

The Mid-Term Targets and Plans of Japan's National Universities and their Evaluation

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1 . Background of the Topic

Since the Spring of 2004, each of Japan's 87 national universities has been given an independent corporation status. Before that, national universities were State-owned institutions which had been administratively and financially controlled by the Government for over a hundred years. Both faculty members and administrative staff were civil servants although the former were mainly chosen by peer faculty members. The university's assets were owned by the State and the Ministry of Education allocated to each national university its earmarked budget which had to be spent by the end of fiscal year.

But this century old system changed in April 2004. From State's agencies, national universities have become public corporations which are still public sector but are expected to be independently managed under the strong leadership of university presidents. Although the Ministry of Education still approves the university's mid-term targets and plans, each university can now set up their own goals. University staff are no longer civil servants, their salaries can be determined by each university, not by the national standard of payment. University assets now legally belong to the university but they are still under the control of the Ministry.

The Ministry of Education funds approximately half of the universities' current expenditure as a block grant which is allocated according to the number of academic staff and students. Each university raises the other half of its income from attached hospital revenue, tuition fees, competitive-based project grant, gifts from private donors, research contracts with local governments and private firms, etc. The university can use the funds at its discretion, make surpluses, and carry them over to the following year. A university can set up its tuition fee level up to ten percent higher than the Ministry's designated standard which is about 5,000 US dollars a year, regardless of fields of learning.

Since the Ministry has decided to decrease the amount of block grant by one percent every year

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in the next few years, each institution must spend less and earn more. To compensate the current decrease, the Ministry tries to expand several types of research funds. One of them is the Subsidies for Scientific Research, which has sixty year history and amounted to approximately 1.8 billion US dollars in 2004. It has been increased by a 100 million US dollars every year since 1992. The research subsidies, which were offered researchers in both national and private institutions, are distributed through the process of researchers' application and peer review.

The Ministry has changed its resource allocation policy from one based on the number of staff and students to one that is more competitive and project base. The Center of Excellence (COE) program is symbolic in this policy shift which allocates research funds to several core universities in selected fields of study in order to foster and reward world-class institutions.

The current national university reform seems to go along with what is happening in some European countries and New Zealand: strengthening international competitiveness of both university and economy by using less government money for higher education through a combination of various means; by deregulation of institutional management, by concentrating the authority with the university president, government target-based control through evaluation of achievement, emphasis upon the new public management and accountability for stakeholders.

This university reform aims to enhance the quality of teaching and research, improve institutional responsiveness to social needs, and promote diversification of universities. The evaluation of the university reform cannot be made yet but one apparent result is a tuition fee hike at national universities. National universities have traditionally contributed to offering higher education opportunities to students from less affluent families by keeping tuition fees low. But some universities have begun to raise these fees to compensate decrease of government block grant.

The Ministry has subsidized private universities, in which more than 70 percent of undergraduate students are enrolled, for nearly thirty years. The amount of public subsidies consists of 12 percent of total current expenditure of private institution. These subsidies have also shifted from general block grants to more project based allocations.

The OECD report classifies four types of university governance, which is shown in Figure 1. Japan's National university system has shifted from State-owned to Agency of state system by the 2004 reform in this Figure. In the recent trends to decentralization, deregulation, small government, managerialism, new public management, there are rather a small numbers of State-owned system in European countries. Sweden is an example of state-owned system although even there institutions have been given more responsibility of financial and personnel management.

2 . Plan-Do-See Cycle

In 2004, the 'Plan-Do-See cycle' method which in other countries might be called 'management

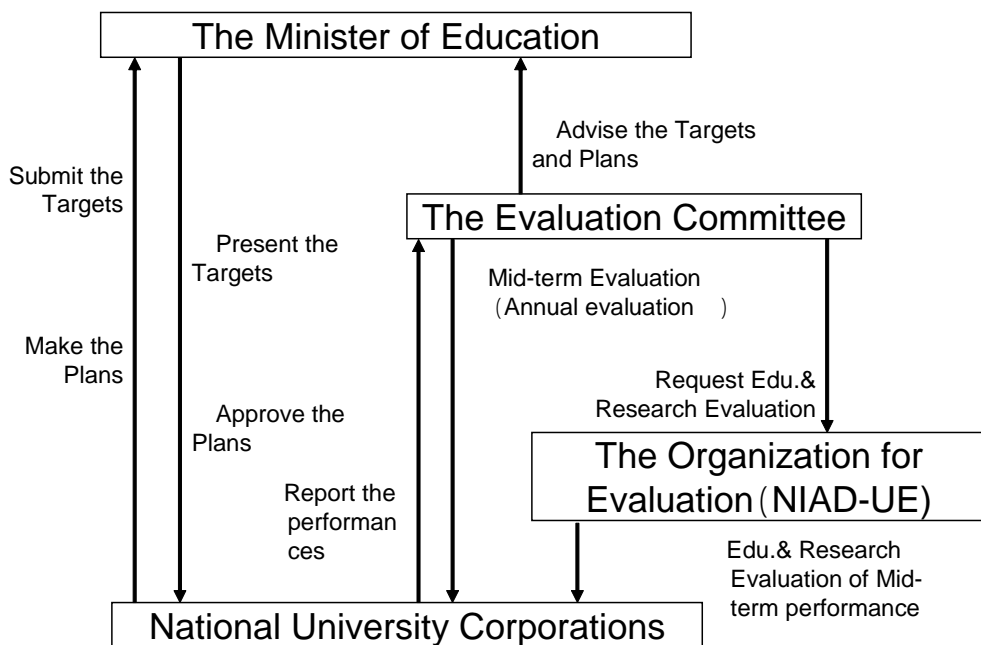
Figure1 Some Characteristics of National Systems of Governance

Type of system	Key characteristics of higher education institutions				
	Legal entity	Structure and Plans	Staff	Assets	Funding Sources/ Commercial freedom
State owned	Public Sector	State Determines	Civil Servants	Owned by State	State budgets no scope to make or retain surpluses
Agency of state	Public sector but separate legal entity	State Approves	Key staff are appointed by State and pay and conditions set nationally	Funded by State which controls disposals etc.	Predominantly core funded; limited power to raise income and create surpluses
State/private Partnership	Private sector but subject to state controls	State consults and can influence (through funding)	Institution employs with Sates influence or controls	Privately owned, but some funding by State	Both core and contract income; can generate and retain own income
Private/State	Private sector	State has little Involvement	Private	Private little state funding	Contract and commercial income

Source: OECD, *On the Edge: securing a sustainable future for higher education*, 204

by objectives and results' has been introduced as a tool which the Ministry controls National universities. This cycle begins as shown in Figure 2 when universities originate the drafts of general targets for the following six years which are in accordance with the missions and identities of university and submit them to the Ministry of Education. The Ministry amends the targets, if any, after considering the Evaluation committee's advice. Then to implement targets, universities formulate more specific mid-term and annual plans and get approval of them from the Ministry who consults the Evaluation Committee on universities' plans. Universities are supposed to report the Evaluation Committee the performance of the targets and plans at the end of every year and mid-term period and each time the Evaluation Committee releases the result of evaluation to the public. The Evaluation Committee evaluates the performance of both management and education/research while National Institution for Academic Degrees and University Evaluation evaluates only education and research activities of universities.

Figure2 The Plan-Do-See Cycle



Although national universities have been given more freedom and responsibility for financial and personnel management by the 2004 reform, it is apparent that the Ministry has still control over universities' targets and plans. In the process of the reform, some criticized the government control over the targets and plans of university even after corporatization of national universities in which institutions are presumably given more autonomy. These criticisms have mainly come from presidents of national universities who strongly advocate university autonomy and oppose government's intervention into university governance.

However since about a half of revenue for national universities are given from public funds, other argue that university should consider accountability and the targets/plans and their results should be examined whether they are appropriate for university by the third party. In the present system, accountability seems to be more emphasized over autonomy for both proponents and opponents of the reform, but in practice the Ministry's control over targets and plans can be recognized as minimal. The original targets and plans which each university made and submitted have been in most parts approved and not changed much by the Ministry.

The government control over targets and plans will be exercised by the Evaluation Committee after the end of six year mid-term. It evaluates mainly internal efficiency of each university. But it is also important to check the efficiency in system as a whole. In the present plan-do-see cycle, for example redundancy or shortage of educational programs are not checked by the third party.

3 . The Role of National University Evaluation Committee

National University Evaluation Committee has been established when a new system of national university has started. The Committee consists of mainly scholars from universities in various study areas but it is not independent agency from the Ministry. There are some important roles to play. First it comments and advises the Minister on the drafts of universities' mid-term targets and plans. National universities then submit their own rewritten mid-term plans to the Ministry of Education and the Minister then approves their plans after hearing the Evaluation Committee's opinions. Second, the Evaluation Committee evaluates both annual and mid-term performances of universities which are based upon self-evaluation of universities. This evaluation is called comprehensive, which means it includes the evaluation of both education/research and management. The evaluation of education/research is in fact done by National Institution for Academic Degree and University Evaluation, though. Third, the Evaluation Committee recommends national universities on improvements of management and the results of the Evaluation Committee's evaluation will be reflected the allocation of block grant in the subsequent terms although to what extent the allocation of fund is not decided yet.

In general there are supposed to be three objectives in university evaluation exercises; it provides means of self-improvement in activities of universities; it helps quality assurance of college education; and its results are used for performance based funding. The Evaluation Committee plays all three of them. It is quite unique organization.

4 . Caution: Competitive Model

After the university reform in 1980s and 90s, the 'competitive model' was adopted in higher education system in New Zealand. Each higher education institution competes for students and the funds are allocated on the basis of enrolment. Funds are calculated on the basis of 'level playing field' which means that any types of institution equally receive funds according to the number of students (Goldfinch).

Similarly in Sweden, they call their higher education funding as 'performance-related resource allocation system.' There the indicator of performance is the number of full time equivalent (FTE) students and the number of FTE study results per year (OECD). In terms of competition or performance based funding, both New Zealand and Sweden have similar system and in two higher education systems, higher education institutions are not controlled on the number of enrollees.

In Japan, performance based funding by student number does not work because universities both national and private have a fixed number of enrolment, or which the Ministry has strictly determined and has been overseeing. Universities are allowed to accept students according to the

fixed number. Since the size of institutions is less likely to change each year, universities never compete for the number of enrolment. Instead they compete for the quality of students which does not affect grant allocation, though.

5 . Problems on Mid-Merm Targets and Plans

There are several unsolved problems in the process of implementing of mid-term targets and plans both in the Ministry and institutions. First the 'formalism' of mid-term targets and plans should be pointed out. Both the Ministry and universities seem to obey the procedure but tend to ignore original or real meaning of plan-do-see cycle. National universities have not formulated their drafts of targets and plans by using their own language, instead the Ministry in advance provided the written format of mid-term targets and plans to universities as a model of writing which all national universities were expected to adopt. It contains: basic general targets; quality improvement in education and research activities; promotion of efficiency of management; improvement of financial management; self-evaluation; other important matters. The Ministry was assumed to provide universities a format since national universities had never made their targets and plans before the reform and it is practically convenient to compare them if universities use the same format. Although 87 national universities are diverse in history, size, mission, education/research orientation, fields of study, undergraduate/graduate concentration. etc., the statements of targets and plans are consequently not so different among the universities and there are no deviate but stimulating statement.

To avoid this 'formalism', in Sweden for example, the Ministry tries to have opportunities for close negotiation or dialogue with board of trustees and vice-chancellors of universities before setting up final targets and plans. But this can be done in small size system of higher education, in Sweden there are only 13 universities and 23 university colleges. In Japan there are 86 national universities and more than 500 private universities so it is quite difficult to have close dialogue between the Ministry and institutions.

If the targets and plans of university would not have been achieved, it has been believed that grant provided for the subsequent term would be curtailed. Thus universities have been reluctant to specify the challenging targets and plans and instead they have made and submitted their targets and plans which have been supposed to be easily and certainly achieved. It means that universities are likely to hesitate to challenge the 'mission impossible'.

It has also been believed that universities were not allowed to do anything but specified in their targets and plans. It might make universities defensive and prevent them from pursuing the serendipity of education and research which is an important traditional value in universities.

6 . Problems of Evaluation

There are some other problems of evaluation. First, there is a problem in fairness. Japanese national universities consist of various types of university: One is larger, the other is smaller; One is research oriented, the other is education oriented institutions; One concentrates on undergraduate but the other on graduate education; One offers mainly social science courses, the other teacher training institution, engineering, medicine and so on. Those institutions made their own targets and plans in using the same format which the Ministry provided. So there is a problem that they can be evaluated properly.

Some universities expressed their anxiety that grant would be reduced when not achieving their targets and plans so that they avoided specifying numeral expressions on their targets and plans and they preferred abstract or ambiguous expressions. Others specified concrete targets and plans. Table 1 shows the example. So there is a problem how to evaluate two types plans, concrete or abstract expressions of those institutions.

Table 1 Examples of the Plans with Numerical Figures

Yokohama National University	70% success rate of national bar examination
Tokyo Teachers' College	60% of graduates being employed as teachers
Shizuoka University	200% increase of patent rights obtained
Shiga Medical University	95% success rate of national medical examination
Kumamoto University	25% increase of external fund raising
Tokyo Ocean University	1% deduction of management expenditure
Akita University	10% increase of Scientific Research Funds
Iwate University	Up to 20% of female staff employment

There is also a problem of the timing. The evaluation on the first term will be done at the end of six year term but universities should prepare the second term targets and plans before the beginning of the second term. So the evaluation of the first term will not be reflected on the targets and plans on the second term. To avoid this contradiction, the Evaluation Committee will evaluate universities one year before the end of the term so that the result is properly used. But the evaluation is done by using the results based on the universities' self-evaluation document. So universities must make self-evaluation document two years before the end of six year mid-term. So self-evaluation is not the result of mid-term but it is in the process of the term which includes substantially only four years at longest.

7 . Presidents' Evaluation on the 2004 Reform

So far problems of targets and plans in the plan-do-see cycle were pointed out, but at the present time it is too early to draw any conclusions from them. But university presidents have expressed their opinions on university corporation reform in various opportunities. One of them is our research results. Center for National University Finance and Management has conducted a questionnaire survey in 2006 targeting presidents and other executives of national universities across the country. The response rate was quite satisfactory which only two university presidents out of 86 national universities refused to return the questionnaire. The questionnaire consists of four areas of university governance and management: administrative operation; financial; personnel; facilities management. A president was asked to respond to the questions of administrative operation and other executives of particular management were required to answer the questions of responsible management areas.

One of the most significant findings is that most of the presidents seem to have positive perspective on the 2004 reform of national university corporation. The result shows that many presidents tend to think that the reform has contributed to promoting the efficiency of university management, making clearer identity of own university, increasing university autonomy, and so on.

Most presidents answered that the targets and plans helped their universities for promoting efficiencies of governance and management, contributing in promoting education/research activities, meeting local needs. Presidents also acknowledged positive effects of the performance report submitted to the Ministry every year. It is interesting that most presidents agree the positive effect of the Evaluation Committee's activities in evaluating the university management, education/research, and social service of national universities.

In the areas of financial management, some university executives admit that the amount of presidents' discretionary budget have increased in intramural budget allocation and so are competitive or project based budgets. But at the same time, they worry that basic educational and research funds for individual faculty members have decreased.

In the area of personnel, some executives express that there are short of staff who have expertise on the law and rules on university management. In order to promote administrative efficiency, they are planning to provide various opportunities for staff development; intramural staff training; sending staff study seminars, etc..

As expected before the survey, executives of facility management tend to think that their university lacks budget to sustain the quality of their facilities of education and research. Although universities are trying to make more efficient use of their facilities and get some revenues in charging for their facility use, but this survey revealed that it is not enough to cover the cost of

building and maintaining.

Reference

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