

# Higher Education Finance and Cost-Sharing in Thailand

## I. Brief description of the Thai higher education system

Currently the higher education in Thailand is administered by the Ministry of Education. Prior to this, it fell under the aegis of the Ministries of University Affairs; and of Education; and the Office of National Education Commission. The government in Thailand spends nearly 25% of its total expenditure on education, which translates to 4.2% of GDP. In 2001, 20% of the total expenditure for education was used for Tertiary education. As of 2005, 46% of the relevant age cohort was enrolled in tertiary education (*Source: UNESCO Institute of Statistics*)

Thai education system is categorized under formal, non-formal and informal education. Formal education is further divided as basic education and higher education. Basic education covers 14 years of study up to upper secondary education and is provided free of cost. Higher education is provided by both public and private institutions and recently some public universities have been awarded autonomous statuses. The different types of higher educational institutes in Thailand include universities, technical institutes, colleges, vocational institutes and teacher colleges (*Source: World Higher Education Database*). These institutes are also divided into two levels – lower than degree level and degree level. Lower than degree level is primarily a Diploma granting institute, is usually vocational in nature and requires two years of study. Degree level programs take two years of study for students who have already completed Diploma courses, and four to six years for students finishing upper secondary education.

As of 2003 the number of higher education institutes in Thailand was as follows:

Degree	Total	Public	Private
Below Bachelors Degree (Diploma)	646	324	322
Bachelors Degree	208	131	77
Postgraduate Degree	66	39	27

*Source: Ministry of Education Thailand, National Report 2004, Forty seventh session of the International Conference on Education, Geneva, 8-11 September 2004.*

<http://www.ibe.unesco.org/international/ice47/english/Natreps/reports/thailand.pdf>

## II. Financing Higher Education in Thailand

Since the 1997 economic crisis, Thailand has seen some far reaching reforms across sectors – including reforms in higher education. As Savatsomboon (2006) states, neo-

liberalism was adopted as a reform strategy in Thailand as part of its commitment to the International Monetary Fund. There were several reforms initiated within this process, which encompassed deregulation and granting autonomy. Recently the Thai government has also moved towards the introduction of the Income Contingent Loan (ICL) or the Thailand Income Contingent and Allowance Loan (TICAL). This marks a shift from the previous philosophy of heavily subsidized social targeting platform in higher education towards a more cost-sharing platform. However, before we can look at the new cost sharing plan unveiled in Thailand, the previous model of higher education finance in Thailand requires a brief scrutiny.

Earlier, the Student Loan Scheme (SLS), prepared by the Ministry of Finance, was put in place in the academic year of 1996 (Ziderman, 2003). The scheme operated under cabinet regulation until the promulgation of the Student Loans Fund Act in March 1998. The objective was to ensure access for the poor to secondary and tertiary education by providing loans to needy students under extremely favorable repayment conditions (Ziderman, 2003). "Repayments are spread over fifteen years following a two year grace period, with the repayment percentage fixed at very low rates initially and rising progressively over time; repayments are in nominal terms and rate of interest charged is only 1 percent" (Ziderman, 2003, p.33). The central institution for administering loans in Thailand was the Student Loan Scheme Committee (SLSC) and its administrative office, the Krung Thai Bank (KTB). The eligibility criterion for loan recipients was household income; and the ceiling defining a low income family was set at 120,000 Baht in 1996. This was later raised to 300,000 Baht in 1997 and later reduced again to 150,000 Baht in 1999 (Ziderman, 2003). Repayment data of the first two cohorts (start of repayment from 1999 or 2000) indicates that "...about a quarter of the borrowers made payments considerably in excess of the amounts due, some even paying off the total loan and closing the account. Over a quarter of all borrowers failed to make a single repayment" (Ziderman, 2003, p.65). In 2003 Matichon newspaper reported that 33% of the 464,565 students whose loans were due were not making payments (Cited in Savatsomboon, 2004).

According to Ziderman (2006), there have been some major shortcomings of the loan scheme in operation as social targeting has not been as effective in reaching out to assist the poor. One of the issues was with the official family income ceiling which was set at nearly three times the family income ceiling officially designated to define poverty; thus allowing many non-poor students to receive loans (Ziderman, 2006). The other problem with this scheme was in allocating loans to universities based on number of students rather than being based on socio-economic profile of the student body. This led some institutions with large number of poor students to receive lesser funds, while some other institutions were able to receive funds for eligible, but not necessarily disadvantaged, students (Ziderman, 2006). An added problem came with autonomy, as some institutes were able to fashion the allocation of loans according to their needs. For example, institutes provided loans only for tuition for a large number of eligible students in order to attract more students, which included students that were not really disadvantaged. This meant that poorer students, who did get loans for tuition, were still denied access, as their living expenses were not taken care of (Ziderman, 2006). Yet another problem was that

the loan scheme expanded very rapidly and eventually led to budgetary cutbacks. This led to a situation where institutes preferred spreading the allocated loan budget quite thin to cover the maximum number of students. Consequently, the amount of loan that each individual received was below recommended levels, further affecting the economically disadvantaged (Ziderman, 2006).

Following much public debate and criticism, the Thai cabinet passed a resolution for a new loan scheme for Thailand. This new scheme, called the Thailand Income Contingent and Allowance Loan scheme (TICAL) is an attempt at moving towards cost sharing and is closely modeled on the highly successful Australian Higher Education Contribution Scheme (HECS). Under this format, repayment collection is to be assigned to the tax authorities and will be set as a percentage of current income, with a higher percentage being due on larger incomes (Ziderman, 2006).

Some of the salient features of the Income Contingent Loan scheme as laid out by the Thai Government are as follows (*Source:* <http://www.inter.mua.go.th/Database%20and%20Informations/ICL/Info.htm>):

- Under the ICL scheme the Government will decide on the basic and reference fees for all subjects taught in public and private higher education institutes.
- The reference fees will indicate how much the Government is willing to provide and how much the student is responsible for.
- Reference tuition fee will be adjusted according to cost of the discipline or on a group of institutions having similar standards.
- Proportion of coverage and responsibility of student and the Government is contingent on several factors like demand for the profession, demand of the labor market, social benefit and social value, profit for the student and income earning capacity of students. For the academic year 2006, the proportion breakdown is set at 50:50 for the government and for the students.
- The government will bear more responsibility (and hence more coverage) for disciplines like medicine, science, history or archeology. The objective is to encourage more students to participate in disciplines with some amount of shortfall. This type of coverage may change in the future depending on market demand and mechanism.
- Institutes will receive the tuition fees in full amounts whether the student decides to pay the full amount; or avail of discounts or income contingent loans.
- The Department of Revenue will keep track of these student's records, update the status of their debts and collect repayments whenever the threshold income is reached.
- From 2006, every first year student who passes the university admissions system will be eligible for ICL. Subsequently second, third and fourth years will become successively eligible.
- Poor students are eligible for ICL, and in addition, they can also avail of financial support to cover costs of living while studying.
- A guarantor is not required to avail of ICL as the ability to repay debt is determined by future earning capacity.

- Repayment is flexible at this point and is dependent on the student earning threshold level income (10,000 or 16,000 Baht per month). If the student is unemployed, he or she can request a deferral on repayment.
- Generally there is no interest rate applied however the Government can decide to impose interest on the debt depending on the fluctuations in the rate of inflation

**Thailand**  
**Higher Education Expenses Borne by Parents and Students**  
**First Degree, Academic Year 2008-09**

[National currency (Baht) converted to \$US by [xxx] purchasing power parity estimate  
 \$1 = xxx]

		Public			Private	
		<i>Low Public</i>	<i>Moderate Public</i>	<i>High Public</i>	<i>Low Private</i>	<i>High Private</i>
	Special "One-Time" or "Up Front" Fees					
<i>Instructional Expenses</i>	Tuition					
	Other Fees					
	Books & Other Educational Expenses					
	Subtotal Expenses of Instruction					
<i>Student Living Expenses</i>	Lodging					
	Food					
	Transportation					
	Other Personal Expenses					
	Subtotal Expenses of Student Living					
	<b>Total Cost to Parent &amp; Student</b>					

*Low Public*: typical community college tuition, living at home with parents.

*Moderate Public*: moderate public tuition, living in dormitory or shared apartment.

*High Public*: high public tuition, living "independent adult."

*Low Private*: low private tuition, living in dormitory or shared apartment.

*High Private*: high private tuition, living in dormitory or shared apartment.

### **Online Sources:**

<http://www.unesco.org/iau/onlinedatabases/index.html>

<http://www.inter.mua.go.th/Database%20and%20Informations/ICL/Info.htm>

[http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF\\_Language=eng&BR\\_Country=7640&BR\\_Region=40515](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF_Language=eng&BR_Country=7640&BR_Region=40515)

<http://www.ibe.unesco.org/international/ice47/english/Natreps/reports/thailand.pdf>

### **References:**

Ziderman, A. (2006) *Student Loans in Thailand: From Social Targeting to Cost Sharing*  
International Higher Education No. 42, Winter 2006

Ziderman, A. (2003) *Student Loans in Thailand: are they effective, equitable, sustainable?* Policy Research and Dialogue: Student Loans Schemes in Asia  
Volume 1 No. 1 UNESCO Bangkok

Savatsomboon, G. (2006) *The Liberalization of Thai Education: Point of no Return*  
International Higher Education No. 42, Winter 2006 Retrieved on 12/02/07 from  
[http://www.bc.edu/bc\\_org/avp/soe/cihe/newsletter/Number42/p9\\_Savatsomboon.htm](http://www.bc.edu/bc_org/avp/soe/cihe/newsletter/Number42/p9_Savatsomboon.htm)

Savtsomboon, G. (2004) *Student Loan Financing in the University Sector in Thailand*  
International Higher Education, Spring 2004.