

Research approach for the project  
“Public / private funding of higher education:  
a social balance”

International conference “The consequences of  
different cost-sharing scenarios in higher education”

Berlin, 28/29 February 2008

Astrid Schwarzenberger

## **1. A two-fold task**

2. Macro level

3. Micro level

## ***A two-fold task***

### **1. Comparison of cost-sharing approaches between countries: Macro level**

Total teaching-related expenditure on higher education

Country-specific approaches to cost-sharing

→ Expenditure from public and private side (households)

### **2. Comparison of different socio-economic groups of students: Micro level**

Cost-sharing scenarios according to a student's socio-economic background

Comparison of student prototypes within each country

→ students' income and expenditure; share of public support in this

## *A two-fold task*

### Support to households: basic definitions

- direct / indirect
  - direct: geared at students
  - indirect: geared at students' parents
- cash / non-cash
  - cash: increasing disposable income (e.g. grants, tax exemptions)
  - non-cash: decreasing expenditure (e.g. free public transport)

# *Agenda*

1. A two-fold task

**2. Macro level**

3. Micro level

## Macro level

Public funding	Private funding
<p><b>Teaching allocations to HEIs</b> (including teaching-related research)</p> <p><b>Support to households:</b></p> <p><b>Direct support (cash)</b></p> <ul style="list-style-type: none"><li>• Grants</li><li>• Student-specific tax exemptions</li><li>• Subsidies on loans</li></ul> <p><b>Direct support (non-cash)</b></p> <ul style="list-style-type: none"><li>• Subsidies for health insurance</li><li>• Subsidies for facilities</li><li>• Subsidies for transportation</li></ul> <p><b>Indirect support (cash)</b></p> <ul style="list-style-type: none"><li>• Child-related payments (child allowances and other benefits)</li><li>• Tax exemptions</li></ul>	<p><b>Student income*</b> (= grants, loans, parents' contributions in cash and in kind, paid work, any other income)</p> <p><b>minus direct support (cash)</b></p> <p><b>minus indirect support (cash)</b></p> <p>* Income used as proxy for expenditure</p>

### Specifications

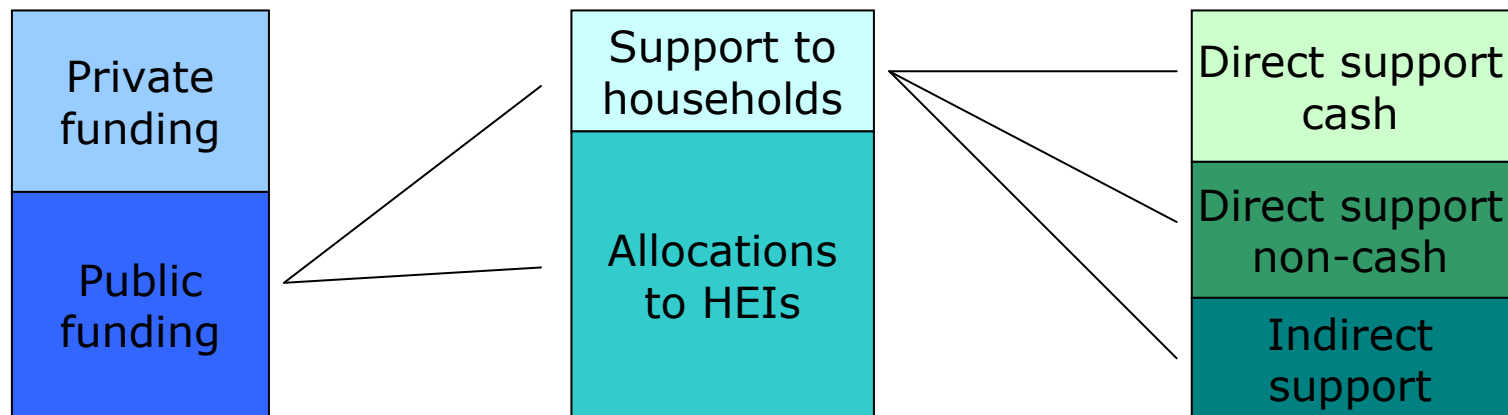
- reference year for international comparison: 2004 (adjustment for inflation)
- purchasing power standards used for international comparison
- average values: arithmetic mean
  
- ISCED classification: ISCED 5A and 6 only; 5B excluded
- private institutions included if they get any public funding
- foreign students included
- adjustment for full-time students

### Specifications (2)

- all support items for which child's student status plays a role
- no pension scheme payments / exemptions
- no administration costs
- no consideration of opportunity costs
- loan subsidy includes interest (also in grace and repayment period) and any default

### To be compared

- overall shares of public and private funding (of total)
- proportions of allocations to institutions and to households as part of the public funding
- respective shares of different types of support to households



- funding per capita – compared to average of the six countries

# *Agenda*

1. A two-fold task

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## *Micro level*

### Comparison of cost-sharing scenarios according to a student's socio-economic background

Comparison of student prototypes within each country:  
4 different socio-economic status scenarios;  
two sub-cases each: student living at home or not

→ For each of these 8 prototype sub-cases:  
students' income and expenditure  
and the share of public support in this

## Micro level

### Matrix for micro level (Cash-flow approach)

<b>Income</b>	<b>Expenditure</b>
<ul style="list-style-type: none"><li>• Grants</li><li>• Public loans</li><li>• Earnings</li><li>• Family contribution</li><li>• Other</li></ul> <p>Source: Eurostudent</p>	<ul style="list-style-type: none"><li>• Cost of study: Tuition fees, Social/administrational fees, Instruction material (no PC)</li><li>• Maintenance: Accommodation, Nutrition, Clothing, Personal care, Communication, Leisure, Travel / transport, Other</li></ul> <p>Source: Eurostudent</p>

Full matrix for micro level

Income	Expenditure
<ul style="list-style-type: none"> <li>• Grants</li> <li>• Public loans</li> <li>• Earnings</li> <li>• Family contribution</li> <li>• Other</li> <li>• Public subsidy: direct non-cash support (health care subsidies, subsidies for facilities and transportation)</li> </ul> <p>Source: Eurostudent; public subsidy calculations based on national data</p>	<ul style="list-style-type: none"> <li>• Cost of study: Tuition fees, Social/administrational fees, Instruction material (no PC)</li> <li>• Maintenance: Accommodation, Nutrition, Clothing, Personal care, Communication, Leisure, Travel / transport, Other)</li> <li>• Public subsidy: direct non-cash support</li> </ul> <p>Source: Eurostudent; public subsidy calculations based on national data</p>
<p><b>Public subsidies (of the above):</b></p> <ul style="list-style-type: none"> <li>• Direct cash support</li> <li>• Direct non-cash support</li> <li>• Indirect cash support</li> </ul> <p>Source: Eurostudent, national data, calculations based on EU-SILC / national data</p>	

### Specifications

- reference year for international comparison: 2004 (adjustment for inflation)
- refer to one year (not month)
- “a student is a student for 12 months”
- purchasing power standards used for international comparison
- average values: arithmetic mean
  
- Filter for Eurostudent data (→ “typical student”):
  - student of typical freshman age (OECD) +/- 3 years
  - students from public HEIs only
  - ISCED 5A students only
  - national students only
  - no severe disabilities

### Specifications (2)

- calculation of public support: income distribution: EU-SILC (Statistics on Income and Living Conditions)
  - four “income cases”: use EU-SILC data (quartiles) to establish four income groups
  - only households with children
  - entire household income
  - negative income cases excluded, no cutting off at extremes
- “bridge” between EU-SILC income distribution and Eurostudent data:
  - either via parents’ income included in Eurostudent
  - or via reasonable proxy (e.g. parents’ occupational and educational background, using SILC median income for each of these groups)

### Specifications (3)

- in essence: consider all support items for which the child's student status plays a role
- indirect support calculated for prototype family: two parents, married, both alive and living together, both working, only one child (i.e. the student)
- further assumptions where necessary (German case): rented accommodation, statutory health insurance, church taxes paid, one parent earns 50% of other's income, all income from employment

### To be compared (differentiating between housing situation and SES)

- Level of income, expenditure and public support
- Composition of income, expenditure and public support
- Support models: flat-rate or targeted by SES
- Public support as a percentage of student income

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