

NEW MODELS FOR OLD: FUNDING UWI FOR THE LONG HAUL

West Indies Group of University Teachers (Jamaica)

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CONTEXT AND RATIONALE

The U.W.I. faces a growing funding crisis. This crisis can be seen as a product of the considerable growth in demand for UWI's services over the past three decades. This has coincided, ever since 2008, with a period of chronic economic crisis facing the economies, governments, and individual households of most of the contributing territories.

The governments of contributing territories have pursued policies of seeking universal secondary education. This has been combined with the efforts of governments and the public to constantly increase the number and percentage of secondary school students attaining success at CSEC and CAPE examinations. The effect has been to create an ever-increasing demand for places in higher education. This growing societal awareness of the need for higher education has moved beyond the democratisation process in the immediate post-independence era, and is now driven by the need of countries in the Caribbean to survive in the era of globalization.

The people of the Caribbean now live in a world of heightened global competition in the production of and trade in virtually all goods and services. This has been greatly facilitated of course, by international trade liberalisation, financial deregulation, and the information/digital revolution. However, perhaps the most critical feature of this present international economic environment is that the value of each good and service produced is overwhelmingly dependent on the quantum and quality of the knowledge embedded within it. This represents a shift from earlier times when the value of the raw materials utilised in the production process was the primary determinant of the value of the good or service. It is this knowledge-driven international economic which now determines the educational needs of Caribbean peoples. It is

this global knowledge-economy, therefore, which determines both the relevance and character of higher education in the region.

It has become standard for policy-makers in the region to argue that tax-payer dollars should be taken from the higher level and spent, instead, in earlier stages of education, notably early childhood. This position is aptly represented by the position taken by the Vice Chancellor of UWI, Sir Hillary Beckles (2015) by use of the plumbing metaphor. According to this construction, higher education receives its students from lower levels of the education system which, because of a lack of resources, are leaking and providing a poor supply to higher education. The solution is, he argues, to remove the resources from the top to fix the bottom. Higher education at the top has to learn to do more with less, and has to innovate to achieve this. The flaw in this position lies in the fact that all metaphors, although handy tools for a quick and superficial understanding of a reality, are ultimately inadequate representations of that reality. Analysis of a problem cannot take place by analysing a metaphor. Nothing can replace an analysis of the specific phenomenon under discussion. Unlike plumbing, the education system is a partly closed system, in which the top level feeds the lower levels. Higher education provides the teachers for the lower level of the system and the research necessary to solve the problems at these lower levels. Unlike with real world plumbing, the strategic deployment of more resources in higher education can and does lead to the ‘fixing of the plumbing’ at the lower levels.

Higher education, in particular of the type which is provided by UWI, i.e. education within a research institution, delivered by researchers, is by definition labour intensive. At present, approximately 70% of the costs of the Mona Campus of UWI are labour costs. Even if, via use of technology and the slashing of peripheral non-teaching/non-research job functions, one were able to lower the above figure to, say, 60%, there will be a level beyond which it would be impossible to go **without radically changing the character of what UWI offers**. The UWI brand offers high quality higher education, provided within the framework of a research university. This implies the opportunity for researchers to be involved in teaching and in one-to-one and one-to-few interactions between researcher-teachers and students. This is achieved by the private liberal arts colleges in the USA at the undergraduate level and the research universities at the graduate level, and all level by the Oxbridge type universities in the UK. Ultimately, the teacher-student ratio, with student as apprentice generator of knowledge, has to be low, and creates a flooring below which labour costs cannot fall. It is ultimately impossible to go on doing more with less, whatever savings one might manage to make in the short term, and yet maintain and even improve the quality of the final product. To do more with less, through politically pleasing exhortations to defy the laws of logic and gravity, will result ultimately in one doing **different** with less. A fish broth is the result of an innovative approach to the problem of having a small amount of fish feed a large number of people.

It is a truism that the cost of higher education globally has been rising for the last two decades at a rate faster than inflation. This is partly to be explained by the fact that the talent of the teacher-researcher in a global economy is in high demand in a global economy which is assigning an ever increasing portion of the value of goods and services to the knowledge used in their production. The teacher-researcher academic is in a global market place and ultimately, if not rewarded in a manner which bears some relationship to the reward levels existing globally, the best will leave UWI and the Caribbean region. The reality facing the Caribbean and the region is that, in relation to the top end of higher education, that provided by UWI and similar institutions, is that, to do more requires more.

There is a contradiction. Caribbean policy-makers are gradually de-funding, effectively decapitalising UWI through inadequate maintenance and upgrading of the existing UWI infrastructure. Simultaneously, they are preparing tens of thousands more qualified young people to one day enter or demand to enter that institution. The UWI contributing territories also cannot seek to successfully compete internationally, while failing to pay altogether, or substantially and unilaterally reduce, their agreed contributions to UWI, their sole higher education **research-based institution**. This is inconsistent with both the educational goals of the governments in question as well as their strategic economic policy objectives.

There is a genuine economic – and hence also financial – dilemma facing most of these Caribbean governments in the context of funding UWI. Funding UWI adequately and in a sustainable way is critical to the achievement of the strategic educational and economic objectives of Caribbean governments and societies. However, the resources to achieve these objectives are in short supply, hence the chronic short-supply of government contributions to UWI.

The same problem exists at the level of students and their families in paying their portion of UWI's funding requirements, their tuition fees. Payment of the portion of that portion of the higher education cost to be borne by the student as a tuition fee, is becoming more severe. This is as a result of more and more students being admitted from poorer socio-economic backgrounds as a consequence of near-universal secondary education.

Merely demanding that contributing governments pay more to maintain and expand UWI's role both in education and in their contribution to Caribbean economies, is pointless. Likewise, simply demanding a greater contribution to UWI's financing on the part of students and their families by raising tuition fees will not solve but instead exacerbate and undermine the educational and economic goals of Caribbean governments and societies.

It is in the context of all of the above that this paper seeks to explore alternative modes of funding UWI such that:

- UWI can become ever-more internationally competitive;
- Its contribution to the ‘public good,’ to the production of these societies’ human capital in the private, state and non-governmental sectors, including its top managers, legislators, judges, even Prime Ministers; to Caribbean culture and civilization in all its dimensions; can continue and be further strengthened;
- UWI’s contribution to job creation, foreign exchange earnings, foreign-exchange savings; government revenue growth, GDP and per capita income growth, and the research and development of new products for the regional and international markets, can be greatly increased.

For UWI to not only survive but thrive, it must grow. To become financially self-sustaining, it must ironically expand. To play a major role in building Caribbean economies and civilization in the era of international, cut-throat competition, UWI must not only expand quantitatively, but further enhance the quality of its educational services, and sell these services worldwide. None of this can be achieved without new ways of funding UWI. Neither can it be achieved without developing the funds to retain the best, and attract more of the best, to its academic, professional and administrative staff. Internationally competitive salaries and other benefits are a *sine qua non* for the achievement of UWI’s strategic goals on behalf of Caribbean Society. It is in this context that WIGUT offers a range of suggestions for addressing the issues and goals outlined above, in particular, ways of financing UWI to meet the challenges of the 21st Century.

SOURCES OF FUNDS #1: CONTRIBUTING GOVERNMENTS**THE HISTORIC BASIS FOR FUNDING UWI**

Historically and even today, contributing Caribbean governments have funded UWI based fundamentally on the economic principle of “Social Welfare” or “Public Good.” Social cohesion: the integration of all classes and ethnicities, ending the marginalization of large numbers of citizens; the widespread provision of opportunities for social mobility for the relatively disadvantaged, opportunities for large numbers to rise out of conditions of poverty: these are real if intangible benefits of vastly increased secondary and tertiary education. So also are the benefits to democratic institutions and democracy in general, of an increasingly educated population.

Caribbean political directorates are also aware of the vital role that UWI has played over the past sixty-seven (67) years in producing the middle and top managers for virtually the entire state and private sectors, including most members of the political directorates themselves. In a general sort of way, government ministers often talk about the vital role of tertiary education in meeting the needs of Caribbean society in the age of globalization. However, generally speaking, UWI as a direct and major contributor to Caribbean economies, especially those with UWI campuses, is not widely appreciated. UWI as an economic entity, UWI as Big Business, is not part of either the Caribbean public’s or Caribbean politicians’ consciousness. UWI is still largely perceived in only its role as an educational institution, the apex of the various educational levels which Ministries of Education and Ministries of Finance must find money for each budget-year.

Higher education is an internationally tradable commodity. The trade in higher education services has been the subject of WTO agreements signed by many Caribbean governments. In the case of Jamaica, the agreement signed by the Jamaican government with the WTO opens its market to the free trade in educational services. Dozens of higher education entities, many of them from overseas, are now active in the Jamaican marketplace. In this context, UWI has provided its contributing territories with a favourable balance of trade in Higher Education services through the following i) ‘import substitution’ by preventing the outflow of funds to foreign institutions that Caribbean students would otherwise have to travel to in order to receive higher education, ii) the actual export of Higher Education services through the recruitment and presence of non-Caribbean nationals as students at UWI. The development of UWI in these areas raises the prospect that surpluses generated from the export of higher education services could be used to subsidise the hard-pressed regional taxpayer and student, by requiring a reduced input from these over time. **In addition, the multiplier effect of higher education services in campus territories produces an expansion of the economy, greater employment and a larger tax base from which to fund the lower levels of the education system.**

Because UWI is not perceived as one of the engines of growth in Jamaica, Barbados and Trinidad & Tobago, it is not funded with this perspective in mind. As a consequence, UWI's even greater potential as an engine of growth in these economies is not being tapped. Neither is this potential being perceived by many in the economies of the non-campus territories. The development of full campuses in some of the current non-campus territories, as is already planned by some of these countries, will create further opportunities for the systematic use of UWI as an increasingly important engine of economic growth for them. Whether this will in fact be understood and taken advantage of, is left to be seen.

UWI AS A GENERATOR OF WEALTH IN THE ECONOMY

(15) A 2012 WIGUT-commissioned study revealed the following (See Appendix 1 of this paper*; Also Appendix #2*):

- By 2010/11, the financial grant to UWI Mona from the Government of Jamaica (GOJ) exactly equaled the amount collected in taxes and other statutory deductions by the GOJ from UWI Mona. In other words, since 2010/11, the financial contribution that the GOJ gives UWI at the beginning of a year is returned, in full, to the GOJ in the form of taxes and other statutory deductions arising out of the daily operations of UWI Mona; UWI Mona therefore costs Jamaican taxpayers ZERO;
- UWI employs directly and indirectly about three-quarters as many people as those employed in the entire Mining and Quarrying sector of Jamaica's economy;
- UWI earns in foreign exchange for Jamaica more than the combined earnings from the export of bananas, citrus, coffee, cocoa, and pimento and more than half of that earned from the export of sugar;
- The estimated direct expenditure of all UWI entities located at Mona taken together, was equivalent to 1.5% of Jamaica's Gross Domestic Product in 2009;
- In 2010/11, every 44¢ contributed by the GOJ in grant funds to UWI Mona, was matched and exceeded by UWI, Mona to the tune of generating an additional 56 ¢ for each 44 ¢ contributed by the GOJ;
- Every dollar spent by UWI Mona generates two and a third dollars within Jamaica's economy. The multiplier for a UWI Mona dollar in Jamaica's economy, in other words, is 2.32. Far from "taking away" money which could be spent elsewhere, each dollar that the GOJ gives UWI results in more than two dollars added to the Jamaican economy.

UWI should therefore be seen, and WIGUT so strongly recommends, not just as a vitally important institution to be funded annually "for the public good," but equally and even moreso as a critical engine of growth and generator of wealth for Caribbean economies. The WIGUT Mona study shows that UWI's economic role can be quantified. We strongly suspect that similar studies of UWI Cave Hill's (1) and UWI St. Augustine's contributions to the Barbadian and

Trinidadian economies respectively, will reveal similar results as those obtained for Jamaica. And we expect not dissimilar results from the smaller contributing territories, as and when they develop their UWI facilities to that of full campuses in time. Even though the recommendations below are Jamaica specific, they contain within them components which are generalizable to the other campuses and other contributing territories.

A DIFFERENT FUNDING PROPOSAL

The WIGUT (Jamaica)'s recommendation (below) regarding funding by the GOJ, is therefore for the period of time during which the GOJ's preoccupation is with the immediate, extremely difficult and burdensome implementation of its Extended Fund Facility programme with The International Monetary Fund. It is our hope that, thereafter, the GOJ's planners will incorporate UWI Mona into its economic growth and development strategy, such that, the GOJ comes to perceive that the more dollars it contributes to UWI Mona, the more Jamaica will get back in the form of a wide range of macro-economic benefits on a sustained basis. Moreover, we hope and expect that the governments of the other campus countries will also adopt and implement the logical measures flowing from this perspective.

Funding Option #1

In the meantime, WIGUT (Jamaica) recommends that all taxes and other statutory deductions which UWI Mona generates each year, ABOVE AND BEYOND the quantum provided in grant-funds to UWI Mona by the GOJ, should be retained by UWI Mona and utilized for operational and developmental purposes by UWI Mona. These funds can be used to maintain and upgrade The Capital Stock/infrastructure, pay more internationally competitive salaries to its staff, and expand further its operations, which in turn would further benefit Jamaica's economy. Appendix 1 outlines this proposal in some detail.

Funding Option #2

Alternatively, the GOJ can creatively apply a version of The Special Employment Tax Credit (ETC) scheme which the GOJ instituted in 2014 for private sector companies. This E.T.C. provides an incentive for employers to expand their workforces. Under the scheme, the employer is allowed to deduct from the company's taxes due on profits, sums equal to that paid by employee and employer to NIS, NHT, Education Tax, and HEART.

WIGUT (Jamaica) proposes, as an alternative or variant to the first proposal above, that UWI Mona be permitted to withhold the statutory deductions that would normally be payable to the

GOJ, **but only on all additional staff/employees** hired after a base year: 2014 or 2015, for example. In this way, UWI Mona gets access to additional funds for its work, while the GOJ gets additional jobs created in the economy; a win-win for both entities, similar to what the GOJ has offered the private sector. Appendix #3 outlines in greater detail the rationale for this option.

SOURCES OF FUNDS #2: STUDENTS FROM CONTRIBUTING TERRITORIES

As with all other sources of funds for the sustainable financing of UWI, one has to look at both short-term and long-term opportunities for students' contributions, and in what ways we can enhance the streams of income possible from each. In this context, there are three time-frames for generating funds from students and their families:

- (i) **Past Income**, in the form of individual and family savings
- (ii) **Current Income**, through students' part-time employment and support from families' current earnings; and
- (iii) **Future Income**, taking the immediate form of loans from Student Loan Bureaus (The SLB in the case of Jamaica) and other sources, and repaid when the student is employed full-time after graduation.

GENERATING SAVINGS (THE "PAST INCOME" MODEL)

Some financial institutions in some States have programmes encouraging families to save for their children's future education. A few even offer matching funds, or higher interest rates, to motivate families to open these special accounts and to consistently save more in them. The recommendation, here, is that a more comprehensive system for generating savings for students' tertiary education be instituted throughout the region, involving the collaboration of contributing governments and private sector companies; with UWI playing the lead role in galvanizing all the relevant stakeholders to achieve this. Over time, significant savings from Caribbean citizenry can be generated to help fund tertiary education. UWI, as the lead tertiary education institution would naturally benefit most from this.

The idea is to mobilize all the Banks, Credit Unions and other deposit-taking Institutions to widely publicize and encourage customers to set up "Tertiary Education Fund" (TEF) Savings accounts in their various branches. [2] Because these funds would be relatively long-term, financial institutions would be able to invest and earn incomes on these deposits to a degree which makes possible their offering customers a higher interest rate on TEF Savings accounts than on other accounts. Some may wish to sweeten the inducement for families to save for their

children's future tertiary education by adding some system of "matching" funds. It may not be a dollar-for-dollar matching arrangement, but perhaps a 20 or 30 cents "matching" of each dollar put in by family members into the TEF savings account up to a certain limit for each year. Large Companies other than the financial institutions, may wish to offer their own "matching" funds system; and/or they may consider, as one of their regular advertising and promotion campaigns, the use of prizes consisting of adding sums to the TEF savings accounts of winners in their promotional ventures.

Those governments which impose taxes on the interest earned in savings accounts at financial institutions may wish to waive this tax for interest earned on TEF savings accounts. In Jamaica, this tax on interest earned is twenty-five (25%). The removal of this tax on TEF accounts would mean a much faster accumulation of families' savings for tertiary education.

Additionally, governments may wish to consider increasing the personal allowance of those who put funds into a TEF account, as a further inducement for all working families to save for their children's tertiary education. It can work this way: for every dollar put into a TEF account in a particular tax year, the individual lodging this amount is given an exactly equal amount of additional personal allowance, thus reducing to that extent his/her taxable income. A document provided by the Bank at the end of each tax year (similar to the one provided for the tax on interest) would be the basis for employers' adjusting the PAYE tax deductions in the succeeding year, in the case of PAYE taxpayers. This system of matching personal allowance increases with annual increases in funds lodged in a TEF account would be up to a certain cap determined by the participating government, and of course, funds can only be withdrawn from a TEF account, without tax penalties attached, to make tertiary education payments.

EXPANDING PART-TIME JOB OPPORTUNITIES FOR STUDENTS: (THE "CURRENT INCOME" MODEL)

One of the many innovative ways that UWI has sought to close the funding gap left by the shortfall in contributing governments' contributions, has been through partnering with Private Sector Companies in the Business Process Outsourcing (BPO) field. This has provided a stream of income for students who have been able to get these part-time jobs, facilitating the payment of their tuition fees to UWI as well as helping towards their living expenses while students at UWI. This BPO model has been used at UWI Mona in recent years, and is about to increase substantially at the Western Jamaica Campus (WJC) of UWI Mona, as a result of an increase in UWI partnerships with local and foreign investors in the Montego Bay, St. James area of Jamaica to achieve this outcome.

(27) The Government of Jamaica has designated the BPO industry as one targeted for major expansion this year and for the next several years.[3] There are already around two dozen U.S.

Companies operating in this field in Jamaica,[4] some of them, like Zerox, among America's Fortune 500 Companies. Employment in this sector is projected to double over the next two years,[5] and the former Principal of UWI Mona, Professor Shirley, has been mandated by the Government of Jamaica to help in leading in the work of rapidly expanding the BPO Sector in Jamaica.[6] The educational level of UWI students provides them with an edge in getting part-time employment in this field. However, because of the seasonality of students' presence on Campus, BPO Companies cannot operate, on a 24/7 basis, relying solely on students, except perhaps for those who normally live within a reasonable travelling distance from the University's BPO- collaborative operations during student holiday periods.

In the medium to long term, a considerable expansion in part-time Job Opportunities for students will mean that UWI will be able to expand its student intake to help cope with increased future pressure for places at the Institution from growing numbers of graduating secondary school students. Such substantial student expansion will also mean further growth in UWI's revenue streams, provided the pace of part-time job-creation matches that of the imperative to admit more qualified students; most of whom will come from less privileged socio-economic backgrounds and will therefore need sources of "current" income to pay their fees and living expenses.

EXPANDING LOAN FACILITIES FOR STUDENTS (THE "FUTURE INCOME" MODEL)

In the case of Jamaica, the Student Loan Bureau (SLB) has been the principal source of loan-financing for students to finance their tertiary education.[7] The SLB's funds have, however, been insufficient to keep up with the growing demand for loans from an expanding student population;[8] and, moreover, one with a growing percentage of students from financially distressed families. Additionally, there has been the problem of a high default rate in terms of repayment of loans following graduation;[9] both from graduates who have stayed in Jamaica and from the high percentage who have migrated, seeking job and career opportunities mostly in North America.

The placing of full-page adverts with the photos of defaulters – the naming and shaming approach - has had some success. The establishment of Credit Bureaus in Jamaica in the past year, it has been suggested, will substantially reduce the default rate for both those within Jamaica and those abroad. This is because access to loans for cars, houses, further studies, or for any other purpose will be negatively affected for those with poor credit ratings because of the failure to repay their student loans.

A revolving fund which loses a substantial part of its capital in the process of lending to its targeted beneficiaries, becomes, over time, depleted to the point where it can no longer "revolve," and therefore has to have frequent, new injections of resources from cash-strapped

governments. To the extent, therefore, that the “leakage” problem can be substantially contained and reversed, to this extent will such a source of student financing – and hence the financing of UWI – become increasingly effective and reliable.

Whatever happens in relation to the above, the continued expansion in student numbers at UWI will require further injections of resources into the SLB to facilitate this, or an increase in the part-time student job-opportunities that UWI can help organize with Private Sector Companies; or, in practice, both greater loan funds and part-time job opportunities. Additionally, over the long haul, there will be a greater role for TEF savings, thus adding another significant stream to UWI’s sources for funding its operations.

SOURCES OF FUNDS #3: FOREIGN STUDENTS

A considerable number of Universities in even the most advanced economies rely heavily on foreign student intake to help finance their operations. The substantial tuition fees paid by these students are used to subsidize the cost of many academic programmes for local students.

Apart from Universities using foreign students' tuition fees in this way, The Universities' host-governments have a considerable interest in the substantial recruitment of foreign students. This is because both the tuition fees and the living expenses (room and board, transportation, etc.) of foreign students provide a rich source of foreign exchange for the country, not to mention jobs, government revenue, and GDP growth. For this reason, several Governments, including the British, have given Export Awards to those of their Universities which have succeeded, each year, in attracting substantial numbers of foreign students; Export Awards which were previously given only to Private Sector Companies exporting traditional goods and services. Indeed, it is significant that Britain's new Science Minister, Jo Johnson, following the May 2015 General Elections, had this to say: "Britain's universities are *a globally competitive export sector and well placed to make a greater contribution to growth*"(emphasis added)[10].

Of all the possible measures that UWI can adopt to greatly increase its revenue, and finance its further expansion, there is no single measure, in WIGUT (Jamaica)'s opinion, which can contribute more to this than a considerable expansion in the number of foreign (i.e. non-contributing territories') students both on its three traditional campuses, and at its Open Campus.

Estimates vary, but UWI currently has around five percent of its student population at Mona who are foreign students. UWI's goal is to be self-financing in the long run. Part of remaining internationally competitive means paying its academic and professional/administrative staff internationally competitive salaries, as well as pension and health benefits to match. The goal of being self-financing is not inconsistent with that of having academic staff who are paid internationally competitive compensation for their work. On the contrary, each of these goals serves to reinforce the other. A substantially larger foreign student enrolment will facilitate the achievement of both objectives: being self-financed, and with internationally competitive staff. This will in turn facilitate the attraction/recruitment of even more foreign students.

DEVELOPING SYNERGIES WITH FOREIGN UNIVERSITIES, COMPANIES AND GOVERNMENTS

The University's administration has boldly set out to establish links with foreign universities, companies and governments aimed at enhancing both the international imprint of UWI and its sources for recruiting additional foreign students. This process, we hope and concretely suggest,

should encompass the establishment of such tripartite links on all the populated continents of the globe. There is both the Caribbean Diaspora as well as the rest of the North American and British markets to tap into. There is continental Europe, and there is Latin America (especially Venezuela and Brazil), Africa (especially South Africa, Kenya, Nigeria and Ghana), and Asia to tap into. There are established programmes of study at UWI which can be aggressively marketed internationally, given the “brand” that the region, and Jamaica, and UWI specifically already have.

ENHANCING THE OPEN CAMPUS

Apart from recruiting foreign students to attend UWI’s campuses in the Caribbean, UWI’s Open Campus model can be used as a vehicle for a global, distance-learning programme of post-graduate studies in a few carefully chosen areas. Such a course of action can form the basis for solving the growing financing crisis facing the Open Campus/“12+2” territories. The OECS contributing governments are, in the main, so far behind in their contributions to UWI, and, given the continuing economic crises which they face, there is little prospect of the “defaulting” governments clearing even a substantial portion of their arrears, nor of their keeping up with current payments for staff and other operational costs. It is in this context that a carefully developed role for UWI’s Open Campus is suggested, along the lines outlined above.

DEVELOPING A SPECIAL UNIT FOR FOREIGN STUDENT RECRUITMENT/DEVELOPMENT OF INTERNATIONAL SYNERGIES

UWI’s current leadership has the vision but not the support structure and personnel, in our opinion, to pursue vigorously and in a sustained way, the drive to “Globalize” UWI. There is market research to be done, aggressive marketing to follow, delicate but also persistent diplomacy to be pursued, creative and flexible leadership to implement, and careful, regularly updated planning and logistics preparation and implementation to be undertaken. To be brutally frank, traditionally trained and experienced administrators cannot successfully carry out these functions to the level required in today’s internationally competitive environment. This range of skills requires the borrowing, or secondment for at least two years (to get started and recruit and train replacements), top private sector managers of the calibre of a Douglas Orane (retired Grace Kennedy CEO), a Don Wehby (current CEO of Grace Kennedy) or a Richard Byles (President and CEO of SAGICOR) – or of top managers chosen by them for the qualities listed above, but with these named gentlemen serving in a Supervisory and Advisory capacity.

It cannot be over emphasized that, without a support-Unit of the type and quality outlined here, the vision of UWI's current leadership will largely remain that: great vision, but little sustained accomplishment, as the structures to implement and sustain the vision will not have been created.

The UWI has to further develop synergies with both relevant government Ministries, Departments and Agencies ("MDA's"), and with a wide and growing range of private sector companies, and organizations, as also with foreign universities, companies and governments. The days when UWI could operate as an intellectual island unto itself are long gone, in today's constantly shrinking, increasingly interrelated, and fiercely competitive world.

STUDENT POPULATION EXPANSION AND A REORGANIZED TEACHING MODEL

The expansion of UWI's student population – of both contributing country students and foreign students; of both full and part-time Campus-based, as well as Open Campus/distance learning students, is an indispensable requirement for UWI achieving its principal goals. However, apart from the support/ implementation of the "Special Unit" suggested above, UWI will also need to reconfigure its teaching and learning modes, so as to make more effective use of its full-time teaching staff and its graduate students. In this regard, see Appendix #5 which addresses this issue, using one Department as an example of what can be done to generate more and better-trained post-graduates who can in turn play a greater tutorial role in the undergraduate teaching programmes.

SOURCES OF FUNDS #4: UWI ENDOWMENT FUND

(47) Older generations have often said: 'if you think short-term, you will always live in the short-term.' Most, though not all, of the possible financing measures we have examined thus far relate to the short and medium term. The sustainable financing of UWI over the long haul requires that UWI be able to withstand periods of economic downturn and crisis in its host-economies, as also changes of governmental policies which would affect UWI's financial position. This in turn mandates the mobilization, from now and over at least a ten-year period in the first instance, of substantial funds for UWI's Endowment Fund. The income (in dividends and interest) earned by the Endowment Fund, once fully operational, can facilitate four major activities by UWI, among others:

- (i) Fund major capital projects for the further expansion and the internationally competitive upgrading of its labs and other research facilities;
- (ii) Fund actual research and development projects; both those with promising short and medium term payoff, as well as those in basic research;
- (iii) Contribute to the payment of Internationally competitive salaries and other benefits for WIGUT level staff; and
- (iv) Establish a student loan fund (administered by the SLB to avoid unnecessary duplication of manpower and other expenses) to enable the further expansion of student numbers in keeping with UWI's strategic plan.

UWI's Endowment Fund would need to be twenty to thirty times larger than that set up by CARICOM governments for the independent financing of the Caribbean Court of Justice (CCJ). Such a magnitude of funds would, of course, have to be raised over a ten to twenty year period. It is here suggested that the resources for achieving this long-term goal can be achieved by tapping into a wide variety of sources. One source could be contributing governments, by way of grants, each contributing an agreed amount each year for ten years; the funds to be administered by the CDB for UWI, in similar manner to the arrangement for the CCJ. Governments may wish to consider a quarter of one percent dedicated "UWI Endowment Fund" income tax for a maximum period of five years – a "Sunset Law tax" – with the funds so raised placed directly by each government in The "UWI Endowment Fund" operated by The CDB on behalf of UWI. Additional or alternative funding may be provided by some governments in the form of giving UWI lands that UWI can have developed or sold and the returns placed in the Endowment Fund.

International financial organizations like the World Bank, The Inter-American Bank, The BRIC Development Fund [11], The Asian Infrastructure Investment Bank (AIIB); and governments of the European Union, China, India, Brazil, Venezuela, The Kuwaiti Fund, and various Middle Eastern OPEC countries, may each be persuaded to contribute to such a cause with its high developmental value for Caribbean Societies.

There are, of course, foreign companies doing business in The Caribbean; as well as local and regional Companies which may be persuaded to make contributions to The Endowment Fund, especially if such contributions are tax deductible. International foundations and major philanthropic individuals with a track record of large gifts for educational purposes can also be approached for donations, as also the Caribbean diaspora and UWI alumni and the governments of the countries which have received and benefited greatly (way beyond the remittances they send home) from the service of UWI graduates in sizable numbers within their economies.

If and when reparations for slavery are finally agreed, WIGUT believes that a portion of those funds should be earmarked for educational Endowment Funds, including UWI's.

The “Special Unit” recommended in paragraphs #’s 43 & 44 above should be put in charge, also, of the mobilization of funds on a global scale for the UWI Endowment Fund. There would be a natural synergy between the tasks outlined there and what would be required for achieving the Endowment Fund’s goals. The skill-sets, personalities and stature of the persons in this Special Unit, would also be ideal for this major undertaking.

SOURCE OF FUNDS #5: UWI AND THE PRIVATE SECTOR

In recent years, UWI has undertaken a number of initiatives to augment and diversify its revenue streams. These have included courses fully funded outside of the UGC/CGC arrangement, research and various project-specific grants from various sources, and a range of commercial operations. The revenue value of these now significantly exceed revenues from government-sponsored students’ fees[12].

Additionally, UWI has played a major role, in collaboration with private sector interests, in arranging part-time employment for some of its students, particularly through BPO’s as discussed earlier. In collaboration with relevant MDA’s and private companies, further BPO expansion will be needed.

As a wide range of medical, clinical and other research suggests, research and development of new products, including medicinal ganja and the use of yam in medicinal preparations, for example: not to mention the development of a heart-surgery simulator: the market research and marketing of them, and often the venture capital outlays to make these possible, are among some of the additional areas requiring the close collaboration of UWI with the private sector: local, regional and international. An ever-growing network of strategic partnerships is a necessity, in UWI’s quest to further improve the lives of the Caribbean people it serves. It is not enough for UWI to get contributing governments to see UWI as “Big Business.” Its staff at all levels, including its administrators, have to be mobilized to develop an internal **UWI Entrepreneurial Culture** which involves business start-ups and business development within the university itself. All concerned must also internalize the significance of this for attitudes, work ethic, and future planning and implementation.

The initiation of Public/Private Partnerships (PPP’s) - or perhaps these should be called UWI/Private Partnerships, or UPP’s – has made it possible for UWI to have new dormitories built and other buildings refurbished through private equity and loan funding, which has meant that neither the GOJ nor UWI has had to find the funds nor incur further debt in order to add significantly to the Capital Stock required by UWI in providing for its student population.[13]

This model for the financing of major capital projects involving student housing can be creatively applied to UWI's needs, over time, to expand and upgrade its classrooms and lab facilities and thus expand its physical plant to keep pace with the future expansion in student (including foreign student) numbers.

A UWI PART-SCHOLARSHIP MODEL FOR EXPANDING LOCAL STUDENT ENROLMENT

WIGUT wishes to suggest further, that UWI considers significant expansion of its student body but based on part-scholarships to the most socio-economically marginalized though qualified students. Without formally lowering tuition fees, UWI can grant part-scholarships which result in such students paying a little more than the variable cost of providing each with UWI's educational services. If, for example, UWI's tuition fees for a particular faculty come to \$100,000 for the year, and the variable cost out of that \$100,000 is \$55,000, then such a student could get a part-scholarship worth \$40,000 and he/she pays \$60,000 in tuition fees, perhaps mostly through SLB loans. This would represent a substantial reduction in fees for the student, and a small (\$5,000 in this example) sum above the University's Variable Costs. Once the University is not operating at plant and staff capacity, the opportunity cost beyond each additional student's variable cost is ZERO, as the fixed costs of the University do not change when additional students are admitted, once full capacity has not been reached, requiring new plant and staff to meet the additional demand. Utilising the newly developed "UPP's", the additional plant can be added, as needed, over time, and the suggested reorganization of the teaching/delivery system (See Appendix 5) can go a long way in maintaining teaching/learning standards for the University as a whole.

[RE]-INTEGRATING THE UNIVERSITY OF GUYANA WITH THE UWI FAMILY

There are advantages both for Guyana and Guyanese students, on the one hand, and for the University of the West Indies, for the University of Guyana (UG) to be integrated into UWI in some form. Guyana chose to be one of the first CARICOM countries to sign up to the Caribbean Court of Justice in its final, appellate jurisdiction. In this way, it has shown that its commitment to regional integration is deep. Moreover, this commitment enjoys national consensus despite decades of polarized politics.

The integration of UG with UWI could result in significant savings in overhead costs. It would also mean the sharing of critical human capital, quality-assurance standards and services, and teaching software between the currently separate entities. Additionally, because one of the criteria for the international ranking of universities is by the size of their student populations, the integration of UG and UWI will result in a higher international rating for the enlarged entity, and thus for the status of all its graduates and degree programmes.

It is an unnecessary duplication of some important costs and hence a drain on Guyanese taxpayers to continue maintaining UG entirely on their own. This is particularly true in challenging economic times.

END NOTES

¹ A recently concluded study at UWI's Cave Hill Campus in Barbados revealed the following:

- The campus is one of the largest single employer in Barbados, employing almost 1% of Barbados' total workforce;
- The Campus earns approximately 2.3% of the total foreign exchange earnings of Barbados; more than the Life Insurance, Communications, Construction and Financial services industries, and almost five times that of the sugar industry and just \$11m (B'dos) less than that of the entire rum industry;
- The Campus' arrears (i.e., non-Barbadian) students contributed as much as 0.5% to the GDP of Barbados;
- The Campus generated approximately 2.3% of Barbados' GDP in 2013, and almost Bdos \$87 million (US \$43.5 million) in foreign exchange.
- Although not included in the study, a rough calculation using statistics provided in the study shows that the Government of Barbados contribution to the Cave Hill Campus is entirely cancelled out by its tax take on income tax, consumption taxes on staff and student expenditures, etc. parallel to the Government of Jamaica and the UWI Mona Campus case reported on in the paper. The Government of Barbados, according to this calculation, is a net zero contributor to the Cave Hill Campus.

See "The impact of the University of the West Indies – Cave Hill Campus on the Economy of Barbados," UWI Cave Hill, Bridgetown, Barbados.

² GOJ, Growth Agenda Policy Paper FY 2015/2016, March 2015, pg. 4 and 18; and Appendix 1, Pages 3 and 6; also: GOJ, Fiscal Policy Paper FY 2015/2016, 19th February, 2015, pages 30, 33 and 123; also: GOJ, National Strategy for the Development of Jamaica's Outsourcing Industry, Ministry of Industry and Commerce; laid before Parliament by the Minister of Industry and Commerce, Hon. Anthony Hylton, on April 21, 2015.

³ For example, Medullan, Healthcare EQ, Hunduja, Teleperformance, Island Outsources, ADS Global, Zerox, Gateway Solutions, StarTek, Bioprint Knowledge Parks, See The Gleaner, April 22, 2015, page A10; also, The Gleaner, January 20, 2014, page A6 and A10; The Gleaner, May 13, 2015, page B14; The Daily Observer, March 9th, 2015, page 18; The Daily Observer, May 7, 2015, page 5; and The Gleaner, May 6 2015, page C3.

⁴ GOJ, National Strategy for the Development of Jamaica's Outsourcing Industry, Opicit; also: Minister of Finance and Planning, Dr. Peter Phillips, quoted in The Gleaner of May 7, 2015, Going for Growth special feature, page 5; The Gleaner, May 12, 2015, page D2; also The Gleaner March 25th, 2015, page B11; and The Sunday Observer, March 15th, 2015, page 7; The Gleaner, April 24, 2015, page A10.

⁵ See The Daily Observer, April 20, 2015, page 11, and the Sunday Observer, March 8th, 2015, page 26.

⁶ The Students' Loan Bureau's approx.,....., Students in Tertiary Institutions in Jamaica. See Students' Loan Bureau, Funding Tertiary Education in Jamaica: The Students' Loan Bureau, 14th February, 2014, pages 1, 3 and 5.

⁷ Ibid Table 1, page 3, and pages 4 and 5.

⁸ Ibid pages 5 and 6.

⁹10 Peter-John Gordon, Tertiary Education Financing: Issues of Concern for Jamaica, Sir Arthur Lewis Institute of Social and Economic Studies (SLAIES), UWI, Mona, 2010 (Mimeo); especially pages 35-41.

¹⁰ BBC: <http://www.bbc.co.uk/News/Science-environment-32698484>; May 12th, 2015.

¹¹ See for example: The Gleaner, "UWI Working with China to establish Campus in Beijing," May 4th, 2015, page A7.

¹² Monies owed to UWI by OECS government:

¹³ The New Development Bank (NDB) was decided on at a government of BRIC leaders in Brazil on July 16, 2014 with mutual capital of US\$50 Billion. See The Sunday Gleaner, July 27, 2014, page F5 and The Sunday Gleaner, July 20, 2014 (pages C6 and C7: The column by David Jessop on This Fund, The NDB.

¹⁵ See, for example, UWI Mona: Accounts 2012, pages 4 and 5, and UWI Mona: Accounts 2013, pages 4 and 5.

¹⁶ "138 Student Living Jamaica Limited" is the company formed specifically to build dormitories on this "UPP" model. See the Sunday Gleaner, April 12th, 2015, page C1, Also, Editorial Gleaner, April 7, 2015, page 5, Business Section

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