



*Conference Conversation Starter*

# A WEALTH OF NATIONS

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# Exploring the Nordic Region's experiences with international tuition fees

— *Daniel J. Guhr and Nelson Furtado*

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## PROLOGUE

About a decade ago, the Nordic Region would not have been considered a hot bed for discussions on international tuition fees. Yet by 2015, things have changed fundamentally. Two Nordic countries – Denmark in 2006 and Sweden in 2011 – have introduced tuition fees for students from outside the European Union (EU) and European Economic Area (EEA). Finland concluded a voluntary tuition-fees pilot in 2014 and has tentatively announced the introduction of international student tuition fees for 2016. Norway experienced two cycles of fee discussions, only to shelve the topic. Iceland remains the only country with a persistent no-fees approach.

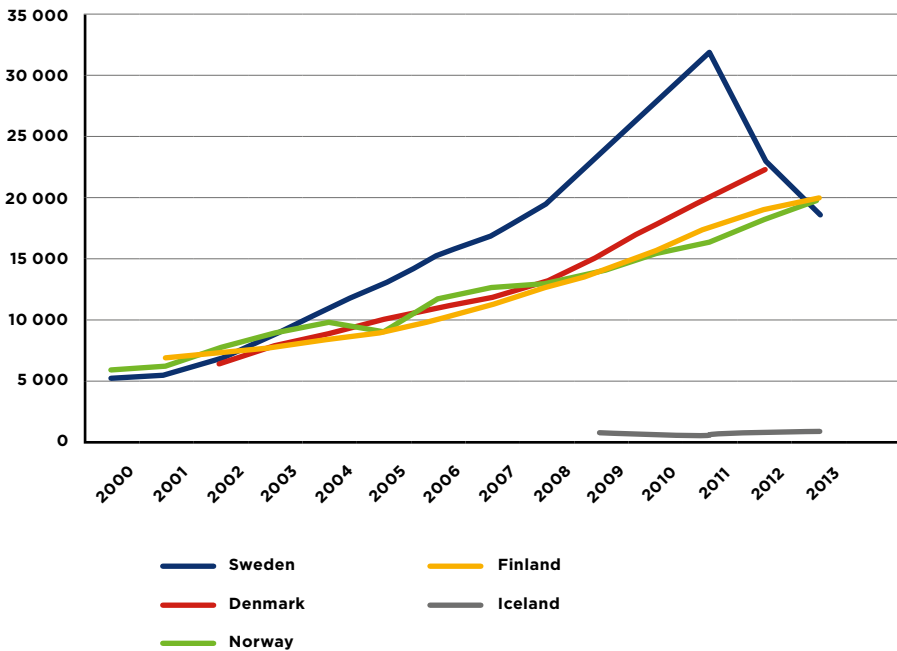
How and why did the Nordic Region relatively quickly become a locus for policy development on international tuition fees in Europe? What are the implications of this shift, both for higher education systems and for society as a whole? This article reflects on these questions in three ways. First, it comments on international student inbound mobility into the Nordic Region relative to fee developments. A second section discusses institutional and policy-making viewpoints with the aim to provide contextual perspectives. The article concludes with a discussion on what the move towards tuition fees in the Nordic Region means from a larger European vantage point.

## INTRODUCTION: INTERNATIONAL STUDENTS IN THE NORDIC REGION

In 2000, international degree-seeking student enrolments in four Nordic countries – Denmark, Finland, Norway, and Sweden – stood at around 5000 each, with a few hundred enrolled in Iceland. These figures are quite small when compared with enrolment figures for the same timeframe in, for example, the United States (around 515 000) or Germany (around 175 000).

Since then, Nordic countries have experienced strong enrolment growth. By 2013, the number of international degree-seeking students in the Nordic Region exceeded 80 000 – more than tripling the number of students enrolled in 2000, despite the enrolment drop of international students in Sweden following the introduction of tuition fees there in 2011. This rate of growth by far outstripped growth rates in countries such as the USA and Germany.

**Figure 3.1** INTERNATIONAL DEGREE-SEEKING HIGHER EDUCATION STUDENT ENROLMENT IN THE NORDIC COUNTRIES, 2000-2013



**Notes:** Only full-degree students are displayed for better comparability of national data sets. Data are not available for all countries for all years displayed.

Source: CIMO, SIU, UFM, UKA, UoI.

In the near future, the Nordic Region appears poised to host more than 100 000 international degree-seeking students. A large majority of these students will continue to enrol in English-language Master's programmes. Small cohorts can be expected to enrol in domestic-language Bachelor's programmes or emerging English-language Bachelor's programmes. Others will enrol in doctoral programmes, though these students often would be considered university employees, making enrolment comparisons difficult.

### INTERNATIONAL TUITION FEES IN DENMARK

Denmark introduced tuition fees for students from countries outside of the EU/EEA and Switzerland in 2006. The policy objective of introducing fees was to avoid subsidising higher education for non-EU/EEA students, as well as to attract talented international students with the help of scholarships. At the doctoral level, many

international students study under studentships or fellowships wherein they are treated by universities as salaried employees, with no tuition-fee responsibilities. However, those seeking Doctorate degrees may also enrol as ‘independent doctoral students’ not employed by the university, in which case they are responsible for funding their studies, including tuition fees.

Danish universities calculate international tuition fees on a cost basis and are entitled to set fees at cost-plus levels – with the surplus being allocated to scholarships or other student support measures. Students who are required to pay fees face annual tuition levels ranging from DKK 45 000 to DKK 125 000 (€6000 to €16 750<sup>1</sup>). Higher education in Denmark remains free of tuition for full-time domestic and EU/EEA students.

Danish universities are allocated government funds to provide merit-based scholarships for full-degree students from non-EU/EEA countries, with the funding ceiling for each university determined by the Danish Agency for Higher Education. International students are not eligible for student loans in Denmark.

In the year following the introduction of tuition fees, the intake of non-EU/EEA students declined 35% and has remained relatively flat since. The Danish Ministry of Higher Education and Science in 2012 indicate a total enrolment of just around 1200 fee-paying students. This low figure reflects differentiated institutional responses to tuition fees; some emphasised the recruitment of EU/EEA students, while others focused on incoming exchange students (who cannot be charged tuition fees).

The rising imbalance of incoming and outgoing exchange students did not go unnoticed by the Danish government. A few years ago, the government attempted to instil an ‘economic balance’ between incoming and outgoing students by proposing universities fund any imbalance out of their own budgets.

Another governmental policy response emerged in 2015 regarding the number of Master’s programme seats within Denmark: the introduction of enrolment caps for specific fields of study. These caps will apply to non-fee-paying and fee-paying students alike, despite the fees contributions of the latter.

## INTERNATIONAL TUITION FEES IN FINLAND

Since 2010, Finland has experienced the most complex tuition fees landscape of any Nordic – and for that matter, European – country. Currently, Finnish higher education institutions do not charge students tuition fees, regardless of nationality. During a 2010–2014 trial period, however, institutions *could* charge fees to non-EU/EEA students in Master’s programmes not taught in Finnish. In 2014, the Ministry of Education and Culture reported that nine universities and 10 polytechnics participated, charging fees for just over 40 programmes. The tuition-fees pilot programme also stipulated that institutions charging fees had to offer scholarships concurrently. Many Finnish institutions opted not to participate because they did not have the infrastructure in place to effectively disburse scholarships.

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1 Currency equivalencies throughout the essay reflect 10 June 2015 exchange rates.

An attempt to introduce international student fees more generally in 2014 ultimately was withdrawn before a vote in the Finnish Parliament. Following the national election in May 2015, the newly formed Finnish government proposed introducing tuition fees for non-EU/EEA students commencing degree studies (taught in English only) in Finland, most likely in the autumn of 2016, with a minimum fee level of €4000 per year. The proposal was opposed by student unions and the Union of University Researchers and Teachers. Most Finnish institutions, however, supported the introduction of fees, but wished to retain the authority to set fee levels themselves.

### **INTERNATIONAL TUITION FEES IN ICELAND**

Regardless of the nationality of a student, public institutions in Iceland do not charge tuition fees and only levy a small compulsory annual registration fee. For example, the University of Iceland charged a registration fee of ISK 75 000 (€500) for the 2014–2015 academic year.

Despite the absence of tuition fees, Iceland's flagship university, the University of Iceland, does not market itself as 'tuition free'. As Fridrika Hardardottir, the International Director, reports, the University's emphasis has been on building exchanges and recruiting degree-seeking students, mostly at the Master's level, but also at the doctoral level (specifically in programmes featuring English-language instruction).

In terms of exchanges, the University draws students through schemes such as the Erasmus+ and Nordplus programmes, as well as numerous bilateral agreements. Full-degree-seeking students are attracted by a variety of factors, such as the University's unique programmes, the novelty of studying in Iceland and the country's increasing economic development.

### **INTERNATIONAL TUITION FEES IN NORWAY**

Currently, Norwegian higher education institutions do not charge students tuition fees, regardless of nationality. In October 2014, the Norwegian government proposed introducing tuition fees for non-EU/EEA students in its 2015 budget – the second tuition-fee proposal after a rapidly terminated previous policy proposal. In particular, the proposal cut NOK 80.5m (€9m) in funding for universities and colleges, with the expectation that tuition fees would compensate for the difference.

The proposal was heavily opposed by higher education institutions, which believed fees would be detrimental to their efforts to attract international students. Student organisations, some of which considered international tuition fees a harbinger of fees for domestic students, likewise protested the change.

In a unique response, Norwegian universities proposed funding the budget cut on their own, rather than charging tuition fees, in effect rendering the government's income-offset expectation null and void. In November 2014, the Norwegian government announced the retraction of the proposal.

In 2015, policy makers affirmed that Norwegian higher education institutions would remain tuition-free for non-EU/EEA students. This decision was widely welcomed by Norwegian universities, which have to contend with one of the highest costs of living worldwide.

But not all Norwegian universities are tuition-free. The Norwegian Business School (BI) has charged tuition fees since its establishment as a private institution in 1943. BI enrolls around 10 500 students; approximately 1500 are international students, and around 750 enrol as degree-seeking students. Annual fee levels – for all students – run at NOK 70 000 (€8000) for Bachelor's programmes and NOK 75 000 (€8600) for Master's programmes.

### INTERNATIONAL TUITION FEES IN SWEDEN

In June 2010, the Swedish parliament voted in favour of a government proposal to introduce fees for students from outside the EU/EEA and Switzerland. Underpinning the move was the goal of ensuring the Swedish higher education system's competitiveness in terms of the quality of its education offerings, rather than a concern for attracting international students by continuing to provide free education for international students. Tuition fees came into effect in the fall of 2011.

The law granted Swedish higher education institutions the right to determine the level of fees to be levied, with a floor equal to the governmental contribution to a student seat. International tuition fees in Sweden range from SEK 80 000 to SEK 150 000 (€8600 to €16 000) per year, with a few more-costly outliers. International doctoral students are considered university employees; therefore, tuition fees do not apply.

Following the introduction of fees, non-EU/EEA student intake initially decreased by more than 50%, resulting in an enrolment drop of nearly 30%, according to data from the Swedish Higher Education Authority. Since then, some institutions (*eg* Lund University) have seen their non-EU/EEA enrolments increase following a substantial international recruitment push and targeted use of international scholarships.

In addition to existing Swedish Institute-administered scholarships, the government introduced two new merit-based scholarship programmes: The Swedish Tuition Fee Waiver and the Swedish Institute Study Scholarships. These programmes received a combined SEK 110m (€12m) in funding in 2012.

In the fall of 2014, a newly elected, minority Social Democratic national government briefly considered dropping fees before reversing itself. Many universities strongly opposed such a move, given their investments into a fee-based recruiting landscape. In addition, the government would have had to reimburse the institutions for a loss of fee income, which was politically not prudent in a time of budgetary pressures. Sweden offers a poignant case study on the enrolment impact of a hasty introduction of international tuition fees. The collapse of the non-EU/EEA student intake was substantially driven by timing issues: the window of less than half a year between the legal introduction of fees and the start of the recruiting cycle for the coming academic year proved fundamentally insufficient for most, if not all, Swedish universities.

Preliminary 2014 data suggests that Sweden will experience a more broadly based recovery of non-EU/EEA student intake, though the pre-fee heights of the 2011 will not be reached any time soon.

### **INTERNATIONAL TUITION FEES IN THE NORDIC REGION: STRATEGIC CONSIDERATIONS**

The Nordic Region was an unlikely candidate for the introduction of international tuition fees, yet it has moved ahead of much of continental Europe by either introducing fees or seriously discussing their introduction. It is quite possible that the entire Nordic Region will operate with fees – of varying levels and under distinct regulatory models – a decade from now.

The foremost driver for the introduction of tuition fees via governmental policy was the potential financial contributions from degree-seeking non-EU/EEA students. The reasoning was based on international students not having contributed to a given society's higher education infrastructure through (family) tax payments. Thus, tuition fees were seen to provide a social contribution equalisation function. It should be noted that the numbers of fee-paying international students in Denmark and Sweden have remained small. As a result, national tuition-fee revenues constitute a very small contribution to the overall higher education budgets in those countries.

Political optics matter, too, especially in the light of discussions on the future of respective welfare state models and their accessibility to non-citizens. Higher education seats in the Nordic Region are expensive to provide, and international students are increasingly assumed to be able to contribute the full cost of their education. Since international students do not vote or otherwise carry notable political clout, politicians encounter few structural obstacles to introducing international student fees.

A third driver has been the comparatively little-discussed need to properly price the attainment of a quality good such as a Master's degree from a Nordic university according to its proper 'market rate'. Tuition fees benchmarking can establish such rates (or ranges) for a given programme with a fair amount of precision, not least because many other peer programmes in long-standing tuition-fee systems have already been set according to this approach. In this sense, the Nordic Region is simply catching up.

The introduction of tuition fees in Denmark and Sweden, their impending introduction in Finland and the discussion in Norway have been accompanied by opposition to international student fees from student unions, academics and some politicians. Yet the developments of the last few years beg the question whether such resistance will be successful: it seems the tide has turned towards the introduction of tuition fees. Consequently, Nordic stakeholders would be well advised to focus on making fee introductions as smooth as possible, to develop proper programme-based fee levels, to introduce intelligent scholarship management, to reset marketing and recruiting efforts and to offer attractive, high-quality programmes.



## About the authors

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