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THE DECLINE (AND COMING FALL?) OF ISRAELI HIGHER EDUCATION

By Samuel Halperin

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When Israelis went to the polls on July 23d they had numerous crises on their minds, foremost among them those of the economy: runaway inflation, spiralling external debt, and the specter of rising unemployment. But one of the most fundamental of all Israeli crises was once again overlooked.

Israeli higher education—one of the prides of the Jewish people—has been sliding into mediocrity for quite a long time. Despite the generosity and hard work of diaspora Jewry mobilized through the various “Friends of” organizations (for example, American Friends of Hebrew University, Weizmann Institute, Bar-Ilan, Technion Society, etc.) Israeli universities are now consuming the investment “seed-corn” of earlier generations. In the words of Israel’s respected, non-political university Planning and Grants Committee:

After . . . nine years of financial constraint, we have no alternative other than to determine unequivocally that the system of higher education in this country is now in deep crisis, the consequences of which will most adversely, and in the near future, affect Israel’s security, economy, culture and general well-being.

THE HALCYON DAYS OF ISRAELI HIGHER EDUCATION

Higher education in Israel shares most goals in common with educational institutions elsewhere: training the nation’s professional manpower, furthering national development through scientific research, developing the country’s culture, advancing the boundaries of knowledge generally, and contributing knowledge and

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New Address: 51 Arlosoroff St., Jerusalem, 92183, Israel
Temporary Telephone: (03)932017

skills to the family of nations, particularly countries in the developing Third World. In addition, Israeli educational institutions have taken on key roles in the strengthening of Jewish culture and scholarship and in forging human links with the Jewish people everywhere.

During Israel's first twenty-five years, Israelis and world Jewry generally shared a national consensus: a country poor in natural resources and surrounded by hostile states simply *had* to invest heavily in university teaching and research. Consequently, Israeli higher education grew and prospered. Few small countries have done so much in so short a period. Enrollment in the eight degree-granting universities grew from 2,572 students in 1949-50 to over 64,000 in 1983. During the same period, degrees awarded rose from 239 to over 10,000 annually, including 7,400 bachelor's degrees. Today, approximately 11,000 students are pursuing master's degrees and 3,000 the doctorate. In 1982, the percentage of Israeli workers having completed 16 or more years of schooling was 13.4 percent, believed to be the world's record.

Like much else in Israel, higher education grew like topsy in "the seven fat years" between the Six Day War of 1967 and the Yom Kippur War of 1973. Of the 1.2 million square meters of university buildings constructed between 1964 and 1984, three fourths were started in the decade ending in 1974. Similarly, from 1960-75, the academic staff of Israeli universities grew by over 500 percent, an average annual growth of 10 percent, while from 1965-70 their growth rate reached a dizzying 18 percent annually. With the financial encouragement of the then minister of finance, Pinhas Sapir, and an expansionist Labor government, universities incurred large deficits in the building and operation of very substantial campuses. That was considered the best way to "establish facts" —to build an infrastructure which would "demand completion" in subsequent state budgets. Entire new universities obtained public funds simply by the unilateral agreement of powerful ministers of finance who effectively set the country's budgets. As a result, by 1973 the taxpayers of Israel were supporting some 83 percent of the universities' operating budgets, up sharply from their 45.5 percent share in 1959-60.

THE ADVENT OF THE PLANNING AND GRANTS COMMITTEE

The cornucopia for Israeli universities, however, emptied much earlier than for most other sectors of the economy. An atmosphere of austerity generated in the wake of the Yom Kippur War quickly replaced the era of individual university entrepreneurship. In all events, campus budget deficits had to be eliminated and inter-university rivalries for direct funding by the Treasury had to be curbed. Gone were the "seven fat years."

Beginning in March 1974, a powerful Planning and Grants Committee (PGC), consciously modelled on the British University Grants Committee, was empowered to build a system of organized state support for higher education. Consisting of six members, at least four of whom must be distinguished academicians, the PGC's small staff of about seventeen employees headed by a prestigious full-time chairman (first Professor Natan Rotenstreich, today Professor Haim Hariri) exercises a wide range of impressive powers: controlling all public funding of university development and operating budgets; coordinating of university programs "to encourage efficiency", preventing "superfluous duplication and encourage economy;" ensuring balanced university budgets and, in effect, determining whether new institutions, new programs or new units may commence operations.

Wielding their powers skillfully, the PGC focused on establishing orderly budgeting procedures: insisted on balanced university budgets, elimination of past debts and prevention of new ones; and gained control of costly development and construction programs. As the PGC's work bore fruit, the taxpayers' share of

financing the universities' operating budgets was stabilized and gradually reduced. Public funding fell from a high watermark of 83 percent in 1973 to about 65 percent today. The PGC had won control, but not at the expense of university quality or essential autonomy.

INSTITUTIONAL AUTONOMY AND STATE FUNDING

Higher education in Israel is today, in fact if not in name, a state system. Israel prides itself, subjectively, on the diversity, quality and independence of its "private" institutions of higher learning. Objectively, there is little question, however, that the role of the state—by exercise of the power of the purse—is decisive in three major areas. First, about 70 percent of university operating budgets and a quarter of all construction and equipment budgets come in direct support from the central government. Second, tuition fees have been deliberately set low by government policy and cover only about 7 percent of today's universities' budgets. Finally, academic and administrative salaries—over 80 percent of a university's total budget—are controlled by the government through its bargaining power in all collective wage agreements governing the public and quasi-public sectors. In fact, it is through the last device that universities in recent years have been able to make ends meet, keeping their tenured staff employed but at the expense of serious wage erosion for both academic and administrative personnel.

Perhaps the best way to note the critical dependence of Israel's institutions of higher learning on public funds allocated by the PGC is to look at the institutions' budgets overall:

TABLE 1
SOURCES OF FUNDING FOR UNIVERSITY ORDINARY BUDGETS, 1982-83
(millions of shekels)

	PGC	Tuition	Donations	Other*	Total
Eight universities	13,032.0	1,371.1	1,180.0	3,627.1	19,210.2
percentage share	(68%)	(7%)	(6%)	(19%)	(100%)
Other higher education institutions	293.6	34.2	25.2	46.2	399.2
Other expenditures (research, special projects)	1,169.6			80.4	1,250.0
Total	14,495.2	1,405.3	1,205.2	3,753.7	20,859.4
Overall percentage share	(69.5%)	(6.7%)	(5.8%)	(18%)	(100%)

* About half of these sums also derive from the public in the form of special or categorical grants from the Planning and Grants Committee.

UNIVERSITY TUITION: AN ISRAELI BARGAIN

Tuition fees are not set by the universities, but rather by the government in negotiations involving the Ministries of Finance and Education and representatives of the universities and their student organizations. Tuition is uniform throughout the country regardless of university chosen, undergraduate or graduate level, or field of study. Overall, student tuition covers no more than 20 percent of the actual cost of instruction and less than 7 percent of the universities' ordinary operating budgets.

Under the Katzav Committee plan adopted by the government in 1982, the level of tuition fees is determined annually in accordance with changes in the cost-of-living allowances paid to workers. In practice, this method of adjusting tuition fees in a period of rapid inflation has eroded the real value of this income to the universities to only half of what it had been in 1974-75. At the time of determination of the fee for 1983-84, the dollar equivalent of tuition for a full academic load was \$615 annually. This is less, observe the critics, than the fees paid by many parents for nursery school. In truth, in a country noted for its relatively high costs, university tuition levels are properly considered a bargain. (No wonder, then, that over 2,000 overseas students choose to study in Israel, taking advantage not only of quality instruction and cheap tuition, but of student financial aids especially designed to attract potential immigrants.)

Earlier this year, the Ministry of Finance attempted to abrogate the tuition-setting agreement which it had accepted in 1982 as valid until 1987. In place of a tuition fee in 1983-84 of approximately \$615, the Ministry sought and obtained an immediate rise to \$1,000 and a long-term rise to perhaps half the cost of education.

It seems apparent that tuition income will play a larger role in financing Israeli higher education in the future than it does today. While there is as yet no agreement on how much the cost of higher education should be "privatized," there is an emerging consensus that public subsidies in areas like university education should be reduced and the burdens shared with student-users and their families. At the same time, there is renewed public discussion of the possible need to create more scholarship and loan funds and to explore tuition subsidies in exchange for post-graduation public service and employment in professions vital to the national interest.

THE FUTURE BECLOUDED

What is the nature of the crisis in Israeli higher education? Unlike problems of rapid growth, which are easily expressed in quantitative terms, the issue appears more insidious, characterized by persistent erosion of intangibles like quality, morale, and innovation.

The data we have from the Planning and Grants Committee is clearly cause for deepest concern. The following two tables deserve to be pondered by all who recognize the primacy of higher education in determining what kind of Israel will enter the 21st century:

TABLE 2
DISINVESTMENT IN ISRAELI HIGHER EDUCATION, 1974-83

	1974	1983	CHANGES IN %
Number of students	48,140	62,500	+30
Number of academic positions	6,630	6,451	-3
Number of administrative-technical staff	9,120	8,094	-11
Non-wage expenditures (millions of shekels)	3,754	2,791	-26
Share of higher learning in Israel's regular state budgets	7.9%	4.4%	-44
Size of development budgets (millions of shekels)	3,815	1,350	-65
Government share of university development budgets	1,897	370	-81
Government share of university regular budgets	82.9%	60% est.	-28

TABLE 3
HIGHER EDUCATION AND ISRAEL'S GROSS NATIONAL PRODUCT
1974-80

	1974-75 %	1979-80 %
National expenditure on education as % of GNP	8.3	9.0
National expenditure on higher education as % of national expenditure on education	27.2	24.0
Current expenditure on higher education as % of current expenditure on education	25.1	23.0
Fixed capital formation in higher education as % of fixed capital formation in education	34.2	30.5

Beyond such statistics, there are other manifestations of serious university decline, evident to any careful observer: most campus building has ceased; purchases of the latest scientific equipment have been severely curtailed; library resources, including an expanding array of critical scientific and technical literature, are seldom purchased; intellectual exchanges with foreign universities and the hosting of international scholarly events have been restricted; the maintenance of numerous campus facilities has been severely reduced and signs of physical decay are increasingly evident; small (but potentially vital) university programs and departments have been terminated; student-faculty ratios are on the rise and campuses have become more impersonal; support personnel, supplies and operating hours for various university services have each been severely pared back. Budget deficits, once totally eliminated, have reappeared and now approach 10 percent of total expenditures. Perhaps most ominous for the future, the brightest, best-trained, "up-to-date" Ph.D.s have little opportunity of finding new positions either in research or in instruction. Rather, junior-level "external teachers" are hired on low-pay, one-year contracts with little or no prospect of permanent employment or professional development in their respective fields. No wonder that many choose the "brain-drain" route and accept overseas challenges or else leave academic pursuits altogether.

Thus far, only one solution to these multiple assaults on the quality of Israeli higher education seems to have developed any substantial political support: the raising of student tuition. But raising tuition, while it may help, will not solve the financial crisis of Israeli higher education. The crisis has gone on too long and proceeded too far. Even a doubling of tuition cannot, in itself, repair the damage suffered over the past decade.

What is urgently called for is a deliberate *strategy of renewed public investment in higher learning* in which the respective roles of tuition, philanthropy and government support are each considered and set forth in a long-term financial plan. The development of such a strategy ought to be high on the agenda of Israel's new government. But this will not occur unless there is clearer recognition among the leaders of world Jewry that this crisis has already been with us far too long.

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Samuel Halperin, Senior Fellow and former President of the Washington-based Institute for Educational Leadership, is also a Visiting Fellow of the Jerusalem Center for Public Affairs. He served as Deputy Assistant Secretary for Legislation in the U.S. Department of Health, Education and Welfare from 1966-69 and held a variety of other public posts in the 1960s. His latest work, Everyman's University of Israel, will be co-published soon by the Jerusalem Center for Public Affairs.