

Higher Education Finance and Cost-Sharing in Norway

I. A Brief Description of the Higher Education System in Norway

In Norway, the higher education system is relatively large, and the population is highly educated compared to many other OECD countries. In 2003, 40 percent of the Norwegian population aged 25-34 had completed tertiary education compared to the OECD average of 29 percent (Clark et al., 2006). During the early 1990s Norway's tertiary education system expanded relatively rapidly as a result of rising demand from young people in the face of a difficult labor market (Clark et al., 2006).

Many Norwegian students choose to take a year off from the educational system and to work or travel or take a year at a non-academic educational institution after graduating from upper secondary education. Therefore, Norwegian students on average are older when they enter higher education (Opheim, 2007). Once they do enter public higher education, they tend to study full time.

In 2003, the degree system was restructured, and streamlined and simplified as part of the Bologna Process (Clark et al., 2006). The main structure follows the 3-year bachelor's degree, 2-year master's degree, and 3-year PhD degree model with a few exceptions (Ministry of Education and Research, n.d.[a]).

Higher education in Norway is composed of 7 universities (all state-run)¹, 6 specialized institutions at university level (5 state-run and one private)², and 26 university colleges (24 public and 2 private). University colleges and universities are the two largest parts of the system. University colleges account for 47 percent of all students, and universities have about third of all students (Clark et al., 2006). The differences between the types of higher education institutions are mainly related to their self-accreditation rights. Universities can offer study programs at all levels without external accreditation, while university colleges must apply to the Norwegian Agency for Quality Assurance in Education (NOKUT) for accreditation of study programs at the master's and PhD levels (Ministry of Education and Research, n.d.[a]).

The university colleges were formed in 1994 from mergers of a large number of smaller institutions. Initially referred to as state colleges, the title was changed to university colleges by an Act of the National Assembly following lobbying from staff (Clark et al., 2006). University colleges focus on courses with a strong professional orientation such as engineering, nursing, social work and so on. The program lengths vary from one to five years. In general, the university colleges do not have a research focus, and receive little in the way of competitively awarded research grants. Several university colleges offer master's programs and three have the right to award doctorates in one or more subjects (Ministry of Education and Research, n.d.[b]; Clark et al., 2006).

The specialized institutions at the university level are composed of schools of economics and administration, music, sport sciences, veterinary science, architecture and design, and theology (Ministry of Education and Research, n.d. [b]).

Additionally, there are 25 private higher education institutions that receive public funding for all or some of their programs (Ministry of Education and Research). Private higher education institutions have no self-accreditation rights. These institutions provide study programs that are accredited by the Ministry of Education and Research. Most of the institutions are small, and provide courses within specific academic fields, mainly lower degrees. A small number provide course programs for higher degrees, and also have considerable research activity. The largest fields within private higher education are economics and business administration, ICT studies, theology, health care and teacher training. The Norwegian School of Management is by far the largest in the private sector, and has almost half of all students in Norwegian private colleges (NOKUT 2003, cited in Opheim 2004).

Compared to other countries, the system is well integrated. There are few barriers to the recognition of credits and study programs between institutions. Students are able to transfer between institutions, both of the same type and of different types, with little difficulty (Clark et al., 2006).

In addition to the higher education institutions described above, a new Act in 2003 established a tertiary vocational education sector as an alternative to higher education. The Higher Education Entrance Qualification is not required. This sector is still quite small. Institutions offer six month to two year courses (Ministry of Education and Research, n.d.[c]; Clark et al).

Higher education enrollment in 2007 totaled 208,432 (126,858 women and 81,574 men), including 85,780 in universities, 6,342 in specialized institutions at university level, and 116,310 in university colleges (Statistic Norway, 2008). Thirty-two percent of the 19-24 age cohort are in higher education (Statistic Norway 2007). Only 12.5 percent of the students are enrolled in private institutions of higher education (Ministry of Education, n.d. [d]).

The education budget in 2004 was equal to 6.8 percent of the GDP, one of the highest figures in the OECD (Opheim, 2007).

The Ministry of Education and Research proposes budgets to the National Assembly that determine the annual funding level for each institution, and in turn these funding levels play a significant role in determining the institutions' admissions levels. The Ministry sets admission levels for only a small number of programs, mainly in the paramedical professions and the two small national institutes of the arts. Other government agencies include the Research Council of Norway (RCN), which allocates research funds both to tertiary education institutions and to research institutes; NOKUT, which is responsible for auditing institutions' quality assurance systems, for discipline and program evaluations and for institutional accreditation; and the Norwegian Centre for International Co-operation in Higher Education, which promotes international co-operation in education and research and co-ordinates efforts. Other key actors are the Norwegian Council for Higher Education, which represents the rectors of the universities and

university colleges in discussions with the government, a comparable Network for Private Higher Education Institutions, and organizations that represent students and staff (Clark et al., 2006).

Public higher education in Norway is free. The institutions may ask a small term fee for the running of student welfare activities. Private higher education institutions charge tuition fees to their students depending on the amount of state funding that they receive (Opheim, 2004).

The Norwegian State Educational Loan Fund (Lånekassen) was established in 1947 to promote equal opportunities regardless of geographical condition, age, gender, and economic and social background. In 2005-06, NOK3.2 billion [\$0.36 billion]¹ was allocated as grants and NOK13.8 billion [\$1.57 billion] was given as loans (The Norwegian State Educational Loan Fund, n.d.). Student living with their parents are not entitled to grants but may receive loans (NOKUT, 2007, as cited Opheim, 2007). Means testing of the parents' income for loans was discontinued in the early 1970s. (The Norwegian State Educational Loan Fund, n.d.). Grants, however, are means-tested, and may be reduced if the student receives social benefits, possesses substantial assets or earns more than NOK108,680 [\$12,350] per year. Loans are interest-free during the study period and all students are entitled to financial aid for a maximum of eight years. Students may receive a maximum of NOK80,000 [\$9,090] in annual student support. Initially, the basic amount is given as a loan but, upon completion of studies, part of it is converted into a grant (to a maximum of 40 percent). The actual proportion depends on a student's success in completing his/her studies. A student who takes up the full annual student support of NOK80,000 [\$9,090] and who follows normal study progression (no study delays) will end up with an annual sum of NOK32,000 [\$3,636] in student grants and NOK48,000 [\$5,455] in student loans. There are no differences between families from different socio-economic backgrounds in terms of levels of state support (Opheim, 2007).

¹ All conversions are made using 2007 ppp estimate of \$1 = 8.80 NOK.

II. Estimated Expenses of Higher Education in Norway

Higher Education Expenses Borne by Parents and Students First Degree, Academic Year 2008 (10 months)

[National currency NOK, converted to \$US by 2007 purchasing power parity of \$1 = NOK8.80]

		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	0	0	0	0	0
<i>Instructional Expenses</i>	Tuition	0	0	0	0	NOK49,800 [\$5,659]
	Other Fees	NOK600 [\$68]	NOK1,080 [\$123]	NOK1,200 [\$136]	NOK2,600 [\$295]	NOK3,500 [\$400]
	Books & Other Educational Expenses	NOK3,200 [\$365]	NOK5,600 [\$636]	NOK8,000 [\$909]	NOK3,200 [\$364]	NOK8,000 [\$909]
	Subtotal Expenses of Instruction	NOK3,800 [\$432]	NOK6,680 [\$759]	NOK9,200 [\$1,045]	NOK5,800 [\$660]	NOK16,480 [\$1,873]
<i>Student Living Expenses</i>	Lodging	0	NOK22,000 [\$2,500]	NOK42,000 [\$4,775]	NOK22,000 [\$2,500]	NOK42,000 [\$4,775]
	Food	NOK9,000 [\$1,032]	NOK18,000 [\$2,045]	NOK25,200 [\$4,773]	NOK9,000 [\$1,023]	NOK25,200 [\$2,864]
	Transportation	NOK3,600 [\$409]	NOK4,300 [\$489]	NOK6,000 [\$682]	NOK3,600 [\$409]	NOK6,000 [\$682]
	Other Personal Expenses	NOK12,000 [\$1,364]	NOK12,000 [\$1,364]	NOK15,400 [\$1,750]	NOK12,000 [\$1,364]	NOK15,400 [\$1,750]
	Subtotal Expenses of Student Living	NOK24,600 [\$2,795]	NOK63,500 [\$7,216]	NOK88,600 [\$10,068]	NOK46,600 [\$5,295]	NOK88,600 [\$10,068]
Total Cost to Parent & Student		NOK28,400 [\$3,227]	NOK70,180 [\$7,975]	NOK97,800 [\$11,110]	NOK52,400 [\$5,955]	NOK105,080 [\$11,941]

Low Public: living at home with parents.

Moderate Public: living in single room student hostels, or double room dormitories

High Public: living in single room dormitories

Low Private: low private tuition, living in single room student hostels or double room dormitories

High Private: high private tuition, living in single room dormitory.

Other fees: registration fee and copy fees, admission fee

Notes

1. State-run universities: University of Oslo, University of Bergen, Norwegian University of Science and Technology (NTNU), University of Tromsø, University of Stavanger, Norwegian University of Life Sciences (UMB) and University of Agder.
2. State-run institutions: Norwegian School of Economics and Business Administration, Norwegian Academy of Music, Norwegian School of Sport Sciences, Norwegian School of Veterinary Science, and Oslo School of Architecture and Design.

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Updated June 2008