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Regulation and the “sub-prime providers”

Philip Altbach, writing in the spring 2008 issue of *International Higher Education*, draws a parallel between the US housing/banking crisis and the relaxed approach in the higher education “market” in which providers can “sell educational products and services in a largely unregulated marketplace”. His article calls for clear regulation by government authorities worldwide to protect the students and their families.

This theme was the subject of a colloquium on the evolving regulatory context organised by the International Finance Corporation (the private sector arm of the World Bank Group) in Washington as part of its annual conference in May. The colloquium was discussing a paper that outlined the barriers to effective regulation (based on conversations with providers) and then suggested eight propositions for good practice in regulation. These were presented as part of a broad regulatory framework which included: a clear policy concerning the role of the private sector in the tertiary education strategy; a process for authorising the establishment of private providers; a process for regulating and then accrediting the quality of what they provide; a monitoring regime; and public information on the status and performance of recognised providers.

The eight propositions on regulation which were endorsed by the colloquium and which are intended to influence government policies are as follows:

- The role of the private sector is embodied in legislation or set out in national strategies.
- There are clear criteria and processes for the establishment and regulation of private institutions.
- There is no distinction between for-profit and not-for-profit providers and both types are subject to similar regulation.
- Government does not intervene as regards tuition fees charged by the private sector.
- Investment incentives and financial or infrastructure support may be provided to the private sector.
- Information is provided to help parents and students choose between approved private sector providers.
- Quality assurance and monitoring regimes are applied to private providers using similar criteria as with publicly funded institutions.
- Government develops its capacity to accredit and monitor the private sector adequately.

The last point is a key one since there is growing evidence that in many countries buffer bodies or accrediting agencies are having difficulty in maintaining the high standards required to carry out effective regulation. This can be particularly demanding where public private partnerships are concerned and where government is setting performance targets for private sector partners to achieve. A provocative suggestion at the colloquium was that even this role might be contracted out to the private sector.

Sources: Center for International Higher Education. Number 51, Spring 2008. *The Evolving Regulatory Context for Private Education in Emerging Economies; Discussion Paper*. International Finance Corporation. May 2008

Mixed messages on the importance of Internationalisation

A recent survey of 2,700 colleges from the American Council on Education (ACE) suggests that internationalisation is not a high priority on most campuses. This is a surprising finding in view of the effort devoted to promoting the concept in recent years by federal government and by the ACE itself. Less than 40 per cent of colleges mentioned international or global education in their mission statements and most do not have one person given overall responsibility for internationalisation. Even more dramatic is the finding that 27 percent of institutions had no students at all studying abroad.

There are obvious distinctions between types of institutions however and doctorate-granting universities do show a much stronger commitment to internationalisation than other categories. The overall picture, nonetheless, is disappointing since, as Madeleine Green, ACE's Vice President says, internationalisation "is not sufficiently deep nor as widespread as it should be to prepare students to meet the challenges they will face once they graduate".

One key driver of internationalisation is the attitude of employers. Do they give any extra weight, when recruiting, to the fact that students have either studied at an overtly "internationalised" campus or have travelled abroad during their period at university? The UK's Council for Industry and Higher Education commissioned a study of 233 employers on what made graduates employable. They found that 65 percent of international employers thought that having overseas "professional" experience made graduates more employable and one third thought any overseas study experience added value to candidates.

One interesting question is what governments can do to promote internationalisation. In the UK for example there is no national guidance and internationalisation is one of the few areas where funding bodies have not asked institutions to develop strategies or to report on their progress; yet almost all are busily doing so and there have been many reports and advisory documents on good practice in this area. One jurisdiction which believes that it should take the lead is the Province of Ontario, where the Minister of Training, Colleges and Universities has set out an internationalisation strategy focussed on the economic and academic benefits. There are two strands in Ontario's policy; improved marketing of Ontario to international students (Canada ranks seventh in the table of favoured destinations) and developing initiatives to help Canadian students to study abroad. In this latter programme scholarships of C\$2,500 are available for 800 students in 2008-09 and several bilateral exchange programmes are being funded by the Ministry with France, Germany and India.

Sources: American Council on Education: *Mapping Internationalization on US Campuses*: 2008 edition. *The Development of Ontario's internationalization strategy*. In Vol 1, Issue 2 of e-Magined, the Canadian e-Magazine of International Education at <http://emagined.apps01.yorku.ca> . Council for Industry and Higher Education: *Graduate Employability; what do employers think and want?* February 2008. Available at www.cihe-uk.com

Australia also learns to ask

A 2004 report on philanthropic giving to universities in the UK concluded that the British were not at all good at asking for money. This is also one of the conclusions in a report that aims to

increase the level of giving to Australian universities, which currently stands at less than 1.5 per cent of their income. The Business Industry and Higher Education Collaboration Council commissioned consultants to review global best practice and to come up with a set of recommendations for both government and institutions on how philanthropic donations could be increased.

The report presents interesting statistics on relative national cultures, drawing on figures taken from a project conducted by the Centre for Civil Society Studies at John Hopkins University. The project details average levels of philanthropy between 1995 and 2002 as a proportion of GDP. The US tops the list with private giving representing 1.85 per cent of GDP. The equivalent percentages for other comparator countries are: Canada – 1.17%, UK – 0.84% and Australia – 0.51%. These figures highlight how far Australia lags behind competitor countries, it even ranks below a number of developing Commonwealth states such as Uganda - 0.65%, Tanzania - 0.61%, and Kenya - 0.57%. It is not possible to tell from these percentages how much of this philanthropy is bestowed on higher education; however, the report acknowledges that the US is the “undisputed leader in educational philanthropy”. As long ago as 1995-96 US degree granting institutions received as much as 11 percent of their income from gifts and donations, almost 10 times the current Australian share.

The report has a valuable section describing the experience and practices of philanthropic giving in the USA, Canada, the UK, Asia and New Zealand and concludes with very clear proposals for the Australian government (tax concessions and matched funding schemes) and for individual institutions (professional fundraising units and alumni targeting).

Source: *Philanthropy in Australia's Higher Education System*. Report to Universities Australia by the Allan Consulting Group on behalf of the Business, Industry and Higher Education Council. Available at <http://www.dest.gov.au/highered/bihecc> and see under “Reports”. See also John Hopkins University, Center for Civil Society Studies - Private Philanthropy Across the World, Table 5. Available at: http://www.jhu.edu/~cnp/PDF/comptable5_dec05.pdf

The editor, Jay Kubler, and author, John Fielden, are always pleased to receive comments on the usefulness and content of this briefing service. News from other Commonwealth countries, which might be of wider interest, is also most welcome. They can be contacted by e-mail on vcnet@acu.ac.uk or by fax on +44 (0)20 7387 2655.