the tradition of free higher education and would certainly need to be accompanied by measures to combat potential negative effects on the accessibility of higher education, like extra targeted means-tested grants.

Slovenia

Higher education enrolment in Slovenia is projected to increase substantially. The master plan for Slovenian higher education suggests that within a decade higher education participation should reach the level of about 50% of the relevant age cohort. To reach this goal curriculum innovations will adjust study programmes to international standards and those of the labour market, and the system of student financial support will also be made more comprehensive. Tuition fees are hotly debated in Slovenia, particularly in view of the aims to expand the higher education sector. Another tool will be the continued development of private higher education, which was set in motion during the mid-1990s.

Role of tuition fees in public higher education

In principle, undergraduate higher education is free in Slovenia (Higher Education Act, Article 77). Full-time students do not pay tuition fees, however a ministerial decree requires part-time students to contribute towards the costs of instruction. The higher education institutions have the autonomy to determine the level of tuition fees, which in 2002/03 were up to €3000 (in 2001/02 this was up to €2575). The number of part-time students has increased tremendously since 1990, as is shown in Table 5.

Table 5: Development of the number of students (1990–2001)

Number of students	1990/1991	1995/1996	1997/1998	1998/1999	2000/2001	2001/2002
Full-time	27,774	35,998	40,304	43,654	46,022	47,835
Part-time	5,791	9,953	15,541	20,418	22,405	22,940
Total	33,565	45,951	55,845	64,072	68,427	70,775

Source: Zgaga, 1998; MESS, 2003

Note: Figures do not include ‘absolventi’ which are students that are allowed to keep their student status for one year after the final year of study to prepare a thesis to complete the programme.

The table shows that the number of full-time students more than doubled between 1990 and 2001. In the same period, the numbers of part-time students almost quadrupled. As a result the proportion of part-time students in the student population increased from 16% in 1990 to 32% in 2001. This growth in part-time (fee paying) students is strong evidence for increased use of cost sharing.

The situation that part-time students pay fees for the same services full-time students get for free has been regarded as unfair. Therefore, the government has considered equalising the situation for full-time and part-time students. One way is to also charge tuition fees to full-time students. This can be justified on the basis of employment data, since the unemployment rate among higher education graduates is low (2.7%) compared to the average unemployment rate (6.4%) (Statistical office of the Republic of Slovenia, 2002a). In addition, people with a university qualification earn more than double the salary of average employees (Statistical Office of the Republic of Slovenia, 2002b, table 13.6). However, charging tuition fees to full-time students is difficult politically on the argument that it will deter access. Ironically, the same argument is used to plea for the alternative: abolishing tuition fees for part-time students. This has been suggested in the master plan for higher education. Another possibility would be to abolish the *numerus clauses* and allow more part-time students to enrol on a full-time basis. In this scenario, only those who really elect to study part-time could be required to pay fees.

In contrast to undergraduate education, graduate students, those aiming for a Master's or PhD degree, generally pay tuition fees. Higher education institutions have full autonomy in setting their tuition levels and these are similar to those levied on part-time students (up to €3000 in 2002/03). However, institutions can apply for a subsidy from the Ministry of Education, Science and Sport (MESS) if they meet, among others, the following criteria:

- fees not exceeding 470.000 SIT (€2.017) for the first 2 years of study³
- the programme enrolls at least 15 students
- the graduate programme uses the ECTS credit system

All institutions (public and private) can apply for this co-financing for all categories of students (full-time and part-time). If all criteria are met, the ministry awards co-financing for all new entrants and students that advance into a following year. The amount of the co-financing is determined by the number of graduate students multiplied by a fixed percentage of standardised tuition (470.000 SIT for the first 2 years and 235.000 SIT for succeeding years in 2001/02; or €2017 versus €1008). This fixed percentage depends on the number of graduate students selected for co-financing by a specific commission. In 2001/2002 the state co-financed 3011 postgraduate students, or 61% of the total number of postgraduates. The institutions received 80% of the standardised tuition for these students, the remainder of which is paid by students themselves. The regulation also includes a reward for co-financed students that finish a Master's degree in 3 years or a PhD in 5 years.

³ Tuition was not to exceed 235.000 SIT (€1.045) for the 3rd and succeeding years of study in 2001/02.

Institutions offering business and law Master's programs generally do not meet the criteria because they charge far higher tuition fees than the standardised rate.

Student financial support

Full-time undergraduate students who enrol in higher education before the age of 27 may be eligible for state scholarships (*republiška štipendija*) from the Employment Service of Slovenia (ESS) though the funds are targeted at low-income students who would otherwise be unable to enrol. These scholarships are only available to students whose gross income per family member in the previous year did not exceed 130% of the guaranteed wage (social welfare level). In 2001, about 18.880 students applied for a state scholarship and about 62% of them were awarded a grant.

In addition, academically talented students may be eligible for merit-based scholarships (*štipendije za nadarjene* or Zois scholarships) (Eurydice, 2001). The Zois scholarships aim to encourage the most capable young people to opt for more demanding or longer studies in line with society's need for highly qualified professionals (MESS, 2003). The Zois scholarships are awarded on the basis of a public tender published by the ministry of education. A new project (Zois ex-Change) promotes cooperation between Zois scholarship recipients and employers. Table 6 presents the numbers of scholarship recipients.

Table 6: Higher education students receiving scholarships (1993/94–2001/02)

	1993/1994	1995/1996	1997/1998	1999/2000	2000/2001	2001/2002
State scholarships	9,021	9,979	10,412	10,053	10,793	11,744
Additional scholarships	100	9	1	0	0	0
Merit-based scholarships	3,300	4,041	4,948	5,346	5,679	6,097
Total	12,421	14,029	15,361	15,399	16,472	17,841
Total full-time undergraduates	32,728	35,998	40,304	44,837	46,022	47,835
% receiving scholarships	38,0%	39,0%	38,1%	34,3%	35,8%	37,3%

Source: Zgaga, 1998; MESS, 2003.

Table 6 shows that the proportion of full-time students receiving scholarships remained rather stable at a level close to 40%. Most scholarships are means-tested, which implies that they are designed to serve people from less well-off families. In 2001/02, the average amount of the state scholarships was 32.800 SIT (€155) and the average Zois scholarship amounted 39.000 SIT (€185). Thus talented students receive on average higher grants than needy students. Though the amounts have increased through the years, they have not fully kept pace with inflation.

In addition to publicly provided scholarships, there are also *company scholarships* offered by public and private organisations in relation to their (future) staff requirements. The only regulation attached to these aid packages is that the scholarships may not be lower than 30% of the guaranteed wage, minus tax and contributions (ESS, 2003). In 2001, about 4.750 higher education students benefited

from such scholarships. However, the number of company scholarships dramatically decreased between 1987 and 1994.

The government wants to further develop the student support system. A first step was the introduction of student loans (*posojila za študij*) in 1999 (ESS, 2003). Loans are offered on the basis of a contract between the student, the Ministry of ESS and a bank holding a concession (an interest subsidy) awarded by the Ministry of Labour, Family and Social Affairs. To be eligible, students must be Slovenian citizens, unemployed, under 27 at first enrolment and not receiving any type of scholarship. In practice, students seem to show little interest in these loans. This is probably the result of several factors including: 1) their recent establishment; 2) unfavourable borrowing conditions (despite the interest subsidy), and 3) students' involvement in part-time jobs.

Unemployed, full-time and part-time students not registered at the ESS are also eligible for in-kind support. For example there are about 9.000 places in public student residence halls and some 3.000 publicly subsidised private rooms. In addition, students may benefit from subsidised meals (coupon system), discounts on public transportation, discounts on cultural events (such as theatre tickets) and on subscriptions to sports clubs. Table 7 summarises the public effort made to (financially) support students. In the period 1997 to 2000, total student support amounted to nearly 20% of the state budget for higher education.

Table 7: Public budget for student support (in millions of SIT)

	1997	1998	1999	2000
Scholarships (estimation)	5,152	5,265	5,870	6,397
Subsidies for student housing	359	400	468	521
Meal plan subsidies	1,009	1,234	1,169	1,411
Public transport subsidies	460	504	612	756
Total student support	6,980	7,403	8,119	9,085

Source: Higher Education Master Plan (Uradni list RS, št. 20/2002)

Finally, higher education institutions themselves provide financial assistance for the purchase of textbooks and offer students computer facilities (Eurydice, 2001).

Role of parental contributions and students' own resources

What can be concluded from the previous section is that, to a large extent, students still must draw upon family resources in order to meet study costs and living expenses. In Slovenia, parents are officially financially responsible for their children (including undergraduate students) until they are 26. In this period parents are entitled to family allowances as well as tax benefits: for first children (students included) they get an 8% tax reduction and for each additional child an extra 2%. The tax reduction is increased by 4% if students are not studying in their home town. The amount also depends on family income. Parental contributions are particularly made in-kind, for example

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through offering room and board, paying for study materials, clothing and leisure activities.

More and more, students are taking on part-time work, particularly those studying part-time.

Development of private higher education

The 1994 reform of the Higher Education Act allowed private higher education institutions to be officially recognised in Slovenia. As a result, 7 private higher education institutions have been established since the mid-1990s. Between 1997/98 and 2001/02 the number of students enrolled in private higher education increased from 1170 to 4702. Though substantial in nominal terms, this figure still only represents 6.5% of all higher education enrolments.

In principle these students have to pay the full costs of instruction, but study programmes can receive a concession whereby the government pays the costs of the study programme. In this case tuition is not allowed. In fact, over the years most private institutions have applied for concessions and been granted one. Two thirds of private enrolments are part-time.

In March 2003 a third public university was established in the coastal area of Slovenia. A number of private higher education institutions were integrated in this third university. As a result, private higher education was reduced in size, both in absolute as well as in relative terms.

Conclusion

Traditionally parents and students have borne a substantial part of higher education costs in Slovenia, particularly if one includes living expenses. Though fulltime students do not pay tuition fees, part-time students do and the number of part-time students has increased considerably over the past decade. Coupled with the establishment of private higher education it is evident that cost sharing is pervasive.

Not all evidence however points to the same conclusion. Some private institutions were included in the new public university in 2003, reducing the private sector in size. The Slovenian government also wants to further expand higher education. One of the strategies to achieve this is to relieve the costs for students and their families. In practice, this may mean abolishing tuition fees for part-time students and also extending student support. However, if we take into account that Slovenia also wants to heavily invest in curriculum innovation, internationalisation and management structures in higher education, it remains to be seen whether public budgets will allow reducing the costs for students and their families.

Alternative ways may be required to expand higher education and simultaneously reduce inequalities between full-time and part-time students. A few options are open. First, the government may opt for a system of open access through expanding the

number of publicly subsidised full-time student places. This would give all potential students the opportunity to study full-time. Those who still want to study part-time could be required to pay tuition fees. A second option would be to introduce (moderate) tuition fees for full-time education (and adjust the rates in part-time education) though this would be a major step from a cultural/ideological point of view.

Reflection

The major findings in the four countries relating to the issue of cost sharing are summarised in Table 8 (page 173).

A major finding of Table 8 (and the previous country descriptions) is that the traditional idea of free higher education is eroding in three of the four countries. Though all maintain the principle of tuition-free full-time undergraduate higher education for those with the highest scores in the entrance examinations, more opportunities are opening for particular groups of students on a fee paying basis (e.g. part-time and self-financed students in public higher education as well as a growing number of students that enter private higher education). This development has been the strongest in Poland and the weakest in the Czech Republic.

Another conclusion to be drawn from the information presented above is that student support seems to be poor in most of these countries. Slovenia offers the best financial support for its students. Almost 50% of the students receive some type of scholarship. In view of the affordability of higher education, it may be seen as positive that most of the Slovenian scholarships are distributed among poor students rather than among the highest achieving students. In the other countries, particularly in the Czech Republic and Hungary, most scholarships are directed at the highest achieving students. If we accept from international literature that high achieving students more often come from relatively well-off backgrounds, then it should be reconsidered whether this is the best target group to receive the limited public resources available. Students in the best position to make a private contribution to their study costs and also expecting the highest future return from their degrees are those paying the least.

A further issue is that three of the countries admit high numbers of part-time students and self-financed students that pay for services provided free to full-time students. The major difference is that full-time students passed the entrance examination. However, part-time students are also considered to be able to complete a programme, otherwise they would not be admitted. Thus the distinction between fee-paying and non-paying students seems to be artificial and unfair. Taking into account that all graduates are likely to personally benefit from attaining a degree, it could be argued that the unequal distribution of costs between the two groups of students should be reduced through the introduction of tuition fees for full-time students. This would also substantially increase the funding base of higher education. Such a development, however, runs against tradition and may generate problems in terms of access to higher education. This would require additional attention to be given to systems of student support, particularly targeted at students from disadvantaged socio-economic backgrounds.

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Student loans are also available in three of the four countries. In Hungary and Poland there is considerable interest in taking such loans while in Slovenia students seem to be unwilling to take up loans. This partially relates to unfavourable borrowing conditions. Student loans are not provided in the Czech Republic, though banks make special offerings to students.

The development of private higher education is a final issue that deserves attention. All four countries have allowed private higher education institutions to develop. This has become a huge sector in Poland, catering about 30% of all higher education students, but is still relatively small in the Czech Republic (3%, but 7% in terms of new entrants in 2002). Hungary and Slovenia enrol 14% and 6.5% of their students in private higher education. Where the private sector is growing rapidly, special attention should be given to the quality of the degrees conferred.

All in all, the four countries show signs of increased cost sharing. This development is particularly due to the expansion of higher education, which will probably benefit socio-economic development in all four countries. The tendency is the strongest in Poland and, up to the beginning of 2003, the least in the Czech Republic. Recent debates in Slovenia call for policies in the opposite direction. In order to expand higher education, it has been proposed to make part-time study free of charge and to expand the system of student support. Some private institutions have been integrated into a new third public university. It remains to be seen to what extent the public budget can absorb the additional costs that such proposed new policies entail.

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Table 8: Summary of findings

	Czech Republic	Hungary	Poland	Slovenia
Tuition and other fees in Public higher education	Very limited	Considerable	Considerable	Considerable
Entrance examination fees	Yes (€20)	Yes (€22-€65)	No	No
Full-time undergraduate fees	No except for long term students	No	No	No
Part-time / self financed	No	Yes (40%)	Yes (65%)	Yes (32%)
Tuition fees		€860-€6000	€175-€2500	Up to €3000
Lifelong learning fees	Yes			
Student support	Limited / decreased	Limited	Limited	Fair
Means-tested scholarships	By institutions	Through institution (some)	10% of FT students up to €215 pm	25% of FT students €155 pm
Merit-based scholarships	By institutions	Through institution (most)	12% of FT students	13% of FT students €185
Company scholarships	No	No	No	10% of FT students
Loans	No	Yes	Yes	Yes (hardly used)
Health care support	For all students			Yes, most students
Dormitories	Yes	Yes		Yes
Travel subsidies	Yes, partly	No	Yes (50% discount)	Yes (17% discount)
Parents and students	High	High	High	Considerable
Financial responsibility	Yes	Yes	Yes	Yes
Child allowances	Up to 26 yrs	No	No	Up to 26 yrs
Tax benefits	Up to 26 yrs	Small	Small	Up to 26 yrs
Student jobs	Growing		Growing	Growing
Private higher education	Small	Fair	Substantial	Limited
Students enrolled (as %)	3%	14%	30%	6.5%
Level of fees	€1100-€4000	€300	€1200-€1600	0 to cost covering
Plic subsidies	Limited	Considerable	Limited	Considerable

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