All three universities here announced an increase in their tuition fees last week (i.e. 14 and 15Feb) in line with rising costs in manpower and facilities.

The National University of Singapore, Nanyang Technological University and Singapore Management University have stressed that affordability would be their key consideration.

But how do these institutions balance affordability with the ever-present need to cover rising costs?

Are their guidelines governing the extent to which tuition fees can be raised each year?

Wu Shang Yuan finds out.

This round of university fee hikes follows another just last year.

The National University of Singapore and Nanyang Technological University had increased their tuition fees by 5 percent a year ago.

This year, fees went up again by 3 percent for all new and existing students.

This upped the annual amount paid by students to 6,110 dollars across all faculties of NTU and seven of the 10 faculties of NUS.

The Singapore Management University on the other hand raised their fees by 15 percent for the incoming cohort of students.

This figure, though much higher than the other two universities, would be locked in for these students for the next four years of their course.

I asked the three universities if an annual increase in tuition fees may be expected from now.

All three pointed out that their fees had not been adjusted since the economic slowdown in 2001.

In an email reply, NTU Deputy President Professor Er Meng Hwa said that as with top-tier universities worldwide, there'll always be a need to revise fees due to inflation.

An annual review of tuition fees is also necessary for the university to provide high quality programmes for their students.

He added that it is not possible to freeze fees artificially.

As such, NTU feels that the fairer way is to provide financial assistance to needy students.

As for NUS, their spokesperson says with its corporatization this April, the university will have greater flexibility in the process and timing of tuition fee reviews.

It intends to better engage students before making decisions on fee adjustments.

In particular, they'll consider students’ feedback about being provided a fixed schedule of their fees over the course of their study.

On the same question of annual fee increases, SMU Provost Professor Tan Chin Tiong says several cost factors go into their decision of a tuition fee increase.

It is kind of like a known fact that every year there's an x percentage increase. If you factor in the living cost index going up, the cost of running the university will go up and what percentage is needed for you to recover cost. And we know for sure that we need to do certain things in order to bring our tuition fees in line with the fixed cost in addition to the various revenue streams that we are going to have for SMU to at least break even at the university's level.
Professor Tan says SMU's tuition fees are likely to be more stable when it reaches its steady state in 2012.

Then, the university would have some 6000 students.

Currently the way we plan things, when we reach a certain level, we know what kind of tuition fees are required for us to break even and future increases probably would be more in line with a cost increase or living cost adjustment.

However, Professor Tan explains that because SMU is a small university, its tuition fees will still tend to be higher those of NUS and NTU.

In terms of the funding on a per student basis, it is the same whether you're looking at SMU, NTU or NUS. So in order to sustain the business model, given the smaller university SMU is, and the kind of pedagogy we have adopted and the kind of university culture we want to put in place, the cost per student will be higher.

I checked with the Education Ministry if there are guidelines that govern the tuition fees charged by universities here.

With the move to transform NUS and NTU into autonomous universities by this April, new guidelines will be actually be kicking in from mid this year.

A new tuition fee setting framework will be put in place, as recommended by the University Autonomy, Governance and Funding Steering Committee that was set up in April 2004.

Currently, undergraduates pay about 25 percent of the operating costs of their university courses while the government pays the rest.

As it is, undergraduates enjoy about twice the amount of government subsidies as compared to polytechnic students.

When NUS and NTU corporatize in April, these universities will have an even freer hand to set tuition fees.

However, the government understands that if tuition fee setting is completely unregulated, fewer students will have access to a university education.

As such, the Education Ministry will set a cap on the tuition fee increase in any given year.

This cap will be set at 10 percent over the previous year's fees.

Chairman of the Government Parliamentary Committee for Education and Member of Parliament, Lily Neo on why this is important.

Even if cost increases are inevitable, they must ensure that their fee increases are moderate and not impose large and sudden increases on their parents and families who’ll need time to adjust.

This 10 percent cap however, will not apply to SMU because it's a private university.

Another guideline will require NUS and NTU to inform MOE about their tuition fee changes six months in advance so that its affordability can be assessed.

Finally, universities should inform their students at the start about their projected fee increases over the duration of their course.

This will help students and their families in their financial planning.

Dr Neo stressed that at the end of the day, universities must be able to justify their fee hikes.

The most important thing is that our universities here must be able to provide quality education to students. Fee increases must be justifiable and commensurate with improvements in the quality of education provided to students. Universities must also be proactive in keeping their costs down.