Chapter 12
The Impact of Cost Sharing on Quality of Education in Egypt's Public Universities

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ABSTRACT

Egypt government undertook forward steps to reform higher education financing by introducing cost sharing policies in public universities; however, the government did not take into consideration the urgency for developing monitoring and evaluation systems to measure the effects of such policies on the quality of education. This chapter aims to measure the impact of cost sharing policy on quality of education in "FLIP", the underlying assumption of the research is that 'tuition fees' as a form of user charge would result in increasing education quality, which will accordingly shrink the transition period between work and school by conducting an ex-post policy evaluation design due to the absence of baseline surveys. The research study eventually comes to an end that introducing the cost sharing policy in the form of FLIP in public universities has no significant effect on quality as fitness of purpose. Finally this chapter recalls for accompanying cost sharing policies in Egypt with value creation in quality rather than only diversifying the income sources beyond the government budget.

INTRODUCTION

Most governments worldwide are facing myriad challenges due to the increasing demands on higher education access and lack of allocating the financial resources needed to meet the uprising demands. Higher education sector in Egypt is facing a serious financial dilemma due to the increasing demands because of the demographic increase, along with the limited government budget as well as the increase in per student costs and revenue needs, and the limited capacity of taxation and the difficulty in collecting taxes. In addition, the current political unrest has added more financial burden on the government and caused serious economic problems. The 2013-14 Global Competitiveness Report section on Egypt highlights that the country's political instability since the Arab spring is undermining the country's

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competitiveness and on-going potential macro-economic reforms. On the education side, although that Egypt's ranking, in terms of quantitative indicators like enrollment rates, is improving, the country remains to be at the lowest level in terms of quality of its primary, secondary and tertiary education.

Yet the expansion of Egypt's higher education system is legendary; more importantly the system is underdeveloped and ineffective "… produces thousands of unskilled graduates every year" (Butler, 2011). The World Bank assured that the higher education sector in Egypt is unable to respond to the country's provoking needs at the current transition stage. One of the most challenging causes hindering doing business in Egypt is inadequately educated workforce, along with policy instability, government instability, crime and theft, and corruption (Schwab & Martin, 2013). Additionally, the poll conducted by the Information and Decision Support Center "IDSC" to measure the employers' perspectives on higher education graduates' competencies with the labor market needs, revealed that only 44.4% of the employers within the sample can easily find skilled graduates to fulfill their vacancies (Gamal Eldin, 2011).

Higher education funding mechanisms are crucial due to its impact on shaping the higher education outcomes in regard to quality, effectiveness and responsiveness. The current finance patterns in Egypt's higher education system cannot supply the economy with the desired human capital due to the lousy system as well as the inefficiencies of higher education outputs. The European Training Foundation, Egyptian National Competitiveness Council and Egypt TVET Reform (2011) report revealed that the main barrier blocking higher education reform in Egypt is both the lack of financial resources devoted to human resources and misallocation of those resources alongside. Meerman argued that "if low [income] countries rely chiefly on central government resources, most of them will be unable to provide a minimum effective standard of human development for their population as a whole" (Psacharopoulos & Woodhall, 1985, pp. 146-147). In other words, it is quite impossible for countries to expand the higher education service while attaining quality without sharing the service costs with various stakeholders; however there are very few countries worldwide that are able to expand accessibility with maintaining high levels of quality due to their high rigid taxation systems like the Scandinavian countries and Switzerland (Johnstone, 2002, 2004a, 2004b, 2004 c, 2010).

In reference to the Egyptian Constitution, education is free at all levels, accordingly public universities does not charge tuition fees; however, Mubarak's regime in the early 1990 introduced Law 101 on reforming higher education finance in Egypt for the purpose of aligning the outputs of higher education systems with the innovation and labor market needs in the context of its ongoing modernization efforts. The funding reform for higher education in Egypt pretended achieving the following points; first, increasing public investments; second; authorizing the establishment of private universities and regulating it; third, encouraging the institutional diversification of income sources in public universities beyond the limited tuition fee payments through greater cost sharing; forth, reducing the repetition rates; fifth, strengthening enrolment growth in the TVET sector, in addition to widening the use of new delivery technologies in teaching and learning (World Bank & OECD, 2010).

The World Bank and OECD (2010) referred that the introduction of cost sharing policy to the Egyptian education system is considered as a step forward towards delivering quality education and to ensuring diversification of resources at all educational levels. However, Egypt's government disregarded monitoring and evaluating the cost sharing policy and its implications on quality and equity. In addition the application of cost sharing policy in Egypt's public universities was not accompanied with any loans and financial aid schemes to reserve or even improve equity.

Foreign Language Instructed Programmes "FLIP" and Credit Hour Programmes "CHP" are two examples of cost-sharing practices in Egypt; despite, their application in public universities, they are