

Tuition Fees for Non-EU Students

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Summary

Document Status: This document is a draft and is still being updated. It will be given to Planeringsenheten in late October 2008.

Feedback or Comments: Please contact John Wedderburn.

This document gives:

- An outline of the current status of the legislation concerning the introduction of tuition fees for non-EU students coming to study in Sweden.
- A description of some of the effects of fees, and recommendations for how the university should recruit fee paying students.

The key points are:

- The legislation will almost certainly be passed in November 2008
- Fees will be introduced in 2010
- The effect will be a dramatic reduction in the number of applications
- A decision needs to be made regarding Lund University's level of ambition in recruiting fee paying students
- Centralized responsibility for fee paying students would enable maximum value from marketing and administrative activities

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1.0 Legislation – Fee paying students

This legislation will be voted on in November 2008. It will almost certainly pass. This is because:

- It is in complete alignment with the government's manifesto
- It is in-line with the government's beliefs
- It is likely to be vetted by all parties before going to the riksdag
- Party discipline is strong – voting with the opposition will be unlikely
- The Social Democrats launched this idea and continue to be in favour of it
- Public opinion will probably be behind this proposal¹

Source: Swedish Institute, Swedish Ministry of Education and Research

2.0 Fees will be introduced in 2010

The date fees will be introduced has been reported as 2010. The exact date has been given as the 1st of January, though this needs verification.

Source: Svenska Dagbladet, 23 June 2008²

3.0 The effect will be a dramatic reduction in the number of applications

Applications from students will fall, as free tuition is the primary reason many students choose Sweden³.

Sweden will be in a weak position as it is a new player entering a well established world market; competitors such as the UK and USA have been active for over 15 years.

Source: UnitedMinds investigation, 2008⁴; In-house survey of Master programme coordinators, 2008⁵; Student comments

4.0 The remaining application periods could be massively oversubscribed

The remaining application periods, for studies in 2009 and 2010, could be oversubscribed as they represent the last opportunity for tuition fee free education. Also, the introduction of new, relaxed, work permit laws (planned for December 2008) could place an additional pressure on the final application period for free education in 2009⁶.

Source: Swedish Institute, Swedish Ministry of Justice

¹ For example, the left of centre popular newspaper Aftonbladet supports the idea of fees for non-EU students. See: <http://www.aftonbladet.se/ledare/skolavard/article2753342.ab>

² http://www.svd.se/nyheter/inrikes/artikel_1395963.svd

³ When fees were introduced in Denmark there was a massive reduction in the number of applications.

⁴ <http://edit.info.lu.se/upload/Englishsite/UtoeuropeskafreemoversiSverige2008.pdf> Pages 75,76

⁵ <http://edit.info.lu.se/upload/Englishsite/Feesmastercoordinators.pdf>

⁶ <http://www.sweden.gov.se/sb/d/10634/a/104571> 'After one semester of study....students will be able to apply for a work permit'

5.0 Recommendations/more information required

5.1 A clear vision is required from management

The decision to actively recruit fee paying students, and the appropriate allocation of resources, needs to be taken at the highest level; such a decision will be the basis of future activities.

5.2 Administration of fees

The administration of fees needs to be considered. For example, how will money be physically taken from the students, what type of agreement will be entered into and who will deal with any legal issues or conflicts?

More information is required, from the Government, regarding:

- The decision making process and level of autonomy universities will have in setting fees.
- Pricing of courses, summer courses, distance learning and programmes
- Exactly when they will be introduced

5.3 Scholarships

The government has suggested an improved scholarship system.

Source: Swedish Ministry of Education and Research, SD report on fees, 2006⁷

More information is required regarding:

- How will the scholarship system be administered? For example, will it only be open for certain countries⁸, or for all?
- How much autonomy will universities have in giving scholarships to students
- How, physically, will students receive the money?
- Can Lund supplement scholarships, or divide them between students?

5.4 Applications

A reduced number of applications may reduce some of the pressure on systems (such as the national application system) which, to date, have not performed well in response to large numbers of applications.

More information is required regarding:

- Will fee paying students utilize studera.nu?
- Will the application system be improved?

⁷ <http://www.regeringen.se/content/1/c6/05/71/00/9316e296.pdf>

⁸ For example, will it only be those countries that Sweden gives foreign aid to?

5.5. Consequences of fewer students

More information is needed on the consequences of fewer international students. Other than income (see section 6.1) the effects could include:

- A reduction in programme quality due to a less international atmosphere
- A reduced amount of potential PhD students
- Programmes described as 'international' being entirely dominated by European or Scandinavian students
- A reduction in the size of the alumni network

6.0 Affect of fees on Lund University

This section describes some of the issues and processes which may be affected at Lund University.

6.1 Income

Lund University will no longer receive an income stream which has grown considerably in the last few years.

An approximate estimate values the 548 non-EU masters students enrolled in 2007 at 16.5 Million SEK⁹. The actual figure will probably be larger as this calculation does not include course students.

This may affect some faculties more than others; depending on how the distribution of income from international students is currently managed.

Some faculties, and institutes in particular, may be especially vulnerable as they have an enrolment dominated by non EU students from countries with a relatively low GDP.

Source: LU Planeringsenheten, HSV 2007

6.2 Administration – Applications

Fee paying students will expect a high level of service. The efficient and service minded administration of applications, from initial request for information to acceptance must operate at a high level of ambition.

Delays or misunderstandings during the process of applying (e.g. submitting documents, confirming places) will reduce the conversion from prospective to confirmed student.

One solution could be new, separate, processes which are put in place to deal with and coordinate applications and application enquiries from fee paying students.

⁹ Assuming 30 000 SEK per student; enrolment figures from HSV 2007

If problems still exist with the national application system then it is even more imperative that staff are on hand to help each student on a 'case by case' basis.

It is unlikely that an application fee can be charged.

The process of dealing with applications must be seen as an integral part of the marketing effort.

The national application system (the user interface of which is studera.nu) is a barrier to competition; fee paying students would not have tolerated the confusion and delays that this year's enrolment experienced.

6.3 Administration – Marketing

Clear goals, from management, need to underpin any marketing activities from the outset. If the aim is to recruit international fee paying students then a centralized marketing office could offer the best opportunity for recruitment.

A centralized marketing office could enable:

- Coordinated student contact via CRM¹⁰, fairs and brochures
- Coordinated evaluation of marketing efforts
- Integration with other international activities e.g. student exchange, Erasmus activities
- Integration with national programmes e.g. SI activities
- Support to the faculties with their own marketing efforts
- Market research into emerging markets and opportunities
- Most effective use of a probably limited budget

The alternative to a centralized marketing office is that the faculties drive their own activities resulting in the richer faculties, or those with 'recruitment champions', enjoying local success whilst other faculties suffer through lack of resources and expertise. A totally decentralized approach will not strengthen the Lund brand effectively nor maximize on the potential opportunities from working together.

A marketing strategy needs to decide whether the university would be more effectively marketed as a 'house of brands' (where the individual faculty brand is stronger than that of the University) or as a 'branded house' (where the Lund brand is the driver of all offerings). Market research would demonstrate how the target audience identifies with each particular faculty.

Marketing would be based on a 3-5 year plan which would underpinned by market research. This would enable an identification of which segments (countries or students for example) would be specifically targeted and the methods by which these students would be reached (e.g. brochures, fairs, agents etc).

The defining goals of the marketing strategy could be:

¹⁰ CRM, or Customer Relationship Management, is the means (usually electronic) of storing, managing and evaluating all contact with customers.

- To raise a sustainable income stream from international students
- To meet the goals of the universities internationalization policy¹¹
- To recruit students to specific programmes¹² or courses

6.4 Administration – Service

Fee paying students have an entirely different, and higher, expectation of service than non fee paying students. A failure in delivering good service will result in students not applying.

Areas where good service is important:

- Initial contact – quick follow up of enquires generated from marketing activities
- Application process
- Web site
- Domestic arrangements – arrival, housing and support
- Language, more efforts need to be made in the translation of english and its use on the campus e.g. signposting, newsletters, forms, internal news
- Residence permit application

An underlying philosophy must be that these students are paying guests.

Furthermore, the current level of service to masters students is not optimal. The existing service's ambition, at the university level, is limited by a lack of resources.

6.5 New and existing programmes

The number of master programmes is rising every year. The total is now approximately 60, an increase of 10 since 2007.

As recruitment is likely to be more difficult in the future, new programmes that aspire to attract international students should research if there is a need for their teaching at the international level, rather than 'hoping for the best'.

The government has suggested that pricing can be decided at the university level¹³; more clarity is required on how much, or little, can be charged. Price is an important differentiator and should be based on thorough market research.

Clarification is needed regarding whether different pricing is possible within the same university. For example, established and renowned programmes may be able to charge more than less established programmes. Equally, programmes which have a high level of interest could offer a lower price.

The mechanism by which price will be calculated needs to be identified within the universities administrative processes.

¹¹ http://www5.lu.se/upload/Anstallsidan/Internationalisation_Policy_2008_2011.pdf

¹² For example, 'Excellence Masters' (currently under investigation in a separate project) could receive particular attention

¹³ http://www.svd.se/nyheter/inrikes/artikel_1395963.svd "avgifterna ska i princip utgå från högskolornas självkostnad". More clarity is required on this from the government.

7.0 Considerations

This section describes some of the issues which could be considered in the context of marketing Lund University.

It is important to note that there is currently no centralized international marketing, aimed at free movers, carried out at the university.

7.1 Marketing

- A special effort could be made to convert existing exchange students into fee paying students. Research needs to be undertaken to discover the value of this group.
- Exchange students could be offered a discount, on their fees, if they choose to return to Lund to study
- Marketing could be focused on those universities which are already aware of the Lund brand e.g. those we have agreements with or those in the same networks
- Use could be made of the numerous staff journeys to conferences and universities as an opportunity to distribute marketing material and generate contacts
- Most of LU's master programmes are of a two year duration, which may be uncompetitive

7.2 Market Research

- In the remaining time before fees are introduced a high priority should be research into both the current student enrolment and LU itself, to define what we can offer to the fee paying student of the future
- Competitor analysis should be undertaken (KTH and Blekinge both attract large numbers of international students; if they intend to maintain their current income from these students then it is likely that their marketing efforts will be equally impressive)
- The University must become more familiar with the concept of 'conversion'. This is the ultimate measure of success. It is the % of initial contacts that finally become paying students.

7.3 Other sources of students

- Part of the marketing strategy may be to focus efforts on EU students to both maintain an income stream and to continue the enrolment of international students
- The other Scandinavian countries may be a source of students
- Additional efforts could be made to recruit Swedish students

7.4 National cooperation

Given the relatively low profile Sweden has as an international study destination it is imperative to take advantage of any national activities to promote Sweden. Where

possible, relationships should be made with other universities to work together and recruit students.

Lund University has recently become part of a Swedish Institute project 'Internationell marknadsföring av svensk högre utbildning'¹⁴. Active participation of this will be extremely beneficial.

Furthermore, a decision of how competition between Lund, and other universities, will be dealt with needs to be made.

Lund University can probably learn much from the recent experiences of the Danish universities.

7.5 Timescale

If related to a marketing plan the time scale of recruiting international students must be measured in years. This will give adequate time for the effectiveness of marketing strategies and activities to be measured and assessed.

If marketing activities are delayed until fees are formally introduced, in 2010, this could mean (based on current information) that there will be less than 1 year to begin marketing the university and recruit fee paying students.

7.6 New Administration

Within the new administration planned for Lund University responsibility for the various aspects of the management of fee paying students can be placed in all the major sections, such as:

- Studenter and utbildning: applications, service
- Forskning och externa samarbete: marketing
- Planering: marketing, evaluation
- Ekonomi: fee administration
- Kommunikationsnätverk: marketing

8.0 Conclusion

Lund University is, as was recently demonstrated by the RQ08 evaluation, a world class university. There are many reasons why students should choose to pay for an education here. However, without adequate investment or resources the full potential of the university will not be realized. This would delay, or prevent, key aspects of the strategic plan being accomplished.

Overall, a clear management decision is required regarding the level of our ambition, as a university, with regard to the recruitment of international students.

¹⁴ http://www.si.se/templates/CommonPage_450.aspx