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THE RISE AND FALL OF PRIVATE HIGHER EDUCATION IN ISRAEL

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Introduction

The international debate on higher education currently centers on its important role as an economic engine, bringing about breakthroughs in the fields of science and technology, and the training of professionals who will find their place in the economy.¹

Generally speaking, governments may employ two possible strategies in support of these objectives: Government supervision and control through which the government endeavors to pilot the higher education system using stringent regulations, extensive supervisory mechanisms and budgetary control. Most countries applied this policy in the seventies and eighties, while systems in general were expanding and public financing for the sector increased. The second strategy favors the deregulation of educational institutions, with authority being delegated to the higher education system itself, and government supervision being carried out by remote control. This new strategy is characterized by the self-regulation of institutions of higher learning, in the framework of a broad policy set by the government.²

International literature indicates that restrictive governmental strategies are incompatible with the rationalization of the higher education system, and that the self-regulation approach creates the kind of autonomy that enables institutions to be more attentive to markets.³

Israel's higher education system not only does not follow contemporary international development trends, but it is proceeding in the opposite direction. The Israeli government,

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through the Council for Higher Education (CHE), sets policy for all institutions of higher learning, in both the public and the private sectors. In this *Policy Studies*, we shall endeavor to arrive at an understanding of the regulatory policy governing Israel's higher education system, and the grave repercussions of that policy to the private sector in particular.

Historical and Structural Review of Israel's Higher Education System

Israel's higher education system has registered impressive development since the founding of the state. In 1948, this country had only two universities, with a student body of 1,635:⁴ the Hebrew University of Jerusalem, founded in 1925, and Haifa's Technion, founded in 1924.⁵ The Weizmann Institute of Science opened in 1949, building on the foundations of the Sieff Institute, founded in 1934.⁶

The higher education system started to expand during the fifties. The year 1955 saw the founding of Bar-Ilan University, and 1956 that of Tel Aviv University.⁷ By 1960, Israel's higher education system was catering to 9,275 students.⁸ The CHE was founded in 1958 as a statutory body in charge of higher learning in Israel, and primarily empowered to approve the opening of academic institutions or tracks, and to grant them academic recognition.⁹ (A detailed profile of the CHE follows below.)

A wave of immigration arrived in the mid-fifties. In the mid-sixties, when the immigrant children reached college age, the student body increased considerably. This generated a demand for an expansion of the system. As a result, the University of Haifa was founded in 1963, followed by the Ben-Gurion University of the Negev in 1964.¹⁰ By 1970, the public higher education system was catering to 35,374 students.¹¹

Since all existing institutions were subsisting on government support,¹² in 1972 the CHE decided to establish the Planning and Budgeting Committee (PBC). The PBC began operating in 1974.¹³ In June 1977, the Israeli government decided to make the PBC a sub-committee of the CHE, with authority over the budgeting of all institutions of higher learning.¹⁴

The higher education system continued evolving, and the seventies saw the founding of the Open University (of Israel), while a number of institutions were authorized to award bachelor degrees.¹⁵ In 1980, Israel had over 54,000 students registered in institutions of higher learning.¹⁶

Following a standstill in the eighties, the higher education system took a new direction in the early nineties, on several levels: the existing higher education system expanded, institutions of higher learning spread toward the periphery, and the private higher education sector underwent a tremendous spate of development.¹⁷ The accelerated increase in demand derived from demographic changes (immigration wave and population growth), an increase in the matriculation rate and the requirements of the business sector.

With the ever-increasing demand for institutions of higher learning, the CHE was coming under growing pressure to expand the system as a whole. Accordingly, following protracted and vigorous opposition on the part of long-standing universities to the opening of the market to competition, the CHE outlined plans for enabling public colleges, too, to grant academic degrees.¹⁸

The rising demand also prompted the private sector to establish degree-conferring academic colleges, not reliant on government financing. At the same time, a significant increase was recorded in the number of foreign universities operating affiliates in Israel. These institutions which, legally speaking, were not under the CHE, attracted vast hoards of students. The advent of the private colleges and the activity of the foreign affiliates changed Israel's higher education map.¹⁹

Structural Review

Israel's higher education system comprises 54 institutions that are recognized by the Council for Higher Education and have been authorized by it to confer academic degrees,²⁰ and other institutions operating under license and on the way to gaining recognition. Some recognized institutions are budgeted through the Planning and Budgeting Committee, some (institutions for the training of teachers), are budgeted through the Ministry of Education and some operate without public participation.²¹ Thus the higher education system is composed of various types of institutions: universities, public colleges, institutions for pedagogic studies, private colleges and foreign affiliates.

Universities

The universities engage in research and teaching, and are competent to confer bachelor, master and doctoral degrees on their graduates. The seven universities in Israel are:²²

1. The Hebrew University in Jerusalem
2. The Technion – Israel Technological Institute
3. Tel Aviv University
4. Bar-Ilan University
5. University of Haifa
6. Ben-Gurion University of the Negev
7. The Weizmann Institute of Science

There is also the Open University, based on distance learning and part-time study for a bachelor's degree in various fields of study, and for a master's degree in a limited number of fields.

Public Colleges

Public colleges are institutions of higher education that are not defined as universities, as they are

only permitted to grant a general or professional bachelor's degree (except in teaching), but they do enjoy public budgetary support.

The public colleges are:²³

1. The Bezalel Academy of Arts and Design (Jerusalem)
2. The Jerusalem Rubin Academy of Music and Dance
3. Jerusalem College of Technology – Machon Lev
4. Shenkar College
5. Ort Braude College
6. The Academic College of Tel Aviv-Yaffo
7. The Hadassah College of Technology
8. Emek Yezreel College
9. Tel-Hai College
10. Tel Aviv Academic College of Engineering
11. The Sapir Academic College
12. The Negev Academic College of Engineering
13. The Holon Academic Institute of Technology
14. The Jerusalem College of Technology

Academic Institutions for the Training of Pedagogic Personnel

There are, in addition, twenty-two institutions and tracks for higher learning that engage in teacher training and award “Bachelor of Pedagogic Arts” degrees. These institutions are under the responsibility of, and are budgeted by, the Ministry of Education.²⁴

Regional Colleges

Currently operating within the higher education system are regional colleges offering academic tracks under the academic responsibility of the universities. Until now, students of these colleges could only obtain their bachelor's degree after completing their final year of studies at the patron university. (Because of the increase in the number of students, which is in excess of the universities' absorption capacity, the CHE has lifted this requirement and regional colleges may now confer a general bachelor's degree.)²⁵

The consensus in the CHE is that, in the near future, such institutions must be freed from their dependence on universities; however, a final decision on the matter has yet to be reached.²⁶

Until 1966, the University of Haifa lent academic patronage to the Tel-Hai College, the Western Galilee College and the Emek Yezreel College. And until 1998, the Tel Aviv University was the academic patron of the Menashe College.

Table 1
University-Sponsored B.A. Academic Tracks

| Patron University | Regional College |
|------------------------------------|---|
| Bar-Ilan University | Ashkelon Regional College |
| | Safed Regional College |
| | Western Galilee College |
| Ben-Gurion University of the Negev | The Sapir Academic College |
| | Eilat Regional College |
| | Achva Academic College |
| The Hebrew University | Tel-Hai College |
| Tel Aviv University | The Holon Center of Technological Education |

Source: Ministry of Finance, *The State Budget: Draft Budget for the Year 2001* (Jerusalem: Ministry of Finance, 2000), Handbook 12, p. 13 [Hebrew].

Extra-budgetary Institutions and Tracks

The CHE is not responsible for planning or budgeting extra-budgetary institutions. However, on applying for a permit, recognition and charter, such institutions are carefully inspected by the Council and its sub-committees.

In contrast to state-budgeted institutions, in which tuition fees are subsidized, tuition fees in these institutions are higher, and are fixed by the individual institution. Extra-budgetary institutions operate mainly in the social sciences and law, and they include Israeli institutions and affiliates of foreign universities.

Private Israeli Colleges

The private colleges in Israel are:²⁷

1. Ruppin Institute
2. The College of Management, Academic Studies Division
3. Israel College of Optometry
4. College of the Environment – The Design and Architecture Workshop
5. Netanya Academic College
6. The Interdisciplinary Center, Herzliya
7. The Academic College of Judea and Samaria
8. Shaarei Misphat College of Legal Studies
9. Ramat Gan School of Law

Foreign Affiliates

Foreign universities, operating in Israel within the framework of local entities, confer academic degrees on Israeli students. These entities operate either as affiliates of the universities and academic institutions, or as local organizations preparing students for the examinations of the foreign university.²⁸

The affiliates are the more rigid frameworks, and are closely connected with the parent university overseas. They operate under the academic supervision of the foreign institutions, and are also supervised by the CHE in Israel. The law requires that 20 percent of the lecturers in these affiliates come from the parent institution, and that the curriculum conform to that in effect overseas. Studies and examinations are held within the framework of the Israeli affiliate.²⁹

The second framework is looser. The Israeli entity prepares the students for examinations for an academic degree from a given institution in another country. This entity, too, is required by law to be supervised by the CHE, but the supervision is less stringent. Examinations are not conducted on the college campus, but in frameworks determined by the foreign university. British universities, very popular in Israel, use the facilities of the British Council, while American and other universities hold examinations at their embassies or cultural associations in Israel.³⁰

The Council for Higher Education

Israel, in its first ten years, lacked a permanent apparatus for dealing with higher education. The CHE constitutes an arm of the Israeli government, and is responsible for handling all matters of higher education in this country. It is the CHE that approves the opening of new institutions, grants them academic recognition, approves the opening of new fields of study and research within recognized institutions and undertakes the overall planning of the entire higher education system.³¹

The CHE is in charge of the implementation of the Council for Higher Education Law 5708-1958, by virtue of which it operates.³² Decisions are reached by majority vote following discussion. As stated, in 1974 the CHE delegated its powers in budgetary matters to the PBC, and the PBC became a CHE sub-committee in 1977.³³ The PBC is responsible for the overall standardization of the higher education system, and the distribution of state resources in this sector.³⁴

Each council serves for a five-year period. The CHE numbers 25 members at most, at least two-thirds of them persons of standing in the academic community, including the chairman of the Israel Students Union. The president of Israel, at the recommendation of the minister of education and culture (who chairs the CHE), appoints council members.³⁵ Traditionally, a Supreme Court judge emeritus is appointed deputy chairman of the CHE.³⁶ Appointment of the other CHE members begins at the universities: The CHE approaches the rector of each institution, who chooses a number of representatives from within the institution, and the delegate himself is appointed by the minister of education.³⁷ Though people serve five-year terms, if

holders of public office are replaced, the new official automatically replaces the former on the CHE.

Table 2

Members of the Ninth Council for Higher Education (1997 – 2002)

| | Name | Representation | Type of Institution |
|-----|----------------------------|--|----------------------------|
| 1. | Ms. Limor Livnat | Minister of education – CHE chair | Government |
| 2. | Justice Shoshana Netanyahu | Supreme Court judge emeritus – deputy chair | Public |
| 3. | Prof. Majid Alhaj | University of Haifa | Public |
| 4. | Mr. Eliyahu Ben Lulu | Public representative (deputy mayor of Beit Shemesh) | Public |
| 5. | Prof. Dan Bar-On | Ben-Gurion University in the Negev | Public |
| 6. | Prof. Avraham Gal | Hebrew University, Jerusalem | Public |
| 7. | Prof. Meir Heth | College of Management, Academic Studies Division | Private |
| 8. | Prof. Mina Teicher | Bar-Ilan University | Public |
| 9. | Prof. Yehezkel Teller | Public representative (University of Haifa) | Public |
| 10. | Prof. Nehemia Levzion | Planning & Budgeting Committee chair | Public |
| 11. | Prof. David Mochmal | Weizmann Institute of Science | Public |
| 12. | Prof. Avraham Mahraz | Ben-Gurion University | Public |
| 13. | Prof. Avinoam Nir | Technion – Israel Institute of Technology | Public |
| 14. | Prof. Perla Neshet | University of Haifa | Public |
| 15. | Prof. Zahava Solomon | Tel Aviv University | Public |
| 16. | Prof. Ya'akov Porush | Bar-Ilan University | Public |
| 17. | Prof. Mordechai Perl | Ben-Gurion University | Public |
| 18. | Prof. Uzi Kaldor | Tel Aviv University | Public |
| 19. | Mr. Guy Kelner | Chairman of the Students Union | Public |
| 20. | Prof. Adi Kimchi | Weizmann Institute of Science | Public |
| 21. | Prof. Aviezer Ravitzki | Hebrew University, Jerusalem | Public |
| 22. | Dr. Avraham Rochli | Public representative | Public |
| 23. | Prof. Mendi Rodan | The Jerusalem Rubin Academy of Music and Dance | Public |
| 24. | Prof. Arza Ron | The Technion | Public |
| 25. | Prof. Uriel Rapoport | University of Haifa | Public |

Source: Council for Higher Education, “List of Members of the Ninth Council for Higher Education” (updated as of June 2001) (CHE, Jerusalem, 2001, memo) [Hebrew].

As indicated in table 2, even though only two-thirds of CHE members are required by law to have academic standing, the council is composed entirely of academics from budgeted institutions. Public representatives and the chairman of the Students Union also represent subsidized institutions. The only private sector representative is no. 7 on the list.

As stated, the CHE, as one of its principal functions, is responsible for approving the opening of institutions of higher learning, and awarding the status of “institution of higher learning” to existing educational institutions. The grant of approval is generally a two-stage process: the grant of a *permit* to open an institution and provide higher education studies, and the

grant of *recognition* to the institution. Parallel with these two stages, the institution is chartered to award academic degrees in programs approved by the CHE. The grant of a permit to, and the recognition of, any institution are subject to government approval. Likewise, the CHE is responsible for issuing approvals for opening new units in recognized institutions. In the framework of these processes for the award of academic status, the CHE performs academic checks with the aid of committees of experts, budgetary checks with the aid of the PBC administration, and administrative-legal checks with the aid of the CHE administration.³⁸

The professional committees assess institutions in light of various (non-predetermined) criteria, so that recognition is not entirely uniform. On the basis of the committees' reports, the CHE tries to adjust the grant of charter to a certain norm, even if, in this or that specific case, the committee has shown either leniency or stringency.³⁹

Essential Elements of the Council for Higher Education Law

Higher education affairs in Israel, and the handling of such affairs, are regulated by means of the Council for Higher Education Law 5718-1958, with its accompanying regulations and rules. This law provides that the CHE is the state authority in the State of Israel for all higher education matters, including teaching, science and research; the law sets forth the CHE's functions, powers, its manner of appointment and its *modus operandi*.⁴⁰

The law provides that an institution awarding or promising to award an academic degree may neither be opened nor maintained unless such institution has obtained a permit or recognition from the CHE, in accordance with its set rules.⁴¹ An institution recognized as an institution of higher learning is free to conduct its own academic and administrative affairs, within the framework of its budget, as determined by the CHE.⁴² The law sets aside designations such as university, technical college, faculty, academy, high school, academic college, higher education or higher learning, the use of which is only permitted by approval of the CHE.⁴³ It also provides that only an institution authorized by the CHE may award recognized academic degrees such as bachelor, engineer, master, doctor or professor.⁴⁴

The law states that the CHE sets rules and criteria for the grant of a permit to an institution of higher learning,⁴⁵ but the criteria are not themselves anchored in the law. The rules include: the hiring of a tenured staff of lecturers (at least one fourth of them in full-time employment), the provision of infrastructure such as a library and laboratories, minimal conditions for admission (a matriculation certificate), and the number of years of study (three years for a bachelor's degree).⁴⁶

Legislative Development

The regulation of Israel's higher education system commenced as early as 1950. The then prime minister, David Ben-Gurion, formed a committee headed by Yaakov Dori, president of the Technion of Haifa, in order to draft a bill for institutionalizing Israel's higher education system. The reasons for this legislative initiative were the growing demand for educated personnel in various fields and the growing need demonstrated by the universities for properly regulated

government support. After much debate in the Knesset Education Committee, which failed to agree on such legislation, the government decided to drop the bill from its agenda.⁴⁷

In 1954, a second draft of the bill was formulated, giving a majority on the CHE to representatives of institutions of higher learning. This elicited a critical response from Knesset members, worried mainly that the CHE being composed of representatives of existing institutions would prevent new institutions from gaining recognition, as veteran institutions guarded their own turf.⁴⁸

Criticism notwithstanding, a similar bill was drafted in 1958, called the Council for Higher Education Law 5718 – 1958, and that year it was passed into law. The law defines the spheres of activity of the CHE: to approve the activity of institutions of higher learning, to grant permits for awarding academic degrees and to supervise the award of such degrees.⁴⁹

By the early sixties, it was becoming apparent that neither this legislation nor the forming of the CHE had resolved higher education's monetary problems. Budgets for institutions of higher learning were included in the overall education budget, but these institutions learned to bypass the Ministry of Education and make additional budgetary demands on the Ministry of Finance.⁵⁰ Also, several new institutions had been formed and a budgetary arrangement had to be reached with them.⁵¹ In the absence of proper criteria and procedures, lobbying was the standard operating procedure. This state of affairs gave rise to the drafting of a Higher Education Authority bill in 1968, whose purpose was to determine how institutions of higher learning were to be budgeted. The bill was the subject of prolonged and delayed debate and was eventually dropped from the agenda. A year later, the new minister of education, Yigal Allon, appointed a commission headed by Professor Rachel Shalon to handle the matter. The commission recommended setting up a planning and budgeting committee (PBC), to be vested with authority over the financing of university education in Israel.⁵² Not until five years later, in 1974, did the government approve the forming of the PBC, which was established along the lines of the university grants commission existing at that time in Britain. The PBC was made responsible for budgeting the higher education system. It has six members, four of them university professors who, while on the PBC, do not hold administrative responsibility in their universities, and two public representatives from the fields of economics, business or industry.⁵³

Government Resolution no. 666 of 1976 defines the functions of the committee as follows:

To be an independent body, intervening between the government and national institutions on the one hand, and institutions of higher learning on the other, in all matters of allocations (to be made) to higher education.

Legislative developments did not end there. Until 1995, the CHE refused to permit colleges to award B.A. degrees. But in that year, Minister of Education Amnon Rubinstein pushed through a significant piece of legislation that produced a structural change in Israel's higher education system: the Knesset approved Amendment no. 10 to the Council for Higher Education Law, whereby a college, too, would be recognized as an institution of higher learning. In the words of this law, a college is:

An institution of higher learning, not being a university, which has been recognized and chartered to grant its graduates a recognized degree in one or more of its units or which has been issued with a permit certificate.⁵⁴

The amendment constituted a significant milestone in higher education, since it opened up a broad range of options for undergraduate studies at private academic colleges, including affiliates of foreign universities. The state's handling of foreign affiliates was problematic since international agreements require Israel to recognize degrees of universities that are recognized in their own countries. The question was whether the CHE Law applied to courses offered by such universities which took place in Israel.

An interpretation by Judge Moshe Landau (chief justice emeritus), when serving as deputy chairman of the seventh Council for Higher Education (1987-1992), determined that the CHE Law did, in fact, also apply to foreign affiliates.⁵⁵ The CHE chair thus arrogated to himself the juridical power to confer a very broad interpretation on the CHE Law, and to apply it to Israel's higher education system as a whole.

As early as 1988, the CHE devised procedures and directives for examining applications by overseas institutions wishing to open affiliates in Israel. Initially, the CHE only conducted institutional and administrative checks of the affiliate in Israel, by means of requests for information. In the course of time, the CHE also began sending delegations to check the overseas parent institution.⁵⁶ An affiliate satisfying these investigations would be given a CHE operating permit.

In 1994 Professor Amnon Rubinstein, then the minister of education and culture and chairman of CHE, asked Attorney General Michael Ben-Yair for a legal opinion on this issue. The attorney general stated:

The Council for Higher Education is not empowered to supervise the activity of affiliates and branches promising to award an academic degree under the aegis of a foreign institution or to give credit points towards such degrees....On the face of it, however, there is something wrong with the exclusion of affiliates and branches of foreign institutions from the council's supervision, solely due to the legislature not having reckoned, at the time, with the possibility that foreign institutions would be courting Israeli students. The absence of supervision and control are liable to cause injury to the general public, which is liable to err vis a vis the actual status of such institutions.⁵⁷

In 1995, Rubinstein submitted a draft amendment to the CHE Law (Amendment no. 11) that would bring the affiliates within its supervisory purview. The object of the bill as formulated by Rubinstein was: "To extend the right of study to tens of thousands of students in foreign affiliates, rather than their having perforce to study in another country."⁵⁸ The CHE supported this legislation, since it wished to resolve the issue of the affiliates' standing in Israel and assume regulatory control.⁵⁹ The bill passed the Knesset's Education and Culture Committee headed by MK Emanuel Zisman, while representatives of the CHE and the PBC took an active part in the Knesset committee debates, thus, for practical purposes, participating in the legislative process.⁶⁰

In February 1998, the Knesset plenum approved Amendment no. 11 to the CHE Law, subordinating all frameworks operated by foreign universities in Israel to the CHE in Israel. Following the change in legislation, all foreign academic institutions were obligated to seek a renewed license by August 1998. The law required foreign affiliates to have their standards conform to the norms generally accepted in Israel.⁶¹ The law required that the CHE approve the curriculum and any material change in programs, including the offering of new courses. The law stated that at least 30 percent of the curriculum be taught by lecturers from the overseas parent institution,⁶² and “that the studies held by the institutions shall be identical to, or only slightly different from, the studies taking place in that field in the parent institution in the parent country.”⁶³

At first, the local universities opposed any legislation that would seem to allow foreign universities to expand at all, and especially if outside the purview of the CHE. Rubinstein says the affiliates posed a threat to the universities, which was why, at the outset, all legislative measures encountered opposition on the part of the CHE and the universities.⁶⁴ Rubinstein’s original proposal underwent numerous changes, and the law, as ultimately enacted, differed from the original bill.⁶⁵ The CHE justified its demands regarding the law, by referring to its experience in approving affiliates, which until then, it had done voluntarily.⁶⁶ Thus, for example, the original law did not stipulate the presence of foreign lecturers.⁶⁷ Despite compromises in the wording of the law (including some by the CHE, which was constrained, for example, to waive its demand for 50 percent foreign lecturers), all who were involved in the relevant legislative process deem the law, as enacted, to be acceptable.⁶⁸

The Nineties: An Historical Review

A genuine educational revolution took place in Israel in the nineties, consisting primarily of the redeployment of the higher education network, an accelerated increase in the number of teaching institutions and a considerable expansion of the student circle. A survey conducted by the Hadassah Institute in 1996 indicates that the number of undergraduate teaching and preparatory institutions had increased by 58 percent over a five-year period. In 1998, 615 such institutions were operative in Israel, offering 420 different study tracks.⁶⁹ Israel’s true education revolution found concrete expression in the establishment of public and private colleges and the commissioning of foreign affiliates.

The change of direction that resulted in the expansion of the higher education system was an outgrowth of the Knesset’s 1969 resolution in favor of educational reform, which mandated the extension of the country’s secondary education law to the tenth grade; and the institution of taxpayer-supported secondary education at the end of the seventies. All this resulted in mounting pressure by high school graduates on the higher education system. With the waves of immigration from the former Soviet Union in the early nineties, the CHE and the universities began to make preparations to integrate these students.⁷⁰ Expectations of a rush by Russian-speaking students were not realized, since the great majority of immigrants did not, as expected, go for the academic track.⁷¹ But the preparations made by the CHE and the universities did open the gates of academe to Israeli students. The annual increase in the numbers of college- age

adults and the increasing numbers of high-school graduates with matriculation certificates, created a demand for higher learning. Likewise, motivation to embark on academic studies increased with the realization that acquiring a degree and vocational training are the individual's best guarantee of advancement.

The universities did not absorb all these new numbers of students, in part due to physical limitations, such as inadequate budgets, shortages of buildings and so forth, but mainly due to the fact that the CHE favored restricting the number of students by means of a planned, controlled policy, in order to emphasize academic quality.⁷²

According to Shlomo Hershkovitz, deputy director of the PBC, this policy of limiting the number of students is not documented in writing, yet it is the general approach characterizing all Israeli universities. This approach is effected by high admission requirements (high-school matriculation grade averages and university entrance exams known as "psychometrics") which are publicized every year and available in university publications. The law does not limit the number of students but this is the policy of the universities.⁷³ Currently on the agenda in Israel are separate proposals by MK Yossi Sarid and Finance Minister Silvan Shalom to cancel the psychometric exams in order to facilitate university access.

The system responded to new needs by allowing the private sector to set up a series of institutions of higher learning, and the public sector a series of colleges. But the universities, which for decades had enjoyed a monopoly on academic teaching and research, viewed with disfavor the accelerated development of institutions of higher learning.⁷⁴

Shlomo and Barbara Svirsky describe this opposition in a study, based on the deliberations of the Council for Higher Education:

As against the mounting pressure to open the gates to higher learning, the representatives of the universities and with them also the heads of the educational system formed a uniform, consistent front that negated the expansion of the existing universities and the formation of new universities. Instead, they proposed instituting a non-university academic track which would focus on teaching rather than research, and would be restricted to undergraduate studies only.⁷⁵

Faithful to this policy, the CHE and the Ministry of Education resolved, in the nineties, to transform Israel's public colleges into independent institutions intended for those not meeting the admission requirements effective in the universities.

The universities opposed the opening of public colleges for fear they would lose their slice of the budget pie. Accordingly, even though the amendment to the CHE Law, by virtue of which the regional colleges were founded, accords them academic status similar to that of the universities (i.e., they are allowed to award a bachelor's degree), differences nevertheless arise, because the colleges are restricted to teaching only. (The budget for research accounts for a hefty proportion of a university's total budget, in a ratio of 60:40 to the teaching budget.)⁷⁶

Evidently what the universities most feared, however, was the loss of their monopoly as the market opened to competition. Proof of this is found in the CHE's policy (see below) of assuming responsibility for determining the student quota in the public colleges.

Even in the year 2000, when six northern and four southern colleges applied for amalgamation in order to form two universities, the CHE expressed its strenuous opposition. The CHE, all of whose members represent universities, naturally refused to approve the forming of two rivals to the seven existing universities. The entrenched nomenclature of Israel's universities took a proprietary view of their own work, vis a vis the up-and-coming colleges. So entrenched was the opposition of the universities and the CHE, that the CHE even opposed the use of the word "university" (as in "university college" or "university-type center") that, conferring a smidgen of prestige on regional colleges, might attract potential students to peripheral institutions.⁷⁷

PBC chairman Professor Nehemia Levzion expresses this opposition:

Under the terms of our higher education policy, the forming of a new university would be out of place. The new colleges must concentrate on fortifying their bachelor's degrees, so as to be able, in a few years time, to award master's degrees....The CHE has not allowed the colleges the option of becoming universities.⁷⁸

The main brunt of the universities' onslaught, however, was reserved for foreign affiliates. The student body in the affiliates rose significantly in the nineties because of the increasing demand, while the CHE evidently viewed the affiliates as public enemy number one.

Until the law was amended in 1998, all matters pertaining to the foreign affiliates were largely unregulated. There was, to be sure, some loose supervision by the CHE, but its activity was confined to its Affiliates Committee checking whether the institutions were recognized in their own countries, and whether the parent institution had approved the founding of the Israeli affiliate. This was pretty much the sum and substance of the relationship between the foreign affiliates and the CHE.⁷⁹

But, as will be seen below, the change in legislation in 1998 nipped the private sector's expansion in the bud. Many affiliates chose not to proceed with setting up shop in Israel. Others underwent a laborious bureaucratic process, only to have the CHE ultimately reject their applications for permits. The law also affected those institutions that continued their activities since, in addition to the pedagogic and administrative implications of the legal amendment, there were also economic implications. The new legal requirements gave rise to heavy expenses incurred in bringing lecturers from overseas and setting up infrastructure, and the increased expenses threatened the very existence of these institutions. Also, damage was done to the reputation of the foreign institutions, and this damage cannot be estimated.

In effect, injury to the foreign affiliates is tantamount to severe injury to Israel's entire higher education system.

The Development of the Higher Education System in the Nineties

Israel's higher education system has enjoyed an unprecedented boom in the last decade. Thanks to the prevailing expansionary trends, in addition to its seven long-standing universities and the Open University, Israel today has nine regional colleges, twenty-two teacher training colleges and fourteen other institutions, all of them subsidized. There are also nine academic institutions not funded out of the state budget, which hold permits to grant academic degrees.⁸⁰

In the nineties it became apparent that it was not within the power of the country's budgeted institutions to meet the demand for higher learning. Progress, the rise in living standards and the population increase all resulted in a heightened demand for higher learning.

Even though the universities had deployed to cater to a larger number of students, supply still could not keep pace with demand. The rush on the universities caused them to impose more stringent entry requirements and to raise the admissions bar to the most sought-after faculties. Many young hopefuls were turned away, and those who could afford it simply traveled abroad. The ever-increasing demand on the part of potential students led to recognition being awarded to the regional colleges, and to the founding of private colleges.⁸¹

The Israeli student now enjoyed new opportunities and fresh horizons, as various independent schools opened their doors, and overseas institutions set up affiliates in Israel. Thanks to these institutions, a large population, which for reasons of age, occupation and unprecedented excess demand on the universities had hitherto been unable to study, now gained access to higher education.⁸²

The entrance into the market of the foreign affiliates met the needs of a large number of people stymied by the universities' admission barriers and their own financial inability to go abroad to study. Although expensive, private foreign affiliates still present a cheaper option than living and studying in another country.

Thus, since the beginning of the decade, forty representatives of foreign universities mostly from the United Kingdom and the United States, have opened in Israel. They offered more than 400 bachelor and master degree programs. At the end of the decade, their annual turnover came to some \$18 million.⁸³

Almost none of the functioning affiliates represent prestigious universities. They are intended for students seeking not an academic career, but a practical degree for employment purposes.⁸⁴

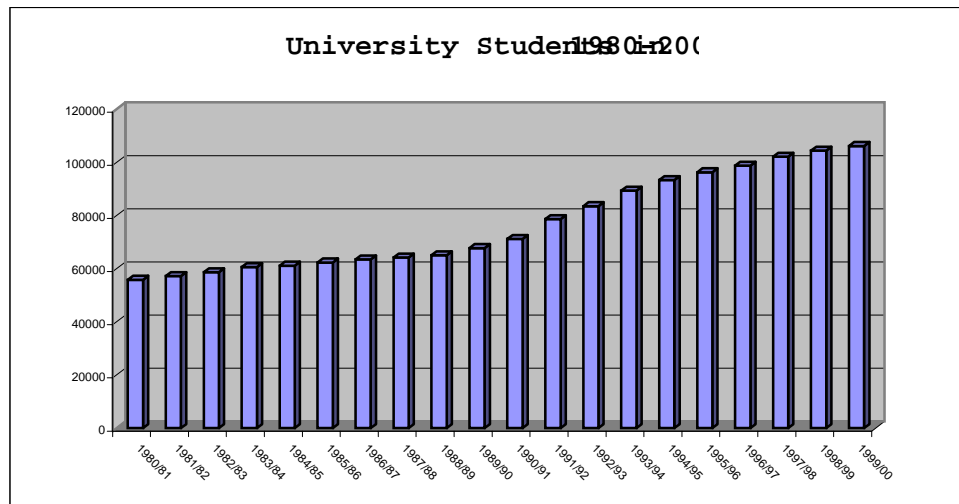
Increase in the Student Body

The expansion of Israel's higher education system in the nineties was reflected in an increase in the number of students. While in the eighties the number of persons attending budgeted institutions increased by 31 percent, from 1990 to 2000 the number of students in

institutions budgeted by the PBC increased by 105 percent. In 2000, there were 166,000 students (not including those registered at the Open University).

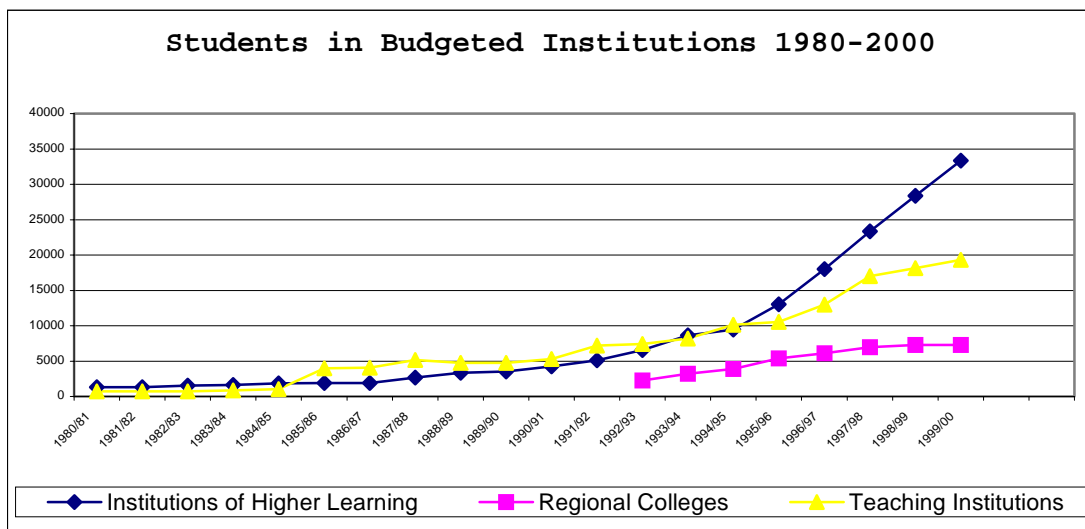
The following figures depict the increase in the number of students in budgeted institutions:

Figure 1



Source: Based on PBC, Table 3.1 (Jerusalem, PBC, 2000)

Figure 2



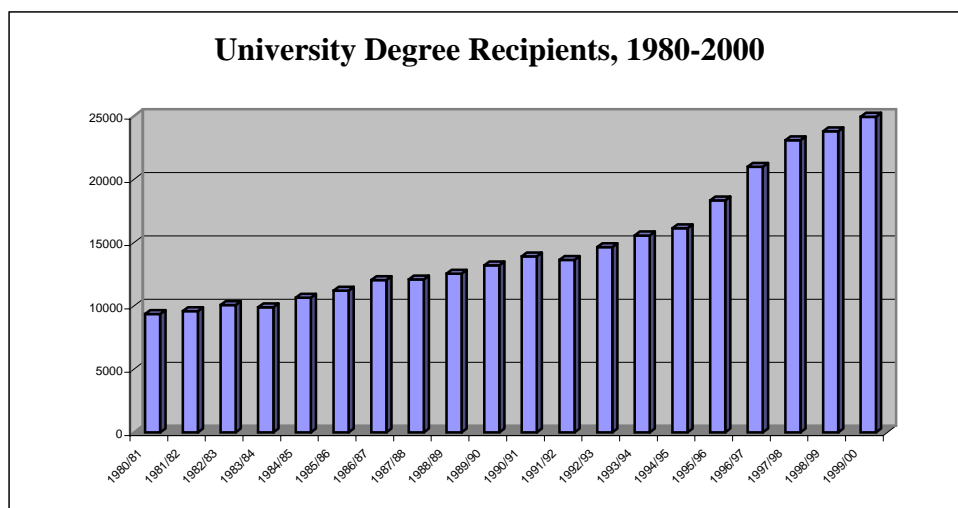
Source: Based on PBC, Table 3.1 (Jerusalem, PBC, 2000).

No precise data is available on the number of persons attending private institutions, but a PBC survey indicates some 25,000 students. According to PBC estimates, this figure was correct

until two years ago, since which time the student population in foreign affiliates has dropped.⁸⁵ A number of foreign affiliates have a student register of over one thousand: Derby, the largest foreign affiliate, numbers 5,800 students,⁸⁶ Manchester College has 2,300,⁸⁷ and Touro College numbers about 1,000.⁸⁸ In addition to those studying in Israel, some ten thousand Israeli students attend various overseas universities.⁸⁹ Most of the Israelis studying abroad are registered at universities in the United States and Britain. Other are registered at institutions of higher learning in Germany, Italy and East European countries.

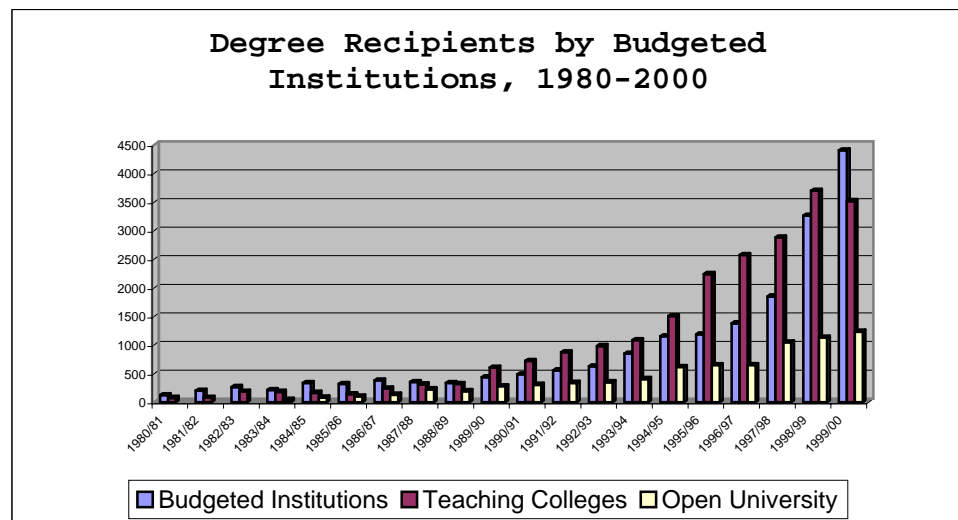
Figures 3 and 4 show the number of degree recipients in Israel's public institutions of higher education.

Figure 3



Source: Based on PBC, Table 5.1 (Jerusalem, PBC, 2000).

Figure 4



Source: Based on PBC, Table 5.1 (Jerusalem, PBC, 2000).

Budget Allocation Methods

The allocation method for budgeted institutions is based on assessments of the number of students. A long-term agreement is in effect between the CHE and the Ministry of Finance, providing for a pre-agreed number of students. The overall budget is revised annually in accordance with CHE estimates.⁹⁰

It is the CHE that predetermines the student quota of each budgeted institution. In the universities, the number of students is restricted since the CHE is in favor of post-graduate university students being directed to research, with a preference for quality over quantity. In the colleges, by contrast, while the number of students is predetermined for budget allocation purposes, there is no restriction on an increase in the number of students.⁹¹

The budget allocation model is based on the following components:

- The greater part of the budget is transferred to institutions as a direct per-student allocation. The formula is based on the number of registered students multiplied by a utilization coefficient (expected number of graduates in each field). The per-student tariff is determined in accordance with the field of study (the tariff per medical student is higher than that per political science student, for example), the degree (B.A., M.A. or Ph.D.), and other parameters.
- The budget is based on the expected number of graduates out of those registered, based on past experience.
- A certain amount is transferred on the basis of research output. Research output is determined by an index including the universities' ability to attract grants from competitive funds, research contracts from industry and other sectors, the number of published academic articles by university researchers in Hebrew and English, and the number of doctoral students.

The index and its criteria are not publicized or published.

- An amount estimated on the basis of teaching quality criteria (the CHE is currently endeavoring to construct a suitable model for measuring quality).⁹²

According to the CHE, all the indices on which it relies in making its assessments are objective ones. Student numbers are based on data from the Central Bureau of Statistics and research data is obtained by means of publications and research funds, some of which are state owned or managed.⁹³ Yet so long as the CHE's members represent the universities they will keep in view the good of their institutions, and therefore their indices cannot be considered objective. The CHE has a built-in conflict of interest. Even if the indices are not wholly arbitrary, they are not independent from those who allocate the funds.

In addition to university income from tuition and state subsidies, every university has a “Friends of...” organization abroad that sends contributions. There are also other connections made by university departments in Israel with departments abroad, for purposes of research and fundraising. An example is the School of Business Administration at Tel Aviv University that is connected with Kellogg at Northwestern. This is not a branch of Northwestern and is not subject to the laws governing foreign branches in Israel, but rather an Israeli department that gets support from abroad. Such arrangements, under university supervision alone, are an important budgetary supplement to PBC subsidies.⁹⁴

Tuition Fees

The topic of higher education tuition fees has hit the headlines in recent years as students fight to have tuition fees in public institutions lowered. The Winograd Commission, representing the students, the universities, the Ministry of Finance and the PBC, was a public commission formed in order to reduce academic tuition fees. It was set up following strikes and pressures exerted by student organizations.

The Ministry of Finance representative on the commission, Deputy Commissioner of Budgets Yael Endorn, opposed any reduction in tuition fees. Supporting her position was the University Rectors Committee, on the grounds that “there is no economic or social justification for any sweeping reduction in tuition fees.”⁹⁵

No practical significance attached, however, to this opposition, since Prime Minister Ehud Barak, on taking office, promised to reduce students’ tuition fees. With the approach of the elections, Minister of Finance Avraham Shochat changed his mind and expressed support for the prime minister’s position. To overcome his Ministry’s resistance, the minister of finance resolved to replace Endorn with someone who would vote in line with the prime minister’s political interests.⁹⁶

Even before the commission had completed its deliberations, Ehud Barak convened a press conference at which he announced that he had kept his promise, and that tuition fees would be gradually reduced by half, after which they would be regularly adjusted in line with the Consumer Price Index.⁹⁷ By resigning as head of the commission before any resolutions were adopted, judge emeritus Eliyahu Winograd was registering a protest, designed to send the prime minister a signal that he was not prepared to serve as a rubber stamp for political decisions arrived at during a prime-ministerial election campaign.⁹⁸ But Winograd’s protest carried no real weight, and the commission soon endorsed the decisions, over the objections of the University Rectors Committee and the concerns which had been expressed by the Ministry of Finance.⁹⁹

Professor Amnon Pazi, a senior member of the University Rectors Committee, claims that the reduction in tuition fees will not bring about the desired results:

I do not believe that reducing tuition fees will bring in even one more student. Students who study free of charge do not appreciate it and remain years upon years in university....

About half the students attending universities today belong to the three top deciles....We are in favor of helping needy students...but on a differential basis.¹⁰⁰

Table 3

Tuition Fees Set by Winograd Commission (\$)

| School Year | Current Tuition Fees | Future Tuition Fees | Reduction in Tuition Fees | Cumulative Percentage |
|-------------|----------------------|---------------------|---------------------------|-----------------------|
| 2002 | 2,521 | 2,144 | 353 | 14% |
| 2003 | 2,521 | 1,941 | 579 | 23% |
| 2004 | 2,521 | 1,714 | 806 | 32% |
| 2005 | 2,521 | 1,487 | 1,033 | 41% |
| 2006 | 2,521 | 1,260 | 1,260 | 50% |

Source: *Ha'aretz*, January 24, 2001 (\$1 = NIS 4.15).

A majority of students attending Israel's universities come from families with above-average income. Since the lion's share of higher education is subsidized through general tax revenue, the subsidy to students in the form of reduced tuition represents a transfer of income from the poorer elements of society to those with above-average income, who can most afford to pay tuition. Any reduction in tuition should have been reserved for those with below-average income. This subsidy aids and abets the socialist elitism of Israel's universities.

In any case, in 1997 tuition fees constituted only 12 percent of the budget of the Hebrew University, while for the most part, the budget came out of state financing.¹⁰¹ Approximately 69 percent of the university's general income served for payments of salaries and pensions, while a mere 6 percent was allocated to development and acquisitions.¹⁰² Generally speaking, the salary component accounts for about 70 percent of total spending in the university budgets.¹⁰³ (We note that the budgets of universities are not comparable to the budgets of private sector colleges, since the colleges are in the early years of their activity in Israel, and their development budgets are therefore high.)

Tuition Fees in Private Colleges and Foreign Affiliates

Tuition fees in private colleges and foreign affiliates are in most cases two to three times higher than those in effect in the budgeted institutions ranging from \$5,000 to \$6,500 per academic year. Tuition fees in private colleges represent their principal source of income.

The Process of Legislative Change

The Council for Higher Education Law 5718-1958 in its pre-1998 format applied solely to Israeli academic institutions and did not regulate control over foreign affiliates operating in Israel. This was because, at the time the law was enacted, the legislature did not anticipate the development of foreign institutions in Israel.

Worth noting, as regards the non-applicability of this law, are the remarks of the attorney general to the effect that:

As indicated by the above-mentioned review, the legislature deemed right and proper to regularize the activity of institutions of higher learning, and that for two main reasons: to protect members of the public desiring to acquire a higher education, by ensuring the academic standard and proper administration of recognized institutions; and to restrict public spending on higher education matters.

The extent of applicability of the law is naturally confined to within the jurisdiction.... Obviously, the Education Council does not control the activity of institutions of higher learning that operate outside Israel, even if Israeli students attend there. The nature of this issue requires that the activity of such institutions be examined by the authorities of the country in which they operate....It would seem that the cumulative weight of the provisions tips the balance in favor of a narrow interpretation of the law, insofar as they are intended to restrict the provision of education. This being so, the provisions of the law should, for this very reason, be construed in a functional, local and restricted manner.¹⁰⁴

In light of the attorney general's opinion, Israel is shown to have had no law regulating the activity of foreign affiliates. Yet the basic principle of freedom of occupation did, on the face of it, protect their activity.

Israel, which did not regulate the affiliates by means of internal legislation, was signatory to a number of international conventions dealing with the mutual recognition of studies in academic institutions in different countries. Thus Israel had signed a convention calling for recognition of higher education studies, diplomas and degrees in countries belonging to the European Union,¹⁰⁵ a convention opposing discrimination in education (of the United Nations Education, Science and Culture Organization – UNESCO),¹⁰⁶ the European Convention regarding the equivalence of certificates conferring access to university-type institutions,¹⁰⁷ and also a cultural convention between the government of Israel and the government of the United Kingdom of Great Britain and Northern Ireland.¹⁰⁸ One of the things these conventions require Israel to do is to take steps to encourage the competent authorities to recognize studies, diplomas and degrees of academic institutions from member states of the convention.

The first affiliates to come to Israel were not required by the CHE to fulfill the same requirements as Israeli institutions. Rather, any institution so wishing could apply to the CHE and undergo a process of gaining recognition as an Israeli institution. Affiliates were entitled to operate in Israel even without approval by the CHE. The CHE was not empowered to prevent any concern whatsoever from opening an affiliate that provided an education, and granted a degree, as long as the degree was awarded by a university recognized under the conventions.

The affiliates applied to the CHE for approval and recognition because state entities such as the Ministry of Education, the Civil Service Commission, the IDF, the Israel Police and other bodies render participation in their employees' tuition fees in the affiliates conditional on an approval of operations from the CHE. Also, the Department for the Evaluation of Overseas

Degrees in the Ministry of Education ties recognition of degrees earned in Israel to an approval of operations by the CHE.

The CHE was not particularly strict with the first affiliates arriving in Israel. It granted provisional licenses to some affiliates without any in-depth examination. Other affiliates operated under a Ministry of Education permit. Until the CHE Law was amended, neither body was responsible for the underlying content of the degrees.¹⁰⁹

The government resolved to set the new sector in order. It perceived a need for supervision to be regularized by means of a legal arrangement anchored in the CHE Law. As noted above, in the autumn of 1995, the then minister of education, Amnon Rubinstein, submitted Amendment no. 11 to the Council for Higher Education Law to the Knesset. The criteria for the licensing of the affiliates were established on the basis of the CHE's requirements, since that body possessed experience in the voluntary licensing of affiliates.¹¹⁰

The representatives of foreign university affiliates expressed reservations as to the rules the CHE demanded. They maintained that these rules were too stringent and actually amounted to a shutdown order for many existing institutions. Examples of the overly stringent rules were: the requirement that 50 percent of teaching be done by lecturers from the parent university, that studies be conducted in the language of the parent university, and that examinations be checked by lecturers from the affiliate and the parent university.

Opposing interests in the Knesset Education Committee fought over the CHE Law for two and a half years. Chairman Emanuel Zisman was inclined to be lenient with the affiliates, in order to open the market and increase competition. The universities, backed by the Council for Higher Education, tried to establish criteria that would restrict the affiliates' scope of action. Finally, Zisman compromised on a formula granting the CHE control but leaving an aperture that would enable the affiliates to teach curricula that might "differ only slightly" from those of the parent university.¹¹¹

The amended law went into force in early 1999, abolishing all previous permits. The law established a transition period during which the affiliates must seek new licenses. They were required to prove that their curricula resembled those of the parent universities, and that their lecturers held appropriate degrees, as well as also overcoming other licensing obstacles.¹¹²

Following the Knesset's summer recess, the Education Committee learned of a resolution adopted by the government, at the urging of the Ministry of Finance, whereby the annual economic Arrangements Law would stipulate that the condition for the licensing of an affiliate would be that its curriculum be absolutely identical to that of studies toward the parallel degree in Israeli institutions. The Ministry of Finance's plan to underhandedly amend the Council for Higher Education Law was seen as an attempt on its part to completely abolish Amendment 11, which, despite its limitations, did confer legitimacy on foreign affiliates.¹¹³ The Ministry of Finance was determined to shut down all or most affiliates on the grounds that they maintained a low academic standard. But its real underlying motive was the cost of the affiliates' academic degrees. Civil servants, and mainly teachers and police and army officers, equipped with such

degrees, would be due for higher salaries and pensions. These items, even back in 1999, were costing the Ministry of Finance some NIS 50 million annually.¹¹⁴ Ultimately this amendment was not integrated into the Ministry of Finance's Arrangements Law, but the affair does reveal one more reason why it was felt that competition in the sector should be prevented.

Regulation

The very existence of governmental supervision of bodies such as institutions of higher learning is a matter of controversy. The approach that is becoming universally prevalent today supports self-regulation of universities, rather than supervision by external entities, and certainly not entities budgeted by the government.

According to current law, the government is allowed to intervene in the higher education system, even in cases where institutions of higher learning are not supported out of the state budget, at least in matters regarding discrimination. This is because the Israeli declaration of independence defines Israel's democratic character as being based on equality for all its citizens, without regard to religion, race, or sex. The declaration is not a law but is, however, a binding legal document.¹¹⁵

Rules as Obstacles to Foreign Affiliates

The amendment to the CHE Law was supposed to complete the breakthrough that began with the establishment of the regional colleges, and prevent the affiliates from becoming entangled in unreasonable red tape. To do this, the law should have been liberal so as to facilitate competition in higher education and open the way for academic study options not offered by Israeli institutions. But the amendment to the law as passed reflects an outdated, overly rigorous approach that is injurious to independent education in Israel. The following are a number of unreasonable and problematic conditions included in the amended law:

1. Requirement of Importing Lecturers from Abroad:

The institution in Israel must provide studies using lecturers: A. who are all academic appointees of the parent institution; B. at least 20 percent of them have to list as their main employment the said institution, or they have to be permanent lecturers there for not less than 4 years. At least 30 percent of the curriculum in the Israeli institution is taught by lecturers whose principal job is with the parent institution.¹¹⁶

This requirement virtually defies implementation, since most lecturers in the parent institution are not Hebrew speakers, and even if their number includes some lecturers who fit the bill, this requirement renders the operation of the affiliates in Israel so costly as to run them out of existence. Also, the requirement limits the ability of Israeli lecturers to work in the affiliates.

Professor Marshall Sarnat maintains that this requirement is illogical:

I have taught all over the world, and I have never seen a country that required the presence of a certain number of foreign lecturers. On the contrary, I have encountered countries that restricted the presence of foreign lecturers.¹¹⁷

2. Prohibition Against Awarding Ph.D.s:

The institution in Israel must not offer a doctoral curriculum and grant or promise the granting of a doctoral degree, unless recognized....¹¹⁸

Many Israelis study for their doctorates in other countries, both because of a dearth of doctoral advisors in Israel and because of the prestige attaching to foreign universities. Bringing doctoral studies to Israel through the affiliates could prevent this student migration, but the CHE has blocked this option.

3. Requirement for Academic Curriculum to be Identical to that of the Parent Institution:

Studies offered by foreign institutions in Israel must be identical to, or only slightly different from, the studies taking place in that field in the parent institution.¹¹⁹

Setting this rule is easy enough but realistically, studies cannot always be identical. Besides, the CHE itself has imposed criteria which do not form part of the parent institution's own requirements thus ensuring that studies will not be identical. Yigal Ne'eman, representing the University of Manchester, presented this problem to the Knesset Education Committee:

There exists something of a contradiction. On the one hand, both the draft bill and the approach of the Council for Higher Education require us to ensure that the affiliate shall work closely with and in a manner identical to the criteria existing in the parent university...and on the other hand, the CHE requires us to meet different criteria. In some instances, the two are mutually exclusive, and we are unable to bridge the contradiction....If there is a gap between what is generally accepted in Israel and what is generally accepted in the United States, I would expect whoever supervises such criteria to perhaps give the matter more in-depth consideration, and find out why, and let another evaluation be given...that does not simply adopt the Israeli criterion...since even that is not uniform: what is acceptable in a certain affiliate of Bar-Ilan, is not acceptable at the Hebrew University, for example.¹²⁰

4. Rules are Arbitrary:

Since it is the CHE that determines the rules, the CHE clearly has the power to change them, and thereby rescind a license already granted to an institution. This is a description given by Raanan Har Zahav, Adv.:

According to the bill, the CHE may, with a wave of the hand, rescind a license it previously granted. The procedure is very brief. There is a need for this significant power to be subject to the approval of the Knesset Education Committee, or to be subject to the approval of the district court.¹²¹

The CHE as a Cartel

The structure of the CHE is problematic, creating a conflict of interests: all leading members of the council are Israeli university employees, and it is only natural that they will fight foreign competition. Accordingly, it is not reasonable that the CHE should be the sole authority supervising its rivals.

Although the attorneys of the affiliates have requested representation on the CHE (as enjoyed by the regional colleges), the Ministry of Justice has rejected this request, since the affiliates are not financed out of the state budget.¹²² Which is to say, according to the Israeli Ministry of Justice, that the only sector fit to exercise supervision over competition is the sector injured by the competition.

Professor Ami Shaked, director of Fairleigh Dickinson University's New Jersey campus, gives the following description:

I am mainly bothered by the hegemony of the traditional universities, those five or six universities in Israel, which, to all intents and purposes, control the Council for Higher Education in Israel. Their representatives account for two-thirds or possibly even more of the council's membership. I would like to point out that this hegemony and this obduracy have established a very limited number of places of study for subjects such as psychology, law and so forth. Three hundred students can be taught as easily as two hundred, but even so, they imposed limits, something that does not exist in other countries. These limits created a hole, and universities, some of them serious, arrived in Israel in order to operate. What I fear is that the hegemony will continue to reign supreme in the existing situation in Israel.¹²³

Red Tape

The approval of the affiliates involves a long, laborious bureaucratic process. A handful of people are in charge of this matter in the CHE, and the council meetings take place only once a month.

Emanuel Zisman, former chairman of the Knesset Education Committee, has criticized this red tape. He claimed that 41 affiliates have registered with 430 programs, and in the first eight months out of the eighteen allocated for examination, the CHE approved only two affiliates, rejected two applications and imposed restrictions on three others until they made improvements. The CHE is dragging its feet deliberately, or possibly because it has insufficient personnel to examine the applications.

As current Education Committee Chairman MK Zevulun Orlev, formerly director of the Ministry of Education and one of the sponsors of the new law, admits, "the whole business has failed." He was referring to the bureaucratic delays in the implementation of the law, for which the CHE has found no solution. Orlev says:

The reality that has come about is not what we prayed for, and I do not know who has failed: the affiliates...the CHE which regards them as rivals, or the law which did not meet the test.¹²⁴

Thus the CHE appears to be to guilty of deliberate bureaucratic stalling and carrying on a war of attrition, inspired by the universities, in order to thwart the new competition in the sector.

Today, after completion of the laborious bureaucratic process, provisional licenses have been granted to only 22 institutions, and some of these licenses are contingent on the fulfillment of certain of the CHE's requirements.¹²⁵ Three institutions are undergoing a "conversion" process so as to become Israeli institutions (an even more complicated process). True, the provisional licenses do enable the affiliates to operate in the short term, but they do not put an end to the bureaucracy or the red tape. The longest-lasting approval given by the CHE is until the year 2004.¹²⁶

Reasons for the Change in Legislation

On the face of it, the change in legislation governing foreign affiliates in Israel stemmed from the CHE's wish to impose some order on a sector so academically wide open. But arguments to the effect that the proliferation of affiliates is cheapening academic degrees and lowering academic standards are unfounded. Every country that has a well-developed higher education system maintains several strata of universities and colleges with different academic standards, each suited to different student sectors. Accordingly, the real reasons for the war-unto-death that the CHE is waging on foreign affiliates are not hard to imagine:

1. Restriction of Competition:

The CHE, composed of representatives of the universities, is trying to prevent the expansion of the higher education system in Israel in order to preserve the near-monopoly of the veteran universities. It is prompted in this mainly by the fear that the time will come when the new institutions gain recognition, and they, too, will thereupon demand government subsidies, forcing the universities to share the budget.

Remarks by economist Professor Marshall Sarnat of the University of Manchester illustrate the resistance the CHE is putting up to the very idea of competition in the sector:

Nehemia Levzion (CHE chairman) told me: "I know you are good, but you are considered an imported product, which is the reason for the opposition of the Council for Higher Learning"...The CHE notifies the Knesset Education Committee that it is about to impose rules, and submits them for discussion. In economics, the term we use for such rules is protection against exposure and against competitive imports. The result is that a state entity is operating to all intents and purposes as a cartel. Where draconian rules are established, I find that such rules constitute a shutdown order for the affiliate.¹²⁷

Even today, Levzion says that a uniform standard should be established for foreign affiliates, as for any other imported product.¹²⁸

2. Public Sector Pay Scale:

For the public sector employee, an academic degree means a wage dividend and a springboard to senior positions.¹²⁹ His studies are generally financed by the state employer (police, military, and so forth), and the rewards accruing once he achieves his degree may amount to an increase of thousands of shekels monthly (by means of a salary hike or larger pension). The working public benefits most from the presence of the foreign affiliates in Israel, since these offer study programs designed for a more mature population and make adjustments for students' office hours.

CHE representative Avishai Braverman actually admits this fact:

I would permit the competition to operate in complete freedom but for the existence here of a large, wide public sector whose salary increases depend on these certificates.¹³⁰

Israel's socialist economy, with its large, wide public sector, whose employees enjoy tenure, high salaries, and annual salary increases, has the undesirable consequence of having the government oppose an increase in educational skills and qualifications of Israelis because more educated Israelis will result in higher budget outlays. Put another way, the cost of maintaining the statist economy and bloated bureaucracy is so high as to preclude further higher education, since an increase in the number of educated Israelis will further raise the cost of public sector wages.

Results of the Legislation

The motives of those opposing competition have in large part been realized by the change in legislation enacted in 1998. The law has affected the foreign affiliates in particular and the higher education system in general.

The rules have not, in fact, resulted in the shutdown of all foreign affiliates. The more established ones, possessing a relative advantage, managed to survive in spite of the restrictions; but not all could withstand them.

Forty-one affiliates applied for the licensing of their curricula, and most were left dangling. Full licensing was accorded without delay to only two programs of two affiliates, and even this was merely provisional. Applications by eleven affiliates (with 22 programs) were totally rejected and only twenty-two were provisionally approved. Five "approved" affiliates found themselves hamstrung since not all their programs (14 in number) in certain fields or areas were granted licenses. Seven other affiliates, which were to have offered 24 programs, gave up in despair, and, withdrawing their applications, left the country (see Appendix 1).¹³¹ The London School of Economics, one of Britain's best universities, which had commenced activity in Israel, left without even embarking on its licensing process.¹³²

In 1999, the CHE invited a number of foreign affiliates to undergo a "conversion" process so as to gain recognition as Israeli institutions. The CHE thereby cracked open a narrow aperture for colleges trying to join Israel's higher education system. Applying to become an

Israeli institution involves applying for a license all over again (following a series of applications for permanent and/or provisional permits); but the CHE has yet to establish the criteria for the conversion of such institutions. The process has thus become long and laborious. As of today, not one institution has successfully undergone the “conversion” process.

The manager of one affiliate described the situation:

As a government entity, the Council for Higher Education is a delaying factor. The affiliate has already applied for approval three times, but they [CHE] themselves do not know what they want and cannot complete the process.¹³³

In addition to the laborious bureaucratic process, the affiliates would pay a heavy price for detaching themselves academically and economically from the parent institution, and they would have to drop their name, which is to say, their reputation.

Economic Losses

To a greater or lesser extent, all foreign affiliates have sustained economic losses because of the unbending policy of the CHE. The few colleges that have obtained approval have been forced to bear the expenses involved in their licensing process (such as engaging professional teams to prepare the material for the CHE). Since no long-term licenses have yet been issued, the average duration of the license being two years, these are recurrent costs.

Most importantly, the affiliates have sustained indirect losses because of the lack of clarity surrounding the licensing process. The uncertainty has prevented and, in certain cases, continues to prevent the registration of new students. Also, the CHE requirement that the affiliate’s publications specify that the degree they award is not an Israeli degree has generated a negative image for registrants as well as some confusion, which has been detrimental to the affiliates’ revenues.¹³⁴

Affiliates that were in the initial stages of establishing their presence in Israel have also sustained losses, even without going through all the stages of the bureaucratic procedure. Avi Shmuelevitz, a local entrepreneur hired by California State University, estimates CSU’s costs a quarter of a million dollars.¹³⁵

International Survey

In recent decades, higher education systems the world over have abolished the supervision apparatuses that were typically in force in the seventies and eighties. In the past decade, governments have been engaged in deregulating such systems, with the state exercising no more than remote control by means of an overall policy.

Comparative research conducted by the National Agency for Higher Education in Sweden surveys the models of 14 OECD countries: Australia, Belgium, Canada, Canada (Quebec), Denmark, Finland, France, Hungary, Mexico, Holland, Norway, Sweden, Britain and the United

States. All these countries have entities whose job is to take steps to improve the quality of their higher education system, by having the institutions exercise self-regulation and control.¹³⁶

With a few exceptions, these entities are fully financed by the government. The exceptions are Belgium, Canada, Holland and the United States, where the institutions themselves provide the financing, while in Norway and Britain, the financing comes partly out of the public budget and partly out of private budgets.

The supervision consists of evaluating the institutions, the teaching staff, the curricula, and other significant criteria that differ from one country to the next. But the control mainly takes the form of self-regulation by the universities (through models based on fixed criteria), or of peer review (by rival entities), with the results being publicly reported.

A look at these international developments highlights the differences between the worldwide trend and the situation in Israel. Compared to the policy prevailing in developed countries, the CHE model is unique. The fact that a state institution, composed of representatives of public universities and dependent on public financing, is the sole entity supervising and granting accreditation creates a severe distortion in Israel's higher education system. Furthermore, the changes in the sector in recent years represent a trend that is the reverse of the global trend. The CHE is reinforcing its supervision and enforcement apparatus and not allowing market forces to operate.

In the U.S., regulation of public and private institutions takes place at various levels: licensing procedures are carried out at the state level while supervision falls to the federal administration and to private accreditation bodies.

- The state issues a charter for the activity of an academic institution in accordance with its own laws, and also oversees the quality of studies by means of a public commission appointed by law, whose members are from the government.
- The federal government recognizes academic institutions by delegating its authority (through a tender) to a private accreditation body.
- Accreditation bodies are divided into two classes: professional and regional.
 - A. The professional bodies, such as a committee representing the Bar Association, supervise the specific curricula of the institutions.
 - B. The regional bodies supervise private and public colleges. They are appointed through the universities, and membership consists of thousands of institutions of higher learning from both the private and the public sectors.¹³⁷

In contrast to Israel's CHE, a broad spectrum of the higher education system is quite extensively represented, so that the problem of a conflict of interests does not arise.

Table 4
Supervision, by Country

| Country | Type of Supervision | Financing of Supervision | Composition of Supervisory Body | Opening of Sector to Competition |
|-----------------|--|--------------------------|-------------------------------------|----------------------------------|
| Australia | Self-regulation Committee audit Public report | Public | University representatives | Opened |
| Belgium | Self-regulation Peer review Public report | Private | Representatives of all institutions | Opened |
| Britain | Self-regulation Peer review Public report | Private/public | Representatives of all institutions | Opened |
| Canada | Self-regulation Peer review Internal report to committee | Private | Representatives of all institutions | Opened |
| Canada (Quebec) | Self-regulation Peer review Public report | Public | College representatives | Opened |
| Denmark | Self-regulation Peer review Public report | Public | Representatives of all institutions | Opened |
| Finland | Self-regulation Peer review Public report | Public | Representatives of all institutions | Opened |
| France | Self-regulation Peer review Public report | Public | Representatives of all institutions | Opened |
| Holland | Self-regulation Peer review Public report | Private | Representatives of all institutions | Opened |
| Hungary | Self-regulation Peer review Public report Accreditation | Public | University representatives | Opened |
| Mexico | Self-regulation Peer review Public report | Public | Representatives of all institutions | Opened |
| Norway | Self-regulation Peer review Public report | Private/public | Representatives of all institutions | Opened |
| Sweden | Self-regulation Peer review Public report | Public | University representatives | Opened |
| USA | Self-regulation Peer review Accreditation and supervision | Private | Representatives of all institutions | Opened |
| Israel | Accreditation and supervision | Public | University representatives | Greater stringency |

Source: Based on The National Agency for Higher Education (Hogskoleverket), *Quality Assurance As Support for Processes of Innovation — The Swedish Model in Comparative Perspective* (Stockholm: Hogskoleverket, 1977), pp. 36-38.

Summary and Recommendations

As in other areas affected by globalization, academic Israel is gradually opening up to the world: to new possibilities offered by academic institutions in Europe and the United States and to innovative programs in a diverse range of studies and specialization. The dynamic change undergone by Israel's higher education system, through most of the nineties has been of great significance. It has introduced competitive elements into the system that serve as catalysts for transforming attitudes towards the contemporary needs of the Israeli sector. The fact that new horizons are being opened up for the Israeli student, and that he is being prepared to meet the requirements of the domestic and global economy, is without doubt a positive trend in a country that is taking an active part in the international high-tech industry.

In a society based on advanced technology, work necessitates a great deal of know-how, in turn necessitating a high level of education. Survival in global market competition is reserved for countries which prove adept at developing their human resources, maintaining a high level of professionalism and adapting to changing environments. In an era of readily available information, higher education must become one of Israel's prime goals, since Israel has no resources other than its intellectual human capital.

As in other developed countries, two levels of higher education have emerged in Israel. One stratum comprises the universities, and the other comprises the colleges. But while some people seem to think the distinction between the two types of higher education is, in principle, undesirable, the differences in standards between the institutions are actually a positive development. In other countries, precisely because of this difference, university graduates are customarily asked where they obtained their degrees.¹³⁸

In the United States, where higher education is virtually universal, universities are highly differentiated. One way in which America's pluralistic approach finds expression is in the realization that various types of institutions of higher learning all have a right to exist, and that a flow of students and staff amongst them is not only permissible, but desirable.

This approach, which has begun (somewhat late in the day) to infuse Israel's higher education system, provides a response not only to the need for expanding the circle of students, but also to the problem of providing adults with vocational education.

Numerous advantages attach to the opening of such institutions in Israel: They provide a solution for individuals unable to attend an ordinary Israeli university, including weak and peripheral populations, minorities and the more mature population; students need not search for an education abroad, and are thus not so strongly tempted to leave Israel on completion of their studies; employment in Israel is given a boost, jobs being created for both academic staff and administration employees; the Ministry of Finance economizes by not having to subsidize such institutions; Israel imports know-how and innovative teaching methods, boosting receptiveness to new ideas; the nation is exposed to privatization in education, which may lead to heightened efficiency and an improvement in the level of academic studies in public institutions, too.

In light of these domestic trends and advantages, and in the wake of the international trend towards the lifting of state supervision of institutions of higher learning (even of public institutions), Israel must deregulate academic institutions, certainly in the private sector. There is, after all, no point in imposing conditions on colleges and affiliates already recognized by competent foreign authorities in order to examine their bona fides.

The lifting of private sector supervision may lead to the deregulation of the public sector as well. Such a development would be a first step in the direction of privatizing Israel's public institutions, which would then start to operate on a commercial basis.

As for the legitimacy the CHE has supposedly bestowed on foreign affiliates operating in Israel through the amendment to the Council for Higher Education Law, the legislation itself was entirely superfluous. Worse, the rules established following the compromises actually restrict the activity of the foreign affiliates in Israel and preclude free and fair competition. What would help Israel, therefore, is a change in legislation whereby the sector becomes absolutely deregulated.

We noted that one reason for the government's resistance to foreign affiliates is the drastic pay raises that will be required in the public sector once employees obtain academic degrees from such institutions. The problem cannot be resolved by hamstringing the affiliates; what is needed is a reexamination of the public sector pay scale. A pay scale based exclusively on an academic degree, without reference to the professional performance of the degree-holder, is problematic, particularly in the Israeli economy with its especially large public sector.

This *Policy Studies* has shown that the regulatory policy of the CHE in Israel, as reflected in Amendment no. 11 to the Council for Higher Education Law, can hardly be said to have contributed to the development of the higher education system. On the contrary, the limitations imposed have caused a not inconsiderable proportion of institutions to discontinue their activity in Israel; and even some approved institutions have been constrained to reduce their scope of activity. Many more institutions would certainly regard Israel, with its large number of potential students, as a broad field for their academic activity; but regulations prevent them from operating in Israel.

For Israel's higher education system to continue to flourish, the role of the CHE must be perceived very differently. The CHE cannot be the bouncer whose job is to prevent the "importing" of universities into Israel. Nor must it in any way restrict the private sector in order to give the public sector priority, or to direct the higher education system as it sees fit.

A change in this approach will bring about the deregulation of the higher education system, and possibly also the future privatization of the public sector. Accordingly, the existence, and flourishing in Israel of foreign university affiliates is important, in fact essential, for the economy as a whole and for all Israeli citizens.

*Sara Bernstein held an IASPS Koret Fellowship (2000-2001) at the Institute for Advanced Strategic & Political Studies in Jerusalem and Washington, D.C. We thank current IASPS Koret Fellow Limor Menirav for her assistance in the editing of this **Policy Studies**.*

**Appendix 1:
Table 5**

The 22 Foreign Affiliates with Licenses to Operate in Israel

| Name of Affiliate | Name of Parent Institution | Country of Parent Institution | Type of License | Validity of License |
|--|---|-------------------------------|-----------------------------|---------------------|
| ISEMI Israel school of Entrepreneurship and Innovation Ltd. | Swinburne University | Australia | Granted | July 31, 2001 |
| Women's Torah Center – Matan | Baltimore Hebrew University | USA | Provisional* | July 31, 2001 |
| Sh. A.A. Colleges Network Ltd. | University of Derby | Britain | Provisional and contingent* | December 31, 2002 |
| Educational Horizons – Israel College Ltd. | New England College | USA | Provisional and contingent | December 31, 2002 |
| Ramat Gan College | Herriot Watt University | Britain | Granted | December 31, 2004 |
| Educational Horizons – Israel College Ltd | University of Northeastern | USA | Provisional and contingent | December 31, 2001 |
| Educational Horizons – Israel College Ltd | Clark University | USA | Provisional and contingent | February 28, 2002 |
| Israel Management Center Ltd. | University of Bradford | Britain | Provisional and contingent | January 2, 2003 |
| M.A. International Education Ltd. | Springfield College | USA | Provisional and contingent | April 30, 2001 |
| In Yazam Yisraeli | Pennsylvania College of Optometry | USA | Contingent | January 31, 2005 |
| Kidum – Colleges Network Ltd. | University of Liverpool | Britain | Provisional and contingent | March 3, 2003 |
| Kidum – Colleges Network Ltd. | New Haven University | USA | Provisional and contingent | April 30, 2001 |
| Yozmot College | Thames Valley University | Britain | Provisional and contingent | April 1, 2003 |
| Middle East Center of Friends World Program – Long Island University | Long Island University | USA | Provisional and contingent | March 31, 2002 |
| Israel Project of the Institute of the Arts | Lesley College | USA | Provisional and contingent | April 30, 2002 |
| ISE – Consultation and Guidance Ltd. | UNISA | South Africa | Provisional and contingent | June 30, 2001 |
| East London University – Israel Affiliate | University of East London | Britain | Provisional and contingent | June 30, 2001 |
| Kidum – Colleges Network Ltd | Bretton Hall College of the University of Leeds | Britain | Provisional and contingent | June 30, 2001 |
| The British Council | Institute of Education – University of London | Britain | Provisional and contingent | June 30, 2002 |
| Yeda Studies International | Polytechnic University of NY | USA | Provisional and contingent | December 31, 2001 |
| ISE – Consultation and Guidance Ltd. | Champlain College | USA | Provisional and contingent | January 2, 2003 |
| College of Advanced Technology (Cadtec) Ltd. | NY Institute of Technology | USA | Provisional and contingent | January 31, 2001 |

* Provisional licenses are temporary; contingent licenses are conditional on fulfillment of conditions set by the CHE.

Table 6

**Foreign Affiliates Having Applied to Operate as an Israeli Institution
Rather than as a Foreign Affiliate**

| Name of Affiliate | Name of Parent Institution | Country of Parent Institution | Type of License | Validity of License |
|---|-----------------------------------|--------------------------------------|----------------------------|------------------------------------|
| Academic City – affiliate of University of Manchester | University of Manchester | Britain | Provisional and contingent | For duration of procedural process |
| Schechter Institute of Judaic Studies | Jewish Theological Seminary | USA | Provisional and contingent | For duration of procedural process |
| Israel Friends of Touro, Amuta | Touro College | USA | Provisional and contingent | December 31, 2001 |

Table 7

**Affiliates Whose Application the CHE Rejected
(11 institutions, 22 study programs)**

| Name of Affiliate | Name of Parent Institution | Country of Parent Institution | Date of Student Registration Prohibition |
|---|---|--------------------------------------|---|
| Academion Ltd | Westhill College – University of Birmingham | Britain | May 27, 1999 |
| Jerusalem College | Yeshiva University | USA | June 26, 1999 |
| Amuta for the Promotion of Foreign Liaison | University of Lincolnshire & Humberside | Britain | July 13, 1999 |
| Almidar Institute | Aleco Russo Balti State University of Moldova | Moldova | December 31, 2004 |
| Vital – Design Study Center, Tel Aviv | Middlesex University | Britain | February 16, 2000 |
| Naveh Yerushalayim – Girls Seminar | University of North Texas | USA | February 28, 2002 |
| Haifa Amuta for the Advancement of Education, Culture and Welfare Employees | University of Alabama Birmingham | Britain | January 2, 2003 |
| The British Council | Nottingham Trent University | USA | April 30, 2001 |
| The Teachers Federation | Institute of Education – University of London | USA | January 31, 2005 |
| The Israel Institute for Spanish Studies Ltd. | University de Alcalá | Spain | January 31, 2003 |
| Ofek Education – Israel College Ltd. | University of New England | USA | November 25, 2000 |

In addition, affiliates obtaining an operating license in a certain field or area had a number of programs (in other fields) rejected: 5 institutions, 14 study tracks. See table 8.

Table 8**Affiliates with Program Rejections**

| Name of Affiliate | Name of Parent Institution | Country of Parent Institution | Cessation of Student Registration | Comment |
|--|-----------------------------------|--------------------------------------|--|-------------------------------|
| Kidum Colleges Ltd. | New Haven University | USA | May 16, 2000 | M.A. in Aviation |
| Israel Friends of Touro Amuta | Touro College | USA | February 3, 2001 | M.A. in International Finance |
| Academic City – University of Manchester Affiliate | University of Manchester | Britain | November 10, 1999 | Haifa affiliate |
| S.A.A. College Network Ltd. | University of Derby | Britain | November 30, 1999 | |
| Modum Consultation and Guidance Ltd. | Champlain College | USA | June 18, 1999 | Affiliates outside Tel Aviv |

Table 9**Affiliates Withdrawing Application During Licensing Procedures
(7 institutions, 24 study tracks)**

| Name of Affiliate | Name of Parent Institution | Country of Parent Institution | Cessation of Student Registration | Comment |
|------------------------------------|---|--------------------------------------|--|-----------------------|
| Ruppin College | Coventry University | Britain | May 27, 1999 | |
| Kidum Consultation & Guidance Ltd. | University of Latvia | Latvia | November 21, 1999 | |
| Wizo Canada College | University of Wales, Cardiff | Britain | February 16, 2000 | |
| Kidum Colleges Ltd. | Bretton Hall College of the University of Leeds | Britain | February 16, 2000 | East Jerusalem branch |
| Yozmot College | Thames Valley University | Britain | February 16, 2000 | Southern affiliates |
| AD Atid Lekidum Ltd. | Anglia Polytechnic University | Britain | February 16, 2000 | |
| SAA Colleges Ltd. | University of Derby | Britain | August 4, 1999 | Northern affiliates |

Source: Council for Higher Education, www.che.org.il

NOTES

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² F.A. van Vught, *Governmental Strategies and Innovation in Higher Education* (London: Jessica Kingsley, 1993)

³ F.A. van Vught, "A New Autonomy in European Higher Education? An Exploration and Analysis of the Strategy of self-regulation in Higher Education Governance," *International Journal of Institutional Management in Higher Education* (1988); Robert Glidden, "The Contemporary Context of Accreditation: Challenges in a Changing Environment," www.chea.org/events/usefulness/98May/98-05Glidden.html.

⁴ Ministry of Finance, *State Budget: Draft for 2001* (Jerusalem: Ministry of Finance, 2000), Handbook 12, p. 28 [Hebrew].

⁵ Council for Higher Education, *Higher Education in Israel* (Jerusalem: Council for Higher Education, n.d.), p. 24.

⁶ *Yediot Aharonot*, March 29, 1998.

⁷ *Ibid.*

⁸ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 28.

⁹ Council for Higher Education, *Higher Education in Israel*, p. 20.

¹⁰ *Ibid.*, p. 76.

¹¹ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 28.

¹² Professor Nehemia Levzion, PBC chairman, interview with the author, May 20, 2001.

¹³ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 18.

¹⁴ Government of Israel, Resolution 666, June 5, 1977.

¹⁵ Council for Higher Education, *Higher Education in Israel*, p. 24.

¹⁶ *Yediot Aharonot*, March 29, 1998.

¹⁷ Council for Higher Education, *Higher Education in Israel*, p. 24.

¹⁸ *Yediot Aharonot*, March 29, 1998.

¹⁹ *Globes*, July 22, 1998.

²⁰ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 21.

²¹ Ibid.

²² Planning and Budgeting Committee (PBC), *Annual Report No. 24, 1996-1997* (Jerusalem: Planning and Budget Committee, 1998), p. 23 [Hebrew]. The list is dated 1997-1998 but has not changed since then.

²³ Ibid., pp. 23-24; Ministry of Finance, *State Budget 2001*, Handbook 12, pp. 53-54.

²⁴ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 21.

²⁵ Levzion, interview.

²⁶ *Ha'aretz*, February 16, 2001.

²⁷ PBC, *Annual Report 24*, p. 24; Finance Ministry, *State Budget Draft for 2002* (Jerusalem: Ministry of Finance, 2001), Handbook 12, pp. 12-13 [Hebrew].

²⁸ *Globes*, July 22, 1998.

²⁹ Ibid.

³⁰ Ibid.

³¹ PBC, *Annual Report 24*, p. 16.

³² Ibid.

³³ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 18.

³⁴ Shlomo Hershkovitz, deputy director PBC, telephone interview with Limor Menirav, October 11, 2001.

³⁵ *Council for Higher Education Law 5718-1958*, sections 4 and 4A.

³⁶ Levzion, interview.

³⁷ Ibid.

³⁸ PBC, *Annual Report 24*.

³⁹ Levzion, interview.

⁴⁰ *Council for Higher Education Law, 5718-1958*, sections 2-8.

⁴¹ Ibid., section 9.

⁴² Ibid., section 15.

⁴³ Ibid., section 21H (A).

⁴⁴ Ibid., section 23.

⁴⁵ Ibid., section 21B(A).

⁴⁶ PBC, *Annual Report 24*, p. 16.

⁴⁷ Lihi Lahat, "Financing of the Higher Education System in Israel: Proposal for Reform" (Institute for Advanced Strategic and Political Studies, Jerusalem, 1997, draft), p. 3 [Hebrew].

⁴⁸ Ibid.

⁴⁹ *Council for Higher Education Law*, sections 9, 22, 24.

⁵⁰ Lahat, "Financing," p. 4.

⁵¹ Levzion, interview.

⁵² Lahat, "Financing," p. 4.

⁵³ Ibid.

⁵⁴ *Council for Higher Education Law*, section 1(1).

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⁵⁶ Avi Shmuelewitz, interview with the author, May 3, 2001.

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⁵⁸ MK Professor Amnon Rubinstein, interview with the author, May 16, 2001.

⁵⁹ Levzion, interview.

⁶⁰ Rubinstein, interview.

⁶¹ *Council for Higher Education Law*, section 25 D. (B) 8 A, B.

⁶² Ibid., section 25 D. (B) 7.

⁶³ Ibid., section 25 D. (5).

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⁶⁵ Levzion, interview.

⁶⁶ Ibid.

⁶⁷ Rubinstein, interview.

⁶⁸ Emanuel Zisman, interview with the author, May 1, 2001.

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⁷⁰ Shlomo Svirsky and Barbara Svirksy, *Higher Education in Israel*, Information on Equality, no. 8 (Tel Aviv: Adva Center, August 1997), p. 4 [Hebrew].

⁷¹ Levzion, interview.

⁷² Ibid.

⁷³ Hershkovitz, interview with Menirav.

⁷⁴ Svirsky and Svirsky, *Higher Education in Israel*, p. 4.

⁷⁵ Ibid.

⁷⁶ Ibid., pp. 10, 11.

⁷⁷ *Ha'aretz*, February 16, 2001.

⁷⁸ Ibid.

⁷⁹ *Globes*, August 22, 1999.

⁸⁰ Ministry of Finance, *State Budget 2001*, Handbook 12.

⁸¹ Svirsky and Svirksy, *Higher Education in Israel*, p. 10.

⁸² Ibid.

⁸³ *Globes*, October 13, 1999; NIS 75 million at an average exchange rate for 1999 of 4.1396.

⁸⁴ Ibid.

⁸⁵ Hershkovitz, interview with the author.

⁸⁶ Dun & Bradstreet, *Dun's Guide 2000*, p. 1222, www.duns1000.dunbd.co.il.

⁸⁷ Gil Reshef, Manchester College director, interview with the author, March 4, 2001.

⁸⁸ Professor Moshe Liberman, Touro College rector, interview with the author, January 2001.

⁸⁹ Hershkovitz, interview with the author.

⁹⁰ Levzion, interview.

⁹¹ Ibid.

⁹² PBC, *Annual Report No. 26/27, 1998-1999; 1999-2000* (Jerusalem: PBC, September 2001), p. 155 [Hebrew]; Hershkovitz, interview with Menirav. The components listed are published in the PBC report, while the index and its criteria are not. The universities in Israel do compete for students, especially graduate students, and try both to entice promising students to enroll, and then to complete their degrees quickly, in order to boost their student numbers and also the number of degrees awarded, in order to get a larger share of the PBC allocation in the following year.

⁹³ Ibid.

⁹⁴ Ministry of Finance, *State Budget 2001*, Handbook 12, p. 52. In the past two years the state subsidy has comprised approximately 70 percent of university income; tuition, 17 percent; donations, 6 percent; and miscellaneous, 8 percent.

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⁹⁶ Ibid., January 16, 2001.

⁹⁷ Ibid., January 23, 2001.

⁹⁸ Ibid., January 24, 2001.

⁹⁹ Ibid.

¹⁰⁰ *Ma'ariv*, January 12, 2001.

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ PBC, *Annual Report 24*, p. 40.

¹⁰⁴ Opinion of the Attorney General, November 16, 1994 (Jerusalem: Attorney General, 1994) [Hebrew].

¹⁰⁵ *Covenants*, no. 960, volume 28, p. 93 (Jerusalem: Government Printer) [Hebrew].

¹⁰⁶ *Covenants*, no. 441, volume 12, p. 565 (Jerusalem: Government Printer) [Hebrew].

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¹¹⁰ Levzion, interview.

¹¹¹ *Globes*, October 13, 1999.

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¹¹⁴ Ibid.

¹¹⁵ See Israeli Declaration of Independence [Hebrew].

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¹²⁰ Knesset, Education and Culture Committee, *Minutes* no. 103.

¹²¹ Ibid.

¹²² *Globes*, August 22, 1999.

¹²³ Knesset, Education and Culture Committee, *Minutes* no. 103.

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¹²⁵ CHE statistics, www.che.org.il (revised as of April 16, 2001).

¹²⁶ Ibid.

¹²⁷ Knesset, Education and Culture Committee, *Minutes* no. 103.

¹²⁸ Levzion, interview.

¹²⁹ *Globes*, August 22, 1999.

¹³⁰ Knesset, Education and Culture Committee, *Minutes* no. 103.

¹³¹ www.che.org.il.

¹³² *Globes*, August 22, 1999.

¹³³ Reshef, interview.

¹³⁴ *Globes*, July 22, 1998.

¹³⁵ Shmuelevitz, interview.

¹³⁶ The National Agency for Higher Education (Hogskoleverket), *Quality Assurance as Support for Processes of Innovation – The Swedish Model in Comparative Perspective* (Stockholm: Hogskoleverket, 1997).

¹³⁷ Professor Larry Katz, chairman of ARTS (US accreditation body), interview with the author, January 15, 2001.

¹³⁸ *Ha'aretz*, May 30, 2000.

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