

The Inequalities of Resource Allocation and Higher Educational Values

教學資源分配不均與高等教育價值觀

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Abstract : Ideally, school budgets are distributed to merit all people in the school system. However, for many years, market-driven and quality assurance have become current educational goals in most of the higher education institutes worldwide. Budget cuts have resulted in the inequalities of resource allocation among departments. Academic instruction and research are based on competition and efficiency. The “haves” or better-performed departments have received abundant financial resources from government or large private corporations. However, the objectives of the “haves” department must be tied to the interests of national policies or corporation needs. The “have-nots” departments are facing budget cuts or insufficient financial support. Consequently, the quality of education has become unsteady. Market-directed academic research has become the target research. Personal preferences have to be left behind. Fields of humanities, arts, social science, education and human services are ignored. Considering the problems caused by merit-driven school system, school authorities must keep in mind that the traditional educational value for spiritual enrichment must be well kept.

Key words : budget allocation, higher educational institutes, school’s traditional value, quality assurance, market-driven public interests

摘要 : 理想情況下，學校的預算應妥善分配予學校體制內所有的人。然而，多年來，市場導向，品質保證，已成為當前教育的目標，因面臨預算刪減問題，世界上許多高等院校的科系間出現了許多的教育資源分配不公的現象。教學和學術研究是基於競爭和效率。“教育資源豐富的科系或學校”得到來自政府或大型私人公司的大量金援。然而，這些科系或學校的發展目標必須為合乎國家利益的政策或呼應企業的需求。“教育資源匱乏的科系或學校”則面臨預算削減或資金不足現象，因此，導致教育品質不穩。市場導向已成為學術研究的目標。學習偏好則被忽略。人文，藝術，社會科學，教育和社服，已不被重視。學校當局應重新省思教育的精神與真正的價值，以訂出更有意義的教育目標。



關鍵詞：預算的分配，高等教育機構，學校的傳統價值觀，品質保證，以市場為導向的公共利益

INTRODUCTION

According to Spaulding [9], school budget is an instrument to “determine the organization, methods, and results: size of classes, means and materials of education, educational values” (p.685). The budget distribution should concern all people in the school system including the president, faculty, staff and students. School budgets should be made to produce the best educational outcomes. However, Liefner [6] found that in many countries educational resources are directed by the budget providers (i.e., the government, the large business or industrial corporations, and the tax payers). For example, in September 2007, National Taiwan University received NT\$ 15 billion (about 47 million US dollars) of educational donation from Hon Hai Precision Industry Corporation [12]. The donation was made for biomedical department development and cancer treatment research. The same year, Quanta Computer Incorporation also donated NT\$205 million (more than 6 million US dollars) to the school's physics department for a new research center establishment. The budget issue has long been debated. Who does the school budget serve the budget providers, the school board, the teachers or the students? What make the budget allocation, quality assurance, market-driven, public interests or the school's traditional value? For many years, budget cuts have become a global issue in higher educational (HE) institutes. To take United State as an example, in Indiana, budget cuts are statewide. The \$67 million budget cuts during fiscal years (FY) 2001-2003 in Indiana higher educational institutes have drawn great concern from six Indiana university presidents, from Indiana State University, Vincennes University, Indiana University, Ball State University, University of Southern Indiana and Purdue University have reminded the government to consider drawbacks of budget cuts. The drawbacks appeared in the shortage of equipment maintenance or replacement, the decline of teaching quality, and the reduction of faculty [4]. In Virginia, Virginia Tech considered a layoff of 200 faculty, staff, administrators and graduate teaching assistants in 2003 because of the \$25 million budget cut during FY 2002-2003 (Goral)[2]. In Oregon, budget cuts have caused resource inequalities: “academic program reductions, loss of support services, and cuts in faculty positions” at the University of Oregon (Kerlin and Dunlap)[5]. In Hong Kong and Singapore, a government mandated budget has directed the HE institutes toward quality assurance, performance-based and market-driven education services (Mok)[7]. Accordingly, budget and educational objectives are closely tied. This paper aims to answer the following questions. How budget cut or mandated budgets reallocate the educational resources? How resource relocation influences the development of HE institutes and individuals involved? What are HE institutes’



standpoints in dealing with the public interests and the traditional value? Accordingly, this paper is divided into four parts: (1) school budget and expenditures, (2) the budget cut/control and the resource reallocation, (3) the impact of quality assurance policy on schools and individual involved and (4) the educational value.

PART I: SCHOOL BUDGET AND EXPENDITURES

What makes school budget and what are the school expenditures? The answers might not be the same for each individual school based on the Carnegie classification of HE institutes. In general, HE can be classified as state (public) and private colleges/universities, and research and teaching college/universities (The Carnegie Foundation for the Advancement of Teaching)[10]. Even though HE institutes are different in types, they have similar ways for school funding and expenditures.

School Revenue

For most public HE institutes, operating revenue is from government grants, federal indirect costs of research grants, investment income (endowment, and operating funds), tuition fees, and facilities renewal fees (Dalhousie University)[1]. For most private HE institutes, besides the government and federal research grant, most school revenue is the same as the public ones. For example, Saint Mary-of-the-Woods College in FY 2002, had total revenues from tuition and fees (70.7%), gifts (donation) 12.2%, auxiliaries (13.1%), endowment and other (4%). (Saint Mary-of-the-Woods College)[8]

School expenditures

In general, for public HE institutes two major school expenditures are: general operation expenditures and responsibility center expenditures. The general operating expenses are made for equipment and alternations, scholarships, bursaries and student assistance, energy, facilities renewal, water, taxes and insurance, facilities/space, endowment management expense (i.e., external investment management, custodial and advisory services, legal and audit expenses and recovery of internal staff costs related to the management of university endowments) and contingency. The responsibility center expenditures are made for faculty and unit budgets, provision for compensation adjustments including the cost of wage, salary and employee benefits and ancillaries including the budget for the bookstore, housing and conference services, arts center, personal computer purchase center and food services.(Dalhousie University)[1]. For example, in FY 2004-2005, the total operating expenses for Indiana State University by percentage is: compensation and benefits (66%), supplies and expenses (21%), depreciation (6%), utilities (4%), scholarships and fellowships (3%), (Indiana State University)[4]. For private HE institutes, for example the Saint Mary-of-the-Woods College, the proportion of school expenditures in FY 2002 is made of instruction



and academic support (38.4%), general administration, student service (15.2%), institutional expenditures (15.1%), financial aid (14.8%), physical plant 10.2%, and auxiliary services 6.3%. Accordingly, the major operating expenditure is on instruction and academic support. Therefore, when HE institutes are facing financial difficulties, such as budget cut, academic program reductions, and the cut in support services and faculty positions will often become the first consideration (Kerlin and Dunlap)[5].

PART II: THE BUDGET CUT/CONTROL AND RESOURCE REALLOCATION

In this section, the impact of a budget cut and the inequalities of resource reallocation on HE institutes will be analyzed followed by examples from US, Hong Kong and Singapore. According to Liefner [6], when schools face financial uncertainty, various types of school funding will influence HE institutes and individual behaviors. For example, if the major revenue is state-oriented, government directives will be influential. “Over the last three decades, public pressure has forced governments in many western countries to look for ways to meet society’s needs without spending too much tax-payer-generated money” (p. 470).

On the other hand, if the major proportion of HE school funding is from private sectors, such as tuition and fees, donations, grants, or research contracts, the academic instruction and research will become market-driven (Liefner)[6]. Over all, market driven and government directives or both have been adapted to control instruction and academic research worldwide in European countries, such as Germany University of Hannover), Switzerland (Swiss Federal Institute of Technology and University of Basel), Netherlands (University of Twente and University of Bristol), in US (i.e., Massachusetts Institute of Technology, University of Texas at Austin and University of Oregon), in Asian countries, such as in Hong Kong (i.e., the City University of Hong Kong or CityU) and in Singapore (the National University of Singapore or NUS) (Liefner)[6] (Mok)[7].

Competition is necessary for schools and individuals. In the macro level, school innovation is necessary for long-term survival. Universities must provide high quality instruction and research to meet the revenue providers’ interests in order to compete with other organizations for high level of funding. In the micro level, within and between departmental competitions for more funding or resources have come to direct the individual behaviors. Income sources are aligned with performance-based or quality assurance. The mechanical formula funding system has been employed to evaluate the performance for each HE institute, department or individual (staff and faculty). The large proportion of school funding always goes to the better-performers, those universities, departments or individual who performed well. However, the poor performers will lose funding as well as reputation and prestige



(Liefner)[6]. The situation is also universal. For example, in U.S., HE curriculum development depends on the organizational culture: highly competitive, customer-oriented and quality assurance. In Australia, educational quality is measured by research output and instructional performance. In East Asia, Pacific region (i.e., Vietnam, and China), education excellence is for international competitiveness and quality effectiveness (Liefner)[6]. As Liefner [6]points out:

All these produce more user-pays philosophy...education focus on results and efficiency and effectiveness, decentralized management environments, flexibility to explore alternatives to public provision services, establishment of productivity targets, and a competitive environment between public sector organizations, along with the strengthening of strategic capacities at the centre of organization (p.153-4).

Based on the performance-based principle, the educational resources have been assigned to those “haves” (highly performers), and reduced from those “have nots” (poor performers). Usually, fields like business and physical sciences which are likely to obtain alternative research funding are regarded as “haves”; however, fields within the humanities, social science, education and human services which depend mostly on state-oriented funding are considered as “have not” Resource reallocation has favored the department and faculty members who meet the interests of governments, taxpayers and school policy makers. For example, in the University of Oregon (UO), resources from state government or private sectors have been made to the targeted academic fields or high technology departments, such as physical sciences, computer science, and business which are capable to raise or find a great deal of school funding. However, the cut in service and faculty position are given to those “have not” department. For example, in July 1992, the position of 17 administrators and 29 fixed-term appointed faculties were cut because of department closing. Twenty tenured professors were reassigned to other surviving departments. In spring 1990, the American Studies program was no longer offered because of the budget cut (Kerlin and Dunlap)[5].

PART III: THE IMPACT OF QUALITY ASSURANCE POLICY ON SCHOOLS AND INDIVIDUAL INVOLVED

According to Kerlin and Dunlap, state economic development plan and private sector needs for increased research and development assistance have enlarge the gap between “haves” and “have nots.” The salaries between target academic department and non-target academic departments were far different. Professors from out-performed areas, such as business, engineering, computer science, and medicine, have received numerous financial aids from public or private organizations. With the extra income, the salaries of out-performed professors are far greater than those poor performers from non-target fields, such as



humanities, social sciences, human services, and arts. The inequalities have caused increased stress, declining job satisfaction, and tension within the faculty members.

Budget Reallocation and Individual Behaviors

Kerlin and Dunlap [5] conduct a case study to investigate the reaction of faculty members in UO under the inequalities of resource allocation. They found that the situation has resulted in the increasing stress, and declining morale. They interviewed 860 full-time faculty and 240 part-time staff using the 4-points Likert evaluation scale (very dissatisfied, not satisfied, satisfied and very satisfied). The result showed that “faculty are most dissatisfied with their salaries, availability of research assistants, and support services, the process of determining salaries, and raises, the quality of research facilities and support, time available for research, and the quality of the central administration” (p.357). Voices from the interviewees were: “I didn’t think much of the programs that were cut last year”, “Nobody knows what will happen next”, “All my colleagues are gone”, “All my students are hurt...I use this place just like it uses me. But, I’m not grateful to be here”(p.368).

In reaction to the resource inequalities, most at-risk faculty from poor-performing departments, assistant professors (63%) and instructors (59%), tended to ask for retirement or leave for other jobs. Some departments directly affected by the budget cut have become politicized. They learned to bargain for the resource or seek alternative funding from powerful decision makers in high academic positions. Because of highly competition environment and merit-driven evaluations system, most of the faculty members have low morale and high stress.

Budget Reallocation and HE Objectives

In addition to the change of individual behaviors, the educational goals of most American public higher education institutes or universities have shifted from private research interests and public interests, such as community service to economic and technological objectives (Kerlin and Dunlap)[5]. Moreover, under the trend of globalization and the government control budget, the goals of HE institutes in both Hong Kong and Singapore have become market driven and performance-based or quality assurance to mirror the national policy, making the country become internationally competitive (Mok)[7]. Quality assurance aligned with managerialism and commercialization has become the indicators for academic instruction and research. For example, commodification of knowledge has been stressed in the City University of Hong Kong (CityU). Students are viewed as clients or customers. In the school aspect, cost effective and quality control are emphasized. Curriculum development is market-driven and must be highly responsiveness to ensure academic effectiveness. In an individual perspective, academic instruction and research are customer-oriented. Professors sell skills and knowledge to their clients (the student). The professors must be aggressive and sensitive to the market needs (i.e., the interests of resource providers). The educational goals



are based on the public concern, value for money, excellence, innovation and cost-effectiveness (doing more with less, fewer staff, and less resources) (Mok)[7]. Resource allocation is based on outcomes assessment. Financial reward is for outstanding performance in quality control. The more active research the academic department has, the more funding the department rewards. The HE quality assurance is under the supervision of UGC (The University Grants committee of Hong Kong), RAE (Research Assessment Exercise) in 1994 and 1996, TLQPR (Teaching and Learning Quality Process Audit) in 1997 (Mok)[7]. In CityU, the government control budget was made to reward the so-called strong center, departments which meet the direct interests of industry, commerce, and government, and close the weak center, the department which do not meet the criteria or under performance.

Similar to Hong Kong, education in Singapore is for national economic development under the slogan of “Thinking Schools, Learning Nation. Efficiency and effectiveness, value for money are stressed...the government of Singapore has adopted clear human resource and social control concepts in running education” (Mok)[7]. Government financial support is to promote academic research for technology productivity in the selected areas, such as science and engineering. In the NUS (National University of Singapore), the department funding and individual promotion are closely related to staff publication. Research grants are awarded to selected areas which are important to the nation and are able to be published in remarkable international journals (Mok)[7]. Academic instruction and research must be able to foster global competition.

PART V: THE EDUCATIONAL VALUE

From the previous discussion, we found that market-driven system in HE institutes is worldwide. Effectiveness, efficiency and quality-assurance are stressed. Non-mainstream research has been neglected. Some valuable programs or departments in the field of human sciences have been closed. However, as Spaulding [9] points out, school budget is to satisfy all people in school rather than in favor of better performers. These non-target research or programs might not bring HE institutes a short-term benefit but they might produce long-term merits and become more valuable. For example, fields like humanities, social science, education and human services are all valuable programs which help create the beauty of culture and enhance our spiritual life. Educational value should not focus mostly on material enrichment but also human spiritual growth.

In addition, the closing of poor-performed programs or departments will force students to transfer to the better-performing or surviving department. Some transfer to other schools. Many must take other courses which are not related to their major areas from departments other than their professional field. For example, according to my personal interview with 3



international students majoring in Early Childhood Education at ISU, all of them have been forced to take courses from the CIMT (Curriculum Instruction and Media Technology) department in order to graduate because many of their required courses have been cancelled at their last semester for not meeting the minimum number of class offering. Consequently, the quality of students is uncertain and the departments are losing more students. The department revenue from tuition and fees are decreasing and the department's reputation is declining. None of the interviewees have agreed to refer others to study this program. The worst issue is a snowballing effect.

Liefner [6] in his survey of six universities (University of Hannover, Germany, Swiss Federal Institute of Technology and University of Basel in Switzerland, University of Twente and University of Bristol in Netherlands, Massachusetts Institute of Technology and University of Texas at Austin in US) found that more than 90% of interviewees agree that quality of academics and the ability of students are the determining factors for university success (p. 485). However, resource allocation policy forces HE institutions, departments and individuals to give up personal preference in favor of the market-driven goals and leave the traditional educational value behind. In addition, school policy makers should be aware that the long-term success of HE institution depends on the qualifications and abilities of the people they employ Liefner [6]. Therefore, the resource allocation should not merely focus on prompting scholars to work hard for organizational merits; rather it should also take the individual research preference into consideration. Otherwise, the scholars will lose their research interests and become less motivated and less productive. As a result, the educational quality will be reduced and the reputation and original value of school will gradually diminish. Based on the traditional educational value, Watanabe, Takigawa, Saitoh and Misumi [11] state that Japan has been seriously damaged by the merit-led educational goals as follows:

“Japan has long been enthusiastic about education. Japanese were given democratic freedom and have become economically successful as a nation after World War II. However, Japan has been facing the social phenomena which suggest a sort of degradation of humanity: for example, politicians paralyzed by money, a breakdown of normal human relationship supposedly resulting from a wrong view of equality, the increase of suicides and of bullying of the weak by children, etc. What are the causes? Because of the Japanese education principle of "regulation and competition", there has been a tendency particularly after the War, to emphasize intellectual training, neglecting moral education. However, when we eliminated the mental and spiritual training necessary for a "well-rounded" individual moral education was left out of consideration when we planned school curriculum. We propose that some measures



should be taken to educate the young who love five universal virtues -- affection, justice, courtesy, wisdom and sincerity.”

Considering the problems caused by merit-driven school system, school authorities must keep in mind that the traditional educational value for spiritual enrichment must be well kept. Higher education should not serve as a money-making machine or means for economic development. Education is for life.

CONCLUSION

For many years, market-driven and quality assurance have become current educational goals in most of the higher education institutes worldwide. Budget cuts or budget control have caused the inequalities of resource allocation between departments. Academic instruction and research are based on competition and efficiency. The “haves” or better-performed departments have received abundant financial resources from government or large private corporations. However, the objectives of the “haves” department must be tied to the interests of national policies or corporation needs. The “have-nots” departments are facing budget cuts or insufficient financial support. To take National Taiwan University (NTU) as an example, in 2007, most educational donations from large enterprises were for science departments. Although humanities and social colleges are considered as industry of creativity, they seldom receive donations. When the electrical Engineering building was nearly completed, the construction of the college of Social Science was still struggling with fund raising. In addition, the gap of scholarship distributions was huge among colleges. The amount of scholarship for engineering departments far surpassed other departments, such as arts and humanities [12]. Consequently, the quality of education has become not stable. Market-directed academic research has become the target research. Personal preferences have to be left behind. Fields of humanities, arts, social science, education and human services are ignored. I agree that merit-driven education can enrich the country in material ways; however, education should not mainly rely on money but also the enrichment of human life. Education is not only for money. It is for human life. The further study is suggested to focus on how HE institutes keep balance in between the value of education and the budget issue.



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