

The Current Swedish Model of University Governance

**Background and
Description**

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Preface

This booklet describes the present governing system of higher education and research in Sweden. It also gives a brief description of the previous governing system as well as an account of the reasons for the changes made in connection with the 1993 university reform. The author, Ann Fritzell, Head of Department at the National Agency for Higher Education, is particularly suited for this task, since she was a special advisor in the Ministry of Education and Science 1991–1994. She was the coordinator of the various documents of the reform in the Ministry as well as principal secretary to the special government commission entrusted with the task of designing the resource allocation systems, which were fundamental elements of the reform.

I hope that this booklet will be used by all those who wish to learn about the current Swedish system of university governance and about the considerations of the Swedish Government when it designed that system.

Stockholm in October, 1998

Agneta Bladh
Director General

The Author's Introductory Summary

Why this booklet?

Often it takes a remark from a foreign visitor to make one realize that Sweden can sometimes offer something unique, something we ought to be proud of, something to hold up as an example to others.

In this case the remark came from the chairperson of a Turkish delegation of vice-chancellors and experts visiting Sweden in late October 1997 in order to obtain information on our system of university governance. He maintained that the Swedish governing system was the most interesting of all those they had studied on their tour of the US, Canada, Israel, the UK, the Netherlands, and Sweden. That observation convinced me that a description in English of the Swedish system would be welcomed.

The present booklet aims at providing a simple and pedagogical outline of the Swedish system of university governance. My definition of such a system is: *The rules and principles laid down by Government and Parliament which form the framework for higher education institutions in Sweden.*

In order to understand the present governing system I thus find it necessary to start with a description of the political situation in the early nineties when the work on the 1993 university reform began, and with an analysis of the reasons behind the intended changes. At the same time, I have also deemed it essential for the understanding of the present system to include a short account of the institutional context. Finally, it has been my intention to explain the role of the National Agency for Higher Education in the governing system.

What are the contents of this booklet?

First I describe very briefly the 1977 university reform, including the gradual changes that took place in the eighties. The chapter ends with a summary of all those elements of the 1977 governing system that led to growing criticism around 1990.

In the following chapter I analyse the reasons for changing the system. I point out that the precarious economic situation in Sweden in the autumn of 1990 increased the expectations as well as the demands on universities. Therefore, the task was to design a governing system that would enable the university sector to meet these demands and expectations. The design of this system was initiated by a Social Democrat government, was completed by a Conservative Minister of Education and Science and was then adjusted by the Social Democrat

government that came into power in October 1994. Although this was not explicit during the process, the system became – in my opinion – a good example of how to apply the general principles on governing by goals, objectives and results to a specific political domain. The chapter ends by an analysis of the differences between the governing systems of 1977 and 1993. The chapter contains a fairly detailed chronological account of the reform work. An impatient reader is advised to read only the headlines of that part.

The last – and the most extensive – chapter describes the present governing system. The chapter starts with a section in which I try to explain why the system is designed the way it is, starting with the previously described expectations and demands on the sector. Then I describe the different elements of the system, by making a description of the principles and rules decided on by Parliament and by Government. To demonstrate that most of the decisions concerning research and higher education are made by the institutions themselves, I list the most important types of questions within their sphere of responsibility. In the following section I connect to the introductory description of the development of the different parts of the governing system to demonstrate the important rôle played in the system by the National Agency for Higher Education. Finally, there is a brief description of the responsibilities of the other state authorities and the financial bodies in the Swedish governing system.

Two appendices are attached to the booklet. *Appendix 1* contains figures describing the Swedish system of university governance. The material is intended to be used to produce overhead transparencies to facilitate oral presentations. In *Appendix 2* you will find a more detailed description of the Swedish system of funding of undergraduate education.

A Swedish version of this booklet was published in April 1998 entitled *Hur styrs den svenska högskolan? – Varför ser styrsystemet ut som det gör?* (Högskoleverkets skriftserie 1998:4 S).

Who is responsible for the booklet?

The author is responsible for the contents of this booklet. Thanks to colleagues – within as well as outside the Agency – who have generously contributed valuable advice and ideas the contents have improved considerably. Any errors and ambiguities which remain are my own responsibility.

Finally, I would like to express my warmest gratitude to Staffan Wahlén at the National Agency for Higher Education and Lars Ekholm at the Association of Swedish Higher Education, who have both done a fantastic job on improving the English version.

Ann Fritzell

The Swedish University System before the 1993 Reform

The 1977 reform and the previous changes

There were changes before 1977

In a historical perspective Swedish universities – unlike those in many other countries – have to a great extent been governed by the state. Professors have always been civil servants and up until the 1960s Parliament decided the number of caretakers and secretaries of every department. A considerable number of decisions by Parliament and by Government have from time to time affected the activities at the Swedish universities and other higher education institutions.

The 1977 reform has, however, often been characterized as the most radical reform of the higher education sector during this century. But that reform did not bring about a sudden revolution of the conditions of higher education institutions, but was the climax of a process that had been developing over a couple of decades. I will just mention some of the most important elements in that process.

To meet the growing number of students during the sixties, a system that automatically provided the faculties of humanities, social sciences and natural sciences with resources according to the number of students was introduced in 1964. (To these faculties admission was still free, i.e. no “numerus clausus” yet.) At the same time positions only for teaching (no research) were introduced. Thus, the fatal division between undergraduate education and research began. At the end of the sixties positions as lecturers which did not require doctoral degrees were introduced, which widened the gap between undergraduate education and research. This division is still considered to cause problems at Swedish institutions of higher education.

Other measures to meet the expansion of students were taken in the late sixties. Four extensions to the existing universities in Uppsala, Stockholm, Lund, and Gothenburg were established in Örebro, Linköping, Växjö, and Karlstad. Also, actions to make studies within the faculties of humanities, social sciences, and natural sciences more efficient were proposed. The decision by Parliament to introduce a number of fixed study courses was further elaborated by the Office of the Chancellor of the Universities and Colleges in Sweden (UKÄ). The proposal by the Office made public in 1968 was heavily criticized by the students and triggered the Swedish part of the European student revolt. The decision by the Government a year later allowed exceptions from the more or less fixed combinations of subject courses.

At the same time the Government through UKÄ initiated an experiment with new forms of co-operation between students, academic teachers, and other employees, which led to considerable student and employee influence at all levels of universities.

In 1969 decisions were taken to make doctoral studies more efficient. The doctorate was to be awarded after four years of full time study, two years of which should be devoted to the thesis.

All the changes mentioned above mainly concerned the governing of higher education institutions. Although its main contents are outside of the subject of this booklet, let me briefly mention the Committee on University Teaching, appointed by UKÄ and active during the years 1964–1970. Units for educational development at the universities as well as at the central agency UKÄ were some of the results of the work of the committee.

The 1977 reform concerned the governing of undergraduate education

The 1977 reform mainly dealt with the question of state governance of undergraduate education and to a lesser extent of the governing of research.

The reform was preceded by the solid achievement of a committee that started its work in 1968 (*U 68*). After a compromise between the Social Democrats and the Centre Party the extensive changes were approved by Parliament in 1975. The compromise included the introduction of six regional boards, which had a majority of representatives of public life.

The complete process took almost ten years. This was due to the fact that, firstly, this is the way Swedish reforms are traditionally introduced. Changes are based on proposals from government commissions, which are circulated for comments before the Government presents its bill to Parliament. Secondly, the 1977 governing system represents the highlight of “social engineering“ in Sweden. There was unlimited trust in the possibility to control even big and complicated organisations in a rational way – if only the planning was thorough and well prepared.

The most important elements of the 1977 governing system are described in the following section.

Rule-governed vocationally oriented undergraduate education and standardized organisation

First of all, all post-secondary education financed by the state was brought together as *one* system, known as “högskolan“. A common, fairly detailed system of rules was introduced for all the universities and university colleges (the latter without research and doctoral programmes). The same institutional structure and rules on the composition of the internal decision bodies were

imposed, irrespective of the size of the institution. Separate decision-making bodies were introduced for undergraduate education – one committee per study programme or group of study programmes – and for research and postgraduate studies – faculty boards. The influence of students and employees was guaranteed in these bodies at the expense of that of professors and lecturers. The employees of universities were in fact given double opportunities to influence decisions, since they had just also been given the right to information and negotiation through the general Co-Determination at Work Act. To ensure public control and the link with working life for undergraduate education various types of external interests were represented on the board of each institution as well as on the committees for the study programmes.

In the decisions of the Government and Parliament on the organisation, contents, location, and dimensioning of undergraduate education the needs of society were weighed against the demands from the individuals and the resources available. New, regionally based university colleges made undergraduate education geographically more accessible in all parts of Sweden. At the same time the admission rules were designed to facilitate for new groups of students to enter into undergraduate education. Among other measures a rule was introduced allowing a person who was 25 years of age and who had worked for at least 4 years to meet the standard eligibility requirements.

In order to provide society with academics undergraduate education was to be oriented towards specific professions. Therefore, the main part of undergraduate education was to be organised in fixed *general* study programmes, the design and main contents of which were decided by syllabuses from the new central agency, the National Swedish Board of Universities and Colleges (UHÄ).

The location of the general study programmes and the admission capacity of each of these were decided by the Government and Parliament on the basis of material from UHÄ and its different councils for planning and budgeting. Also, most of the rest of undergraduate education was organised in fixed study programmes, decided on by the six regional boards. This limited the free choice of the individual students much more than the former fixed subject combinations had done. From 1979 a “*numerus clausus*” was introduced, open admission to courses in humanities, social sciences and natural sciences was thus now replaced by state decisions on admission capacities. The decisions were based on the proposals from the central agency UHÄ, which were in turn based on proposals from the institutions, but also on studies and prognoses on the need of academics in different parts of the country and in various professions.

Separate funding for undergraduate education and for research and postgraduate education

Resources were allocated yearly by Parliament to undergraduate education in five grants, one for each vocational study programme sector (the sectors for education for technical professions, administrative, economic, and social

professions, medical and health professions, education professions, and cultural och information professions), with one specified amount per institution. For certain local initiatives, individual demands from students and recurrent education, resources were allocated to the six regional boards in a sixth grant for undergraduate education. The regional boards held a majority of representatives of public interests. A government grant was given to municipally administered higher education, including roughly 30 colleges of health sciences.

Resources for research and postgraduate education were allocated, as before, by Parliament per faculty, with one specified amount per university. A new grant for research and development in fine arts was introduced for the different types of education in fine arts that had now been made part of the higher education system.

Simultaneously, the resource allocation system changed from a dual system, with one grant for salaries for the academic staff and one grant for the other operating costs, to block grants specially oriented for undergraduate education and for research and postgraduate education. This gave the institutions the freedom to choose between different types of means, but also created an artificial division between teaching and research. That division was – and still is – regretted by many Swedish academics.

Resources for investments – premises, furniture, and equipment – were as before dealt with separately, by planning bodies as well as by the Government. This made it impossible for the institutions to balance operating costs against investments costs.

Apart from the financing of research from the research councils and growing sectoral research, external financing was of little importance. In fact, dependence on external financiers was then considered as a threat to the independence and freedom of universities.

Although the specially oriented block grants gave higher education institutions more freedom to use their resources than other public authorities at that time, academics felt that centralisation had grown. This feeling was probably caused by the fact that so many other rules were introduced at this time, e.g. new labour legislation.

What was the essence of the 1977 reform?

The changes made in 1977 can be summarized as follows:

- All post-secondary education was to be regarded as higher education – including municipally administered higher education.
- New university colleges without research and postgraduate education were established in the whole country (they had often been teacher training institutions before).

- Increased access to higher education in all parts of the country and for new types of students.
- The introduction of representatives of public interests on the boards of institutions and on committees for study programmes (and in certain cases also on the faculty boards).
- Permanent influence in all decision-making bodies for students and employees, at the expense of professors and lecturers.
- A new decision-making level in the system – the regional boards – with a majority of representatives of public interest.
- Permanent reinforcement of the divorce between undergraduate education on the one hand and research and postgraduate education on the other.
- The organising of practically all undergraduate education in vocationally oriented fixed study courses, to the detriment of above all the humanities.
- The introduction of a “*numerus clausus*“ for *all* undergraduate education, which from a planning point of view was probably the most important effect of the 1977 reform.
- Decentralisation of administrative and economic decisions from Government, Parliament and the central agency UHÄ to the higher education institutions.

(Overhead material 1:1-2)

Although the 1977 reform was the result of a long and thorough investigation, it was decided on *against* the opinion of a major part of the academic world. Teachers as well as students protested. This meant slow implementation of the new order. The difficulties were reinforced by the fact that the Government did not make sufficient efforts to explain and establish the new system. One reason might have been the general notion that governmental decisions should be obeyed. That academics, critically trained and verbal, did not agree was often not recognized by politicians or bureaucrats in the late seventies.

Gradual changes in the eighties in Sweden

Research policy was separated from undergraduate education policy

In 1979 Parliament had decided on a more long-term and coherent research policy for the future. The first Research Bill in 1982 covered only two years, but since then they have all covered three years. These bills have included proposals on the volume and the orientation of *all* state funded research, i.e. not only the research financed by the Ministry of Education and Science. During the Social Democrat years 1982–1991 the responsibility for coordinating the policy was in the Office of the Prime Minister, which was one way of demonstrating the importance of these questions.

So the separation of policy-making for undergraduate education and research was reinforced. This often led to unexpected problems *within* the higher

education institutions, where *both* activities – to live up to true academic values – should co-exist.

Increased decentralisation

During the late eighties quite a few decisions were taken regarding the rules for the different types of academic positions, the responsibility for premises, and the planning tasks of the central agency, UHÄ, which all led to decentralisation of decision-making to the institutions. When the rôle of UHÄ changed, the agency was told to concentrate more on evaluation. Furthermore, the six regional boards were abolished after growing criticism of increasing bureaucracy and confusing lines of responsibility in 1988. To compensate for the loss of influence of public interest the boards of higher education institutions were now given a majority of representatives of external interests.

In 1989 Parliament decided on certain guidelines for a new planning and governing system for higher education. The guidelines were based on the general principles of governing systems related to objectives and results, which were to be introduced in all state-run public administration in accordance with a parliamentary decision in 1988. Three-year planning periods were to be introduced also for undergraduate education, as was already the case for research and postgraduate education. The other most important change was that each institution as of fiscal year 1993/94 would get its *own* grants from Parliament; one for undergraduate education, one grant for research and postgraduate education (when applicable) and one grant for premises. To stress the fact that the Government would deal *directly* with the institutions, their budget proposals would no longer be considered and processed through the central agency UHÄ, but be sent directly to the the Government (the Ministry of Education and Science).

The admission rules changed quite frequently

The rules of admission to higher education have always caused discussion among the general public, among students, and consequently also among politicians in all parties. At the beginning of the eighties several changes were introduced to facilitate direct transfer from secondary school to undergraduate education, e.g. by removing the credit given in admission to higher education for activity in organisations and by decreasing the credit given for working experience. As a result of the work of a government commission, Parliament decided, in the late eighties, to decrease the credit given for working experience even more. The selection procedure would, from 1991, mainly be based on grades or on results of the national university aptitude test. The possibility of using specific tests for specific study programmes was also recognized.

A government commission made an inquiry into undergraduate education

The most important event in higher education during the eighties was the work

done by a government commission, headed by the Vice-Chancellor of Lund University. It was appointed early in 1989 following heavy criticism from the Swedish National Union of Students (SFS). The commission was asked to answer the question whether the quality of higher education had improved during the last 20 years or not. Since the criticism from students concerned the huge differences in teacher support for different types of programmes, the question was asked if teacher support was well balanced and suitable for different types of education. The attention of the commission was also brought to the functioning of the department, where the two main tasks – education and research – were to be performed. The question was asked “What are the conditions needed to make everybody in an academic department committed to *both* these tasks?”

The main report of the government commission, published in January 1992, dealt with the above questions and three other important issues. These were the criticism of the higher education system of 1977, the status of undergraduate education, and the introduction of a core curriculum course. The commission had already – in order to raise the status of undergraduate education – proposed a council for the renewal of undergraduate education. The council was to allocate money to projects aiming at developing undergraduate education in the same manner as the research councils gave money to research projects.

In its last report, published in May 1992, the commission dealt with the principles for allocation of resources to undergraduate education. The most important proposal was that more money should be allocated to those programmes that had the lowest unit costs. The proposal was based on a calculation of the lowest acceptable average unit cost for any type of education.

What other questions were discussed during the eighties?

To provide a full background to the 1993 reform a short account is needed of other important questions discussed during the eighties, besides those *directly* connected to the governing system.

The political discussion during the seventies and eighties had focused on two questions. One was the geographical distribution of higher education institutions and the other was the spreading of research resources. Apart from these two – seemingly eternal – questions there were also various investigations made by UHÄ on the design and contents of various study programmes.

Apart from the transfer of the short engineering programmes from secondary school to higher education – at the same time as another year was added – no real expansion of undergraduate education took place during the seventies and eighties. Four new university colleges had been established (in Halmstad and Skövde in 1983, in Karlskrona/Ronneby in 1988, and in Trollhättan/Uddevalla in 1990). At the end of the eighties higher education was also started on the Baltic island of Gotland. The education offered on Gotland was the responsibility

of universities or university colleges on the mainland of Sweden. Resources were allocated by Parliament through the county administrative board.

The fact that the *total* number of students had not changed noticeably since the sixties started to cause concern, much more so since large age-groups – the children of the big generations born in the forties – were heading for university. By order of Government UHÄ published a report in September 1989. The report demonstrated very clearly that Sweden risked a decrease of several groups of academics, if we did not decide on an expansion of undergraduate education. This was due to large-scale retirements in the nineties among architects, lawyers, (qualified) social workers, psychologists, dentists, and physicians.

The Government rejected the proposals from UHÄ in the Budget Bills of 1990 and 1991 with reference to the budget deficit. However, public opinion in favour of an expansion grew and in Parliament soon all the opposition parties agreed that it was necessary. Only the Social Democrats (in government) did not. This politically delicate situation gradually led to a unanimous decision by the Standing Committee on Education to propose to Parliament an expansion of the admissions capacity in undergraduate education of 5 000 students already in the autumn of 1991. As a consequence of the parliamentary decision, additional resources were allocated in the following years to pay for *all* the years of the expanding study programmes.

During the next fiscal year 1992/93 the number of students expanded again at the same time as extra resources were allocated to ensure the quality of undergraduate education. These resources were intended for a permanent increase of the unit costs of the study programmes with the lowest unit costs and for various temporary measures to improve the competence of the academic teachers.

Growing criticism of the 1977 system of university governance

What were the remaining characteristics of the 1977 system?

The 1977 governing system, as it appeared at the beginning of the nineties, may be characterized in the following way:

- **One comprehensive system of higher education with common detailed rules about**
 - the internal institutional organisation
 - the composition of the decision-making bodies
 - the structure of academic positions
 - the organising of undergraduate education in vocationally oriented programmes
 - the main contents of which were decided by UHÄ

- **Division of undergraduate education and research**
New university colleges without grants for research and postgraduate education
Separate grants for the educational sectors and for the faculties
Separate decision-making bodies for undergraduate education and for research and postgraduate education (normally)
- **“Numerus clausus“ for all undergraduate education**
UHÄ was the central, planning agency
Government decided on the provision of study programmes of institutions and their annual admissions capacities
- **Decentralisation of administrative and economic decisions**
Specially oriented block grants

What was the criticism?

Irrespective of the various decisions on revision of the system taken during the eighties the criticism of the remaining parts of the 1977 system grew – in Parliament and among academics. The government commission on undergraduate education expressed this criticism very clearly in its main report to the Government in 1992.

Two elements of the 1977 governing system caused the biggest frustration among the critics. They disliked the fact that the Government decided on

- *the organisation of undergraduate education* in vocationally oriented fixed study courses, which meant that students had little personal choice and also had an adverse effect on a number of academic subjects, mainly in the humanities
- *the dimensioning and location of undergraduate education in detail*, which made it difficult to adjust the offered programmes to the local demand of students. Above all, these decisions were not very well substantiated, since it had proved almost impossible to make prognoses on society’s future need of different types of academics, regarding numbers as well as specialisation.

Another aspect of the criticism was that the fixed study programmes, which consisted of many short courses in many subjects and short introductory courses, were directly contrary to the academic values, including in-depth studies in subjects, independent problem-solving, and critical analysis, which was regarded as the essence of higher education.

The Reasons behind the Changes at the Beginning of the Nineties in Sweden

New expectations and demands on universities

The Swedish economic situation was precarious

In the autumn of 1990 there was growing turbulence on the foreign exchange market. Among other actions to restore confidence in the Swedish economy the Social Democrat government launched a programme aiming at cutting down costs in the public sector and creating better conditions for growth in Swedish industry. A press release from October 12, where all the confidence-building measures were made public, also included the surprising announcement that the Government aimed at reaching a parliamentary decision that Sweden wanted to join the European Communities.

This press release was the starting point for the work that less than three years later would constitute the set of changes that was to be known as the 1993 University Reform.

The programme for a university reform

In the press release the Government announced its intention of changing the governing system of higher education institutions in such a way that resources could be transferred from administration to higher education and research. At the same time there would be improved conditions for these institutions to contribute to making Sweden more competitive in order to bring about economic growth in Sweden. The following changes were suggested in the press release:

- Resources should be distributed among the educational sectors in such a way that they would help to stimulate development and growth, i.e. by educating engineers and natural scientists for Swedish industry.
- Since high quality education is important to students as well as to society, resources should be allocated to those institutions which had been most successful in their teaching. The system of allocating resources on the basis of admissions capacities should be replaced by a system that allocated resources on the basis of study results.
- When the objectives for the institutions had been decided on by Parliament and the Government, institutions should be given more freedom to decide how to achieve their objectives. They were also to be given the resources for the use of premises and to develop rules for admissions procedures which aimed at finding the best suited students for various study programmes.

- Finally, the Government would make it possible to decrease administration costs, both locally and centrally (UHÄ). Thus, the *total* resources spent on higher education and research – 12 000 million Swedish crowns - would be used more efficiently.

The efficient use of resources was expected to improve the growth of Swedish universities

Contrary to other public sectors the Government higher education programme did not imply any cuts in resources. The money that was saved by more efficiency would be kept in the sector to pay for more education and more research. So, higher education institutions would contribute to growth in society by producing more and better trained academics and by producing more new knowledge.

The 1993 Swedish university reform was developing

Political agreement on the main issues

It should be pointed out that the Social Democrat press release from 1990 contained many of the characteristics of the university reform that the new coalition government, following the proposal from the Conservative Minister of Education and Science, Per Unckel, presented to Parliament and to the Vice-Chancellors of the higher education institutions in the late spring of 1992 as *his* ideas.

The reason for this was that a substantial part of the work had already been done in the Ministry of Education and Science under the supervision of the then Social Democrat Under-Secretary of State, Sverker Gustavsson. Certain guidelines for the reform had even been approved by Parliament in the spring of 1991.

So when the coalition government came into office in October 1991 there already existed almost complete proposals for a new Higher Education Act as well as a new Higher Education Ordinance. As a result of the deregulation, the ordinance was only one tenth the size of the old one. However, the principles for the result-based resource allocation system for undergraduate education were still undeveloped. After some consideration – and, indeed, some surprise at the “radical” ideas – the new political leaders allowed the work on a memorandum to continue. The envisaged changes concerned the different principles on the allocation of resources (more automatic incentives were wanted) and the different alternative philosophies on academic leadership, presented in the memorandum. The timetable for the reform was unchanged, i.e. circulation of the memorandum for comments together with the main report of the government commission on undergraduate education during three months at the beginning of 1992, a Bill on the new Higher Education Act

and the rest of the principles in the governing system to Parliament before the summer of 1992, and implementation of the reform as from July 1, 1993.

The coalition government gave its own touch to the reform

As government officials continued the work on the memorandum, including the legal texts, the political leaders started to develop and express the *overall* approach, as well as a couple of related issues. One example of their approach was expressed in the motives for the changes, where key ideas such as greater competitiveness for Sweden as a nation and for individual universities and university colleges were carefully formulated. The ambition to bring about competition was also behind the proposal on changing some of the state institutions into private institutions run by foundations, thereby giving them new and different types of opportunities. Competition was also behind the proposal to Parliament to establish a new independent secretariat for evaluation (later The Office of the University Chancellor) in order to assess the quality of higher education institutions. Parallel to the ambition to increase competition and higher quality and even to achieve excellence there was an explicit desire to reduce the influence of politicians, i.e. decrease the governing of the state to a minimum. So the strategy of the coalition government was three-fold:

1. Increased autonomy and introduction of incentives for state institutions in order to enhance development and quality
2. Introduction of permanent and distinct rules concerning the relation between the Government and the private higher education institutions
3. Changing some state institutions into private institutions

The first Government Bill concerned the structure of the central agencies. As a result most of the old central agencies were replaced by six new, much smaller agencies as from July 1, 1992. One of these was the above mentioned Secretariat for Evaluation and the biggest was the National Agency for Higher Education (VHS), which was given the task of co-ordinating admissions for most of the study programmes in Sweden and the responsibility for follow-up and statistics. The smaller ones were the Council for the Renewal of Undergraduate Education, the Council for Studies on Higher Education, the Higher Education Board of Appeals, and the Higher Education Board of Suspensions. The board of appeals was to handle all the appeals concerning academic positions, which had previously been handled by the Government.

The Bill on the new agencies was presented to Parliament in December 1991 and thus preceded the rest of the governing system, which was designed by the Ministry of Higher Education and Science during the spring of 1992. This explains why the roles of the central agencies – in my opinion – were not *completely* developed. There was, for example, no central legal supervision function and the essential bond between evaluation and follow-up was missing, since the two tasks were given to separate agencies. Finally, the agency VHS was difficult to manage, since it combined service tasks paid by the higher education institutions with tasks financed by the Government. These malfunctions were

to be the first that were changed by the Social Democrat government which came in to power in 1994. It replaced most of the agencies with one central agency, the National Agency for Higher Education (Högskoleverket), which was also given some additional tasks.

The principles of resource allocation were part of the governing system

During the spring of 1992 the work on the resource allocation system for undergraduate education was intensified in the Ministry. This proved to be the most complicated of all the principles to be presented to Parliament in a Bill before the summer. This was also the issue on which representatives of the universities and university colleges disagreed when asked informally by the minister. The rest of the changes were accepted with enthusiasm. However, when realizing that all the principles went together – constituted “a package” – they reluctantly accepted the fairly rough outlines of an allocation system based on three principles, one of which was that resources should be based on previously known indicators on quality. The minister promised that the design of the system should be made in close co-operation with representatives of universities and university colleges, in a government commission.

A great deal of work remained to be done

During the autumn of 1992, while Parliament was discussing the principles of the governing system that had been presented in the Bill in June 1992, there remained a great deal of work for the Ministry of Education and Science. The most extensive efforts regarding the new Higher Education Ordinance concerned the Degree Ordinance. The Degree Ordinance, an annex to the ordinance set out the requirements for three general degrees (master’s and bachelor’s degrees and a university diploma) and some 40 professional degrees. It specified which degrees were to be awarded at which institution and the requirements which must be fulfilled before a certain degree could be awarded. The Degree Ordinance was vital, since it was the only remaining instrument for the state to govern the contents of undergraduate education.

The work of the government commission on the design of the resource allocation system for undergraduate education was also started during the autumn of 1992. The commission was headed by the Under-Secretary of State and consisted, as promised, of vice-chancellors and registrars. It also contained one representative from industry, one student, and experts from the Ministry of Finance and the Ministry of Education and Science. The two secretaries were also employees in the Ministry, which made it possible to apply the principles worked out by the commission directly to the ongoing budget work for fiscal year 1993/94. The principles as well as a budget proposal with the new principles applied were presented to Parliament in February 1993.

The most important elements of the new governing system had thus been established. The only remaining issues concerning the first fiscal year of the

reform, 1993/94, was a regulation of what kind of results results in education and research the Government wanted the institutions to report in their annual reports and the design of the annual budget document, following the parliamentary decision. Finally, there remained the implementation of the changes.

Most remaining budgetary issues had been solved before the next fiscal year

A few issues in connection with the resource allocation systems still remained such as:

- costs of premises,
- the financing of furniture and equipment,
- the principles for resource allocation applied to the programmes of fine arts (they were excluded from the general principles during the first two years),
- the design of the quality part of the resource allocation system for undergraduate education,
- resource allocation for research and postgraduate education based on results and activities, and
- the big issue whether there should be *one* common grant for higher education and research.

These questions were all dealt with during the autumn of 1993, except the last one. Thus, the integration of the annual costs of premises and furniture and equipment was made in the block grants for undergraduate education and for research and postgraduate education for fiscal year 1994/95.

The new principles on the allocation of resources to education in fine arts were approved by Parliament in the late spring of 1994, but were not to be introduced until fiscal year 1995/96. The two proposals on the quality premium in undergraduate education and the result and activity based resource allocation system for research and postgraduate education were approved by Parliament at the same time. After the election that autumn the new government proposed, in the Budget Bill of 1995, that the last two principles were *not* to be introduced. These proposals were approved by a majority in Parliament in the spring of 1995.

The implementation and the follow-up of the reform started early

The negative experiences of the implementation of the 1977 reform made the Under-Secretary of State very eager to start the implementation and follow-up of *this* reform at an early stage and with great energy. Implementation includes information on as well as the establishment of the changes decided on.

A carefully designed and expensive information campaign was launched in June 1992, a year before the reform. Among other activities a summary of the Bill was sent to the homes of *all* academic teachers. The politicians and the officials of the Ministry of Education and Science were also very active in informing and discussing the reform on various occasions.

Apart from these *general* information activities some more *directed* activities intended for certain key-actors were launched. In the early spring of 1993 a series of seminars for university staff responsible for planning and economy was started. These seminars proved to be excellent fora for insight and influence. Later in the early summer of 1993 the informal contacts between the Ministry and the Vice-Chancellors were replaced by a formal programme, *Academic leadership*, offering opportunities for exchange of information and experiences as well as sharing experiences made outside the academic world, often in industry.

The political leaders were also anxious to make more *systematic* follow-ups of the reform, in order to correct any mistakes as soon as possible. During the late spring of 1993 the government commission on resource allocation initiated its follow-up, concentrating on the resource allocation system of undergraduate education. The study included six institutions of different types. They were visited four times in connection with the first fiscal year. A first report was published in June 1994 and a last report was published after a concluding seminar in October 1994 with representatives of *all* higher education institutions present. The Standing Committee on Education in Parliament was also invited to the seminar and to share the – so far – mainly positive effects of the new system.

The year before, in December 1993, the Government had appointed a special commissioner to make an independent follow-up of the 1993 university reform. The task was to study how higher education institutions had used their new freedom but also their new responsibilities during the first three-year period. The final report of the special commissioner was published in February 1996.

The change of Government led to gradual changes of the governing system

In the late autumn of 1994 the new Social Democrat government asked the above mentioned special commissioner to explore the conditions for establishing *one* new central agency (this resulted in the National Agency for Higher Education in 1995) and to make a review of the admission rules for higher education. The different rules which had been introduced so far by institutions – most often in accordance with the intentions of the reform – were now being criticized for being unfair and difficult to take in. The criticism had been most vividly articulated by the Swedish National Union of Students. The special commissioner's report led to the new rules used for the first time in the admissions for the autumn semester of 1997. These new rules have also given rise to criticism. Some of them have already been changed by the National Agency for Higher Education, whereas other unwanted effects seem harder to correct. This issue – affecting and upsetting so many people – never seems to get a satisfactory solution, at least not in Sweden.

The 1996 Budget Bill for the new three-year period of 1997–1999, contained proposals for changes in the education task contracts for the institutions. These changes involved a stronger influence from the state regarding the dimensioning and the orientation of undergraduate education. In addition, a model on how to establish whether a university college meets the requirements to become a university was proposed in the Budget Bill.

Two issues have been discussed during most of the nineties and have both been considered by the special commissioner. The first concerned the possibility of allocating *one* common block grant for higher education and research. This task emanated from the heavy criticism of the division between undergraduate education and research and postgraduate education that was a result of the 1977 reform. The second issue concerned the legal status of the state institutions for higher education, whether they should go on being public authorities or not. It has been argued that these institutions are – with regard to size as well as their tasks – so different from normal Swedish public authorities that special legal forms ought to be found. The proposals of the special commissioner were rejected by the Government in 1997 and will therefore probably be on the agenda of the new millenium.

Other proposals by the special commissioner and by a government commission on academic posts led to decisions by Parliament in October 1997. The new legislation included the following changes:

- All boards of higher education institutions have been chaired by a person external to the institution as from January.
- Starting 1999 recurrent grants for research and postgraduate education will be allocated to *four* “scientific areas“ (humanities/social sciences/law, medicine, natural sciences, and technology) instead of allocation to each faculty.
- The National Agency for Higher Education will be authorised to give a university college the right to award doctorates and conduct research in one or more of these scientific areas.¹
- *All* university and university college senior lecturers who are qualified for professorships will be appointed as professors upon application.

At the request of the Government the National Agency for Higher Education published a follow-up report on the resource allocation system for undergraduate education in June 1997. The Agency suggested that the Government should make an investigation of whether the present fields of study (largely corresponding to faculties) were the best basis for resource allocation. The principal reason for the proposal was that there is a risk that the present basis may hinder educational development and the renewal of teaching methods. The Agency also proposed that the lowest unit revenues should be readjusted to the original level, i.e. before the cuts started in 1995. In addition, unit revenues for the humanities ought, according to the Agency, to be increased in order to give more resources to languages.

¹ According to the Budget Bill for fiscal year 1999 the Government is to make the final decision.

The Budget Bill for 1998 did not accept any of these suggestions from the Agency. However, there were far-reaching proposals on postgraduate education and financial support for postgraduate students in that Budget Bill.

Similar types of governing systems were developed in other countries

The fact that the main ideas behind the changes in the governing system of Swedish higher education institutions were the same irrespective of the parties in power seems less strange if you take into account what happened in other countries during that time. In the other Nordic countries, the rest of western Europe, and in many of the other OECD countries there was a growing consciousness of the limited public resources and at the same time increasing faith in the importance of higher education and research for economic growth. The fact that the measures taken by the national governments were not always the same was due to the different starting-points.

The systems of higher education were often different and the degree of state control varied. The different starting-points can be best illustrated by a comparison between the Swedish and the British systems. While Sweden decentralised its system, the British felt that their system was becoming gradually more centralised. A comparison between the two present systems shows that they are much more similar now than before.

The general system of governance in Sweden is based on goals, objectives, and results

Ignorance was surprisingly wide-spread in the Government

The governing system in Swedish public institutions is based on objectives and results, meaning that the politicians formulate long-term goals as well as objectives for a certain budget period, and the public authorities report back the results of their activities to the Government. These principles were developed during the eighties by the Ministry of Public Administration and the National Audit Bureau and were decided on by Parliament in 1988. In my opinion, there was a great deal of ignorance – alternatively lack of interest or sometimes even reluctance – of these general principles and the application of them in many of the ministries at the beginning of the nineties. This was certainly the case in the Ministry of Education and Science. The reasons for this attitude will be evident in the next section.

Planning officers in higher education institutions certainly had much greater awareness of the new principles for governing. The knowledge and interest among academic leaders varied, but these principles probably seemed too abstract to be relevant for most vice-chancellors and deans. This was certainly true for other heads of government authorities too, due to the lack of interest/reluctance/incompetence in the various ministries to adapt the general principles to their particular sector.

The general inability in the Swedish Government to formulate long-term goals as well as the short-term objectives – with a few exceptions – has recently been criticised by a government commission. For higher education, I believe that this criticism is valid regarding the short-time objectives and the lack of influence on decision-making that reporting back of results seems to have. There is no lack of material. The institutions are required to make quite extensive annual reports to the Government. In addition there are the Annual Report on Universities and University Colleges and other reports on follow-ups and evaluations from the National Agency for Higher Education which the Government could consider. Maybe a better budget dialogue between the Ministry of Education and Science and the institutions would bring about a reciprocal understanding of the conditions for politicians as well as for academics.

The 1993 reform nevertheless agrees with the general principles

The changes of the governing system for higher education described in this chapter are – paradoxically – still a good example of how to adapt the general principles on governing by goals, objectives, and results to a specific sector with special characteristics. That this happened in spite of the attitudes within the Ministry of Education and Science can be explained by the fact that officials from the Ministry of Finance approved of – and in the starting phase in 1990 was the driving force in – the work on the reform.

It is, however, quite obvious that neither the Social Democrat nor the Conservative leaders of the Ministry of Education and Science wanted to describe the new principles as examples of governing by goals, objectives, and results. The concepts “goals“ and “objectives“ were certainly used by both governments in the bills and in the legal texts, but the combination with the word “governing“ was absolutely taboo for the coalition government, since it did not want to imply that it was the task of the state to govern the institutions, the whole idea being that Government should grant them freedom. The governing tools which were kept or in some cases introduced, were not called governing instruments. Instead, such words as “frameworks“ and “general principles“ were used. On the other hand, the word “result“ was used frequently, in particular in connection with different systems for resource allocation. In designing these systems the ambition was to find principles for resource allocation that worked *automatically* and were transparent, in order to avoid decisions regarding resources being dependent on the discretion of future politicians (from all parties).

Another example of the Conservative attitude was the reluctance shown by the minister in the design of the special ordinance for reporting the results. He firmly believed that, for the sake of integrity, reports should be based as little as possible on individual statistical data. Thanks to the obstinacy of the officials in charge the final special ordinance provides for different types of net calculations and specifications on a national level.

Comparing the Swedish governing systems of 1977 and 1993

Undergraduate education has been more interesting to politicians than research and postgraduate education

The 1977 and the 1993 governing systems have both concentrated on undergraduate education. Why research and postgraduate education were not focused by politicians is not easily understood. The attitudes might be explained by the fact that so far these two activities had been thought of as more truly academic and should not be governed by political considerations. In recent years this idea has been questioned. The increased importance attached to co-operation of institutions with society has come to focus the usefulness of research.

From governing by rules to governing by goals and objectives, from input to output

The detailed legal framework of 1977 was replaced by considerably fewer rules in 1993. Instead of detailed decisions on the study programmes of each institution, the Government began to establish long-term goals and short-term objectives for higher education and research, the latter were individual for each institution. The *overall and long-term* goals of the 1993 governing system are to be found in the first chapter of the Higher Education Act and in the Degree Ordinance, an annex to the Higher Education Ordinance. The first chapter of the act also sets out the *general* goals for all undergraduate education. The *specific* objectives for each degree are to be found in the Degree Ordinance.

The *short-term* objectives are to be found in the annual budget document that the Government decides on after the parliamentary process. For undergraduate education there are objectives for the number of degrees to be awarded and certain special assignments in an annual educational task contract, individually designed for each institution. The same types of individual objectives for research and postgraduate education have been introduced lately, e.g. regarding the percentage of women among newly appointed professors and the number of doctoral degrees to be awarded in the various faculties.

The decisions on the dimensioning and the orientation of undergraduate education, the establishing of professorial chairs, and the appointment of professors, which were previously taken by the Government, have been left to each institution to make within the resources given. As a consequence the resources are no longer allocated according to considerations made about the need in the various educational sectors or within the different faculties, but rather according to considerations regarding the capacity of each institution to make good use of resources.

Instead of allocating resources on the basis of planned activities, e.g. the

admissions capacities in undergraduate education, resources are now based on the results achieved. Resource allocation based on results can either be direct and *automatic*, as is the case in undergraduate education, or *indirect*, by basing the next assignments on an evaluation of the results of previous years, as shown in annual reports and different types of evaluation reports.

The standard model of the Swedish higher education system was replaced by a larger and more differentiated market, where state institutions, foundation institutions and other private institutions were to compete for students and for resources for research. In order to stimulate the establishing of new private institutions transparent and distinct rules had to be introduced on how these should be acknowledged and financially supported by Government.

The differences between the two systems is described in the following figure.

| The 1977 governing system: | The 1993 governing system: |
|---|--|
| Governing by legal framework | Goals and Objectives |
| Detailed decisions by Government | Decision-making at each higher education institution |
| Resources to the various educational sectors & the different faculties | Resources to each university & university college |
| Resources depended on input | Resources depend on output |
| One system with state institutions; very few private institutions (not regulated) | Competition between institutions; new foundation institutions as well as transparent and distinct rules for institutions were introduced |

(Overhead material 2)

A quick reform

Another difference between the two reforms is that the 1993 reform was prepared and implemented very fast. The minister in charge, Per Unckel, explained that this was done for tactical reasons. His belief was that if you want to make radical changes you have to act quickly. Otherwise all kinds of opposition will grow and develop into counter-attacks, the result of which will only be poor compromises.

I would like to add to this firstly that the 1993 reform had been well prepared by the gradual decentralisation of decision-making to the institutions during the eighties. Secondly the character of most of the changes made in 1993 were in fact deregulation and further decentralisation. Since the Government handed over most of its powers to the institutions not much remained to be investigated. That the new order, besides *freedom* for universities and university colleges, *also* involved *responsibilities* for them was unfortunately – seen in

retrospect – not stressed as much, at least not in the documents of the reform. In oral presentations the balance between the two was demonstrated more clearly.

All parties agreed upon the main principles

Another difference was that the decisions on the 1993 reform were taken by a practically unanimous Parliament, which of course is a big advantage for decisions concerning such long-term and complex activities as higher education and research. The only exception to this unity was the decision on transforming two state institutions into private institutions, run by foundations. This issue was consequently to dominate the political debate on higher education after the change of Government in 1994.

Still another difference was, that this time the changes were introduced *with* the approval of the academic leadership, the academic teachers, and the students.

Hence, there should be perfect conditions for future development. Whether this is so, however, remains to be seen. The answer is beyond the ambition of this booklet. On the one hand, the Social Democrat leaders in the Ministry of Education and Science have said repeatedly that they are behind the principles of 1993 reform, which is not surprising since the main outlines of the reform were made by a former Social Democrat government. On the other hand the changes they have made, e.g. the responsibility for deciding the admission rules, the new design of the educational task contracts, and the decisions on establishing certain professorial chairs, can be interpreted as a return to a more centralised governing system for Swedish institutions of higher education.

Description of the Present Swedish System of University Governance

Why the design of the present system?

The demands for efficiency led to deregulation, decentralisation, and more incentives

One reason for the reform work that started in 1990 was the realisation that resources for higher education and research had to be used more efficiently. This is reflected in the governing system in the following two ways:

1. By *decentralising more decisions* from the Government to the institutions decisions would be better adapted to the local situations, which was expected to bring about better use of the resources.
2. By introducing different types of *incentives* to make institutions use their resources more efficiently.

The decentralisation of decision-making had two effects: first the legal framework had been abolished or simplified, e.g. concerning internal organisation and the organising of studies, second other types of decisions had been decentralised from the Government to the institutions, e.g. with regard to the provision of programmes and courses, the establishing of chairs, and the appointment of professors.

In the Higher Education Act and Ordinance the Government gives a framework for the local legal decisions. The reasons for the *remaining* central legal framework were as follows:

- basic guarantees for critical thinking and for independent research
- legal security for individual students and academic teachers
- functioning processes for quality assurance
- functioning forms for decision-making and distinct leadership
- exceptions from other legal acts in order to allow institutions to work more smoothly (often concerning labour laws)
- distinct, basic goals and objectives for higher education and research

Legal supervision, co-ordination, and annual reports are consequences of deregulation and decentralisation

Through deregulation institutions were given the responsibility to design their own internal legal framework. On several occasions after the reform the Swedish National Union of Students questioned whether the local legal rules were appropriate and whether the institutions applied the central framework correctly. Parliament's Audit Office pointed at the need for central *legal supervision* of the

institutions. As a result of all these observations the National Agency for Higher Education, which was established as a new central agency in 1995, was given the task of legal supervision of the state institutions.

Decentralisation of different types of decisions also calls for *co-ordination*. From the start a central agency (VHS) had been given the task to co-ordinate the admissions to most of the study programmes, the national university aptitude test, and the Swedish university computer network (SUNET). The National Agency for Higher Education, which took over the last two tasks in 1995, was also given a new co-ordinating assignment: to be responsible for the information on study programmes and courses offered at all higher education institutions. The Agency was to design the co-ordination of information on studies. Later on the Agency has been given further co-ordinating tasks.

Other types of decentralisation of decisions, e.g. on the provision of programmes and courses call for *annual reports to Government*, not only from the institutions themselves, but also on an aggregated national level. From the beginning VHS was given the task of making national follow-ups, but this task was transferred to the National Agency for Higher Education in 1995.

Resource allocation based on results calls for annual reports and quality assurance

In the present governing system the incentives to use the resources more efficiently can be found in the system for funding undergraduate education. Institutions are allocated funds according to the number of students registered and the number of credits earned by students. The fact that resources for premises, furniture, and equipment are also included in the block grant for undergraduate education was intended to help institutions to use *all* their resources as efficiently as possible.

On the other hand – after the decision in Parliament in spring 1995 – there is no such incentive in the resource allocation system for research and postgraduate education, at least not concerning the resources allocated *directly* from Government to institutions. However, external research money – from the European Union, the research councils, etc – often has to be applied for in competition with other researchers.

The result-based funding system for undergraduate education raised the question whether there is a risk of lowering quality and standards, since resources are based on quantity only. The quality of the provision of courses and programmes might be jeopardised by decreasing the breadth and depth and standards decreased by lowering the minimum pass grade in courses.

To meet this objection the Government required institutions to *report* on their activities in their annual reports and the National Agency for Higher Education to prepare a national annual report. Furthermore, as from fiscal year 1993/94

the Government demanded that all institutions should have a quality assurance programme. In 1994 this was renamed quality enhancement programme to demonstrate that a dynamic attitude is necessary for any institution wanting to keep its competitiveness. At the same time Parliament decided on the quality premium for undergraduate education, based on quality audits from the Office of the University Chancellor. After a change of Government this decision was revoked in 1995. A majority in Parliament agreed that these audits no longer would be the basis for funding, but for Government decisions on future educational task contracts.

Sweden's competitiveness would increase by an expanded and more developed higher education sector

The Social Democrat government and the coalition government were convinced that higher education and research contribute essentially to economic growth in society and thus to the competitiveness of Sweden. The ambition, which has remained unchanged during the nineties, was therefore, to

1. increase the number of graduates,
2. increase quality within higher education and research,
3. increase the number of students in natural science and technology.

The expansion of undergraduate education also calls for quality assurance

The number of students has grown gradually as a consequence of many decisions since 1991. However, the number of graduates has not increased yet. This is partly due to the natural time delay, but also due to the change in the definition of degrees that was made in the reform of 1993. The increase in number of students is mainly explained by the prolongation of various study programmes. To sum up, the admissions capacity has increased somewhat, while the *total* number of students has grown by more than 50 per cent during the nineties. So the considerable increase of the total number of students shows that the government ambition to raise the quality in higher education in Sweden by prolonging various study programmes has been successful. The new four-year master's degree is the foremost result, but many of the paramedical programmes and engineering programmes have also been prolonged in order to make them competitive abroad, above all within the European Union.

A number of other actions to safe-guard *quality* have also been initiated, such as the evaluations and accreditation by the Office of the University Chancellor, from 1995 by the National Agency for Higher Education. Although the main objective is quality assurance, these activities are also meant to enhance quality.

Higher quality calls for quality enhancement and other stimuli

The quality enhancement programmes of the institutions and the audit of these by the Office of the University Chancellor (nowadays the National Agency for Higher Education) are the most important measures for *quality enhancement*.

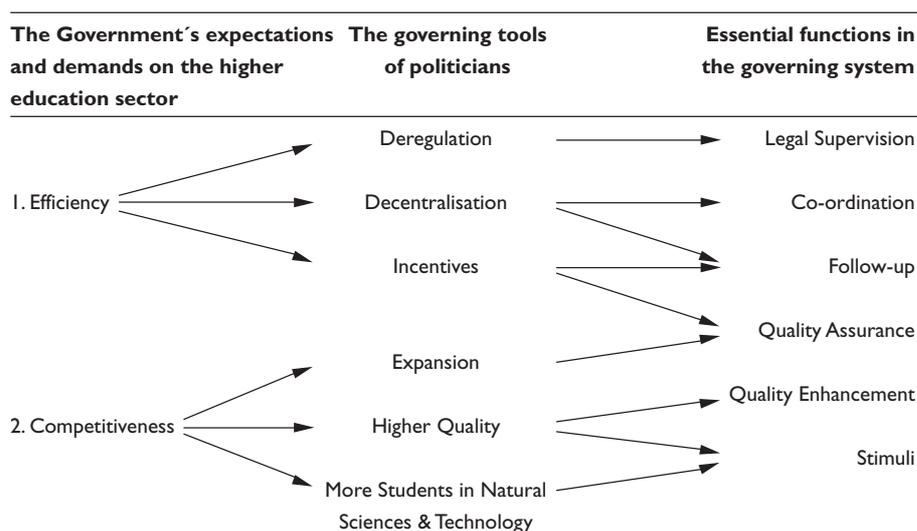
The Council for Renewal of Undergraduate Education is the most distinct example of other stimuli in the governing system, but from time to time the Government also allocates specific resources to institutions to strengthen their quality from a specific point of view. These additional resources have often been temporary, but sometimes permanent. In previous years the purpose has often been to promote equality between men and women.

Student interest in natural sciences and technology has to be stimulated

The ambition to increase the number of students in natural sciences and technology has resulted in quite a few *stimuli* from the Government. In 1993 the national agencies for education and higher education were given the special task (and money) to launch a five-year programme (“NOT- programmet“) to stimulate young people’s interest in natural science and technology.² The Council for Renewal of Undergraduate Education was also given extra money to promote the adaptation of engineering study courses to demands from female students. Institutions were given special resources to offer a preparatory qualifying year in natural sciences or technology. Persons, between 28 and 48 years who have worked for at least five years and are unemployed or risk becoming unemployed, have been granted special admission to natural science and technology programmes and have been offered advantageous study assistance.

Survey of the development of the Swedish governing system

The above description of how the present governing system developed in Sweden can be summarised in the following figure:



(Overhead material 3)

² In the Budget Bill for fiscal year 1999 another five year programme is proposed.

To the left in the figure are to be found the expectations and the demands on higher education institutions from the Government. In the middle are the means politicians assigned to make institutions more fit to meet these demands and expectations. To the right, finally, are to be found the elements of the governing system which have gradually been designed by the Government to supplement the *primary* governing tools.

This is decided by the Swedish Parliament

Shared responsibility between Government and Parliament

Government and Parliament share responsibility for the overall governing of the Swedish institutions for higher education and research. This involves:

1. The design of the governing system, i.e. the rules and principles forming the framework for the higher education institutions in Sweden
2. The current application of the governing system.

The Swedish Parliament with 349 elected members decides on the annual budgets and also on legislation. The budget proposals are presented by the Government to Parliament in a Budget Bill in the middle of September each year, except for election years when it is presented in October. Before that, in April, the Government has presented the guidelines for the 27 different areas of expenditure in a bill to Parliament. Education and research constitute one of these areas of expenditure. Drafts for new laws or guidelines to be approved by Parliament can be presented in bills at any time of the year.

Before Parliament decides on the proposals of a bill, the proposals are sent to a standing committee (or sometimes several committees) for preparation. All issues on higher education and research are prepared by the Standing Committee on Education.

These higher education issues are decided by Parliament

After proposals from Government Parliament decides on the following type of issues:

- The Higher Education Act and other laws
- The principles for allocating resources to undergraduate education and to research and postgraduate education
- The annual grants to universities and university colleges and to the research councils and other authorities – the amounts and how the resources are to be used, e.g. by deciding on the guidelines for the education task contracts
- Economic frames for the next two fiscal years
- The establishing of new state institutions for higher education

(Overhead material 4)

Why an Act on higher education and what are the contents?

When in June 1992 the Government proposed the new Higher Education Act to Parliament it was stated in the Bill:

“A system for higher education run by Government or the municipalities does not, from a strict constitutional point of view, require legislation. Since the state universities and university colleges are financed by taxes and considering their importance to the country the basic goals, objectives and framework for higher education and research ought to be decided by Parliament. To regulate this in a law, the Higher Education Act, is the simplest way to do so.“

Thus, in the Higher Education Act are to be found the basic (long-term) goals and conditions for higher education and research. The first chapter states that the main activities are higher education and research/research and development in the fine arts and the connection between these activities, and also the new demand on institutions to co-operate with society and provide information on their activities. Quality and efficiency are also key words in the first chapter. Furthermore, the act states that equality between men and women must be respected and promoted and that the understanding of other countries and international relations should be promoted.

It would lead too far to describe the whole contents of the act, but these are some of the most important items:

- The freedom of research
- Basic goals and objectives for higher education
- Rules on the awarding of degrees
- Rules for county administered higher education
- Some rules on the internal organisation of state higher education institutions
- Some rules concerning the professors and other academic teachers
- Some rules of principle on admissions, student unions, and suspension

Of all the sections in the act I have chosen to translate only the one stating the basic goals of all higher education into English. The reason is that the ninth section of the first chapter contains the definition of academic training in Sweden.

9 § Besides knowledge and skills, undergraduate studies shall provide students with the ability to make independent and critical assessment, the ability to solve problems independently, and the ability to follow the development of knowledge, all this within their fields of studies. The studies should also develop the students' ability to exchange information on a scholarly level.

Besides the principles which apply to undergraduate studies, postgraduate studies shall provide students with the knowledge and the skills necessary to pursue research independently.

(Overhead material 5)

Parliament decides on the establishment of new higher education institutions

The Higher Education Act states that Parliament makes decisions concerning the establishing of state institutions for higher education. At present there are 36 state institutions, 10 of which have the right to award doctoral degrees and offer such a variety of education and research that they have been given the right to be called universities. The two newest university colleges were established on July 1, 1998 in Malmö (in the south of Sweden) and on Gotland (an island in the Baltic). Three of the present university colleges will become universities as from January 1, 1999.

At the same time the number of colleges of health sciences administered by the counties is decreasing rapidly. More and more of these counties have contracted state institutions to run their paramedical educational programmes.

So far eleven private colleges (most of them very small) have been given the right to award one or more academic degrees. These decisions are taken by the Government after an evaluation by The Office of the University Chancellor or, as from July 1, 1995, by the National Agency for Higher Education. The remaining conditions, e.g. the conditions for economic support, can be found in contracts between the Government and the private principal. There are similar contracts with the two private universities run by foundations, Chalmers University of Technology and the University College of Jönköping. These were state institutions until July 1, 1994, but following a parliamentary decision they then were transformed into private institutions run by foundations.

The principles for allocation of resources for education and research

Every state institution is given one block grant for undergraduate education. Each of the ten institutions which now have the right to award doctoral degrees are each given another grant for research and postgraduate education. The Swedish University of Agricultural Sciences is, however, given one *common* grant for education and research. There is one nationwide, common grant for research and for research and development in the fine arts for the university colleges, with one budget item for each institution.

All the grants are meant to cover *all* types of costs including costs for premises and the annual costs for loans taken to buy equipment and furniture. Increase of prices and salaries is estimated in the annual budget. As all these increases are not known beforehand, the figure for the net increase stated in the Budget Bill should be regarded by the institutions as a general frame for their salary negotiations and other types of increased costs.

The grants for research and postgraduate education have budget items for each faculty and one for premises etc. Each faculty item contains a minimum amount for student support in postgraduate education. As of 1999, these grants will be

divided into only four budget items, one per scientific area – humanities-social sciences, medicine, natural sciences and technology.

The grant for undergraduate education is a block grant consisting of a ceiling amount and often also another amount to cover the special assignments of the institution. At the end of the fiscal year the institution should calculate the total unit computed appropriations for all the registered students and for all the credits earned during that year. Parliaments decides on the annual amounts for the unit revenues for the various fields of study. (At present there are 12 levels for 20 fields of study.)

All grants are paid in twelfths to the accounts of the institutions each month. Contrary to the rest of the Swedish administration these monthly payments are considered to be the income of institutions, i.e. their income is separated from their costs. (Other authorities in Sweden cannot have a higher income than costs or vice versa.) However, the *final* income of undergraduate education can not be calculated until the end of the fiscal year, when all the students and all the credits have been accounted for.

A more detailed description of the system for funding of undergraduate education, which was introduced on July 1, 1993, can be found in *Annex 2*.

Parliament allocates resources to colleges administered by the counties and by private principals in one grant. There are budget items for each principal. The contributions to the counties, which do not cover all the costs for the paramedical study programmes, are calculated on the basis of the number of students of the previous academic year. Remuneration to private principals is given in accordance with the various contracts, which are often based on the same principles as the system for state institutions.

Parliament allocates resources every year, but also gives the economic conditions for another two years

Parliament allocates resources – grants – for every fiscal year and decides on the use of the money. As of January 1, 1997 the Swedish fiscal year starts on January 1. The size of funding to institutions, research councils, and other authorities is the result of overall political priorities. Increases can be made, but also cutbacks, sometimes simultaneously, strange as it may seem. This has been so for higher education in recent years, where the expansion of undergraduate education during the first part of the nineties has continued, but from fiscal year 1995/96 until fiscal year 1998 it has been combined with publicly stated cutbacks of around ten per cent. These cutbacks were made on the ceiling amounts as well as on the unit revenues. The ceiling amounts for certain institutions have then been added to, to include more students. The cutbacks on the grants for faculties have been considerably smaller.³

³ The Budget Bill for fiscal year 1999 holds cutbacks of about 1.5 % for all grants.

In order to make long-term planning possible for institutions Parliament provides planning conditions continuously by deciding on the economic frames for the following two fiscal years. It should be noted that the following parliamentary session is not bound by these economic frames, especially if there has been an election in between the sessions.

This is decided by the Swedish Government

The role of the Government

As pointed out in the last section the Government has the privilege to take the initiatives in all matters to be decided on by Parliament.

The following issues are decided on by the Government directly:

- The Higher Education Ordinance – including the Degree Ordinance – and other governmental ordinances
- The annual budget document for universities and university colleges – e.g. educational task contracts for undergraduate education and objectives for degrees in postgraduate education – and for research councils etc.
- The right for private institutions to award degrees (after an evaluation by the National Agency for Higher Education)
- Contracts with private higher education institutions
- Appointments of the chairpersons and the majority of the members of the boards of universities and university colleges
- Appointments of vice-chancellors and their salaries
- Resources for unforeseen expenditure (the *total* sum allocated by Parliament)
- The granting of university status to university colleges (after an evaluation by the National Agency)

(Overhead material 6)

In some cases the Government can choose to inform Parliament on its views on certain principles in a bill before making a decision. This was the case before the decision on the new Higher Education Ordinance taken in 1992. In rare cases Government wants Parliament to decide on particularly important issues. Examples are the different decisions taken with regard to admission rules over the years.

The Swedish government makes *collective* decisions. The Minister of Education and Science submits his/her proposals on higher education, but all the ministers are responsible for the decision. To make sure that matters are well prepared, the final decision is preceded by very intricate preparatory work, which includes various routines for distributing information among the ministries. As most ministries the Ministry of Education and Science prepares most of its matters in collaboration with the Ministry of Finance.

What is regulated in the Higher Education Ordinance?

The recently revised ordinance contains 12 chapters and 3 annexes with the following headlines:

1. *General regulations* (no fees for students, student health care, etc)
2. *The board and the vice-chancellor*
3. *The faculty board and other decision-making bodies*
4. *Academic teachers*
5. *Postgraduate studentships, etc.*
6. *Undergraduate education* (rules concerning syllabuses for courses and study programmes, degree certificates, etc.)
7. *Admission to undergraduate education* (rules on eligibility, selection, and assessment of qualifications)
8. *Postgraduate education* (rules concerning syllabus, supervisors, and examination)
9. *Admission to postgraduate education*
10. *Disciplinary actions*
11. *Higher education administered by the counties*
12. *Appeals*

Annex 1: *List of state universities and university colleges*

Annex 2: *The Degree Ordinance*: degree requirements containing objectives for 3 general degrees and 42 professional degrees in undergraduate education

Annex 3: *Assessment of qualifications*

During 1998 extensive revisions of most of the chapters in the Ordinance have been made by the Government. The reason for the revisions are the changes with regard to the leadership, academic teachers, organisation, and postgraduate education decided on in Parliament during the autumn of 1997.

It should also be mentioned that the Swedish University of Agricultural Sciences (SUAS), which is not (yet) the responsibility of the Ministry of Education and Science but is placed under the Ministry of Agriculture, has an ordinance of its own. It refers extensively to the Higher Education Ordinance, but besides these common rules there are a number of special ones. The ten professional degrees for SUAS can be found in an annex to the special ordinance.

The Government communicates with the institutions in a special budget document

Many people probably still regard the Budget Bill and other bills as the most important tools for the Government to govern institutions. Formally the bills are just proposals from the Government to Parliament. The public authorities are informed about the decisions by Parliament and Government concerning the

economic and other frames for the next fiscal year in a special budget document from the Government. Nevertheless, the text of the individual bills is important to higher education institutions since the budget document is presented too close to the start of the new year to be of any use in the internal budget processes. Changes made by Parliament must be dealt with after the first internal budget decisions.

But the budget document is very important to all those responsible for planning and economy. It contains the long-term goals as well as the short-term objectives for each institution. The objectives for undergraduate education are found in the educational task contract for each institution. As of 1997 the design of the contracts has been changed and they are now more extensive and detailed than in 1993. Although there are no explicit contracts for research and postgraduate education there are individual objectives for the number of doctoral degrees and for the share of women among newly recruited professors. Furthermore, there is a list of all the *special activities* the results of which must be reported back at the end of the fiscal year. The *general activities* which are always to be reported in the annual report are regulated by a special ordinance concerning the account of results of studies and other activities. Finally, the amount of each grant at disposal is stated as well as the economic conditions for using them.

Private institutions can be given the right to award academic degrees and to get Government support

When an expert team appointed by the National Agency for Higher Education has evaluated the qualitative conditions and found them acceptable, the Government can decide to give private institutions the right to award different academic degrees. Such a decision does *not* necessarily mean that the Government has decided to give economic support to the institution. Economic support and the conditions for that support are normally regulated in a contract between the Government and the private principal. Often the principles of resource allocation for undergraduate education are the same as those used for the state institutions.

The Government appoints the chairpersons and the majority of the members of the boards

As of January 1, 1998 the chairperson is not a person active *within* the institution. The Government appoints the chairperson and the majority of the board members for a period of three years. The vice-chancellor is a member of the board, which also includes two other academic teachers and three students. Representatives of the labour unions have the right to attend and express their opinions, but have no voting rights. It should be pointed out that one reason for having a majority of public interest on the boards is the fact that more and more decisions have been gradually decentralised from Government to higher education institutions.

The Government appoints vice-chancellors and sets their salaries

Since the vice-chancellor is the head of a public authority he or she is appointed by the Government on the proposal of the board. The proposal is made after consultation with the teachers, other employees, and the students of the institution. The procedure of the consultation is decided by each board. Earlier an election procedure was regulated in the Higher Education Ordinance and the result of those elections in most cases decided who would be appointed vice-chancellor.

Vice-chancellors are appointed for a maximum period of six years at a time and so are pro-vice-chancellors, who are, however, appointed by the boards. The Government also decides on the salary for each vice-chancellor.

The Government allocates some resources

Parliament allocates the major part of the resources for higher education and research *directly* to the institutions. A small amount for expenditure for various purposes is always allocated to the Government for later allocation. These resources are intended for urgent needs and for unforeseen expenditure.

The Government decides if a university college can become a university

The Government grants university status to university colleges. Such decisions are taken after an evaluation by the National Agency for Higher Education. The Agency appoints an expert team to assess whether the university college meets the high standards on quality and diversity required. The first evaluation of the Agency concerning the university colleges of Karlstad, Växjö, and Örebro and Mid-Sweden University College was concluded in April 1998. In July the Government decided that the university colleges of Karlstad, Växjö, and Örebro will become universities as of January 1, 1999.

These are the responsibilities of universities and university colleges

Parliament and Government decide on the goals and the objectives as well as the legal and economic framework of higher education and research. *Within* this scope universities and university colleges can make their own decisions. *The most important* matters institutions are responsible for are listed below:

- The internal organisation – the division into departments etc, the decision-making bodies, and their composition
- The principles for the internal allocation of resources, the annual budget, and the budget follow-ups
- The quality of teaching and research – quality assurance and quality enhancement

- The organising of undergraduate education, the design of study programmes, and the contents of courses
- The provision of and the dimensioning of study programmes and courses
- Principles of admissions procedures and admission decisions for undergraduate education
- Postgraduate education – subjects, admissions, and organisation of courses
- The establishing of chairs and appointments of professors (with a few exceptions)
- Methods used in research and focus of research
- Volume and focus of contract teaching and research
- Premises and investment in furniture and equipment
- Salaries for everybody except the vice-chancellor

(*Overhead material 7:1-2*)

The short text in this description must not be interpreted as if higher education institutions are not important in the system. On the contrary, they are the most important actors in teaching and research. However, they are the ones Government tries to govern, i.e. they are the *object* of the governing system.

It should also be pointed out that each institution has to design its own *internal* governing systems, e.g. concerning principles for the distribution of resources, internal legal rules, rules for delegation of decisions, and for admissions procedures. It would be far beyond the scope of this booklet to describe all these internal systems. They are different from each other, since they have been designed to meet the special conditions of the institution in question.

Finally, the responsibility for the various types of matters listed above rests with different levels within the institution. Matters on budget and overall principles for internal governing are the responsibility of the board, whereas the choice of methods in research is the responsibility of the single researcher. Concerning other issues, e.g. quality in teaching and research, the responsibility is shared by many levels of the institution.

This is the role of the National Agency for Higher Education

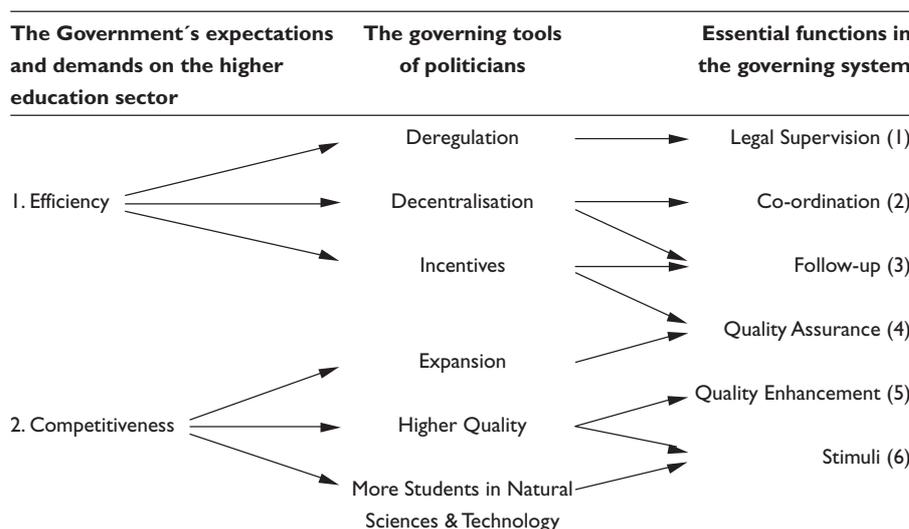
The Agency plays an important role in the Swedish governing system

The National Agency for Higher Education is a central agency, which was established on July 1, 1995. Its responsibilities cover the state higher education institutions as well as the county or private institutions.

The reasons for the design of the present Swedish governing system have been analysed at the beginning of this chapter (pp. 29-33). Although universities and

university colleges are the leading actors in higher education and research, the earlier analysis shows that the National Agency for Higher Education has been assigned many of the functions related to control, co-operation, quality assurance and development in the governing system. The Agency therefore plays an important and necessary role in the system.

To illustrate how this is done I repeat the figure summarising the development of the present governing system.



(Overhead material 3)

Alone or together with other actors the Agency has tasks within all the six functions, which, according to the right-hand column of the figure, are necessary and vital elements of the Swedish governing system.

The various tasks performed by the Agency are listed below under the six essential functions of the governing system. The tasks are also classified under the Agency's six areas of operations.

I. Legal Supervision

Legal safeguards in higher education

- Legal supervision: at the request of the Government and the Agency's own initiatives
- The statute-book of the National Agency for Higher Education (HSVFS)
- Secretariat for the two independent legal authorities, the Higher Education Board of Appeals and the Higher Education Board of Suspensions

(Overhead material 8:1)

2. Co-ordination

*Recruitment to higher education:*⁴

- The design of some of the admissions rules
- Development and administration of the national university aptitude test and other special admissions tests
- Information on academic studies, such as an annual booklet and a database with information on all study programmes and courses at Swedish institutions (ASKen), the international database Ortelius, and information on higher education abroad

Other co-ordinating activities:

- The Swedish university computer network – SUNET
- Development of a database on research information (SAFARI)

(Overhead material 8:2)

3. Follow-up

Research into and analysis of higher education and the community:

- The responsibility for Swedish statistics on higher education and research, Statistics Sweden is commissioned by the Agency
- Follow-up of the activities at institutions, published per fiscal year in the annual reports (short versions in English) and in a database (NU) as well as in thematic special reports
- Analyses of changes in society and other studies connected to higher education (including assignments from the Government)

(Overhead material 8:3)

4. Quality Assurance

*Quality evaluations of higher education and research:*⁴

- Accreditations and evaluations for chairs: evaluations of the qualitative conditions in undergraduate education (the chairs only during 1998)
- Evaluations of the qualitative capacity of university colleges to award doctoral degrees and to be granted university status
- National evaluations: assessments of subjects, disciplines, and study programmes

(Overhead material 8:4)

5. Quality Enhancement

*Quality evaluations of higher education and research:*⁴

- Quality audits: Recurrent audits of the quality assurance and quality enhancement systems of all institutions

(Overhead material 8:5)

⁴ Part or parts of an area of operations

6. Stimuli

Support and development activities for institutions of higher education:

- Grants from the Council for the Renewal of Undergraduate Education intended for educational development as well as targeted measures concerning environment and equality between men and women
- The programme for academic leadership (including training of board members)
- Actions to promote equality in teaching and research, e.g. grants for female doctoral studentships and seminars to raise the level of knowledge and awareness among academic leaders
- Other targeted actions, e.g. grants for participation of artists in study programmes in natural sciences and technology and grants for various development activities for the teacher training programmes

Recruitment to higher education:⁵

- A five-year project to stimulate the interest in natural sciences and technology among young people, a joint venture with the National Agency for Education
- Other actions to promote recruitment to higher education, e.g. participation in fairs and on television

International mobility for students, staff, and graduates:

- Co-ordinator for the exchange programmes of the European Union (EU) for students and staff
- The exchange programme for academic staff supported by the Council for the Renewal of Undergraduate Education
- Assessment of foreign higher education in relation to Swedish higher education
- Other international activities, such as information on directives from EU, fulfilling the task as national information centre in the network of EU for academic recognition (NARIC), and publishing newsletters

(Overhead material 8:6)

The tasks of the Agency involve control as well as support

The above classification of the various tasks of the Agency under the different functions of the governing system is not always self-evident. The reason is that one activity sometimes involves both control and support. Such delimitations are, however, of no importance to the purpose of describing the Swedish governing system. It suffices to demonstrate that the Agency has been given functions of both control and support in the present system.

However, there has been – inside as well as outside the Agency – a lively discussion whether it is possible or suitable to combine the two functions in the *same* activity. The activities most often mentioned in this connection are the national evaluations and the quality audits. Whether the Agency will succeed in

⁵ Part or parts of an area of operations

its delicate balancing act or not, future experience will show. However, the Swedish attempt, first launched by the Office of the University Chancellor – to combine claims of legitimacy with enhancing and supportive functions – has attracted attention abroad.

These are the responsibilities of other public authorities and financing bodies in Sweden

Half of the research is funded externally

Both research and teaching are funded by external and internal resources. The external funding of research may be divided into two groups. Firstly, there are *external grants* for research controlled by the universities. Secondly, there is *contract* research, where the customer expects results in return and therefore has the right to exert influence on the focus, methods used, and the application of the results.

The most important external funding sources for research at Swedish higher education institutions are:

- The research councils and the Swedish Councils for Planning and Coordination of Research (FRN)
- The sectoral research bodies
- The research foundations
- The research programmes of the European Union
- The structural funds of the European Union
- The county administrative boards, whose government grants for regional development are particularly important to the university colleges
- The county councils
- Private enterprises and organisations

As can be understood from the list above, external funding in Sweden also includes funding from other public authorities, i.e. funding not allocated *directly* to the higher education institutions.

In principle, half the cost of research projects funded by the European Union has to be financed by Swedish sources.

Contract teaching can be organised by higher education institutions

Undergraduate education can be arranged on a contract basis if the contractor is a public or private employer who pays for in-service training on an academic level of his or her employees. Individuals are not allowed to buy their own higher education. According to a recent special ordinance, the individual may be given credit for contract courses that meet the academic standards. The full costs of all contract teaching (and research) have to be borne by the contractor. In

Sweden there is a lot of discussion between some of the external funding institutions and higher education institutions on the exact meaning of “full costs”.

The National Audit Bureau audits the accounts as well as the activities of the institutions

The National Audit Bureau has many tasks, but those affecting the state institutions of higher education *directly* are the economic and administrative audits. The annual reports and the half-yearly reports of institutions – the contents of both the reports are regulated by Government ordinances – are checked by the auditors.

The economic audit covers all the economic documents of the annual report and the half-yearly report. Every institution has an auditor from the bureau, who follows its activities during the year and who can be consulted for advice if needed.

The administrative audit – in Sweden also called the efficiency audit – covers the statement of results in the annual report and special studies on public authorities or parts of authorities. Many thematic studies have been made in higher education in recent years.

If the Bureau has any criticism on the annual reports of the institutions an audit report is handed over to the Government. The institutions concerned are first given the chance to comment on the criticism of the auditors.

In my opinion the thematic studies of the higher education sector by the Bureau should be affected by the work of the National Agency for Higher Education. Its legal supervision and its quality examinations – the quality audits as well as the national evaluations – should influence the future activities of the National Audit Bureau. Instead of making thematic studies in this sector the Bureau ought to concentrate on how the Agency is doing its job scrutinizing the institutions. The Bureau would then only in rare cases check the institutions *directly*, e.g. concerning issues that are common to *all* Swedish public authorities.

A national service agency coordinates admissions and provides expert advice to institutions on the purchase of equipment

The National Admissions Office to Higher Education is responsible for the co-ordinated admissions on the basis of contracts with the higher education institutions. Each institution decides on what programmes and courses should be part of the co-ordinated admissions procedures. At present practically all programmes leading to a professional degree are included in the coordination. Admissions to courses leading to the general degrees are often handled by each institution. It should be pointed out that each institution makes *all* the formal decisions on admissions, whether they are study programmes or single courses.

The Office also provides expert advice on purchasing, which can be contracted by the institutions. The Swedish law on public purchasing contains the EU rules on purchasing.

Certain decisions can be appealed against at the Higher Education Board of Appeals

According to the Higher Education Ordinance the following types of decisions by higher education institutions can be appealed against at the Higher Education Board of Appeals:

1. Decisions on appointments made by a state institution, except those regarding postgraduate studentships and promotion of qualified junior and senior lecturers
2. Decisions not to promote a junior lecturer
3. Decisions not to promote a senior lecturer
4. Decisions to the effect that an applicant does not meet the qualifications required to be admitted to undergraduate education
5. Decisions on whether a student should be given credits for a course from another higher education institution
6. Rejection of a request from a student for exemption from a compulsory section of a course
7. Decisions to withdraw financial resources from a postgraduate student
8. Rejection of a request from a student to obtain a degree certificate or a university course certificate

The decisions of the board are final.

Students are rarely suspended from studies

According to the Higher Education Act the Government can stipulate that a student should be suspended from higher education if the student

1. suffers from mental disturbances,
2. abuses alcohol or drugs, or
3. is guilty of a serious crime.

The stipulations also assume that there must be a clear risk that the student may hurt other persons or damage valuable property during his or her studies.

The Government has decided that the matters on suspension should be dealt with by a special legal board, the Higher Education Board of Suspensions.

Finally it should be pointed out that students are very rarely suspended from their studies. It should also be noted that the law does not allow the board to suspend students who are judged to be *unsuited* for later professional activities. That type of judgment has to be made in the usual assessment of the student's theoretical and practical knowledge and skills in the examination procedures of the institution.

On the other hand, it happens quite frequently that after a decision by a disciplinary board at an institution a student is warned or suspended for a specific period of time.

Both public and private owners of university premises

As of 1992, higher education institutions have full responsibility for provision of their premises. They can *not*, however, own and manage real estate. If they have received donations these are managed by special foundations. Most of the higher education premises are owned and managed by a publically owned company, specialised in the academic sector, but there are two other public companies which can also be the owners of institutional property. University colleges, in particular, have premises owned by municipalities or private landlords. All contracts running for more than ten years have to be approved by the Government.

The activities of other public authorities affect higher education institutions

The decisions and activities of other public authorities also affect universities and university colleges. Without mentioning any of them let me just state that although the Government did away with many of the regulations within the higher education sector in Sweden, institutions are affected daily by rules and regulations. Since many Swedish higher education institutions are public authorities they automatically have to abide by all the general rules for public authorities – unless an explicit exception has been made. Membership in the European Union has also introduced more rules and regulations for higher education institutions.

The Association of Swedish Higher Education represents the institutions

The Association of Swedish Higher Education was founded in 1995 to represent the universities as well as the small and medium sized university colleges. Two years later the art colleges in Stockholm also became members. Thus, all state and private universities and university colleges decided on a common forum for safe-guarding their interests in relation to the political and administrative levels and for promoting co-ordination within themselves. It works through investigations, internal discussions, lobbying, public conferences, etc. At the same time a body was established which the Government can use for consultations on and implementation of current issues among Swedish higher education institutions.

Appendix I

Figures on the Swedish System of University Governance – Material for overhead transparencies

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The 1977 Reform in Sweden

- *All post-secondary education is defined as higher education*
- *Increased access to higher education*
Geographically; the new university colleges
New types of students; the admission rules
- *Less influence from academic teachers*
Students and employees on decision-making bodies
External interests on boards and committees
- *New regional boards (6)*
Majority of public interests
Co-ordination of education in the region
Recurrent education & Renewal

- *Division of undergraduate education & research and postgraduate education*
New higher education institutions without research
Separate grants for educational sectors and for faculties
Separate decision-making bodies
- *Vocationally oriented fixed study courses*
- *The introduction of a "numerus clausus" for all undergraduate education*
UHÄ, the central, planning agency
The state decided on the study programmes
- *Decentralisation of economic decisions*
Specially oriented block grants
Local freedom to choose the means

The Differences between the 1977 and the 1993 Governing Systems

The 1977 governing system:

Governing by legal framework

Detailed decisions by Government

Resources to the five educational sectors & the different faculties

Resources depended on input

One system with state institutions;

very few private institutions (no rules)

The 1993 governing system:

Goals and objectives

Decision-making at institutions

Resources to each university & university college

Resources depend on output

Competition between institu-

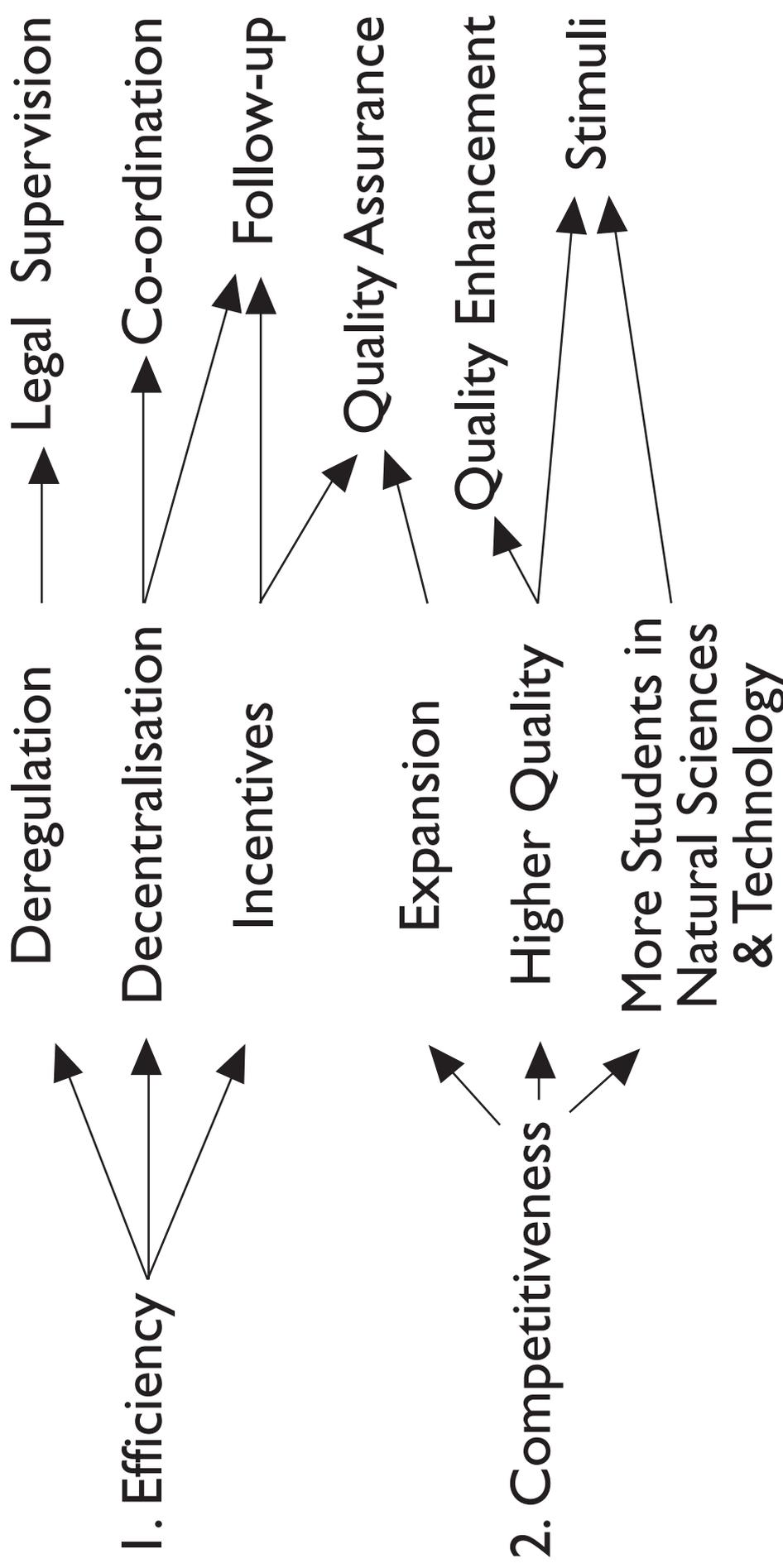
tions; new foundation institu-

tions as well as transparent and

distinct rules for private institu-

tions were introduced

The Development of the System of University Governance



The Swedish Parliament Decides on:

- The Higher Education Act and other laws
- The principles for allocating resources to undergraduate education & to research and postgraduate education
- The annual grants to universities and university colleges & to research councils etc – amounts and use
- Economic frames for the next two fiscal years
- The establishing of new state institutions for higher education

The Definition of Higher Education according to the Swedish Higher Education Act

9 § Besides knowledge and skills, undergraduate studies shall provide students with the ability to make independent and critical assessment, the ability to solve problems independently, and the ability to follow the development of knowledge, all this within their fields of studies. The studies should also develop the students' ability to exchange information on a scholarly level.

Besides the principles which apply to undergraduate studies, postgraduate studies shall provide students with the knowledge and the skills necessary to pursue research independently.

(1992:1434, 1 chapter 9 §)

The Swedish Government Decides on:

- The Higher Education Ordinance – including the Degree Ordinance – and other government ordinances
- The annual budget document to universities & university colleges – e.g. the educational task contracts – research councils, etc.
- The right for private higher education institutions to award degrees as well as the contracts with the private principals
- Appointments of the chairpersons and the majority of members of the boards
- Appointments of vice-chancellors and their salaries
- Some resources for unforeseen expenditure
- The granting of university status to university colleges

Universities & University Colleges are Responsible for:

- The internal organisation
- The principles for the internal allocation of resources, the annual budget, and the budget follow-ups
- The quality of teaching and research
- The organisation of undergraduate education, the design of study programmes, and the contents of courses
- The provision of and dimensioning of study programmes and courses

- Principles of admissions procedures and admissions to undergraduate education
- Postgraduate education – subjects, admissions, and organising of studies
- The establishing of chairs and appointments of professors
- Methods and focus of research
- Volume and focus of contract teaching and research
- Premises and investment in furniture and equipment
- Salaries for everybody except the vice-chancellor

The Role of the National Agency for Higher Education in the Swedish System of University Governance

Deregulation → Legal → *Legal Safeguards in Higher Education:*
Supervision

- Legal Supervision
(at the Government's request and the Agency's own initiatives)
- The Statute-book of the Agency
- Secretariats for two legal boards

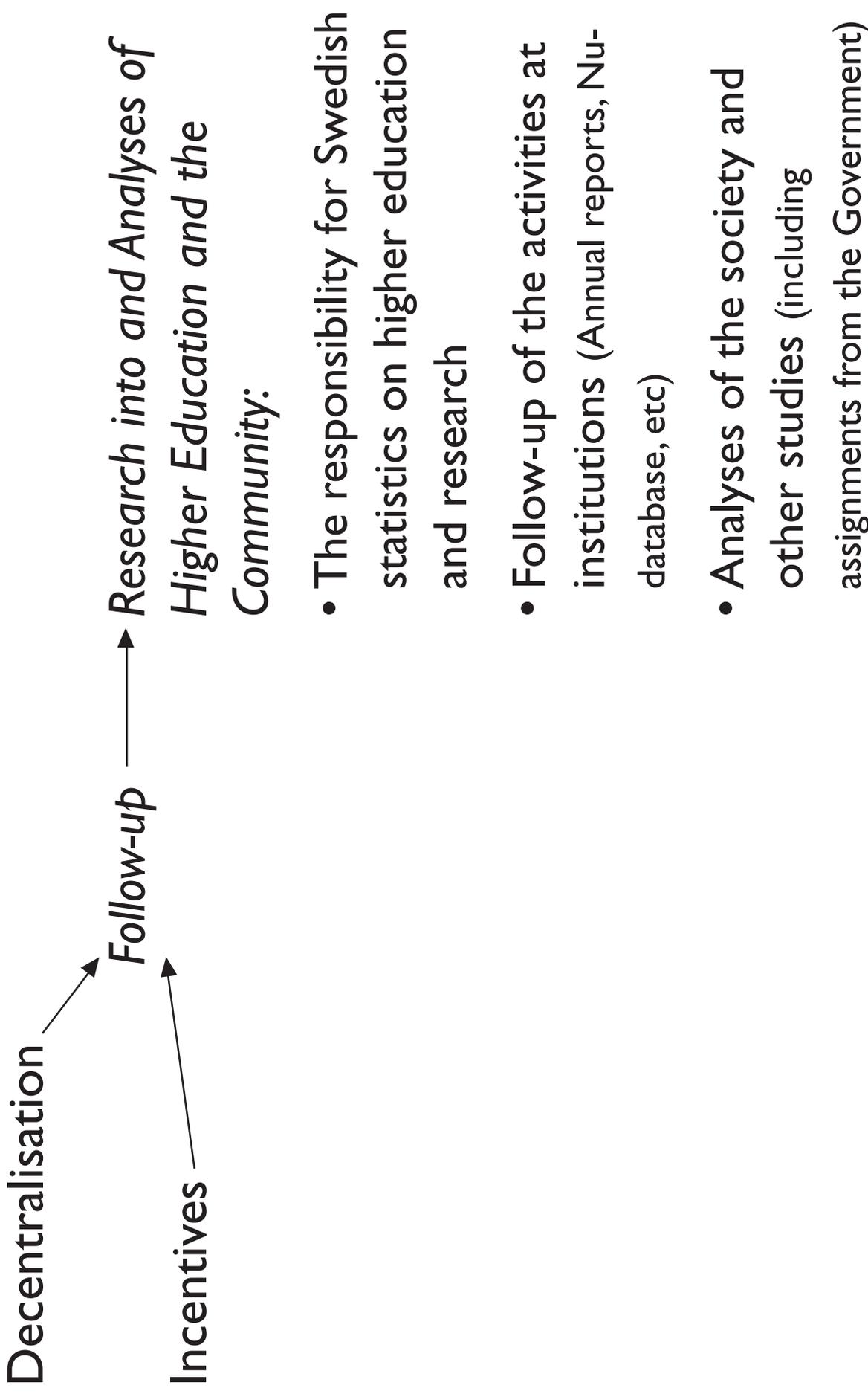
Recruitment to Higher Education:

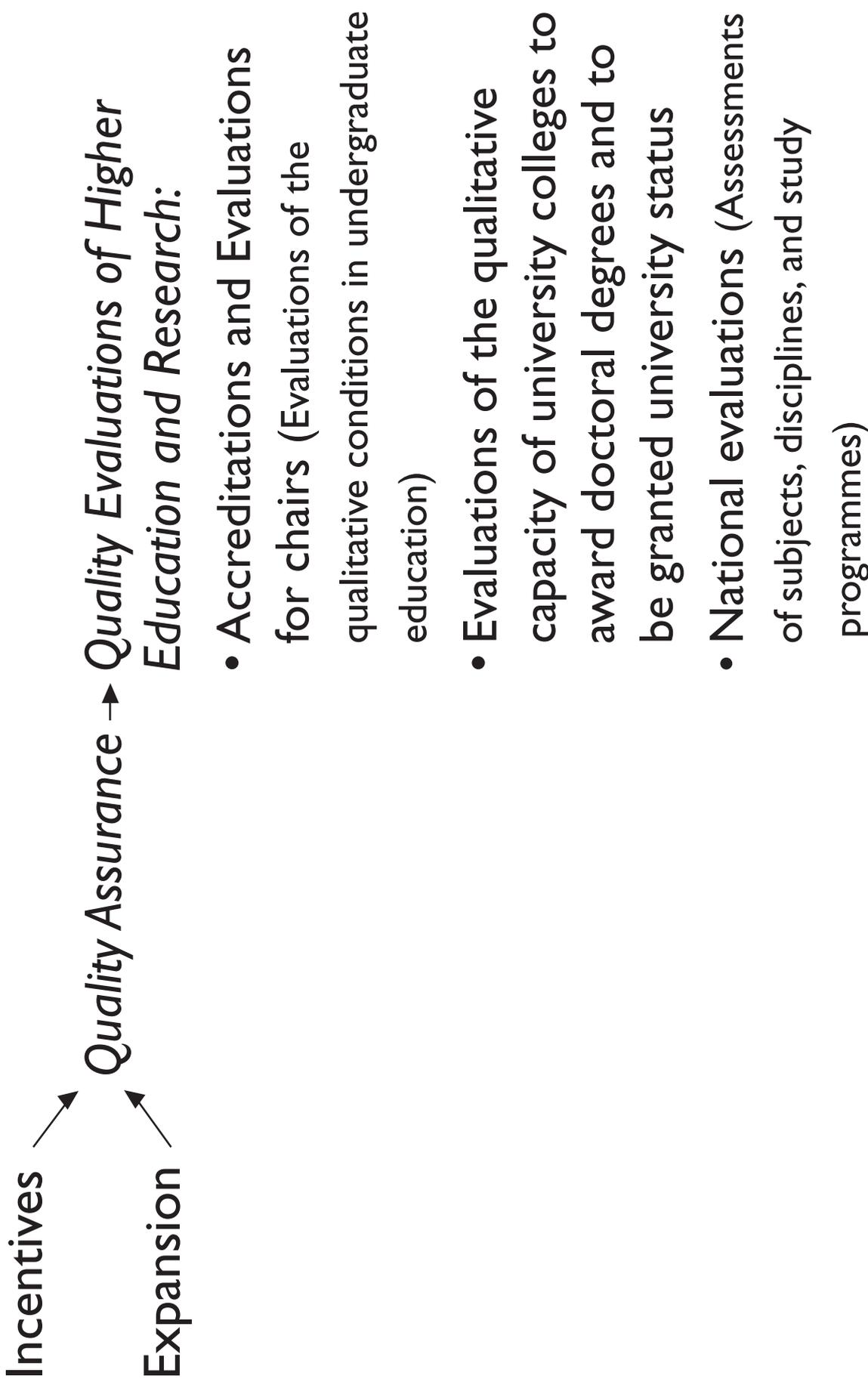
- The design of some admissions rules
- The national university aptitude test and other special admissions tests
- Information on academic studies (Nationally and internationally in booklets and databases)

Decentralisation → Co-operation

Other Co-ordinating Activities:

- The university computer network
- Database on research information





Higher Quality → Quality Enhancement → Quality Evaluations of Higher Education and Research:

- Quality Audits (recurrent audits of the quality assurance and quality enhancement systems of all institutions)

Support and Development Activities for Institutions of

Higher Education:

- Grants from the Council for the Renewal of Undergraduate Education
- The academic leadership programme
- Actions to promote equality in teaching and research
- Other targeted actions (e.g. grants for teacher training programmes)

Recruitment to Higher Education:

- Programme to stimulate interest in natural sciences and technology
- Other actions to promote recruitment

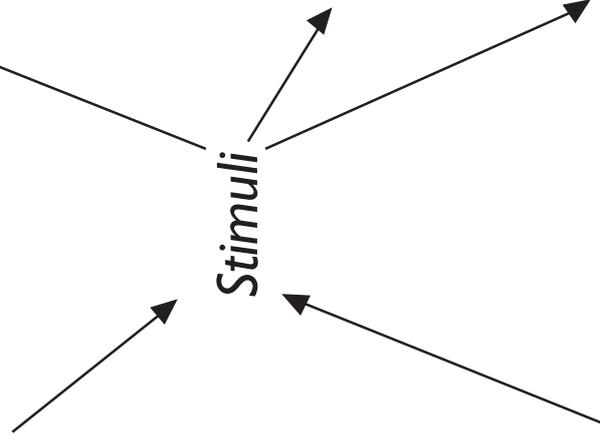
International Mobility for Students etc:

- Coordinator for EU exchange programmes
- The Council's exchange programme for academic staff
- Assessment of foreign academic studies
- Other international activities (EU-dir & NARIC)

Higher Quality

Stimuli

More Students
in Natural Sciences
and Technology



Appendix 2

Description of the Swedish System of Funding of Undergraduate Education

A part of the 1993 University Reform

New principles for the funding of undergraduate education were introduced on July 1, 1993. The new resource allocation system was an integrated part of the University reform of 1993.

The system is based on an *Educational task contract* given to each state university and university college. The contract states objectives for the institution in question for a three-year period and for the next fiscal year. Regarding the number of degrees to be awarded objectives are given for the following two three-year periods. The basic principle of the system is that money is appropriated as a remuneration for the results achieved at each institution each fiscal year, i.e. *the number of full time equivalent students* taught (FTE students) and *the number of credits* earned by students (FTE study results).

All undergraduate education in Sweden is organised as courses. Courses may be combined into study programmes. The size of a course is measured by the number of credit points awarded for the successful completion of the course. Nominally, one week of studies is required to acquire one point. The academic year is normally considered to be 40 weeks and consequently a successful full year of study corresponds to 40 credit points. One FTE student is a student who during one year has been registered for courses adding up to 40 points. One FTE study result has been achieved if the student has earned 40 credit points during the year. A student who has earned only 30 credit points has achieved 0.75 FTE study result.

Below follows a description of the most important components of the present funding system for undergraduate education. The principles are very much the same as the original ones. The changes concern mainly the Education Task Contracts. Their content has become more extensive, thereby putting more restraints on the institutions. Such changes were made before the fiscal years 1997 and 1998. Before the three-year period 1997–1999 some technical changes concerning the appropriations were introduced, mainly concerning transfers between fiscal years.

Educational Task Contracts

Before every fiscal year the state run 10 universities, 19 university colleges (3 become universities in 1999), and 7 art colleges are each given an Educational Task Contract. The general outlines are presented to Parliament in the Budget Bill, but the definite task contract, including objectives not only for the next fiscal year but also for one or more three-year periods are given in a special decision by the Government. The educational task contracts for 1998 contain the following objectives:

- *The minimum number of degrees* to be awarded at the institution during *three* three-year periods, regarding master's degrees as well as certain professional degrees (pharmacy, engineering and various teacher 's degrees).
- *The minimum total number of full time equivalent students* for the current fiscal year, a minimum of which within the study fields of technology and natural sciences.
- Regarding the current three-year period it is stated in which fields of study, study programmes or courses the number of students is to *increase* or *decrease* compared to the previous three-year period. In some cases the decreases concern only one year.
- Finally is stated that each institution should *take further action* during the current three-year period to increase the share of women or men in those study programmes, where they are in minority.
- The institutions are also told to make a follow-up of their educational task contracts to the Government in their Annual Report.
- The *Special Assignments* are stated; some of which have special funding – a lump sum for special assignments – whereas some are paid per student and per credits earned and are consequently paid for within the ceiling amount.

One block grant for undergraduate education

Each institution is given *one* block grant for undergraduate education each fiscal year. The grant consists of a *Ceiling Amount* and in most cases *Special funding for Special Assignments*. The ceiling amount constitutes the maximum per capita computed appropriations that can be claimed by the institution during that fiscal year. The grant is preliminary, since the final grant can not be computed until the end of the fiscal year since the final appropriation is based on the number of FTE students and FTE study results reported by the institution. They are reported in the annual report in accordance with government instructions. The preliminary grant is paid in advance each month, in tvelths, to the institution's account with the Swedish National Debt Office. Interest is computed on the basis of assets or debt in the account. If there is a difference between the monthly payments and the final computed grant, this difference is accounted for as *Savings of Grants*. Interest on such savings is to be paid back to the state on March 15 of the next fiscal year, at the latest.

Universities and university colleges receive grants separated from their costs. (This is not the case for the rest of the public administration in Sweden, where the total costs during the fiscal year add up to the grant, i.e. the revenue, for that year.) This separation of costs and revenues is also made for the grants for research and graduate education. If total costs are higher or lower than the total revenues will show in the loss and profit statement of the annual report.

The grant for undergraduate education is a block grant intended to cover *all* kinds of costs, including the annual costs for premises and equipment. It should also be emphasized – since this is not always recognized *within* institutions – that each institution decides on how the revenues earned (the grant) are to be used for different study programmes, for different types of courses etc. The unit revenues, described below, are only simple, average amounts used to calculate the total appropriation of resources – the grant – to each institution, not to be interpreted as signals on how to distribute the resources internally.

Standard unit revenues

The unit revenues for full time equivalent (FTE) student and for each full time equivalent (FTE) study result are decided yearly by Parliament for each *Field of Study*. The same revenue is given to every institution for all the students in the same field of study. The fields and the unit revenues for 1998 are as follows:

| Field of Study | Revenue per FTE student (Sw. crowns) | Revenue per FTE study result (Sw. crowns) |
|--|--|---|
| Humanities, Theology, Law and Social Sciences | 13 343 | 13 968 |
| Natural Sciences, Technology, Pharmacy, and Health sciences | 36 037 | 32 953 |
| Odontology | 32 724 | 40 921 |
| Medicine | 44 025 | 57 740 |
| Education * | 25 781 | 32 658 |
| Miscellaneous ** | 30 274 | 26 067 |
| Design | 107 354 | 68 989 |
| Art | 153 087 | 69 011 |
| Music | 92 441 | 61 762 |
| Opera | 220 689 | 139 248 |
| Drama | 213 882 | 112 115 |
| Media | 216 324 | 184 021 |
| Dance | 150 012 | 87 470 |
| Physical Education | 78 563 | 38 178 |

* Teaching practice and courses in practical education in teacher training programmes.

** Courses in Journalism and Librarianship and the practical and artistic courses in the Child and Youth Training and Primary and Secondary School Training programmes.

The classification of all the courses on one or more fields of study is made by each institution. This classification decides what unit revenues the institutions are to use when calculating the final grant on the basis of the number of FTE students registered on the courses and their FTE study results at the end of the fiscal year.

Transfers between fiscal years

To give institutions flexibility between fiscal years and to facilitate long-term planning, institutions are allowed to transfer unused part of the ceiling amount – the Saving of Grants – or surplus FTE study results to the next fiscal year. Institutions can only save grants or FTE study results that correspond to ten per cent of the ceiling amount at the most.

Annual reports

Institutions are to report the annual results to the Government – activities as well as economy – in their annual reports. Besides the instructions for all state administrations regarding those reports a special instruction was introduced in 1993 for all state universities and university colleges. This instruction states what results have to be accounted for and commented on in the report. Most of these results are connected to the educational task contract, but also other relevant aspects of the undergraduate education offered by each institution are required.

In this way Government ensures similar reports from all the institutions on what they have achieved with the money from the tax payers. This has become all the more interesting since the 1993 reform left many of the decisions on undergraduate education to the universities and university colleges.

To make national surveys it is essential that the facts given by institutions are as clearly defined as possible. The National Agency for Higher Education has therefore, together with representatives for the institutions, prepared detailed instructions on how the institutions should report the results asked for.

Often same principles for non-state institutions

Two of the former state institutions became private institutions in 1994, run by foundations. These two institutions – Chalmers University of Technology and The University College of Jönköping – are also given educational task contracts in the same way as the state institutions. The contracts are negotiated every three years in special agreements between the Government and each foundation. The annual grants are decided by Parliament and the unit revenues are the same as for the state institutions. The rest of the terms and the long-term commitments from both parties can be found in long-term general agreements, which also include research and postgraduate education.

With the other private organisers of higher education there are sometimes separate agreements and sometimes not. Agreements exist with the Stockholm School of Economics and the theological colleges. For those private institutions entitled to economic support Parliament decides on the annual contribution.

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National Agency for Higher Education