

# Higher Education Finance and Cost Sharing in France

## I. A Brief Description of French Higher Education

The higher education system in France is quite complex<sup>1</sup> and is composed of more than 3,500 public and private institutions including (Chevaillier and Paul 2006):

- Eighty-four public universities with three types of university institutes (institutes of technology, teacher training institutes, and professional university institutes). The universities are also the sites of research, often in connection with the independently funded and administered national research agencies, particularly the Centre Nationale de la Recherche Scientifique (CNRS). All of the classical universities are public and faculty members are considered civil servants.
- Nineteen private universities and colleges.
- Five hundred public, private or mixed higher schools (*grandes écoles*) including teaching (*écoles normales supérieures*), engineering (*écoles d'ingénieur*), business (*écoles de commerce*), agriculture, veterinary medicine among others. These are highly selective, prestigious, and generally quite small institutions that serve as gateways to the highest status positions in management, engineering, public administration and education. They are organizationally and administratively disparate: some are under the education ministry, others are under other ministries and some are even operated by chambers of commerce.
- Independent institutions with short programs in health and social services.
- Short cycle technical institutions (*sections de techniciens supérieurs*) that award *Brevet de Technicien Supérieur (BTS)*.
- Two year post-bac higher education diplomas and institutions (upper secondary schools) that hold preparatory programs (*Classe Préparatoire aux grandes écoles - CPGE*) for students planning to take the entrance exams to the *grandes écoles*.

The new LMD (Licence, Master, Doctorate) system was set up in French universities in 2006/07 in line with the Bologna Declaration to facilitate student mobility among European countries and disciplines. The first degree, the Licence, is equal to three years of study, the Master's to two additional years and the Doctoral to three additional years beyond that.

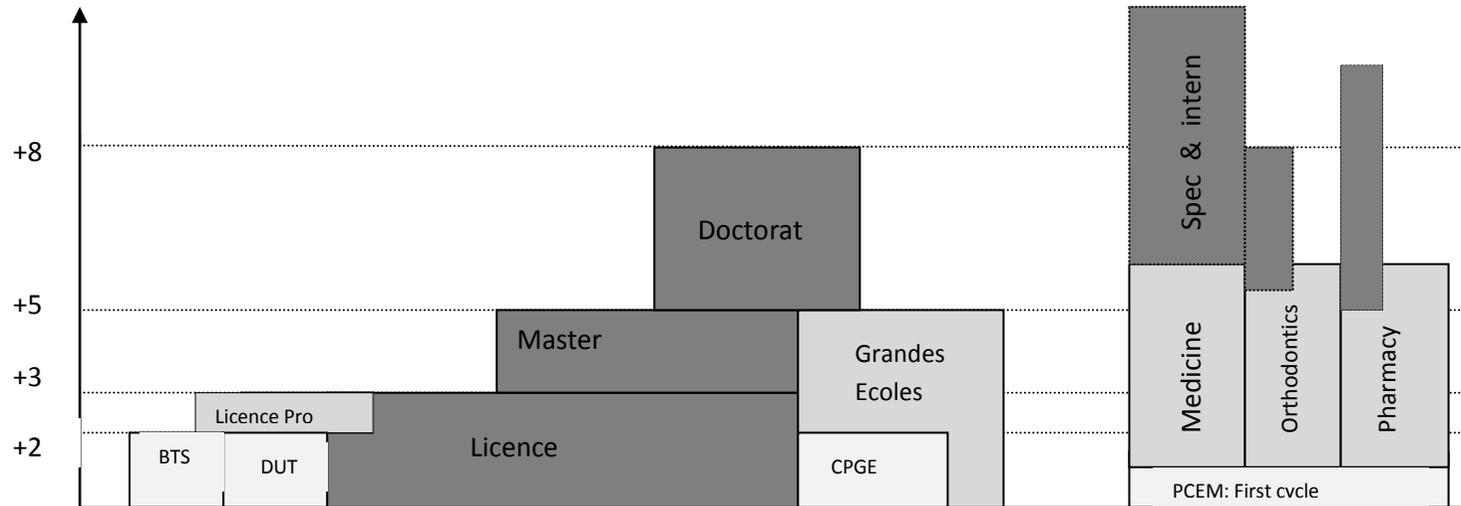
Admission to the universities for the Licence is open to all holders of the academic secondary school (*lycée*) leaving certificate (the *baccalauréat*). Admission to the *grandes écoles* is extremely selective and competitive and generally, but not always, takes place after two or more years of preparatory classes following the receipt of the Bac (*CPGE* classes).

In 2007, 2,258,001 students were enrolled in higher education compared with just over one million in 1980. Of these 2+ million, 1.3 million were enrolled in universities; 113,000 in university institutes of technology (IUT); 235,500 in two year higher education diploma programs (in a “section de technicien supérieur”); and 506,500 in other public and private higher education institutions including the highly prestigious *grandes écoles* and in the post-Bac high school-based preparatory classes (*Classe Préparatoire aux Grandes Écoles – CPGE*) (Ministère de l'Enseignement supérieur et de la Recherche 2007).

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<sup>1</sup> Chevaillier and Paul (2006) attribute this complexity largely to the long standing tradition in France of creating specialized new institutions to address new needs. Comprehensive universities were not created in France until the latter half of the 20th century.

**Figure 1. French Higher Education System.**



BTS: Brevet de Technicien Supérieur  
 DUT: Diplôme Universitaire de technologie  
 CPGE: Classe Préparatoire aux grandes écoles

Source: Schéma des études supérieures en France. Ministère de l'Enseignement Supérieure et de la Recherche, website: [www.enseignement-sup-recherche.gouv.fr](http://www.enseignement-sup-recherche.gouv.fr)

The universities, and IUTs charge fees of about Euro 150 for the first degree. Fee levels are set by ministerial order for all programs leading to national degrees and these levels may differ by program. Universities may set their own fee levels for programs that do not receive funding from the Ministry of Education (Chevaillier and Paul 2006). Some of the public grandes écoles charge substantial tuition fees (Euro 5,300, for example, at the Sciences Po in Paris) for their own diplomas, however students who are studying for a national degree only have to pay the regular university fee (Chevaillier and Paul 2006). In all cases, fees are waived or reduced for students receiving means tested financial support from the state, which is based on annual parental income<sup>2</sup>. Private higher education institutions charge fees ranging from Euro 1,450 to Euro 5,800 per year.

In addition students have to pay the mandatory health insurance fee, approximately Euro 350, as well as various other small documentation and student activity fees totaling not more than Euro 50.

### **Grants**

More than half of all French higher education students receive means-tested grants based student and parent income, and other criteria i.e. family income, the number of children in the student's family, whether the student resides at home or not, the location of the higher education institution and the student's program level (Eurostudent 2008). To be eligible for grants, students must be under 26, pursuing national diplomas or recognized university diplomas and enrolled full time. Grants account for eighty-four percent of total public support, scholarships from other public sources for 14 percent, and loans for only 2 percent. In 2006, 32 percent of the total students enrolled received grants. As of 2008, the individual grants range from Euro 1,424 to Euro 4,019 per year and depend on

In 2008, the French system introduced a new merit grant to replace the old. The new merit grant aims to promote excellence in all domains and to pay more attention to middle class students. The merit grant is given as a supplement to eligible students who are already benefiting from the means-tested grant or who do not receive the means tested grant, but are eligible for a tuition fee waiver by virtue of their families' income level. Merit grants are awarded for three years and are €200/month (website: Ministère de l'Enseignement supérieur et de la Recherche).

### **Student loans**

Students who are not eligible for grants may apply for interest free means-tested government loans (*Prêts d'honneur*), which are allocated by the Centres Régionaux des Oeuvres Universitaires et Scholars, public establishments under the Ministry of Higher Education that are charged with providing student services and ensuring access. The loan amounts are quite modest and consist of a one-time disbursement of approximately 2,000 €. Only about 2 percent of higher education students, or 4,000 students, avail themselves of these loans. (Eurostudent 2008).

While commercial banks have made up to 60,000 student loans in France, these have generally been to wealthier students in the Grands Ecoles whose parents were able to provide a guarantee and/or collateral. A new government guaranteed loan was introduced in the fall of 2008 for all students under 28 years old that will be originated by participating banks to cover fees and living costs. The new loan is not means tested nor does it require student/family guarantees or collateral and is instead guaranteed by a government guarantee fund (5 million Euros allocated for 2008-09 to leverage 140,000 loans) managed by OSEO, a public risk-sharing facility that reports to the Ministry for Economy, Finance and Industry and to the Ministry for Higher Education and Research. OSEO will take on a part of the default risk by guaranteeing 70 percent of each loan not including interest

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<sup>2</sup> At the Sciences Po, for example, students whose parents earn less than Euro 15,000 do not pay any tuition fees.

accruals. The government will make annual contributions to the guarantee fund. Students may borrow up to 15,000 Euros over the course of their studies. Banks may refuse to give loans to students that do not display the academic and professional seriousness necessary to ensure repayment.

A total of 20,000 loans were made in the first four months of the program with an average size of 7,500 Euros and a total of 60,000 are expected to be made in the course of 2009. Loans must be repaid within 10 years of the loan's origination. During the in-school years, the student can choose to pay only the insurance premiums or the premiums plus interest. The interest rate on the loans ranges from 3.8 to 4.5 percent depending on the bank. The new loan is expected to eventually replace the prêts d'honneur.

### *Child allowances and tax breaks*

The government provides French families with child allowances based on the number of children studying and tax deductions. (Kaiser 2007). Parents are legally financially responsible for their children until the age of 18 and continue to receive child allowances and tax breaks until their children reach the age of 26. Few students (13 percent) work during the academic year, while almost half (46 percent) work during their summer vacations.

## **II. Estimated Expenses of Higher Education in France**

### **Higher Education Expenses Borne by Parents and Students**

First Degree, Academic Year 2006-07 (9 months)

[National currency, Euros, converted to \$US by 2005 International Comparison Program PPP of \$1 = Euro 0.9225]

		<i>Public</i>			<i>Private</i>	
		<i>Low Public<sup>a</sup></i>	<i>Medium Public<sup>b</sup></i>	<i>High Public<sup>c</sup></i>	<i>Private<sup>d</sup></i>	<i>High Private<sup>e</sup></i>
<i>Instructional Expenses</i>	Fees	€150 [US\$138]	€270 [US\$249]	€0	€0	€0
	Tuition	€0	€0	€5,300 [US\$4,889]	€4,500 [\$4,151]	€7,500 [\$6,919]
	Other Fees	€ 50 [\$46]	€ 50 [\$46]	€ 50 [\$46]	€ 0	€0
	Health Insurance	€ 350 [\$323]	€ 350 [\$323]	€ 350 [\$323]	€ 350 [\$323]	€ 350 [\$323]
	Books & Other Educ Expenses	€450 [\$415]	€450 [\$415]	€450 [\$415]	€450 [\$415]	€450 [\$415]
	Subtotal Expenses of Instruction	€1,000 [\$923]	€1,120 [\$1,033]	€6,150 [\$5,673]	€5,350 [\$4,935]	€8,350 [\$7,703]
<i>Student Living Expenses</i>	Lodging	0	€2,660 [\$2,454]	€3,000 [\$2,768]	€3,500 [\$3,229]	€4,200 [\$3,875]
	Food	€900 [\$830]	€1,800 [\$1,661]	€1,800 [\$1,661]	€1,800 [\$1,661]	€2,000 [\$1,845]
	Local Transportation	€405 [\$374]	€780 [\$720]	€780 [\$720]	€780 [\$720]	€1000 [\$923]
	Other Personal Expenses	€1,800 [\$1,661]	€1,800 [\$1,661]	€2,000 [\$1,845]	€1,800 [\$1,661]	€2,000 [\$1,845]
	Subtotal Expenses of Student Living	€3,105 [\$2,864]	€7,040 [\$6,494]	€7,580 [\$6,992]	€7,880 [\$7,269]	€9,200 [\$8,487]
	<b>Total Cost to Parent &amp; Student</b>	€4,105 [\$3,787]	€8,160 [\$7,528]	€13,730 [\$12,665]	€13,230 [\$12,205]	€17,500 [\$16,190]

- a. **Low Public:** universities, living at home with parents.
- b. **Medium Public:** higher cost programs (business) offered by universities, living in public university residence halls, meals at the university canteen and school restaurants
- c. **High Public:** State grandes écoles (Institut d'études politiques – Sciences Po) though fee levels set this high are an exception. In fact, students who are studying for a “national degree” as opposed to the institute’s own diploma pay a lower university fee.
- d. **Private:** Grandes écoles *consulaire* (or semi-private, charging tuition), living in university residence halls, single room; meals at university restaurants.
- e. **High Private (Paris):** high private tuition, living in Paris in independent room (private residence halls or studios), prepare own meals.

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OSEO

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