

WHAT'S BEEN HAPPENING TO FEES AT NON-GOVERNMENT SCHOOLS

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Student enrollments in private schools over the last few decades in Australia have been increasing. Among developed countries, Australia has one of the largest private school sectors with around two in five secondary students enrolled in 2013. In comparison, the OECD average for secondary students enrolled in private schools is around 14%. Over this same period tuition fees have been increasing. The annual average rate of increase in the education subgroup of the consumer price index is about double the overall rate of inflation, although this index includes not only tuition fees for private schools but also voluntary contributions for government schools. Furthermore there is a large variation in tuition fees charged at private schools ranging from anywhere between \$1,500 to almost \$30,000 in 2013. We use a unique data set that contains information on tuition fees and characteristics for a number of secondary schools in Victoria, Australia. Both unadjusted and quality-adjusted price indices are constructed for different subgroups of private schools by estimating hedonic models. We find that there are differences in price increases across different subgroups. Prices also appear to follow the business cycle, in that prices grow faster during expansions and slower during downturns. We also find that quality seems to have fallen for private schools located in the lower socioeconomic status subgroup. This has implications for Government funding of these schools.