

Who is CRA?

CRA is an economic consultancy firm with particular expertise in education and student financing.

Drawing on our extensive track record of work in the education field and our relationships with leading experts in the sector, such as Nigel Brown, CRA combines the highest quality analytical capabilities with intimate sector knowledge.

Our previous work includes:

- Examining the effect of tuition fee rises on participation in tertiary education
- Understanding parental income distributions for students and how this affects fee contributions
- Analysing tuition fee financing behaviour of HE students internationally
- Providing the model feeding into the financials in the HE White Paper
- Developing models of student loan repayment
- Assisting the Dearing Review with policy formulation and detailed modelling of student finance

Laying the groundwork: Tuition Fees

Although, as we write, the policy on tuition fees remains uncertain, the Queen's speech and expected HE Bill will give us much needed detail regarding how the proposals in the HE White Paper are to be implemented.

Assuming the proposals go ahead, your university will be faced with making far-reaching decisions in the near future. If you are responsible for setting tuition fees for your institution, the chances are you are asking yourself a lot of questions:



- Will we see lots of different fee levels across the sector, or just a handful?
- Does our understanding of our local market help us understand the national market for students?
- If we only offer courses at £3,000, will we be left with any students?
- If some of our additional fee income needs to be spent on improving access to universities, is it better to charge higher fees and offer higher bursaries or lower fees and lower bursaries?
- Do we need different fees for each course or does that add unnecessary complexity?
- What if we charge £3,000 and our closest competitor doesn't?

At CRA, we have considerable experience in the realm of educational financing and are well-positioned to help you to answer these questions. But you might be wondering whether it is worth approaching this issue seriously, is it worth taking the time and effort to ensure you make well-informed decisions and does it matter if you get tuition fees wrong to begin with?

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What's at stake?

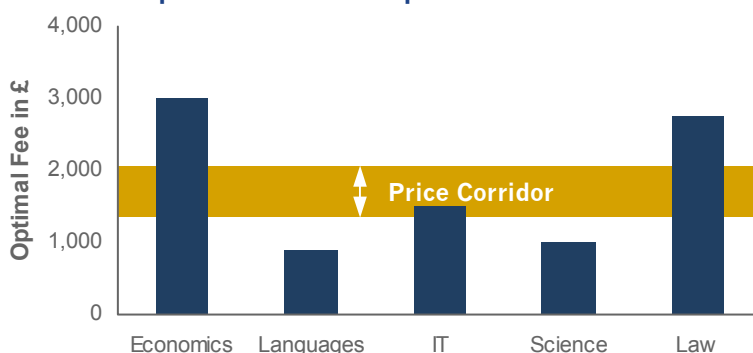
Put bluntly, millions of pounds (perhaps £18 million for a typical university) and empty lecture halls.

The tuition fee once set, will be with you for some time. It seems likely that whatever level of fee you choose now will be difficult to change in the short term:

- By the time you have observed the response of students to your fee levels, it will be too late to change it for the next year and you may have already printed prospectuses for the year after that.
- It is likely that whatever fee level you set for students' first year will be the fee level they face in subsequent years – typically three years but up to six for courses such as medicine.
- Agreements with the Office of Fair Access will last for 5 years and any changes to your fee rates may need to be notified and approved by them – imposing costs on you as you prepare this information and justify the change.

For a university with around 3,000 undergraduates in each year, this means £18 million is potentially at stake if you set tuition fees £1,000 lower than you could have received for two cohorts of students on 3-year courses.

Optimal Tuition Fee per Course: An Illustration



Contact us

To discuss how CRA can help your institution to set the appropriate tuition fees for your courses and students contact:

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Firstly you need to understand the markets you are in. Then analysis is required to understand the optimal price for each course. This should be based on understanding the demand for each course and the costs needed to provide it.

However, no course can be seen in isolation. The average fee is likely to be important – whether you are a high or low price university – and costs will be mutually determined. So, it may be necessary to set prices that are not optimal on an individual course basis. Instead, you may need to consider having a price corridor, or perhaps a fee that is the same for all courses.

Most importantly, experience shows any pricing structure needs to be **simple and understood**.