

Higher Education Finance and Cost-Sharing in Austria

I. A Brief Description of Austrian Higher Education System

The Austrian higher education sector is comprised of universities, fine-arts universities (formerly fine arts colleges), Fachhochschulen and other postsecondary institutions, all of which are mainly funded by the federal government. There are a total of fifteen public universities that enrolled 184,000 students in 2003. These include six classical universities, two technical universities, four specialized universities and three independent medical universities that had previously been part of existing universities. There are also six public colleges for arts and music that were declared to be arts universities in 1998. In 2003, they enrolled 8,000 students. The Danube-Universitaet Krems (The University Centre for Further Education and Training) was established in 1994 to provide university-level post-graduate education and training. It is funded by the federal government and the provincial government of Lower Austria.

The Fachhochschulen (Universities of Applied Sciences) were established in 1993 (opening in 1994/95) as an alternative to the existing university studies. Fachhochschulen offer technical, practically-oriented, vocational training courses lasting a minimum of six semesters in Engineering and Technology, Business and Economics, Tourism, or Media Studies. Fachhochschulen may be established by federal or district governments or by private bodies. Enrollment in the Fachhochschulen increased from 695 students in 1994/95 to 9,977 in 1999-2000 and 20,591 in 2003/04.

The 2002 Universities Act “Universitätsgesetz” granted universities complete autonomy from the state to handle their internal affairs and draft their statutes, although the state continues to finance them. The federal government will contribute an annual lump sum amount through 2006 after which the budget allocated to universities will depend on performance agreements, which are negotiated every three years.

A 1999 federal law provides for state recognition of private institutions of higher education. There are 7 private universities that have been accredited (as of 2005). The first so recognized is the former University of Catholic Theology in Lunz. The US-based International University and Webster University also operate campuses in Austria, offering traditional American undergraduate liberal arts supplemented by professional studies. As private, not-for-profit institutions, they finance their operations through student tuition, gifts, and the sale of services and receive no financial support from the government.

II. Tuition fees

Before 2000, university students had free access to the universities, as tuition fees at state-run higher education institutions were abolished in 1972 by the Higher Education Tuition Fees Law (Hochschultaxengesetz).⁴ However, the government made the startling announcement in the fall of 2000 that universities would begin charging tuition fees. Starting in the fall of 2001, students of both universities and Fachhochschulen were

required to pay a so-called "study contribution" of 10,000 Austrian Shillings (ATS) [EURO 727 or US\$746]¹.

Not surprisingly, the inauguration of tuition--the first in recent years in a German-speaking country--has been criticized. University leaders were generally caught off-guard. Although the initial tuition is modest, student leaders object to the very principle of tuition. Furthermore, as the expected revenue stream from the new tuition is equal to the revenue cutback in the 2001 state budget for the universities, the tuition fees are seen as benefiting not the universities, but either other governmental programs or the Austrian taxpayer.

III. Loans and student support

The government finances a number of direct and indirect financial aid programs to students and a recent shift from indirect to direct support can be observed (Eurydice, 2003). The indirect aid, which is not means-tested, includes family allowances, insurance coverage under parents' health insurance or self-insurance, statutory accident insurance, and tax breaks granted to parents whose children study in the tertiary sector. Direct aid outlined in the 1992 "Studienförderungsgesetz" (Student Support Act) is means-tested and linked to academic performance², and includes study grants transportation allowances, travel allowance, aid for studies abroad etc. The maximum study grants ranges from Euro 424 per month (2005) for single students to Euro 666 for students with children and is paid over the entire calendar year.

Several social policy measures were introduced in the 2001/02 academic year to compensate for the introduction of tuition fees. These included the introduction of additional financial aid allocations, the extension of the scope of students entitled to receive study grants and the introduction of subsidized loans. In 2004/05, more than 47,000 students received financial aid and, of these, approximately 44,250 received study grants. As part of these changes, study allowances were introduced for needy students to help pay for tuition fees. Study allowances are applied for at the same time as study grants. The specific amount is based on the degree of need demonstrated by the individual student and is calculated using similar parameters to those used for study grants. Those students who are not eligible for study grants may apply for subsidized bank loans to pay their tuition fees, whereby the government pays approximately 2 percent of the interest, to cover tuition fees for a maximum of 14 semesters

¹ As in 2003, general fees for universities and vocational colleges are €363 per semester for students from Austria and other EU and EEC countries, and €727 for foreign students from the rest of the world. There are comprehensive rules for students from developing countries and from Central and Eastern European reforming countries or for students in mobility programmes (Eurydice, 2003).

² A satisfactory academic performance means that examinations have been passed according to curricula, and that the legal duration of studies has not been significantly exceeded.

IV. Estimated Expenses of Higher Education

Table 2
Higher Education Expenses in Austria Borne by Parents and Students
First Degree, AY 2004-2005 (10 months)

[Euros converted to US\$ by 2004 Purchasing Power Parity conversion \$1 = 0.892 Euro]

		<i>Low Public</i> ¹ AY 2004-05	<i>High Public</i> ² AY 2004-05
<i>Instructional Expenses</i>	Student Fees	Euro 27 [US\$ 30]	Euro 27 [US\$30]
	Tuition	Euro 727 [\$815]	Euro 727 [\$815]
	Books & Other Educational Expenses	Euro 500 [\$560]	Euro 500 [\$560]
	Subtotal Expenses of Instruction	Euro 1,255 [\$1,405]	Euro 1,255 [\$1,405]
<i>Student Living Expenses</i>	Lodging	0	Euro 2,500 [\$2,800]
	Food	Euro 500 [\$560]	Euro 2,000 [\$2,240]
	Transportation	Euro 400 [\$448]	Euro 400 [\$448]
	Other Personal Expenses	Euro 500 [\$560]	Euro 500 [\$560]
	Subtotal Expenses of student living	Euro 1,400 [\$1,570]	Euro 5,400 [\$6,050]
Total Cost to Parent & Student		Euro 2,655 [\$2,976]	Euro 6,655 [\$7,460]

1. *Low Public*: living at home with parents.

2. *High Public*: living in a student hostel (based in part on estimates from Vienna University of Technology costs of student living)

* OECD (March, 2005). Purchasing Power Parities. Retrieved 3/24/05 from <http://www.oecd.org/dataoecd/61/54/18598754.pdf>.

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GF, FZ, DBJ, 10/29

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PNM (updated, 1/9/05)