

# *Expert Response to Czech Republic Ministry of Education January 2009 White Paper on Tertiary Education*

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## *Foreword*

Tertiary-education policy is increasingly important on national agendas. The widespread recognition that tertiary education is a major driver of economic competitiveness in the knowledge society has made high-quality tertiary education more important than ever. The imperative for countries is to raise higher-level employment skills, to sustain a globally competitive research base and to improve knowledge dissemination to the benefit of society.

In 2004 the OECD launched a thematic review of tertiary education in the OECD to examine how institutions and national policies are meeting these challenges. Twenty-four countries participated in that review, including the Czech Republic. The final report of that review, *Tertiary Education for the Knowledge Society* was published in 2008.

As part of the thematic review the Secretariat prepared in 2006 a Country Note examining developments in tertiary education in the Czech Republic and recommending how they might be best addressed. In 2009, after further analysis, consultation and debate the Ministry of Education, Youth and Sports of the Czech Republic prepared a White Paper proposing a course for reform of tertiary education. The Ministry asked the OECD to assemble a team of experts to review and evaluate the White Paper and present its views on how it might be strengthened.

In October 2009 a team of experts visited the Czech Republic to discuss with various stakeholders and officials developments that had occurred since the Country Note had been prepared in 2006, and the contents of the White Paper. The team presented and discussed its preliminary conclusions on 16 October 2009 in an international conference on tertiary education reform that was organised by the Ministry. Subsequently, the team's views and recommendations were more fully developed in this report.

The expert team<sup>1</sup> was head by Thomas Weko (United States) who was organiser and chair of the 2006 *OECD Country Note on Czech Tertiary Education* and served as rapporteur for the team. Other team members were Anita Lehtikoinen (Finland), Gregory Wurzburg (OECD), and Richard Yelland (OECD). The views expressed are those of the team members, and do not necessarily reflect the views of the Ministry of Education, Youth and Sports of the Czech Republic, the OECD, or its member countries.

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## *Expert Response to Czech Ministry of Education January 2009 White Paper on Tertiary Education*

### *Introduction*

1. In 2009 the OECD was asked by the Czech Ministry of Education, Youth, and Sports (MEYS) to produce an expert evaluation of the Ministry's 'White Paper on Tertiary Education' as a strategic document underpinning the implementation of tertiary education reform in the Czech Republic. This evaluation is an exercise in 'knowledge mobilisation,' in which the OECD works with individual countries to identify relevant findings from previous OECD work that can be used to address their current country-specific challenges. In this instance, the OECD's prior work consists of the *Czech Republic Country Note* (2006) and the wider thematic review of tertiary education of which the *Czech Republic Country Note* was one component.<sup>2</sup>
2. Our assessment of the White Paper is based upon four sources of evidence. These include:
  - a. The January 2009 version of the Czech Ministry of Education White Paper on Tertiary Education;
  - b. Two days of meetings held on October 14 and 15, 2009, organized to discuss the White Paper with stakeholders (appendix one contains the itinerary), and written submissions offered in response to OECD team questions;
  - c. Papers and discussion from the international conference, "The White Paper and Beyond: Tertiary Education Reform in the Czech Republic," October 16<sup>th</sup> and 17<sup>th</sup>, 2009<sup>3</sup>;
  - d. Additional written submissions from those who participated in stakeholder meetings, e.g. "The Position of the Charles University on the 'White Paper of Tertiary Education,'" May 2008.
3. The January 2009 *White Paper on Tertiary Education* is a document the body of which is 68 pages in length (in English), spanning 184 paragraphs and eight chapters. Together these chapters lay out 38 recommendations. As white papers on tertiary education go, it is broad in scope, and comparatively brief. The January 2003 White Paper on the Future of Higher Education published by the UK Ministry of Education was somewhat larger (and narrower in scope) at 110 pages, while the 1997 (UK) National Committee of Inquiry Into Higher Education (the Dearing Committee) was a voluminous 1700 pages (with 14 reports and 5 appendices).
4. In the introduction to the document the authors of the *White Paper* ask readers to judge it as "a conceptual and strategic document that states the direction in which tertiary education in the Czech Republic should develop in the next ten to twenty years," rather than "a detailed analytic document containing a technical description of the necessary steps and changes" [to reform]. They note that the document "...provides a conceptual basis for legislative amendments" that can be "implemented during this term of office" or by "future governments." In light of this injunction, the team's principal findings concerning the White Paper distinguish among lines of analysis and recommendation in the White Paper that: (1) are sufficiently advanced to provide a basis for detailed technical analysis and legislative amendments or administrative actions; (2) require further analysis and consultation before detailed technical work and legislative amendments are developed or administrative actions taken; and (3) are still far from completion, or which appear to require substantially further consultation.

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<sup>2</sup> The final report of which is *Tertiary Education for the Knowledge Society* (OECD, 2008).

<sup>3</sup> Details of the meeting and conference presentations can be found at <http://www.reformy-msmt.cz/reforma-terciarniho-vzdelavani/international-conference>

## ***Part One: Equity and Funding***

5. While the MEYS White Paper devotes 184 paragraphs to its full range of topics, about one half of the report (90 paragraphs) is given over to two topics: Funding (the resourcing of institutions) and Equity (the financial support of students). In our view, the provisions of the White Paper that address the financial support of students (equity) and funding (the resourcing of institutions) offer thoughtfully developed analysis and proposals that are ripe for detailed technical analysis and action, most especially the analysis and recommendations focusing on equity.

### **Equity**

6. A comprehensive system of student support is essential to providing equitable opportunities for study.<sup>4</sup> By all accounts, the Czech Republic has lacked such a system.<sup>5</sup> Study costs for most Czech students are chiefly met through family resources and paid work. Social support for study costs is limited and indirect. The nation's system of child allowances provides means-tested assistance to families with students younger than 26 years of age, providing about one in four students with benefits.<sup>6</sup>
7. The White Paper proposes that students as "independent social units" be the final beneficiary of social support, and that they be supported by a system of study grants, student loans, and targeted means-tested scholarships. More specifically, each student would be entitled to a basic study grant, a basic student loan, and be eligible, contingent upon evidence of "low socio-economic background" or disability, for a state scholarship.<sup>7</sup> This would be coupled with the abolition of indirect student support, which, it is argued, would help to make the system of student financial aid "nearly fiscally neutral in the long run."
8. In our view this scheme of student support is well-conceived in all respects, and consistent with best international practice. We are concerned only about the scope of its application. The White Paper calls for the student loan scheme *eventually* to be extended to costs of studying abroad in recognised programmes, to students studying in tertiary professional schools, and to other institutions supporting lifelong learning for adults (paragraph 116). However:
  - a. If the purpose of these measures is to ensure the widest possible opportunity for study beyond secondary schooling, those who study at tertiary professional schools (*Vyšší odborné školy*, VOS) should have a leading priority for the basic student loan, as it is they who are drawn disproportionately from families headed by parents have not obtained a *maturita*, and they whose long-term wage prospects are more modest than university graduates. This should be a sufficiently high equity priority, and sufficiently inexpensive -- given that VOS enrolments are brief, and comprise only 7 percent of all enrolments -- that the loan scheme should be designed to fund it.
  - b. The White Paper recognises the importance of lifelong learning (conceived here as post-secondary education beyond formal diploma and degree programmes). In describing the "target situation" of tertiary education in the Czech Republic, the White Paper calls for tertiary education institutions to "significantly increase [their] involvement ...in lifelong

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<sup>4</sup> *Tertiary Education for the Knowledge Society*, Volume 1, pp. 213-235.

<sup>5</sup> The deficiencies of the student support system are discussed in Chapter Six of the *Tertiary Education in the Czech Republic*, Country Background Reports for OECD Thematic Review of Education (Sebkova, 2006).

<sup>6</sup> *Ibid*, p. 51.

<sup>7</sup> Complementary proposals are contained in the White Paper to reduce obstacles to student work and to tackle other constraints to equitable access to study places arising from inequities in secondary schooling.

learning (p. 16). Further, it acknowledges that the current level of social support for lifelong learning is not sufficient, and that the Czech higher education community provides a very modest sharing of lifelong learning in the Czech Republic.<sup>8</sup> Choosing to outline a student support system without immediate provision for lifelong learning strikes us therefore as an inappropriate choice, and one that should be remedied in a document that aims to provide direction for “the next ten to twenty years.” This will be particularly important as Czech firms and tertiary education institutions soon confront the effects of a sustained and large decline in the traditional school-aged cohort and seek to expand the scope of lifelong learning to include more short and custom-made programmes which better meet the needs of adults – whether in employment or out of it.

- c. Adopting these measures could assist in strengthening and consolidating tertiary professional education in the Czech Republic, and to achieving a suitable level of differentiation within the tertiary system (a topic we take up later in this document). VOS institutions that choose to offer accredited professional bachelor degree education would be eligible to have their students participate in the basic student loan. Those that do not could remain accredited under current VOS accreditation procedures, and focus on lifelong learning. Their students – as well as students enrolled at higher education institutions – would be eligible to participate in the basic student loan for tuition fees (since, as adult learners, their living costs should not need to be financed through student loans).
9. Elsewhere in the White Paper, in Chapter 8, additional concerns about equity are raised, in an examination of secondary schooling and its implications for tertiary entry and success. While this analysis is thoughtfully alert to the implication in inequalities in schooling for tertiary education, it does not, it acknowledges, contained either a detailed analysis or policy recommendations.

## Funding

10. We shall discuss separately two dimensions of funding: the sources and level of revenue upon which tertiary institutions operate, and the means by which funds should be delivered, i.e. the system of providing operating and capital budgets from state resources.

### Sources and Level of Revenue

11. The level of annual expenditure on tertiary institutions per student in the Czech Republic is modest in comparison to average OECD levels, and well below that of nations such as Spain, France, Finland, Austria, and Germany. The Czech Republic ranks 23<sup>rd</sup> among 31 nations in annual expenditure on tertiary education institutions per student (figure 4.1), and 27<sup>th</sup> among 32 nations in expenditure on tertiary education institutions as a percentage of GDP (figure 4.2). This arises from the modest size of the Czech GDP and from the comparatively small share of GDP – about one percent – that is spent on tertiary institutions.<sup>9</sup>

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<sup>8</sup> “Trends for Further Development of Czech Higher Education,” Charles University, no date, p. 8. The paper notes that “higher education plays only a marginal role in the field of lifelong learning and represents less than 6% of the lifelong learning market. Further education (adult education) is dominated by employers themselves or by specialised firms.”

<sup>9</sup> *Tertiary Education for the Knowledge Society*, p. 164.

12. Given the other demands on the Czech state budget, such as old age pensions, and patterns of past public spending on tertiary education,<sup>10</sup> there is a low probability of a significant increase in state spending for tertiary education in the near or moderate-term future. Hence, those who seek a sustainable and significant rise in tertiary revenue must look to added household spending. This, likewise, is the view taken by the White Paper, and we think it a realistic view – much more so than that expressed by the Charles University: that either “a massive increase in public funding of tertiary education” or the “optimization of expenditures in the state budget” (i.e. movement of public spending away from other budget claimants) will yield significantly increased public spending for tertiary education.<sup>11</sup>
13. If household spending on tertiary education is to rise, it must be determined when this spending should occur (at the point of enrolment or completion), and in what amount. It is proposed by some that a modest tuition fee may be paid upfront by students, on the order of 100 Euros per student. This would be simple and it would be based upon historical precedent,<sup>12</sup> but it would yield very little new revenue for tertiary institutions, and it ignores the possibility that upfront fees, even if modest, may deter prospective students from enrolling in tertiary education. A substantial rise in spending – from, say, 1.0 to 1.3 percent of GDP – would require a larger tuition fee than can equitably be raised from students, as opposed to a deferred fee collected from *graduates*.
14. A simple upfront fee – if it were uniform rather than variable -- would also preclude price competition among institutions, faculties, and programs, and prevent the development of a price signal that provides information about the relationship between supply and demand.
15. The White Paper proposes a deferred and income contingent repayment of variable tuition fees (with an opportunity for students to pay fees upfront, if they choose). Its analysis draws upon experience in the Netherlands, New Zealand, and elsewhere, and offers the most equitable means by which to introduce substantial new household spending. The loan repayment mechanism outlined in paragraphs 120-128 contains design features – e.g. concerning the rate of interest – that are wisely thought through.
16. Further, the White Paper properly emphasizes one very important effect of introducing a tuition fee: set at a proper level, tuition fees can have a salutary effect on quality of instruction and economic rationality in decision-making, both on the part of students and institutions.
17. However, some aspects of the White Paper’s proposal on tuition fees and their repayment require further attention from the reform team. These are outlined below.
  - a. The White Paper proposes an inventive but complex addition to the deferred tuition fee: institutions would receive part of the tuition fee later, from graduate earnings. We acknowledge that this would provide institutions with a keen interest in the post-degree earnings of their graduates and also lower the upfront costs to the state of launching a deferred tuition fee. However elegant in principle, this introduces uncertainty for institutions (arising from employment risk) and complexity in policy design about which both institutional representatives and international experts participating in the White Paper conference expressed concern. While the White Paper proposes that the weight of delayed

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<sup>10</sup> For example, between 1995 and 2004 Czech enrollments rose at nearly the highest rate in the OECD, trailing only Poland and Hungary – but public spending grew more slowly than in either country, leading to the sharpest fall in expenditure per student in the OECD. See *Tertiary Education for the Knowledge Society*, Figure 4.3, p. 165.

<sup>11</sup> “The Position of the Charles University on the “White Paper of Tertiary Education,” May 2008, p. 15.

<sup>12</sup> In 1934/35 the Charles University charged tuition fees, registration fees, examination fees, and fees for the external assessment of work; together these raised more than 2 million Kc. Professor Rudolph Hanka, “Comments on White Paper,” at <http://www.reformy-msmt.cz/reforma-terciarniho-vzdelavani/international-conference>.

payments might gradually be increased, given institutional anxieties associated with income based loan repayment and the complexity of designing loan repayment institutions, the reform team may wish to reconsider this feature.

- b. No system of collecting taxes from the earnings of graduates currently exists. Tax arrangements will have to be created to support the proposed lending system. The implementation framework laid out in section 6.4 of the White Paper provides a plausible, but necessarily abstract, proposal. Immediate steps should be taken to provide a fully developed technical analysis, without which continued debate will be speculative and unproductive.
- c. Loan collection through the tax system is, *in principle*, a very efficient solution. However, international experience points to some difficulties in achieving repayment among graduates working outside the country in which they studied, and achieving high rates of recovery may require high fines after return in the case of non-repayments, and the exchange of information among tax authorities in the EU. Other, second-best lending arrangements – such as publicly capitalized loans that are serviced (for a fee) by existing financial institutions -- may need to be considered if the legal and administrative challenges of tax-based collection prove to be unworkable.

#### Delivering Public Funding: Operating and Capital Budgets

18. The White Paper announces no target for the share of revenue that will be raised from tuition fees; however, at the conference “The White Paper and Beyond: Tertiary Education Reform in the Czech Republic” the MEYS reform team estimated that perhaps 25 percent of revenue might eventually be raised from students fees. Hence, even with a widened scope of private funding through tuition fees, the funding of tertiary institutions will continue to be based chiefly upon state resources. The means by which operating and capital budgets are allocated will play a critical role in shaping the future of tertiary education in the Czech Republic. Fortunately, this is an area in which the prospects for reform<sup>13</sup> appear to be equal to the need for reform.
19. The White Paper takes up the question of public funding in a thoughtful and constructive way. It proposes also that resources allocated outside of formula funding be transferred “into the formula-based subchapter of the budget,” both in the case of operating and capital budgets. Further, it recognizes that formula funding for instruction, the “education grant,” should be delivered in such a way as to (a) maximize short to mid-term predictability for institutions so they can engage in planning, (b) create incentives for efficient behaviour on the part of students and institutions, and (c) promote the autonomy and responsibility of tertiary institutions. The White Paper proposes that this should be accomplished by developing “contractual funding,” in which institutions are guaranteed “that the value of an educational grant, in real terms, will not decrease in the subsequent years for students already admitted” (paragraph 109). Unpredictability in the educational grant would therefore arise from the institution’s performance, e.g. in retaining existing students, or from policy-induced but marginal changes, i.e. in grant amounts attached to the entering cohort of students. Capital budgets, it proposes, should “move from the current capital subchapter of the budget into the formula-based subchapter” (paragraph 107).
20. The White Paper proposes that the study costs of students enrolled in private higher education institutions be met through a basic student loan covering both their tuition and living costs,

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<sup>13</sup> For example, the Charles University and MEYS have both taken the position that “the contractual funding of teaching would be highly desirable” (The Position of the Charles University on the “White Paper of Tertiary Education,” May 2008, p. 15). See also the *White Paper* (paragraph 109).

limiting the level of borrowing to that charged by public universities (paragraphs 112-113). Additionally, it raises the *possibility* of providing the educational grant – the institutional subsidy for instructional costs – to “students at private tertiary education institutions less the capital component” if a set of conditions are satisfied, including a cap on tuition fees equal to those charged by public institutions. Criticized by some as “totally unacceptable in any market economy which observes elementary rules,”<sup>14</sup> the eligibility of private institutions for public teaching funds is in fact fairly widespread in OECD member countries.<sup>15</sup> We see no reason to rule out, *a priori*, the extension of the educational grant to private higher education institutions under these conditions, and think that its introduction might strengthen competitive pressures among institutions with respect to bachelor and master level study, raise the prestige of undergraduate teaching, and promote wider differentiation among tertiary institutions.

21. These are entirely commendable recommendations that are consistent with best practice across the OECD. However, we recommend further development of these aspects of public funding.
  - a. The reform team should consider advancing a stronger position with respect to formula funding. The White Paper proposes that funding outside of the formula should be allocated only in “justified cases,” e.g. to ensure conditions for disabled students (p. 51). We propose that formula funding should *always* be the preferred option for allocating state funding to tertiary institutions, and that all spending priorities be assimilated inside the formula, absent compelling reasons otherwise. For example, rather than establishing a separate line of funding to support disabled students, funding per student could be weighted to reflect the additional support that institutions need to undertake to properly support students with documented disabilities (just as different study fields now receive different coefficients).
  - b. Promoting the autonomy and responsibility of institutions is best achieved by delivering lump sum funding against broad objectives determined by Government, permitting institutions wide latitude in how they use these funds, and holding them accountable for the results achieved. We were told by representatives of public higher education institutions that funding from the Ministry is delivered to public higher education institutions not in a lump sum, but instead in many separate accounts – a total of 45 accounts, one rector claimed – that undermine the capacity of rectors to strategically allocate resources within the institutions they have been chosen to lead. Further work on state funding should directly address this concern, identify whether MEYS has the capacity under state budget rules to move to lump sum funding, and propose specific reforms to accomplish this.
  - c. Capital budgets should “move from the current capital subchapter of the budget into the formula-based subchapter” (paragraph 107), rather than be the subject of negotiations that weaken institutional autonomy and planning, and expose officials to political demands. This is a commendable aspiration, but not yet a proposal. Much further development of this topic is required.
  - d. The adoption of a uniform credit system should be viewed as a key initiative in the improvement of formula funding. Credit-based funding will permit the equitable treatment of adult students and strengthen lifelong learning by providing an educational grant for institutions that permit students to enrol on a part-time basis, widening opportunities for institutions to design “flexible study programmes.” It will also permit public authorities to move away from funding studies based on notional study times (standard length of study), and towards funding based upon credit accumulation. This would make it possible for

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<sup>14</sup> The Position of the Charles University on the “White Paper of Tertiary Education,” May 2008, p. 15.

<sup>15</sup> *Tertiary Education for the Knowledge Society* (OECD, 2008), Table 4.3, pp. 198-200.

formula funding to begin reducing – or, eliminating – the educational grant when students have completed the number of credits associated with their course of study, and encourage institutions to monitor student progress more closely.

### ***Part Two: System Structure and Differentiation, Accreditation, and Faculty Careers***

22. The Czech tertiary education system has expanded in the past two decades, providing many more secondary school graduates with an opportunity to continue their studies than in generations past. While some post-socialist states relied heavily upon private institutions or public non-university institutions to meet burgeoning demands for study places, the Czech Republic did not; rather, it opted to create a mass system of tertiary education principally by expanding enrolments in its public universities. This strategy for the expansion of the system avoided a host of problems sometimes associated with the swift growth of private provision, but has resulted in a system that is very weakly differentiated: all public and state higher education institutions (with two exceptions) are *formally* designated as universities, and many are animated by a traditional Humboldtian vision of the university.<sup>16</sup>
23. External observers of Czech tertiary education, pointing to this relative lack of differentiation among its institutions, note with concern that it has a limited capacity to provide extensive, high calibre, professionally oriented bachelor degree education,<sup>17</sup> and no research universities ranked among the European or global leaders in research productivity.<sup>18</sup>
24. Weakly differentiated systems are inefficient. They make inefficient use of research resources by dispersing them widely, across programs and faculties that are unable to make productive use of them. And they use resources poorly by unnecessarily providing long, theoretical, and costly courses of study to students whose aim it is to prepare for working life.
25. The White Paper recognizes the need for wider differentiation with Czech tertiary education, and identifies ‘three basic types of institution’ (p.21). It envisages that differentiation will result from a natural process, and proposes to encourage wider differentiation in these ways:
  - a. By integrating tertiary professional schools within a single system of tertiary education, through their statutory assimilation in the Higher Education Act. Separated from secondary schools, *some* VOS institutions would obtain accreditation to offer bachelor’s degrees, and operate within the Bologna system, and be accredited by a unitary tertiary accreditation commission – while others would focus on lifelong learning, or cease operation.
  - b. By changing the process of accreditation from one of program approval by regulation of inputs into a results-oriented process focused on reviewing “broader fields of study” rather than individual programs, and which is differentiated according to the “chosen focus of the given tertiary institution” rather than uniform in its assessment parameters; and by moving towards a system in which institutions assume responsibility for the management of their quality, within a framework of national benchmarks and indicators.
  - c. By diversifying academic careers. This is to be accomplished by permitting institutions to set and develop their own locally developed “systems of employment and qualification standards” rather than specifying uniform appointment procedures in legislation.

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<sup>16</sup> Private higher education institutions and VOS institutions together comprise only 20 percent of enrolments (12.74 and 7.05 percent, respectively).

<sup>17</sup> Country Note, Czech Republic, pp. 17-19.

<sup>18</sup> Rudolph Hanka, “Comments on White Paper,” at <http://www.reformy-msmt.cz/reforma-terciarniho-vzdelavani/international-conference>.

- d. By establishing a “structure of required parameters for accreditation and financing.” The performance of institutions (and faculties) against these parameters will figure in the accreditation of institutions, and in their financing (paragraphs 34 and 35).
26. Perhaps no part of the White Paper’s proposals for the future of the tertiary system is more abstract – and difficult to anticipate in its implementation and consequences – than its call for a “structure of required parameters for accreditation and financing.” While the document outlines illustrative parameters (p. 22), the White Paper provides no account of how these parameters might be developed and agreed, who will bring them to bear, and with respect to what financing decisions.
- a. Will MEYS use an institution’s performance on these parameters (e.g. share of RDI resources from international resources) as a means by which to allocate new study places to a university?
  - b. If the education grant is to be formula based, then what funding decisions would be linked to these parameters?
  - c. Would an institution’s performance on these parameters bear on its stream of research funding, and if so, how?
27. The existing system of accreditation, whatever its benefits, appears also to have hampered innovation and differentiation within Czech higher education, and to have sustained an inward orientation on the part of Czech universities.<sup>19</sup> Thus, a differentiated system of accreditation that is adapted to the diverse missions of institutions and faculties, engages external actors, and more heavily oriented towards institutional responsibility for assurance of quality is a welcome development. The White Paper’s proposal with respect to accreditation points in a promising direction, but requires much clarification before serving as a starting point for statutory action. For example:
- a. Institutions will be accredited to offer “clearly defined broader fields of study” and “types of programs”, and, within this authorization, make for themselves “autonomous decisions about the structure and listing of individual programmes.”
  - b. What are “fields of study”? Are these the same as faculties, or different?
  - c. If authority flows from the Accreditation Committee to institutions’ faculties, will this be consistent with the White Paper’s aims with respect to university governance and management?
  - d. Under the White Paper proposal, “systematization of programmes will still be a responsibility of central administration, since formula funding will be linked to it.” What is the “systematization of programmes”?
  - e. What is the relationship between the parameters put forward for national level accreditation and internal accreditation procedures?
28. The nature of academic careers and appointments is closely bound up in the question of accreditation and differentiation. As the 2006 Czech Country Note observed, the academic career requirements in Czech higher education create a context in which “Bachelors programmes aimed primarily at graduate entry into the labour market have not found it easy to take root and flourish,” both because they inhibit the entry of practice-oriented professionals into academic programmes, and because practice-oriented teaching carries little reward and prestige in such career system.<sup>20</sup>

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<sup>19</sup> OECD Country Note, Czech Republic, pp. 55-58.

<sup>20</sup> Ibid, pp. 16-21.

29. It can also be argued that another sort of diversification -- in the direction of higher research intensity in some institutions and faculties -- has been hampered as well. The existing career structure limits the flow of experts from abroad; stymies mobility by encouraging institutions to recruit internally, rather than widely; and it encourages the overproduction of research that fails to achieve national, European, or international standards. We welcome the development of an alternative model of the academic career.
30. The White Paper proposes that tertiary institutions will “autonomously set up and develop their own systems of employment and qualification standards in a manner that reflects the selected profile of the institution and its faculties (i.e. internal career systems that specify the requirements for teaching positions...will replace the existing appointment procedures stipulated in legislation.)” The document calls for institutional autonomy to be coupled with national level “supervision of the standards of academic staff,” proposing a national register of academic staff to be used in accreditation applications and evaluations.
31. While we agree that tertiary institutions should “be responsible for their reputation,” we think that the White Paper should develop more fully its analysis of “national level supervision” to heighten the transparency of appointment policies and practices, to encourage the mobility of academics. Does the proposal envision that national level supervision would include a framework in which:
  - a. All searches for candidates to hold academic posts ought to be publicly and widely announced?
  - b. The faculty registry is made publicly available, as a web-based resource?
  - c. Institutional policies with respect to appointment and promotion are made publicly available?
  - d. Indicators and benchmarks of faculty profiles are developed, and incorporated into accreditation and funding decisions?
32. One critical omission from the White Paper’s analysis is a detailed discussion of research funding. In most tertiary systems, a primary force driving differentiation is a highly competitive and performance-based research funding system (e.g. the Research Assessment Exercise). As the White Paper acknowledges, differentiation with respect to education “will remain considerably limited until tuition fees are introduced, which will serve as one of the natural instruments for differentiating among predominantly “educational” institutions. We recognize that the design of a research funding system is outside the statutory remit of the reform team, and subject instead to the direction of the Council for Research, Development, and Innovation. However, its exclusion from the White Paper – a “conceptual and strategic document...for the next ten to twenty years” -- leaves the paper analytically weakened by its absence, since this is presumably to be a key driver of differentiation among universities and faculties in the Czech Republic.
33. No reform of Czech tertiary education that yields a richly diversified system can fully be accomplished without achieving a more successful integration of the Czech Academy of Sciences into the university-based system of research and graduate education. While practical considerations may account for its exclusion from the White Paper, wider differentiation that yields a larger and more effective set of research-led universities development cannot easily be achieved without it. .
34. Even *without* legislative reforms, a reform-oriented Ministry could use its capacity to allocate study places and its funding methodology – the coefficients it attaches to study fields and levels – to steer Czech tertiary education towards wider differentiation. For example, it could allocate PhD study places on the basis of past research productivity (rather than an unweighted per

capita basis), and it could increase incentives to develop professionally-oriented bachelor level education by attaching additional weight to enrolment in programs that (as proxies for “professional orientation”) integrate work-based learning as part of the study course and use instructors who have work experience outside of tertiary education.

35. In some important respects, the White Paper has identified key features of the tertiary system that hinder wider differentiation, but we feel it could go further. The forces driving universities to a homogeneous model are strong and the analysis here is not sufficiently developed to support either legislative amendment or the development of detailed technical proposals. We would propose a broader public consultation on the expectations that society should have of higher education institutions in the knowledge society, providing Government with the vision against which to articulate objectives more clearly. Many countries (for example Australia and England) have found such an approach helpful in designing detailed policy

### ***Part Three: The Relationship between the State and Institutions, and the Governance and Management of Institutions***

36. The White Paper introduces a set of reforms focusing on the relationship between state authorities and tertiary institutions, on the governance of institutions, and on the management of institutions. These are aimed at addressing perceived deficiencies in governance and administration, which are identified as:
- a. Cumbersome central administration, and slow response to the needs of external stakeholders;
  - b. Low capacity to put institutional strategies into practice successfully;
  - c. Low adaptability to changes in the external environment;
  - d. The improper tendency to blur institutional management and responsibilities with academic self-governance;
  - e. The low capacity to target resources (human and financial) to key projects.
37. The White Paper suggests that wider societal direction with respect to tertiary education be brought to bear through three state-established entities: the Ministry of Education itself, the Accreditation Commission, and a newly-created Council for Tertiary Education.
38. The Council for Tertiary Education (CTE) is envisioned to be a deliberative forum for providing advice to government through the review of Ministry reports and analysis, as well as the reports and strategic plans of tertiary institutions. Additionally, the White Paper recommends that the CTE select, dismiss, and set remuneration for members of boards of trustees. The CTE is to be appointed by government and accountable to government (through its chair, who is a member of government), and comprised of 18 members, at least one half of whom are to be members of the academic community, while the remainder are to be notables from business, science, arts and culture, and the non-profit sector.
39. Under the White Paper proposal, the competence of the Ministry would remain largely unchanged, save for the delegation of project-based control over capital projects from the Ministry to tertiary institutions. And, of course, the Ministry would take strategic advice from its advisory body, the CTE.
40. The Accreditation Commission, which has had a conspicuously prominent regulatory role within the Czech tertiary education system, particularly with respect to the establishment of new institutions and programmes of study, would reorient the focus of its activities under the White Paper reforms, and take wider account of the interests of external stakeholders. More specifically, it would shift from a detailed case-by-case review focusing on the sufficiency of

inputs (e.g. academic staffing and facilities) to reviewing the quality of educational activities and the processes that institutions have in place to monitor, improve, and assure quality.

41. It is also proposed that the governance and management of institutions be reformed. The core institutions of governance and management – the Board of Trustees, the Rector, and the academic senates of universities – would remain. However, their respective powers and obligations would be reorganised with a view to accomplishing two outcomes:
  - a. Strengthening the engagement of external actors in shaping strategic-level decisions of the institution through an expanded role for the Board of Trustees;
  - b. Strengthening the capacity of rectors to exercise strategic leadership within their institutions, both by revising the means of their selection and strengthening the accountability of subordinate executive officers to them.
42. The OECD Country Note arrived at the conclusions that are broadly consistent with the diagnosis of the reform team. For example, it concluded that the wider strategic advice available to the Ministry of Education (e.g. through the Council of Higher Education Institutions HEI) too weakly engaged wider social interests, and that the governance and management of Czech universities sharply limited the capacity of rectors and other executives to exercise strategic leadership on behalf of their institutions. Likewise, it recommended – broadly, and generally, without detail – reforms that would address them. However, we believe that the White Paper proposals with respect to governance and management are not yet sufficiently developed nor widely enough agreed to be ripe for further action. Reconsideration is needed.
43. We are not competent to outline detailed proposals. Rather, we outline some principles that should be kept in mind as reform proposals on this topic are developed and taken forward.
  - a. The debate over reform takes place within a polarized landscape, and trust is low. Therefore a relentless commitment to transparency is needed, both in the process used to develop reform proposals and in the actual institutional arrangements being proposed.
  - b. We have proposed above that a wider public consultation and debate might assist Government in developing the framework of objectives within which the sector can develop. Moreover it is a sound principle of government and a standard international practice to establish a standing deliberative forum – a council -- that is broadly inclusive to advise Government and the Ministries concerned.
  - c. The deliberative body proposed in the White Paper appears to suffer from two shortcomings in its design.
    - i. The combination of its role in nominating trustees (and, nominating candidates for removal from Boards) and its advisory responsibilities is not tenable in the Czech context, and the two functions should be separated.
    - ii. In its advisory capacity the deliberative body should not be detailed in its orientation, and centred on the review of institutional plan, updates, and reports. Indeed, we question whether it should engage in *any* advice and review with respect to individual institutions. The chief benefit of such a body is its capacity to provide a wider perspective to the work of the Ministry and take a synoptic view of the tertiary system as a system. It should monitor parameters of system performance – such as graduation rates by degree level and student

characteristics (e.g. disability), percent of bachelor graduates entering workforce and graduate wages by degree level, number of continuing education students enrolled, patents obtained. It should also monitor parameters of Ministerial performance, such as the percent of instructional monies allocated through formula-based funding, and the ability of the Ministry to maintain predictability in funding to institutions.

- d. The reform team wishes to ensure that universities are engaged at an *institutional* and *strategic* level with the wider world, and envisions the Board of Trustees as a body that can be this bridge. Boards of Trustees can effectively play this role, bringing notables from business, the fine arts, science, and philanthropic life – often but not necessarily distinguished alumni – into disinterested service of behalf of an institution. In the Czech Republic there is concern that Boards members might use their appointment to press for commercial advantage, or for the pursuit of a political agenda. Hence, in developing a model for a Board of Trustees particular care should be taken to search for options that are marked by extensive checks and balances between internal authorities (Faculty Senate) and external (Ministry). The arrangements established by the 2002 Austrian Universities Act are one such example, and should receive careful consideration in future discussions.<sup>21</sup>
- e. The White Paper’s suggestions concerning the selection of Rectors appear to follow the principle of checks and balances recommended above: each proposes an arrangement of joint authority, such as “selecting a rector through an appointment process initiated by a Board of Trustees” (e.g. nomination by Trustees) – and presumably, selection among nominees by Faculty Senate. Dismissal of rectors should logically follow the same principle of joint authority.
- f. Further clarification of the relationship between the executive leadership of academic institutions and its autonomous teaching and research core should be pursued. Serious misconceptions abound about what is erroneously called “academic freedom” (in fact, faculty governance) and its relationship to institutional management. A constructive starting point is the insightful analysis put forward on behalf of the Czech Rector’s Conference by Professor Jiri Malek, which outlines the distinction between the “administrative shell” of the university and its faculty community. The administrative shell, he notes, “does not directly control the content or quality of academic work,” rather, it “positions the university and manages its resources.” It is the faculty community that is responsible for control of teaching and research quality.<sup>22</sup>
- g. With this observation in mind, we recommend re-examination of the practice – and White Paper recommendation – to introduce external stakeholders into the Scientific Boards of university institutions. Because the scientific board is the decision-making organ for the faculty community on matters of teaching and research quality, it is widely thought to be desirable to insulate this body from external entities.

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<sup>21</sup> “Composition and Selection of Board of Trustees, Austrian Universities Method” p. 22 in Rudolph Hanka, “Comments on White Paper,” at <http://www.reformy-msmt.cz/reforma-terciarniho-vzdelavani/international-conference>. Each university has a university’s board of trustees (*Universitätsrat*) of between five and nine members, half of them elected by the academic senate, and the other half appointed by the Minister of Education.

<sup>22</sup> “Tertiary Education Reform: Position of the Czech Rector’s Conference,” at <http://www.reformy-msmt.cz/reforma-terciarniho-vzdelavani/international-conference>

## Interviews with major stakeholders

October 14

- 9:00 10:15 Ministry of Education and HE reform team  
Vlastimi Ruzicka, Deputy Minister for Research and Tertiary Education  
Jana Matesova, Deputy Minister for Reform Strategies  
Vaclav Vins, Director of HE department  
Petr Mateju, Advisor to Minister, member of HE reform team (equity)  
Jakub Fischer, Head of HE reform team  
Frantisek Jezek, member of HE reform team (governing HE institutions)  
Daniel Munich, member of HE reform team (financing HE institutions)  
David Vaclavik, member of HE reform team (tertiary professional schools)
- 10:30 11:45 Representatives of The Czech Rectors Conference  
Petr Fiala, Masaryk University Rector, CRC President  
Vaclav Hampl, Charles University in Prague Rector, CRC Vice-President for creative activities  
Vaclav Havlicek, Czech Technical University Rector, CRC Vice-President for economic and social affairs  
Jiri Malek, University of Pardubice Rector, CRC Vice-President for public relations and foreign affairs  
Lubos Chaloupka, University of Jan Amos Komensky Prague, Ltd, Rector, CRC Vice-President for legislative and organisational affairs
- 12:00 13:15 Representatives of The Council of Higher Education Institutions  
4 members of The Council of Higher Education Institutions  
Vladimir Cechak  
Pavel Popela  
Pavel Ripka  
Jiri Zlatuska  
2 members of Student Chamber of the Council of Higher Education Institutions  
TBA
- 13:15 14:15 Lunch
- 14:30 15:45 Representative bodies of Higher Professional Schools  
3 members of Association of Tertiary Professional Schools  
Marketa Prazmova, chair  
Jan Sehnal, director of Graphic School Prague  
Karel Stix, vice chair  
3 members of Czech Association of Schools of Professional Higher Education  
Michal Karpisek, head of the office  
Jan Machytka, member of the Council  
Milena Kolarova, vice-chair

16:30 18:30 Visit to University of Economics in Prague  
Meeting with faculty and students of the University of Economic and Faculty of Science, Charles University in Prague

#### October 15

9:00 10:15 Ministry of Finance  
Peter Chrenko, Deputy Minister  
Ladislav Pavlík, expert on income taxation of non-profit organizations  
Jarmila Fuchsova, director of the State budget department

10:30 12:30 Panel of Higher Education Institutions  
5 institutions, 3 representatives from each  
Charles University, Prague  
Stanislav Stech, vice\_rector  
Petr Volf, vice-rector  
Michal Stehlik, Dean of Filosophical Faculty  
Masaryk University, Brno  
Ladislav Rabusic, dean - Faculty of Social Studies  
Mikulas Bek, vice-rector for strategy and external relations  
Jiri Nantl, chief legal and policy officer  
Brno University of Technology  
Karel Rais, rector  
Alois Novy, .vice-rector  
Eva Münsterova, chair of the working group for quality assessment  
College of Polytechnics, Jihlava  
Ladislav Jirku, rector  
Alena Sterbova, vice-rector  
Jakub Novotny, chief of the Institute of Economic Studies  
The University of Finance and Administration (VSFS)  
Bohuslava Senkyrova, rector  
Petr Budinsky, vice-rector  
Karel Havlicek, chair of the Department of enterprise management

12:30 13:30 Lunch

16:30 18:30 Visit to The University of Finance and Administration  
Meeting with faculty and students of the University of Finance and Administration and Representatives of private HEIs