

# Higher Education Finance and Cost-Sharing in Sweden

## I. A Brief Description of the Swedish Higher Education System

The higher education system in Sweden is very much a function of several national characteristics including its small population, ethnic, religious, and cultural homogeneity, political stability and an ideology of democratic socialism, preference for social benefits for all, coupled with progressive income taxes, strong central government and relative affluence (Johnstone, 1986:87). These characteristics have meant that social equality in higher education is an important objective in many policies and reforms over the past fifty years that are aimed not just at eliminating financial barriers to education, but also at actively drawing students from underprivileged social backgrounds into the higher education system (Eurydice, 1999:169).

The most important of these were the financial reforms of the mid-1960s and the reforms enacted in the Higher Education Act of 1977. The former included the creation of a new support system made up of grants and loans that enshrined the principle of student financial independence from their parents. The latter reforms included the establishment of a unitary system of higher education that used, to some extent, age and work experience as a partial alternative to academic credentials for access to higher education, the establishment of six higher education regions, each with a university, to decentralize planning and decision making and the establishment of new governing units with members from the faculty, the student body, nonfaculty employees and the public (Johnstone, 1986:89).

More recently, in 2001, the Parliament passed an open higher education bill to broaden access and introduce new paths to higher education. As part of its efforts to broaden access, the government has stated its objective of seeing that 50 percent of each age cohort embark on higher education by the age of 25 (Salerno 2002, 21). In 2003/04, the participation rate was approximately 47.3 percent (Hogskoleverket 2005).

In Sweden all higher education is undertaken at universities and university colleges with no distinction made between university and non-university education (Ortelius, 2002, website). Ninety percent of undergraduate studies, post-graduate studies and research are carried out at the 13 state universities and the 23 university colleges. Alongside the public universities and colleges there are a small number of privately run higher educational institutions that receive government grant funds. These include the Stockholm School of Economics, Chalmers University of Technology and the University College of Jonkoping. In addition to these, there are some ten smaller private institutions with the right to award certain degrees of higher education (Embassy of Sweden website).

Distance learning, mainly in the form of correspondence courses, has a long tradition in Sweden. Today most universities and other institutions of higher education offer varying amounts and types of studies on this basis. The courses are planned in such a way as to enable people to pursue their studies unencumbered by place of residence, work or family status (Embassy of Sweden website).

Admission to higher education is guided by *numerous clauses* wherein the government fixes quotas for each discipline. However, the new Higher Education Act and Higher Education Ordinance of 1993 aim to reduce the overall influence of the central government. Responsibility for the admission and selection of students rests with the universities and university colleges

themselves. For the selection of students, one or more of the following criteria are applicable: school marks, results on the university aptitude test (which is common for all institutions of higher education) or a special admissions procedure (e.g. interviews), previous education which may be relevant to the higher education applied for, and work experience.

From the late 1970s to the late 1980s the Swedish higher education system had a nearly constant capacity with a total number of entrants of between 40,000 and 45,000 per year. Thereafter, there has been a steady expansion of the total number of places for undergraduate studies. By 2004, student enrollment had increased to 302,600 (Hogskoleverket 2005).

In the 1990's roughly 30 percent of young people went on to higher education within three years after completion of their upper secondary schooling. Apart from students coming straight from school, the post-secondary student population includes a relatively large proportion of mature students, i.e. students who have previously acquired various amounts of work experience (Embassy of Sweden website). In 2004, about half of higher education students were over 25 years old and the proportion is increasing (Hogskoleverket).

## II. Estimated Expenses of Higher Education in Sweden

Higher education in Sweden is free of charge for all students except for a small fee paid to the student union for social services (ESTIA website). Approximately 86 percent of the funding for undergraduate programs comes from state grants. A fundamental principle in Swedish higher education is that all students who need help to finance their studies should receive assistance from the central government for this purpose. This aid takes the form of student grants and loans. Study assistance consists of a non-repayable grant plus a larger repayable loan. The non-repayable grant is about 30 percent of the total amount and, like the loan portion, is inflation-indexed. Table 1 shows the student assistance available to full time students in the 2004/2005 academic year.

Repayment of the study loan is made in the form of annuities and begins not less than six months after the final receipt of study assistance. The maximum payment period is 25 years or until the age of 60. The interest is compounded starting from the first payment. Since 2001, all borrowers must pay at least 5 percent of their income towards loan repayment. The annual amount of the payment normally increases every year by 2 percent. The government fixes the rate of interest annually at the government rate of interest minus a 30 percent subsidy. Interest payments are not tax-deductible (Usher 2005). The loan system also permits income-contingent repayment schemes.

**Table 1**  
**Amount Payable to Full-time Students, 2005**

	<b>Amount per week (SEK)</b>
General grant	594 (US\$65)
Loan	1,148 (\$125)
<i>Total</i>	<i>1,742 (\$190)</i>
Higher grant	1,429 (\$155)
Supplementary loan	375 (\$41)

**Source:** CSN (2005) Information on Swedish Study Assistance.

To receive such assistance, a student must fulfil certain requirements. For example, the grants and loans may be reduced if the student's own income becomes too substantial. However, no

account is taken of the economic situation of the student's parents or spouse. A student is entitled to the higher grant if he/she is 25 or older and attending a municipally run course of adult education studies. The supplementary loan is available to students who are studying full time and have received a certain income during the twelve months that preceded the initiation of their studies. They may receive this loan for a maximum of 120 weeks. A person aged 50 or over cannot, as a rule, receive study assistance and entitlement to loans is reduced for students over 41 years of age. In general a person may receive study assistance for a maximum of twelve terms (six years); exceptions can be made, for instance, in the case of graduate students.

**Table 1**  
**Higher Education Expenses Borne by Parents and Students**  
**First Degree, Academic Year 2004-05 (10 months)**

[National currency SEK converted to \$US by 2004 purchasing power parity of \$1 = Sek. 9.19]

		<b>Public &amp; Private</b>		
		<i>Low</i>	<i>Moderate</i>	<i>High</i>
<b>Instructional Expenses</b>	Tuition	n.a.	n.a.	n.a.
	Other Fees**	Sek.600 [\$65]	Sek.700 [\$76]	Sek.700 [\$76]
	Books & Other Educational Expenses	Sek.3,500 [\$380]	Sek.5,500 [\$600]	Sek.5,500 [\$600]
	Subtotal Expenses of Instruction	Sek.4,100 [\$446]	Sek.6,200 [\$675]	Sek.6,200 [\$675]
<b>Student Living Expenses</b>	Lodging	0	SEK 23,000 [\$2,502]	SEK 40,000 [\$4,352]
	Food	SEK 21,000 [\$ 2,285]	SEK 25,000 [\$ 2,720]	SEK 50,000 [\$ 5,440]
	Transportation	SEK 5,000 [\$544]	SEK 5,000 [\$544]	SEK 5,000 [\$544]
	Other Personal Expenses	SEK 7,000 [\$760]	SEK 8,000 [\$870]	SEK 12,000 [\$ 1,305]
	Subtotal Expenses of Student Living	Sek.33,000 [\$3,589 ]	Sek.61,000 [\$6,636 ]	Sek.107,000 [\$11,641 ]
<b>Total Cost to Parent &amp; Student</b>		Sek. 37,100 [\$ 4,036]	Sek.67,200 [\$7,312 ]	Sek.113,200 [\$ 12,317]

*Low* : living at home with parents, low-cost programs.

*Moderate* : living in dormitory, moderate or high-cost programs.

*High* : living as "independent adult." (Married and/or single parent with children).

\*\*Student Union Fee (approximately SEK 60 to 70/month)

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## Websites

Embassy of Sweden, United Kingdom, web-site. Swedish Facts: Higher Education in Sweden.  
<http://www.swednet.org.uk/embassy/emb0312.html>

ESTIA in Sweden – Education/Higher Education.  
<http://www.estia.edu.goteborg.se/sv-estia/edu>

Hogskoleverket, National Agency for Higher Education web-site.  
<http://www.hsv.se/english/students/entrance.html>

International Institute for Educational Planning  
EdSup/Infolink: Resources on Student Support Schemes, Loans and Grants and Scholarship Policies. <http://lst-iiiep.iiiep-unesco.org/wwwisis/studsup.htm>

Sweden: Profile of the Higher Education System.  
<http://ortelius.unifi.it/ortelius/NHES/Swindex.html>

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