

# CONFERENCE ON EQUITY IN HIGHER EDUCATION FOR ECONOMIC DEVELOPMENT

Empower European Universities, University of Aarhus

February 1, 2013

## **Welcome address, Lauritz B. Holm-Nielsen**

As Denmark is a country with rather limited natural resources, the society is aware of the need of each individual to contribute to the common welfare. In present days, this awareness amongst the society led to an overall consensus regarding the necessity of guaranteeing equity to all prospective students of the Higher Education system.

The situation has not, however, always been like this. The acknowledgement that there is a strong need for reforms in the Danish higher education system has its origins in the mid-1980s. This awareness which has grown over the years has resulted in the introduction of a variety of educational reforms aiming at enhancing equity and quality in higher education (namely the University Governance Act of 2003) a decade ago. The reforms comprise three strings: governance, institutional structure and a new financial compact, and have guaranteed Danish universities autonomy from the State and more accountability through the use of University performance contracts and governing boards with the majority being external members, also with appointed leaders of the institutions, and the advisory of academic councils.

Alongside these reforms, the decision to merge universities and research institutions in Denmark has also played an important role in the reform of higher education. One of the main reasons the country has decided to pursue this strategy as it allows having a sustainable business model, where the financial position of the universities which is independent of the number of enrolments per year. In Aarhus University, for instance, only 25% of the total income comes from the study taximeter (state financed tuition fees), tuition fees which implies that 75% of the income is independent of student yearly enrolments (which guarantees more financial stability). This successful, efficient policy in Denmark can serve as an example to other European countries in which universities and research institutions are still separate entities. Furthermore, there are also efforts taking place to increase the involvement of the private sector through public-private partnerships. This is done to support the current education system and to ensure proper responsiveness of the higher education sector.

Another important educational issue in Denmark is the concept of lifelong learning. It is commonly believed that people should acquire knowledge throughout their whole lives. Even though this is not a new phenomenon in the country there is still a need for more emphasis on the matter. In Aarhus University, for instance, there are around 55,000 lifelong learners currently enrolled. The costs of courses are to be almost

entirely borne by the students because there is only a marginal government subsidy. Lifelong learners do not obtain diplomas and thus the aim is gain knowledge and job confidence. Beyond the already mentioned reforms, there is a consensus among Danish academia and the Government that further reforms are needed both in the higher education system and at lower educational levels. This is in order to guarantee universal coverage of quality in primary and secondary education and to ensure coherence and flexibility throughout the educational system.

## The Danish experience, Bertel Haarder

Equity is a very important aspect in education as it brings about many positive effects, among other things, it can mobilise talent. Nevertheless, this does not imply that all talented youngsters should attain university training as society also demands a workforce prepared at different educational levels.

In the political assessments drafted by the Thorning-Schmidt government in 2011, it has been stated that 60% should pursue Higher Education. Instead, there ought to be a goal of 30% pursuing vocational education. There is already a shortage of skilled people for non-higher education positions (e.g. skilled workers and technicians). Vocational education is not a dead-end and the graduates can still reach their professional goals as some of the most successful leaders of the country has done (for instance the head of the Danish Central Bank was an educated electrician before studying economics, and the Prime Ministers deputy was an educated cook! Professors in architecture often started in vocational education).

Furthermore, vocational training can at times even have an advantage over higher education as it provides students with more real life experience that increases employability. The main task for universities is to educate the elite. There is a need for an elitist approach, which implies equity in terms of increased access or opportunity but not necessarily in terms of getting higher enrollment. An elitist approach does not necessarily exclude mass provision of higher education. In Denmark equity and social mobilisation are attempted to be achieved through an exceptionally high scholarship system but unfortunately such approach is proved unsuccessful. The failure of the system is explained by several studies through the fact that extremely high scholarships in general transfer money from poor to middle and high income levels, as generally the latter have a higher probability to enrol in post-secondary education. Hence, in the aforementioned debate regarding the future of education in Denmark, alternatives to grants should be proposed to foster equity and social mobilisation as there is no effective solution in place at the moment. Financially speaking, the current Nordic model of education can only be sustained with the significantly high taxes in the country (amongst the highest in the world). However, they have been strategically allocated to private incomes, making private business being still highly competitive at an international level. (Note The Economist Feb. 2nd.)

Another challenge that the Danish higher education system is facing is the need of having more entrepreneurship in University, however, is not an easy task as graduate students normally average 28 years old. Finally, in order to enhance social mobilisation, universities rather than the government ought to think of the needs of the society when creating different studies; they are to be held responsible for this. They should serve the society in economic terms and beyond (e.g. in cultural terms). Given this, democracy in universities is actually viewed as a negative phenomenon as it leads to rectors being primarily preoccupied with be-

ing re-elected rather than caring for the needs of the society. The abolishment of democracy in the Danish higher education system can be, therefore, viewed as a positive thing, as an alternative to government control.

## **The relevance of equity in higher education, Jo Ritzen**

Society does not solely demand employability. The labour market perspective of higher education is an important part but not the only one, engagement in the society is another important aspect.

It is of crucial importance to understand how universities perform and how or what they contribute to society. For this reason Empower European Universities has been devoting time and effort to grade policies, performance and economic output of the different higher education systems in Europe. The most recent report conducted by EEU has shown that the student support systems which are currently in place in Europe are insufficient and thus need to be improved.

European countries are nowadays mainly interested in university governance but the matter is not studied thoroughly and, subsequently, there is no empirical evidence as to whether universities with independent governing boards have better performance.

Overall, there is a general satisfaction with the way things are and thus equity is no longer a topic of attention, it is considered solved and thus the problem of inequality is seen as irrelevant. There have been, therefore, very few analyses conducted on the matter in recent years. “Equity Advocates”, however, claim that the question is still of high relevance which can be proven by the different levels of talent utilization amongst European countries.

Various authors, on the other hand, (such as Teichler in 2010) have questioned the arguments of equity advocates since there is not much evidence of how equity can be assured within the higher education system, and of the value of the debate beyond the political realm.

Europe cannot develop its education systems without taxation, however, even with relatively high tax rates, tuition fees are needed. This is the case as reducing costs in higher education negatively affects performance (e.g. due to less contact hours) and thus eliminating tuition fees can be seen as an act of ignorance towards education quality and outcomes.

The introduction of tuition fees, however, cannot at the same time impede equity. A fee system which is neutral for equity can be achieved through the introduction of a good system of universally accessible social loans.

Finally, Europe is a meritocracy, where a small elite group reaches the elite by their own merits. The new pools of talent might need to be fostered, either in university admissions or recruiting processes.

## Theme 1: Trends in equity in higher education, the wider context

### Equal Opportunities in Higher Education: Policy and Practice in the EU before the Debt Crisis, Cécile Hoareau

Higher education graduates have fewer changes of being unemployed than those without higher education degrees. Still, among 4.4 million graduates, 17% of them will not be able to obtain a job within three years after upon graduation on average in Europe. Equity in Higher Education needs to be addressed as a debate of importance until we are sure that higher education attainment, and hence graduate employment, is not biased by any other factor than merit alone.

Equity can lead to economic growth as can be seen from the empirical evidence provided in the report by Empower European Universities (EEU) called the State of University Policy for Progress in Europe . Having agreed that equity matters, the question is what can we do in this respect? EEU strongly believe that there is a need for a transition to a universal student support system rather than a family based one as this would reduce inequalities.

According to our correspondents' reports, the financial aid system of as much as 12 European countries will deteriorate and it will be more difficult for students to obtain financial support. In Greece, for instance, public financing of text books will be abolished and students now need to bear to costs of all book purchases.

The UK, on the other hand, tells quite a different and more debated story. Namely, even though, the tuition fees levels have increased sharply in recent years, the jury is still out on whether equity and enrolment rates have been affected. But the rise in the fees has been accompanied with the introduction of a universal subsidized loans scheme and means-tested grants system.

Policy designs therefore influence the accessibility to financial aid, but so do absolute amounts of investment. In order to illustrate Governments' choices in this matter, let us look at the following statistic: 0.1% of the budget spent on rescuing banks in Europe is enough to provide full funding for all students in any European country for one year!

Finally, all in all, governments across Europe should learn from each other in terms of technicalities of financial aid schemes. Unfortunately, there is no comparative data to deeply assess equity in each of the European countries (especially on other bases than parental education and socio-economic background) and we encourage governments to invest in generating such data in order to be able to gain a further understanding of what works in solving inequities.

## **Theme 2: Student demographic make-up and migration, a European North American comparison**

### **The Chase for Equity in U.S. Undergraduate Education: Trends, Policies and Prospects, Michael Nettles**

It is important to draw a distinction between equity and equality; equity is seen as a pathway to reach social equality.

There are three key indicators of equity/equality: representation (e.g., enrolment and degrees conferred), achievement (e.g., persistence and degree completion) and performance (e.g., grades and test scores). In our research, we have assessed the various trends of inequality in undergraduate education in the United States since 1980. In terms of representation, a remarkable fact is that the proportion of white population is declining, this is true for both the population above age 25 and the population between 18-24 years old. Enrolment rates are growing in all demographic groups.

When looking at the achievement indicators several inferences can be made. The majority of students pursuing a bachelor's degree drop out at some point, with the rate being the highest for the Black population. And, Blacks and Hispanics trail Whites by nearly 20 percentage points in bachelor's degree attainment within 6 years. Blacks and Hispanics also trail Whites in the proportion of students completing their associate's degree within 3 years.

Black and Hispanic students are underrepresented in the most- and highly-competitive institutions, compared to their overall proportions in higher education. The opposite is true for both Whites and Asians.

In terms of performance, Hispanic and Black students obtain lower grades when compared to white and Asian students. Finally, students with high education expectations are more likely to succeed in college. The same holds true for obtaining higher tests scores.

Overall, the regression results suggest that several factors are associated with performance and achievement. Namely, females, on average, have higher GPAs; being Hispanic and Black is associated with dropping out; parental income is positively correlated with attainment of bachelor's degree; and institution selectivity is negatively related to dropout rates.

Therefore, as race plays a major role in predicting average performance and achievement rates we must state that all in all race matters.

In regards to current educational policies in the US, there are a number of policies that have been implemented to enhance equity. For instance, there have been efforts made to improve high school preparation for college. Also, the protections and rights of minorities have been expanded and a loan system has been put in place to increase affordability of higher education (currently a 38% of federal aid comes from loans).

Furthermore, many localities have established "promise communities" to increase local financial support for

students from the community to go to college. Also, proposals such as the DREAM Act are being considered due to the acknowledgement of a sizeable population unauthorized immigrants who were brought to the US as children and do not have citizenship even though they are, by any cultural measure, American. The DREAM Act provides a route, through higher education, to citizenship for these individuals.

### **Equality or equal opportunity for social mobility in higher education? Lessons and experiences in Europe, John Panaretos**

Higher education is a complex social structure with key players, students, faculty, university leaders and policy-makers. The main issues preoccupying these key players are access, quality, cost and the need for social mobility. What complicates things is that any policy decision regarding any of these issues has an impact on the other three that is difficult to control. To make things harder, the different players place different emphasis on each of them.

Although many policy-makers argue in favour of upward social mobility through education, there are a few policies that are formulated to practically achieve social mobility in a measurable way. A recent example is the white paper in Australia (Australia in the Asian Century).

It is widely believed that an obvious choice for achieving social mobility in higher education is through equality in access. This is usually interpreted as tuition free, mass higher education. However, the indications from countries like Ireland, Denmark, Sweden and Greece are that tuition free mass higher education has not resulted in social mobility. The OECD also, has come to a similar conclusion. On the other hand, as we see in Japan where tuition fees are extremely high, universal higher education has deteriorated quality.

Today, a prerequisite for social mobility through higher education is quality. And quality is hard to achieve in a system tailored for mass, tuition free university education.

The recent attempt in the US to distinguish between mass higher education and mass university education will probably help in achieving the goal of social mobility without compromising quality. Mass higher education can probably be better served by the idea of two-year community colleges that also offer alternative paths to good (and probably selective?) university education. This differs from the (successful) system of postsecondary technical education in Germany and Switzerland that lacks such paths.

### **Theme 3: Financial aid policies for equity in an international perspective**

#### **Higher Education Finance: The Tangled Future of Quality, Capacity, Affordability, Participation, and Equity, Bruce Johnstone**

We have identified ten awkward facts within the Higher Education system, especially in the US. Namely, constant increase of costs, universities not re-thinking their classical research structure, current tax expenditure

more dedicated to health and pension plans due to the aging phenomena, the imperative for lower unit costs and more non-tax revenues, the political resistance to increase tuition fees to make the system sustainable, the inability to absorb the projected university students, the rising levels of graduates' unemployment, high failure and non-completion rates and the high correlation of the participation margin between favoured and non-favoured social backgrounds and lack of consensus.

Those ten facts raise three main questions. First, will additional tax revenues absorb all of the increasing costs of HE, especially where the inevitably rising per-student costs are further accelerated by rising enrollments? The answer in most countries is no, especially in the time of slow economic growth and increasing competition for scarce tax revenues from other politically and socially compelling needs (such as pensions, health care, and infrastructure). Second, can other revenues especially from tuition fees fill in for the missing governmental revenue? Increases in tuition fees sufficient to meet all of higher education's increasing revenue needs is unlikely: in England and the US because public university tuition fees are probably at (or already beyond) a limit due in part to unsustainable student debt loads, and in most of the rest of Europe because of intense political opposition (even though tuition fees could almost certainly be raised. But even if tuition fees are raised and even with the help of increased philanthropy, the current trajectory of increasing costs will increasingly have to be met in part on the cost side: that is, a fundamental lowering of the all too costly instructional cost paradigm, at least in some (if probably not all) universities and colleges. HE institutions can do that in several ways:

- Decrease the time of first degree completion for most students (3 years rather than 4 to 6)
- Increase teaching loads rather than focusing on research as much
- Cut down on numbers of non- instructional staff
- Introduce self- paced internet learning and replace some class time with it
- Increase certification of experience for adult students
- Move towards year- round operations and fuller use of the instructional day and week

Even though those are plausible and one might say the only solutions, there is a great resistance from students, faculty and any other stakeholders involved, as this would differentiate institutions by prestige and market power and probably generate more inequality.

### **Commodification -the end of Equity? A student perspective on the principles governing higher education reform, Elisabeth Gehrke**

The European Students Union questions the impact of recent reforms on equity in higher education in Europe.

All the stakeholders involved in the governing of Higher Education across Europe, namely academia, Universities' boards and Governments, agree that guaranteeing equity is neither realistic nor affordable. However, as everyone (i.e. all stakeholders) agrees that achieving Higher Education sustainability is of very high importance governments could reallocate their budgets putting Education as one of the top priorities and thus

achieve sustainability while providing equal opportunities to all the prospective Higher Education students.

Higher education is to be funded through taxation, as in the Scandinavian countries where the current system is well thought of and is working well.

A loan system is not a good solution given the current financial crisis which was caused exactly by giving loans to people which did not have the capacity of paying them back. The student loan system might be the next bubble which will burst and lead to another crisis.

Employability is one of many higher education aspects and there is a need to look at the other ones as well. Education plays an important role in other parts of the society not only the ones related to economic growth and generally economic aspects.

Furthermore, employability is not only the responsibility of higher education institutions but also of the employers themselves.

## **Theme 4: System-wide and actor-based role in tackling inequities**

### **Between- and within-differentiation in higher education: New dimensions of social inequality? Marita Jacob**

The number of students eligible for Higher Education has been increasing during the last years, as well as the number of students that actually attended a Higher Education institutions.

It is important to draw a distinction between differentiation between institutions in terms of reputation, provision of study programs, tuition fees and so on and the differentiation between the students' body, namely educational programs followed, pathways to access Higher Education or extracurricular activities. Institutions can be divided into multi, binary (academic and vocational) and mono tiers systems. Countries with diversified institutions perform better at eligibility scores and exhibit higher percentages of students that attend higher education. Countries with diversified and unified institutions, have almost the same percentage of attending students in top tier universities. Likewise, diversified institutions result in lower levels of inequality.

Regarding the privatization of education and its consequences for social inequality, higher the private sector funding increases inequality in education. However, as marketization also increases higher education attendance that in turn decreases social inequality, the direct effect of more private funding is mediated by increasing attendance.

Inequality among students can be also represented in terms of field of study since for example, students enrolled in humanities may have less labour market outcomes (in terms of income, prestige or unemployment risks) than those studying engineering. Regarding social origin, we only observe an influence in the traditional professions, i.e. medicine, law and pharmacy. Studying abroad, which is seen as a beneficial experience may also contribute to inequality. Empirically, student from higher social backgrounds more often study



abroad but this is mainly due to preceding differences in terms of languages and better skills (which translate into higher grades) rather than financial constraints. Finally, working while studying is also a subject to a difference between the less privileged that work for money while more privileged work for better qualifications.

Summarising the results, we can conclude that highly diversified systems provide the most opportunities to students, which in turn reduces inequalities and, thus, fosters social mobility as well as economic development of society. Furthermore, the influence of parents on their child's education is comparatively small once access to higher education has been mastered. Whether or not social different experiences during one's studies actually result in different returns in the labour market and resulting social stratification is an open empirical question.

## Conclusion, Jo Ritzen

There is a need for information to create room for manoeuvre, since having data from different countries allows conducting in-depth analyses which in turn allows identifying and developing best practices. Besides the long-term issues that Higher Education has been facing, other variables such as the demographic change (including aging and migration) make the process of searching for solutions even more challenging.

There is a chance that the economic situation will allow to manage education. However, nowadays in most countries, the way students' support is set is inefficient. One of the most discussed items when comes to guaranteeing the sustainability of the Higher Education system are tuitions fee, but without unanimity. There is also a need to be aware of the increasing debt that students have after finishing their programs.

We need to pay far more attention to diversity in talent, while being aware of the threats that is children entering into a race at a very early stage. Inequalities in primary and secondary schools might be increasing lately but there is no empirical evidence to support the claim. It is important to have a look at this in the long run.