Changing face of universities

While many others face financial pressures, those in Singapore are well-funded by govt

BY LYNN LEE

THE man who runs the Singapore Management University (SMU) says university chiefs here are luckier than their counterparts elsewhere, as they can focus on improving education quality without worrying too much about the bottom line.

SMU president Howard Hunter pointed to the Singapore Government's decision to fund 75 per cent of a university's revenue, not the costs of providing undergraduate education and 40 per cent of new projects, saying it left universities here in a strong financial position to make improvements.

"The commitment of the Government to quality higher education is remarkable," said the American law academic, who had spent 27 years at Emory University in Georgia before being appointed SMU chief in 2004.

"It gives us a real opportunity to build on quality." In return, fee increases at the three local universities must be approved by the Education Ministry and are capped at no more than 10 per cent a year.

Elsewhere, the situation is strikingly different as governments cut back on funding for universities in a bid to balance the books in tax revenues fall while total public spending goes up.

The website of the New South Wales Department of Education and Training says that government funding for higher education institutes in Australia has been cut by more than $3.2 billion ($4.4 billion) since 1996.

As a result, public funds now account, on average, for less than 50 per cent of a university's revenue. Such cutbacks would have hurt the University of New South Wales (UNSW).

UNSW vice-chancellor Fred Hilmer spoke about the financial squeeze on the sector in an interview with the university's in-house publication, Unikem, last year.

"The sector never had enough money, and we have always been pushed for resources. So that is obviously a big challenge, and there is no easy fix," he said.

British universities face the same pressures.

Mr Howard Davies, the director of the London School of Economics, revealed in a speech last year that only 18 per cent of the university's revenue came directly from the British government.

"The aim was to give university officials more freedom in the running of their institutions.

"The change meant they could, for instance, decide whether to spend more on manpower or research in a bid to differentiate themselves and draw talent.

"The change meant they could, for instance, decide whether to spend more on manpower or research in a bid to differentiate themselves and draw talent," he said.

"This allows us to be more entrepreneurial and innovative in the use of our scarce resources," he said.

These trends have led to universities taking a far more hard-nosed approach to the dollars and cents of education.

To boost bottomlines, a number of universities have turned to a new generation of leaders who have not only strong academic credentials, but also commercial savvy and fund-raising abilities.

This is one reason why the 900-year-old Oxford University appointed New Zealand businessman John Hood as its vice-chancellor three years ago.

He tried, but failed, to reign the composition of Oxford's highest council, which oversees financial and investment policies, to include businessmen, not just dons.

His aim was to improve transparency and bring in funds needed to compete against well-endowed American universities.

Even though Singapore universities do not face the same financial pressures as their overseas counterparts, they, too, are keen to increase revenue and diversify the sources.

Besides government funds, their other income sources are student fees, donations, private research grants and the returns from investing their endowment funds.

Two years ago, the National University of Singapore (NUS) and the Nanyang Technological University (NTU) were restructured to become companies, albeit not-for-profit ones.

The aim was to give university officials more freedom in the running of their institutions.

"The change meant they could, for instance, decide whether to spend more on manpower or research in a bid to differentiate themselves and draw talent.

"This allows us to be more entrepreneurial and innovative in the use of our scarce resources," he said.