

Clutching at Straws -

Austrian Tuition Fees and Social Mobility

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Extended Abstract

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Overview & Research Question

Since December 2017, a conservative-right wing government is in charge of higher education policy in Austria. In order to reduce the outflow of graduates educated in Austrian higher education institutions, in particular in the medical sector, the coalition announced the introduction of tuition fees. An incentive structure including a tax credit amounting to the tuition fees paid is likely to be implemented, inducing students to spend their professional life in the domestic economy (Kroisleitner, 2017). Free higher education being a highly controversial issue, the announcement galvanised heavy opposition among both students and the broader society. In a recent communiqué, the Austrian Union of Student's federal body of Representatives pointed out that the fees force lower income class students to give up their studies or even are discouraged to pursue an academic career at all (Österreichische Hochschüler_innenschaft, 2017).

However, not only is the participation rate affected: Students remaining enrolled encounter adverse effects as well, in particular those who do not command large amounts of economic resources. In order to maintain enrollment, the latter group has the choice between an increased engagement in paid work, shifting expenditure to cover the additional expenses or a combination of these options. According to the IHS, analysing the introduction of tuition fees in Austria in 2001, about 30% of enrolled students choose either to intensify their paid work activities or reduce their standard of living as a result of elevated financial pressure. Female students, perceiving the worsening conditions more intense than their male colleagues, as well as older students were particularly likely to do so (Wroblewski & Unger, 2002).

This contribution will shed light on enrolled students and the consequences of tuition fees on their societal participation and standard of living. In particular, strategies to meet the financial conditions implied by these measures consisting of changes in the consumption structure of low income class students will be considered. Evidence from the introduction of tuition fees in 2001 in Austria, enforced by the former conservative-right wing government forms the empirical fundament of the present paper. Given the analysis, we aim at contextualising our results and draw policy conclusions for the current debate.

Methodology & Data

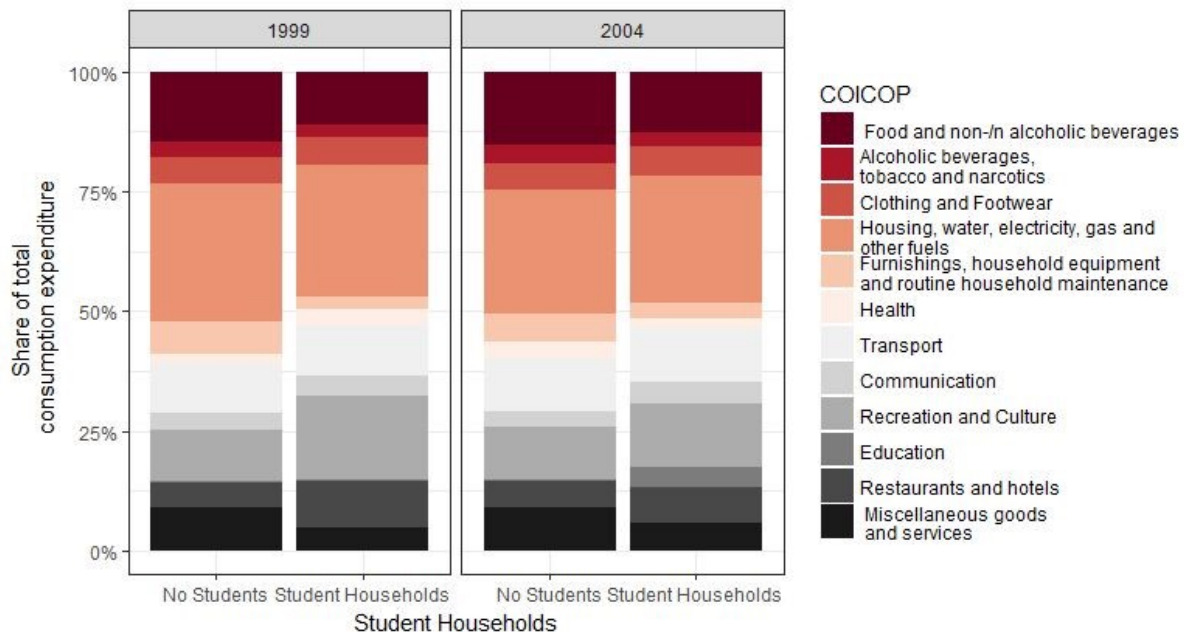
After reviewing the existing evidence on the effects of tuition fees on mobility, focusing on the impact on different classes, as defined by parental profession and in

particular income, we elaborate on the policies entering into effect in 2001. Subsequently, evidence on the consequences of the implementation of tuition fees on consumption patterns will be presented in the course of a descriptive data analysis. Changes in the consumption structures of Austrian households obliged to pay the fees as opposed to those of households without students form the core of the empirical inquiry.

The paper draws upon microdata retrieved from the Austrian Consumer Expenditure Surveys in 1999/2000 and 2004/2005. Both waves constitute an abundant source on personal and household data, but also enable us to analyse household expenditure in detail. The expenditure data is classified by the COICOP nomenclature (Classification of Individual Consumption by Purpose), which was first applied to the Austrian Consumer Expenditure Surveys in 1999/2000 (Statistics Austria 2004). Private higher education expenditure is subsumed under the Division 10. Furthermore, they are perfect for the evaluation of the policy in question from a temporal perspective, mirroring medium-term changes in the consumption structure.

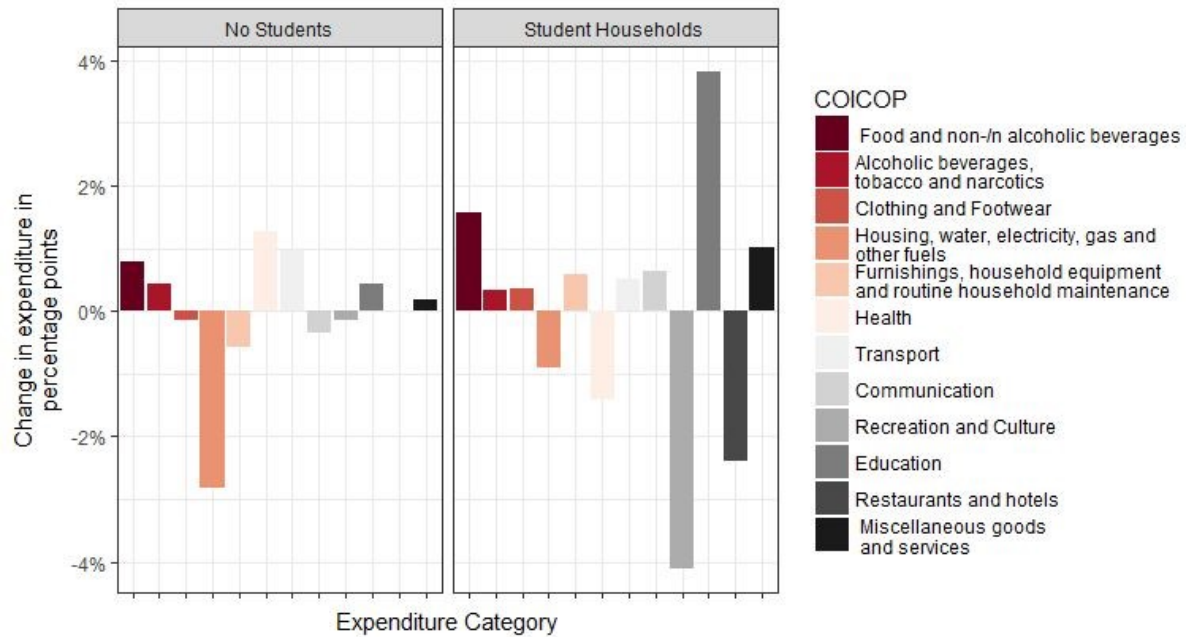
Preliminary Results

Our provisional results suggest a considerable shift in consumption patterns of households liable to pay tuition fees. Comparing the consumption structure of households in 1999/2000 and 2004/2005, education expenditure accounts for a significant share of total expenditure among households with students in 2004/2005 as compared to households without students and households in 1999/2000 in general. This relationship is illustrated by Figure 1.



Since this paper’s principal interest are changes in consumption structure, these are set out in figure Figure 2. The data suggests that households shift expenditure from

other categories to education in order to maintain participation. While educational expenditure of households with at least one student enrolled in higher education soared by almost four percentage points, the expenditure growth among households not affected by the policy remains fairly stable (+0.5 percentage points).



Most interestingly, the expenditure types which see their shares decrease are mostly related to social participation. In fact, expenditure on recreation and culture decrease by more than four percentage points. In addition, households reduce their consumption in restaurants and hotels, which assume a central role when it comes to building up social capital. Another interesting aspect are differences in the drop in housing expenditure shares, which might result from a higher concentration of student households in urban areas, experiencing higher inflation rates in that division. Moreover, student households differ in terms of health spending, a phenomenon requiring further assessment and a closer analysis of potential changes in the household structure.

Relevance and Contribution

The paper is submitted for Track #6: “Education: inherit, rise, rule?” (“Bildung: erben, aufsteigen, herrschen?”), for the question “How do education systems contribute to the stabilization or subversion of class?” is one this contribution paramountly addresses. As shown by the preliminary results, lower income households with at least one student enrolled in higher education are forced to change their consumption behavior. They cut their spending in leisure actions such as cultural participation or gastronomy, and perhaps even reduce spending in necessities such as health and housing. However, in particular expenditure in the categories mentioned first are of crucial importance for the accumulation of social and cultural

capital, playing a decisive role in social and class mobility. Hence, this inquiry argues that even if students maintain participation in higher education, social inequality is reproduced through shifts in expenditure patterns.

The current political discussion in Austria is dominated by a neoliberal elocution. The conservative, right-wing government gradually promotes an erosion of societal upward mobility through higher education for a larger share of the population as it emerged in the 1970s Kreisky-era. Together with other social policy reforms, the announced changes in higher education policy will likely reproduce and amplify social inequalities. This paper will try to make an impact in the political discussion by showing how the consumption behaviour of student households is changing and highlight the distributional consequences.

References

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