Public-Private Partnership in Higher Education

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I

The Changing Landscape
The Changing Global Landscape

1. Rebuilding the national system
2. Redefining student learning
3. Internationalizing higher education
4. Enhancing private participation
The Changing Global Landscape

1. Rebuilding the system
   - Expansion of access
   - Creating tiers and diversity of institutions
   - Establishing elite institutions
2. Redefining student learning

- Restructuring the curriculum
- Reforming the pedagogy
- Widening student experiences
3. Internationalizing higher education

- Globalizing the institutions
- Cross-border undertaking (WTO)
- Competing in the international arena (Ranking)
4. Enhancing private participation

- Re-positioning the private institutions
- Facilitating public-private partnership
- Fostering a philanthropic culture
All require money!

- More students
- More research
- Broader learning experiences
- Constructing elite institutions
- Internationalization
- Non-academic activities
- Green campuses
- More sophisticated governance/administration
- ...

II

The Rationale
It used to be ...

- **Basic Education:**
  - Large scale
  - Low unit cost

- **Higher Education:**
  - High unit cost
  - Small scale

... affordable by tax-payers’ money
Now …

- Basic Education:
  - Still large scale
  - Escalating unit cost (Quality Learning)

- Higher Education:
  - Gradually higher unit cost
  - Expanding scale & escalating expectations

... still affordable by tax-payers’ money?
Enhancing private participation

- Re-positioning the private institutions

Community Resources

Private Sector

Public Funding

Public Institutions
## Enhancing private participation

### Significance of Private Sector: Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
<th>Students</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>78</td>
<td></td>
<td>87</td>
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<tr>
<td>Taiwan</td>
<td>72</td>
<td></td>
<td>66</td>
</tr>
<tr>
<td>Japan</td>
<td>77</td>
<td></td>
<td>86</td>
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<tr>
<td>Philippines</td>
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<td>Malaysia</td>
<td>92</td>
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</tr>
<tr>
<td>Pakistan</td>
<td>64</td>
<td></td>
<td>18</td>
</tr>
</tbody>
</table>
Two Sectors?
Or One Continuum ...
Resource strategies

Community Resources

Private Sector

Public Sector

Public Funding
III

The Continuum
Private Participation

- **Forms**
  - Private institutions
  - Private participation in public undertaking
  - Private donation

- **Agents**
  - Tuition payers
  - Business sector
  - NGOs/social enterprises
  - Philanthropists
Private Elements in Public Sector

- Self-financing programs
- Corporatization of institutions
- Privately sponsored projects
- Contract consultancy, training, research
- Commercialization of output
- Spin-off enterprises
- Joint-venture institutions
- ....
Public Elements in Private Sector

- Student subsidy/“voucher”/scholarship
- “Bought places”
- Competitive research grants
- Land grant
- Teacher subsidy
- Commissioned research/training/services
- ....
IV

Policy Orientations
Perspectives: The Love-Hate Spectrum

✧ Private sector ...

✧ as one of the decision-makers
✧ as part of the development plan
✧ as a residual partner
✧ as a necessary evil/reluctant partner
✧ as an enemy/alien
✧ as an unwanted element
Issues: The Government-Market Interplay

- **Aims**
  - Public good vis-à-vis private interests
- **Finance**
  - Private incentives vis-à-vis client protection
- **Quality assurance**
  - Tolerance of flexibility and novel practices
- **Accountability**
  - Alternative to civil service protocols
Examples
Example 1: Harvard (Private Institution)

- **60%**: Project incomes
  - Levy: 65%

- **30%**: Tuitions
  - Scholarships: 55% (means-blind)

- **10%**: Donations
  - Endowment: 20-30 billion
Example 1: Harvard

- **2008**
  - **Existing:** subsidizing low-income families
    - Less than USD60,000 annual income
  - **New:** Subsidizing middle-income families
    - USD120,000 to 180,000
    - For enriching learning experiences
Example 2: HKU (Public Institution)

- 60% Government Appropriation
- 30% Non-government funding
  - Projects: research, capital
  - Fee-charging programmes
- 10% Donations
  - Research + Student Development
Example 2: HKU

2010
- First-of-family Education Fund
  - Learning experiences outside formal curriculum
  - Over 50% students

2003
- Endowed Professorships
  - Perpetual basic income for prominent disciplines
  - Now 65, 10M+10M
A story

Law at HKU

◼ 2006: not interested
◼ 2007: raised 80M (annual budget 70M)
◼ 2008: plan for 800M
◼ 2009: received 400M
  ◇ A building
  ◇ New programs
  ◇ Two more professors
  ◇ Scholarships
A different pie

Government Appropriation +

Government Appropriation +

Learners’ Fees + Projects

Government Appropriation +

Learners’ Fees + Projects +

Private Donations
Philanthropy: A different paradigm

Appropriation
- No money, no plan
- Budget cut, activity reduction
- Look for small money
- Ask for money when poor
- Funding is the limit
- Doing what we did
- Steady progress

Advancement
- No vision, no money
- Great vision, big money
- Look for big money
- Ask for money when strong
- Sky is the limit
- Scaling new planes
- Advancement
Public-Private Partnership:

Returning the Responsibility to the Larger Community!

Allowing the Community to contribute to Public Good!
Thank you!

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