

## FINANCING PUBLIC EDUCATION IN THE REPUBLIC OF MOLDOVA

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**Abstract:** *In this article we wanted to inform the reader about the process of financing education in the Republic of Moldova. Although the number of educational institutions and the number of pupils / students is decreasing, the state budget increases the allocations for this branch from year to year. This effort of the state budget must change the content of education by increasing the quality and performance in this area of priority importance for the state. We have demonstrated the increase of budgetary resources by increasing the amounts of value norms for a weighted student and for an institution, starting with 2014, the year in which in the Republic of Moldova pre-university education moved to a new funding methodology - based on standard cost per weighted student.*

**Keywords:** *value norms, weighted student, budget allocation, state budget, budget expenditures, general primary and secondary education, gross domestic product.*

**JEL Classification:** *I20, O10, O18, M14.*

### 1. Introduction

Education is a national priority and a key factor in the sustainable development of a knowledge-based society. Through its education policy, the state ensures the fundamental right to education, indispensable for the exercise of other human rights; implementation of the basic mechanism for the formation and development of human capital. 1

The policy in the field of education in the Republic of Moldova is oriented towards ensuring the quality of studies, and *the education system of the Republic of Moldova*, according with the *Education 2020 Strategy*, it is accessible to all citizens, provides quality education, relevant to society and economy, in terms of economic efficiency.

### 2. The state budget – the main source of financing social needs

The budget is considered a privileged instrument of policy, both in terms of allocated resources, as well as the achievement of fundamental political objectives with social impact.

So, we can ascertain, that budget, firstly, the state one, aims at economic activity, both as a whole and locally, through grants and transfers. It can affect virtually the entire economic policy, including: political conjuncture adjustment, monetary and financial policy, through taxation and loans, current account balance and export policy, price policy, industrial policy, cultural policy, income policy, land use planning policy, urbanization and vocational training. Therefore, the budget is the most important act in public life, it constitutes the fundamental strategy of the state for planning and supervising the economic-financial activity, and budgetary decisions are acts of political essence.

In the process of preparing the draft budget, there is an increased focus on public spending by "spending ministries" and society as a whole. It is known, however, that resources are limited, and the financial no exception. For these reasons, the budgetary practice of advanced countries seeks to envisage a new use of budgetary instruments, especially budgetary instrument of public expenditure in the sense of limitations or restrictions. The application in the process of substantiating the public expenditures of the modern methods of the analysis on objectives allowed a better rationalization of the budget.

*Therefore, the budget is an instrument of economic and financial stabilization, through which the public administration provides quality public services, ensures the*

social protection of citizens, being at the same time a concrete form of manifestation of public finances and implementation of financial policies, constituting the main means by which budget revenues are formed and budget expenditures are made..

Assessment of the effects of state intervention in social life and in the economy presupposes the knowledge, first of all, of the volume of public expenditures allocated by the central and local bodies, state from public funds of financial resources for economic and social needs. Of these social needs, the priority is to finance education.

According to the Strategy of the Government of the Republic of Moldova on the sustainable financing of public education, and especially higher education, consisted, that budget allocations for education increase from year to year. Our research confirms this upward dynamics by analyzing the sources of funding of public education in the state budget for the years 2017-both as an absolute amount and as a share in the total state budget expenditures, as well as the share in gross domestic product (GDP) for the respective periods presented below.

**Table 1. Comparative analysis of budget financing of public education during 2017-2020**

Thousands of lei

Indicators	State budget for the year 2017	State budget for the year 2018	State budget for the year 2019	State budget for the year 2020	Deviation in % of SB 2020 compared to:	
					2020 compared to 2017	2020 compared to 2019
<b>Expenses, total</b>	<b>37 796 940,7</b>	<b>41 332 400,0</b>	<b>47 664 200,0</b>	<b>51 551 945,0</b>	<b>+ 36,4%</b>	<b>+8,16%</b>
- Share in GDP, %	21,38 %	21,55 %	22,77 %	22,6 %	+ 1,22 %	<b>-0,17%</b>
<b>Budgetary resources for education, total</b>	<b>9 232 543,7</b>	<b>9 909 586,8</b>	<b>10 610 115,1</b>	<b>12 362 187,2</b>	<b>+33,9 %</b>	<b>+16,51%</b>
- Share in total expenses, %	24,43 %	23,97 %	22,25 %	23,98 %	-0,45%	+1,73%
- Share in GDP; %	5,22 %	5,17 %	5,07	5,42 %	+0,20 %	+0,35%
<b>Budgetary resources for higher education, total, thousand lei</b>	<b>757 557,65</b>	<b>858 961,1</b>	<b>863 422,5</b>	<b>1 030 318,6</b>	<b>+36,00%</b>	<b>+19,33%</b>
- Share in total expenses, %	2,0 %	2,08 %	1,81	2,0 %	0,00 %	+0,19%

- Share of total expenditure on education, %	8,21 %	8,70 %x	8,14 %x	8,33 %	+0,12 %	+0,19%
- Share in GDP, %	0,43 %	0,45 %	0,42 %	0,45 %	+ 0,02 %	+0,03%
- Total resources for education and research, thousands of lei	x	x	x	13 252 308, 6		
- Share in GDP, %	x	x	6,33 %	5,81 %	x	-0,52 %

Source: Prepared by the author on the basis of calculations made on the basis of research on budgets for the periods indicated, 2017-2020)

Note : In this table N 1 and in the others that follow N2 and N 3 the figures are expressed in Moldovan lei (MDL). Reference course of the Moldovan leu (MDL ) against the dollar SUA (USD) at the date 26.01.2021 is of 17,4569 lei for 1 dollar SUA (USD).

From the information presented in the synthetic table of comparative analysis, we find that the Strategy of the Government of the Republic of Moldova is aimed at sustainably supporting the development of education in the country. This state policy is confirmed by the increase from year to year in the financing of this sector from the budgetary means..

We compared the relative indicators of the 2020 budget year compared to those of the 2017 budget year (taken as a basis for comparison) and those of the previous year, 2019. Thus, the total expenditures of the state budget in 2020 increased by 36.4% compared to the same indicator of 2017, and compared to 2019 - by 8.16%.

This increase of the budgetary resources for the branch of education takes place in the conditions of the reduction of the number of pupils / students. Below we present this dynamic of decreasing the number of pupils / students.

In the table below we present the statistical information on the number of educational institutions and pupils / students in the Republic of Moldova during the years 2010-2019.

**Table 2. Number of educational institutions, of pupils / students (2010-2019)**

The years of studied	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
Institutions, total	1645	1612	1545	1518	1484	1446	1407	1358	1364
<i>Including in:</i>									
Primary and secondary educ. instit.	1489	1460	1397	1374	1347	1323	1291	1243	1246
Professional schools	75	70	67	67	61	46	43	43	42
Colleges	48	48	47	45	45	42	32	32	34
Centers of excellence	-	-	-	-	-	4	11	11	13
Higher education institutions	33	34	34	32	31	31	30	29	29
<i>Nr. of pupils / students, total</i>	<i>557884</i>	<i>537136</i>	<i>520015</i>	<i>497991</i>	<i>477824</i>	<i>462704</i>	<i>457246</i>	<i>447758</i>	<i>439115</i>
<i>Including in:</i>									
Primary and secondary educ. instit.	396488	381418	367251	353207	340977	334509	333729	335621	334159
Professional schools	21419	20320	19581	18248	17508	15417	17228	15436	13932
Colleges	32164	31442	30725	29251	29810	24641	17188	17364	17379
Centers of excellence	-	-	-	-	-	6468	14375	13786	13037
<i>In higher education institutions in the Republic of Moldova</i>	<i>107813</i>	<i>103956</i>	<i>102458</i>	<i>97285</i>	<i>89529</i>	<i>81669</i>	<i>74726</i>	<i>65543</i>	<i>60608</i>

**Source:** After Ex.: A. BEZU, senior consultant, în DAMEP; National Bureau of Statistics (NBS), p. 76.

\* National Bureau of Statistics of the Republic of Moldova. Education in the Republic of Moldova Statistical publication. 2017/2018. Chişinău 2018. Pag. 74.

The information presented by the NBS of the Republic of Moldova confirms that the number of educational institutions and the number of pupils are decreasing..

### 3. Financing pre-university education based on the standard weighted cost per student

We mention that although the number of pupils / students is decreasing, the budgetary allocations for education increase from year to year.. Budgetary resources for education, for example, increased in the budget year 2020 by 33.9% compared to 2017 and by 16.51% compared to the previous year 2019. They also showed a substantial increase in budgetary resources for higher education. Corresponding to the analyzed period, this increase is 36.0% and 19.33%.

The Ministry of Education, Culture and Research (MECR) in the budget year 2020 identified the budgetary resources for research in the amount of 890 121.4 thousand lei, constituting in the total resources for education 7.20%.

This increase in budget funding, for example, for primary and general secondary education, manifested by increasing from year to year for a student regulatory quantum weighted for an institution. Because the new mechanism for financing this level of education based on “weighted standard cost per student” in the Republic of Moldova started in 2014, we found it appropriate to present the dynamics of these funding indicators from 2014 to 2020. Below we present in tabular form these value norms for the years 2014 - 2020.

**Table 3. Financing pre-university education based on the standard cost per student (2014-2020), lei (MDL)**

The value norm	2014	2015	2016	2017	2018	2019	2020 approved
The amount of the value norm for a "weighted student"	6929,0	8771,0	9603,0	9803,0	10 445,0	11 218,0	13 247,0
The amount of the value norm for an institution	402 998,0	428 982,0	450 996,0	449 572,0	477 880,0	513 258,0	714 837,0

*Source: Methodological notes on the elaboration by the local public authorities of the draft budgets for the respective years. / MF of the Republic of Moldova.*

*Circular on the elaboration by the local public administration authorities (LPA) a budget projects for those years. Peculiarities regarding the elaboration by the local public administrative authorities of the projects of the local budgets for the year 2020 and of the estimates for the years 2021-2022. Annex no. 1 to the MF circular no. 06 / 2-07 of November 4, 2019.*

From the information presented in the table above we find that the value norm for a weighted student in the budget year 2020 increased compared to 2014 in absolute amount by 6318 lei, and relatively this increase was 191.18%, about 2 times. The value amount for an institution during this period also showed an increase of 311,839.0 lei in absolute amount and the percentage increased by 177.38%.

Budget allocations for education are increasing year by year. Thus, in the budget year 2020 the amount of the value norm for a weighted student increased in absolute amount compared to the previous year, 2019, by 2029 lei, and in percentages this increase is 118.08%. The value amount for an educational institution also increased during this period by 201 579.0 lei in absolute amount and by 139.27 percentage points.

In conclusion, we found that in the period under review the Government promoted and developed a strategy for sustainable development of branch education through budgetary funding, although contingent of pupils / students in Moldova is decreasing.

Therefore, the task of those who directly implement this strategy is to provide quality education, using public money efficiently.

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