

THE TWO DECADES OF PRIVATIZATION IN POLISH HIGHER EDUCATION

Cost-Sharing, Equity, and Access

INTRODUCTION

The general theme of coping with financial austerity has been prominent in thinking about the future of public higher education over the last two decades. Such thinking is often accompanied by a related theme in the future of public services generally—that of privatization. The generally tight fiscal environment for public services, including higher education, has not relaxed and, in many countries, will predictably intensify into a “pervasive condition of austerity” (Johnstone, 1998, p. 4) or an environment of “permanent austerity” (Pierson, 2001). In European transition countries (including in new European Union member states), the solutions suggested for higher education systems increasingly include references to such notions as academic entrepreneurialism in teaching, research, and third mission activities, the need for academic institutions to become financially self-reliant, and cost-sharing in the form of introducing or increasing tuition fees accompanied by more student loans but fewer student scholarships, etc. (Kwiek, 2006, 2007a, 2008a; Shattock, 2005; Shattock & Temple, 2006; Williams, 2003). Other commonly proposed strategies include heavier workloads for academics, larger class sizes, and contracts for faculty instead of tenure. As a European Commission’s (2003) influential policy paper concludes:

After remaining a comparatively isolated universe for a very long period, both in relation to society and to the rest of the world, with funding guaranteed and a status protected by respect for their autonomy, European universities have gone through the second half of the 20th-century without really calling into question the role or the nature of what they should be contributing to society. (p. 22)

In short, higher education is no longer isolated from the larger society and especially not from the economy; its funding, especially for research, is no longer guaranteed; and its social missions are under public scrutiny. The solutions suggested are both cost-side and revenue-side, strongly relating the future of public higher education to the current austerity and to its predicted future continuation. Consequently, university missions are often being renegotiated—in theory, practice, or both (Kwiek 2005, 2007b). New economic contexts for public universities are increasingly important as a result of the renewed interest of policymakers in

the higher education/economy nexus, and new concepts for rethinking higher education are being coined by international and supranational organizations such as the European Union, the World Bank, and the Organization for Economic Cooperation and Development (OECD). In thinking about reforming higher education in Europe, there is a clear convergence of economic and academic dimensions, the best example being the recent adoption of the Bologna Process to create a common “European higher education area.” In Teichler’s (2007) words, it is “certainly the politically most powerful campaign ever experienced in Europe to develop the patterns of the higher education system similarly across European countries” (p. 93). Although initially focused on students, the Bologna Process is currently viewed as part of the overall Lisbon Strategy in the European Union of creating more growth, more jobs and, ultimately, the most competitive economy in the world (Kwiek, 2004).

Various European countries, and especially transition countries in the 1990s, have been experimenting with the privatization of various segments of the welfare state, including both cash benefits (such as old-age pensions) and benefits in kind (such as health care and higher education (Barr, 2004, pp. 89-92). The traditional welfare state is “overburdened” today, operating under increasing financial pressures. As Nicolas Spulber (1997) stresses in *Redefining the State*:

Whatever its form, a privatization program involves a broad redefinition of the role of the state and of its relations to the market and the society. Specifically, it aims at shifting the prevailing balance between the public sector and the private economy, by rolling back the state’s power and activities via public ownership and public services—but in practice its impact is far more widespread. (p. 148)

The crucial role in introducing privatization is played by wider political, economic, and legal contexts. Because of changing European demographics and the aging of European societies, the costs of both health care and pensions are not only very high but tend to be increasing as a percentage of GDP in almost all Western European Union countries (Pestieau, 2006, p. 24). The total costs of university research are escalating, and the participation rates in higher education have never been higher than they are at present, although they seem to be stabilizing in a number of countries, Poland included. The competition for public funding generated from taxes has been growing. The current financial picture involves a higher inflow of private funds to research and development through technology transfer and corporate contracts, to higher education through student fees, to pension systems through multi-pillar solutions instead of pay-as-you-go arrangements, and to health care through semi-privatization and individual private insurance policies. This pattern is especially (though not universally) prevalent in the European transition economies. Current trends and priorities in funding, as discussed from a North American context, cannot be dismissed as cyclical changes. They are structural and will prevail for a long time (ACE, 2004, p. 4).

An interesting angle from which to view the future of higher education as a public service is from what D. Bruce Johnstone (2007) has called “diverging

trajectories of costs and available revenues.” These trajectories are a function of (a) per-student costs, (b) increasing participation, often accompanied by population growth, and (c) the steadily decreasing revenues supplied by the government (p. 1). Viewed from this angle, higher education in several major European transition countries including Poland and Romania has consistently turned toward privatization. The two main sources are both external (the new, booming private sector) and internal (fee-paying courses offered in the nominally free public sector) (Kwiek, 2007a). If privatization is viewed as a “process or tendency of universities taking on characteristics of, or operational norms associated with, private enterprises” (Johnstone, 2007, p. 1), then the privatization of higher education is flourishing in several major European transition countries. Johnstone (2007) finds it useful to look at privatization as a direction from “high publicness” to “low privateness” in five related yet distinct dimensions: mission or purpose, ownership, source of revenue, control by government, and norms of management (p. 2). In general terms, privatization is “the transfer of activities, assets, and responsibilities from government/public institutions to private individuals and agencies. Education can be privatized if students enroll at private schools or if higher education is privately funded” (Belfield & Levin, 2002, p. 19). Poland provides examples of both types of privatization: private provision and private funding.

The emergence of powerful market mechanisms in public higher education and the emergence of the private sector in Poland can be viewed as the two different faces of the same process of the privatization of higher education. Polish higher education in general has traditionally been discussed as manifesting itself in two opposed modes: either public or private. The radical distinctiveness of the public sector from the private sector has been a constant point of reference in both research and policy analyses. But, surprisingly, both sectors can also be regarded as following the same road of privatization if the phenomenon is applied more broadly to higher education. According to Johnstone, privatization suggests a movement along a dimension rather than an “absolute quality or precisely measurable distinction.” It may mean any or all of the following: (a) seeking greater autonomy from government, (b) relying more on revenue from tuition fees, (c) increased attention to marketing, (d) “enrollment management,” (e) adopting a culture of service to the student-client, (f) fund raising, (g) contracting out auxiliary enterprises, and (h) trimming back units that are less successful at attracting students or research funds (Johnstone, 2007, pp. 1–2). As Daniel C. Levy (1986) stressed, “Institutions called private and public are not always behaviorally private and public, respectively” (p. 15). Indeed, this description fits Polish higher education.

THE “POLICY OF NON-POLICY,” MARKET FORCES, AND THE COMPETITION

What are the current results of privatization processes in higher education? Has privatization been beneficial—and if yes, to which segments of society? What would have happened to equity and access to higher education without ongoing privatization developments? Privatization in the broad sense of the term is closely

related to equity and access. Why, in Poland, in contrast to most other Central and Eastern European and Central Asian transition countries, did the post-Communist transformation period (1989–2007) result in a significant decrease in inequality of access to higher education? (For a more detailed discussion, see Kwiek, 2008a.) For example, the rate of disadvantaged students, especially from rural communities, who constituted only 2% of the total enrollment in 1990 had risen to 10% in 2002 with a further jump to 20% in 2005. Total enrollment rose from 400,000 in 1990 to almost 2 million in 2006 (Dabrowa-Szeffler, & Jablecka-Pryslopska, 2006; OECD, 2006; Youth, 2005).¹

The crucial cause of this educational success was privatization, broadly defined as market forces, academic entrepreneurialism (mostly teaching-related), and the competition introduced to the Polish educational arena in 1990. Along with the enormous competition for free (tax-paid) places at public universities, the decade of the 1990s saw new, private universities, most of them initially offering only baccalaureate degrees, and fee-paying places available at public universities for part-time students. The demand for higher education increased dramatically; by the turn of the 21st century, they increasingly came from disadvantaged social backgrounds. The widening of access and growing equity were accompanied by fee-paying mechanisms.

In 1998, student loans were introduced and became more widespread in the 2000s. Between 1998 and 2005, a cumulative total of 268,000 student loans were made: 100,000 in 1998–1999, 152,000 in 2000–2001, 198,000 in 2002–2003, and 268,000 in 2005. The rate of increase diminished in 2006–2007, while scholarships became more widely available. During 1990–1998, approximately 150,000–180,000 were awarded to both full-time students. This number increased in 2005 to 573,000, including 348,000 for full-time students (GUS, 2006, p. 268; for comparisons with the scholarship/loan status in the United States, see Johnstone, 2005; and Salmi & Hauptman, 2006).

Surprisingly, a parallel phenomenon did not occur in other European transition countries, or its scope was substantially smaller. Poland also witnessed exceptionally high returns from higher education—about 160% of the average earnings in 1998–2004 (OECD, 2005, p. 130) and relatively small unemployment rates among its higher education graduates. However, this increase in access and funding came with significant costs. Quality control was lacking in both public and private sectors, problems in financing the public sector became pressing (O'Brien & Paczynski, 2006, p. 18; OECD, 2006, p. 105), and conflict grew between quantitative development/expansion of the system and quality standards, especially in the mid-1990s (OECD, 2006, p. 14). The expansion of Polish higher education should thus be viewed in a comparative context of both major OECD economies and selected European transition countries to appraise its successes and limitations. Privatization in Polish higher education had two distinct faces, depending on whether it occurred in the public or private spheres, which have traditionally been distinct.

The key factor determining a substantial increase in equitable access to higher education documented above for the 2000s was the liberal attitude of the state and its agencies toward the emergent private sector back in the 1990s. The dramatic

growth, followed by the consolidation of that sector, was substantial owing to this “policy of non-policy.” As Belfield and Levin (2002) put it, “The first factor to explain privatization in education is simple: many parents want it” (p. 29). Indeed, Polish students (and their parents), for a variety of reasons, wanted higher education. The result was phenomenal numerical growth in the private sector: 500 students in 1991, 70,400 in 1995; 445,400 in 2000, 621,000 in 2005, and 640,000 in 2006.

Case studies from other transition countries show a more usual pattern of strict regulation, underscoring Poland’s exceptionality in terms of its liberal atmosphere in allowing increased access to higher education. Also enabling this expansion was an exceptional differentiation of the system which is also rare in most transition countries where elite institutions seemed to have prevailed. In contrast, a two-tier degree system, new modes of studies, and a large vocational education sector have flourished in Poland. Fostering this growth were equally liberal approaches to quality assurance mechanisms, licensing, and accreditation that encouraged the nascent private sector during its first decade of its operation (1990s). Growing social legitimacy and public recognition of private higher education was another factor.

Another significant factor was related to privatization as broadly defined: liberal educational policies that allowed the immediate introduction of large-scale fee-paying programs and cost-recovery mechanisms in the underfunded public sector right after the collapse of Communism in 1989. The state provided limited guidance through an “enabling framework” (Steier, 2003; World Bank, 2002, p. 83), a factor that definitely contributed to the 400% increase in the number of students in the public sector between 1990 and 2007.

As of 2006, the enrollment in higher education shows the following structure. Total enrollments stood at 1,941,000, divided almost equally between full-time (950,000) and part-time (991,000) students, but less equally between the public sector (1,301,000 students constituting about 66% of the whole), and the private sector (640,000 students, constituting the remaining third). In this private-sector portion, part-time students greatly outnumber full-time students: 494,000 (70.%) are part-time and 146,000 (29.5%) are full-time (GUS, 2007, p. 34). The rate of increase has leveled off at slightly below 2 million students in 2005–2007.

Doctoral education showed the same trends of expansion. Since 1990, the number of doctoral students at Polish universities has increased by more than 1,100%, reaching a total of 32,000 in 2006 (from 2,700). Ph.D. enrollments peaked in 2004 (33,000) and have since decreased slowly until the figure for 2007 (31,800) has reached the same level as that in 2002 (31,100). An important reason for this decrease has been the saturation of market for Ph.D. holders and low salaries in the higher education sector compared with other professional sectors (Kwiek, 2003).

The structural reform of all levels of education, which began in 1997, played a crucial role in strengthening the trend toward more equitable access. The equity success story can be measured by the increase in the number of students with low socioeconomic backgrounds. Between 2002 and 2005, the share of students in

higher education whose mothers had only primary education increased from 7% to 18%, while those whose mothers had secondary vocational education increased from 13% to 23%. For students whose mothers had postsecondary and higher education, the increase, quite expectedly, was marginal (from 53% to 55%) (Youth, 2005, p. 86).

The chronic underfunding of public higher education in transition economies, Poland included, has meant permanently seeking temporary solutions. Some of these market-oriented solutions, represented in national policies and legislation, include cost-sharing in the public sector for fee-paying, part-time students, a full-cost recovery model in the private sector, and official encouragement to expand the accredited private sector, albeit without state subsidies. At the same time that education costs are increasingly shared between governments and students/parents, several transition countries, including Poland, have successfully experimented with student loans. (See Johnstone, 2003, for an international perspective; for World Bank activities in Bulgaria, Hungary, and Poland, see Salmi, 2006.)

The expansion of educational systems in transition countries has been accompanied by financial austerity, the emergence of market mechanisms in the public sector (previously immune to market forces), and the arrival of private providers on the education market. In a globally unique way, higher education systems in countries like Poland needed deep (mostly institutional and structural) changes, accompanied by liberal government policies that were implemented quickly to accommodate segments of the increasingly diverse student body who had previously been underrepresented in higher education. As Levy (2004) noted, "Central and Eastern Europe [lie] at the extreme for the global generalization that private higher education emergence has been sudden, shocking, and unplanned" (p. 280). In expanding systems, though, the costs of education have increasingly been shifted from governments to students and parents, leading to sharp national debates on fees, equity, and efficiency. (For global conditions, see esp. Teixeira et al., 2006; Salmi & Hauptman, 2006; Marcucci, Johnstone, & Ngolovoi, 2006; Pennell & West, 2005. For the EU views on equity, see EC, 2005, 2006.)

The expansion of the Polish system was made possible by its growing external and internal privatization, dual phenomena that opened higher education to market forces. In Poland, two alternative strategies to meet growing demand for higher education were used, both implicitly (rather than explicitly) supported by the state: (a) the emergence of privately owned, teaching-focused, fee-dependent institutions, and (b) the internal privatization of public sector institutions which allowed them to supplement state subsidies by charging fees to (part-time only) students. The state encouraged both forms of cost-sharing in both sectors. The growing demand was absorbed by both private institutions (called "non-state" institutions in Poland) and weekend-mode studies in the public sector, and both forms of privatization were—to a large extent—driven by academic staff members. Hundreds of thousands of students gained access to higher education, which for the first time began to differentiate sharply by institutional type. Along with elite public universities appeared private institutions that had the ability to absorb the demand from new, differentiated student populations. Although public sector institutions continued

their previous policy of being nominally free, they began offering fee-based weekend studies, open to those who had not been able to obtain a full-time slot. The expansion of the system through this dual form of privatization has fundamentally changed access to higher education in Poland. It is an undeniable access “success story” and also, to a smaller degree, an equity “success story.”

TWO DECADES OF GROWTH IN THE POLISH PRIVATE SECTOR

The growth of the private sector in Poland has not been an isolated educational phenomenon. There is a powerful global trend of growing enrollments in the private sector. For the most part, European Union countries play a marginal role, although exceptions include Poland, Romania, or Portugal. Speaking of the growth of the private sector generally, Daniel C. Levy (2006) notes that the 20th-century norm and persisting public norm is state funding of public universities and, overwhelmingly, private sources of funding for private institutions. State subsidies for private institutions are rare; and the usually cited examples of India, Belgium, the Netherlands, and the Swedish “foundation universities” may call into question their claims to be private (p. 10).

Globally, the major center of private higher education is East Asia. About 80% of all students in Japan, South Korea, Taiwan, and the Philippines are enrolled in private universities. In contrast, the comparable figures for the United States are 20% and, in Western Europe, 10% or less. There are almost no significant private sectors in major European higher education systems—in Germany, France, the United Kingdom, and Italy. (On Europe’s private sector, see Slantcheva & Levy, 2007; Wells, Sadlak, & Vlasceanu, 2007). Latin America shows private institutional enrollments of over 50% in Brazil, Mexico, Colombia, Peru, and Venezuela. In the European transition countries and some post-Soviet republics, where the most rapid growth took place after 1989, up to 30% of enrollments are in the private sector.

As Levy (2002) puts it, “Where public budgets do not meet the still rapidly growing demand for higher education, students pay for alternatives” (p. 4). This trend is clearly the pattern in several transition countries. In most of them, both public and private higher education enrollments in general, and the share of the private sector in overall enrollments in particular, have changed dramatically in the last 15 years. While Western Europe has not generally witnessed the emergence (or substantial strengthening) of the private sector in higher education, the private sector has emerged in several post-Communist transition countries as a tough competitor to the traditional, elitist, faculty-centered, and inaccessible public sector. The differences between the transition countries are significant. In Croatia and the Slovak Republic, private institutions enroll as little as 3.0 to 4.6% of their higher education cohort. Bulgaria, Hungary, and Russia have enrollments of about 15% (Slantcheva & Levy, 2007, p. 3). In Estonia, Poland, and Romania, private institutions enroll almost one third of all students. The growth of Poland’s private sector went from almost zero in 1990 to 640,000 in 2007, and from almost zero to a 33% share in enrollments. By 2006, private higher education institutions in Poland numbered 318 (GUS, 2007, p. 19).

The gross enrollment rate in Poland increased during the same period from less than 10% to almost 37%. The number of graduates in both sectors in 2007 (almost 400,000) was equal to the number of all students in 1990. Such an expansion of Polish higher education would not have been possible without the growth of the private sector and the parallel growth of part-time forms of education in both public and private sectors. In 2006, for the first time, part-time students (51%) outnumbered full-time students (49%).

Such a balance remains unprecedented in both OECD and EU countries and raises serious concerns about both the quality of teaching and the areas of studies being offered. Often they do not accurately reflect labor market needs, a problem that increases the mismatch between the supply of graduates and demand for them from the labor market. A recent OECD (2006) economic survey of Poland found that many of these private institutions have been offering poorly taught and low-quality degrees in “popular and cheap-to-run” fields of studies (p. 106).

THE RESPONSE OF THE PUBLIC SECTOR TO FINANCIAL AUSTERITY

The public sector in Polish higher education found its own way to cope with permanent financial austerity by offering fee-paid, weekend, part-time programs. Part-time studies were known before 1989, but they were limited in their offerings, access was restricted to working adults, and no fees were paid. However, from the mid-1990s on, a majority of these “irregular” students are in the 19-24-year-old cohort but are unable to obtain state-subsidized places as full-time students who, according to Article 70 of the Polish Constitution, are not charged tuition fees. The fees of these “weekend” students have correspondingly become increasingly important to the universities. Without this arrangement, the public sector of Polish higher education would have found it enormously difficult to survive economically. Educational expansion would have been left entirely to the growing private sector, which in turn could not have met the unexpectedly high student demand. During the past decade, the share of state subsidies in public institutions’ budgets has decreased from 90.6% to 83% for medical universities, from 71.4% to 66.2% for traditional comprehensive universities, and from 56.3% to 51.6% for universities of economics.² According to calculations performed for this chapter, the only exception is technical universities for which the share has remained about 80% (GUS, 1998–2007). From the very beginning, the most important dimension of internal privatization for academics and the university was financial: the critical need for additional revenues.

Examining only the student body in the public sector over the last almost two decades (1989–2008) shows that, in 2006, 39% of its students were part-time students; the corresponding figure for the private sector shows 77% part-time students (GUS, 2007, p. 34). This significant fraction of part-time students in public institutions can be attributed to the need of impoverished public institutions for new sources of funding beginning in the 1990s.

Public institutions in the first half of 1990s met this need by enrolling two types of students: (a) part-time fee-payers who were academically weaker, and (b) full-

time, fully funded students who had been granted their places on the basis of their strong academic performance. The trend also included two sorts of curricula (academically less demanding for the part-time students) and two different teaching times: weekdays for the full-time students and weekends for the part-timers. (In this general picture, the role of evening classes was marginal.)

From the perspective of equity, particularly in fields that have traditionally led to the best-paid jobs (e.g., law, economics, and finances), students with high cultural capital and (usually) middle-class backgrounds were non-fee-paying full-time students. Those with disadvantaged social backgrounds most frequently studied as fee-paying, part-time students. Under Communism, this group was usually cut off from higher education despite various forms of state preferential treatment. While the increased availability of higher education has opened the system to new segments of society, in general they have been in the two academically weaker forms of studies: (a) those offered in the private sector, and (b) those offered for fee-paying weekend students in the public sector. Privatization generally has not substantially transformed the social composition of the full-time students in elite public universities even though the field of higher education as a whole has been transformed by this recent expansion. The socio-economically weaker groups are substantially more present in public universities but especially in part-time studies.

The expansion of both the private sector and of the public sector in its part-time weekend mode meant in practice an entirely new composition of the student body in higher education in general. The traditionally closed and elite system was opened up (via privatization) to new segments of society. Under Communism, Poland, a country of 35-40 million, had a form of higher education that was restricted and elite. Enrollment figures stood at 252,000 in 1965, 331,000 in 1970, 468,000 in 1975, 454,000 in 1980, 341,000 in 1985, and 377,000 in 1989, the year that Communism collapsed in Poland (Duczmal, 2006, p. 187). The expansion of the public higher education sector between 1990 and 2007 raised the number of seats from 400,000 in 1990 to 1.3 million in 2006 (an increase of 225%), the number of the academically most valuable seats (for full-time, fully funded students) has increased by 165% (from about 300,000 to about 800,000). In top Polish universities such as Warsaw University, Jagiellonian University in Krakow, and Poznan University, the number of full-time students, especially master's candidates, has increased by less than 100%.

In short, the top research universities (in their full-time mode of teaching) still represent enclaves of restriction and privilege that counter the larger national picture. Because of the limited funding for maintaining and replacing infrastructure, these national universities have chosen to maintain quality and avoid overcrowded classes at the expense of greater access. Fees as a new source of funding for the public sector have indeed transformed the student body's composition, but top research universities have protected quality (certainly a commendable achievement) but at the price of remaining elitist in catering to full-time students of high socioeconomic backgrounds (a perhaps less commendable achievement). The widely criticized deterioration in teaching quality generally affected part-time, fee-paying weekend students.

TUITION FEES: PUBLIC AND PRIVATE SECTORS

Tuition fees have played a critical role in the expansion of both private and public sectors in Polish higher education. In 2006, funds collected through fees in both sectors reached 4,221 million PLN (1,206 million euros; 1 euros = 3.5 PLN as of February 2008). Private institutions collected only 50.5% of the national share (2,132 million PLN, or 609 million euros). Thus, in actual practice, almost half of all fees paid for higher education in Poland went to the public sector, which is nominally “free” (tax-based). This striking aspect of the financial consequences of privatizing the public sector has not received adequate attention in current research. Although the booming private sector garners a third (33%) of the enrollments, almost half of the revenue from fees goes to the public sector. In competition with the private sector, the public sector’s enrollment share is strong, but in financial terms it is *very* strong. In 1997, income from fees (as a share of total institutional income) in the public sector stood at about 15%, rose to almost 25% in 2003, and has declined steadily every year since then until it reached 19.8% in 2006. (See Figure 1.)

The income from fees is not divided evenly among public sector institutions. The largest share (45%) in 2006 went to traditional universities (947 million PLN, or 271 million euros), trailed at almost three times less by technical universities (16%) or a total of 335 million PLN (96 million euros). Universities of economics receive four times less than universities (10%) or a total of 215 million PLN (61 million euros). While it is popularly assumed in Poland that the greatest share of fees in the public sector goes to public universities of economics, in fact it is traditional public universities that take the largest share, 45% (271 million euros) in 2006.

In the private sector, private academies of economics take almost 50% of all fees and more than all public traditional universities (1,105 million PLN or 316 million euros). (See Table 1.)

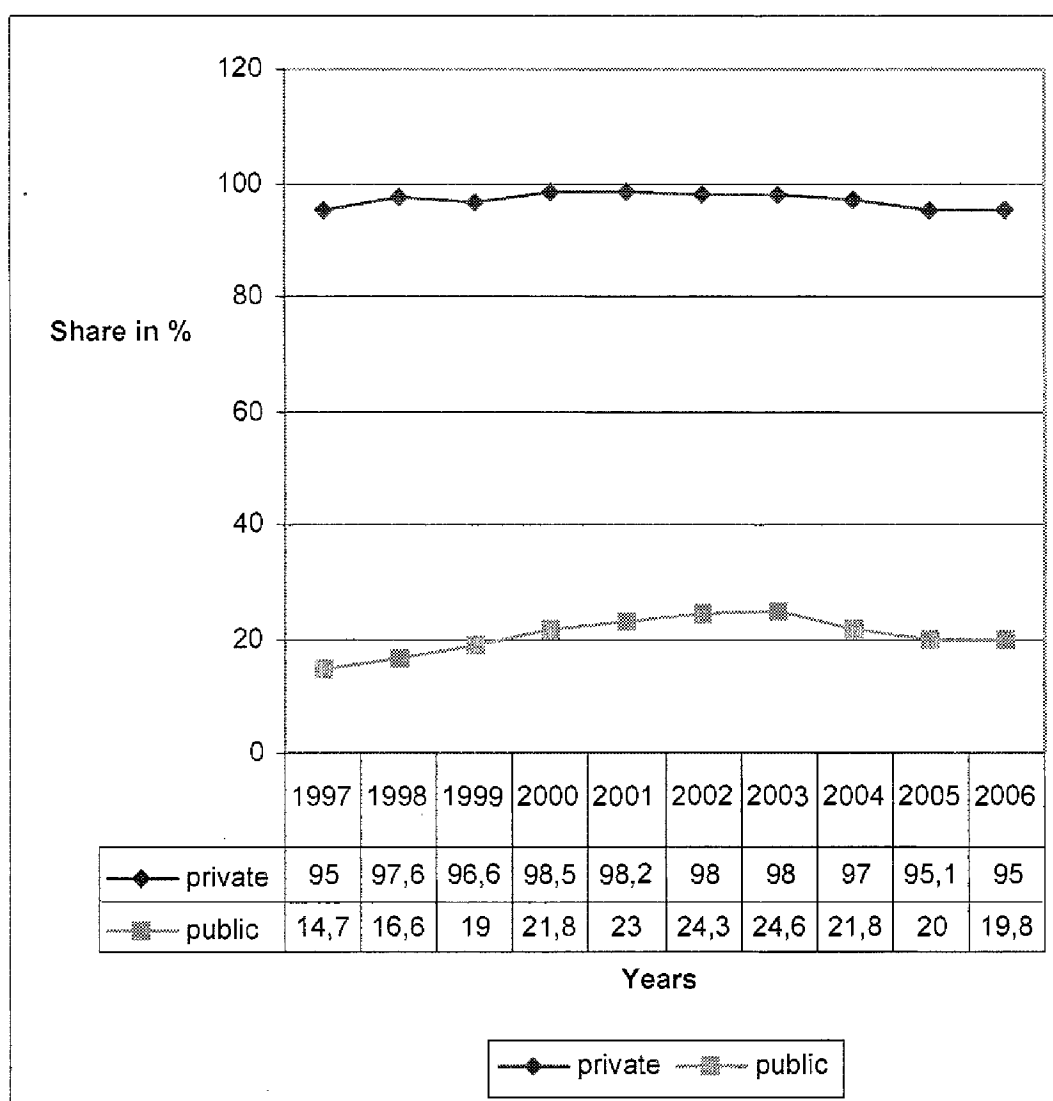
Table 1. Proportion of total income from student fees in Poland, by type of institution (1997–2006), in percentages

Years	Private	Public (total)	Public Institutions			
			Universities	Technical	Economics	Medical
1997	38.4	61.6	25.7	11.9	8	2.3
1998	45.6	54.4	22.2	11.1	7	2.3
1999	48.9	51.1	21.7	10.7	6.4	2.3
2000	51.4	48.6	21.2	10.0	5.6	1.9
2001	51.0	49.0	21.8	9.8	6	2.1
2002	49.7	50.3	21.7	10.2	6.1	2.5
2003	49.2	50.8	22.4	9.4	5.7	2.7
2004	49.3	50.7	22.6	8.9	5.6	2.9
2005	48.7	51.3	23.5	8.4	5.5	3.1
2006	50.5	49.5	22.4	7.9	5.1	3.7

Source: GUS (1998-2007), personal calculations.

Note: 100 percent = all fees collected in Poland by all types of institutions.

Figure 1. Proportion of institutional income from fees by type of institution (1997–2006), by percentages



Source: GUS (1998-2007), personal calculations.

Note: 100% = the total income of a given institution type.

In the decade between 1997 and 2006, the share of the total income from fees in Poland steadily increased for the private sector, from 38.4% in 1997 to 50.5% in 2006. It was only in 2006—that is, 16 years after the emergence of the private sector in Poland—that the share of the total income from fees for the private sector was greater than 50%. Simultaneously, the share collected by public institutions of total fees decreased steadily, from 61.6% in 1997 to 49.5% in 2006. In financial terms, the fee-paying, part-time mode of the public sector steadily lost market share against the private sector (fully fee-based and financially self-reliant). While the drop in funding from fees was radical for technical universities and universities of economics, the drop was significantly smaller for the public universities. Between 1997 and 2006, traditional public universities collected 22-25% of all fees charged

in Poland. Tuition fees are almost the only source of income in the fee-based private sector (95% in 2006), since it is not currently eligible for state subsidies. In contrast, revenue in the public sector comes from state subsidies, local government subsidies, tuition fees (from part-time students), and other sources. In the last decade, traditional public universities collected the largest share of all income from fees charged by the public sector (40-46%). In contrast, technical universities collected 16-20% and universities of economics 10-13% of all fees charged by the public sector. The trend for traditional universities in that period was upward, while the trend for both technical universities and universities of economics was generally downward. (See Figure 2.)

If we consider solely income from teaching activities (that is, from fees in the case of both public and private sectors, and from state subsidies for teaching in the case of the public sector only), it has not been evenly distributed between public and private institutions in the last decade. Despite the hegemonic position of public institutions, between 1997 and 2006, its share in income from teaching has decreased from 91.2% to 82.4% of the total. The share of private institutions in income from teaching increased from 8.8% to 17.6%. Furthermore, the reliance of public institutions on fees from part-time students peaked in 2002-2003 and has declined steadily since then. Between 1997 and 2006, fees brought in the largest share of income from teaching for public institutions, led by universities of economics, which peaked at 50% in 2002, and then decreased to 42% in 2006. Traditional universities controlled the second largest share, peaking in 2003 at 30% but decreasing to 20% in 2006. The third largest share went to technical universities, peaking at 20% in 2002 and then decreasing to 13% in 2006 (GUS, 1998-2007).

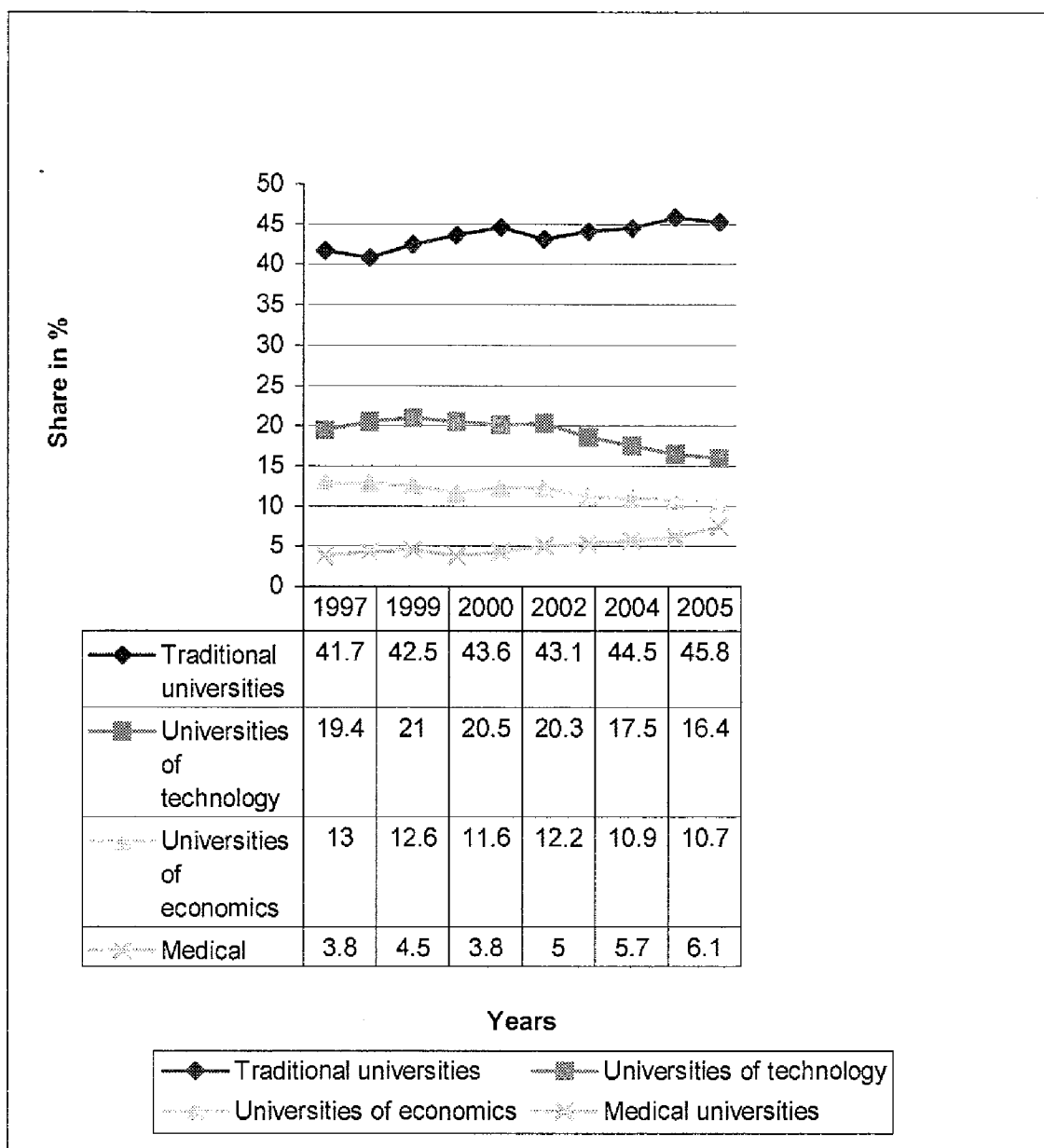
TWO DECADES OF COPING WITH FINANCIAL AUSTERITY: ACADEMIC SURVIVAL STRATEGIES IN THE PUBLIC SECTOR

Polish public higher education is a good example of a system in which, probably, the most obvious forms of cost-side solutions to the problem of financial austerity are not effective. It has already attempted several standard measures during 1989-2007 (Johnstone & Marcucci, 2007, p. 11). These measures include salary freezes during the highly inflationary economy of the 1990s, the limitation of expenditures on books, equipment, and generally on all non-salary items, the elimination of other items, and cut-backs on maintenance and repairs. In a rapidly expanding system, faculty numbers did not increase at a corresponding rate. To keep per-student costs of instruction low, class sizes increased, especially for part-time students.

However, Poland differed from other developing countries by not substituting lower-cost junior or part-time faculty for higher-cost senior faculty, not increasing teaching loads from a relatively moderate levels (180-210 hours per year in the traditional university sector), and not differentiating faculty workloads (i.e., expecting more teaching from some categories of faculty).

THE TWO DECADES OF PRIVATIZATION IN POLISH HIGHER EDUCATION

Figure 2. Share of income from fees in the public sector, by type of institution, in percentages (1997–2006)



Source: GUS (1998-2007), personal calculations.

Such measures, taken during the past (almost) two decades of expansion in enrollments and diversification in academic programs, but without additional public funding, has resulted in the situation that Johnstone and Marcucci (2007) describe as having “arguably taken most if not all of the ‘low hanging fruit’ of obvious waste and budget cuts” (p. 14). What now remains are more fundamental and systemic changes, especially further sector differentiation. While cost-side solutions cannot bridge the growing gap between higher education costs and available public revenues, revenue-side solutions offer more possibilities to

complement governmental funds with non-governmental funds, including cost-sharing or the introduction of fees for all students and academic entrepreneurialism (Shattock, 2003, Kwiek 2008b). Both funding strategies are new to the Polish public sector, and both will upset its relative stability despite the existing environment of austerity.

In most transition countries (especially in Anglo-Saxon types of welfare states), higher education is generally seen as able to generate much of its additional income through entrepreneurship or cost-sharing. In this perception, higher education differs from health care and pension sectors. Top research-intensive universities, in particular, are assumed to have such capabilities. Especially but not exclusively in European transition economies, efforts have been made to introduce market mechanisms in pension systems (multi-pillar instead of pay-as-you-go schemes) and health care systems (privatized systems based on additional, private, individual insurance policies). However, the most far-reaching consequences of this marketization/privatization trend can be expected for public funding for higher education and research. As William Zumeta (2005) stressed recently, "Unlike most of the other state budget components, higher education has other substantial sources of funds that policy-makers feel can be tapped if institutions need to cope with deep budget cuts" (p. 85).

Where Poland is concerned, the role of fees in institutional budgets in public institutions is already substantial. Furthermore, the more successful public entrepreneurial universities are today, the more likely they are to be encouraged to follow this direction in the future.

An additional element of privatization in general, peculiar to many Central and East European economies, Poland included, is the legal and practical option for university professors to hold multiple academic positions, both in the public sector and in the private sector. This factor has reinforced the rapid rate of expansion in the higher education system. From the perspective of Polish academic faculty, the dual forms of privatization in Polish higher education, in both of which they could be involved simultaneously, made it possible to increase their earning power within the academic profession for about 15 years (Kwiek, 2003). However, in 2005, a new law on higher education severely restricted holding multiple positions. Ewa Chmielecka (2006) in a study of multiple employment as an additional source of revenue, observed that public institutions

would have problems in keeping their staff on the job without the additional sources of revenue being offered by private HEIs. . . . What we thus had was a symbiosis of both sectors with an asymmetric flow of resources. What we did not have was a law-regulated system of higher education. (p. 282)

Faculty members' additional (week-end) employment, which paid them to teach fee-based, part-time studies in their own public institutions, was not only the core of the public sector's internal privatization but also how public institutions could retain their staff. Faculty members thus had three earning options: (a) teaching full-time students exclusively in a public institution; (b) teaching full-time students in a public institution supplemented by teaching fee-paying students on weekends

there; and (c) teaching full-time in a public institution plus teaching in a private institution(s). The patterns of employment varied among disciplines and university ranks. The best options for multiple employment were available in traditionally cheap-to-run areas (economics, business and management, social sciences). The private sector particularly sought senior academics because of the minimal legal requirements to run private institutions: each of them needs a minimum of six senior academics to be employed; “senior academics” mean that they either hold the title of academic professor or hold a “habilitation” degree (a second, higher Ph.D., a degree derived from a German academic tradition).

Revenue-side solutions to the chronic underfunding of Polish public higher education include various forms of cost-sharing (from Johnstone’s catalogue): (a) the already-implemented tuition-paying track for weekend students in nominally free public institutions; (b) the imposition of “user charges” to recover the expenses of what were once heavily subsidized residence and dining halls; and (c) the reduction of student grants and scholarships. Of special interest is another form of cost-sharing suggested by Johnstone and Marcucci (2007):

[It is] limiting the capacity in the low-tuition or tuition-free public sector together with the official encouragement (and frequently some public subsidization) of a tuition-dependent private higher education sector. A number of countries . . . have avoided much of what would otherwise have been significant government expenditures for higher education by retaining a limited public sector, which is usually elite and selective, but by encouraging a substantial and growing private higher education sector. This tactic shifts many of the costs of expanded participation to parents and students.

Poland went even further (although largely in the climate of the “policy of non-policy”). During the Communist regime of 1945–1989, higher education was strictly regulated and access to it was severely limited. Given the tremendous demand for access that followed, Poland encouraged growth in the private sector and the development of fee-paying tracks in its public sector. In times of harsh financial stress when other priorities were claiming the agenda, higher education, especially in 1990s, was able to expand without governmental interference and without increasing per-student governmental expenditures. The state was neither willing nor able to subsidize the emergent private sector.

In Poland, the first forms of (indirect) subsidization appeared with the loan schemes for which private sector students became eligible in 1999 and with the reform of research funding under which private sector institutions became eligible for research grants in 2004. Currently (2008) the Polish government is discussing subsidizing teaching in the private sector directly, based on the proportion of the average per-student costs in the public sector. The current government is also discussing the possibilities of introducing the most financially important form of cost-sharing: tuition fees throughout the whole public sector, accompanied by large-scale loan schemes. The chances for introducing fees for full-time students before the next parliamentary elections (scheduled for the fall of 2011) are minimal, however, as such a provision would require amending the Polish

Constitution, and the current government lacks the strength in parliament to achieve such a goal.

CONCLUSION

As various public services in general are being reformulated throughout Europe, and especially in transition economies, educational institutions and systems must be able to deal with the negative financial impact on public funding for higher education. As Paul Pierson (2001) stressed, “While reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity. . . . The control of public expenditure is a central, if not dominant consideration” (p. 456).

Pressures to privatize education systems—apart from push-and-pull factors—include also global economic and social change. Globalization “has both pressed and encouraged governments to seek more efficient, more flexible, and less expensive education systems. Privatization may be one response to these changes” (Belfield & Levin, 2002, p. 32). Surprisingly, Poland found its own way, following the collapse of Communism in 1989, to expand its higher education system through privatization. The dual form that such privatization took (the creation of a private sector and privatization in the public sector through week-end, fee-paying studies) was a spontaneous movement, led mostly by academics. It was only mildly encouraged—but perhaps most significantly, was not hampered—by the state’s “policy of non-policy.”

However, 19 years after the collapse of Communism, the current government is pondering the introduction of fees for all students in the public sector, direct subsidies for the private sector, and the radical reform of both the financing and the governance of higher education and research and development. It is hard to predict the future of these developments today, but for the first time the future of privatization of higher education is very high on the state’s agenda. The implications of these measures for equitable access remain, however, to be seen.

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NOTES

- ¹ The education differentiation between rural and urban communities is much higher in Poland than in Western Europe. Poland has the highest rate of its population employed in agriculture among the EU-27—18% in 2004 (UNDP, 2007, p. 91).

- ² Poland inherits from its Communist past a highly differentiated structure of its public higher education which includes traditional, elite universities, as well as universities of technology, universities of economics, universities of agriculture, universities of medicine, universities of fine arts, etc. Traditional universities do not include the above fields of training and research.

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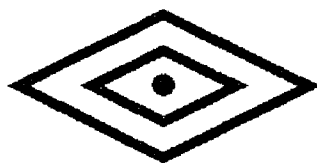
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