University Reform and Accessibility of Higher Education: Report of a Conference Examining Financial Reform and Accessibility of Higher Education in The Czech Republic, Hungary, Poland, Slovenia, and Slovakia

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The conference on University Reform and Accessibility of Higher Education was sponsored by the Institute for Social and Economic Analyses (Prague, CR); International Comparative Higher Education Finance and Accessibility Project, (University at Buffalo, USA); Open Society Fund - Prague; Institute of Sociology of the Academy of Sciences of the Czech Republic; Liberal-Conservative Academy (CEVRO); Skoda Auto; and the Parliament of the Czech Republic.

The conference brought together higher education analysts, current and former university rectors, and parliamentarians from Eastern and Central European countries together with higher education finance specialists from UNESCO, and OECD countries including UK, Germany, the Netherlands, US, Canada, Australia, and Israel. The conference took as its starting point the general condition of higher education throughout the world – and certainly applicable to higher education in post-communist Eastern and Central Europe – of financial austerity that is already considerable, and in most countries demonstrably worsening. This austerity, in turn, is a function of the high and rapidly rising per-student cost of higher education (again, throughout the world), exacerbated by the enrollment pressures of a rapidly increasing population seeking to enter university-level education. This leaves higher educational systems, both public and private sectors, with the challenge of further controlling expenditures or further increasing revenues - or both.

The other central fact of higher education throughout most of the world is the limitation on governmental, or taxpayer-generated, revenues as a solution to this austerity. In Eastern and Central Europe especially, the limitations on governmental revenues are exacerbated by the sheer technical difficulty of raising substantially more revenues through the tax system and also by the other compelling public needs (elementary and secondary education, public health, housing, public infrastructure, a social safety net to care for the poor and the elderly, environment, etc.) inevitably competing with higher education for these limited public funds.

Due to the considerable pressures on relatively high fiscal deficits, the situation is especially severe in central European countries currently joining the EU. Their future competitiveness and economic growth, the main prerequisite for success in fighting fiscal deficits, will very much depend on the expansion of tertiary education, *increasing* access (making it available to more people) and *widening* participation (making it easier for people from lower-income strata to attend). All these goals must be achieved along with enhancement of the quality of higher education.

The focus of the conference was mainly on ways of further controlling the unit, or per-student, costs of instruction and on generating additional non-governmental revenues to supplement the revenues currently available from taxation in order both to improve the quality of higher education and to increase higher education's capacity (and therefore its accessibility).

Although there is an important concern throughout the world for the maintenance, restoration, and enhancement of university *quality* (and at this conference particularly in Eastern and Central Europe), the principal concern of the conference was for *accessibility*: most especially the compelling need for enhancing social and educational equity by expanding the capacity of the tertiary education system. The accessibility achieved through the expansion of tertiary system should not compromise the quality. Absent the expansion of tertiary educational capacity -- which, of course, implies the need for additional revenue – higher educational institutions and national systems, especially in the focus countries of Eastern and Central Europe, will continue to be accessible mainly to two groups of students: (1) the academically elite who can access the relatively few governmentally- sponsored, tuition free places; and (2) those whose parents are sufficiently affluent to pay the tuition fees needed to access the higher educational system through the *fee paying tracks.*

Because the examination systems that control access to these tuition-free places inevitably favor the children of upper, upper middle, and professional class families who can afford the best secondary schools and tutoring and who also tend to have academically enriched lives at home, it is the lower income, rural, and/or linguistically or ethnically minority students who have university *potential*, but who have not had the above-mentioned advantages, who are left out. (Again, this is the case in virtually all countries of the world.) Due to the already high level of inequality in formerly Communist countries, the participants were concerned with any system of financing which would discriminate against disadvantaged students. The *dual track tuition fee system* introduced in many formerly Communist countries, which consists in establishing a parallel, fee-paying track, was of special concern to the conference participants. What seems to be -- particularly from the point of view of universities – a financially viable solution, in fact augments an already very high level of inequity caused by the limited, academically - and socially-elitist tuition-free system.

Presentations were delivered by higher educational financing experts both from OECD and Eastern and Central European countries, including such higher education policy analysts as: T. Alexander (Open Society Institute, UK), N. Barr (LSE, UK), M. Bevc (Slovenia); P. Illes (Hungary); A. Kluyev (Russia); J. Jarab (Senator and former Rector, Czech Republic) D. B. Johnstone (Buffalo, USA); P. Mateju (Academy of Sciences and former parliamentarian, Czech Republic); B. McGaw (Australia and OECD); A. Pelczar (Poland); W. Piatt (IPPS, UK), J. Sadlak (European Higher Education Center in Bucharest of UNESCO); W. S. Swail (EPI, USA); A. Usher (Canada); M. Woodhall (UK and the World Bank); A. Ziderman (Israel the World Bank, and UNESCO); F. Ziegele (Germany); Jiri Zlatuska (Senator and Rector, CR), etc.
The following is a summary of the conclusions reflecting the general concurrence of the closing session.

1. Tertiary education is of great and growing importance throughout the world - very much so within the countries of Eastern and Central Europe. It contributes measurably both to the prosperity and to the political and social enrichment of society in general as well as to the individual, in terms of enhanced productivity and lifetime earnings and of a culturally richer life.

2. At the same time, the ability of universities and other institutions of higher education, or of governments and higher educational ministries to accommodate the growing numbers seeking and deserving higher education is increasingly limited by a worsening financial austerity. This financial austerity is limiting both the needed quality of instruction, scholarship and public service as well as the national and institutional capacity to accommodate the increasing numbers of students desiring and deserving tertiary-level education.

3. These limitations are especially acute in the countries of Eastern and Central Europe. While the Czech Republic is but one of the countries that the conference focused upon, some statistics provided by the OECD are particularly illuminating. According to these data, the Czech Republic ranked fifth among the thirty OECD countries in secondary school completion, but second to the bottom in tertiary-level completion, third to the bottom in the percent of GDP devoted to tertiary level education, and third from the top in the “salary premium” deriving from higher education. In short, the Czech Republic represented a particularly vivid example of the consequences of limited public budgets and resulting limited capacity of its higher educational system.

4. Measures to increase the productivity of universities, including cost cutting measures, must remain on the table even though most of the available measures seem already to have been taken. In part this is because it is absolutely imperative politically that universities continue to seek additional productivity and to also bear their share of the pain in the inevitable squeeze between growing needs and limited resources.

5. Cost cutting measures must also remain on the table because there do seem to be areas of additional productivity that need to be pursued, some of which are peculiar to the universities of the post-Communist world. In particular, national systems need to pursue more aggressively the kind of sector differentiation that will provide abundant and academically challenging academic opportunities for young people short of (and less costly than) the traditional, long European first degree. Conformity with the Bologna recommendations for three- and four-year bachelor degrees, for example, would be a step in this direction.

6. Additionally, faculty and academic administrators need to move away from the underlying teaching and learning paradigm typical of the old "Soviet model" that was characterized by very little student *self learning* and maximum learning by *classroom instruction* – which demands a high and expensive ratio of faculty to students.

7. The other imperative for the countries of Eastern and Central Europe – again, like most countries in both the industrialized OECD and the middle income and developing countries – is to pursue *revenue supplementation,* or sources of revenue in addition to the governmental, or taxpayer-borne, revenues. One important kind of revenue supplementation is what has come to be known as *cost-sharing*, which is a shift from higher educational costs being borne exclusively or predominately by governments and taxpayers, to be being shared by parents and students as well.

8. Cost sharing is happening throughout most of the world, including some currently or formerly communist countries like China and Vietnam, and is, in a very real but arguably distorted sense, being pursued in the post-communist economies of Russia and the countries of Eastern and Central Europe via the so-called *dual tuition* policies mentioned above. These *dual tuition* policies continue to absolve the most economically elite students from the need to bear a portion of costs. At the same time, these policies do shift some cost burdens onto a growing proportion of students and economically advantaged parents through the fee-paying tracks.

9. The conference did not consider the *dual track tuition* policy to be an effective or equitable long-term policy for financing higher education. *Dual track tuition* presents a formidable financial barrier to many well-qualified students - particularly in the absence of well-developed and sufficiently funded programs of means-tested grants and generally-available student loans. The *dual track tuition* fees also absolve many students whose parents both can and would pay a modest tuition fee from having to share any of the costs of their expensive higher educations. Most participants agreed that the line between those students admitted with full governmental/taxpayer support and those students admitted on a fee paying basis was both academically arbitrary and sometimes corruptible, and in no way served the goal of broadening accessibility and equity

10. An effective and equitable policy of cost-sharing requires the contribution of a modest fee that can either be deferred and repaid out of the presumably higher earnings of university graduates -- which is to say borne by the *students* (or at least by those students who eventually earn enough for their higher education to "pay off" monetarily). Or, it can be paid for "up front" by a direct tuition fee – which is to say, in most instances, by *parents* (at least by those who are financially able as well as willing to do so). A tuition fee that can either be deferred and repaid as a loan (with interest) or paid "up front" as a direct tuition fee allows parents and their children to "sort out" this allocation of cost-sharing among themselves, taking into consideration both the financial means of the parents and the inclination of the student to be financially dependent or independent of his or her parents.

11. In either event the concept of cost sharing favored by the conference participants was one that expanded accessibility and opportunity rather than limited these important social and political goals. This policy would require that the additional revenue from parents and/or students be retained by the universities, supplementing rather than supplanting the revenue currently available from governments/taxpayers.
12. One the important goals of cost-sharing implementation would be to increase the accountability of higher education institutions and to promote the quality of the provided educational services and their higher responsiveness towards changing conditions in globalizing labor markets. Therefore, the fees, whichever form they take (upfront, or deferred) should be differentiated by institutional type and/or by program, and should in most cases be determined by each institution.
13. Due to the increasing socio-economic disparity and inequality in access to higher education in East-Central European countries (compared with the advanced OECD countries), well-funded and well administered programs of student financial assistance to low-income students should be designed and implemented as part of the approach to cost-sharing. The principal aim of student financial assistance schemes should be the expansion of accessibility and the goal of higher educational equity. Strong and well-designed programs of financial assistance must accompany the introduction of fees to low-income students, or the whole idea of cost-sharing in these countries is likely to flounder.
14. The very words *fees* and *loans* are politically volatile. While academics might not like euphemisms or calling a "fee" by almost any other name, the presentation of cost-sharing in politically acceptable terms might be the small price we must pay for a policy that provides the needed revenues and the equity that most of us seek.

Prague, June 17, 2003