



Privatization of Higher Education in Israel

Implications on the Public Colleges

January 2008

Public Colleges are at the Forefront of the Higher Education Revolution

The public colleges system was established by the State during the 1990's for the following reasons:

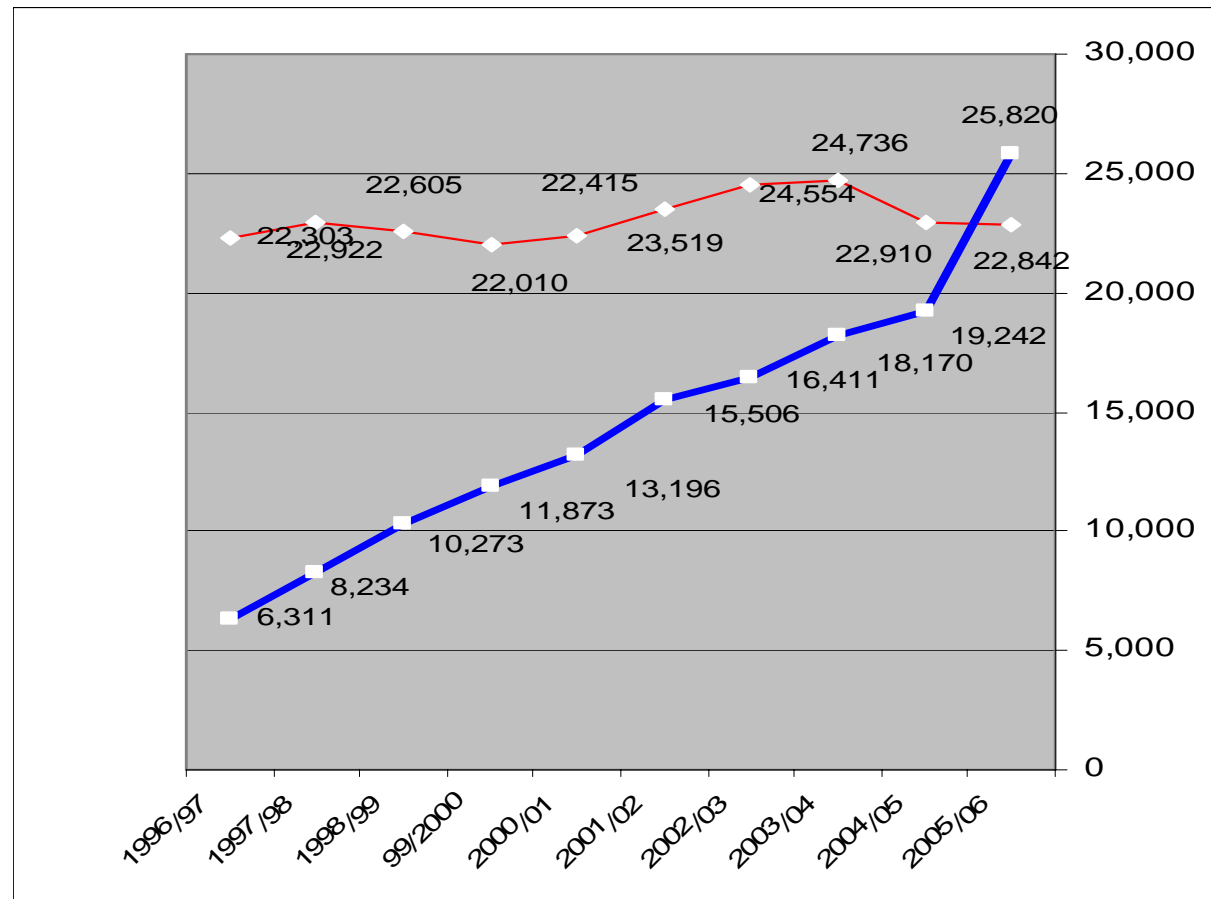
- To meet growing demands for higher education
- To offer studies at lower costs than offered by the universities
- To prevent any detrimental impact on the quality of research in universities
- To develop peripheral areas and their populations

The world of Higher Education opened up

- The vast majority of the colleges are located in peripheral areas.
- About 60% of students in public colleges come from socio-economic clusters 3-6, i.e. development towns, geographical periphery and social periphery.
- The public colleges in Israel are young institutions.

**Thanks to the colleges, residents of the periphery
can acquire a high-quality higher education
close to home.**

The increase in the number of students beginning their Bachelor Degree studies 1996 -2006

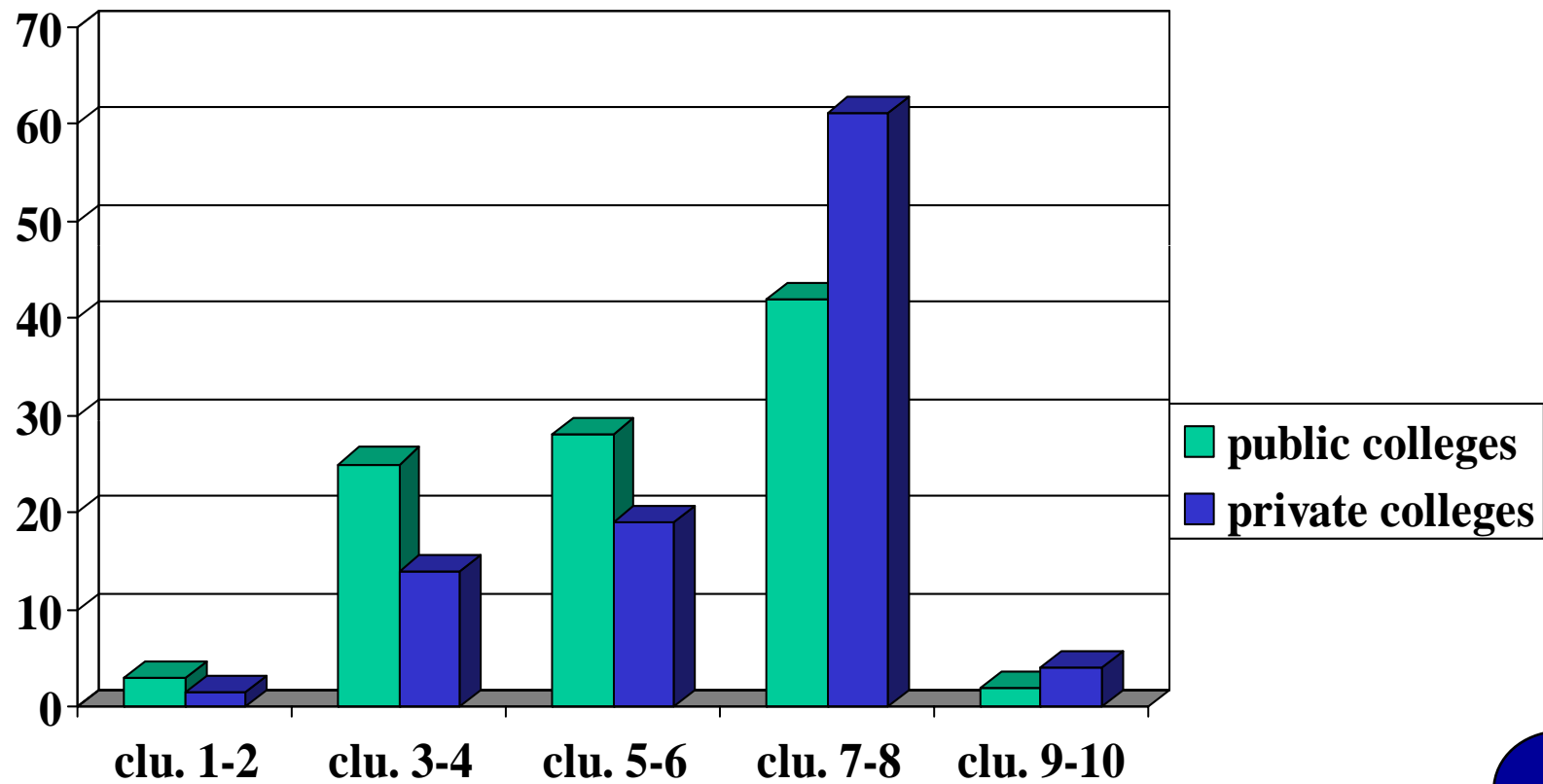


Universities

Colleges

Data: The Central Bureau of Statistics

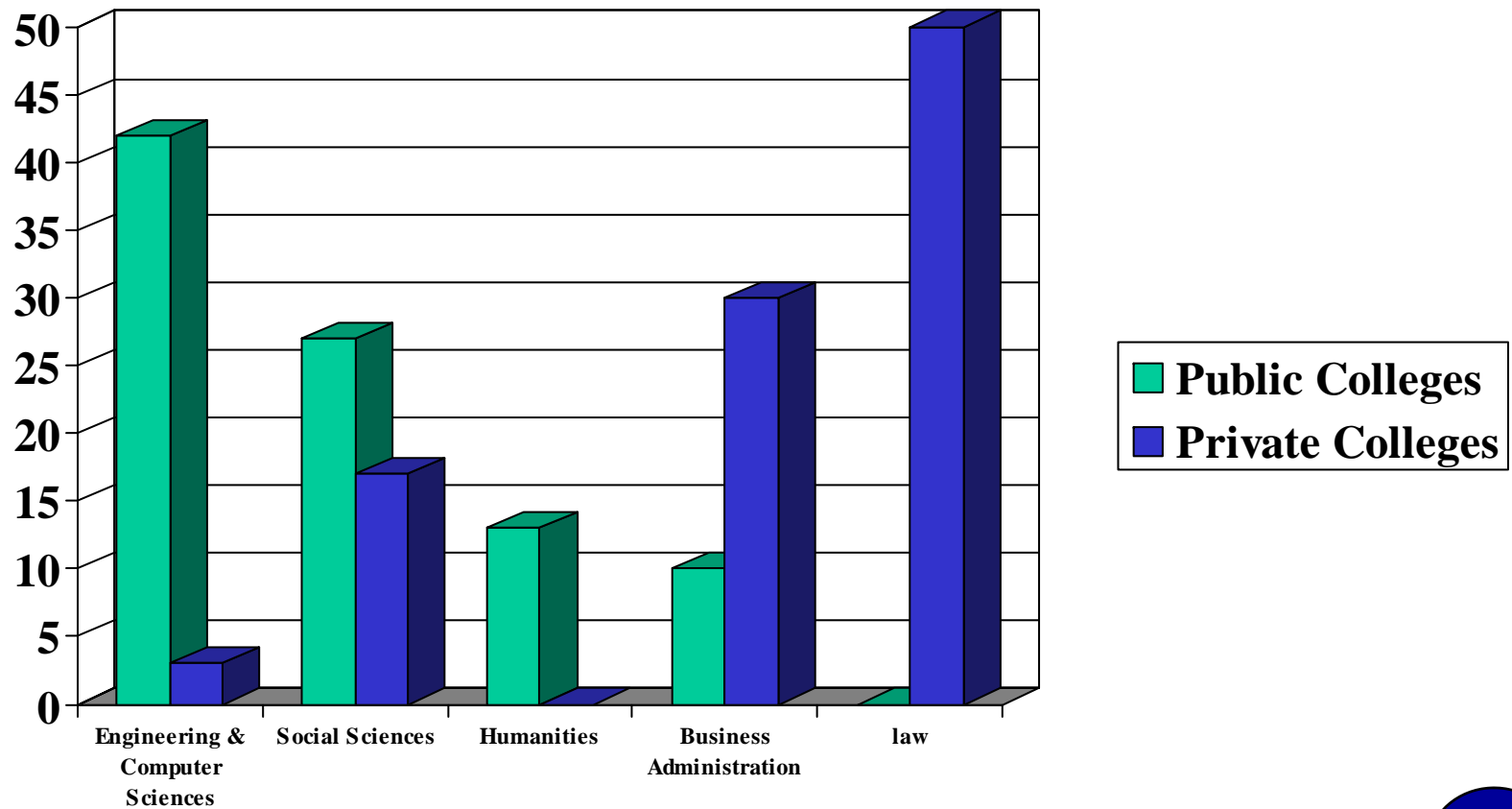
Students in public and private colleges by socio-economic clusters



Source: Council for Higher Education

Study disciplines offered by public and private colleges

(as a percentage of the total number of students in the colleges)

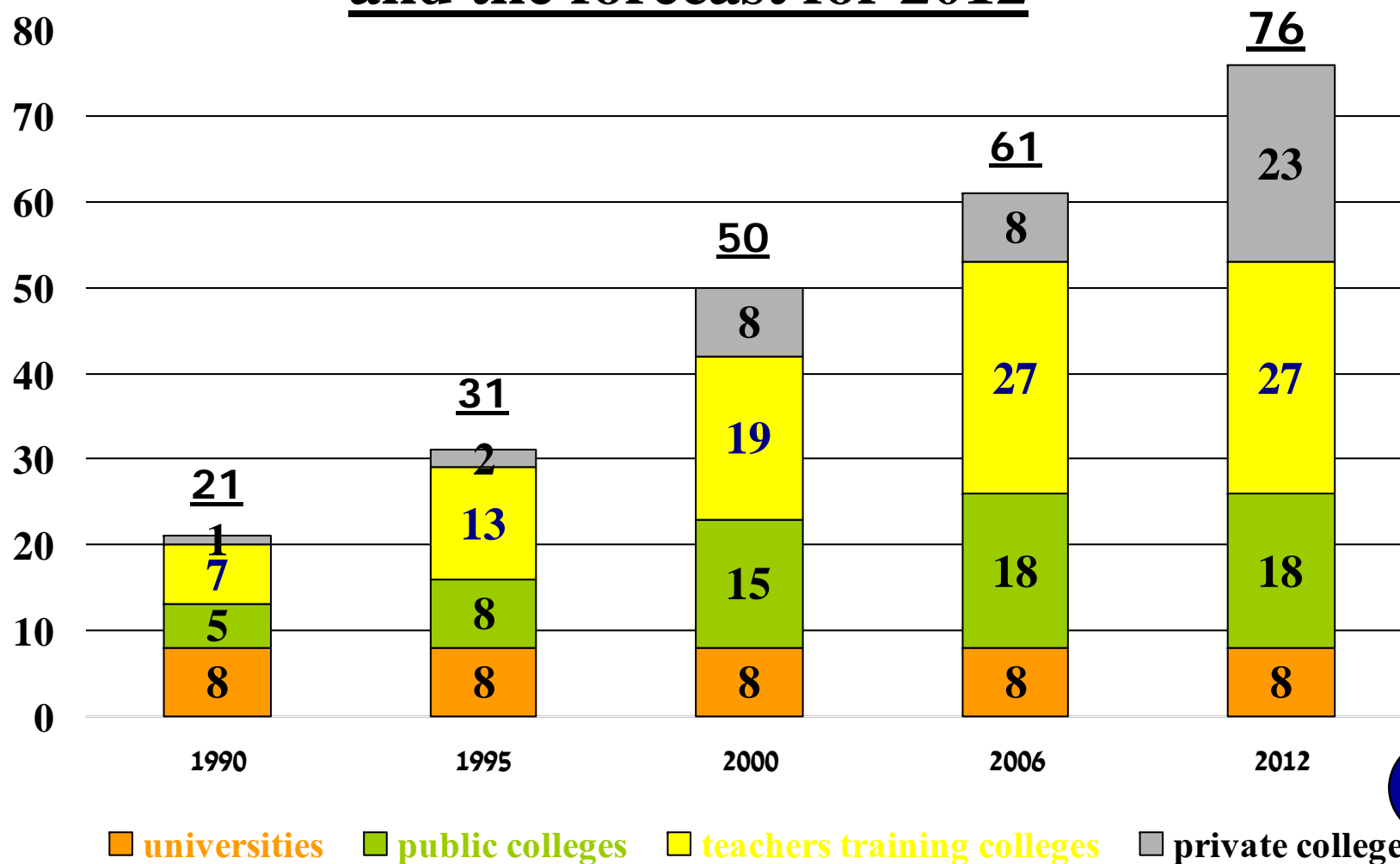


Source: Council for Higher Education, 2006

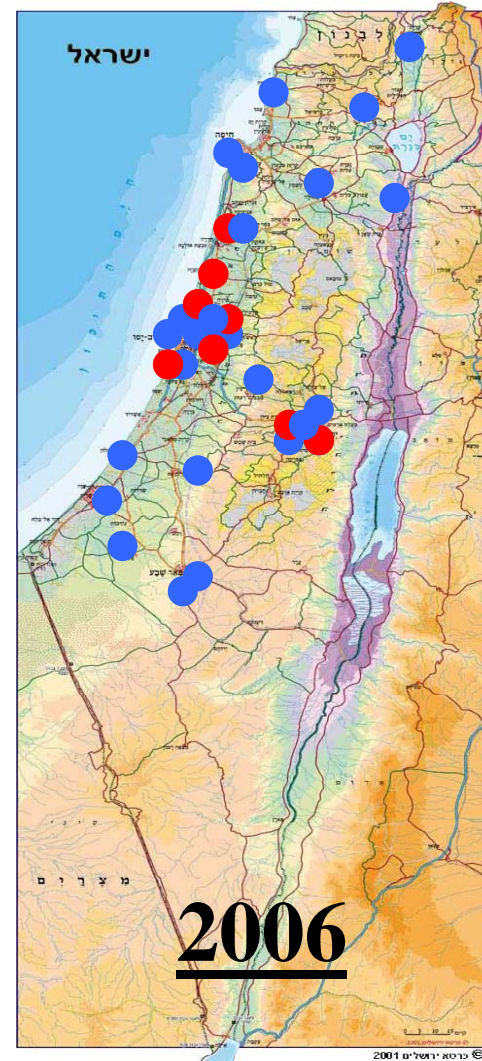
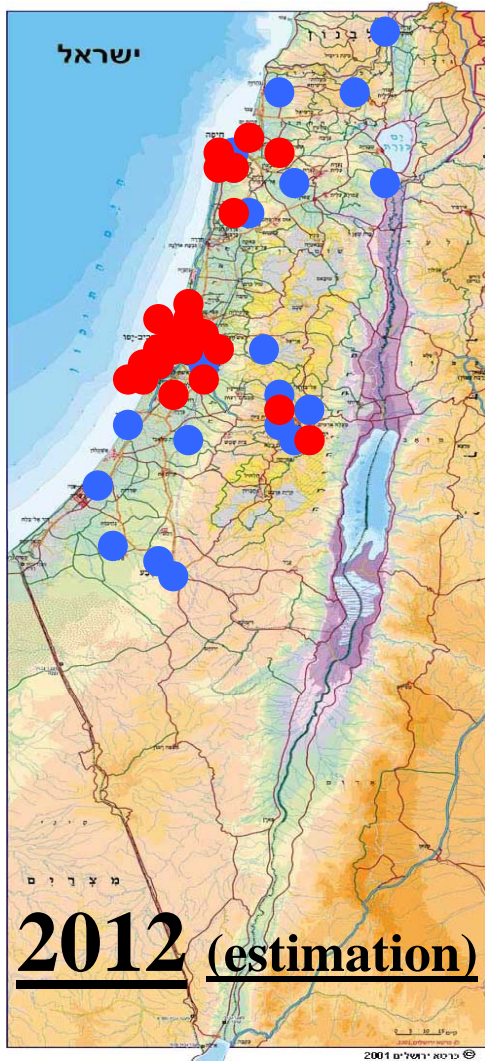
The Higher Education in recent years

- An increase in the demand for degrees, and particularly for professional Bachelor degrees.
- As of 2001, a policy has been in place whereby significant cuts were made to budgets allocated to higher education.
- Expansion of the network of private colleges, with **twelve pending** applications to the Council for Higher Education for opening and recognition of new private institutions

Number of Higher Education Institutions 1990 – 2006 and the forecast for 2012



Geographical distribution of Public and Private Higher Education Institutions



● Private colleges

● Public Universities and colleges

Higher Education as a business opportunity



הזדמנויות עסקיות

בהזדמנות למכירה מכונות ממתקים
"1-שקל" במרכז, 052-2244497
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10.5% תשואה, זירה מפוצלת ל-3,
הכנסה \$1140 לחודש, \$130,000 בת"א.
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6-יחידות מרוהטות, באילת,
רווח 10,000 ש"ח, בהזדמנות
052-5975797 \$220,000

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טי, 390-מ"ר
פסת 180-מ"ר

850-מ"ר
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נה, סמוך
מ"ר משרד
מפרט גבוה,
מה, מחיר

The impact of privatizing the Higher Education on public colleges

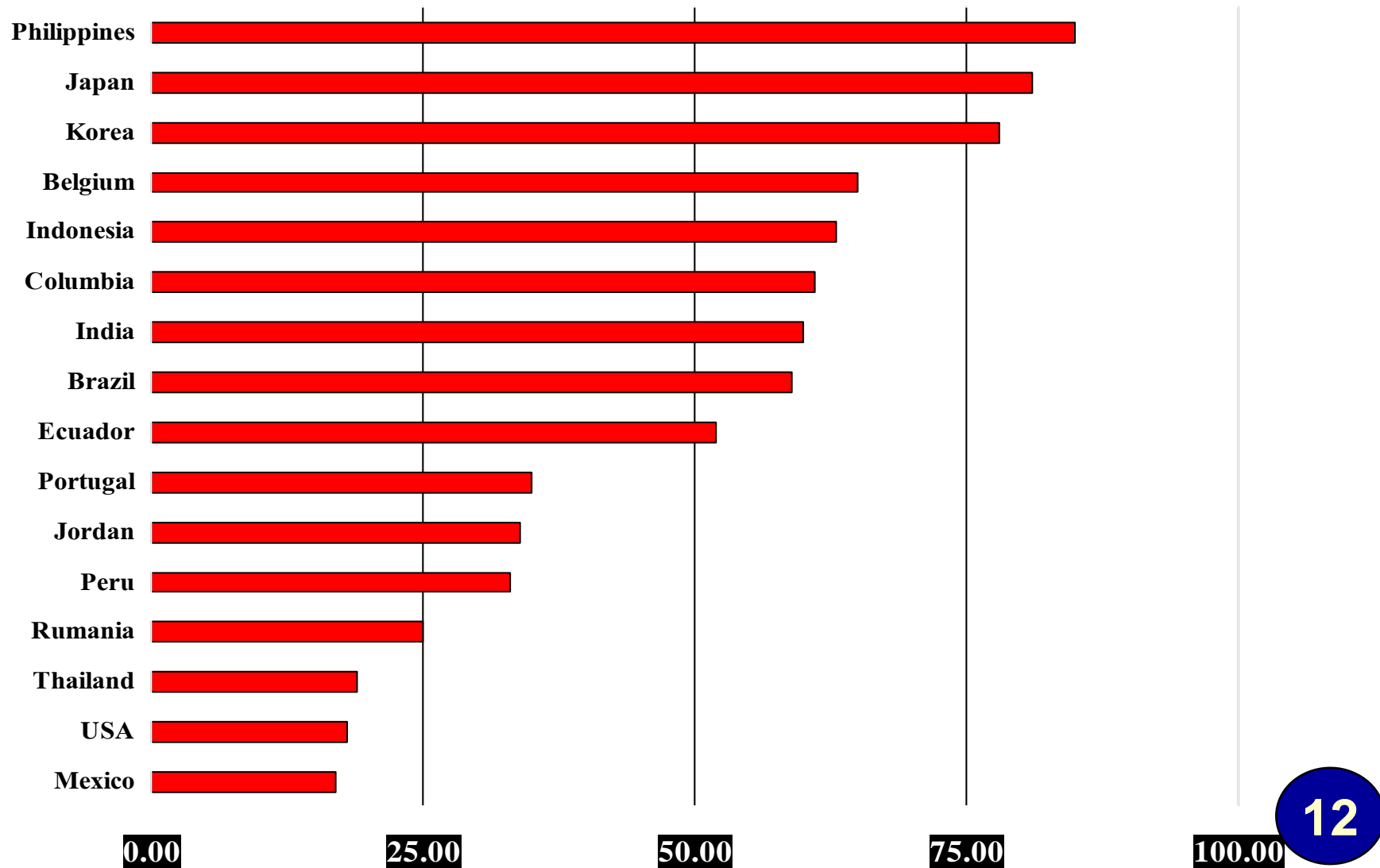
The growth of the private colleges leaves the public colleges at a disadvantage in several areas:

- Employment condition of the teaching faculty
- Study disciplines
- Number of students
- Size of institution
- Location
- Tuition
- Masters degree studies

Implications of the continuing privatization of the higher education system in Israel

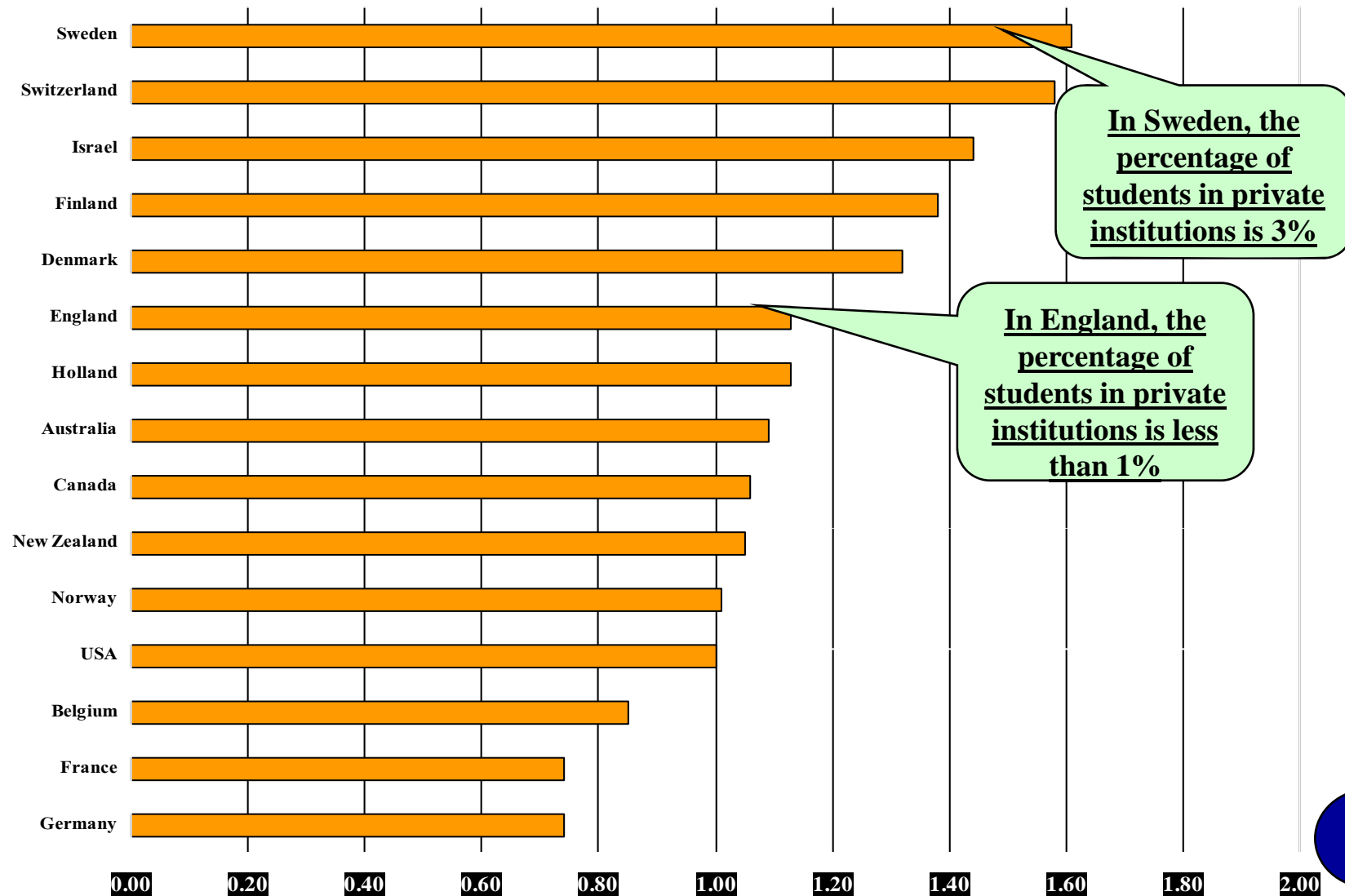
- Concern over the possible creation of a dual system: High-quality education for the wealthy and centrally-located population and inferior education for the poor and the peripherally-located population
- Detrimental effect on the quality of academic degrees due to business considerations
- Detrimental effect on the actual academic and economic existence of the public colleges
- Detrimental effect on the quality of research

Countries with high percentages of students studying in private institutions



Source: Higher Education In The Global Knowledge Economy, Guruz 2003

Scientific Publications: 2000-2003, per 1000 Inhabitants (index: USA = 1.00)



The Shochat Committee

- **The report does not restrict the establishment of private colleges.** The report ignores the existing situation whereby there is unfair and unrestrained competition on the part of private institutions.
- **The report offers no significant reinforcement of the colleges' faculties.** The quality of the faculty members greatly determines the quality of the institution. A limited and weakened faculty will detrimentally affect the level of the academic institution and create second-rate students.
- **The report offers no suggestions or appropriate plans for reinforcing the network of academic institutions in peripheral areas.** The academic institutions in the periphery are not a burden to the system, but rather a national opportunity that must not be missed.

The Shochat Committee

continuation

- **The report does not significantly restrict the quotas for students in the public system and directs the increase in the number of engineering students back to the universities.** Quotas must be adjusted to meet the increasing demands, with the objective of preserving the system as a public system and maintaining a proper division of roles between the universities and the colleges.
- **The report does not reinforce the teaching infrastructures in the colleges.** The report offers no real solution for improving teaching infrastructures such as laboratories, libraries, classrooms and so on.

Summary

- **Policy:** Planning and budgeting of all components of the higher education system must be performed by the Council for Higher Education and by the Planning and Budgeting Committee rather than by the Ministry of Finance.
- **Planning:** There is no justification to establish and open any additional institutions of higher education. The majority of the demand must be directed to the public colleges.
- **Quality:** Academic, economic and physical standards must be determined to ensure the operation of high-quality institutions of higher education.
- **Budgeting:** Peripheral institutions must be reinforced due to their unique needs and because their future is at risk as a result of the continuing privatization processes.