In January 2005, the German Federal Constitutional Court (Bundesverfassungsgericht) decided against the ban of tuition fees. Following this court decision, 7 out of 16 federal states introduced university tuition fees in 2006 or 2007. The fees were almost uniquely set at 1000 € per academic year. However, in 2008, the first federal state already abolished its fee again. Today, only the state of Lower Saxony has still tuition fees in place. We exploit the staggering implementation and abolishment of tuition fees over time and across states in Germany to study educational aspirations and graduation rates.

We use register data from the Federal Statistical Office and survey data from the German Socio-Economic Panel (SOEP). In the SOEP years 2000-2011, 17 year-old high school students were interviewed about their future educational plans. We use a difference-in-differences design in order to examine the effect of tuition fees on the intention to pursue a university degree. We estimate a decrease of about nine percentage points (around 13 percent) in the intention of high school students to seek a university degree due to tuition fees. Moreover, we find that this effect is mainly driven by young people from the poorest households. We estimate a decline of about 17 percentage points in the intention of this subgroup to seek a university degree due to tuition fees. Our preliminary results from the administrative data show that the actual number of university graduates is more affected by tuition fees in communities with relatively high unemployment rates.

Overall, the introduction and abolishment of university tuition fees in Germany influences young people’s educational aspirations and impacts on the number of university graduates. The empirical findings suggest that even relative low levels of tuition fees are likely to deter students from lower socio-economic background to aim at studying.