

Recent developments in higher education funding in Germany and the role of marketisation (0259)

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Abstract (123 Worte)

This presentation will cast some light on recent developments in higher education policy in Germany. Based on the idea of marketisation Roger Brown gives in his book “Higher Education and the Market” (Brown 2010), it will outline the strategic effects of three funding programmes: the Excellence Initiative, the Higher Education Pact and the High-Tech-Strategy. Public investment for higher education in Germany increases despite the economic crisis. The Excellence Initiative has led to a process of differentiation within the higher education sector, bringing along new forms of cooperation inside the successful universities and between universities and non-university research institutions. On the other hand, there is a growing sector of non-public higher education with a strong emphasis on teaching and vocational education.

Outline (1043 Worte – muss noch gekürzt werden)

1. Background

During the past ten years, the German higher education system has undergone a spate of reforms with the aim of enhancing its international competitiveness. Based on the ideas of new public management, higher education institutions were granted more autonomy in financial, organizational and staffing matters, they were entitled to select their students, and some Länder introduced tuition fees. Even though the German Higher Education System is a federal system, the Federation and the Länder agreed on funding the Excellence Initiative, which broke the assumption that all universities were equal, and agreed on a federalism reform which increases competition between the 16 Länder regarding funding, students, researchers, pay scales and so forth.

2. Approach

In his book “Higher Education and the Market”, Roger Brown discusses how to achieve a better balance between various benefits and detriments of marketisation (Brown 2010). This paper presents the results of the German country study written for this book. Its aim is to show the latest developments in German higher education policy and reflect the German experience with New Public Management and growing market forces in the light of the question, how market and non-market approaches might be combined to secure a balanced higher education system.

3. Results

Public and non-public higher education

The bulk of students are enrolled at public higher education institutions in Germany. Although the field of private higher education has developed multifarious in recent years, and one third of higher education institutions meanwhile are private or church-run, this

development has not much quantitative effect: At present, only about 4.5 per cent of all German students attend a private institution. Private higher education institutions usually concentrate on teaching and offer courses with a vocational bias.

Higher education funding in a federal state

According to the German constitution, the higher education sector is solely the responsibility of the 16 Länder forming the Federal Republic of Germany. Consequently, the organisation, the administration and the funding of higher education institutions are regulated in detail by Länder legislation. Current expenditure for research and teaching – including running expenses, personnel costs as well as costs for larger investments and premises – are funded through the Länder budgets. In recent years, various competitive funding mechanisms based on performance-related parameters like the number of students and graduates, the number of doctorates, level of third-party funds, achievements in equality etc. have been introduced (Küpfer 2003, Orr 2007).

Because higher education institutions are maintained by the Länder, there is competition between them in various fields of higher education like funding, conditions and salaries for academic staff, centers of excellence, but also in relation to the extent of autonomy and liberalization higher education institutions are granted. However, the Basic Law still enables particular forms of cooperation between the Federal Government and the Länder in cases of supra-regional importance.

Since 2005 the Länder can decide on the imposition of financial contributions from undergraduate students. Seven Länder made use of this option for the first time in 2007 by levying tuition fees ranging up to 500 Euro per semester. Tuition fees for long-term students and for an additional course of study are charged in most Länder.

Policy instruments: Excellence Initiative, Higher Education Pact and High-Tech-Strategy

At present, the Federal Government and the Länder act together in two fields of higher education policy with supra-regional importance: in launching the Excellence Initiative and in making the Higher Education Pact. The Excellence Initiative promotes outstanding science and research in Germany. Organized by the German Research Council and the German Council of Science and Humanities in a peer review process with international experts, the Excellence Competition selected excellent projects in three areas: 39 Graduate Schools, 37 Clusters of Excellence and 9 Institutional Strategies to promote top-level research. The Federal Government and the Länder therefore provide 1.9 billion Euros from 2007 until 2011 and beyond that 2.7 billion Euros for the next round which has just started.

The Excellence Initiative was an important driver of change. Whereas some years ago, all universities were regarded as of equal value and status, the Excellence Initiative has led to new forms of cooperation and more cooperation between disciplines - inside the successful universities and between universities and non-university research institutions - and above this to more internationalization, more gender equality, and an increase of options for doctoral students (Sondermann et al. 2008).

Furthermore, the Federal Government and the Länder have agreed on a Higher Education Pact to cope with an increasing number of students. Within this pact, Bund and Länder provide in

equal parts a total sum of 1.1 billion Euros from 2007 until 2010 for about 90,000 additional new entrants. A Higher Education Pact II dating from 2011 until 2015 will create places for 275,000 additional students and will be financed with 6.4 billion Euros.

More activities in research and development are band together in the “High-Tech-Strategy” developed by the Federal Government. The “High-Tech-Strategy” is striving to define key markets and strategic funding areas oriented at global challenges in the fields of energy, health, mobility, communication and security. The aim is to network economy and research, to place new products earlier on the market, and to improve the framework conditions for research and technology (BMBF 2008, 21–22).

4. Conclusion and further implications

Later than the United Kingdom and not with all consequences, Germany has introduced New Public Management and elements of marketisation in the higher education sector. This has led to a significant increase of autonomy in various fields like funding, governance and admission.

There are more challenges for the future: to provide funding for the increasing number of students and to improve the quality of teaching. There is a strong belief in Germany that education is a public good and that funding education has financial priority. Although higher education institutions will always be dependent on public core funding by the Lander, it will be interesting to observe to what extent the introduction of market mechanisms will be inducing more change and how private funds are becoming a subsidiary function of growing importance.

5. Bibliography

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