

# Global challenges and local responses

## Institutional differentiation and resourcing in the US and European Higher Education

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## **The paper in a nutshell**

### Challenges to higher education systems

- International competition
- Widening access and increasingly diversified demand for higher education
- Austerity in public budgets and increasing competition for resources

From HE as a public good to a private good offered and managed through (quasi-) markets

- Debate on whether this has adverse effects or improves efficiency

Key argument: responses to these pressures depend on different constitutions of HE systems borne from history

We compare US and Europe in this perspective

- A basically public system vs. a largely differentiated system
- Re-regulating the public towards moving to a (unregulated) market

## Outline

Comparative dimensions of diversity

Data sources and methods

Comparing the two systems

- Public vs. private HEIs
- Horizontal and vertical differentiation
- Resourcing structure

Discussion

- Historical roots
- On-going changes
- Future policy issues

## **Contradictory pressures and tensions**

Increasing demand for access to HE vs. limitations in the resources provided by the state

Massification vs. education for the élites

Quest for global reputation vs. (local) societal and economic relevance

Public good vs. privatization of benefits (by companies and students)

US and Europe historically provided different solution to these tensions:

- US: the alliance between public and private based on mutual benefits
- Europe: HE as a public affair generating also private benefits

What changes now?

## Comparing diversity of systems

The public/private divide: the role of the state vs. society in HE

- In terms of control
- Distinguishing private-for-profit and private not-for-profit as they have a very different role

The differentiation in terms of functions

- Horizontal vs. vertical
- Using the Carnegie classification criteria

The structure of resources: the space for HEIs to grow

- The public vs. private balance
- The composition by streams

## Data

Data sources:

- US data from IPEDS
- European data from ETER
- Publication data from WoS copy at CWTS

Very extensive coverage of higher education

- (short-term) professional tertiary education in Europe not covered (as it is not part of HE)

Number of observations

- 5,069 in the US
- 2,264 in Europe

## Variables

### Characterization variables

- Students enrolled
- Number of academic staff
- Number of publications

Control: public vs. private for profit vs. private not for profit (slightly different Europe vs. US)

### Resource structure

- Total level of funding in PPPs
- Composition by
  - Governmental allocation
  - Core non public
  - Third-party
  - Student fees

## Institutional classification

Replicating similar criteria as the Carnegie on the whole dataset

- Doctoral universities. HEIs with at least 20 ISCED8 degrees in the year
- Masters' colleges and universities. HEIs with less than 20 ISCED8 degrees and at least 50 ISCED8 degrees
- Baccalaureate colleges. HEIs with more than 50% of the degrees at level ISCED6 and with less than 50 ISCED8 degrees or less than 20 ISCED8 degrees.
- Baccalaureate/associate colleges. HEIs which can award ISCED6 degrees, but where more than 50% of the degrees are at level ISCED5.
- Special focus institutions. HEIs, for which the Herfindal index of the distribution of degrees by field is large (greater than 0.7), implying (at least 80% of the degrees are in a single educational field). HEIs with at least 20 ISCED8 degrees

75% of the US HEIs are classified as the existing Carnegie



## System's overview

Very similar size in terms of enrolments and staff

Higher access to HE in the US

- Large country differences in Europe
- Higher level of resourcing in the US thanks largely to private contribution

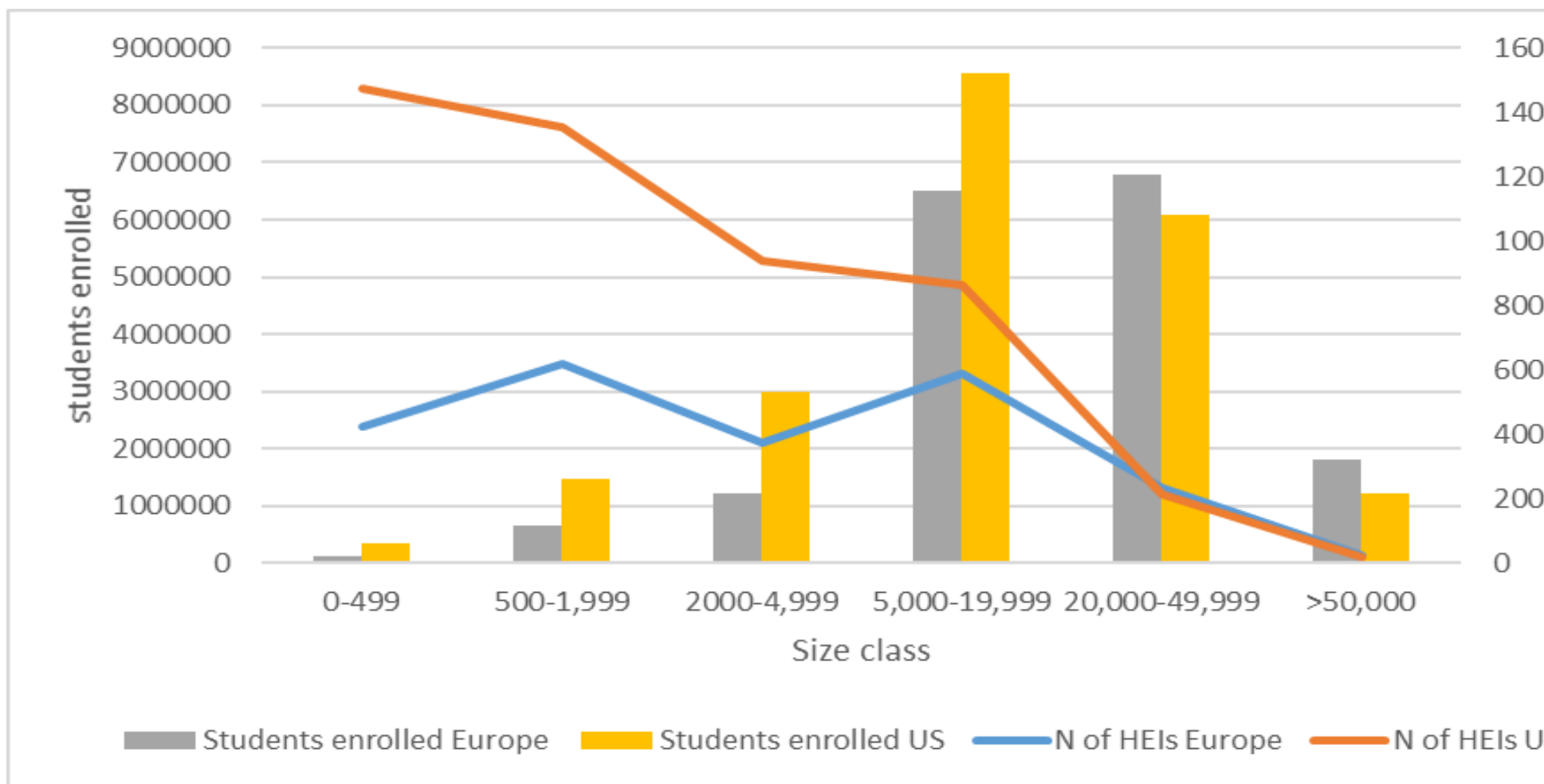
Different distribution of educational activities

- US a large basis of HEIs offering higher education (but not necessarily involved in research)
- Europe: a core of less than 1,000 HEIs, plus a large number of much smaller HEIs (specialized and/or pr

Different role of institutions offering short professional degrees (2 years)

- Europe: a residual sector outside higher education (no permeability)
- US: very important role of associate colleges as integral part of HE

## Distribution of enrolments



## **Public vs. private**

### Private for-profit

- Limited role in both systems, strongly focused on education
- Increasing in the recent years, but highly controversial ('diploma mills')

### Private not-for profit

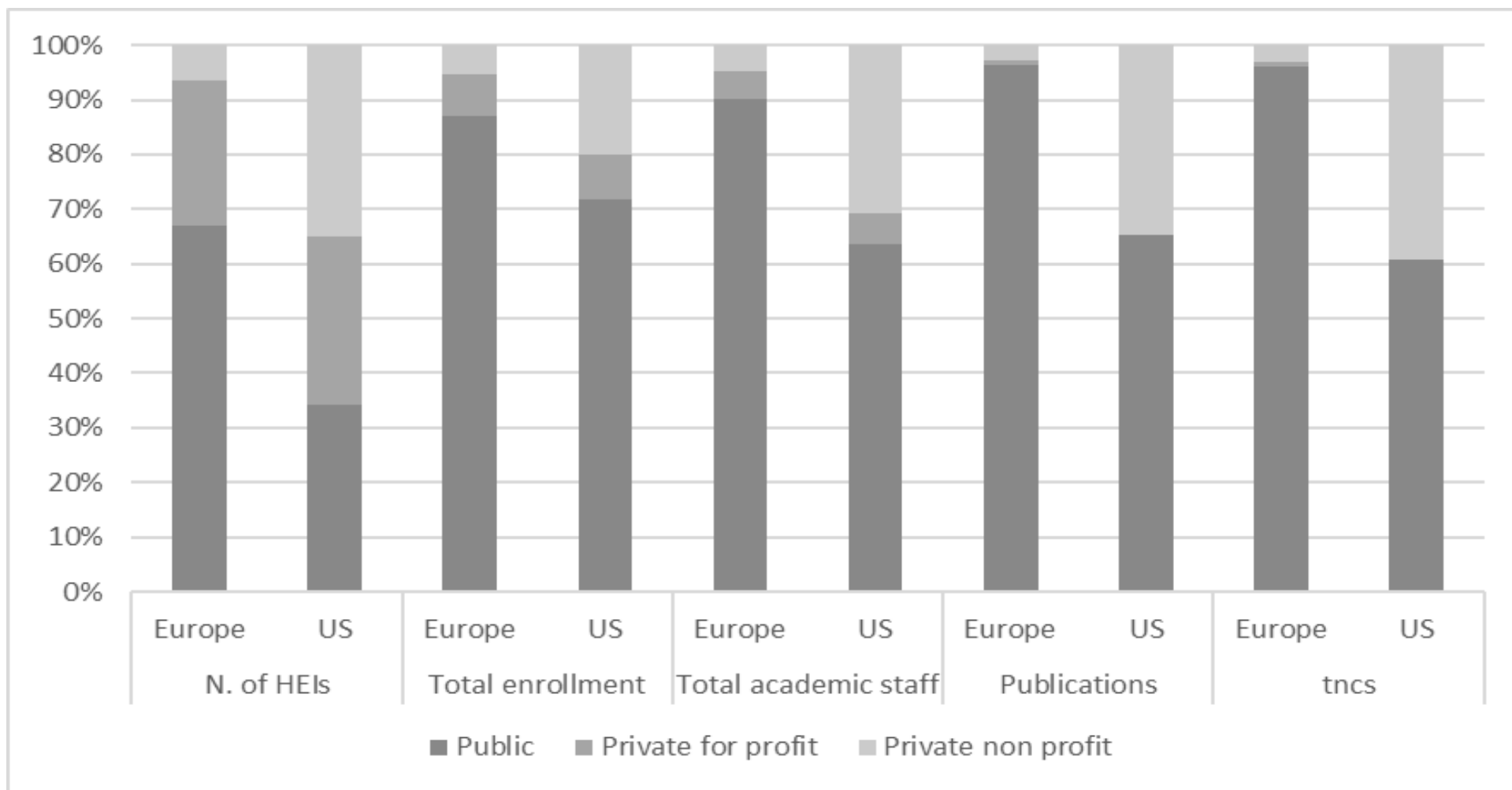
- Marginal in Europe
- Highly relevant in the US and with a strong role in research
- Reflects availability of resources for non public HEIs

### Public HEIs

- State universities as an important player in the US
- Public universities are the core of European HE

Some parts of US HE resemble to Europe, but the role within the system is different!

## Public vs. private



## **Institutional differentiation**

Europe: dominance of the university sector

- System grown by replication of the university model
- A college sector only by policy decision in some European countries from the '70

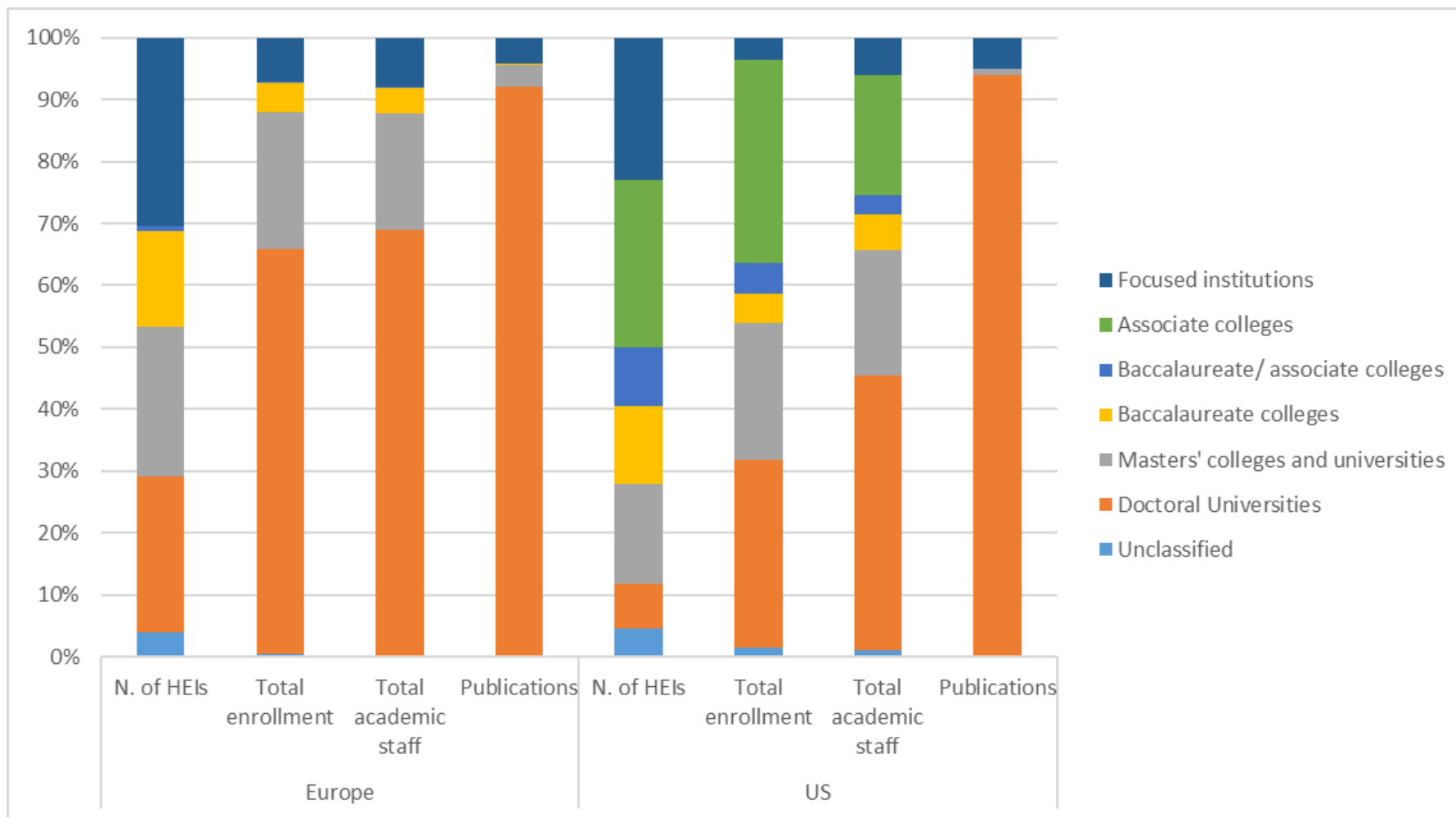
US: a three-tier system with a clear division between research and education

- Universities
- Master/baccalaureate colleges
- Associate colleges

Doctoral universities

- A larger number in Europe (570) than in the US (366)
- Stronger focus on research and stronger concentration on top-of-the-pile in the US

## Institutional differentiation



## Resourcing

Europe: a system based on the core governmental allocation

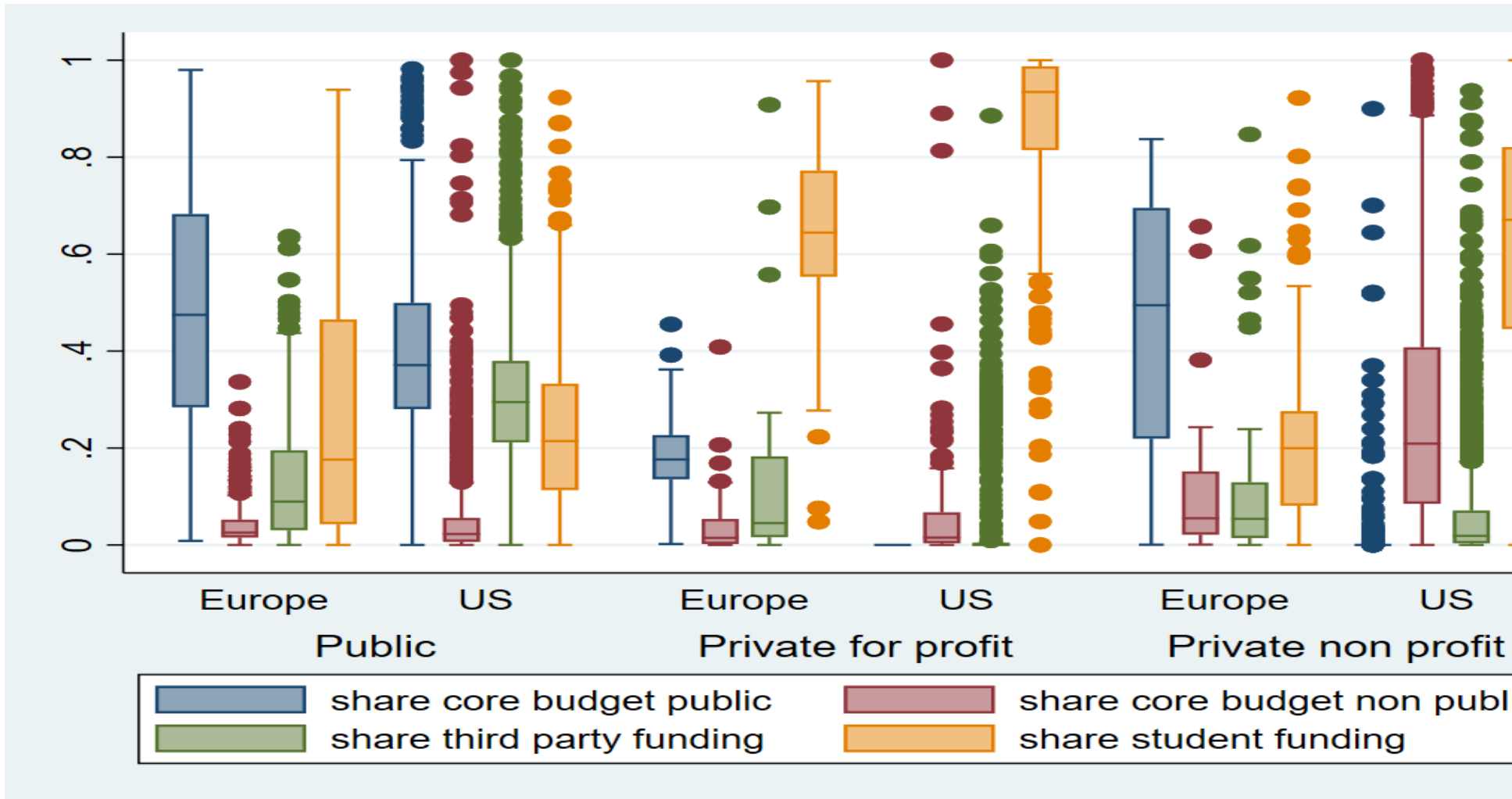
- Little differences in this respect (except the UK)
- With the exception of private-for-profit
- Some introduction of performance-based, but continuing support from the state

US: a composite allocation in terms of

- Public vs. private
- Division of public between streams (core vs. third-party vs. student support)
- relative decline of (state) governmental allocation and differentiation of funding sources also for the public

A system that allows different types of HEIs (and types of control) to grow vs. a system with strong dependence on the state core allocation.

## Revenue composition





## Summary

### Different system structure

- US: highly differentiated by type of institution and distributed responsibility
- Europe: centered around the university model and the state sector

*Both* in terms of institutional structures and of resource structure

### Different roles of the state

- Europe: shaping actively the system by direct intervention (institutional and in terms of resources)
- US: creating order and regulating a very diverse system to limit adverse effects and complement the private sector

### Questions for discussion

- Where such differences come from?
- How the two systems are responding to global challenges and privatization pressures?
- What are the implications for the future?

## Historical paths: US

- Colonial primarily Church-related
- Private, non-sectarian (William & Mary, Harvard, Yale)
- Morrill Land Grant Act – 1862 – Public Land Grant institutions – literally granted land
- Morrill 1890 – race-related (Historically Black Colleges in South, codified in 1994)
- Strong private support for research by trusts and foundations
- Public investment in massification of US Higher Education
  - GI Bill (1944)
  - Sputnik National Defense Education Act (1957)
  - Higher Education Act (1965)
  - Community College “movement” (1960s-1980s)
- Taxpayer revolt – shift to private good and public defunding of higher education (1980s-present)
  - Shift from State to student with Federal government support
  - Wage outcomes and return on investment become popular focus
  - Diversification of revenues → diversification of accountability responsibilities

An historical path characterized by a continuing and shifting balance between public and private.

## Historical paths: Europe

- Strong involvement of Church and princes in the middle-ages
- Dominant role of the modern state in shaping HE sector in the XIX and XX century
  - Needs for training of civil servants ('grandes écoles')
  - Engineering (technological universities)
  - Military and political power (University of Berlin)
  - Direct support to research largely for military purposes

Higher Education as a state affair > convergence towards a university model based on a strong norm blueprint

- Public investment in massification of European Higher Education 1945 - 1970
  - Based on the university blueprint inherited from the past
- Attempts at differentiation and reforms from the '70
  - Differentiation by regulation: the binary systems
  - Reforming the action of the state: NPM reforms
  - Stability or increase in public funding

A consistent path of state intervention to address policy challenges – the compact between universities and the

## Responses to global pressures

Europe: change in the policy rationale, but hardly a retreat of the state

- policies become more complex and controversial
- Change in the governance models (steering by distance) and funding incentive systems
- public universities defend with success the policy centrality of the domain
- International competition as an argument for continued public support
- Largely legitimizing responses (performance orientation), but little real change in the allocation of resources

US: shift towards the private and losing policy centrality

- retreat of the state in terms of direct intervention (state universities) and of financial support;
- dominance of «private research university»;
- public research universities follow suit, but must fund it «on the backs» of undergraduates, particularly those from other states and countries.

Similar pressures, but largely different outcomes in terms of system's transformation

## **Interpretation: resource dependencies and policy coalitions**

Two mechanisms accounting for the diverging responses:

- Resource dependency accounting for the behaviour of individual actors
- Political influence and coalition-building accounting for changing public policies

US

- state universities strongly depend on direct state funding, too weak to argue for its centrality.
- Private mostly depends on federal funding through students/research grants > hence prioritizing these streams
- Coalition: private HEIs (for profit / not for profit) / civil society / economy.
- Privatize the system leveraging on access issues + international reputation competition

Europe:

- public universities: high resource dependency from direct funding from the state
- Strong political position and legitimacy since this group also includes the top universities in Europe
- legitimizing continuing and increasing public support
- Little change in the system's structure and resourcing

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# Thank you very much

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