

CHAPTER FIVE

The development of the *Fachhochschul*-sector 1994-2002

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As we saw in Chapter One, the *Fachhochschul*-sector in Austria was established by the *Fachhochschul Study Act (FHStG)* passed in 1993. This law enabled any organisation with a full legal existence to become a providing institution for *Fachhochschul* programmes. Breaking as it did two closely linked monopolies - of the federal state as the single provider for higher education and of the universities as the only type of organisation for higher education - it permitted other providers and different forms of organisations to offer higher education.

The FHStG also freed the Austrian federal government from responsibility for accreditation of courses and quality control, by establishing the *Fachhochschulrat*. It separated these tasks from political and resource responsibilities. It was up to the federal government to determine the size and distribution of the *Fachhochschul*-sector, although the government itself was rather coy about its commitment, and the OECD Policy Review (1995) commented on the need for a development plan for the sector. Remarkably, the FHStG did not include any funding obligation for the federal government. Federal funds therefore could not be allocated by anonymous legal mechanisms as in the university sector, but had to be distributed by political decision. As a framework for these decisions, government published two consecutive policy documents on its long term funding commitment, the *Entwicklungs- und Finanzierungsplanung für den Fachhochschulbereich* (bm:wf 1994), which covered the period from 1994-95 to 1999-00 and generally was referred to as the 1st development plan, and the *Entwicklungs- und Finanzierungsplanung für den Fachhochschulbereich II* (bm:wv 1999), which covered the period from 2000-01 to 2004-05 and generally was referred to as the 2nd development plan. The funding

mechanism these documents set out was critical for the way that the sector developed.

Funding

The decision to abolish the state monopoly on higher education would not have been sufficient to set up a new sector, since there were not enough institutional actors in Austria which could afford to provide study programmes on their own. Federal funds therefore were essential for the foundation of the sector. On the other hand, new kinds of institutional arrangements made new funding mechanisms possible and necessary. The funding mechanism should offer at least a minimum reliability for the providing institution, but still be flexible enough to be used as strategic steering instrument by the federal government.

In the development plans for the *Fachhochschul* sector, the Federal Government accepted the main funding responsibility but, different from the university sector, it did not accept *full* funding responsibility. To share the responsibility, it introduced a mixed form of funding. The federal government decided to limit its contribution to 90 per cent of the estimated *Normkosten* (normative costs), the recurrent costs. These normative costs - per study place per annum - formed the basis for a contract between the Ministry and the provider, for an agreed number of study places. The funds were assigned as lump sums and the institution had to use them at its own risk. Any gap between the real costs for running a study programme and the federal allocation had to be covered by funds from other sources. Mainly, they are covered by the owners of the providing institution.

Normative costs were supposed to cover only costs for running a programme. Investments and facilities were not included. The costs were determined on the basis of calculations used for universities (Keber 1992), to guarantee equal treatment for both sectors. Only two groups of study programmes were distinguished: technical programmes and 'paper and pencil' programmes, like business. On the assumption that a providing institution starts to become cost efficient with a minimum enrolment of 1,000 students, the government calculated 105,000 Austrian schillings (€7,631 or

about £5,000) as normative costs per year for technical studies, and 88,000 ATS (€6,395 or about £4,400) for all other programmes. Providers received 90 per cent of these sums.

Sometimes, providers complained about the amount of money they received. Normative costs remained unchanged from 1994, even though all calculations were based on prices of 1991. On the other hand, the providers received these federal funds as lump sums for a specified number of study places on the basis of four to five year contracts. This gave them considerably more entrepreneurial freedom and a reliable framework for calculation in comparison to universities, which receive earmarked funds on an annual basis without the possibility of controlling student numbers. Additionally, *Fachhochschul* providers are free to employ their own staff without being limited by the civil servant law.

The 2nd development plan introduced slight adaptations of the funding mechanism in two respects. While previously the contracts for study places had been made for single study programmes, they now were negotiated for the whole providing institution, which increased flexibility for providers to more easily shift between study programmes. Additionally, the Ministry wanted to experiment with incentives and therefore set up a bonus for providers of €145 per graduate.

The development plans reflected the ambition of the Ministry to avoid a centralised, top down planning approach. In contrast to tradition, the Ministry wanted to encourage and support bottom up initiatives. Therefore, it did not make detailed plans about content and locations of *Fachhochschul* study programmes. Instead, it only specified the amount of federal funds and the total number of study places it would support (see Table 5.1), as well as some general criteria for decision on these resources.

The Ministry was criticised both for its new funding mechanism and for its reluctance to specify its plans in more detail. With respect to mixed funding, it is understandable that providers would have preferred to receive federal funds for all their expenses.

But from the perspective of the Ministry, it was a very successful attempt to involve additional contributors in the funding of higher education. With respect to the lack of detail, the issue is more difficult. In the previous chapter, we described some examples of a power vacuum at the level of the federal government, which support these critiques. But in the context of a bottom-up approach, it was necessary to offer only a national planning framework; the alternative, of regional or local specification, would have amounted to a reversion to the central control that the FHS policy was intended to avoid.

TABLE 5.1
Projected study places and federal funds for *Fachhochschulen*

Study places			Federal funds	
study year	Maximum number of study places	budget year	Funds for study places (in Mio. €)	Additional bonus for graduates (in Mio. €)
1994/95	500	1994	1.7	
1995/96	2,000	1995	8.6	
1996/97	4,000	1996	20.7	
1997/98	6,000	1997	34.5	
1998/99	8,000	1998	48.3	
1999/00	10,000	1999	62.1	
2000/01	11,800	2000	67.7	0.1
2001/02	13,800	2001	79.7	0.2
2002/03	16,300	2002	94.0	0.3
2003/04	18,700	2003	109.8	0.4
2004/05	21,000	2004	125.5	0.4

Source for 1994-1999: bm:bwk (1994) 1st development plan

Source for 2000-2004: bm:wv (1999) 2nd development plan

According to ex-Minister Busek, the foundation of the *Fachhochschul* sector was one of the cheapest-ever developments of education facilities. From the very beginning, the federal government did not plan to finance this development only by federal funds. In addition, it intended to reallocate funds from the university sector. It was

able to do this without too much outcry because of the fact that, up to now, the competition has been at the level of the two higher education sectors only; individual institutions from the two sectors did not directly compete for the same funds, and, in any case, the idea of 'relief' of the universities implied that some of the students that would otherwise have had to accommodate would go instead to *Fachhochschul*-courses.

Providing institutions

The FHStG focused mainly on regulating a new class of study-programmes, rather than on a new type of institution. It was a key decision to choose single study programmes as basic units of attention. Doing this was the only way to encourage small scale initiatives and to avoid predetermining actors and organisational forms.

By allowing any institution with full legal status to apply as provider for a *Fachhochschul* -programme, the FHStG not only offered the legal opportunity to break the monopoly of the federal government on higher education, it led to the foundation of new organisations as well. Apart from the Ministry of Defence (which uses its subordinate unit, the *Theresianische Militärakademie*, to provide the programme for military management), most providing institutions were organised either as voluntary associations or as private enterprises. This should not be seen as a 'privatisation' of the *Fachhochschule*-sector, though it has sometimes been claimed as such. Providing institutions are owned mainly by regions, municipalities and other public bodies, like the Chamber of Commerce. In a few cases, private enterprises own shares of the new organisation. Rather, it can be seen as a decentralisation of political power. The use of associations and enterprises reflects a general deficit in the Austrian legal tradition; legally, non-profit organisations are not part of the public sector.

As a result of the bottom up approach, a lot of small institutions were established. In 2002-03, 18 institutions offered 124 study programmes (Table 5.2). Two of them provided a single programme only. On the other end of the continuum, there were two providers with 16 and 22 programmes. The majority provided between four and

nine programmes. The number of institutions is the same as in the university sector, but on average they are smaller. However, *Fachhochschulen* caught up quickly with respect to student numbers and could already compete in this respect with about half of the universities in 2002.

TABLE 5.2
Higher education institutions in Austria in winter term 2002-03

University sector		Fachhochschul sector	
Total of 18 institutions and 186,365 students		Total of 18 institutions and 17,409 students	
Comprehensive Universities		'Big' institutions (16-22 programmes)	
University of Vienna	64,695	Trägerverein zur Vorbereitung der Errichtung und	2,154
University of Graz	22,537	Erhaltung von Fachhochschulen in OÖ, Wels	
University of Innsbruck	22,195	FH Joanneum Gesellschaft mbH, Graz	1,820
University of Linz	10,443		
University of Salzburg	9,836	'Middle range' (4-9 programmes)	
University of Klagenfurt	5,410	Fachhochschule Wiener Neustadt für Wirtschaft	1,861
		und Technik GmbH, Wiener Neustadt	
Specialised Universities		FHW-Fachhochschul-Studiengänge Betriebs- u.	1,546
Vienna University of Economics and	21,082	Forschungseinrichtungen der Wiener Wirtschaft	
Business Administration		GmbH, Wien	
Vienna University of Technology	15,269	FH Salzburg Fachhochschulgesellschaft mbH,	1,206
Technical University Graz	8,019	Salzburg	
University of Agricultural Sciences,	4,111	Fachhochschul-Studiengänge Burgenland	975
Vienna		Gesellschaft mbH., Eisenstadt	
University of Veterinary Medicine,	1,943	Fachhochschule Technikum Wien, Wien	964
Vienna		Fachhochschule des bfi Wien – Gesellschaft	957
University of Leoben	1,722	m.b.H., Wien	
		Fachhochschule Technikum Kärnten, Spittal an	835
		der Drau	
Universities of Arts and Music		Fachhochschule Vorarlberg GesmbH, Dornbirn	764
University of Music and Dramatic	2,430	Gesellschaft zur Durchführung von Fachhoch-	747
Performing Arts, Vienna		schul-Studiengängen St.Pölten m.b.H., St. Pölten	
University Mozarteum Salzburg	1,388	Management Center Innsbruck GmbH, Innsbruck	744
University of Music and Drama, Graz	1,189	IMC Fachhochschule Krems GesmbH, Krems	719
University of Applied Arts, Vienna		FH Campus Wien Verein zur Förderung des	628
Academy of Fine Arts, Vienna	1,110	Fachhochschul-Entwicklungs- und	
University of Art and Industrial	845	Forschungszentrums im Süden Wiens, Wien	
Design, Linz	714	WIFI Steiermark GesmbH, Graz	606
		FHS Kufstein Tirol Bildungs GmbH, Kufstein	572
		'Stand alone' programmes	

Bundesministerium für Landesverteidigung, Wien	246
Kammer für Arbeiter und Angestellte Salzburg, Salzburg	65

Source: bm:bwk (2003) Statistical Guide 2003, preliminary data. For the total sum (186.365) of university students, which enrolled at more than one university, have been counted one time only.

Most *Fachhochschul*-courses were not offered in institutions with the formal status of *Fachhochschule*. As noted above, the FHStG permitted the designation of such institutions, although the main policy concern initially was to ensure the development of individual courses. However, the Ministry had some concerns whether small entities were cost efficient and strong enough to survive. Therefore size was a key criterion to award the status *Fachhochschule* to a providing institution. The minimum requirement to apply for this status was the existence of at least two study programmes and convincing plans to expand enrolment to a critical size of at least 1,000 students during the next five years. Additionally, every provider who wished to receive this status was obliged to create a collegial body, consisting of a minimum of eight academic staff members and two students. Some providers who would have been able to fulfil the quantitative requirements hesitated to apply. It seems that they were suspicious that such a collegial body would challenge the authority of the provider and could make the management of the institution more complicated. However by 2003, six providing institutions had this *Fachhochschule* status.

Regional distribution

Since only six out of nine Austrian regions (Bundesländer) had universities, it was a goal of the federal government to improve the regional distribution of higher education by the establishment of *Fachhochschul*-programmes. This was achieved. In 2002-03, eight years after the first foundations, there were programmes in 30 towns, many of them in regions without any other higher education (Table 5.3). While the early years of the *Fachhochschul* sector were used by some of the

disadvantaged regions (Burgenland, Lower Austria, Vorarlberg) to catch up with their higher education provision, during the last few years the old imbalance seemed to get reinstated. Traditional centres of higher education, especially Vienna, have lately started to intensify their efforts to establish *Fachhochschul* programmes.

The *Fachhochschul*-policy enabled the regional governments to gain access to a new political arena. While they had no direct influence on universities (one reason for the weak contact of universities with local stakeholders), regional governments achieved considerably more influence by the mixed form of funding of *Fachhochschulen*. Even if federal funds covered 90 per cent of the normative costs, many providers were dependent on additional funds from the regional government.

But regional governments made different use of their new possibilities. It is possible to distinguish groups of regions, which acted either as pioneers, as supporters or as late-comers with respect to their *Fachhochschulen* (Pechar 1999: 7ff). Vorarlberg and Upper Austria had been pioneers. They started debates on regional supply of post-secondary education in the late 1980s and had already set up study programmes while the *Fachhochschul* policy was still being discussed at federal level. These programmes served as practical examples and became accredited as *Fachhochschul* programmes later. Most of the other regions reacted to the discussions and the implementation of the FHStG. They mainly co-funded and sometimes coordinated local initiatives to develop *Fachhochschul* study programmes. The government of the town and region of Vienna was a special case, and can be seen as a late-comer, since it neglected the *Fachhochschul* sector for a long time for regional political reasons. Only in 1998 did the regional government start to develop its own *Fachhochschul* strategy. Still, Vienna became the region with most *Fachhochschul* programmes and students. It already had by far the highest concentration in higher education. It was home of seven (out of 18) universities and of more than half of all Austrian students.

In the early years, the availability of funds for single programmes, paired with a liberal funding policy of the federal government, efficiently encouraged the initiative of small,

local actors. As a result, 124 study programmes were set up by 18 providers, and they were located at 43 different addresses. This indicates a strong fragmentation of active groups and a dislocation of the scenery. Not all, but most of the initiatives started from a sub-regional level, from municipalities, other public bodies, sometimes even private stakeholders. Even if different initiatives were set in the same region, they did not necessarily share the same interests. Nonetheless, the governments of Burgenland, Upper Austria and Vorarlberg co-ordinated the initiatives in their regions from the very beginning. All the initiatives seeking regional funds had to develop their activities as part of the single regional providing institution. Other regions attempted to integrate different initiatives later, when they had been organised in more than one institution already. Carinthia was the first region that assembled existing institutions into one provider organisation.

In the 2nd development plan for the *Fachhochschul* sector (bm:wv 1999), the Ministry showed concerns about fragmentation of the sector. Therefore it slightly changed its goals and funding criteria for the next planning period. It planned a shift from its liberal funding policy towards a 'consolidation of the locations and a long-term development concept' (bm:wv 1999, p. 16) of the whole sector. The intention was to favour development towards bigger entities of a minimum of 1,000 student, because the ministry worried about the economic efficiency of smaller entities. In case of dislocated programmes, providers had to demonstrate their integration by a joint administration and overlapping academic staff. In the long run, the aim of the government was to have only one or two providers per region. It became a criterion for the decisions on new programmes that they should be developed by an established provider or at least in close co-operation with an established training or research institution. As a first consequence of these new goals, the ministry asked two providing institutions in Tyrol to merge, as a precondition of continued federal funding. This was the first out of three comparable mergers, which were completed by 2003.

All this indicates that it could become harder for small actors to become and stay independent providers. In some cases, it was hard to believe in the success of a

small scale programme, even if they sometimes succeeded in building up political pressure as third actors in the power play with their regional and the federal government. On the other hand, big and powerful actors were not necessarily qualified to be better providers. When the *Fachhochschulrat* and the ministry asked for plans from the regions, only three of them produced any. The rest tried merely to receive federal funds for redistribution against their own criteria. Additionally, there was no easy way to merge providers that were located in different towns. One way would have been to turn down small providers, but this would have taken very brave political decisions. 'Austria is not a country where institutions can die' as former minister Einem put it. A different approach to the integration of a heterogeneous *Fachhochschul* scene can be observed in the region of Lower Austria. In 2000, the *Niederösterreichische Bildungsgesellschaft* (association for education in Lower Austria) was founded, owned by the regional government (55 per cent) and its own agency for regional financing and development (Eco Plus, 45 per cent). Without owning the majority of any existing provider, this organisation attempted to become a centralised umbrella organisation for all providers in the region. However, the Ministry directly negotiates only with providers and rejected claims of the *Niederösterreichische Bildungsgesellschaft* to become an intermediate body between the ministry and the providers in the negotiations for federal money. But, given the strong influence of regional governors on federal politics, it is by no means clear if this resistance will be sustainable.

Many of the providers in the *Fachhochschul*-sector were pioneers for a new type of education institution in the Austrian context. Education institutions in Austria traditionally had been organised in subordinate units, mainly depending on a single public body - either to a federal ministry like the universities, or to a regional government, like many vocational schools or the social academies. They had been subordinated to a single public body both in terms of funding as well as in terms of the legal construction of their organisation. The new type was independent in its legal status and received funds from more than one source. This created the need for negotiations with several institutional actors, but at the same time permitted the institution to fulfil its own role in its environment. The experiences of providers as

independent institutional actors gave a useful indication of some of the opportunities and problems that Austrian universities will face when they receive full autonomy after current reforms.

TABLE 5.3
Regional distribution of *Fachhochschulen*

	Students	FHS study programmes	towns	locations	status FHS	universities
Burgenland		6				0
Fachhochschulstudiengänge Burgenland	975	6	2	3		
Carinthia		9				1
Fachhochschule Technikum Kärnten	835	9	4	4	yes	
Lower Austria		17				0
Fachhochschule Wiener Neustadt für Wirtschaft und Technik GesmbH	1.861	7	3	3	yes	
Fachhochschul-Studiengängen St. Pölten	747	4	1	1		
Bundesministerium für Landesverteidigung	246	1	1	1		
IMC International Management Center Krems	719	5	1	3	yes	
Salzburg		8				2
FH Salzburg Fachhochschulgesellschaft mbH	1.206	7	2	3		
Kammer für Arbeiter und Angestellte Salzburg	65	1	1	1		
Styria		20				4
FH Joanneum Gesellschaft mbH	1.820	16	3	3		
WIFI Steiermark GmbH	606	4	1	1		
Tyrol		10				1
Management Center Innsbruck GesmbH.	744	5	1	1		

Fachhochschule Kufstein Tirol BildungsgesmbH	572	5	1	1		
Upper Austria		22				2
Fachhochschulen in Oberösterreich	2.154	22	4	6		
Vienna		26				8
Fachhochschul Studiengänge der Wiener Wirtschaft	1.546	7	1	3		
Fachhochschule des bfi Wien	957	4	1	1	yes	
Fachhochschule Technikum Wien	964	8	1	2	yes	
FH Campus Wien	628	7	1	4		
Vorarlberg		6				0
Fachhochschule Vorarlberg	764	6	1	2	yes	

Source: FHR, bm:bwk (2003) Statistical Guide 2003, preliminary figures; own calculations

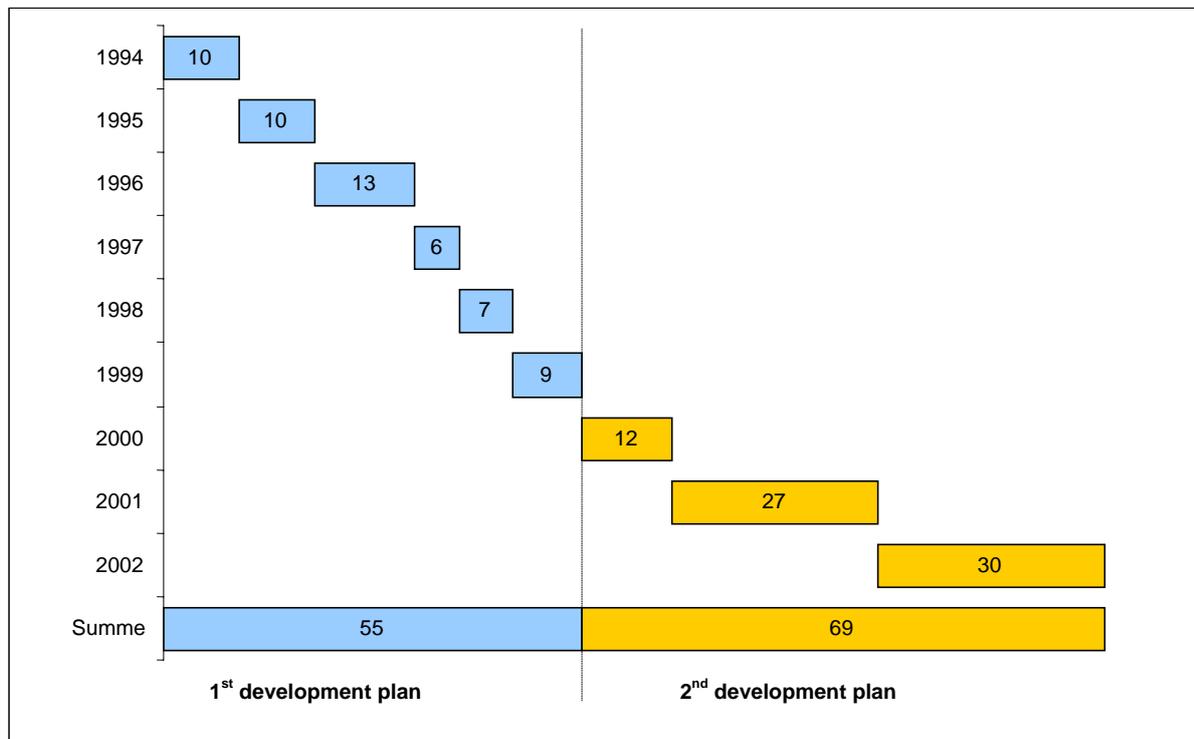
Size of the new sector

The speed of growth of the *Fachhochschul* sector has been determined by the amount of federal funds available. This strong dependence on federal funds can be demonstrated by comparing actual enrolment with the maximum numbers of study places that were proposed for funding by the government. According to the 1st development plan, the reason for this moderate and controlled growth was to gain experience with this new sector and its funding mechanisms. Additionally, the federal government could not afford to spend more money on the new sector. The foundation of the *Fachhochschul* sector and the funding mechanism turned out to be successful, and the federal government published the 2nd development plan in 1999 for the period 2000-01 to 2004-05. According to the new plan, the number of entrants was supposed to nearly double, from 3,518 in 1999-00 to 6,000 in 2004-05. If this expansion comes true, 1/3 of all entrants into the higher education system will enrol at *Fachhochschul* programmes. Figure 5.1 demonstrates the increased growth rate

with respect to accredited study programmes starting in 2000, when the 2nd development plan became valid.

Figure 5.1

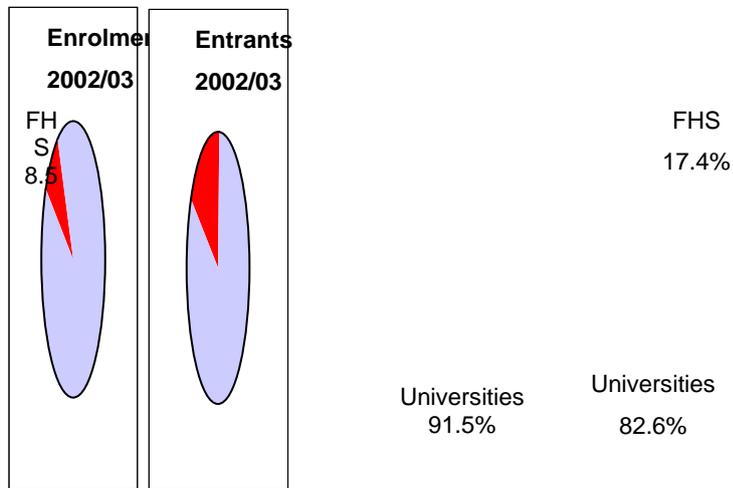
Growth in number of accredited study programmes 1994-2002



Source: FHR, bm:bwk (2003) Statistical Guide 2003, preliminary figures; own calculations

In terms of total enrolments, the FHS sector is still small by comparison with the universities (Figure 5.2).

Figure 5.2
Enrolments in *Fachhochschulen* and universities



Source: bm:bwk (2003) Statistical Guide 2003, preliminary figures; own calculations

It is difficult to compare total enrolments in the *Fachhochschul*-sector with the university sector for several reasons. First, data for total enrolment at universities are not very reliable. They include students taking their first degree and PhD students. The actual duration of university studies (average of more than 7 years) exceeds the proposed minimum duration of 4-5 years, and contributes to a further confusion of statistics. Additionally, university students are allowed to enrol on more than one study programme. Last, but not least, it is problematic to compare total enrolment when growth rates of both sectors differ so much. From 2001-02 to 2002-03, the university sector experienced a growth rate of 1.9 per cent, while the *Fachhochschul*-sector grew by 21.4 per cent. Therefore it is not surprising that the *Fachhochschul* sector seems to have a disproportionately small share (8.5 per cent) of the entire student population. However, in terms of entrants in 2002-03, eight years after the foundation of the sector, first year enrolment at *Fachhochschul* programmes represented 17.4 per cent of all entrants. According to the 2nd development plan, this percentage is planned to increase to 33 per cent in 2005.

In the early years, the government was criticised frequently for its reluctance to increase the speed of development. The president of the *Fachhochschulrat*,

Schelling, acted as an advocate for the *Fachhochschul* sector and became the most prominent voice for accelerated growth. Additionally, all applying and providing institutions, as well regions and municipalities, were interested in an expansion of the federal *Fachhochschul* budget, calculating that this would increase their chances of receiving funding for proposed programmes.

Since then, however, opinions on this topic have become more heterogeneous inside the *Fachhochschul* sector. We learnt from the head of the *Fachhochschulkonferenz* (FHK, the assembly of *Fachhochschul* providers) that this organisation has become more cautious about expansion. The FHK accepts the goal of the 2nd development plan to expand enrolment to about 20,000 students. It would not be in favour of a further expansion up to 40,000, 50,000 or 60,000. Our informant explained his concerns. First, it could become a problem to organise apprenticeships for so many students, a development, that would make it difficult to sustain the quality and exclusive character of the *Fachhochschul* sector. Second, the *FHK* does not want to challenge the universities too much. It wants to convince them that the university sector always will be the bigger one.

Characteristics of *Fachhochschul* study programmes

According to the FHStG, *Fachhochschul*-study programmes were part of higher education, with the explicit goal to offer vocational training on the basis of scientific knowledge and methods. The intention was to create a new sector that was equal in its formal status to the university sector, but different with respect to the focus of education. The main difference from the academic (or at least vague) profiles of study programmes at universities was the strong vocational orientation of *Fachhochschul* study programmes.

The task of accrediting *Fachhochschul*-study programmes was entrusted to the *Fachhochschulrat*. The foundation of an independent accreditation agency was revolutionary in the Austrian context. 'At the university sector, the ministry listened very much to political interventions. Study programmes were designed by individuals

and not by a concept or a procedure. The accreditation was done by the ministry', the second President of the FHR (Rauch) explained. The *Fachhochschulrat* was to ensure the quality and to assess the demand among possible students and the labour market of FHS programmes.

The *Fachhochschulrat* designed detailed procedures to fulfil these tasks. Every institution that wanted to provide *Fachhochschul*-programmes had to prepare a well defined list of materials for the presentation of its proposal. The innovative character and the academic quality of the curricula had to be demonstrated. The applicant had to present a financial plan, and evidence for demand for the programme. The accreditation procedure focused on the single programme and involved a dialogue between the *Fachhochschulrat* and the applying institution.

There is substantial evidence that the *Fachhochschul*-study law, together with the activities of the *Fachhochschulrat*, supported the development of vocational programmes. All *Fachhochschul*-programmes are career-oriented and focus on highly specialised vocational fields. Applicants for accreditation have to prove labour market demand for their programmes. An internship for one semester as a practical component of the curriculum is not obligatory. But to include it into the curriculum is a convincing way to demonstrate the practical orientation of a study programme. It is a strong asset in the accreditation procedure. An internship therefore is part of most existing programmes and emerged as a de facto criterion for quality. 33 programmes (26,6 per cent) can be studied part time, in parallel to a professional occupation. This high percentage of part time supply reflects a high responsiveness of the *Fachhochschul* sector both to the structure of the student population and to needs of the labour market, and is extremely unusual in Austria.

Fachhochschul-study programmes are designed for an average duration of 8 semesters. (For part time students, the average duration was 10 semesters.) To fulfil legal requirements, a minimum duration of 6 semesters would have been sufficient, but most providers wanted to receive full comparability of *Fachhochschul*-degrees with university (*Magister*) degrees in the long run. Therefore they saw the necessity

to design curricula of the same length. Still, there were some limitations to this comparability. *Fachhochschul*-degrees were not equal to university degrees with respect to the career and payment structure of the civil service (*A-Wertigkeit*). Even if most *Fachhochschul* graduates will not be employed in the public sector, this form of recognition would have been an essential gain of prestige for the *Fachhochschul* sector. According to a former member of parliament, this lack of equality in the civil service is caused by an 'original sin', dating back to the foundation of the sector. In 1993, it was a precondition of the former minister of finance for his approval to the FHStG to avoid the access of an additional group of people to the highest category of salaries in the civil service.

Unlike Austrian universities, FHS providers are allowed to select their students. They are free to design their own application procedures, e.g. entrance examinations and interviews with applicants, as long as the procedures make decisions transparent. Since the demand for *Fachhochschul*-programmes by far exceeds the supply of study places, providers can select the best students from a vast number of applicants. In this respect, they have a big advantage over universities. Not only are they allowed to be selective and to absorb the best of the student population. Additionally they use this instrument to limit the size of their student population, which makes it easier to design curricula and lectures, as well as to calculate costs per study place. In contrast to that, universities are forced to accept any applicant who graduated from upper secondary school. This open access policy offers no possibility of controlling enrolment at universities.

Compared to the traditional degree programmes at universities, *Fachhochschul* programmes are rigidly structured. They offer stricter timetables and limited alternatives for optional subjects, which reduces the freedom of choice for students. Due to this structure, the educational approach of *Fachhochschul* programmes is said to resemble the teaching methods of schools more than study at universities, where more freedom of choice, but less structure, administrative support and mutual commitment between teacher and student can be found. However, as a result,

Fachhochschul-programmes are able to guarantee that students will finish their studies in time.

Variety of subjects

The 1st development plan for the *Fachhochschul* sector set out the position of the government on the intended content of FHS programmes. Technical studies had been in the main topic area throughout the policy debate on the vocational higher education sector. The 1st development plan showed a clear preference for technical programmes, and some interest in business, tourism and media as well. It also mentioned programmes for paramedical professions, teacher training and training for social workers, in connection with the possibility of upgrading existing post-secondary institutions. The plan did not explicitly exclude any subject areas nor did it quantify the demand for the proposed subject areas. It only limited the total available (federal) funds and the total number of supported study places.

In practice, the allocation of resources by the federal government was very much in line with the development plans (Table 6.5). Although there were several promising proposals for programmes in other subject areas, according to the first President of the FHR (Schelling), the government had been hesitant to fund them in the early years.

TABLE 5.5
FHS programmes and enrolments by subject area, 2002-03

Subject area	Programmes	Per cent	Enrolments	Per cent
Engineering	73	58,9	9.394	54,0
Economics	30	24,2	6.170	35,4
Tourism	5	4,0	771	4,4
Human relations	16	12,9	1.074	6,2
Summary	124	100,0	17.409	100,0

Source: bm:bwk (2003) Statistical Guide 2003, preliminary figures; own calculations

Within these broad categories, there is a variety of subjects. This was mainly caused by the criterion of originality, taken by the *Fachhochschulrat* as one of the main features for successful proposals. It led to *Fachhochschul* programmes which are highly innovative, and made it easier to avoid oversupply in some subjects. On the other hand, this policy was criticised. Some of our respondents said that it could lead to overspecialisation. The principal of a social academy stated that it would make sense to create core curricula where comparability of qualification is necessary in a professional field, a point of view shared by the 2nd development plan. A former member of parliament reported that overspecialised curricula could make graduates inflexible and vulnerable to changes in labour market conditions.

Foundation of new programmes and institutions

Apart from a few exceptions like the upgraded study programmes for social work, most of these programmes have been completely new, triggered by and designed for the *Fachhochschul* sector. To apply for accreditation with a new study programme makes much sense for a possible provider, since it offers a better chance of receiving federal funds, but for the sector as such, it led to a certain fragmentation.

The strong representation of technical and business studies can be explained in large part by the history of the FHS policy. The development of technical studies with a strong vocational orientation was the main issue at the beginning of the debate. Demand for these programmes is still not satisfied. Companies desperately search for graduates in information and communication technologies (ICTs). On the other hand, representatives of the business community had been strong advocates for the foundation of the *Fachhochschul*-sector for a long time, while other interest groups showed up later. Additionally, the *Fachhochschul*-sector always had a strong idea of being driven by the demands of the labour market and of the private sector, which in Austria is dominated by small and medium sized enterprises. It is not surprising to find so many programmes for technical and business studies in the *Fachhochschul*-sector, since their 'economic relevance' seems to be evident. To set up programmes

in these two groups of subjects was the most promising strategy to receive accreditation and rapid success in the new sector as a whole.

But, even if these are good reasons to begin with the subject areas mentioned, they do not explain why they are still, more or less, the only ones. Two possible ways of increasing the variety of subjects in the *Fachhochschul*-sector have been discussed - the upgrading of existing institutions for post-secondary education and the establishment of *Fachhochschul*-programmes at universities.

The upgrading of existing institutions for postsecondary education

One way to increase the variety of programmes (and the size of the sector) would have been the upgrading of existing institutions for post-secondary education. Academies for teacher training, academies for social workers and colleges for paramedical professions were the most prominent candidates for such a transformation. They have been mentioned several times throughout the debate and in our interviews. Yet the transformation of existing institutions seems to be considerably more difficult than the foundation of new ones. All players in traditional institutional arrangements would have to change their behaviour, and the balance of gains and losses is less appealing.

The head of a social academy (academy for the training of social workers) described the situation of this type of institution. Social academies **have been** regarded as part of the vocational school system. Therefore the federal state is partly responsible for their funding, while the regional governments are responsible for organising them (a paradoxical arrangement, that is even guaranteed by the Austrian constitution). Social academies now plan to introduce new courses to make their programmes longer and fit for international recognition. Some of them applied for accreditation at the *Fachhochschulrat*, but there have been anxieties about the changes required in their organisation, since this could lead to a loss of their status as public institutions and endanger the existence of some of them. On the other hand, provincial governments have hesitated to support upgrading, because they expected social workers to become more expensive employees when they graduate from a

Fachhochschule. The position of the federal government on the upgrading of the social academies has been unclear over the years. There was the danger that it might use the changes as a chance to save money by redistributing financial obligations to others. For a while, the federal government acted only to avoid substantial decisions. It established a moratorium on the issue for two years, only to order a new study when it ended. However, solutions for some of these problems have been found. Since 2001, several study programmes for social work have been established by upgrading.

A civil servant at the (former) Ministry of Education described a different situation for the pedagogic academies. These institutions are responsible for the training of teachers for compulsory schools. They are similar to the social academies with respect to their small size, and in being spread all over the country. But they are different in their institutional status, since most of them are state agencies, a valuable privilege they do not want to lose. Although the need to reform the academies seemed to be clear, there were conflicts about the way to go. There have been various plans for reform, even to integrate them into universities. The result of the debate between the coalition partners was a new law, the *Akademien-Studiengesetz* 1999 (AstG). Its goal is to create a completely new type of higher education institution (*Hochschulen für Pädagogische Berufe*) by merging and upgrading existing pedagogical institutions over an eight year period. They will be institutions of their own type, separate both from the university sector and from the *Fachhochschul* sector.

Fachhochschul programmes at universities

There also have been discussions to set up *Fachhochschul*-programmes at universities. The Vienna University of Economics, for example, plans for its long term future to become an institution based on three pillars: vocational education, traditional research oriented university education, and continuing education. The pillar for vocational education could be formed out of *Fachhochschul*-programmes. In interview, a former member of parliament expressed similar ideas for social sciences, where universities could be encouraged to develop and to provide *Fachhochschul*-

programmes in addition to their traditional, mainly research driven study programmes. A development in this direction would be especially meaningful, since student numbers in psychology, education and related subjects have doubled during the last ten years. To distinguish academic and vocational study programmes inside universities could lead to clearer profiles of curricula, to efficiency gains and to an increased diversification of higher education.

In 1997, when he still was responsible minister, Dr Einem also addressed the relationship between vocational and academic higher education programmes. But his conclusions were completely contradictory to those described above. He suggested out-sourcing the study programmes for medical doctors and lawyers from universities to *Fachhochschul*-providers. These higher education programmes provide training for clear professional areas. In Einem's opinion, their strong vocational orientation would justify providing these programme at *Fachhochschul*-institutions. His point of view was that such an outsourcing of professional training from universities to more school-like *Fachhochschul*-institutions would lead to a clarification of institutional profiles. The *Fachhochschul*-sector as a whole could gain significance and reputation. For the universities it could become easier to focus on academic programmes, being relieved from the goal of professional training. Einem's initiative triggered a hot, but short debate. His suggestions were dropped after a few weeks. In a way, the discussion sharpened the gap between universities and *Fachhochschul* -institutions. Many people share the point of view Einem showed in our interview, that the only way to create and sustain the difference between academic and vocational profiles in higher education programmes is to create different types of institutions. There are still problems inside the university sector of designing study programmes for different purposes with different profiles.

Impact of the *Fachhochschul* sector on the education system in Austria

As we saw in Chapter Three, the *Fachhochschul*-policy was only one part of a reform programme for higher education in Austria. Parallel to the creation of an alternative sector to the universities, the University Organisation Act in 1993 (UOG 1993) increased the institutional autonomy of universities and to gave some managerial

power to university rectors. The establishment of the *Fachhochschul*-sector - as a 'living example' of alternatives in higher education was important, since universities tended to compare themselves only in the Austrian context, without looking abroad.

The *Fachhochschul*-sector served this function of living example surprisingly well. Rauch, former head of the rectors' conference and second president of the *Fachhochschulrat*, experienced many faculty meetings at his university where the *Fachhochschul*-sector was used in argument. Höllinger was even more enthusiastic about it: 'The speed of deregulation has increased. And it is easier to perform deregulation given the example of the *Fachhochschul*-sector. It is now possible to convince the rectors' conference to replace the old German system by the Anglo-Saxon system. It has led to a tremendous change of culture in the university system.'

The University Study Act in 1997 (UniStG 97) reflected further influence of the *Fachhochschul*-sector. This Act reformed the process of design of all study programmes at universities; it resembled the FHStG in being a framework law only. Additionally, the UniStG showed that the government had learned from some of the procedures developed by the *Fachhochschulrat*. It returned the competence to design curricula to the universities. The UniStG required an explicit definition of goals for every study programme. The prescribed procedures included the requirement to communicate with external stakeholders for feedback on the proposed curriculum. And the curriculum had to be for a limited time span. All of these characteristics were new for the university sector, but familiar to the *Fachhochschul*-sector. The main thing missing in this comparison was an accreditation agency comparable to the *Fachhochschulrat*. Accreditation still came from the minister after the ministry had checked that the procedures had been correctly followed. It was perhaps ironic that, as a result of their adopting (usually reluctantly) the example of the autonomy of the *Fachhochschulen*, one ministry official was able to claim that the universities now had more autonomy to design their curricula than the providers of *Fachhochschul* programmes.

The example of the *Fachhochschul* sector even more clearly influenced a new law for

the accreditation of private universities in 1999 (UniAkkG 99). Universities from abroad, as well as some members of the Austrian business community, planned to set up private universities in Austria. Government had to react to a demand for legal regulation of these activities. To guarantee a minimum standard for this new type of institution, the UniAkkG 99 introduced an accreditation agency, created after the example of the *Fachhochschulrat*. Learning from experience, this accreditation council consisted of 12 members to increase its efficiency. Remarkably, this body had strong connections to foreign accreditation bodies, since some of their members held similar positions in their home countries.

If these are indications of the impact of the *Fachhochschul*-sector, there have also been setbacks to the *Fachhochschul*-policy. One of the most serious problems is that *Fachhochschul*-degrees are not regarded as fully equivalent to university degrees for transfer to doctoral programmes, reducing the permeability between the *Fachhochschul* and university sector. Although the *Fachhochschul*-diplomas are regarded as broadly at the same level as university Magister degrees, part of the compromise to gain acceptance of the *Fachhochschul*-policy was that the *Fachhochschul* Study Act permits universities to specify additional studies necessary for *Fachhochschul*-graduates to enter doctoral programmes.

The general question raised by this specific issue - of the coherence of the overall degree structure in higher education - gained new urgency by the attempts to substitute the two-stage degree structure (after the German model: *Magister/Doktor*) by a three-stage (after the Anglo-Saxon model: bachelor/master/doctor). In 1999, the Ministry of Science reacted to the Bologna declaration of the European ministers for education. It hurriedly passed a new law, which offered the possibility of introducing at universities the bachelor/master structure on a voluntary basis. Unfortunately, this law 'forgot' about the *Fachhochschul*-sector, which still only could design curricula for traditional diploma (*magister* type) degrees, but not for new bachelor and masters degrees. Many actors did not see any need to include the *Fachhochschul*-sector in the Bologna process or were opposed. The actual duration of studies was already short in comparison to the university sector. And, since *Fachhochschul*-study

programmes were mainly of regional significance, international comparability was not regarded as important. Even the *Fachhochschulrat* was sceptical, since it did not want to endanger the existing concept by hasty reforms. But the providing institutions felt a different urgency. They wanted to compete internationally and to bridge the status gap with universities. Via its representatives in the *Fachhochschulkonferenz*, they overcame the resistance and to get a new law passed in 2002. The FHStG 2002 allowed the providing institutions to adapt to the new bachelor/master structure (Pechar 2003).

Another setback for the *Fachhochschul* policy is that it has not yet contributed to a wider consolidation and harmonisation of structures in the Austrian education system. At the time of the OECD review, there was hope that colleges for teacher education, social work and para-medicine could eventually join the sector (OECD 1995). In the 2nd development plan, the Ministry of Science admitted to problems in its attempt to transfer existing post-secondary facilities into the *Fachhochschul*-sector. The colleges for teacher education are to form a new sector, though some of the social work colleges have joined the *Fachhochschul*-sector. Additionally, a lack of coordination with the upper secondary school system was observable. The failure does not mainly reside in the *Fachhochschul* sector, but results from the resistance of existing institutions to change, and from the dispersal and overlap of responsibility in the federal government (not least, until recently, in the split between two ministries), and from a lack of coherent strategy and management in educational policy of the federal government.

Nevertheless, Höllinger was optimistic in his interview with us, and saw the institutional arrangement of the *Fachhochschul* sector in the centre of his vision for the higher education system in Austria. Indeed he went further to foresee the unification of the whole system: 'In 5-10 years, I could imagine one board for the *Fachhochschul* sector, the private universities and the state universities alike. This is possible, and would include an end of the binary system. We can discuss this innovation as soon as we have full autonomy for some universities, in 2003.' But whether uniformity to this extent was the aim of the *Fachhochschul*-policy is doubtful,

and whether it is desirable is even more uncertain. It could be a further policy transfer of the British model, since the binary system was abolished there in 1992, but the results of that policy remain equivocal. But Austrian policymakers would be advised to learn about the consequences of unification of higher education in Britain if this idea is to remain on the policy agenda.

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