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Regulation, Planning and the Market in Pursuing Public Purposes in Higher Education

A vision for higher education (1)

- The challenges of globalisation
- Knowledge society
- Higher education at the heart of the modern economy and society
- Universities judged by international standards
- Economic competitiveness and social inclusion

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A vision for higher education (2)

- Increase and widen participation
- Lifelong learning and mass higher education
- Fundamental shift from 'once in a lifetime' higher education
- Learner centred higher education – educational progression
- World-class excellence in teaching, research and knowledge transfer

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A vision for higher education (3)

- More flexible and varied routes into and through higher education
- Focus on comparative advantage
- Individual universities and colleges to focus on their own strengths
- Institutional diversity and flexibility
- Financial and environmental sustainability

Public purposes for Higher Education

- Inspire individuals to grow intellectually to achieve personal fulfilment and contribute effectively to society
- To increase knowledge and understanding
- To serve the needs of an adaptable, sustainable, knowledge-based economy at local, regional and national levels
- Shaping a democratic, civilised, and inclusive society

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State and higher education relations

- Fundamental shift in the relationship between the state and higher education
- It was once the role of Governments to provide for the purposes of universities; it is now the role of universities to provide for the purposes of Governments

Higher Education Act 2004

- HE White Paper – January 2003
- HE Act 2004 – 1July 2004 Royal Assent
- Introduction of variable tuition fees from 2006
- £0-3000 for each course (variable)
- Introduction of Fair Access Regulator
- Development of a quasi-market in HE?

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Role of the HEFCE (1)

- Established by 1992 Further and Higher Education Act
- Buffer body between the Government and higher education institutions
- Conveying the views of Government to the HE sector
- Representing the needs of the HE sector to the Government
- Funding body allocating £6 billion in 2004-05

Role of the HEFCE (2)

- Autonomous non-departmental public body
- Working within policy framework set by the Department for Education and Skills
- Independent and confidential advice to Government on the funding needs and development of HE
- Formulation of HE policy
- Advocate for the HE sector

HEFCE Strategic Plan 2003-08 - four core strategic aims

- Widening participation and fair access
- Enhancing excellence in learning and teaching
- Enhancing excellence in research
- Enhancing the contribution of higher education to the economy and society

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Implications of the market for higher education

- Impact of variable fees
- The winner-takes-all approach
- Brand image of universities and colleges
- Greater segmentation in the hierarchy of institutions?
- Role of the HEFCE in regulating the market

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Audit and Accountability

- Research Assessment Exercise
- Teaching Quality Assessment
- HEFCE new Code of Practice for Audit and Accountability – lighter touch linked to risk based approach

Accountability in HE

- Audit and monitoring
- Develop performance measures
- Performance funding
- Reliance on market-based structures

A Continuum of Accountability

Regulatory			Market-based
Audit & Mentoring	Performance Measures	Performance Funding	Institutional Autonomy

Examples of Each Model

Centralized Line Item Budgeting & Review	Publish Graduation Rates of Each Inst	Pay Insts based on # of students who complete or graduate	Insts have autonomy over spending, fee, & aid decisions

HE Regulation and Planning (1)

- HE – over regulated but under planned?
- Regulation through financial directives; control over student numbers; funding released on delivery of plans and targets
- HEFCE planning role; planning in the national interest – whose national interest?
- Protecting subject areas in the context of lack of student demand

HE regulation and planning (2)

- HEFCE planning role within a national system of higher education
- The regional agenda
- Developing role for the HEFCE?
- Planning within a market context

Envoi

- International comparison of financial and participation measures
- Diversity or convergence
- Global issues provide global solutions

Six Country Comparison of Financial and Participation Measures

	UK	Ireland	Aus	NZ	Canada	US
Financial Measures						
Spending per Student (in 2000 US$)	$10K	$11K	$13K	$10K*	$15K	$20K
Higher Ed Spending as % of GDP	1.0%	1.5%	1.5%	2.5%	2.5%	2.7%
Tuition Fee Revenues as % of Ed Costs	10%	<5%	44%**	34%	30%*	29%
Private resources as % of public resources	10%*	<5%*	40%*	30%	NA	50%
Participation Measures						
Participation Rate (type of system)	45% mass	55%* universal	60-70%* universal	60-70%* universal	60-65%* universal	65% universal
Private enrollments as % of total enrollments	<5%	<5%	<5%	10-20%	<5%	20-25%

Source: OECD, except * items which are author's estimates ** includes HECS and full fees