



Liberal Solutions: PUBLIC-PRIVATE PARTNERSHIPS

**FNS: EDUCATION IN THE PHILIPPINE: Liberal Perspectives
Antulang Beach Resort, Dumaguete City
25 - 29 September 2007**

WHAT IS Philippine Business for Education?

- Business' response to the need for consensus and sustained advocacy in education reform.
- Our vision is the provision of education at the highest quality with the greatest accessibility. And we intend to achieve this through continuous & sustained advocacy of a policy and institutional environment that supports the above vision and has a private sector orientation
- To also bring together the dispersed and varied projects of different companies to achieve greater results.

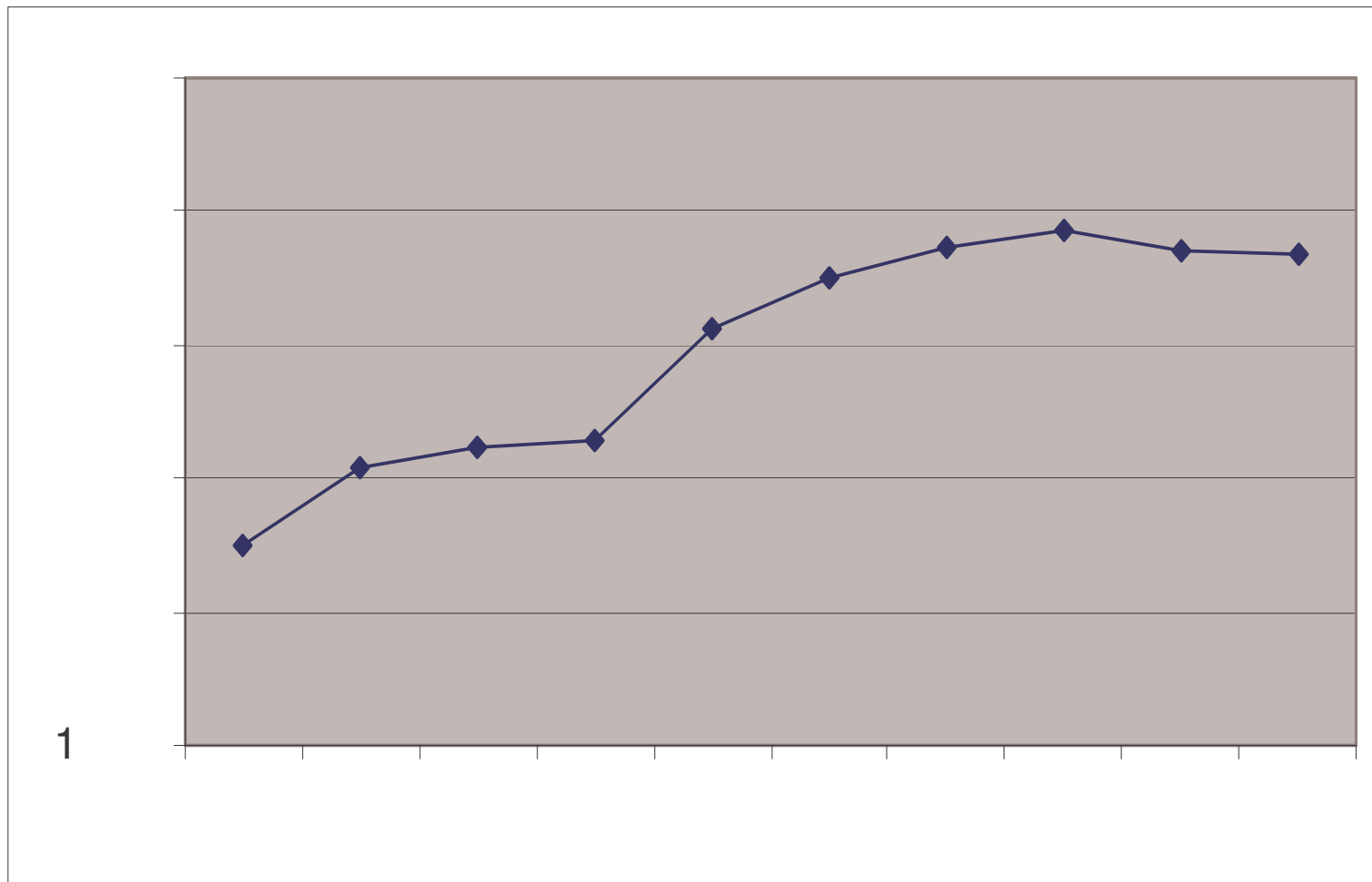
WHY PBE_d?

Business community usually involved in education sector via projects and programs, such as facilities development, scholarships and teacher training

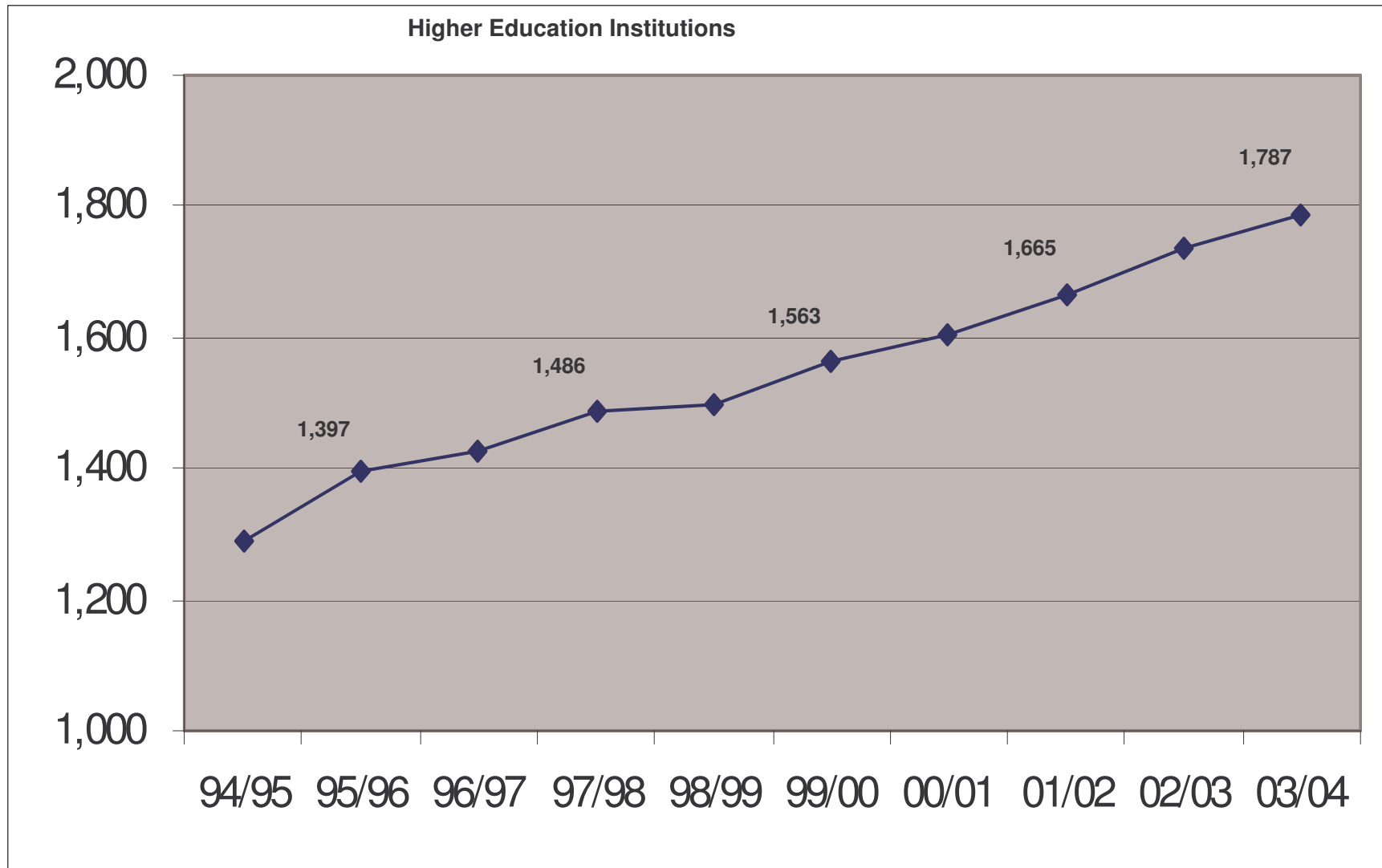
Must also address the policy and institutional environment, **THUS**, the need for continuing and sustained advocacy for education reform

1. State of Higher Education
2. Issues and Problems
3. Framework for Moving Forward
4. Specific Reforms
5. Lessons for the Entire System

DEMAND FOR HIGHER EDUCATION

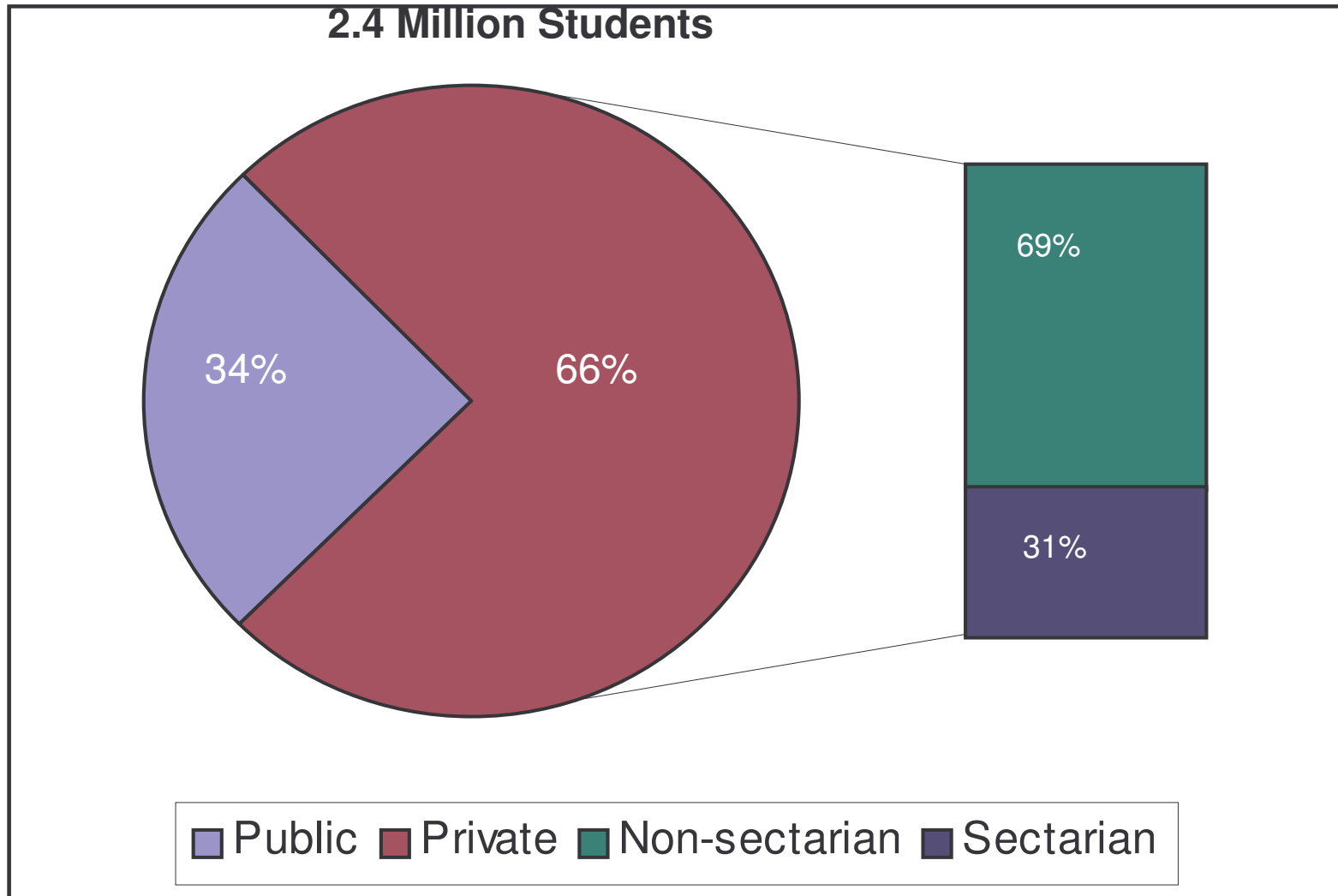


HIGHER EDUCATION SUPPLY



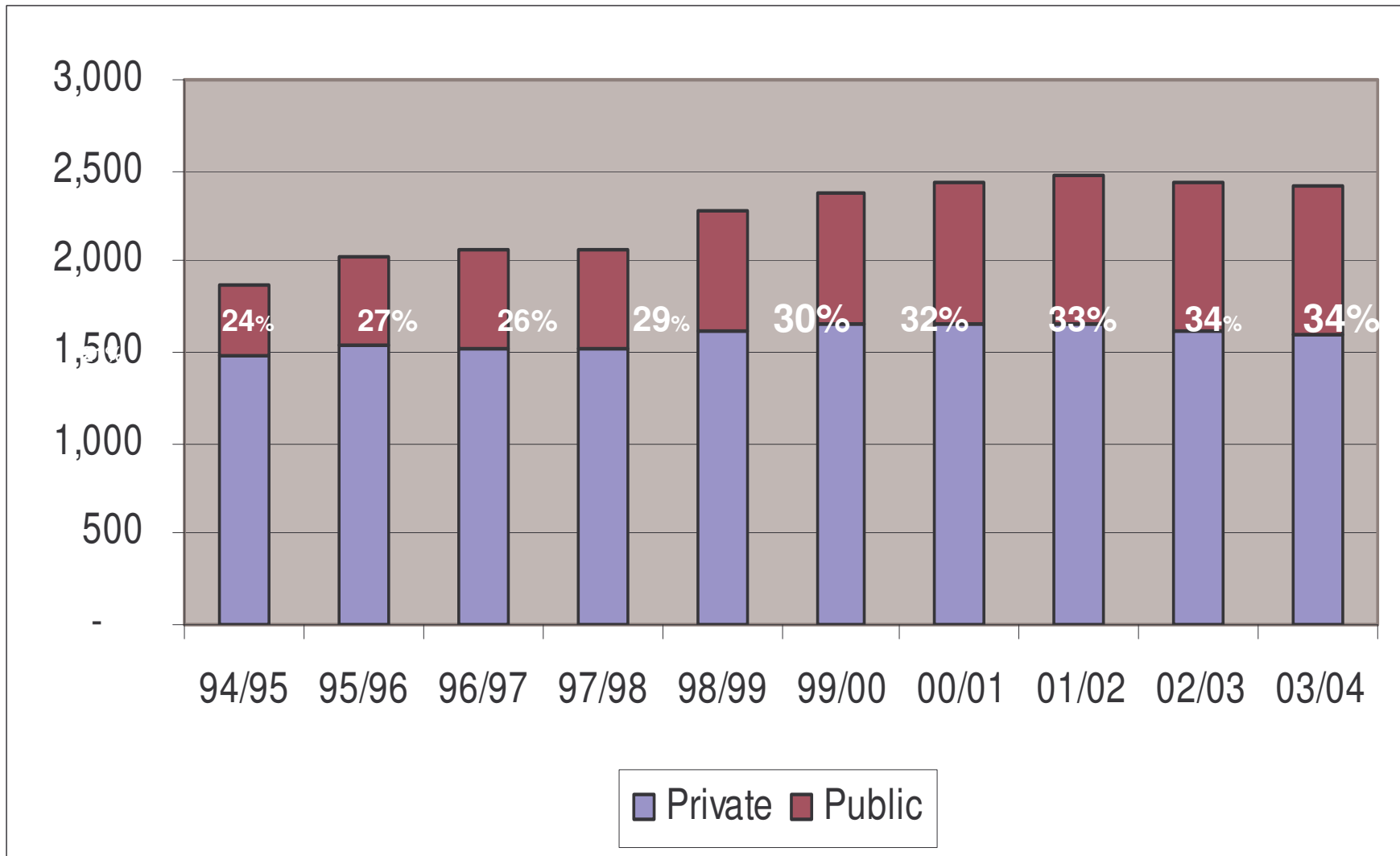
SUPPLIERS OF HIGHER EDUCATION

Enrollment by Type of Institution: AY 03/04

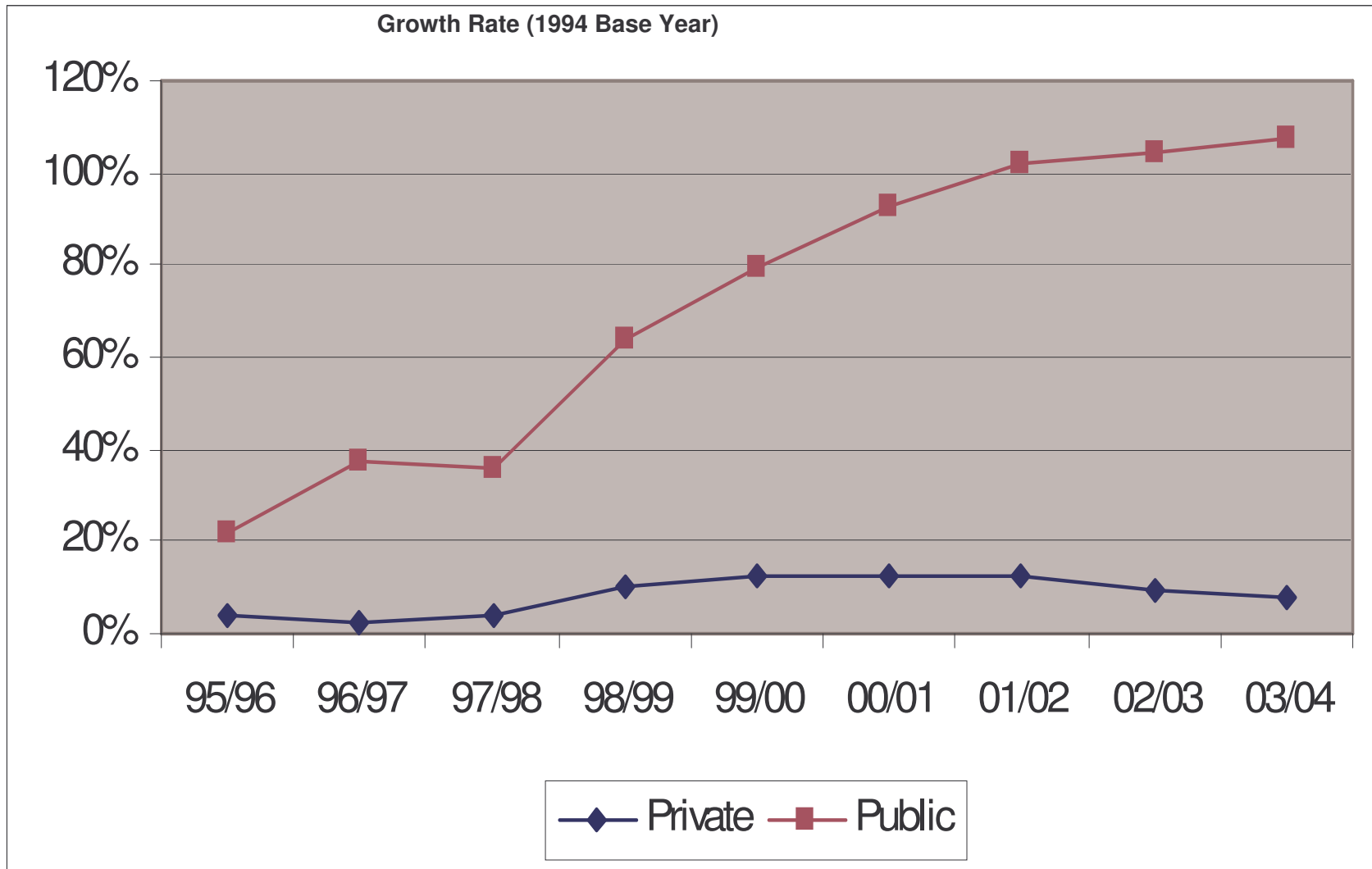


Source: Commission on Higher Education

CHANGING STRUCTURE OF HIGHER EDUCATION



GROWTH RATES



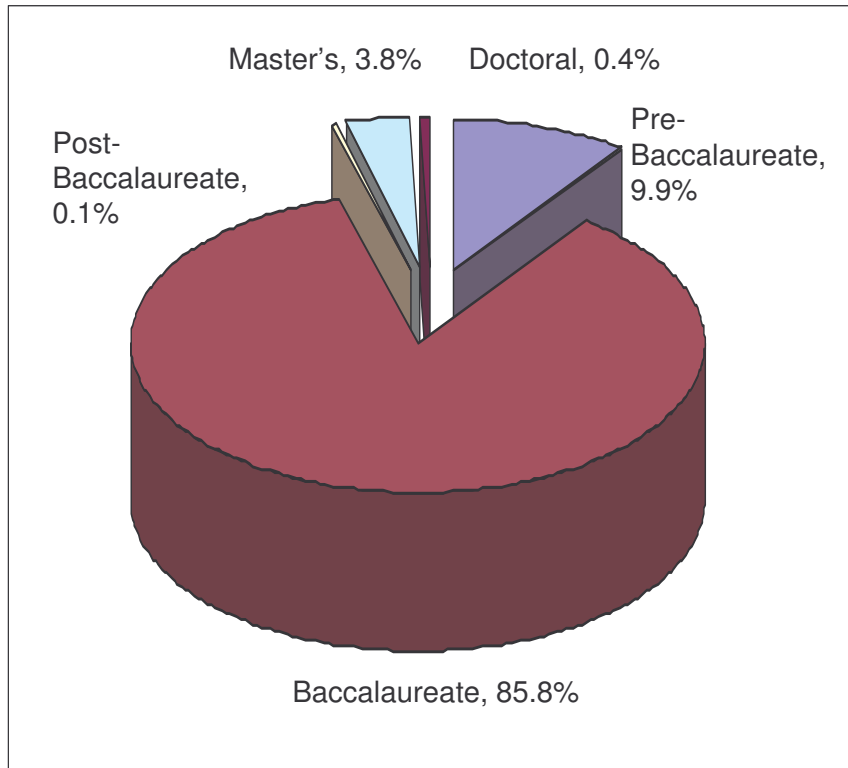
EFFICIENT??

Higher Education School Density: AY 03/04

Region	Students Enrolled	Higher Educ. Institutions	Ave. Students/School
NCR	664,038	270	2,459
CAR	86,383	47	1,838
I - Ilocos	125,053	104	1,202
II - Cagayan Valley	87,231	70	1,246
III - Central Luzon	171,409	162	1,058
IV (A) - Miraropa	218,983	218	1,005
IV (B) - Calabarzon	43,858	65	675
V - Bicol	108,857	137	795
VI - Western Visayas	192,169	132	1,456
VII - Central Visayas	193,178	120	1,610
VIII - Eastern Visayas	89,239	88	1,014
IX - Western Mindanao	73,027	58	1,259
X - Northern Mindanao	107,355	73	1,471
XI - Southern Mindanao	100,798	77	1,309
XII - Central Mindanao	76,258	71	1,074
XIII - Caraga	42,123	52	810
ARMM	40,897	43	951
Philippines	2,420,856	1,787	1,355

Source: CHED

WHERE DO THE STUDENTS GO?



Top Five Discipline Group:

- | | |
|-----------------------------------|-----|
| 1. Business Admin. and Related | 23% |
| 2. Education and Teacher Training | 17% |
| 3. Engineering and Technology | 15% |
| 4. Medical and Allied | 13% |
| 5. Math and Computer Science | 11% |

QUALITY

- HEIs are not global in standard (only 4 schools: UP, DLSU, ADMU, UST)
- in 1997, only 6% had PhDs, 33% had some graduate qualification
- lack of basic education years – first two years of college (GenEd) is continuing high school (algebra, grammar, social studies, biology, etc.)
- Market failure: courses offered & course content (is this a MISMATCH problem or a competence problem)

EFFICIENCY

- Average enrollment size is small (1,300)
- Overabundance of SUCs despite stagnant budgets
 - ✓ Funding driven by enrollment not quality, thus overall quality of SUCs low
 - ✓ SUCs offer same commercial programs private institutions offer and at an average higher cost
 - ✓ No regulation

KEY ISSUES

AFFORDABILITY

- Quality traditionally comes at high tuition fees creating an elite and nonelite system
- Lack of access to financing

OTHER ISSUES

- Less than half reach senior year, 3 out of 5 of those that do graduate within than fourth year = overall completion rate of 30%
- Tendency to offer less expensive programs with lower social return

1. Government knows best (setting standards means standardization) => micromanagement
2. Creeping “governmentalization”
3. Big school bias (for both the government and the market)
4. Profit is evil

**PUBLIC - PRIVATE
PARTNERSHIPS
NEXUS**

**the
MARKET**

GUIDING PRINCIPLES for a SOLUTION

1. Free market competition: profit is not always evil
(Pralahad: Fortunes at the Bottom of the Pyramid)
2. Role of the state (the market is not stupid):
 - Information
 - consumer welfare (demanding customer)
 - Safety nets: direct state scholarships, vouchers, “GI Bill”
 - Output based standards
3. Encourage innovation & niching (diversity is good)
4. Encourage flexibility

OVERALL FRAMEWORK: DEREGULATION

“A sophisticated economy needs a variety of universities pursuing a wide variety of missions. These two principles [diversify sources of income and let a thousand flowers bloom] reinforce each other: the more the state’s role contracts, the more education variety will flourish.”

AMERICA’S SYSTEM OF EDUCATION

(“The Brains Business,” The Economist September 10th 2000)

- 17 of top 20 universities; 35 of top 50
- Employs 70% of world’s nobel prize winners
- Produces 30% of the world’s output of articles in science and engineering
- A larger proportion of American go to higher education than almost anywhere in the world

The federal government plays a limited part – America does not have a central plan for its Universities

- ✓ Limits on how much to increase tuition fees (now must follow the inflation rate)
- ✓ Determines how to spend increase (70% for salaries)
- ✓ Curriculum and even the names of the programs are decided centrally
- ✓ SO number

Competition – universities compete for students to professors

- ✓ Central control and regulation limits competitive space and innovation
- ✓ SUCs not regulated to the same extent/must level the playing field

SPECIFIC REFORMS

1. Deregulate the industry and foster academic freedom
 - Balance between standards and market
 - Free flow of information to the market on passing rates and quality
 - Introduce industry driven information

2. Rationalize SUCs and level the playing field
 - Cost recovery systems
 - Quality control on state institutions
 - Focus on high social return programs (e.g., sciences)

3. Quality oriented reforms
 - Pre Bac/more years of basic education
 - Reduction of GenEd for more room for ProfEd
 - Support for graduate education (with matching quality checks on graduate schools)

LESSONS TO BE LEARNED

1. One size does not fit all - overcentralization is dangerous
2. Establish systems of incentives and disincentives as opposed to rewards and punishments (e.g., market signals as opposed to administrative controls)
 - **Teacher quality**
 - **Student achievement (output based standards)**
3. Balance of excellence and access
4. Maximize existing resources (e.g., service contracting)



THANK YOU!!

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