

Commercialization of Programs within Public Institutions – The View of VATAT

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Outline

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- Economical and budgetary considerations
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- Potential problems
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- Long-term effects
- Typical views of public Universities
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Background

Motivation:

- Economical and budgetary considerations.
- Reduced government support and reduced tuition fees.

Existing Programs

- Focused on popular disciplines.
- Large number of MA and MSc programs without thesis.
- Specific groups of students (e.g. from companies/industries).
- Most Programs – for Israelis, some – for foreign students.

Formal Requirements of MALAG/VATAT

Requirements

- Submit application.
- Start program only after formal approval.

In the past

- Applications for some programs were not submitted or approved.

Explanation

- The programs are identical to those that already were approved.
- No financial support has been requested by the institutions.

Economical and Budgetary Considerations

Low cost of teaching in popular disciplines:

- High student to faculty ratio.
- Simple infrastructure (laboratories - not required).
- High tuition fees help to increase the financial resources.

High-level programs involve larger expenses:

- high salaries of faculty.
- Large investments in improved facilities.

It is not always clear whether the net profit is significant

Long-term effects

While the potential benefits are not completely clear, various negative long-term effects can be viewed from the points of view, of the:

- Individual student.
- Academic institution.
- System of higher education.
- Whole nation.

Use of Public Infrastructure for Commercial Programs

- A major question, with all relevant consequences, including legal issues.
- Similar (not identical) questions arise in cases of private health services within public hospitals.
- It is difficult to properly distinguish between the two different types of programs within the same institution.
- It is not easy to separate control, to follow up and to distinguish between profits and losses of the two programs.
- There is a danger of transferring losses from one system to the other one.

Academic Points of View

- Academic problems may arise due to the mix of the two different types of programs, faculty salaries, tuition fees of students at the same institution.
- High-level private programs could be developed as a result of significant investments in excellent faculty and suitable infra-structure for teaching.
- On the other hand, poor commercial programs might be the result of economical and budgetary considerations or constraints.

Potential Deterioration of Public Programs

- Transfer of resources from the public to commercial programs may cause academic damage due to:
 - insufficient investments in infrastructure;
 - difficulties in attracting excellent faculty.

- Additional possible results are:
 - flow of resources from research to commercial teaching.
 - neglecting important and high-level academic disciplines.

Additional Problems

- Social problems (due to the mix of programs, salaries and tuition fees).
- Damage to accessibility of students from the periphery to high-level programs.
- Unfair competition with private institutions.
- Planning problems due to investments in profitable teaching, instead of high-priority disciplines.

Possible Effects on Government Policy

- Increasing privatization.
- Reducing government support for public higher education and research.
- Encouraging government to lessen commitment for the development of excellent public education.

Judicial Points of View

- The development of commercial programs might be possible, after consideration of some necessary steps.
- VATAT could decide against such programs, if the potential damage is more significant than the expected benefits.
- before a final decision is reached, the following points should be taken into consideration:
 - All existing rules and laws.
 - Establishment of new rules and criteria related to budgetary topics.
 - The rights of stakeholders.
 - The potential damage and the expected benefits.

Typical Views of Public Universities

University A – in favor of selected programs, keeping academic standards. May help to overcome budgetary difficulties and attracting high-level faculty.

University B – in favor of particular programs, for certain populations in remote places. Various questions related to this topic should be discussed by experts.

University C – in favor of programs, to overcome budgetary difficulties.

University D – in favor of programs because of budgetary difficulties, particularly programs for foreign students.

University E – in favor of programs in particular disciplines, under certain limitations.

Decisions taken by VATAT

May 2004

- Due to the severe budgetary cuts, VATAT will positively consider, under specific limitations, the possibility of establishing commercial programs within public institutions.
- An ad-hoc committee will investigate the relevant considerations and will recommend the necessary procedures and rules before taking a final decision by VATAT.

May 2006

After consideration of all aspects, VATAT decides not to open new programs. The budgetary effects of existing programs will be evaluated.

Decisions taken by VATAT (cont.)

July 2006

- VATAT decides to freeze its previous decision until a fair hearing will be given to representatives of the institutions.

April 2007

- VATAT approves its previous decision not to open new programs, and decides not to expand the number of students in existing programs.

Concluding Remarks

- Main motivation - economical and budgetary considerations.
- The potential benefits are not completely clear.
- There are various negative long-term effects.
- Most public institutions are in favor of selected programs.
- The private institutions are against this step.

In summary

It is believed that the state should sufficiently support the public institutions, while providing opportunities to the private institutions to develop.