

HIGHER EDUCATION REFORM IN INDONESIA

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Introduction

- Education is still a vehicle that reinforces than compensates differences
- Inequality can constrain effective demand of poor households
- Inferior schooling of the poor will feed another generation of destructive inequality
- Education policy should be constructed to ensure that schools work for the poor; and the subsidy for the rich will be slashed

Impact of the Crisis on Higher Education

- Higher education has a lot of stake since the economy requires skilled labor
- Competitiveness in the international market depends on the quality of labor force
- A loss of employment will have an immediate income reduction; some households tend to consume less of everything

Impact of the Crisis on Higher Education (2)

- In general the crisis has a negative impact on the household expenditure on health and education
- Households tend to continue to invest less in education since they are more worried about survival than investment
- High income families retain children in the same schools/colleges or shift them to low cost private or public institutions

Impact of the Crisis on Higher Education (3)

- The crisis implies financial stringency for the government and hence allocations to all sectors may be declining, including higher education
- During the crisis many parents shifted their children from high fee paying institution to public institution; this has led to a decline in enrolment in private institution; some private institutions reduced fees to retain students

Higher Education Relevance

- Over 90% of the knowledge produced globally is not produced where its use is required
- Universities have been far more adept at producing knowledge than at drawing creatively (re-configuring) knowledge that is being produced
- A shift of knowledge production to knowledge configuration

Higher Education Relevance (2)

- Universities in the future will comprise a small core of faculty and a much larger periphery of experts
- Universities will become a new type of holding institution in the field of knowledge production
- Universities will play major roles not only in national but also in regional economic development, delivery of life-long learning and development of civic culture

Quality Control

- Universities no longer pursue knowledge for its own sake, rather they provide qualified manpower and produce knowledge
- Quality assurance will be more complex as universities move to broaden the range of their knowledge mission
- Universities will not be able to insist on criteria which reflect their intellectual interest alone

Finance and Management Reform

- Supplementing governmental revenues
- Differentiating institutions
- Encouraging private sector initiatives
- Loosening governmental regulation
- Full cost recovery fees
- Means tested grant and student loans
- Devolving expenditure authority to universities

Finance and Management Reform (2)

- Public higher education sectors in most countries continue to have great difficulties restructuring and closing inefficient and outdated institutions
- Subsidizing those students with financial need has proven difficult in countries where tax compliance is uneven
- Loans have not shifted cost burden from the government, or taxpayer, to the student

Finance and Management Reform (3)

- Public budgeting have been accompanied with unintended and unwanted consequences
- The quest of productivity and efficiency is dominated by cost side consideration rather than by outputs of learning
- Need for clarification of what authority and what operating decisions belong to institution of higher education and which belong to government

National Strategy

- New paradigm in higher education management : quality, autonomy, accountability, accreditation and self-evaluation
- Granting an opportunity to the smallest unit to develop its own plan, implement the plan and be responsible as well as accountable
- Decentralization of management control away from the central authority to institution

National Strategy (2)

- Under the new public management theory, the provision of educational services should be made contestable
- Beneficiaries not to be uniform and relies mostly on the proposer ability to participate
- Competition should be introduced in a tiered format to accommodate a variety of stages of development

National Strategy (3)

- The paradigm shift needs a tremendous structural change within university governance as well as the central government
- Several pilot projects were conducted to bring people awareness of tiered competition
- Piloting for university autonomy, changing from state university to legal entity (autonomous university)

National Strategy (4)

- Learning experience is not only for the piloted universities but also for the government
- It is not a privatization but corporatization of state or public university
- Government will not directly involve in implementing policy directions, but as a mediator to protect public welfare and fulfill its constitutional responsibility

Funding Mechanism

- Shift from the concept of welfare state to national competitiveness and wealth creation
- Distinction between knowledge and commodity has narrowed
- Cross-subsidy scheme in student tuition
- Community contribution in higher education should be higher compared with basic education