

Conference
**The White Paper and Beyond:
Tertiary Education Reform in the Czech Republic**
Prague, October 16-17, 2009.

Tertiary Education Reform in the Czech Republic

Policy response to the
OECD Review of Tertiary Education

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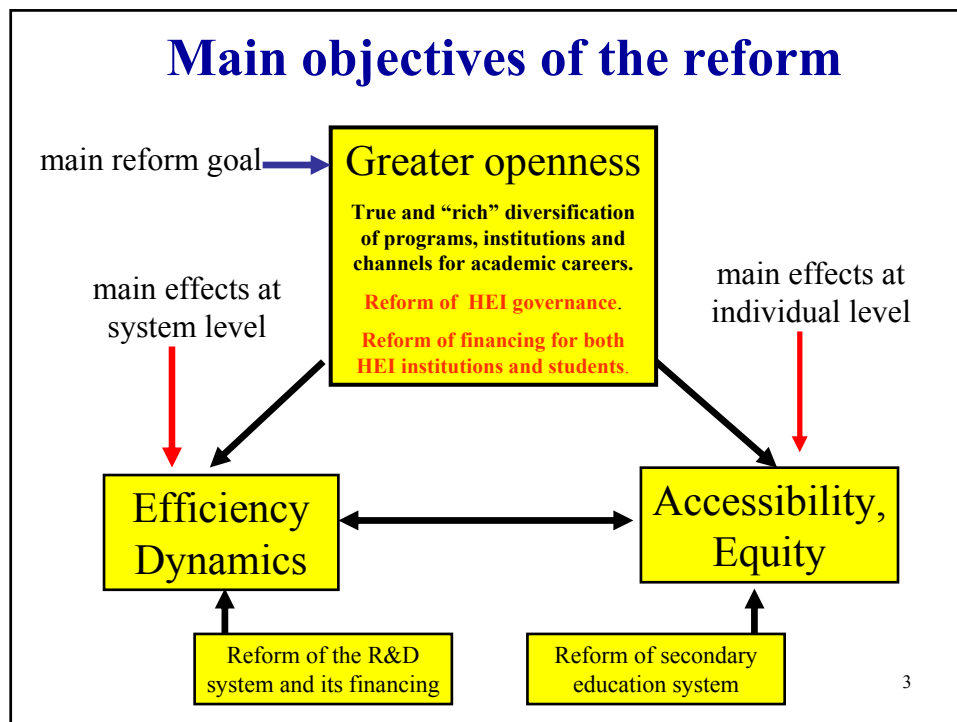


INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

Topics

- Main objectives of the reform
- How to achieve the goals?
 - Financing
 - Governance
 - Equity
- Political economy of the reform
- Support to the reform: principal results of the academic staff survey

Main objectives of the reform



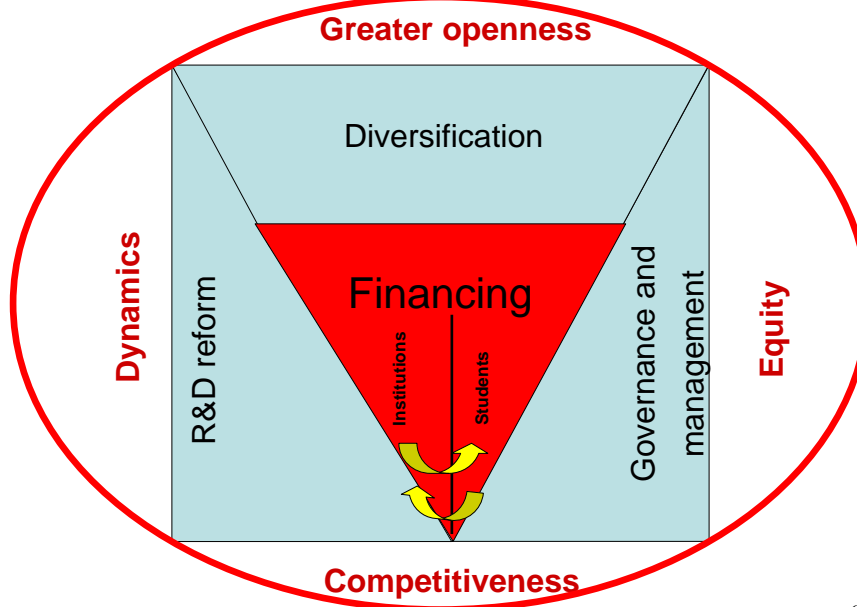
Main objectives of the reform

- To increase **efficiency** through **competition** → **competitiveness**
- To achieve true and rich **structural diversity**
- To transform the existing “**supply-driven**” system to a “**demand-driven**” system of TE
- To increase **private contributions** for the costs of TE
- To align better with **the labour market changes**
- To develop stronger **partnerships with business & industry** → strengthen the **R&D and innovation potential** of HEIs
- To increase **accessibility**, **reduce inequity**, and to increase participation and aspirations

The White Paper of Tertiary Education: The objectives and the logic of the proposed reform

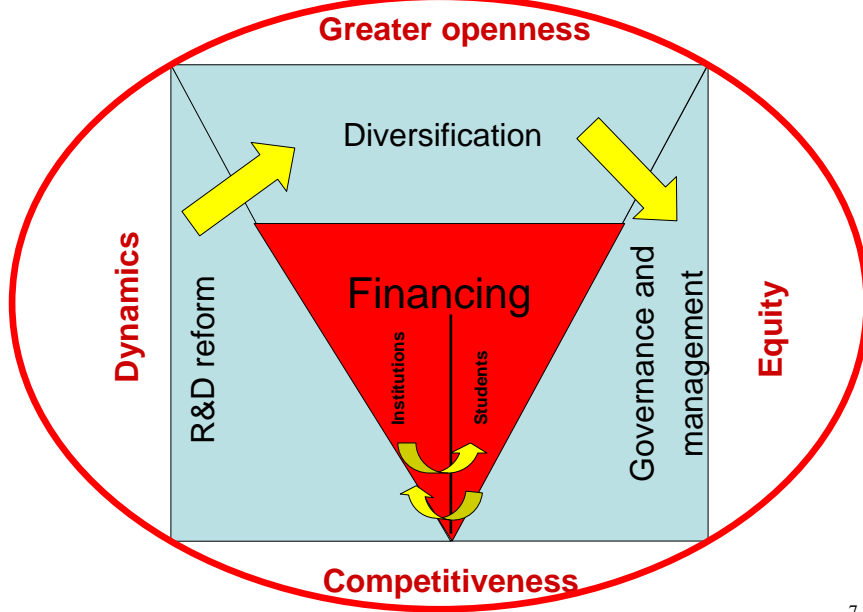
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The Logic of the Proposed Reform



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The Logic of the Proposed Reform



Financing

Key pillars of the new system

- **Public funding: a fine-tuned block grant** (based on a per-student funding formula)
- **Cost sharing: differentiated and deferred tuition fees**
- **New system of student financial aid**

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Public funding of HEIs – block grant

- **Block grants (formula funding) will remain the core of the public funding system** (element of stability)
 - However, in its assessment we will have to strengthen:
 - **a contractual principle** - to allow medium term planning
 - **the role of demand signals** - to create conditions for competition between HEIs;
 - **the role of outputs** - not only in *quantitative* but also in *qualitative* terms (labour market outcomes of graduates, permanent evaluation of quality and performance)

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Public funding of HEIs – block grant

(continued)

- **criteria of eligibility** - basic educational grant (teaching allocation per student) can be provided for the same person only once for each level of tertiary education and only for the standard length of study
- **create incentives for diversification** – incentivise the growth of the profession-oriented bachelor degree programs and master & PhD programs linked to excellent research
- **transparency** - proportion of resources allocated other than by the formula principle will decrease, a decisive part of capital resources will be included in the block grant
 - responsibility for decisions on investment strategies transferred to institutions
 - institutions should be allowed to take up investment loans

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Cost sharing – deferred tuition fees

- **Complementary source of funding:** fee must be revenue for the HEI, an element reinforcing commitment, motivation, accountability, competition, and the role of market signals:
 - **Differentiated tuition fees** set by HEIs;
 - **Caps put on the fees** - set for clusters of fields of study; the key criterion will be the expected private financial benefits of education in the given field; different levels for BA and MA
 - **Possibility to pay in advance (up-front) or to choose the deferred option** (incentives for up-front fees);
 - **Institution will get an advance for deferred tuition fees** from the *Tertiary Education Funding and Administration Centre* (up to 50%).

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Cost sharing – deferred tuition fees

(continued)

- **Repayment of deferred tuition fees**
 - income-contingent
 - after crossing an income threshold
 - real interest rate
 - administration of deferred tuition fees through *Tertiary Education Funding and Administration Centre*
 - repayments through the personal income tax system (debt takes a form of tax liability → lower risk of default → lower interest rate)
 - government may play an active role in influencing demand for some fields of study, via interest rate or repayment fees

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Cost sharing – deferred tuition fees

(continued)

**Students do not pay anything,
only successful graduates
contribute towards the costs
of their education**

Tertiary Education Funding and Administration Centre

- **Roles and Functions:**

- **central information system** of students and graduates (register). Question: should we build a register of academic staff as well?
- **administration of all financial transactions** between the state, students and HEIs (block grants for HEIs, tuition fees, loans, grants, scholarships)
- **collection of repayments** due to institutions and the state through the Personal Tax Administration System
- **analyzing data** on the system and providing information for the Government, Ministry of Education, Council for Tertiary Education, Parliament, stakeholders, prospective students and the public

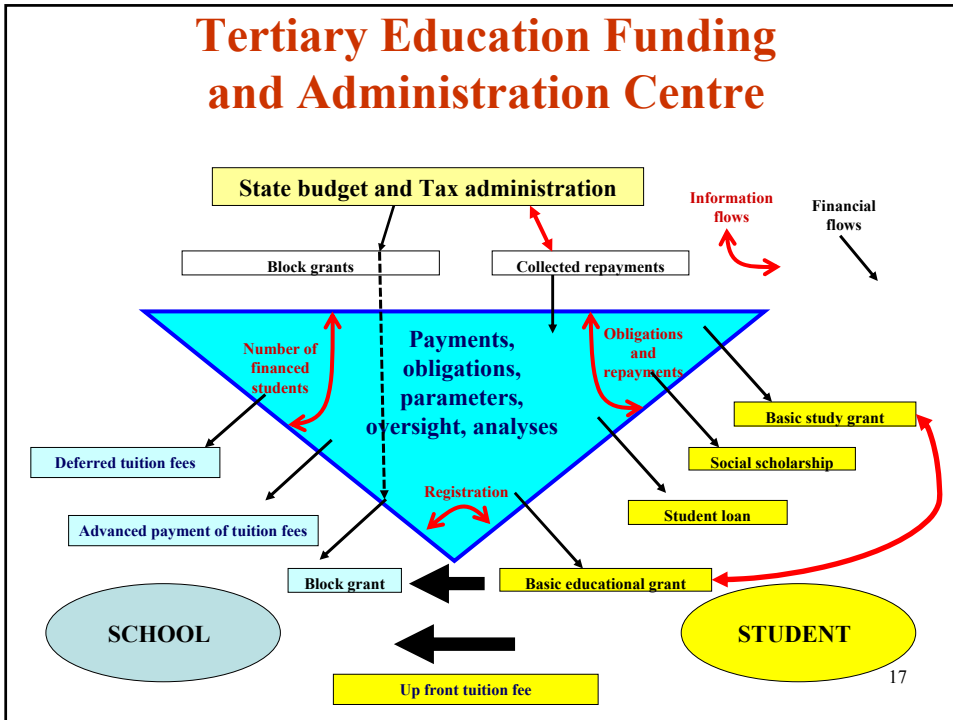
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Tertiary Education Funding and Administration Centre

- **Institutional form:** various forms are under consideration
 - organizational unit (department) within the Ministry of Education
 - **organizational unit of state** established by the Ministry with a clearly defined agenda, but independent in its routine operations (overseen by the Ministry)
 - **State Fund** (founded by Law)
 - **Foundation**
 - **Shareholder company** (100 % state owned)

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Tertiary Education Funding and Administration Centre



Management

The main goals

- **Increase HEIs' responsiveness to external stimuli**
 - changes in the labour market
 - needs of external stakeholders (public sector, employers, business and industry)
 - global trends in research and innovation
- **Balance powers and responsibilities**
 - management – academic self-governing bodies (senates)
 - Rectors – Deans
 - Rectors – Boards of Trustees – Senates
- Eliminate constraints to make **strategic decisions**, apply **strategic management**, and **target resources** (human & financial) to build competitive advantage

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Principles of change

- **Implementing a shared governance model**
 - more transparent and clear-cut division of roles and responsibilities between *institutional management and academic self-governing bodies*;
 - more institutional autonomy in choosing strategies of development; but
 - more accountability towards major clients and stakeholders.
- **Concrete model of governance to be chosen by HEIs**
 - within the framework of general principles;
 - must match the institution's mission (research, education, professional training).

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Main bodies

- **Ministry of Education**

- **strategic** (not steering), **policy-targeting** and **reform coordinating** roles
- **weakening its role in routine operations** (e.g. funding allocations – only principles, capital funding, etc.);
- **information collection, standardization** and **provision** (transparency) – in cooperation with the “Centre”

- **Boards of Trustees**

- increase in both powers and responsibilities, particularly more responsibility for **long-term and strategic planning**
- composed of representatives of all major groups of stakeholders (state, academics, employers and graduates)
- more important role in the selection and appointment of rectors.

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Main bodies

- **Academic Senates**

- responsible primarily for content-related issues of educational programmes and research strategies
- approval of academic internal regulations
- safeguarding academic freedoms
- ethical norms and issues
- students’ affairs, etc.

- **Scientific Boards**

- setting institutional R&D policy
- professional development (academic promotions)
- evaluation of research activities and outputs

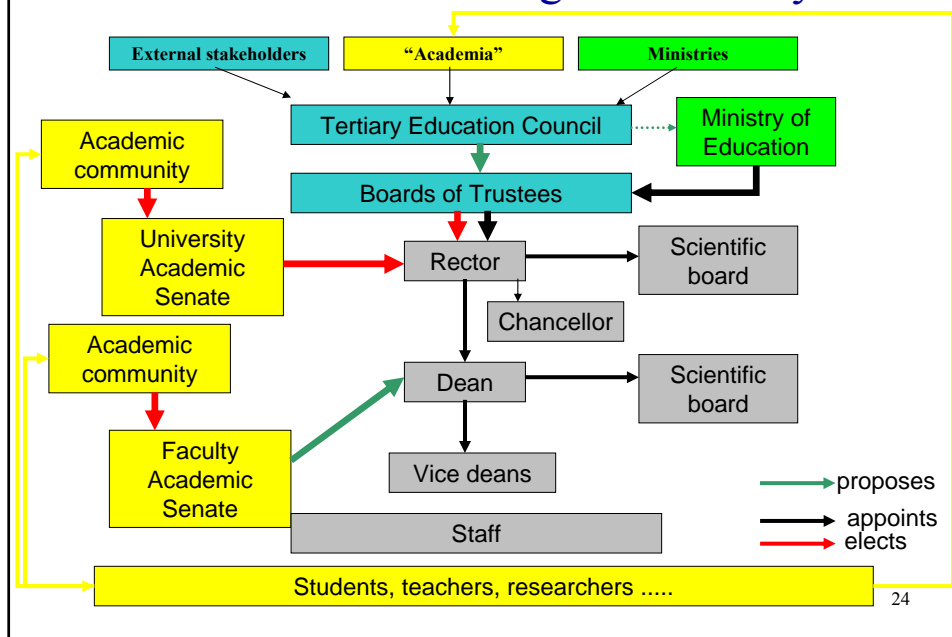
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Main bodies

- **Council for Tertiary Education** (newly established institution)
 - policy, coordination and advisory roles
 - proposing nominations for members of the boards of trustees,
 - functioning as a safeguard against direct partial and short-term political and business influences exerted on the Boards
 - expressing views (evaluations) on the principal documents of HEIs (statutes, annual reports, etc.)
 - participation in quality assessment (criteria) and how it is applied in the accreditation of HEIs (coordination with the Accreditation Committee)
 - members should be representatives of the academic community and external stakeholders (public as well as business sector)
 - members appointed by the government (based on a nomination process)

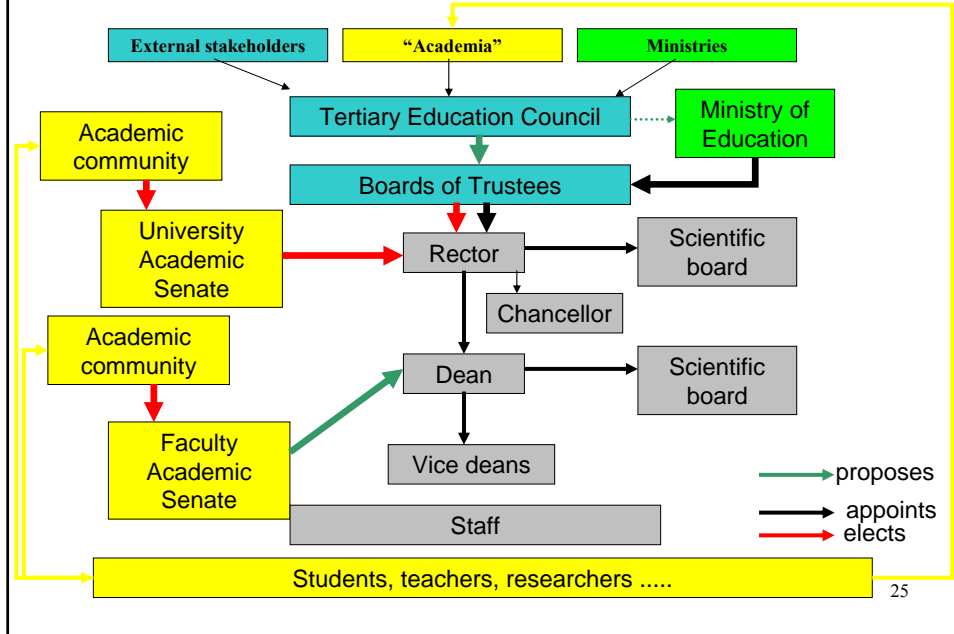
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Possible model of shared governance system



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Possible model of shared governance system



Equal Opportunities

Current Situation

- **High level of stratification (selectiveness) of secondary education** - streaming at too early age, extremely low proportion of pupils in general education.
- **Student viewed as a dependent child** for the purposes of financial support.
- Extremely high **burden on household budgets in students' families**, a large proportion of students' own income in the funding of study-related costs.
- **Welfare benefits targeted predominantly through parents** child allowance, social benefits, tax allowance on parents' income.

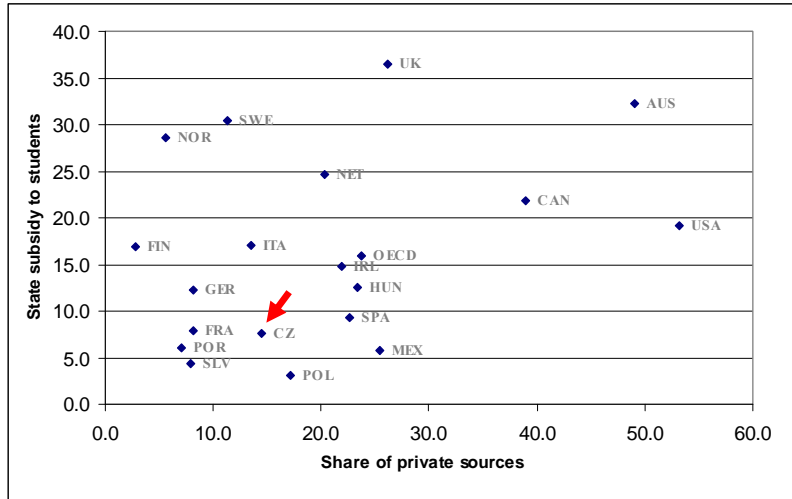
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Current Situation

- **Absence of non-commercial or guaranteed loans** for maintenance costs.
- **Absence of basic study grant** (scholarships)
- **Very low proportion of recipients of means-tested scholarships**

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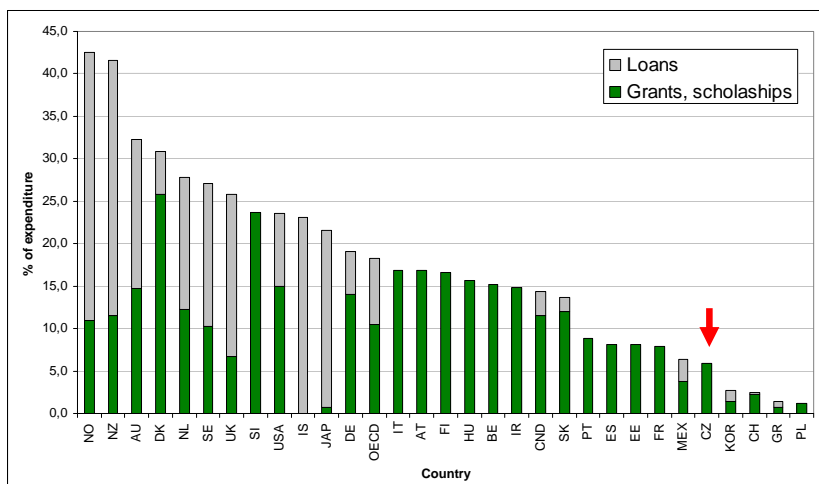
Private sources and financial subsidies to students in OECD countries (2004)



Source: OECD, Education at a Glance, 2006

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Share of financial assistance in total expenditure on tertiary education in OECD countries (2005)



Source: Education at a Glance

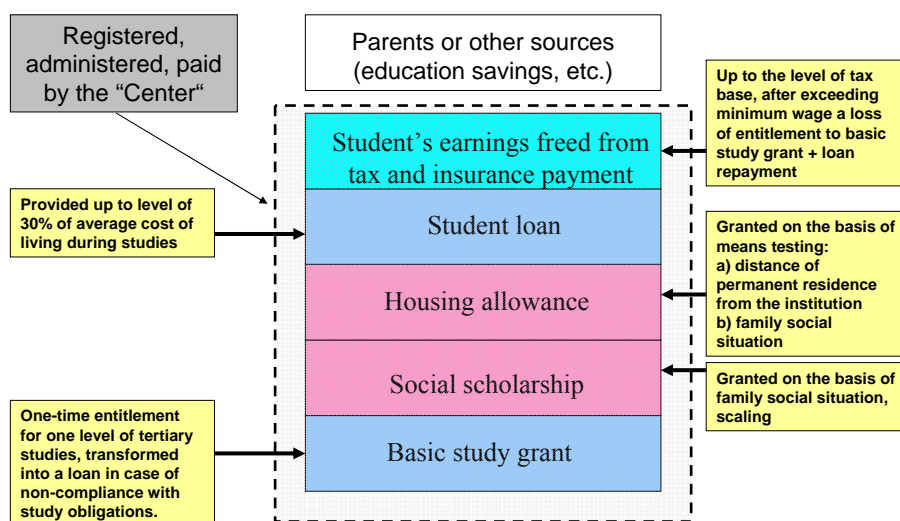
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Proposed solution

- Coordinate HE reform with reforms of primary and secondary educational systems
- Transform **indirect financial support** (child allowances, social benefits, tax allowances for parents of dependent studying children) into **integrated direct financial support**:
 - **basic (universal) study grant (BSG)** for all students;
 - **social scholarships** for students from low-income families.
- Addressing the problem of the 26-year age limit for eligibility of students' social benefits
- Introducing **accessible loans** provided by the state with an income-contingent repayment scheme.
- Introducing a **specific type of employment contract** for students (for occasional work).
- Introducing **education savings schemes** with state support

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Target situation



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Political Economy of the Reform

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Key principles

- **Minimize particular interests:**
 - reform designed by a team of independent experts (majority from “academia”) on behalf of the Ministry of Education (“White Paper Team”)
 - representatives of Czech Rectors Conference and Council of HEIs not directly involved, only through consultations
- **Reform build on objective evidence:**
 - OECD Data on higher education
 - cross-national comparative studies,
 - Tertiary Education Review
 - surveys among academic staff & students

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Key principles

- **Public debate**
 - discussions (roundtables) with internal and external stakeholders
 - media campaign (articles, press conferences)
 - meetings with representatives of HEIs (Rectors conference, Council of HEIs)
 - seminars and conferences in the Parliament and the Senate

Public debate on the HE reform called a **Good practice example** in 2008 (Report of the Ministry of Interior)

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Main achievements

- Reform doesn't favour any of the strong interest groups (big vs. small universities, "old: vs. "new" universities, external vs. internal stakeholders, management vs. self-governance, etc.)
- Fears about the reform gradually diminishing, namely among rectors (academic senates and Council of HEIs still cautious)
- External stakeholders (employers, business, etc.) strongly involved in building political and public support for the reform
- Strong support from Ministry of Finance and Ministry of Labour and Social Affairs (coordination with their reforms – tax reform, welfare system reform)
- Strong support from the R&D Council (HEI reform is coordinated with R&D reform)

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Opinions of Academic Staff

- A total of 25,660 respondents were contacted.
- 6,339 i.e. 24,6 % completed the questionnaire
- high degree of representativity
- deviations of the unweighted sample characteristics (age, sex, position, etc.) from statistical distributions in the range of +/- 2% at most, still weighted
- an independent expert analysis of the questionnaire refuted accusations (raised by some members of the HEIs Council) that questions were biased

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Opinions of Academic Staff

- Three quarters (72%) of the academic staff believe that a **deep reform of tertiary education is needed**.
- Great majority of academic staff (90 %) believe that one of the greatest problems of our higher education system is the **lack of public finances**, but
- ... the majority (68%) also admit at the same time that those **resources are being wasted** and that the **entire system of tertiary education does not work as efficiently as it could**.

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Opinions of Academic Staff

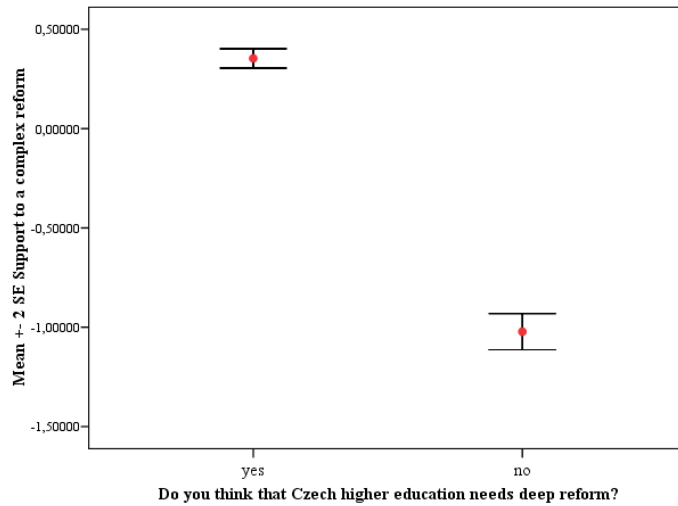
- Two-thirds of academic staff think that **higher education management should adopt more elements of the management style of large corporations**, and that **students should exert influence on higher education institutions largely as their clients**, **but** ...
- ... nearly a half of academic staff are afraid of strengthening the role of management (rector, dean), prefer to **strengthen the role of self-governance**, and only a third are for strengthening the authority and responsibilities of boards of trustees.

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Opinions of Academic Staff

- Definition of latent variable “**support for complex reform**”:
 1. Change legislation and establish new rules of financing
 2. Strengthen the role of external stakeholders
 3. Strengthen the role of boards of trustees
 4. Academic senates and Boards of trustees should have an equal role in the choice of rectors
 5. Introduce tuition fees and student loans, fees set to function as an instrument of competition among HEIs
 6. Quality should affect financing (the results of the quality assessments should be reflected in the level of formula funding)
 7. Concrete model of governance and management should be chosen according to the type of HEIs
 8. Create conditions for students to exert their influence on HEIs primarily as clients
 9. Reduce the influence of students on decisions on budget and personnel matters

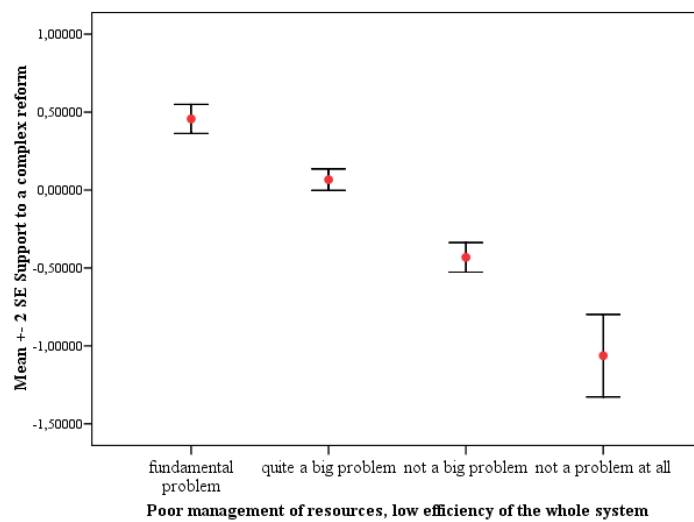
Support for complex reform by views toward the necessity of reform



Cases weighted by Váhý podle pohlaví, profesního zařazení a VŠ

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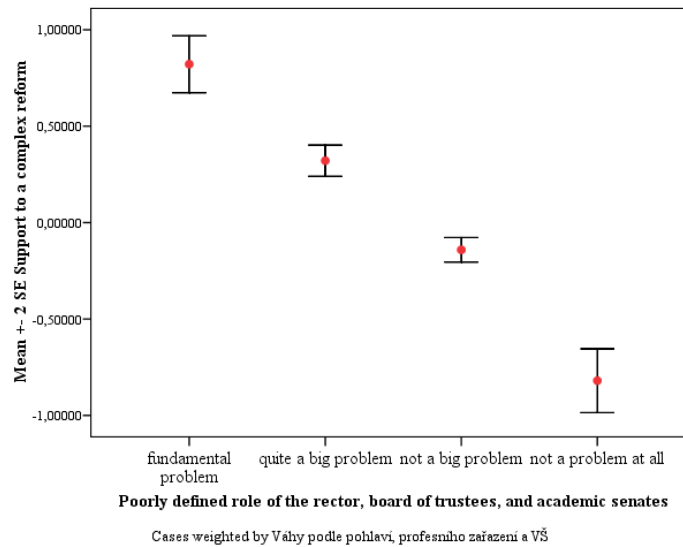
Support for complex reform by views toward the management of resources



Cases weighted by Váhý podle pohlaví, profesního zařazení a VŠ

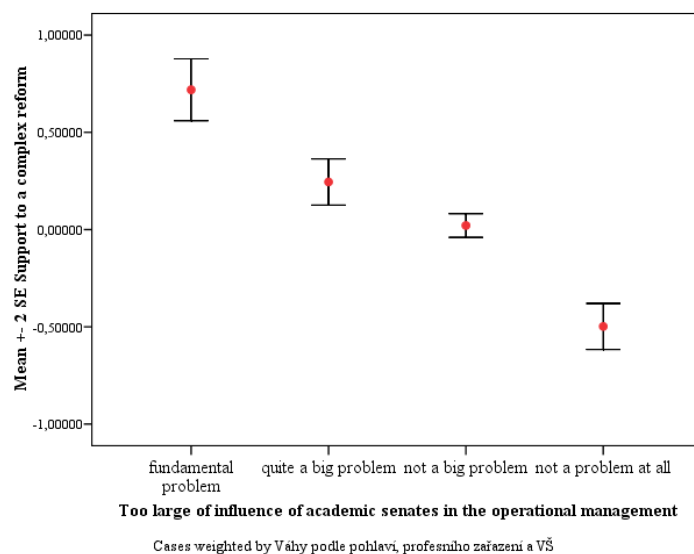
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Support for complex reform by views toward the definition of roles of different bodies participating in governing HEIs



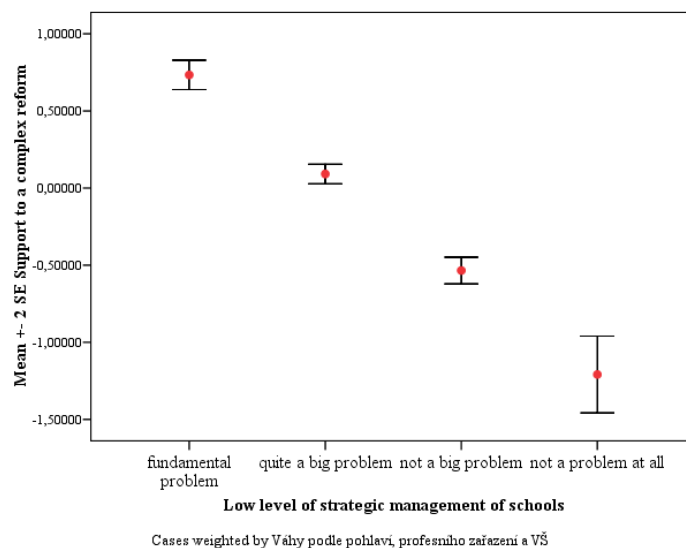
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Support for complex reform by views toward the role of Senates in operational management



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Support for complex reform by views toward the strategic management of HEIs



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Conclusion

- The majority of Academic staff is in favour of a deep reform of tertiary education system
- Though, in the details, the views of academic staff about needed changes differ from the recommendations of the White Paper, those who are in favour of the reform are heading in the same direction as the reform team.

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Thanks to the White Paper team

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Thank you for your attention

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