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The Robust Privateness and Publicness of Higher Education: Expansion through Privatization in Poland

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Introduction: delayed massification

Privatization of higher education is closely linked to its expansion: when systems expand, there appears a fundamental question of how to fund them from the public purse. The growth of higher education in Poland under the communist regime (1945–1989), and especially in the 1970s and 1980s, was frozen: enrolments were stable and higher education was largely inaccessible.

Privatization following the 1989 regime change had two crucial dimensions: ideological (accompanying massive privatizations in the economy in general) and financial (financial austerity affecting all public sector services). The financial dimension of privatization was more important, and it was accompanied by a general lack of interest in social policies from policy-makers in the midst of large-scale economic reforms.

The two main types of privatization are *external* privatization (the booming private sector) and *internal* privatization (fee-paying courses in the nominally free public sector). ‘Education can be privatized if students enroll at private schools or if higher education is privately funded’ (Belfield & Levin, 2002, p. 19); Poland provided examples of increasing private provision and increasing private funding in both sectors. Belfield and Levin (2002) argued that ‘the first factor to explain privatization in education is simple: many parents want it’ (p. 29). Polish students (and their parents) clearly wanted higher education; consequently, as elsewhere in Central Europe, ‘private higher education provide[d] stark solutions to the dilemma of how to keep expanding access while not expanding public budgets’ (Levy, 2008, p. 13).

European transition countries in the 1990s were experimenting with the privatization of various segments of the welfare state, including both cash benefits (such as old-age pensions) and benefits in kind (such as health care and higher education; Barr, 2004, p. 89–92). The traditional welfare state was ‘overburdened’ (Spulber, 1997), operating under increasing financial pressures, and the privatization of higher education was part

and parcel of privatization of other public services (Feigenbaum et al., 1998, p. 36–58; Kwiek, 2016a).

The demand-absorbing growth of private higher education made postcommunist European countries different from Western Europe. ‘The resources to finance mass, high-quality higher education from taxation’ were not available there (Barr, 2005, p. 243). What happened was ‘a non-elite response to the failure of the public sector to meet the growing demand for higher education’: ‘a public failure’ meant avoiding tasks, both on the part of the state and public academic institutions, as described regarding private higher education expansion in Latin America in the 1970s (Levy, 1986a, p. 59). Higher education growth in Poland was achieved through the growth of demand-absorbing privates, accompanied by the delayed growth of publics. The massification occurred with a delay compared with Western European systems, and it took place in a double context of public underfunding of old public institutions combined with the emergence of new private institutions opening their doors to hundreds of thousands of new students, mostly from non-traditional socio-economic backgrounds (Kwiek, 2013; Pinheiro & Antonowicz, 2015).

The growth of (‘independent’ in the OECD classification) private higher education raised important equity, affordability, and access issues: access for whom, access to what, and access on what financial conditions. It did not mean ‘better’ or ‘different’ higher education; it meant most of all ‘more’ higher education (see Geiger, 1986). This expansion was made possible by powerful processes of external and internal privatization, dual phenomena that opened higher education to market forces from which Polish higher education had been isolated until 1989.

From numerus clausus policies (1945–1989) to open door policies (1990 and beyond)

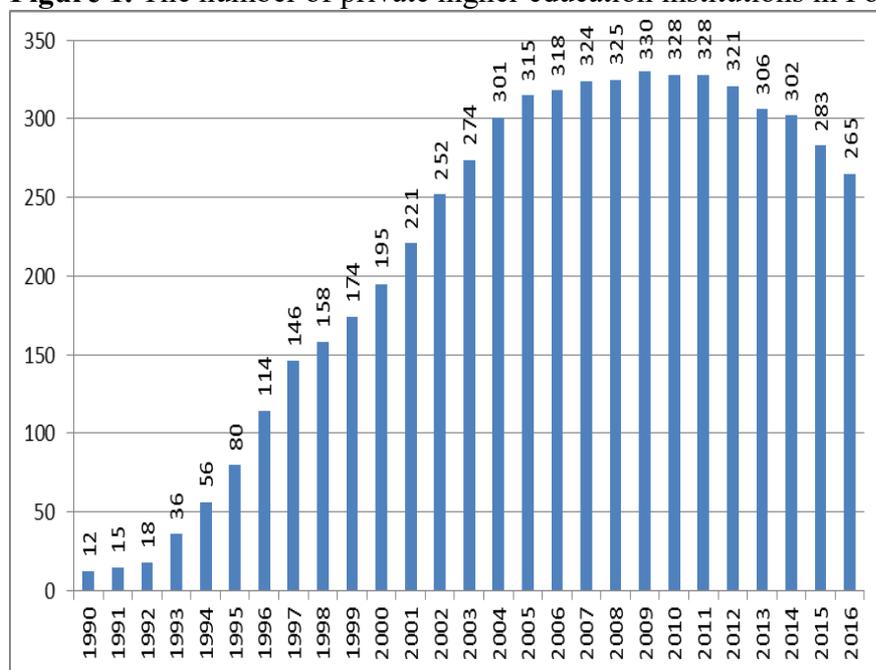
Higher education in Poland under communism was traditionally research-focused, its ‘distinctive mark’ being its ‘predominance of research and the teaching of research methods’ (Szczepański, 1974, p. 4). From 1970 to 1990, the number of students was strictly controlled and fluctuated between 300,000 and 470,000. The strict *numerus clausus* policy limiting student numbers was the rule. While Western European systems were already experiencing the processes of massification in the 1970s and 1980s, higher education in Poland was as elitist in 1990 as it was in decades past (Siemińska & Walczak, 2012). One of the major reasons for the phenomenal growth of private higher education was the heavily restricted access to public higher education before 1989, combined with new private sector employment opportunities in the changing economy. Increasing salaries in the emergent private sector pushed ever more young people into higher education. However, consistent with Geiger’s findings, private higher education was forced to operate ‘around the periphery of the state system’ (1986, p. 107). Following 1989, the *numerus clausus* policy was maintained only in the public sector. In the emergent private sector, the ‘open door’ policy ruled.

Changes following 1989

In the face of massive social, political, and economic transformations of an unprecedented scale, Polish universities were changing by accident, evolution, and intention (Goodin, 1996, p. 39), with emphasis on the first two models: accident and evolution. Intentional changes in higher education policy were rare, but there was a set of overarching principles guiding transformations in the university sector: institutional democracy, institutional autonomy, and academic freedom, all regained after the period of communism. Beyond general guiding principles, no further elaborate institutional design followed. The state seemed to have had no clear ideas about how to deal with disintegrating higher education institutions, characterized by radically decreasing academic salaries, brain drain, and a collapsing system of research funding (Kwiek, 2012a). The Polish case is consistent with Levy's general observation on the private sector's roles: 'private higher education's roles emerge mostly unanticipated, not following a broad preconception or systemic design. For the most part, central policy does not create, design, or even anticipate emerging private sector roles' (Levy, 2002).

The first new private institution was opened in 1990, 11 opened in 1992, 19 opened in both 1993 and 1994, 25 opened in 1995, and so on. The number of privates was systematically growing. Within the first decade of expansion through privatization, there emerged 195 new privates (195 in 2000), and by the end of the next decade, their number exceeded 300 (330 in 2009; see Figure 1).

Figure 1. The number of private higher education institutions in Poland, 1990–2016.



Source: Own calculations based on GUS 2016 and its previous editions.

There is only one comparator country in Western Europe with parallel privatization experiences: Portugal, with its huge expansion of the private sector in the 1980s and its gradual decline since the mid-2000s (Neave & Amaral, 2012). The level of enrolments

in the private sector in Poland, contrary to Portugal, depended exclusively on demand. In Portugal, students applied to enter higher education through a national competition, and in the application process, they applied for study programs and institutions, presenting their order of preference. In Portugal and Poland, the picture (after the democratic revolution of 1974 and after 1989, respectively) was similar: ‘the main objective of many candidates was to enter a higher education institution, at any price and in any available study programme. ... The private sector was allowed to develop almost without any control and without due attention being paid either to quality or to labour market needs’ (Correia et al., 2002, p. 468–469). Portuguese privates were designed ‘for short-term profit making rather than as sound academic and financial projects’ (Teixeira & Amaral, 2001, p. 370). As in Poland in the 1990s, ‘private institutions could do what they liked: and this they certainly did’ (Teixeira & Amaral, 2001, p. 390–391; Teixeira, 2012). The assessment of private higher education in Portugal fits the Polish case perfectly and follows global assessments of a demand-absorbing private subsector: private institutions ‘focused predominantly on teaching, have undertaken little, or no, research, and appear to be of lower quality than the older institutions’ (Teixeira & Amaral, 2001, p. 359). A major difference in Poland was the dominating financial austerity in public universities and impoverishing academic salaries in the 1990s.

The issue of fueling public funding to the private sector (Salerno, 2004) to let it survive more easily in adverse demographic conditions—which hit both sectors a decade ago—seems to have never been raised in Portugal. While Portuguese debates focused on changing institutional strategies, Polish debates focused on changing the national funding architecture, either through introducing universal fees in both sectors or through subsidizing the private sector. The catchword in the Polish debates was the ‘healthy competition’ between publics and privates.

Expansion through privatization

Internal versus external privatization

Privatization in higher education has different meanings (Fryar, 2012; Johnstone, 2007; Priest & St. John, 2006; Gómez & Ordorika, 2012). Here I use a distinction between internal and external privatization and define these concepts in terms of funding and provision (Kwiek, 2016a). From the perspective of funding, internal privatization occurs in public sector institutions (with ever more private funding over time), and external privatization occurs in private sector institutions (with ever more private sector institutions and private sector funding from fees in the system over time). From the perspective of provision, internal privatization refers to fee-paying students in public sector institutions, and external privatization refers to fee-paying students in private sector institutions—and changes over time.

In 1990, immediately after the fall of communism, the Act on Higher Education allowed the existence of private higher education institutions. A ‘mushrooming’ period followed. Until 2002 when the State Accreditation Commission (PKA) started its

evaluations, the licensing of private institutions and their liberal overseeing was done by the Ministry. Accreditation by PKA, started in 2002, became the main instrument in national educational policy to gain public control over the private higher education sector in order to increase the quality of private (and public) higher education and to restrain mushrooming of private higher education. Between 1990 and 2002 when this law was amended and PKA was formed, the state was largely unable to control the private higher education system (Kwiek, 2012b).

From 1990 to 2001, the legal control and supervision mechanisms at the state's disposal were weak (the relevant formulation in the act and in lower-level regulations were general and often ambiguous), the Ministry was not staffed enough and, technically speaking, its physical access to and its power to impose decisions on private higher education institutions were very limited. The existing representative body of the academic community, RGSW (The Main Council for Higher Education) was unable—both technically and legally, as well as in terms of infrastructure, staff, and resources—to provide support to the Ministry in controlling and supervising the private sector. No other institutions were legally able to assess the quality of education offered in the sector (or any other dimension of its functioning). The state in the 1990–2001 period was highly liberal with respect to the new sector (Pinheiro & Antonowicz, 2015). The conditions to enter the Polish higher education market for privates were liberal, and the scale of the emergence of the private sector was unexpected. In particular, the state was unable to effectively control private sector growth and the quality of teaching privates offered.

The private sector exerted powerful influence on the functioning of the public sector, which was also growing substantially, especially through its fee-based part-time tracks. This influence was partly positive as a result of the new cross-sectoral competition—but mostly negative as a result of private institutions using almost exclusively public sector academics and the almost universal ‘moonlighting’ of public sector academics working full-time in both sectors, with an emergent hot issue of ‘multiple employment’ (Antonowicz, 2016). The growth of the private sector led to a powerful decline in research activities conducted by academics and generally-reported neglect of their teaching duties in their original, main workplaces (i.e., public universities; see Kwiek, 2012a on the deinstitutionalization of the research mission in Polish universities).

The naivety of policymakers in the 1990s was linked to several larger assumptions: most of all, a widespread assumption that ‘the market knows best’ and that market mechanisms (rather than state-imposed regulations) would better serve higher education. The laissez-faire attitude of the state regarding private sector growth was a side-effect of the general political feeling that the market was better than the state, and less state regulation was better than more state regulation. The overall attitude of the private sector was that the state should leave it alone, apart from rudimentary licensing requirements as laid down in the 1990 law, and rudimentary, mostly voluntary, supervision. In the period of early Polish capitalism, the emergence of private higher education institutions was viewed as the triumph of the individualistic thinking over

statist thinking from the pre-1989 period. A powerful argument of the private sector in the early 1990s against state interference was that the sector was fully fee-based. The growth of the higher education sector in the 1990s—fuelled by internal and external privatization—was mostly financed by students; public funding was not substantially increased until the next decade.

The public-private ‘distinctiveness’

The terms ‘public’ and ‘private’ still have well-defined senses in the Polish context, and Poland usefully illustrates the concept of ‘private-public distinctiveness’. Levy makes a clear distinction between the private and the public assuming that ‘the private-public distinction matters’ (1986b, p. 293), against dominating global (both American, see Geiger, 2007; Altbach et al., 2010; Sanyal & Johnstone, 2011; and European, see Enders & Jongbloed, 2007) trends of seeing the two concepts as increasingly blurred. In financing, the public sector in Poland is ‘truly public’ and the private sector is ‘truly private’ (as Levy referred to his Latin American cases, 1986b, p. 293; see a panorama of private sectors in 17 countries/regions globally in Shah and Nair, 2016; Altbach and Levy, 2005; and Teixeira et al., 2017). My preferred approach to privatization (and de-privatization in the final section) is related to this strong public-private distinction and makes use of two dimensions: funding (percentage of public and percentage of private funding over time) and provision (percentage of enrolments in the public and private sectors over time, as well as the percentage of fee-paying and non-fee-paying students over time). Funding and provision are the two major dimensions of the privatization agenda (Kwiek, 2016a).

A popular argument used in Polish debates about public funding for the private sector is that the major policy distinction should no longer be between public and private institutions but between good and bad ones. The blurring of the public/private distinction seems to serve the goal of making the channelling of public funding into the private sector more publicly acceptable. However, policy debates about the private-public mix of financing in Poland in the context of the possible decline of the private sector in the next decade are neither historically nor geographically unique. Levy (1986a: 206-207) identified debates about the very growth of private institutions, followed by debates about whether new private sectors should receive public funds, and finally debates about tuition in the public sector. The same policy issues were raised in Poland.

The difference between the two sectors in Poland is not becoming blurred from the double perspective of funding and provision: public funding for the private sector is marginal (in 2015 it was 3.2% in research funding and 1.7% in state subsidies for teaching); private sector institutions have private founders and owners (individuals, associations, or companies). Private funding through fees in the public sector is still substantial but decreasing in the last decade and expected to further decrease for demographic reasons, reaching 8.47% of public universities’ operating budgets, or about 460 million USD in 2015. Management and governance modes in the two sectors are different and clearly defined: while public institutions are still following

traditional collegial models, private institutions are following business-like, managerial models (Kwiek, 2015a; Kwiek, 2015b). In terms of who makes decisions in educational institutions, who owns them, and who pays for educational (and research) services, the blurring of the public/private distinction is not evident in the Polish system.

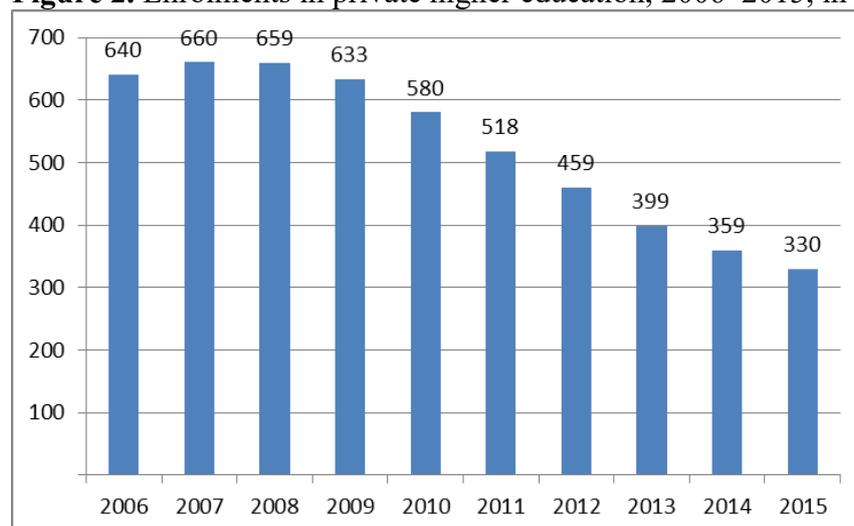
Demand-absorbing private sector growth

Consistent with findings in global private higher education literature, the largest growth in Poland occurred through non-elite demand-absorbing types of institutions (Levy, 2009; Geiger, 1986). As elsewhere in rapidly expanding systems, students were ‘not choosing their institutions over other institutions as much as choosing them over nothing’ (Levy, 2009, p. 18). The demand-absorbing private subsector was both the largest private subsector and the fastest growing one. Consistent with Geiger’s findings (1986, p. 107) about ‘peripheral private sectors’ (as opposed to ‘parallel public and private sectors’), the traditionally university component of higher education was monopolized by public institutions and the traditionally vocational component by private institutions. ‘Market segmentation’ rather than ‘open competition’ with the dominant public sector was the general characteristic (Geiger, 1986, p. 158). However, there is a potential for the development of a very limited number of semi-elite institutions (a maximum of 10–20). Elite private institutions are an almost fully American phenomenon, but semi-elite institutions in several countries can compete with second-tier public institutions.

Declining private provision

External privatization lasted for about a decade and a half and stopped for mostly demographic reasons, in terms of the number of private institutions (see Figure 1) and private sector enrolments (between 2006 and 2015, enrolments fell by 50%; see Figure 2), as well as first-year students and graduates in the private sector (Table 1).

Not only has the private sector as a whole been shrinking, but individual private institutions have also been drastically reducing in size. Over a seven-year period of contraction (2007–2014) for which data are available, the number of private institutions enrolling fewer than 500 students increased from 88 to 144, or from about a quarter (27.9%) to about half of all privates (49.7%); in a similar vein, the number of institutions enrolling fewer than 1,000 students increased from about half (49.8%) to more than two thirds (68.3%; Table 2). From both a business perspective and from a perspective of teaching quality, if half of the sector is comprised of institutions with fewer than 500 students, the sector is not sustainable in the future. Falling demographics have powerfully hit the private sector, throwing its future into question. The average institutional size has been decreasing, both for semi-elites and demand-absorbing types. Among the top 20 biggest private institutions in 2007, the first five institutions enrolled 87,559 students and the last five 32,412, compared with 64,235 and 19,076 students in 2014.

Figure 2. Enrolments in private higher education, 2006–2015, in thousands.

Source: Own calculations based on GUS 2016 and its previous editions.

Table 1. First-year students and graduates, private sector, change from 2006–2015 (2006 = 100%).

Year	First-year students	Change in number, in percent (2006 = 100%)	Graduates	Change in number, in percent (2006 = 100%)
2006	189,845	100.00	130,844	100.00
2007	194,466	102.40	144,639	110.54
2008	188,789	99.40	154,846	130.84
2009	160,525	84.60	157,563	120.42
2010	132,309	69.70	169,039	129.19
2011	114,897	60.50	171,822	131.32
2012	99,903	52.60	158,554	121.17
2013	86,930	45.80	140,971	107.74
2014	81,000	42.70	122,650	93.74
2015	78,424	41.30	106,146	81.12

Source: Own calculations based on GUS 2016 and its previous editions.

Table 2. The distribution of private higher education institutions in Poland by enrolments, 2014 (in percent).

Enrolments	Number of institutions	Percentage of institutions (%)
under 500	144	49.66
500–1,000	54	18.62
1,001–2,000	52	17.93
2,001–3,000	12	4.14
3,001 and more	28	9.3
Total	290	100

Source: Own calculations based on MNISW 2015.

Standard survival strategies for the private sector under demographic pressures have been discussed in several national contexts (Portugal: Teixeira & Amaral, 2007; USA: Levine, 1990; Japan and Korea: Kinmonth, 2005; Yonezawa & Kim, 2008; the OECD area: Vincent-Lancrin, 2008). However, the introduction of universal fees in the public sector has not played a fundamental role (played any role, for that matter) in any of those contexts. The Polish case is exceptional, and policy choices made can be studied in the future in all those systems in which the private sector has emerged in a period of educational expansion and its future became unclear in a period of demographically-driven contraction. Lessons learnt may have more than regional relevance.

The standard supply-side (private providers) solution could be high quality education that matches education and labour market needs and achieves high social recognition. However, the policy of non-interference and loose governmental control of the 1990s and 2000s contributed to the very low competitiveness of the private sector vis-à-vis the public sector. A handful of exceptions (semi-elites) do not make a big difference but need to be noted. As the introduction of fees in the public sector does not seem a viable policy option, mergers, acquisitions, and closures seem a necessity.

Public and private funding

Public funding: public support going (almost exclusively) to the public sector

Following Levy's typology of public/private mixes in higher education systems, it is analytically useful to view Poland as fitting the fourth pattern (dual, distinctive higher education sectors: smaller sector funded privately, larger sector funded publicly; Levy, 1986a, p. 199). Private-public blends require a number of important questions: single sector or dual; if single sector, statist or public-autonomous; if dual sectors, homogenized or distinctive; if distinctive, minority private or majority private? (Levy, 1986a, p. 198). The fourth pattern of financial policy identified by Levy fits Poland best: there exist dual and distinctive sectors (public and private), where the private sector has more than 10% but less than 50% of total enrolments and relies mostly on private finance, and the public sector relies mostly on public finance.

Consistent with the pure types of 'public' and 'private' sectors in Poland, privates have been almost exclusively self-financed. Policy proposals made in the early 2010s (during the last wave of reforms) could have marked the beginning of an evolution (Kwiek, 2016c). They seemed to indicate willingness to change policy patterns in financing higher education under a general theme of the 'convergence of the two sectors' (Woźnicki, 2013). However, this evolution did not start, with a few small exceptions: public funding was channelled to private higher education for doctoral-level education and for state-subsidized loans. The private sector was also given the right to apply for highly competitive research grants from a newly-created National Research Council (the NCN). However, slowly, the inflow of public funding has been noticeable, becoming a marginal source of income (Table 3). Similarly, research funds

were channelled to the private sector: about 26 million USD out of 813.5 million USD in 2015, or 3.2%. Table 3 shows the structure of the total operating budget of the Polish private sector in the last decade; the share of research income has been gradually increasing, reaching 4.4% in 2015 (accompanied by 85.7% of income coming from fees, and the rest coming from ‘other operating activities’, see Table 4).

Table 3. Operating income of higher education institutions in Poland in 2015 by sector, in million PLN. 1 USD = 4 PLN.

	Total operating budget	Teaching income	Income from fees	Research income
Total	23,455	18,320	3,472	3,254
Public	21,109	16,308	1,826	3,150
Private	2,346	2,011	1,646	103

Source: Own calculations based on GUS 2016 and its previous editions.

The Polish case confirms a general observation that ‘it is difficult, though far from impossible, for private universities to sustain themselves fully over long periods on private funds’ (Levy, 1986a, p. 205). Speaking of the growth of the private sector generally, the 20th-century norm is state funding of public universities and, overwhelmingly, private sources of funding for private institutions (Levy, 2009; Altbach & Levy, 2005). Poland closely follows this global funding pattern.

The concentration of public competitive research funding (apart from that of public subsidies) in the public sector in Poland can also be shown through the distribution of research funds available from the National Research Council (NCN). In its first six years of operation (2011–2016), the NCN disbursed 3.33 billion PLN (or 833 million USD), of which about 1.5% (50 million PLN or 12.5 million USD) went to the private sector. The top five public institutions garnered 46.12% and the top five private institutions 1.46% (see Table 5). The domination of the public sector institutions and its research teams is almost total—the public sector is where research is.

Private funding comes predominantly from fees (part-time students in the public sector, all students in the private sector). Under declining demographics combined with no longer expanding but still stable tax-based full-time studies in the public sector, the role of fees in the public sector has been declining as the number of fee-paying students has decreased by half (52.3%) in the last decade, against global trends (Heller & Callender, 2013; see Figure 3). The public-private dynamics in enrolments have changed radically. Additionally, within a decade (2006–2015), the share of fee-paying students in the system as a whole has decreased by half, from 59% to 40% (Figure 4), with a heavily declining provision-related indicator of privatization: the number of fee-paying students in the system has gone down from 1.137 million to 0.567 million.

Table 4. Income from research by sector, 2006–2015, in million PLN. 1 USD = 4 PLN.

	Total (million PLN)	Public sector (million PLN)	Private sector (million PLN)	Percentage of res. income in the public sector (%)	Percentage of research income in the private sector (%)	Percentage of research income in the total operating budget of the public sector (%)	Percentage of research income in the total operating budget of the private sector (%)
2006	1,533	1,450	33	97.8	2.2	11.6	1.4
2007	1,933	1,896	37	98.1	1.9	13.6	1.4
2008	2,092	2,057	35	98.3	1.7	14.1	1.3
2009	2,331	2,277	54	97.7	2.3	14.8	1.8
2010	2,693	2,607	86	96.8	3.2	15.9	2.8
2011	2,865	2,764	101	96.5	3.5	16.2	3.2
2012	2,864	2,760	104	96.4	3.6	15.9	3.6
2013	2,876	2,768	108	96.2	3.8	15.0	4.0
2014	3,065	2,955	110	96.4	3.6	14.9	4.3
2015	3,254	3,150	103	96.8	3.2	14.9	4.4

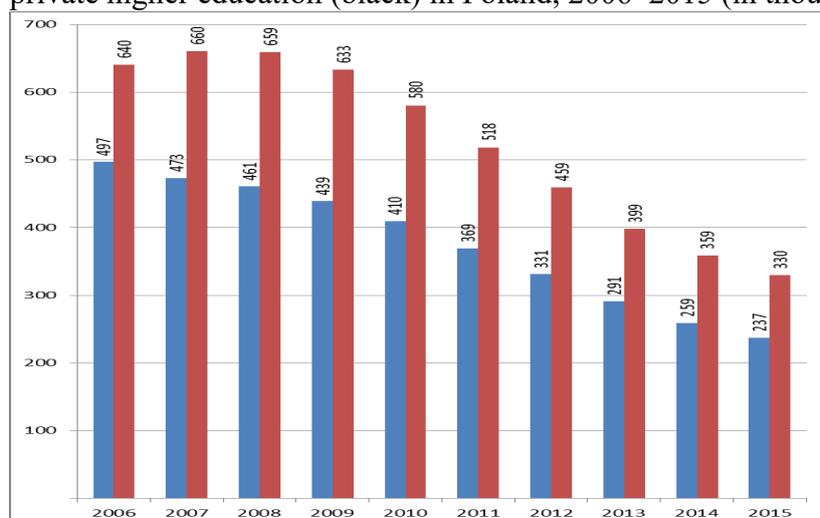
Source: Own calculations based on GUS 2016 and its previous editions.

Table 5. The concentration of research funding in Poland by sector: the share of individual project-based competitive research funding awarded by the National Research Council (NCN) in its first six years of operation (2011–2016) for the first five public (Top 5 Public) and the first five private (Top 5 Private) institutions, in million PLN. 1 USD = 4 PLN.

Institution	Amount (mln PLN)	Percentage
<i>Top 5 Public</i>		
Uniwersytet Jagielloński (Kraków)	498,839	14.98
Uniwersytet Warszawski (Warszawa)	493,696	14.82
Uniwersytet im. Adama Mickiewicza (Poznań)	222,613	6.68
Uniwersytet Wrocławski (Wrocław)	167,238	5.02
Akademia Górniczo-Hutnicza im. Stanisława Staszica (Kraków)	154,028	4.62
<i>Top 5 Private</i>		
SWPS Uniwersytet Humanistycznospołeczny (Warszawa)	32.44	0.97
Akademia Leona Koźmińskiego (Warszawa)	7.96	0.24
Wyższa Szkoła Informatyki i Zarządzania (Rzeszów)	3.67	0.11
Polsko-Japońska Akademia Technik Komputerowych (Warszawa)	2.69	0.08
Wyższa Szkoła Finansów i Zarządzania (Warszawa)	2.13	0.06

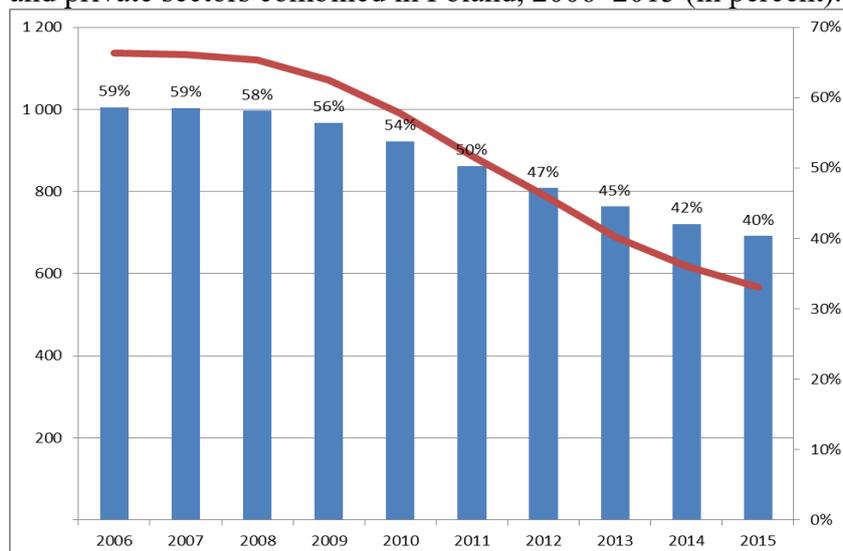
Source: Own calculations based on NCN 2017.

Figure 3. The number of fee-paying students in the public sector (grey) and enrolments in private higher education (black) in Poland, 2006–2015 (in thousands).



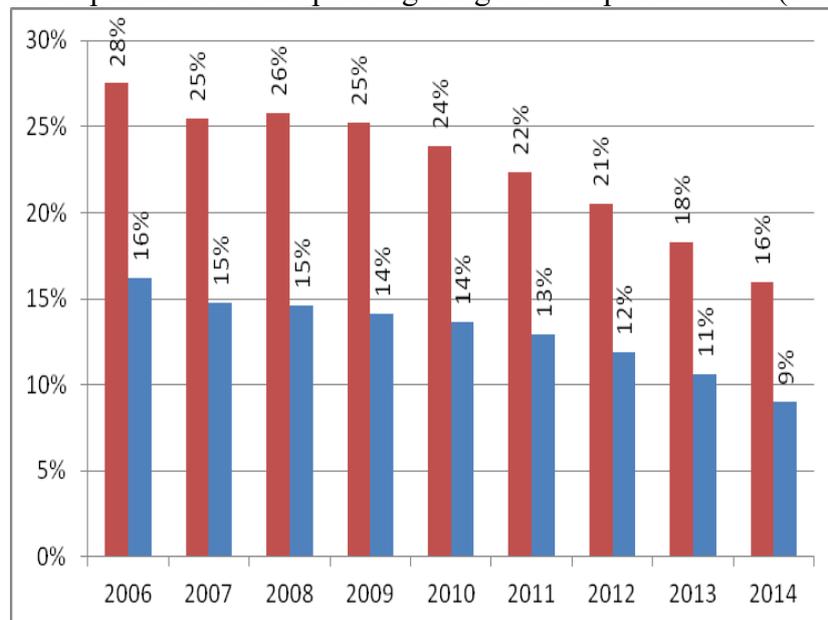
Source: Own calculations based on GUS 2016 and its previous editions.

Figure 4. The number (red line, in thousands) and the share of fee-paying students in public and private sectors combined in Poland, 2006–2015 (in percent).



Fee-paying students bring in fees to both sectors. However, their role in the public sector is decreasing, following an enrolment trend of fewer part-time students enrolled every year. Consequently, major funding indicators of privatization—a share of total income from fees in the system as a whole and a share of income from fees from part-time students in the public sector—have been decreasing for a decade now (from 27.5% to 14.7%, and from 16.2% to 8.6%, respectively, in 2006–2015; see Figure 5). Revenues from fees have been declining in both sectors, but more intensively in the private sector. In 2013, income from fees in the public sector was higher than income from fees in the private sector, the gap increasing every year. The total in 2015 was 3.47 billion PLN, with 1.83 billion garnered by the public sector and 1.65 billion garnered by the private sector, with the total operating budget for both sectors reaching 23.57 billion PLN.

Figure 5. Share of total income from fees (= private funding, public and private sectors combined) in total operating budget in both sectors (red); and share of total income from fees in the public sector in operating budget of the public sector (blue), 2006–2015.



Source: Own calculations based on GUS 2016 and its previous editions.

The private sector: self-declared autonomy and demands for public funding

For the first fifteen years (1990–2005), the private sector was booming: regulations were very relaxed and entry conditions and operating requirements were light. The business side of private institutions was phenomenal; the academic side was often non-acceptable, but the state and its agencies were unwilling to intervene in the sectors' academic activities (Antonowicz et al., 2017). However, further external privatization was threatened by two parallel processes, a combination of declining demographics and internal privatization (the public sector offering part-time studies in fee-based tracks). On top of that, public sector finally became better financed and has been able to offer ever more tax-based vacancies. Around 2010, there were numerous debates whether the private sector should be publicly financed—but no public funding followed. The private sector was left on its own, with ever fewer students every year, and no prospects for any other funding than fees. The whole system began to contract about 2006; the era of expansion was followed by the era of contraction.

From the very beginning, the private sector demanded full autonomy from the state and its regulations, with a set of relatively simplistic arguments: higher education provision should be governed by market rules of supply and demand and should be treated as a business activity in a highly competitive arena. The introduction of 'fair competition', 'free competition', or 'healthy competition' between public and private institutions was the major demand. Public funding should be channelled to both sectors; otherwise, the competition would be 'unfair'. A popular idea expressed by private sector rectors was that

the future of Polish higher education depends primarily on the political decisions regarding methods of funding; will the current monopolistic access to funds by state universities remain, coupled with the absurd Constitutional statement regarding the right to a free education in a situation of continued budgetary cutbacks? State universities retain their monopoly on public funding and fair competition is non-existent. ... Private institutions focus on the welfare of students and of the Polish state and demand access to public funds (Pawłowski, 2000, p. 73).

The social legitimacy issue emerged as key: being profit-oriented (in practical terms), the sector was unable to achieve the status of a respectable partner in a national higher education arena. Lack of social respect led to lack of social legitimacy—and consequently, the lack of future chances for larger access to public funding. Demands became dramatic, and arguments presented became irrational. For instance, private sector rectors strongly opposed increased financing of *public* institutions, which was ridiculous in the context of the chronic underfunding of Polish universities:

the state budget, by financing our competitors, current functioning and development of the state higher education sector, by breaking all the rules of free competition, is sealing our future fate (Malec, 2010, p. 59).

State financing of public universities and their research was viewed as the major obstacle in the private sector's survival, leading to a dramatic question: 'are we not needed?' (Malec, 2010, p. 59).

Rectors of private institutions argued dramatically in their open letter to the Ministry that the 'totalitarian monopoly of public higher education institutions' should be stopped and students in the public sector should be paying fees:

the state must not conserve archaic models of higher education, teaching and research from the former regime because the state is not the only employer and the owner of economy any more. The society is free and the economy is a private market economy. ... The functioning of research and higher education must, after 20 years of the existence of the new regime in Poland finally take into account the laws of the market economy (SRZUN, 200, p. 1)

Polish higher education was viewed as a 'caricature of the education market, with traits of an organized robbery of the state budget' – and 'a totalitarian monopoly' of the public sector was diagnosed. Consequently, the rules of 'fair and efficient competition'—leading to 'competitive access to public funding' based on 'pure competition'—were strongly requested (Pomianek, 2010, p. 2).

However, the comprehensive answer from the state in the 2009–2011 wave of reforms was simple: if the private sector wanted public subsidies, its institutions needed to enter a newly-created national research assessment exercise (termed

‘parameterization’) encompassing all public sector faculties (Kwiek, 2016c; Kwiek, 2016b). The condition was for each institution to be involved in research, to use its own academic staff, and to support the academic careers of one own’s young academics. The private sector, being primarily demand-absorbing, teaching-focused, and using academics from the public sector, was unable to meet these conditions.

To reduce costs, the private sector employs limited numbers of full-time (in the so-termed ‘first place of work’) academic faculty and very few full professors. In 2014 (the latest data available), out of 290 private institutions, almost eight in ten had fewer than 50 academics, and four in ten had fewer than twenty academics. Forty-seven institutions had fewer than ten academics. On top of that, full professors are a very rare species: almost half of private institutions employ fewer than five full professors, and two thirds of them employ fewer than ten (Table 6). To put the data in the right context (GUS, 2015, p. 164): in 2014, the public sector employed 80,177 full-time academics, including 5,865 full professors (and an average university faculty employs about 20 full professors). Additionally, the number of doctoral students and doctoral and Habilitation degrees awarded in the private sector—another dimension of research activities—is marginal: in 2014, there were 675 doctoral students (out of 43,399, or 1.6%), 98 doctoral degrees awarded (out of 5,712, or 1.7%), and merely 21 Habilitation degrees (out of 2,847, or 0.7%). There is a high concentration in these areas: a Warsaw-based SWPS Uniwersytet Humanistycznospołeczny (SWPS University of Social Sciences and Humanities), with five branch campuses across Poland, has almost half (47.6%) of doctoral students in the private sector and awarded three in ten (30.6%) of doctoral and four in ten (42.9%) of Habilitation degrees in 2014. All these research-related data are understandable in the context of a dominantly demand-absorbing type of sector—but these statistics illustrate that it is impossible for private sector institutions to meet the above research conditions to gain larger access to public funding.

Table 6. Full professors and academic faculty employed full-time (in the “first place of work”) in the private sector, 2014.

Full professors per institution (range)	Number of institutions	Percentage of institutions (%)	Academic faculty per institution (range)	Number of institutions	Percentage of institutions (%)
1	37	14.9	01-09	47	16.2
02–04	97	39.0	10-19	79	27.2
05–09	57	22.9	20-49	102	35.2
10–49	57	22.9	50-99	40	13.8
50–99	1	0.4	100-299	19	6.6
100 and more	0	0	300 and more	3	1.0

Source: Own calculations based on MNISW 2015. Percentages do not add up to 100% due to rounding.

Again, consistent with global findings, the Polish private sector is not exceptional. As elsewhere, private institutions play mostly equitable roles and rarely elite roles: ‘they

rarely assume or claim to assume academic elite roles complete with doctoral education, basic research, large laboratories or libraries, or mostly full-time academic staffs' (Levy, 2002, p. 5). The question relevant for Poland is under what type of rationale the current private higher education decline could be reversed or diminished in scale, once equity roles are no longer dominant: with declining demographics, the public sector is increasingly taking over equity roles—as it is able to cater to ever greater shares of age cohorts.

A farewell to privatization: a note about the future

Poland is not unique in having its higher education system contracting—and in having its private sector contracting. In parts of post-communist Europe (Poland, Romania, Bulgaria, and Estonia), global assumptions about the ever-growing demand for higher education and the constant growth in enrolments (Altbach et al., 2010)—combined with assumptions about the increasing pressure to privatize higher education mostly for financial reasons (Priest, St. John, & Boon, 2006; Johnstone, 2006; Sanyal & Johnstone, 2011)—seem not to hold. On the contrary, new public-private dynamics in these countries tend to suggest opposite processes. In the context of educational contraction, privatization processes are in reverse and college-age cohorts are declining. Consequently, the pressure to privatize public higher education (internal privatization) and to expand private higher education (external privatization) is lower than ever before.

The provision aspect of de-privatization includes a decreasing number of private higher education institutions, decreasing enrolments in the private sector, the decreasing number (and share) of fee-paying students in both sectors combined, the decreasing number (and share) of fee-paying students in the public sector, the increasing share of enrolments in the public sector, and the increasing share of tax-based (tuition-free) students in the public sector. The funding aspects of de-privatization in Poland include the decreasing income from fees in the public sector and in the private sector, the decreasing share of total income from fees (in public and private sectors combined) in the total operating budgets of both sectors, the decreasing share of private income in the public sector in the operating budget of the public sector, and the increasing share of public income as a proportion of the operating budget of the public sector. Processes of de-privatization in Poland are likely to continue; however, unexpected political decisions introducing universal fees can always be taken.

Conclusions

In discussing privatization in higher education, the Polish case study is important for two reasons. First, Poland has been the European country with the biggest private sector enrolments. Expansion through privatization in 1990–2005 was a successful experiment of increasing participation through a demand-absorbing private subsector, using private rather than public funding. Second, Poland shows the powerful role of changing demographics and stable politics in the changing public-private dynamics in

higher education. Once the champion of privatization, Poland—through a combination of demographic and political factors—became a radically de-privatizing system in which expansion and privatization were replaced by contraction and de-privatization. Between 2009 and 2015, the number of private providers shrank from 330 to 265; private sector enrolments in 2006–2015 fell by half, from 660,000 to 330,000 students; and the role of fees in the public sector and in the national system declined significantly, with the number of fee-paying students in both sectors declining by half, from 1.14 million (2006) to 0.56 million (2015). The demographic factor was predictable—but political willingness to support the public sector expansion was not. In a zero-sum game in which students are either publicly financed or privately financed, privatization processes in higher education have been slowing down for a decade now, and de-privatization processes are expected to intensify. Expansion through privatization emerges as being highly sensitive to demographics and public funding; when the student population is contracting and the state is willing and able to keep financing the shrinking public sector, the private sector is doomed. Rare as it is today, de-privatization and contraction of higher education is an interesting trend in otherwise globally privatizing and expanding higher education.¹

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