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Separation of Education Infrastructures and Program Providers – the Emancipation of Educators and Students

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Introduction

- This is the times of life long learning, we all learn, anywhere and in any time.
- Yet, educators are still not free to provide education as they are qualified and students still have very limited chance to make choices.
- I am here to propose new university model that allows for the separation of education program providers and university physical capitals.

Universities Are Social Institutions

- Universities are still mainly serving the society by:
 - Preserving, producing and disseminating knowledge
 - Incubating social elite in all sectors of the society
 - Social icons
- Corporate form of organization with internal division of labor by single-discipline professors.
- **Universities were social institutions and cost-effectiveness was not much a concern, but was more and more important.**

From Elite to Mass to Universal Higher Education

- Today in the developed countries and many developing countries, there has already seen a **transition from elite to mass higher education to even universal higher education**

The Extremely Inequality Among Institutions of Higher Education

- The inequality could be measured by the cost/per student among universities.
- There are elite universities and mass universities.

Inequality Data

- It seems uncomfortable if we say there are elite universities and mass universities. In reality, there are such two completely different institutions of higher learning.
- For the 2010-2011 school year, Sarah Lawrence College in Bronxville, N.Y., tuition charge for undergraduates is \$43,556, and Columbia University is \$43,815, Vanderbilt University is \$40,602 (Wingfield, 2010).
- At most research institutions, revenues from tuition charges covers only one third of their real cost. Comparing with state universities and community colleges, the cost of the above listed universities per student really proves their elite status.

The Public Is Unwilling to Increase Its Share of Higher Education Cost

- Higher education has become far more expensive. The advanced countries generally spend 5% to 8% of GNP on public education, of which they spend between about a fifth and a third on tertiary education
- Taxpayers and governments are less and less willing to increase their share of the cost.

The Real Problem Is the Mass Universities Follow the Same Model of the Elite Ones

- While the extremely inequality among universities is a reality, not much research has been done to lead to a good understanding of the different social functionalities of the elite and mass universities, and therefore **to design completely different institutional organizations for the mass universities to serve the best of its social missions.**
- **The real problem is that all those institutions of higher learning are social institutions and run in the same way that does not follow economic justifications.**

Marginal Social Utility of the Elite Universities

- In principle, both elite and mass universities are social institutions. But they provide different social values, i.e., social utility.
 - The elite universities preserve, produce, and disseminate knowledge, prepare future leaders in business, politics, science, technology, etc. There is total utility and marginal utility that such elite universities produce to the society.
 - There is also a point beyond that the social marginal utility is declining to negligible even though the total social utility is huge. This is the point that the society has had enough elite universities. And so we should not expect that a society will develop its all universities into elite ones.
 - As such a society will maintain a certain percentage of universities as elite ones so that the social utility of such universities will reach an optimal level.

Marginal Social Utility of the Mass Universities

- The mass universities are those that provide all those who have the aspiration for higher education to achieve their goals. So the social utilities of them are (1) personal development of the individuals; (2) preparing the individuals as knowledge workers in the knowledge economy and society.
- These benefits are first of all private benefits. But these benefits are so crucial to individuals that obtaining such education has become citizen rights, and also a bench mark of equity in education. Therefore, providing such private benefits to all the individuals has become social needs, and therefore there is social utility associated with such education for all.

Strategy for Improving the Mass Higher Education

- As there is finance constraints, we turn to organizational innovation for improving the mass higher education.
- Applying economics of transaction cost, or economics of organizations, we propose to have governance reform of the mass universities by **using market to replace internal administration in many of the education operations.**

The Internet Is Triggering a Revolution

- According to economics of transaction cost, if the transaction cost in the market is increasing, the size of a firm may increase; if the transaction cost is decreasing, the size of a firm may decrease too.
- as the Internet has been reshaping the market place, the transaction cost of higher education has the potential to decrease.
- the result is that a separation of the operation authorities of a university's physical capitals (campus and equipment) and education programs will take place at some low end of the higher education market to boost both efficiency and quality of education

Separation of Education Infrastructure and Education Program Providers

- The campus and the facilities on it are just physical conditions for providing education programs and delivering courses that are running on the education infrastructure, yet such infrastructure should be a public facility that is open for a selected group of qualified individuals and organizations to come to deliver their education programs.

The Advantages of the Separation Model

- the separation of physical facilities of a university from its program providers will eventually emancipate scholars from bow to capital owners for delivering their education programs.
- Lower threshold for competition among education programs, which will introduce competition for enhancing education innovation
- Teacher-students direct transactions.

Emancipation of Scholars and Students

- It should be emphasized that once an education infrastructure is in place, there is little physical capital investment requirements to the education program providers there, which will liberate the education providers from making heavy capital investment and significantly lower the entrance threshold for competition.

Program Providers Versus Course Providers

- Accredited education providers can be divided into two broad categories.
- One is a program provider; the other is just a course provider.
- A program provider can provide degree or/and certificate programs depending on what is accredited.

Education Program Providers: Organizations or Individuals

- Education program providers can be further divided into education organizations and individuals.
- An education organization can be a big one or a small one such as one just formed by a few professors.
- Such an organization can be a branch of some university or college, or a partnership or cooperative by a few academically qualified individuals, or just a for-profit education company, or a government-organized education service, or a branch of a big domestic or even international education company, etc.

DPA - Degree Program Advisor

- Academically qualified individuals should also be free to deliver education programs including degree programs if accredited as an individual education program provider.
- This individual may be called Degree Program Advisor (DPA in what follows).
- A DPA in certain academic area may be accredited to advise learners for their self-designed degree programs in the subject that the DPA is qualified to.

Degree Program Standards by Accreditation Organization

- A DPA is an individual, and may be affiliated to a university or any other organization, yet when she works as a DPA, she is an individual, and works in the name of herself.
- There are some pre-requirements put forward by the accreditation agency so that all the students that a DPA recruits will meet the accreditation agency's standard.
- While an admitted student may design a degree program with the advice of a DPA, the customized program must completely conform to the accreditation agency's degree standards and be approved by the DPA.

An Accreditation Organization Becomes Degree Granting Agent

- The DPA will supervise the student to study according to the customized degree program until the student meets all the requirements.
- By the time of the completion of the customized program, the DPA can recommend the student to be granted a degree by the accreditation agency.
- **Here an accreditation revolution takes place. An accreditation agent will not just accredit education providers but also finally sign a degree document on the recommendation of a DPA who the accreditation agent recognizes as a qualified DPA.**

A Degree Granting University Today Can Also Function as An Accreditation Agent

- An accredited university can in turn accredit a team of individuals to be qualified degree program provider, or some individuals to be DPAs.
- As such an accreditation organization and a university have some overlap in their functionalities, which defeats a common understanding of the difference between an accreditation organization and an accredited university.
- Is this institutional arrangement right? Why is this needed?

Students May Take Courses from All Accredited Teachers

- A student who is studying for a degree with a DPA is not really what we may consider as a self-learner.
- Most credits of the course work, say 80% in the customized program should be earned from taking courses by accredited individual teachers, institutions, or by passing recognized examinations.
- The flexibility this student has is that she does not have to take courses from just one campus or campuses in one location. She can take the courses listed as degree requirements in her customized program from any accredited individual teachers and institutions from anywhere in the world.

Why Can DPAs and Independent Teachers Provide Better Education Services?

- First of all, competition
- Flexibility, and diversifications as there are so many of them
- Education organization has loose coupling feature and so teachers can initialize innovation if they are independent to make the decisions
- The above will lead to a mechanism that encourage innovation
- What is more important: promotion of intrinsic values of teaching work of DPAs and independent teachers. Why? This has to do with Mechanism Design Theory.

Conclusions

- Independent teachers model is more incentive compatible than hired teachers model.
- The separation of campus facilities and education program providers is an institutional innovation so that the mass higher education will expand faster yet provides better education services.
- Eventually this new system will help to significantly reduce the inequality in higher education and fulfill its social mission better.

Thanks!

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