

**HIGHER EDUCATION FUNDING IN EUROPEAN NATIONAL
POLICIES**
**უმაღლესი განათლება ევროპის ეროვნული პოლიტიკის
ფინანსირებაში**

ანნა ვერბიტსკა

ჩერნიგოვის ეროვნული
ტექნოლოგიური უნივერსიტეტის
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Abstract

Nowadays the majority of European national policies tend to encourage higher education institutions to increase the private sources of funding. However, direct public funding continues to be a considerable part of the higher education budget. The paper highlights the methods used to fund higher education institutions in European countries of the Eurydice Network.

The need for longer-term planning and development of strategies for higher education is widely recognised across Europe. The countries investigated in this paper implement specific policy documents that outline national strategic priorities for ensuring the financial sustainability of the higher education sphere.

Some common medium trends in the variety of countries` policies are determined: increasing public funding for higher education; granting more autonomy to institutions for managing financial resources; establishing direct links between results and the amount of public funding allocated; encouraging the diversification of funding sources as well as the creation of partnerships with research institutes, businesses, and regional authorities.

The methods public authorities use to fund HEIs has been analysed in the paper, as they are likely to significantly influence the institutional strategies. This paper answer such issue as the public funding of HEIs based on their performance; European public authorities grants for specific higher educational projects; accountability for the public funding. The following main characteristics of the public funding of HEIs in Europe have been identified in this paper: funding formulas are used almost everywhere in the allocation of public funds; performance indicators based on students` results are used in funding formulas in the majority of countries; public funding is awarded in accordance with a performance contract in twelve countries; public funds for research are allocated according to various mechanisms.

Key words: higher education, public funding, funding models.

ანოტაცია

თანამედროვე პირობებში ევროპული ეროვნული პოლიტიკის უმრავლესობა, როგორც წესი, ახალისებენ უმაღლეს სასწავლო დაწესებულებებს ფინანსირების კერძო წყაროების გაზრდით. მიუხედავად აღნიშნულისა, პირდაპირი სახელმწიფო ფინანსირება უწინდებურად რჩება უმაღლესი განათლების ბიუჯეტის მნიშვნელოვან ნაწილად. სტატიაში განხილულია მეთოდები, რომლებიც გამოიყენება ევროპული ქვეყნების უმაღლესი სასწავლო დაწესებულებების ფინანსირებისათვის Eurydice ქსელით.

უმაღლესი განათლების გრძელვადიანი დაგეგმარებისა და სტრატეგიის შემუშავების აუცილებლობამ ფართო აღიარება ჰპოვა მთელ ევროპაში. ქვეყნები, რომლებიც განხილულია მოცემულ სტატიაში, ახდენენ კონკრეტული პროგრამული დოკუმენტების რეალიზებას, რომლებიც უმაღლესი განათლების სფეროში ფინანსური მდგრადობის უზრუნველყოფის მიზნით განსაზღვრავენ ეროვნულ სტრატეგიულ პრიორიტეტებს.

განსაზღვრულია საშუალო ტენდენციები სხვადასხვა ქვეყნების პოლიტიკაში: უმაღლესი განათლების სახელმწიფო ფინანსირების გაზრდა; დაწესებულებებისათვის მეტი ავტონომიის მიცემა ფინანსური რესურსების მართვაში; ფინანსირების წყაროების დივერსიფიკაციის წახალისება; ასევე პარტნიორული ურთიერთობების შექმნა სამეცნიერო – კვლევით ინსტიტუტებთან, ბიზნესთან და ხელისუფლების რეგიონალურ ორგანიზაციებთან.

ნაშრომში გაანალიზებულია მეთოდები, რომლებსაც სახელმწიფო ორგანოები იყენებენ უმაღლესი სასწავლებლების ფინანსირებისათვის, ვინაიდან ისინი მნიშვნელოვან ზეგავლენას ახდენენ ინსტიტუციონალურ სტრატეგიებზე. სტატია პასუხობს ისეთ კითხვებს, როგორებიცაა უმაღლესი სასწავლო დაწესებულებების სახელმწიფო ფინანსირება მათი ეფექტურობის საფუძველზე, კონკრეტული საგანმანათლებლო პროგრამებისათვის ევროპული სახელმწიფო გრანტები; პასუხისმგებლობა სახელმწიფო ფინანსირებაზე.

მოცემულ სტატიაში იდენტიფიცირებულია ევროპის უმაღლეს სასწავლო დაწესებულებებში სახელმწიფო დაფინანსების ძირითადი მახასიათებლები: თითქმის ყველგან გამოიყენება სახელმწიფო თანხების განაწილების ფორმულები; ეფექტურობის მაჩვენებლები, რომლებიც ეფუძნებიან სტუდენტების შედეგებს, გამოიყენება უმეტესი ქვეყნების ფინანსირების ფორმულებში; სახელმწიფო ფინანსირება მიენიჭებათ ხელშეკრულების პირობების შესრულების შესაბამისად თორმეტ გამოკვლეულ ქვეყანაში; სახელმწიფო სახსრები კვლევებისათვის გამოიყოფა სხვადასხვა მექანიზმების შესაბამისად.

საკვანძო სიტყვები: უმაღლესი განათლება, სახელმწიფო ფინანსირება, ფინანსირების მოდელი.

Problem statement. Educational policy is closely related to the economic and social national policies. Looking for the appropriate education policy model is aimed at the formation of the strategy of countries' development. The issue of the funding is one of the key ones in the developing of educational strategy. It includes three important components: quality (correlation funding-result-quality), access (social justice) and efficiency (balance between profit and expenses).

Nowadays Ukrainian sphere of higher education exists in the conditions of a lack of sufficient funding. The experience of European countries in the implementing of the efficiency funding models could be important base for the improvement of the national education policy of Ukraine.

The aim of the paper is to provide an understanding of the national education funding trends across Europe.

Methodology. The base of the paper is the information from Eurydice European Unit. The comparative analysis was drafted by the expert of European Unit. The report refers to European studies and scientific publications.

Main material *Enhancement of institutional autonomy in managing financial resources.* There is a tendency towards deregulation and more autonomy for

higher education institutions regarding institutional policies and, in particular, the management of institutional budgets. In the majority of countries HEIs traditionally operate with a high degree of autonomy, including in financial issues. European universities were granted full autonomy in the management of their financial resources. Nowadays the greater institutional autonomy has been resulted in a considerable increase in HEIs' responsibility for institutional policies and closer involvement by students and staff in the institutional governance. Although the majority of European national policies encourage higher education institutions (HEIs) to raise the private sources of funding, direct public funding continues to represent a major part of the higher education budget [1].

Establishing the correlation between results and funding. Authorities are highly interested in optimising the balance between the financial resources they invest in higher education and the outcomes of the sphere. They establish funding mechanisms aimed at linking results allocated of the future public funding. This is usually possible through the budget negotiations between HEIs and the relevant Ministry, as well as by using the funding formula that include performance indicators. The peculiarities of such policies in the selected European countries are in the table 1.

Table 1
Establishment of the funding policies based on the results

Country	Year of establishment	Policy's scope
Romania	2008	The policy is included in long-term strategy for the development of higher education
France	2006	The law on public finances reinforced the links between higher education funding and results based on objectives and indicators
Finland	the mid of 1990s	Institutional objectives and the resources needed to achieve them are determined in negotiations between the Ministry of Education and each HEI
UK	2008	Funding to support the research infrastructure is distributed selectively, informed by assessment of research quality
Norway	1990	The government's priority is to further refine funding arrangements for HEIs and is geared towards rewarding achievements and results while safeguarding important but vulnerable academic areas and activities

The table has been completed by the author based on [2].

Partnership and connections with society. Governments encourage the development of closer relations between HEIs and society. Policy measures in this area are aimed at the promotion of the scientific results. However, the link between research and national economic (including specific regional needs) is a priority. The European authorities promote co-financing and the creation of the partnerships “HEIs- research institutes-regional authorities-business”. Moreover, in some countries (Estonia, France, Italy, Portugal, Finland and Sweden) they provide financial and other mechanisms to support such co-operation [1].

The block grant. The block grant is divided between the categories of expenditure of the institution. In Belgium, Ireland, France, Lithuania, Hungary, Poland and Slovenia, institutions receive block grants and they must spend them in compliance with the budget headings submitted to the funding body. In France, HEIs must submit the budget proposal to the authority. HEIs in Poland have to submit their proposed financial activities to the Ministry of Finance but there is no institutionalised authority for their approval. In Hungary, institutions have to send an annual draft budget proposal to the supervisor. The supervisor may initiate amendments, if he considers that the proposal does not allow the institution to achieve its basic goals. The block grants are intended to cover learning process and operational expenditure. In rare cases, staff salaries may be covered. In half of the countries, block grants may fund research expenditure. The block grants do not constitute the only source of public funding. In all countries, HEIs receive public funding for specific purposes, such as national programmes, social purposes, particular research, etc [3].

Funding formulas. Funding formulas promote the increasing of the transparency of public funding. It helps to avoid potential political pressures. Almost everywhere, funding formulas rely on input criteria, which refer to the institutional activity [4]. Institutional activities may be estimated according to the resources (number of staff and students, staff salaries, campuses and buildings, etc.) available to HEIs. In many cases, the funding formulas also include performance criteria, which are related to the outputs achieved by an institution over a previous period. In the funding formulas, the input-related criteria depend on countries. The most commonly used criterion is the number of students registered during the previous or current year. Characteristics other than those relating to the number of students, which may sometimes guarantee certain stability in the allocation model, are considered much less frequently. They include, for example, variables associated with the cost of college (Finland), the area of buildings (France), number of employees (Greece, France, Poland - public institutions - and Portugal) and criteria related to educational provision (France and Slovakia), etc. [5].

Performance indicators. Approximately half of the countries use performance indicators which focus on student success rates. The most common performance indicators for teaching activities focus on student success rates that are measured through the number of graduates. Indicators in the Czech Republic, Italy and Austria have

special importance to compliance with the standard period of time needed to complete courses. Some countries use other indicators related to student success rates (in addition to the number of graduates for some countries). In Denmark, Austria and Liechtenstein, the number of students who pass their exams is considered. The number of credits earned by students is considered in Sweden and Norway. In the United Kingdom, the number of students registered is not considered in the funding formula; only those students who complete their year of study. The number is weighted according to field and type of study. For institutional performance, Italy and the Netherlands consider the failure rate at the end of the first year and the number of students who abandon their studies, respectively [6].

Models of public funding: issues and challenges. The mechanisms of public funding for higher education in Europe represent levers through which central governments pursue their strategic objectives in the sector. The usage of funding formula is very widespread. Various aspects of these models are discussed. Funding formula based on the number of students may act as a drive to rationalize the usage of resources. According to Salmi and Hauptman, “when the costs per student are based on the average costs at the national level or on the normative costs established by considering various parameters that are used to calculate the cost of research, it should be in an ideal situation, rather than what they really are” [6]. The funding formula based on the number of students enrolled makes institutions vulnerable to fluctuations in student enrolment, which inevitably has a direct impact on their revenue. Some basic institutional costs cannot be reduced from one year to the next. In order to deal with this situation, institutions may adapt the types of programme offered to match students’ preferences in order to attract more students [7]. Although this strategy may guarantee that the courses correspond to the short-term needs of society in terms of education, it may also lead to a limited diversity of courses and the disappearance of certain important but less popular academic disciplines. In light of this, funding formulas could include incentives to preserve vulnerable academic disciplines.

Conclusions

Nowadays public funding of higher education is the dominative mechanism in majority of countries. There is a wide range of private sources for higher education funding. The task of HEIs is to investigate the potential ways of private funding. The task of the national policy is to find a balance between the optimisation of the expenditures on higher education sphere and the obtaining of long-term benefits.

Autonomy of financial management is a key aspect in higher education governance for Ukraine. Public funds allocated for the specific research projects in connection with the national purposes exists as a form of management by objectives. At European level, there is rarely a strong correlation between a liberal policy in the field of diversification of financing by the private sector and the development of a range of incentives in this area.

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