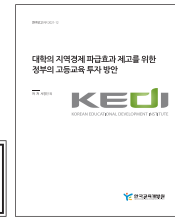


## A Study on the Government's Investment in Higher Education from the Perspective of Enhancing Economic Contribution

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### The purpose of the study

- In line with the rapid changes in the environment surrounding higher education, the university's functions have been extended to include not only education and research but also economy. Recently, Korea is facing a situation in which various policy decisions must be made about higher education system and investment to overcome the crisis of population decline and regional extinction. In order to respond to this situation, universities' to the local economy was identified. Then central and local governments' strategic investment plans for higher education were explored.

### Major research contents and findings

#### Theoretical background on universities and the local economy

- This study reviewed the viewpoints and supporting literature related to universities and the regional economies. This study also examined the changes in the functions and perspectives of universities which are investment targets for higher education, universities' roles and relationships in terms of development of local communities and local economies. This study also reviewed the demographic and socioeconomic changes that occur where universities are located, the foundation of governmental policies and programs, governments' characteristics, changing trends, influences on the present and some relevant implications.

#### The current state and issues of investment in higher education

- Due to the central government-centered investment in higher education, local governments' investment in higher education was found to be substantially insufficient. Based on the current situation, this study

identified pending problems such as the discrepancy between the national balanced development policy and the higher education policy, the central government-centered promotion, insufficient performance management related to investment in higher education, poor legal foundation, the small amount of the local government's higher education support budget, and relevant biases. Some relevant issues were also presented such as delegation and transfer of administrative and financial authority followed by financial assistance and publicizing private universities.

#### Ripple effect on the regional economy made by investment in higher education

- As a result of estimating the impact of central and local government higher education investment on regional economic growth (GRDP) and the appropriate size of regional higher education investment compared to GRDP, the central and local government investment differed by region and some regions where more educational investment should be made were identified. Accordingly, this study found the need for differentiated strategies by region and more sophisticated additional analysis when establishing a higher educational policy.

#### The current state of investment in higher education and policy demands

- To examine the current state of investment in higher education by 17 general and educational local governments, this study explored six areas including the motivations for investment decision and processes, stakeholder groups, facilitating and hindering factors, cases of success and failure, future policy tasks, and other economic ripple effects to be created by investment in higher education. Based on this

exploration, a policy demand survey was conducted to prepare policy measures for higher education investment through a Delphi survey. The derived implications include the necessity of establishing and utilizing the concept of investment in higher education, the systematization and monitoring of investment performance management in higher education by local governments, the establishment of tasks in charge of higher education within local governments, and designing higher education investment policies centered on local community-based consumers.

#### International cases

- This study analyzed some international cases on the relationship between the university and the local economy and relevant policies and economic ripple effects. The cases of the United States, Japan and Germany were chosen for analysis. Differences in governance and characteristics by country existed, and policies related to the university and the regional economy also showed slightly different aspects. However, they shared mutually cooperative investment

policies between universities and central and local governments. This study analyzed the economic contribution of universities and drew some implications related to the establishment of higher education investment policy at the Korean government level.

#### Government plans to invest in higher education

- Five basic directions were set to achieve the two missions of balanced national development and the maximization of investment in higher education; the central government's re-establishing the direction of investment in higher education, improving the conditions for investment in higher education by local governments, strengthening cooperation between universities and local governments, differentiating the investment strategy for higher education by region, the central and local governments' reinforcing investment performance management in higher education. 6 implementation plans and detailed plans to put these basic directions in practice are as follows.

〈Table 1〉 Government's plans to invest in higher education and detailed plan

Plans	Its detailed plans
① Establishment of the Foundation for the central government's investment in higher education	<ul style="list-style-type: none"> <li>■ Adding the agenda on regional universities to the New Deal policy for balanced national development</li> <li>■ Utilizing regional economic contribution as a basis for investment in higher education</li> <li>■ Organizing supporting body into hierarchical network at the national level</li> <li>■ Developing regional innovation clusters and districts</li> <li>■ Establishing and operating presidential 'Regional Economic Regeneration Committee'</li> <li>■ Building strategic partnership between higher education and governmental agencies</li> </ul>
② Improving the Ministry of Education's higher education investment policy	<ul style="list-style-type: none"> <li>■ Supplementing investment standards and evaluation indicators</li> <li>■ Establishing and regularly operating 'mid-to-long term strategies for regenerating regional universities'</li> <li>■ Remodeling 'Regional innovation projects based on cooperation between local governments and universities'</li> <li>■ Diversifying joint cooperation projects between universities and local governments</li> </ul>

Plans	Its detailed plans
③ Improving the investment system for higher education by local governments	<ul style="list-style-type: none"> <li>■ Establishing roles among regional participants</li> <li>■ Strengthening supporting regional universities through higher education and government collaboration</li> <li>■ Expanding autonomy of investment in higher education</li> <li>■ Differentiating focused investment depending on regional conditions</li> <li>■ Organizing governance with local communities</li> <li>■ Ensuring sufficiency and sustainability of the size of investment of higher education</li> <li>■ Eliminating or alleviating regulations and restrictions on investment in higher education</li> </ul>
④ Decentralization of administrative and financial authority of higher education	<ul style="list-style-type: none"> <li>■ Redefining the role of the Ministry of Education on higher education institutions</li> <li>■ Publicizing private universities that wish to be public universities within regions</li> <li>■ Transferring administrative authority of private universities and empowerment</li> <li>■ Transferring administrative and financial authority related to higher education institutions step-by-step</li> </ul>
⑤ Strategic differentiation of investment in higher education	<ul style="list-style-type: none"> <li>■ Investment consulting considering universities' contribution to the local economy</li> <li>■ Differentiating strategic investment areas and priorities among central and local governments</li> <li>■ Strategies for autonomous decision considering other conditions by central and local governments</li> </ul>
⑥ Strengthening investment performance management in higher education	<ul style="list-style-type: none"> <li>■ Establishing the concept and structure of investment performance management systems</li> <li>■ Creating investment performance monitoring systems</li> <li>■ Establishing the roles and functions of investment performance management among agents</li> <li>■ Creating investment performance management indicators</li> <li>■ Utilizing investment performance monitoring systems as a policy</li> </ul>

