

The Evolution of Private Higher Education

Case Study Portugal

Analyzing the financing perspective of Higher Education

Damásio, Teresa

Abstract:

Over the last few years, we have seen an evolution of private higher education in the European Union. Private higher education institutions are fundamental to guaranteeing equal access to all young people who wish to continue their studies. Today, they play a fundamental role, since over the years they have had an increasingly competitive training offer and have taken "national priorities" into account, as well as developing courses that are exclusive to private education and have a high reputation in the market. However, their forms of financing need to be analyzed to make these institutions even more competitive.

The case study analysed refers to the evolution of Higher Education in Portugal and shows how it has evolved in the country, with satisfactory results in recent years. The PHE – Private Higher Education - guarantees more equal and inclusive access. Therefore, private HEI – Higher Education Institutions - also have a public function and must therefore have state funding sources so that they can contribute to the training and development of our young people, meeting their choices and needs. All students should have the free will to choose the institution where they want to study and the state should fund students and their families, regardless of whether the institutions are private or public. The state should not consider economic interests when it comes to education, but rather have a vision of investing in its young people so that it can train and prepare them for the country's future challenges. Private HEIs are keeping up with current market trends, retaining foreign students and are now, seen in a different light by students, as having a distinctive and innovative offer.

At private HEIs in Portugal, today, it is possible to have (1) scholarships for students with good academic performance; (2) scholarships for students in need; and (3) job creation within the institutions for families. According to Professor Miguel Varela, Director of ISG - Business & Economics School, "No one questions that education is a human capital asset for nations, fundamental for economic and social development. As

such, it is a public good, regardless of the private or public nature of the provider" (Varela, 2011).

There has been a growth in private HEIs in Portugal. In 2022, according to a study conducted by Informa D&B, the PHE turnover increased by 10%, with growth of around 440 million euros. The number of students enrolled in these institutions increased by 6.7%. The same study reveals that there is a growth trend over the next few years, which is confirmed by the numbers described here. This result can be explained by the rise in the education rate in Portugal and the increase in the number of foreign students enrolled in Portuguese universities, who tend to seek out private universities.

As a result, it is important for each nation to think about the importance that the PHE has for the economic and social development of each country and, therefore, the State should have the role of contributing to the diversity and plurality of higher education by giving students a wider range of choices and making the market more competitive, inclusive and, consequently, contributing to more and better training. It is therefore necessary to rethink new ways of financing the PHE both through national and European funds, to make it more sustainable over time.

The case study of Portugal should lead university management teams and public authorities to rethink new forms of funding for the PHE, given the growing demand for these institutions over the years, which proves their position in the market and their importance to the country. As sources of diversifying funding for universities, we can point to some elements that can help increase competitiveness in the ESP, namely (1) encouraging innovation as a source of creating new funding opportunities; (2) investing in the development of collaborative research networks; (3) sharing knowledge between public and private universities; (4) developing projects that can compete for European funds, such as Erasmus; (5) state support that specifically addresses the PHE; (6) developing Research Centers within HEIs; and (7) creating partnership contracts with public and private entities for research projects, consultancy and the development of training programs.

It is important to introduce concepts of co-opetition, which means, public and private institutions should cooperate and compete simultaneously, promoting an orientation towards concrete results and developing education that meets the objectives

of students and the labour market. By collaborating, HEIs are helping to develop research and, consequently, innovation, which will contribute to new forms of funding.

In view of this case study, it is proposed that a Policies & Frameworks session be held to promote debate on new models and strategies for financing the PHE, taking into account current models and the new challenges that HEIs.

Discussions Questions:

1. Should students have the freedom to choose where they want to study and should the state subsidize this choice, regardless of whether the institution is private or public?
2. As is the case in Australia, Croatia and Estonia, where public subsidies are granted exclusively to private education institutions for courses in areas of education that are highlighted as "national priorities", or when private HEIs have a specific educational offer where the public offer is considered deficient. Should this model be replicated for the rest of Europe's universities?
3. Should public subsidies for private higher education be given directly to families or to institutions?
4. What is the role of innovation as a way of diversifying the sources of funding for private higher education?
5. How can private universities continue this upward trend?

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