

Freie Universität Berlin



CRUI

Conferenza dei Rettori
delle Università Italiane

The future of Higher education in Europe: a perspective presentation

Stefano Paleari

Rector of the University of Bergamo

President of the Conference of Italian University Rectors (CRUI)

Board Member of EUA

Tuesday, 21th October 2014

Then in 4 years we lost 12% of public funds...

State	Total € 2014	Share of GDP 2013	Inflation adj var ⁰ % (2008-2014)
France	20.120**	0,99**	+3,9**
Germany	26.800*	0,98*	+23*
Netherlands	3.295	0,54*	-0,6
Spain	7.405	0,73*	-15
Italy	6.576	0,42*	-21

Fonte: EUA public funding observatory.

*2013 (2014 n.a.) **2012 (2013 n.a.)

Public budget breakdown of European countries

	General services	Defence	Public order & safety	Economy	Environ.	House	Health	Culture & entert.	Education	Welfare
Austria	13.1	1.4	2.9	10.5	1.0	1.2	15.3	2.0	11.0	41.6
Belgium	15.0	1.8	3.4	12.3	1.4	0.7	14.8	2.4	11.6	36.6
France	11.5	3.2	3.1	6.3	1.9	3.4	14.7	2.5	10.8	42.6
Germany	13.6	2.4	3.5	7.8	1.5	1.2	15.5	1.8	9.4	43.3
Greece	24.6	4.6	3.3	6.2	1.0	0.4	11.6	1.2	7.9	39.3
Ireland	11.4	0.9	3.7	16.4	2.1	1.3	15.6	1.8	10.9	35.9
Italy	17.3	3.0	4.0	7.1	1.8	1.4	14.7	1.1	8.5	41.0
Luxemburg	11.4	1.0	2.5	9.9	2.8	1.8	11.4	4.0	12.1	43.2
Netherlands	11.2	2.7	4.2	10.9	3.3	1.2	17.0	3.5	11.6	34.5
Norway	9.7	3.6	2.2	9.6	1.5	1.6	16.5	2.9	12.6	39.8
Spain	12.5	2.3	4.8	11.6	2.1	1.3	14.1	3.3	10.5	37.4
Sweden	14.4	2.9	2.7	8.2	0.7	1.5	13.7	2.2	13.3	40.5
Switzerland	9.9	2.9	5.0	13.7	2.3	0.6	6.1	2.6	17.9	39.0
U.K.	11.6	5.1	5.3	5.3	2.0	1.8	16.5	2.1	13.4	36.8
U.S.A.	12.4	11.7	5.5	9.4	0.0	2.1	21.4	0.7	15.5	21.3
OCSE	13.6	3.6	3.9	10.5	1.6	1.6	14.5	2.7	12.5	35.6

Data in % - Year 2011

Divergence in HE public investments per citizen

Country	Funding 2012 - (mln €)	Population 2011 ('000)	Funding per citizen	Change 2008-2012	Change 2008-2012 Inflation-adjusted
Norway	3.621	4.953	731	22,0%	21,0%
Sweden	6.235	9.449	660	22,0%	21,0%
Germany	24.900	81.798	304	23,0%	20,0%
France	19.800	65.434	303	8,8%	6,4%
Iceland	87	319	273	13,0%	7,2%
Ireland	1.236	4.576	270	-20,0%	-21,0%
Austria	2.169	8.424	257	15,0%	13,0%
Netherland	3.232	16.693	194	10,0%	7,5%
Spain*	7.258	46.175	157	-9,5%	-11,0%
UK	9.815	62.744	156	-10,0%	-13,0%
Italy	6.633	60.724	109	-12,0%	-14,0%
Croatia	369	4.403	84	5,3%	1,8%
Slovakia	447	5.398	83	2,1%	-1,5%
Poland*	3.015	38.534	78	12,0%	8,6%
Czech Republic	802	10.496	76	-14,0%	-17,0%
Lithuania	189	3.030	62	-19,0%	-22,0%
Portugal	602	10.557	57	-1,5%	-4,1%
Hungary	542	9.972	54	-20,0%	-24,0%
Greece	200	11.300	18	-25,0%	-25,0%
Belgium - French Community	585	n.a.	0	19,0%	16,0%

Source: Reprocessing EUA's Public Funding Observatory and Word Bank Statistics

- The university needs to adapt to the society where it belongs looking for sustainability
- In order to participate to the birth of a new university, we need to acknowledge that we are in a context that has dramatically changed in the last few years

1 Forecasting the Future of Higher Education in Europe starting from the current trends

2 What Policies for a new Higher Education System and a New European Society

“Higher Education is an important part of the solution to our current difficulties.

Strong and accountable higher education systems provide the foundations for thriving knowledge societies.

Higher Education should be at the heart of our efforts to overcome the crisis – now more than ever.”

The Ministers responsible for HE in the 47 countries of the European Higher Education Area (EHEA)

- Developing countries (China, India, etc.) are building their own HE institutions (and their own HE rankings, i.e. the ARWU)
 - Diminishing demand from these regions
 - Potential bias in the international comparisons
- The US model of HE is challenged by sustainability issues (i.e., tuition-fee-based university)
- Europe, in particular the UK, has been for a long time an attractive destination for wealthy non-EU students
 - Need for a new equilibrium in the welfare for international students
- University as an economic sector is experimenting new forms to look for new markets (i.e., opening European Universities abroad)

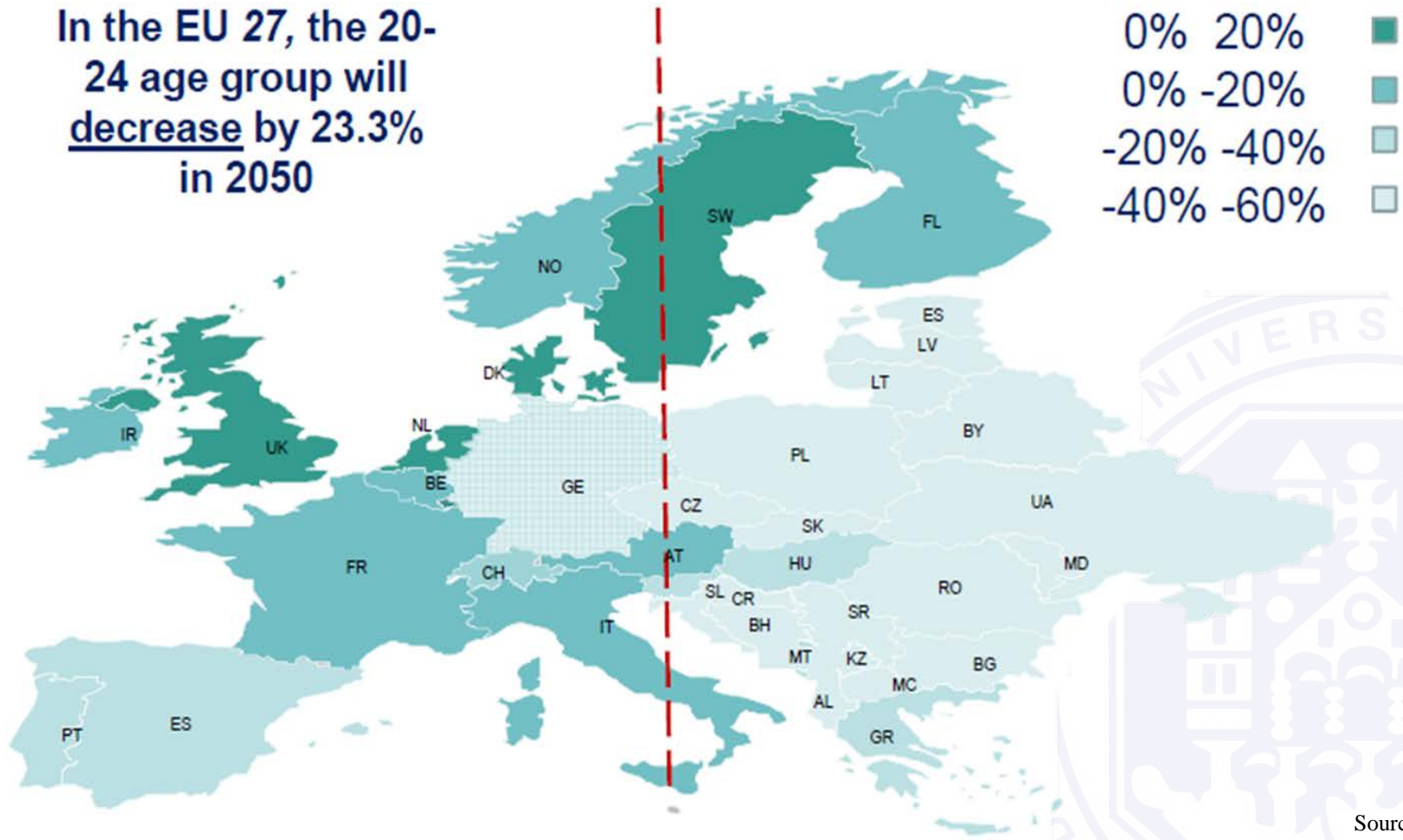
- Rapid changes in the European society
 - Demographic: i.e. aging, migration
 - Economic: i.e. public sustainability
 - Social: i.e. increased mobility and connectivity, developing share of highly skilled workers

- The life-cycle paradox:
 - What if talented people get educated in Europe, move abroad during their «productive» life, and return to Europe when they need healthcare?

European trends: Demography

- Europe is aging fast
 - Decrease of birth rate and people living longer

In the EU 27, the 20-24 age group will decrease by 23.3% in 2050



Source: Nazaré (2011)

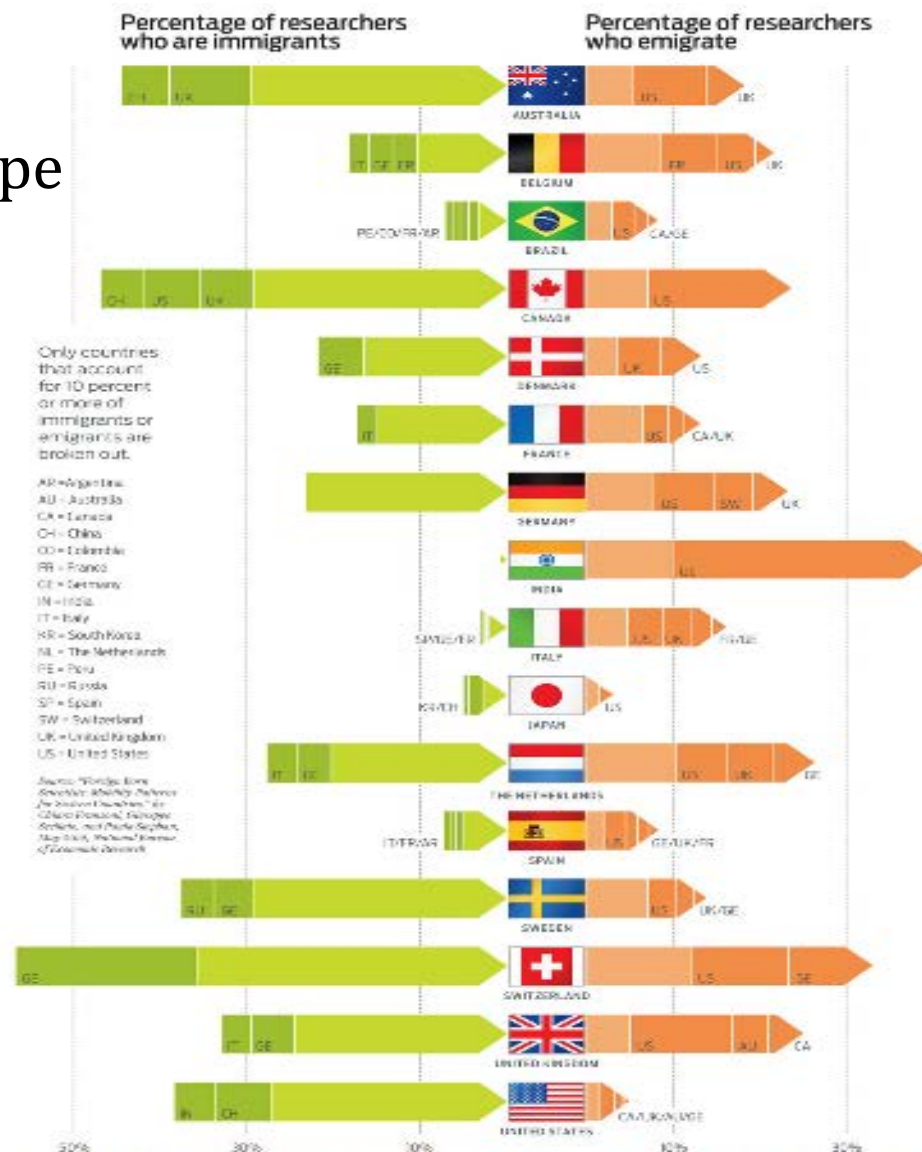
- Public funding can no longer afford research and sometimes even HE
 - Competition of HE with Social security and Health
- Diverging countries
 - Strong countries are getting stronger: low debt, good level of infrastructures
 - Weak countries are getting weaker: high debt, moderate level of infrastructures

Trends in HE: International mobility

- Europe is "loosing" talent
 - Migratory flows inside Europe
 - Increasing outbound flows

Year	International students (in millions)
1975	0,8
1980	1,1
1985	1,1
1990	1,3
1995	1,7
2000	2,1
2005	3,0
2010	4.1
2011	4,3

Source: OECD and UNESCO Institute for Statistics, Education at a glance, 2012



Source: "Foreign Born Scientists: Mobility Patterns for Sixteen Countries," by Chiara Franzoni, Giuseppe Scellato, and Paula Stephan, May 2012, National Bureau of Economic Research

- New forms of HE are becoming important and might become relevant sources of revenue
- MOOCs
 - The impact of MOOCs on pedagogy and university business models will be profound but an evolutionary shift rather than an avalanche of change
 - There is space for institutions to drive change rather than be driven
 - There is an explosion of business model experimentation to integrate MOOCs into degree courses
 - The goal, for both MOOC platforms and universities, is revenue: developing ways of awarding credit for a fee

Source: Horizon Scanning - what will higher education look like in 2020?, UK Higher Education International Unit

1 Forecasting the Future of Higher Education in Europe starting from the current trends

2 **What Policies for a new Higher Education System and a New European Society**

Is the “dual” society coming?

- We are moving towards a so-called “dual” society
- Using the words of Marc Augé:

on the one hand

- **an oligarchy of power**
- **an oligarchy of money**
- **an oligarchy of knowledge**

and on the other
a mass of “excluded”

A debate on the two sides of the coin

- Dual Society (*1% Society*)
 - Competitiveness based solely on excellence
 - An intensive logic: Resources concentrated on few people and few initiatives
 - A diverging HE system: a system for the genes or the elects on the one side; and a less-qualified system for the others
 - A compassionate system of charity emulating an accessibility system
- The “free-lunch” Society
 - Society based exclusively on rights and not on duties
 - An “artificially-equal” system: equal from the legal point of view, but not substantially
 - Final result is that the average quality decreases

- Is Knowledge Society coherent with the Dual Society model?
- Is the “free-lunch” Society sustainable from an economic and an anthropologic point of view?
- Is a more realistic approach feasible?

Changing status in order to compete

- Is this new idea of society still compatible with the idea of public servants/employees?
 - To be paid by the government does not make a person a public servant!
- Support the average quality and excellence at the same time
- Is the current legal status coherent with the goals of sustainability and diversification of funding of universities?

More value to specialties, less to commodities

- What are commodities and specialties in HE?
- How can we focus more on specialties and less on commodities?
- Can commodities be outsourced?
 - Why do universities pay for tutors, teaching how to solve very standard exercises that can easily be found on the web?
 - Can this resources be used to augment scholarships?
 - Can this resources be used to invest in a course that provides high value added?

- Breaking traditional boundaries
 - Time
 - Lifelong-learning education
 - Space
 - Long-distance learning (Open Universities)
 - Network Universities
 - Content
 - Cooperation with the industry and the government
 - Joint research-centre
 - Multi-disciplinary research teams on strategic topics (territorial dynamics, educational system, ageing, pervasive technologies, etc.)

A new model of university

- Who should bear the cost of higher education?
 - New funding models for the sustainability of the system

Sources	Public funding	Students	Overhead EU projects	Overheads Contracts	“Fund raising”
'Classic' State University	80%	20%			
Private model (teaching)	20%	50%	-	-	30%
Hybrid Model	50%			50%	

- A variety of funding models would facilitate the creation of an university “ecosystem”
 - ✓ Evolution of higher education institutions to be more responsive to the needs of different stakeholders
 - ✓ Possible response to the increased cost of higher education

- Is this new idea of society still compatible with the idea of public servants/employees?
 - To be paid by the government does not make a person a public servant!
- Support the average quality and excellence at the same time
- Use (not abuse) of the available technology
 - ✓ Use (not abuse) of MOOCs

- Historical Expenditure
 - guarantee basic funding, stability, autonomy, multi-period planning horizons
 - Punishes those who grow

- Formula funding
 - induce targeted incentives, promote strategies
 - INPUT related: it links the strategy to some variables
 - E.g. augment the number of students
 - OUTPUT related: it forces the university to create output (at the price of quality?!?)

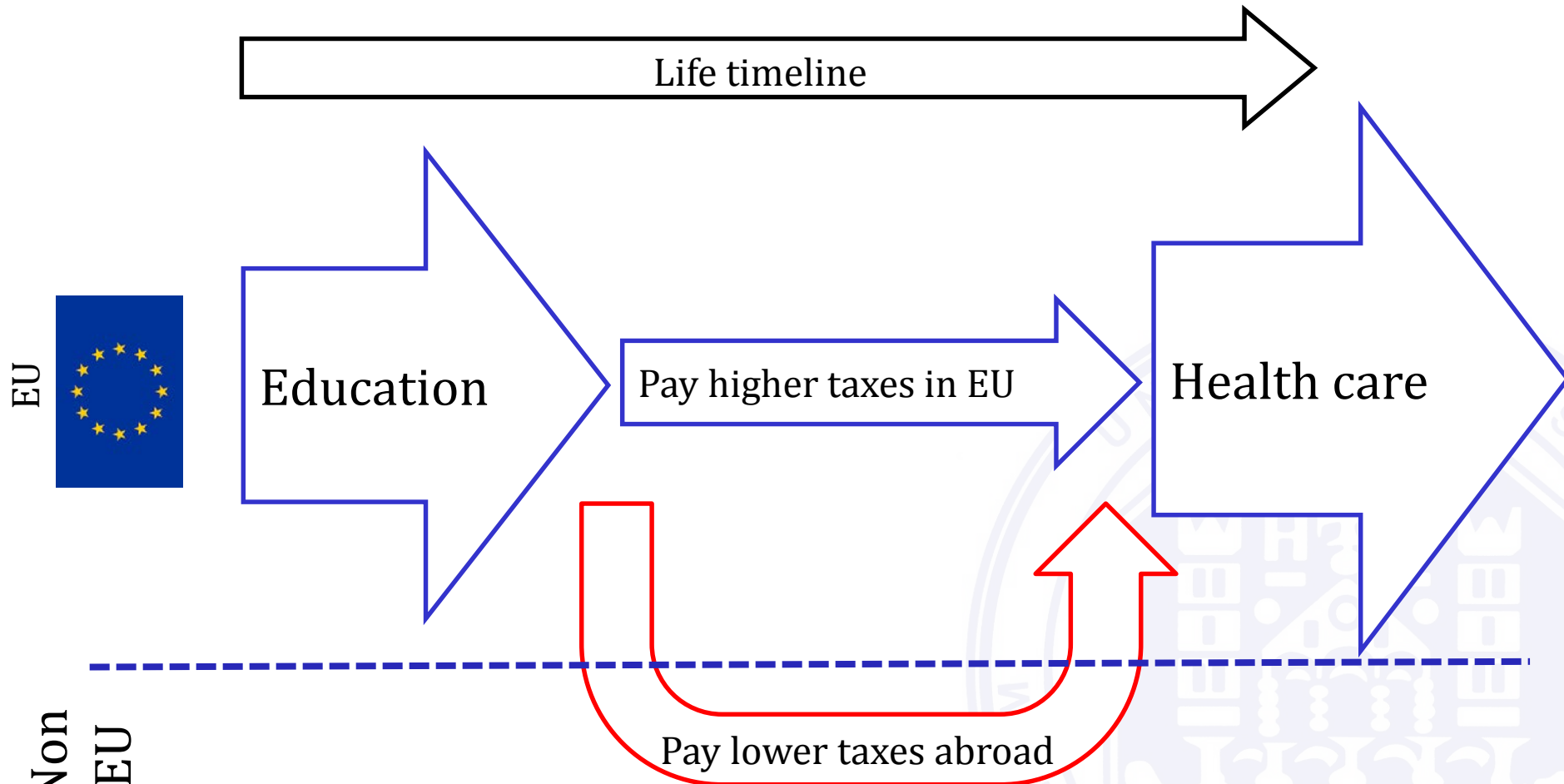
- Competition
- Interdisciplinarity
- Reach specific goals

- Funds are tied to the project and the university cannot use them for infrastructures

- They have to be supported by the basic funding
 - **In order to compete for projects, we should be in the same league and receive almost the same basic funding!**

Open issues: The life-cycle paradox

What if talented people get educated in Europe, move abroad during their «productive» life, and return to Europe when they need healthcare?



Open issues: Who pays for whom?

- International students are precious assets for European universities
- BUT is it worthy that EU taxpayers in some EU countries are funding
 - non-EU student's education?
 - EU students that will work in a non-EU country?
- European policy makers are aware of the problem?