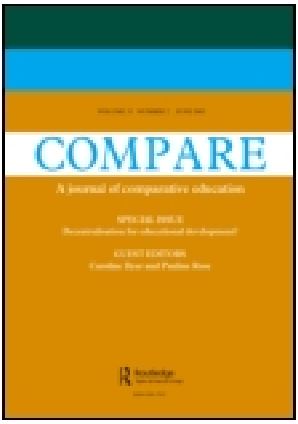

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Who shall pay for the public good? Comparative trends in the funding crisis of public higher education

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Who shall pay for the public good? Comparative trends in the funding crisis of public higher education

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Theaftermath of the international financial crisis of 2008/09 and current economic downturn in the world economy has unsurprisingly put publicly-funded higher education (HE) systems under immense pressure in most parts of the world. Added to measures of the past 20 years, aiming at introducing cost effective management approaches imported from the business world and at pushing universities to seek new revenue streams, the depth of recent cuts in countries like the UK, the US, or Chile has the potential to transform the very essence of public higher education. But should this be regarded as anineluctable world trend? And is the amount of money received from the State the defining feature of public universities?

In an analysis of the marketisation of higher education in the US, Henry Giroux showed years ago how the neoliberal discourse accompanying reforms and pressure on institutions, staff, and students successfully imposed a general perception of this trend as inevitable (Giroux 2002). Giroux suggested that, beyond the funding disengagement of the State, the real danger in such reforms was the discreet removal of universities from their position in the public sphere, resulting from their dependency on market strategies, the deprofessionlisation of their faculty, and the instrumental approaches to the teaching of students now loaded with debt and taught through standardised methods.

Echoing this critique from a more global perspective, Craig Calhoun suggested that the observed transformation of universities had to be related to a 'more general intensification of social inequality, privatization of public institutions, and reorganization of the relation of access to knowledge' (Calhoun 2006, 7). However, Calhoun suggested that current pressures facing higher education institutions (HEIs) are also a result of unresolved tensions within HE systems, built on the assumption that 'knowledge can be at once authoritative and democratic and can simultaneously inform expert instrumental use and public debate' (Calhoun 2006, 8).

By placing the concept of public good and public mission at the heart of the debate, Giroux, Calhoun, and others suggest that funding, or even public funding, is not the sole core feature of the identity of public universities,

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and show how the past 20 years have seen an erosion of this public identity, even where public funding continued to match the rise in student enrolment.

This is somehow confirmed by financial reports from the UNESCO and the OECD. On one hand, figures suggest that there is no direct link between the level of public funding in HE and the overall money available for the system (as expressed in GDP percentage). The US (2.7%), Korea (2.6%), and Canada (2.5%) invested significantly more than the average OECD in recent years, despite massive public cuts (to State universities in the US for instance). Elsewhere, the UK and Japan came in below average at 1.2%, despite having significantly increased the share of private funding in recent years (OECD 2011). On the other hand, countries with the highest private investments share in HE are also the ones with the lowest investment in HE as part of their GDP, which raises concerns about strategies essentially understanding private funding of public higher education as tuition fees: in a context of international policy push for increased participation in HE, recent trends in high fee-paying HE systems indicate an amplified stratification effect, which impacts negatively on inequalities regarding student experience and the market value of their degrees.

Recent comparative reports also suggest that the private higher education sector does not necessarily benefit from the recession of the public sector. In most countries, the for profit and not for profit HEIs have been playing an absorbing role in the process of massification of access to higher education, operating essentially at the sub degree level of vocationally-oriented subject. As recently reported by Sanyal and Johnstone (2011), their traditional lower middle class market is today the worst affected by the economic downturn, and even the 'wealthy universities in the United States and the United Kingdom such as Harvard, Oxford, Cambridge, and Yale have lost billions of dollars from their endowments, necessitating commensurate cuts in their operating budgets' (Sanyal and Johnstone 2011, 161).

In this context, public policy choices are made that have different – if not contradictory – short term and long term effects on student participation, on pedagogies, on research orientations and beyond, on those 'vital public missions' of universities, including 'equipping citizens for occupations needed by the public, advancing social mobility, contributing to the creativity and continuity of culture, and informing the public sphere and preparing citizens to participate in it' (Calhoun 2006, 10). The Compare forum seeks to contribute to this debate through a comparative illustration of ongoing trends in the transformation of national public higher education landscapes. Drawing on their expert knowledge and/or professional experience, Roger Brown, Marek Kwiek, Martha Lucchesi, and Rolf Stumpf shed light on and offer preliminary analysis of the most recent development in the UK, Poland, Brazil, South Africa, and a few other contexts. From the UK, where 'no major system has ever gone so far in channelling funds for teaching through the student' (Roger Brown), through the highly marketised

Polish HE system, where expected demographics ‘may lead to the re-monopolization of the system by the public sector’, and onto the question of the pertinence of the ‘distinction between public and private benefits of higher education constitute a valid basis for charging higher education tuition fees in a developing country such as South Africa’ (Rolf Stumpf), these contextualised discussions of crisis-led scenarios all raise more fundamental issues regarding the *raison d’etre* of a publicly funded and publicly oriented higher education.

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Tuition fees in South African higher education

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As with most socio-economic issues in South Africa, tuition fees in higher education can only be understood properly against the background of apartheid, which also served as governing framework for higher education up to 1994.

Under the apartheid system, tuition fee income constituted an accepted source of funding for universities together with government subsidies and 3rd stream income. The subsidy formulas through which higher education institutions received public funds were based on the premise that these subsidies would not cover the full cost of institutions. It was thus expected of individual students to make up a portion of this difference by paying tuition fees in line with the private benefits emanating from their higher education studies.

Despite this expectation, no formal policies governing tuition fees were ever developed by government and the various higher education institutions all followed institution-specific processes in setting tuition fees for students. In general, tuition fees at historically advantaged institutions (those meant for White students) were set at much higher levels than those for historically disadvantaged institutions (those meant for Black students). In addition, tuition fees differed in accordance with fields of study, with much higher fees being set for professionally related study fields in anticipation of higher future individual earnings in these professional fields.

A new funding framework for higher education was only introduced in 2004, pursuant to the establishment of a National Commission on Higher Education in 1995, the subsequent development of a new legal and governance framework in 1997, a new higher education management information system in 1998, a new quality assurance and programme accreditation system in 2000, a national plan for higher education in 2001, and the restructuring of the institutional landscape through mergers and incorporations in 2002.

Somewhat surprisingly, this new input and output based funding framework tacitly accepted the principle of cost sharing of higher education without engaging in any principled debate on this matter in the light of government's transformational agenda for higher education. The only reasonable explanation for this is that higher education simply did not enjoy a sufficiently high priority for government to assume a drastically higher proportion of covering its costs, in view of pressing demands concerning other socially emotive issues such as expanding primary health care, improving the provision and quality of basic schooling, accelerating land restitution, providing clean water and electricity for rural communities, and combating the spread of HIV/AIDS etc.

Nevertheless, debates on processes for the setting of tuition fees as well as their levels, but not on the acceptability or not of a shared cost or user charge system in higher education, have become increasingly intense and emotive since the 2000s. Since approximately 2006, these debates have, however, been extended to include the question of whether undergraduate tuition fees should be levied at all and whether such education should not be regarded as a fundamental right for all academically qualifying students.

Undoubtedly the issue of tuition fees has been the major cause of student unrest at campuses of South African universities during the past decade or more. This is due to a number of factors.

Since 1994, government has pursued policies aimed at increasing admissions to higher education, particularly for students from economically deprived backgrounds, who would mainly be Black students. Obviously these students found it difficult, if not impossible, to pay the tuition fees set by the various institutions. In response to recommendations in this regard from the National Commission on Higher Education in 1996, a National Student Financial Aid Scheme (NSFAS), in the form of an income contingent loan scheme, was set up by government in 1998 to assist poor but academically deserving students in gaining access to higher education. Through good academic performance students could, however, succeed in converting up to 40% of their total study loan into an outright bursary payment. Lack of sufficient academic progress could, however, result in discontinuation of financial aid, which particularly affected students coming from an inferior school background, i.e. mainly Black students.

Despite government's laudable efforts in strengthening the funding for student financial aid in real terms from year to year, demand for financial assistance nevertheless continued to outstrip supply, ultimately resulting in financial shortfalls for individual students as well as for the universities.

These shortfalls arose from the practice adopted by NSFAS, in order to limit administrative costs, of making allocations for financial aid to universities for disbursement to students at the respective universities who qualified for NSFAS aid, rather than directly to individual students. For many institutions the application of the rather complex NSFAS regulations, coupled with the overwhelming demand for financial aid from students, was simply too demanding, resulting in many institutions resorting to allocating equal amounts of financial aid to students, irrespective of their actual financial situation, their study programme, or their academic progression.

In addition, qualifying for NSFAS funding was based on a student's mean family income being below the so-called means test threshold value. In order to assist more students, this threshold value was set at such a low level that large numbers of students whose mean family income was slightly higher than this level nevertheless found themselves in the invidious position of neither qualifying for NSFAS funding nor being able to pay for their studies. Furthermore, many students found their financial aid cut off after their first year of studies due to insufficient academic progress, leaving them to fend for themselves.

Institutional shortfalls were made more acute by the post-1994 government's inability to match funding levels for higher education to the expansion of the higher education system. For example, in the year 2000, government subsidies made up approximately 49% of total income of universities, tuition fee income about 24%, and the remaining 27% was 3rd stream income. The latest indications are that government subsidies now at most make up 40% of the total income of universities, while income from tuition fees has increased to 28% and that from 3rd stream sources to 32%. Clearly universities have, in part, sought to balance out declining government subsidy levels with increasing tuition fee levels. This is borne out by the fact that during this period, tuition fee increases tended to be significantly higher than general living cost increases.

In a somewhat bitter twist it was particularly those universities originally established for Black students, which had suffered the most under apartheid rule, and which still had Black student enrolments of 95% and higher which had no choice but to institute quite dramatic tuition fee increases in their efforts to balance their books, as their rural location generally made the generation of other forms of income very difficult for them. This was not made any easier for them by the introduction of the new input and output based government subsidy framework in 2004, in which the strong output emphasis had some adverse effects specifically for them.

Student debt at these universities in particular, but also at others, arising mainly from students whose NSFAS allocations had been discontinued due to insufficient academic progress, from students whose mean family income was slightly above the means test threshold value applied by NSFAS and who thus did not qualify for NSFAS support, and institutional practices in simply awarding equal NSFAS amounts to students regardless of actual study costs, amassed near unmanageable proportions during this time. As a result, many institutions had no choice but to institute practices and policies aimed at exerting extreme pressure on students to pay their fees which, in some cases, even assumed withholding degree certificates until debts were settled, and in other cases declining to register students until outstanding fees had been paid.

The levels of discontent experienced, specifically by poor Black students, in coping with the financing of higher education studies reached such levels that the government, in 2006, began investigating the setting of upper limits for tuition fee income as a proportion of total income for the various universities. Universities, through their collective organisation, Higher Education South Africa (HESA), acknowledged the severity of the financial challenges facing financially deprived students, but quite correctly pointed out that any decrease in the total income available to institutions could not but impact negatively on the overall extent and the quality of their educational services.

HESA argued in a report in 2008 on an investigation into tuition fees that capping tuition fee income levels for institutions without compensating them for loss of income by means of higher government subsidies could not but lead to institutions curtailing student intake, as they would in effect be asked to absorb an even greater financial loss per individual student than they were already doing. Undoubtedly this would mean limiting the intake of students who were deemed to constitute a financial risk to institutions which would, in general, affect Black students adversely – the very students the government was seeking to assist in accessing higher education in greater numbers. HESA strongly argued that any form of capping tuition fees would, in effect, amount to advantaging rich students who could well afford to pay higher tuition fees and would consequently also remove an important source of cross–subsidising poorer students from institutions. HESA advocated a substantial strengthening of the National Student Financial Aid Scheme as the most appropriate way of solving the problem of students not being able to pay tuition fees.

In many ways the debates on tuition fees had become even more politicised than before, with universities feeling that they were asked to do the impossible: admit more and more students at substantially lower tuition fee levels, while government subsidies were steadily decreasing in real terms. In turn, students, mainly poor Black students with high aspirations of an improved quality of life, of whom many already had to cope with the consequences of an inferior school education, simply felt that, despite a change of government in 1994 and the demise of apartheid, the odds were stacked against them once again and saw no way out.

Under heavy political pressure from student organisations and with no consultation with HESA, the government at this stage somewhat surprisingly announced in 2009 that it intended to pursue the possibility of providing free undergraduate education for higher education students. Clearly this was not possible given the scale of the apartheid induced socio-economic challenges facing South Africa in a host of other fields. Consequently, this initial undertaking was changed by government soon after, in 2010, to that of pursuing the possibility of free undergraduate education for all *poor* students.

These announcements, while welcomed by student organisations, did not add much substance to the debate on tuition fees as an acceptable and defensible form of institutional income, as the government did not attempt to define either of the concepts 'free' or 'poor'. Positively, however, and in line with HESA's recommendation on an appreciable strengthening of the National Student Financial Aid Scheme, the government launched a comprehensive overview of the Scheme in 2010.

This overview did not address tuition fees as such, but resulted in a large number of recommendations on making student financial aid more accessible to larger numbers of students, on increasing financial aid levels significantly, on arrangements for students to pay back that part of their financial aid that had not been converted into a full bursary award on the basis of good academic achievements, on assisting students whose mean family income was above the threshold value set by the means test but still too low to be able to support higher education study, and on moving away from a largely racially-based approach to determining eligibility for financial aid to one based on socio-economic status, irrespective of race. Many of the recommendations of the Review Committee are yet to be addressed by the Department of Higher Education and Training, which has thus far not published a formal implementation schedule for these recommendations.

Nevertheless, as an outcome of this review, the government did indeed put its money where its mouth was and in 2011 announced a very significant increase in the total amount available for financial support for higher education students. In addition, a number of other measures were instituted in respect of the paying back of study loans by students.

As a result of these pressures and developments, higher education institutions in turn developed more formalised processes involving institutional student structures in the development of annual proposals on tuition fee levels. In addition, many have developed quite sophisticated econometrically-based models for determining tuition fee levels, also improving their levels of public accountability in this respect. Despite these developments, student structures, however, insist that the 'financially based exclusion' of students from continuing with their higher education studies once having gained access is unacceptable.

Given South Africa's apartheid past, much of the debate on tuition fees has been quite emotional and couched in the context of those 'advantaged' (usually taken to mean Whites) and 'disadvantaged' (usually meaning Blacks) by this system. Surprisingly little debate has taken place on more fundamental questions such as: Does the distinction between public and private benefits of higher education constitute a valid basis for charging higher education tuition fees in a developing country such as South Africa? Does free basic education (first nine years of education) as a constitutional right lend itself to extension, both conceptually and practically, to include free undergraduate study? What lessons do international cost sharing practices hold? What are the trade-offs between forms of directly subsidising students through study vouchers, compared to subsiding institutions in relation to tuition fee issues? How can partnerships between government, the private sector, and academically deserving but financially needy students be strengthened?

In many ways the real debate on the more fundamental questions concerning tuition fees as such is thus still to take place. In particular, the outcomes of such a debate are still to be incorporated in the formal funding policies for public higher education.

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The funding of student education – the UK experience

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This brief essay describes the recent UK experience of funding student education and draws attention to some of the issues that have arisen (a fuller account will appear in Brown in preparation).[1]

Major funding changes since 1980

Since 1980 the UK has taken a number of steps towards market-based funding:

- The Government's requirement in 1979 that fees for overseas students should no longer be subsidised, so that in future they should be charged full-cost fees;
- The Government's decision in 1989 that the fee level for home/EU students should be substantially increased, so that a higher proportion of the cost of teaching would be met from the fee (the fee would continue to be underwritten by the taxpayer). This followed attempts, which met with varying success, to get institutions to bid for a proportion of their grants at lower 'prices'. There was also an attempt to introduce a system of 'contractual' funding between the government funding agencies and the institutions, so that there was clearer accountability to the taxpayer;
- The introduction in 1990 of government-subsidised loans for student support to complement maintenance grants;
- The introduction in 1998 of a means tested, up front, fee of £1,000 (following the government's rejection of the Dearing Committee's recommendation the previous year that graduates in work should make a flat rate contribution of around a quarter of the average cost of tuition, through an income contingent mechanism). Maintenance grants were abolished, to be partially restored after 2006;
- The introduction in 2006 (in England) of a variable fee regime, under which institutions were allowed to charge up to £3,000, with the fee backed by a Government-subsidised, income contingent loan (so that the cost of the fee would not need to be found initially from the student's own resources). Block grants linked to student numbers continued to be available but now represented only about 60% of the institutions' funding for teaching, compared with nearly three quarters before 2006. Institutions charging the full £3,000 – which turned out to be the vast majority – were required to make at least £300 available in the form of bursaries for lower income students under access agreements policed by a new regulatory body, the Office for Fair Access (OFFA);
- The planned introduction in 2012 (in England) of a variable, full-cost fee regime, under which institutions will be allowed to charge up to £9,000. Institutions charging £7,500 or less will be able to bid for 20,000 places at lower prices, these places having first been removed from each institution's core allocation. Income contingent loans will continue to be available at subsidised rates. Block grants will be confined to a small number of priority subjects. This is effectively a 'voucher' system.

These funding changes accompanied others designed to increase competition, including the selective funding of research from 1986, the expansion in the number of universities (1992/3 and 2005/6), the introduction of sector-wide performance indicators and statistical benchmarks (1992 and 1999), the evolution to a more market-based quality assurance system (2001, 2005, and 2013), and proposals for changes in the rules for obtaining degree awarding powers and university title to make the entry of new, private providers easier (from 2013, if Parliament agrees). In this sense, the changes are part of a wider international trend to marketisation (Brown 2010).

Issues arising

Four main sets of issues can be identified.

Overall funding levels

A major reason for the funding changes has been the increased costs of an expanded system and the consequential demands on the Exchequer, i.e. the taxpayer. In fact, the proportion of UK GDP spent on higher education has hardly changed, and is still below the OECD average. As a result, the unit of funding per student has fallen whilst student/staff ratios and class sizes have risen: remarkably, retention and graduation rates have remained broadly constant whilst the proportion of students receiving ‘good’ (First Class and Upper Second Class) degrees has actually risen. There are no projections for the proportion of GDP or the unit of funding that will result from the post-2012 funding changes.

Public v private

There has been a major shift in the proportions of public and private funding. This applies not only to student funding but also to research and so called Third Stream activities (applied research and consultancy, technology transfer, sale of patents, continuing education, supply of commercial services, etc.). As a result, the UK is one of four systems internationally with more than 60% private funding (the others are Japan, Korea, and the US). This will increase further after 2012. However, the claims on the public purse will remain. Indeed, the cost of the income contingent loans for both fees and maintenance will almost certainly prompt a further review of student funding before long (the main problem is that graduates will not be required to pay back their loans unless and until their post-graduation income exceeds £21,000, compared to £15,000 at present).

Distributional effects

Public policy has tended to focus on overall levels of funding and, more recently, on the means and effects of funding methodologies on students, families, and access. But there are also important distributional impacts, given the extent to which certain social groups (social class, ethnicity, gender) tend to be associated with certain kinds of institution. A 2006 study (Brown and Ramsden 2006) found that, taking together teaching and research income per weighted full time equivalent student and allowing for subject mix, the best funded UK HE institution (Imperial College, University of London) enjoyed an income of two and a half times the sectoral mean, whilst the least well funded (Edge Hill University) had an income of just under half the mean (2004/5 figures). One of the main reasons for this is the increased concentration of research funding (25 institutions receive ¾ of HEFCE Quality Research funding, and 4 have ¼).

The new funding regime will almost certainly make these differences even greater. The more prestigious institutions, which already attract the lion's share of the public (and private) funding for research, will be able to earn £9,000 per student, as long as they are able to recruit them on the basis, essentially, of status and reputation. Less prestigious and less well resourced institutions will face a difficult choice between attracting students at higher fee levels (£7,500 to £9,000), which may be difficult because of reputational factors, and cutting their fees considerably in order to gain some of the students funded at marginal levels, a number initially set at 20,000 places, but which is expected to increase in later years (20,000 is about 7% of the total new entrant places each year). This process will do nothing to reverse the social polarisation, which means that the richer institutions are mainly attended by students from middle class families whilst the smaller numbers of working class students mainly attend the newer universities and colleges.

Quality

As already indicated, there have been big increases in student/staff ratios, class sizes, and general pressure on facilities. There have been many other developments that may have affected quality, such as the increasing proportion of students undertaking paid employment while studying. Unfortunately, and in spite of an extensive and complex quality assurance apparatus, we lack any systematic data or understanding of the impact of funding changes on quality, even though this has been put forward by the Coalition Government as one of the principal justifications for the changes (the argument being that putting purchasing power in the hands of the students will empower them to demand and secure higher quality teaching). To support this, the Government now requires institutions to publish a much greater volume of information about quality and standards. Under the so called Key Information Set, universities and colleges will have to publish 17 pieces of information about individual courses, including information about subsequent employment and earnings.

Summary

The funding changes from 2012 will take not only UK but international higher education into new territory. No major system has ever gone so far in channelling funds for teaching through the student whilst also increasing so substantially the amount of information for students.

Note

1. Since 1998, funding policy has been devolved to the regions (Scotland, Wales, and Northern Ireland). None is planning to follow the English government in levying fees on its locally domiciled students.

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The funding of higher education in Latin America: implications for participation

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The Browne Report (2010) focused on the need to stimulate higher education in the UK, which in recent years has lost its privileged position in relation to other nations. However, in a comparative perspective, British higher education institutions (HEIs) still enjoy an enviable position compared, for instance, to those of Latin American countries. British HEIs are very varied in the type of students they attract, their entry requirements, the courses taught, and so on. They can also be said to attract students from large segments of the society (currently 45% of people between the ages of 18 and 30 enter an HEI, up from 39% a decade ago) (Browne 2010, 4). The report proposed new ways of funding public higher education as well as cuts in public spending in England, shifting the burden to the students and potentially affecting these figures.

The situation of higher education in Latin America is significantly different. Enrollment rates are much lower than in Europe and in some countries are not even made fully available. When comparing higher education enrollment rates around the world, the Browne report (2010, 16) only mentioned Chile and México in Latin America. I will here consider three national higher education contexts: Argentina, Brazil, and Chile, which have recently been pursuing the expansion of their higher education by public and private means, to a greater or lesser extent.

Access to higher education represents a major issue for developing countries and plays a key role in an individual's social status in a knowledge/achievement/democratic society. The question of who has access to higher education is therefore central to an understanding of such societies (Brennan et al. 2004).

The global picture has brought about a new element in the issue of democratisation of access to higher education in emerging countries, namely a demand for quantitative and qualitative expansion. Gaps, lags, and advances discussed here are essentially based on data collected from the Ministry of Education of each country and from the 'System of Indicators for the Educational Mercosur', supervised by the 'Project's Management Group-(GGP)' (MERCOSUR 2008).

The debate about access has been approached by numerous researchers throughout the region and takes place in the areas of politics, civil society, and government. The 1980s' trend in Latin America to adhere to international organisations and their recommendations is today giving way to strategies where each country implements its public policies in accordance with the interests, resources, particularities, and political will of its own government.

Policies of Higher Education were established in different ways, design, and intensities across the region, with different results, and the higher education picture of Latin America shows remarkable traits of heterogeneity in its history and its dimensions, as well as its qualities and funding. What countries do have in common is that they all seek to democratise access through the expansion of their higher education sectors.

Selected country profiles

Chile

In South America, Chile shows a very peculiar configuration of its higher education, which started during Pinochet's government in the 1970s: public universities have gradually been transformed into public foundations, receiving only 25% of their resources from the government and relying on student fees, albeit much lower than those proposed by the Browne Report (2010). Currently, the Chilean civil society oppose this trend and call for a return to free public education.

Interestingly, the democratic governments of the 1990s and 2000s did not challenge this policy, initiated in the previous period, while supervising the private university system and establishing evaluation and control by the central government.

In May 2011, Chilean students took to the streets to protest against this form of funding and the low quality of education. They mainly demanded free public education. President Sebastian Pinera launched a reform plan for the sector, including scholarships and loans at low rates to socially disadvantaged students, but the proposal was rejected. The unions joined the young people in declaring a general strike. On 26 August 2011, a teenager died during the clashes, leading to a society-wide organised movement against the government. On 3 September 2011, after three months of protests, the president accepted the dialogue with students and teachers asking for the return of free public education. The consequences of this crisis may trigger a process of questioning some of the structural bases of the current educational system in other Latin America countries.

The concept of public university already bears different meanings in the countries discussed here. In Brazil and Argentina, this refers to state, secular, and fee-free institutions (where students should not have to pay any fees because they are fully State-funded). In Chile, they are foundations under public law but charge tuition fees to students.

Argentina

Among the countries surveyed, Argentina has the largest number of public universities, which are secular and fee-free. Currently, the Argentinean higher education system also includes non-university institutions and shorter courses. This situation already represents a major transformation of the country's higher education system, which previously had centralised management and four levels of education. (MERCOSUR 2008).

In Argentina, the state sector, with 41 universities and 7 university institutes, totalling 48 institutions, accounts for 79.9% of the enrolment. The private sector, however, has experienced a significant expansion in recent years, with 45 universities and 11 university institutes, totalling 56 institutions. The country also has one foreign university and one international university institute (ARGENTINA 2009).[1]

Brazil

As recent studies have shown, Latin American governments have implemented forms of public support for economically disadvantaged students, particularly through an educational credit (grant to be paid back after students obtain their degrees). Brazil has the Fund for Financing Higher Education Students (FIES) as well as non-refundable (not to be paid back) maintenance grants for undergraduate studies, like the University for All Programme (PROUNI), which offers openings in private higher education institutions for low-income students. For the first semester of 2011, one million candidates signed up to compete for one of the 92,000 scholarships (BRAZIL 2011).

Brazil has also recently created a system of quotas in public universities for students coming from the fee-free public sector in basic education and also for Afro-descendants, in order to reduce social inequalities.

Yet despite its steady economic development and stable democracy over the last two decades, and with the largest number of students enrolled in higher education in the region, Brazil shows a higher education net enrollment rate of only 13.95%, below other South American countries such as Argentina, with 25.45%, and Chile, with the highest net rate in South America (28.8%) (ARGENTINA 2009; BRAZIL 2009; CHILE 2009).[2]

Brazil has not transformed its public universities into private foundations but has significantly expanded the supply of private higher education. This process, which began in the 1970s, has gained momentum in recent decades, with an increasing demand for higher education.

In Brazil, publicly funded higher education institutions are created or incorporated, maintained, and administered by the Government. The 1988 Federal Constitution establishes that public education at any level must be fee-free. Municipal Institutions of Higher Education, which were created under another law and charge fees to their students, are the only exception, but this only applies to already existing institutions. No new ones may be created.

Higher education in Brazil is not exclusive to the state; it is up to the state to establish public policies to guarantee what the 1988 Constitution foresees. Governments may decide to increase the offer of openings in public institutions or foster the increase of the private sector (Lucchesi and Malanga 2010, 36).

It is important to point out that the so-called private sector is made up of different types of institutions: Catholic or other religious universities, which are models of excellence in research and teaching; non-for-profit community colleges with high quality education; and company-like for-profit institutions, often not offering teaching on a par with fees charged and generating embryonic research.

In the 2009 Higher Education Census (MEC/INEP 2009), Brazil had 2,314 HEIs. The distribution of HEIs by administrative category showed 2,069 private and 245 public institutions, i.e. 89.4% private institutions and 10.6% public institutions, divided into federal (4.1%), state (3.6%), and municipal (2.9%), including all HEIs that offer undergraduate courses (face-to-face and distance) (BRAZIL 2009).

Although the rate of students enrolled in Brazilian higher education is far below expectations and the goals of governments in recent decades, there has been an improvement, albeit at a moderate pace, since the 2008 data recorded 5,808,017 students enrolled in higher education institutions (BRAZIL 2009).[3]

Access to higher education requires the completion of high school, but over the same period the percentage of the population with this level of education rose from 18.4% to 23% (IBGE, PNAD, 2004 and 2009).

Public universities in Brazil are federal or state. The supply of higher education has expanded mainly through private institutions, but public universities are still very strong, with excellent academic standards. São Paulo has three state Universities, which rank among the best in the world: the University of São Paulo-USP, Paulista State University-UNESP, and Campinas State University-UNICAMP, all funded by the State of São Paulo, the state with the highest *per capita* income in the country. The public sector tends to grow with the emergence of new courses and to expand with the creation of new federal universities, secular and free.

Final comments

The general trend of expansion in enrollments in higher education in Latin America is primarily related to the growth of the private sector, particularly in Chile and Brazil.

Chile best illustrates the 'modernisation' of higher education in the region. Within a few years the country moved from an almost exclusive state participation to a peculiar similarity between public and private.

In Argentina, by contrast, the attempted regulation of expansion through the privatisation of higher education was initially defeated by the civil society, and, although currently expanding rapidly, private higher education is still in its infancy.

These selected illustrations from the region indicate that, through different means, all countries are seeking to control the rapid expansion of their higher education. By contrast, the Browne Report recommendations aim to restore the UK's universities to their previous high standing in the global picture of higher education. In the Latin American examples discussed here, the 'quality' agenda never separated from development and social justice debates.

Notes

1. Estadísticas Universitárias - Anuario 2009 – Argentina.
2. All data for 2008. The net rate refers to the enrolment of the official age-group (18 to 24 in Brazil, 18 to 29 in other countries surveyed) in higher education, expressed as a percentage of the total population of the age group.
3. In 2004, 8.1% Brazilians had a degree but 2.8% did not complete higher education. Five years later, these percentages rose to 10.6% and 3.5% respectively (IBGE, PNAD, 2004 and 2009).

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Public-private intersectoral competition: fees and declining demographics

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The British newspaper the *Guardian*, in its world news section on 6 April 2011, published a report on Polish higher education with a subtitle: 'With the highest private-sector enrolment in Europe, the Polish university system could be a tempting model for Britain's coalition government'. So what is the model today and what changes to it are likely in the next decade under demographic and political pressures?

Polish higher education is one of the most heavily marketised systems in Europe, due to its extraordinarily high share of fee-paying students and the highest share of enrolments (and student numbers) in a private sector in Europe (0.58 million students out of 1.82 million in 2010). Expected demographics may fundamentally change the educational setting in the country, though: it may lead to the re-monopolisation of the system by the public sector, which was unthinkable a decade ago.

The expansion of the private sector after almost two decades of its existence seems to be over, after two successive years of decline (by 10% each year) and more expected soon. Consequently, it is desperately looking for survival strategies in the face of declining student numbers in the next 10 years. Current OECD demographic projections for Poland show that the number of students will go down from 1.82 million (2010) to 1.52 million (2015) and then to 1.25 million (2020), and that the annual number of all candidates for studies will drop from about 490,000 in 2008 to about 260,000 in 2022. So far, tax-based vacancies are only for full-time students in the public sector (part-timers pay fees). What is going to happen to the fee-based private sector if all candidates could potentially be accommodated by the tax-funded public sector? Fees can be expected to be in the centre of the public debate. If they are introduced, their impact on participation rates is unclear. Today the majority of students are paying fees (54% in 2010), and because there is a huge number of public and private institutions (461 in 2010), the price competition between them is substantial.

The largest growth in Polish private higher education occurred through the non-elite, mostly demand-absorbing, type of institutions. As elsewhere, most students were 'not choosing their institutions over other institutions as much as choosing them over nothing' (Levy 2009, 18). As in other countries, the demand-absorbing subsector tended to be both the largest private subsector and the fastest growing one. This is also the most vulnerable one in the setting of declining demographics. The growth of private higher education meant, most of all, 'more' higher education to meet the excess general demand (Geiger 1986, 10).

Three different scenarios are possible: enrollments in full-time programmes in the public sector will remain at current levels: 850,000 students in 2020, as in 2010; student numbers will decrease proportionately in both sectors and both modes of studies (full-time, part-time) due to declining demographics: 550.000 students in full-time programmes in the public sector in 2020; and enrollments in full-time programmes in the public sector will increase (if the number of vacancies increases merely by 2% every year between 2011 and 2020, it will be offering more than one million vacancies by the end of the decade; these are 'first-choice vacancies' in a possibly expanding public sector). Consequently, in the first scenario, the private sector can expect about 250,000 students, in the second about 450,000 students, and in the third only 100,000 or less.

Thus, in fact, the survival of the biggest private higher education system in Europe is heavily dependent on the introduction of universal fees in its competing public sector. If universal fees are not introduced, the private sector will be heavily reduced in size, to about 40% (or even 20%) of their 2010 level; if fees are introduced, enrollments will drop to about 75%. The introduction of universal fees in the public sector is the most effective survival strategy for the private sector in the years to come. Individual private institutions' strategies count much less than macro-level changes in funding mechanisms for public institutions. Consequently, cost-sharing may become a major policy theme – both in the (traditional) context of public sector underfunding and, surprisingly, in the new context of the private sector survival (Kwiek 2010).

Standard supply-side solutions for private providers could potentially be the provision of high-quality, socially-recognised and labour-market rewarded education. But the policy of non-interference and loose governmental control of the 1990s (Kwiek 2008) contributed to low competitiveness and low social recognition of the private sector *vis-à-vis* the public sector. A handful of exceptions (5–10% of private institutions which could be called, following Levy (2009), 'semi-elite') does not make a dramatic difference, but needs to be noted.

Since demographic trends cannot be altered within a decade, the private sector is seeking to redefine national higher education funding architecture. In good times of ever-increasing student numbers, the independence of the private sector from the state was key. Today, state interference (fees or subsidies) seems the only long-term policy solution for the privates. Still, the question is whether the subsidisation of full-time students in the private sector as a policy option would change the future of private providers dramatically. The higher education market is increasingly a 'prestige market' or 'positional market', and credentials, as well as jobs and incomes, are 'positional goods'. As elsewhere in post-communist Europe, prestige is in the traditional elite public universities.

Following Levy's typology of public/private mixes in higher education systems (Levy 1986a), recent changes might indicate a policy move towards the homogenisation of the two sectors. The move in this typology would be from the fourth pattern (dual, distinctive higher education sectors: smaller private sector funded privately, larger public sector funded publicly) to the third pattern (dual, homogenised higher education sectors: minority private sector, similar funding for each sectors; Levy's first and second patterns refer to single systems, with no private sectors). The policy debates about private-public financing emergent in Poland today are not historically or geographically unique. Levy identified three major policy debates in his fourth pattern of financing: on the very growth of private institutions; on public funds for new private sectors; and on tuition in the public sector. While in the 1990s the debate about growth dominated in Poland, the 2010s can be expected to be dominated by fees and public subsidies debates.

Compared with other European countries where (OECD's) state-subsidised 'government-dependent private sector' exists, the extent to which 'traditional boundaries and understandings of the public and private spheres in higher education have become blurred' (Enders and Jongbloed 2007, 9) is very limited in Poland. While in Europe in general, the public/private split is becoming increasingly complicated, in Poland so far the split is clear-cut. Changes in patterns of financing may lead to the blurring of the public/private distinction. Currently, though, the boundaries are clear: the terms 'public' and 'private' still have well-defined senses in the Polish context, as opposed to their Western European (Enders and Jongbloed 2007) and American contexts (Morphew and Eckel 2009; Geiger 2007).

The question of the future of private higher education in Central Europe is much larger, as Peter Scott notes: are higher education systems in the region 'trendsetters' for Europe, or is the significance of private institutions in this part of Europe 'a passing phase attributable to the special circumstances surrounding the transition from communist to postcommunist regimes' (Scott 2007, 309)? Which links us to the *Guardian's* starting reflection. No final answers are possible today. The role of demographics is predictable – but the role of politics is not.

Poland, about to be hit by severe demographic shifts, and the fastest-aging society in the OECD area by 2025, needs thoughtful policy responses which may use more market mechanisms, more competition, and more private funding in both public and private sectors. Depending on policy choices, different scenarios are possible. A healthy system which may emerge within a decade may be dominated by the public sector, with the private sector in gradual decay; perhaps the balance between the two should be maintained to avoid the re-monopolisation of the system by public institutions in the next decade. Perhaps the dramatically shrinking demand should be accompanied by shrinking supply of vacancies in both sectors, rather than ever increasing supply in the public sector. A continuous increase of vacancies in the public sector, combined with the lack of fees charged to full-time students in it may lead to the ultimate destruction of the private sector, after a quarter of a century of its existence in Poland. Institutional 'strategies for survival' (Teixeira and Amaral 2007) no longer suffice and policy responses at the macro-level might be necessary (lack of response also being a response). Unexpectedly, a combination of demographics and politics puts fees in the spotlight in the next few years.

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