

# **A Study on the Public Opinion on the Issue of Cost Sharing in Higher Education in Taiwan**

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## **Introduction**

Since the 90s, the numbers of schools and students in higher education have been surging in Taiwan. Net enrollment rate had exceeded 15% in the academic year of 1988 and later on exceeded 50% in the academic year of 2004. Ever since then, higher education in Taiwan entered the stage of what Trow (1974) called 'universal education.' However, the government budget was not able to increase at the same rate commensurate with the expansion of higher education. As a result, education resources were diluted and some schools even encountered financial difficulties. In order to maintain the quality of education, schools had to look for other financial sources, one of which being tuition rise.

However, the rise in tuition caused much controversy among students, parents, and school management. Therefore, the present study aims to survey the general public in order to understand the issue of tuition rise from different perspectives, and thereby provides insights and solutions to the issue.

## **Literature Review**

### **The idea of cost sharing in higher education**

The idea of sharing and shifting the cost of education was proposed by Johnstone (1986), who argued that the beneficiaries of higher education include governments, individuals, parents, and donors. According to the benefits-received principle, the beneficiaries of higher education are responsible for sharing the cost of

the education based on the benefits received, under the assumption that the cost of higher education can be clearly defined.

First, as far as the government is concerned, one of the most important purposes of higher education is to create quality human resources and to provide the opportunity of upward social mobility for the lower socio-economic class, which can, in turn, facilitate democracy, economic development and social harmony.

Second, as for the individuals, due to the fact that higher education is not mandatory, college students are willing to sacrifice the time and money to receive higher education because they anticipate higher income and social status, as well as an improvement on the quality of life. Moreover, according to the OECD (2013) data, the private rate of return of higher education is in general greater than the social rate of return. Therefore, it is reasonable for individuals to share the cost of their education.

Finally, many NGOs in Taiwan have been urging the reform of the taxation system: taxing corporate organizations for their capital gain, and dedicating the money for enhancing higher education. Therefore, the present study also views corporate organizations as an entity responsible for sharing the cost of higher education. It is attributable to the fact schools create talented individuals who can generate profits for corporate organizations. Moreover, the increase of national quality can also enhance the social and economic development of a country, which is the fundamental to business growth. Therefore, corporate organizations ought to share the cost of higher education as well.

### **The status quo of the cost-sharing system in Taiwan**

Before 1998, college tuition fees in Taiwan were set by the Ministry of Education, adjusted annually by the standard of governmental pay. Other fees were adjusted in accordance with the Consumer Price Index announced every April. Same adjustment was made for all schools. However, this system failed to reflect the actual cost of education: some outstanding schools were financially restricted whereas some underperformed schools were being overprotected. Moreover, private and public schools could not compete on an equal basis because private schools were usually not sufficiently subsidized by the government, and donation was not socially encouraged

at the time. Thus, in order to meet the trend of higher education, since the academic year of 1990, the Ministry of education ceased to stipulate college tuition rates. Accredited schools were then given the right to set their own tuition rates.

In early 1990s, with the rising economy in Taiwan and the intention to reduce the tuition difference between private and public schools, the tuition fees of public schools were raised by 52%, from NT34112 in 1995 to NT51954 in 2000. It then was raised again by 15% to NT59490 in 2005. As for private school, the tuition fees were raised by 13% from \$92088 in 1995, and to \$103950 in 2000. The fees were then raised again by 4% in 2005 to \$108026, which lowered the ratio of public and private school tuition from 1:2.70 in 1995 to 1:1.82 in 2005 (Department of Statistics, MoE, 2012b). However, in recent years, due to the increasing poverty gap in Taiwan, both public and private schools ceased to raise the tuition since 2006 and 2008, respectively, under government's moral suasion.

Since college tuition rates were not able to be adjusted in accordance with the operation cost of schools, which may potentially affect the quality of education and the development of schools, Taiwanese government reinitiated the debate on the issue of college tuition in 2012, and proposed the College Tuition Adjustment Plan. However, due to the misunderstanding between the planners and stakeholders on the content of the policy, what the planners thought to be an excellent policy might not be thoroughly and effectively implemented. Therefore, it would be helpful for the planners to survey the general public as they are planning in order to understand the public opinion.

## **Research Design and Implementation**

From a cost-sharing perspective, the present study was conducted through Computer-Assisted Telephone Interview (CATI), in order to understand participants' views on different entities sharing the cost of education. The research tool, framework, and participants are detailed as follows.

### **Research tool**

The design of the questionnaire was two phases. Based on the literature, the

researchers first came up with four possible entities responsible for cost sharing. Then the researcher consulted experts to revise and finalize the questionnaire. After the questionnaire was finalized, a pilot study was carried out by a private survey company. Tested by F-test, the results of the pilot study were valid and coherent. The questionnaire was designed based on the research goals and previous literature, and was then revised based on experts' comments.

## **Participants**

Participants of this study were recruited from the 22 counties in Taiwan, including Kinmen and Matsu counties. They must be at least 20 years old. Sampling from the Yellow book, the study conducted stratified random sampling based on the population in each county. A thousand and sixty-eight people were recruited. Random digit dialing was used to make sure numbers that were not registered had the same probability of being selected. The sampling period started from 05/01/2012 to 05/04/2012 during 6:30 to 10:00pm. Two-thousand-nine-hundred-and-eighty-three numbers were successfully sampled. One-thousand-and-eighty were interviewed. The success rate was 36.21%. In order to assure that the statistical analysis matched the demographic property, we conducted a variance test on the valid samples against the population. Although the geographical distribution of the sample was similar to that of the population, there were significant differences between the sample and population in gender and age. Therefore, we adopted *raking ratio estimation of multivariate* to adjust the weight of the variables gender and age in the valid samples until the sample and population were similar in structure, validated by chi-square.

## **Data Analysis**

After the telephone interview, we analyzed the data through IBM SPSS for Statistics. First, we conducted number distribution, analyzed each question item and calculated their average and percentage to obtain a preliminary idea about the participants' opinions. Second, we conducted a t-test and ANOVA on different background variables (gender, age, level of education, family members who attend school and areas of residence). If the t-test was significant, a Levene homogeneity test

was then conducted. If the Levene test was not significant ( $<.05$ ), the Scheffe's Method was adopted for comparison. If the Levene test was significant ( $>.05$ ), Dunnett's T3 was adopted for comparison, in order to avoid the problem of homogenous variable hypothesis. In addition, since the participants sometimes misunderstood the questions, answers such as 'I don't know' or 'I don't want to answer' were taken as missing values.

## **Results and Discussion**

1.As far as government responsibility is concerned, most of the participants suggested that schools should not be able to freely raise the tuition or adjust the tuition with price level. Instead of subsidizing public schools, government should subsidize underprivileged students. On the issue of government responsibility, more than half (57.7%) of the participants disagreed on the issue that schools should be able to freely raise the tuition. In addition, 66.9% of the participants were of the opinion that tuition rates should not be adjusted with inflation or price level. As for government subsidy to higher education, up to 84.4% of the participants were supportive of the government reducing the amount of money given in subsidy to public schools, and increase the financial aid for underprivileged students instead. Participants in general were of the opinion that government has the responsibility to monitor college tuition, and regulate the tuition from floating with price level or being raised by schools. Government should also economize and spend the money more efficiently by providing financial aids to underprivileged students.

2.In terms of corporate responsibility, participants suggested that corporate organizations should take the social responsibility to share part of the cost of higher education. Females and participants aged from 20-39 were more supportive of the government raising funds from corporate organizations to assist underprivileged students. In terms of corporate responsibility, the overall results showed that 88% of the participants agreed that corporate organizations have the social responsibility of cultivating individuals' talents and sharing the cost of higher education. As for the way of sharing cost, 72.8% of the participants suggested that government should impose bonus tax on corporate organizations and dedicate the money to education. Up

to 91.2% of the participants suggest that government should establish an education fund intended for underprivileged students.

3.As for the responsibility of individuals, most of the participants agreed that loaners can pay off the debts based on their future salary, but disagreed that the government should pay off the debt for the loaner if the debt is not paid off in 25 years. As for the responsibility of individuals, the overall results showed that 88.4% of the participants support the idea that loaners can pay off their debts based on their future salary. When asked if loaners can extend the timeline to pay off their debts, participants tend to be more reserved—only 49% of the participants agreed. Seventy-six percent of the participants disagreed that that the government should pay off the debt for the loaner if not paid off in 25 years.

## **Conclusion**

Most of the participants thought that government should play a key role in the tuition issue, ensuring students' right to education. The results showed that 58% of the participants disagreed that universities can freely raise the tuition. Sixty-seven percent of the participants disagreed that tuition should float with the price level. Eighty-four percent of the participants agreed that government should reduce the amount of money given in subsidy to public schools, and provide more financial aid to underprivileged students. In other words, most of the participants hoped that the government can play a key role in the tuition policy in assisting students who are in need, in order to make sure that students' right to education is protected.

Participants from different generations showed different opinions: the youth disagreed more that tuition should float with price level, and agreed more that government should reduce the amount of money subsidized to public schools and provide more financial aid to underprivileged students. Analyzing the background of the participants, we found that age had an effect on participants' viewpoints on government responsibility. Compared to participants aged from 50-59, participants aged from 20-29 agreed more that government should reduce the money given in subsidy to public schools and provide more financial aid to underprivileged students. Also, they disapproved of tuition rising with price level. As such, during the time

when higher education was only available to the privileged, higher education was greatly subsidized by the government under the low tuition policy, the general public was not aware of the cost of higher education. However, after higher education was made available to the general public, individuals were required to share a larger proportion of the cost, which inflicted upon the younger generation a greater financial burden. Therefore, the government is expected to take the tuition issue under control. In addition, the majority of the participants are more supportive of the government subsidizing underprivileged students instead of public schools.

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