

## BASES OF STATE SUPERIOR EDUCATIONAL SYSTEM FINANCING FROM ROMANIA

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*This study concerning state superior educational system financing comes to emphasize the main state superior educational system financing forms from Romania, looking forward to find new future state superior educational system financing forms. Romanian educational system reduced financing imposes a special attention for educational process, concerning both quality and, especially, an appropriate financing level endowment. For the future of academic education, it is vital to be found new financing sources, because a composite, diversified financing leads to the raise of total amount of resources at the service of universities, to their freedom degree, too, making them capable to undertake the constraint imposed by the dependence of a solely financing source.*

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### **Introduction**

According to Law of national education, no. 1 from January 5th, 2011, the state superior educational system incomes are composed by sums allocated by Education Ministry budget, according to a contract, for the basic financing, complementary and supplementary financing, investments objectives accomplishing, competition basis allocated funds for institutional development, competition basis allocated funds for inclusion, scholarships and students' social protection as well as own incomes, rates of interest, donations, sponsorships and fees legally perceived from individuals or companies, aboriginal or from above, or another sources, too. These incomes are used by superior educational system institutions, on university autonomy conditions, in order to accomplish their dedicated objectives because of the state policies on the field of education and university scientific research.

### **1. State superior educational system institutions public funds financing**

Financing inside the superior educational institutions is accomplished in the context of university autonomy and it is also materialized in their rights of managing, according the laws, the funds allocated from the national budget or the ones coming from another sources, too, in accordance to the criteria commonly agreed with the Ministry ( M.E.C.T.S.).

State superior educational system financing is ensured from public funds, according to the following requirements<sup>17</sup>:

- superior educational system development to be considered as a public responsibility and the educational system, generally, to be considered as a national priority;

- superior education quality to be ensured on the level of standards from European Space of Superior Education for human resources preparation and personal development as citizens of a democratic society based on knowledge;
- human resources to be proficient according to the labor market diversification;
- superior educational system development, scientific research and artistic university creation development for the top integration on the world scientific level.

*Basic financing* is to be insured according to the number of admitted students on the form of budget study, as well as according to another indicators specific to education activity, especially the one referring to the quality of performance in education. Basic financing is multi-annual, it is ensured on the entire period of a study series.

State superior educational system institutions basic financing is performed due to a *institutional contract*, agreed between the Ministry of Education, Research, Youth and Sports and the superior education institution.

The Ministry of Education, Research, Youth and Sports will ensure the basic financing for the public universities, by study grants, based on the average costs equivalent per student per domain, on study series and on teaching language. The study grants will be priority awarded to those domains that ensure the supportive and competitive society development, but, inside the domain, priority for the best placed programs o their quality hierarchy, the number of study grants assigned for a program, which vary on the position of the program in this hierarchy. The received grants will be managed by universities according to their own terms.

The national budget funds for basic financing are differentially assigned for superior educational institutions according to the following criteria:

- number of students unitary equivalents (70%);
- qualitative indicators (17 indicators structured in 5 groups) determined for each university (30%).

On the institutional contract agreed between the university and the Ministry (MECTS) there are stipulated, along with basic financing, the sums assigned from national budget for scholarships and students' social protection as well as the sums assigned for investments achievement.

The number of student unitary equivalents are calculated, for every single university and every single educational domain, as it follows::

$$SEU^U = \sum_{d=1}^D C_d * SE^U_d \quad (1)$$

where:

$SEU^U$  = number of students unitary equivalents of the U university;

$C_d$  = cost coefficient corresponding to educational domain d;

$SE^U_d$  = number of students from D domain of U university;

D = total number of educational domains financed from the national budget.

The allowances from the national budget concerning basic financing are guided from the title of "Transfers"; they represent a pay form for a service performed (school-house for a number of students agreed with the MECTS).

*Complementary financing* is awarded by the Ministry of Education, Research, Youth and Sports by: accommodation and meal subventions, funds allowed on priorities and specific standards for endowments and another investments and capital restorations; funds allowed n competitive basis for university scientific research.

Complementary financing is awarded on competitive basis, due to a *complementary basis*, the sums are to be directed to investments and capital restorations, to cover some didactic

equipments endowment and research expenditures or some development projects (new specializations, new education forms), and also for some scientific research projects financing. *Supplementary financing* is awarded from public funds by the Ministry of Education, Research, Youth and Sports in order to stimulate the excellence of institutions or study programs from the universities. This is awarded for the universities, for a sum, on national level, of minimum 30% from the sum allowed on national level to the state universities as basic financing, upon the criterions and quality standards agreed by the National Council of Superior Education Financing and approved by the Ministry of Education, Research, Youth and Sports.

## **2.State superior education institutions private funds financing**

Regarding to national strategies, the changes performed by the reforms from many countries have tried to increase superior education institutions autonomy concerning financial management and, especially, private funds usage and gathering.

*State superior education institutions* from Romania may perceive examination fees in case of the students who are not sustained by the state. The value of school-house fees is established by the university Senate, according the laws.

Besides the school-house fees, there is the alternative of a large scale of sources for state superior education institutions private financing.

The sources for private funds available for public institutions are the following ones:

- donations and legacies;
- loans;
- rents and incomes from positions sponsorships;
- usage of research results / research based on a contract;
- payments for different performed services;
- rate of interest on investments;
- private commercial companies foundation.

If there are some restrictions regarding certain financing forms (private commercial companies foundation, rate of interest on investments, loans), the Romanian state will authorize all the private income sources mentioned above.

*Research contracts* under she form of common research projects between superior education institutions and contractor private entities represents the most well known private financing source.

*Services performing* as it may be the adult permanent education, classes for the employees from different companies, consulting services and events organization, they all represent another important source of private financing.

State superior education institutions from Romania are allowed to *found commercial companies*, but didn't yet happen. Commercial spaces renting or another facilities renting represent another income source for state universities.

State universities from Romania have the right to get and to receive loans.

*Partnerships with the private sector, local or regional authorities* represent for the state superior education institutions from Romania an important financing source for their increasing incomes, representing a way of transfer for the research and results of academic research commercialization.

In order to encourage such partnership achievements, the state may allow certain incentives for superior education institutions and/or private cooperating entities. This kind of incentives may appear as: superior education institutions tax releases; donors, sponsors or private partners tax releases; private sectors partnership financial support or another kind of support; regulations that allow institutions to own intellectual property; budget financing influence or evaluation influence.

*In Romania*, there are accorded tax releases for state superior education institutions donors and sponsors. In case of research activities financed by public funds, the real owners are the superior education institutions and the Ministry of Education, Research, Youth and Sports, except for the situation when the research contract provides something different.

Private funds attracted by state superior education institutions are used in order to co-finance some objectives stipulated in the institutional strategic plan.

### **3.The control of superior education institutions allocated funds usage**

Although the superior education institutions are autonomies, they are supposed to be controlled because they represent public services providers and they benefit from public funds.

The control represents a clear stage of budgetary process. It appears in every stage of budgetary process, especially during the process execution.

The manner of control in the specific situations when superior education institutions use the allocated funds is accomplished in order to avoid dissipations, embezzlements or peculations.

Public Finance Ministry specialized authorities are checking the way that national budget received funds have been used, the accuracy and the reality of the data in the records of public institutions and the way of funds management and usage.

The public, but especially superior education institutions financiers have their own proper interest of having knowledge about what it is happening in those institutions.

An annual report in our country is mandatory; it is usually prepared and presented to the Minister by the superior education institution Rector. Although many of the annual reports include information about institutional project, they are mainly used as a superior education institutions responsibility instrument.

Our country annual report about the activity of superior education institutions is an essential document for superior education institutions financing, which includes information about accomplished objectives, registration data, teaching and administrative positions data, institutional budget data, facilities, research projects, publications, international relations, consulting and direction, experimental units, etc..

Superior education institutions from Romania are responsible for public funds usage through a link accorded between a part of allocated funds and institutions results. It breaks consideration for performance indicators in the financing formulas used to calculate the global public subventions and/or research indicators results for certain subventions accomplished for that specific research.

Another way of superior education institutions surveillance is represented by the strategic institutional plans. These plans constitute an alternative of institutional achievements measurement. In case of a superior education institutions from Romania, the strategic plans are included in the performance contract for public funds allowance.

### **Conclusions**

Actually, Romanian universities capacity of another financing source attraction, besides the study fees, is very reduced, meanwhile global financing system didn't solve the problem of superior education financing and it won't solve it without involvement from universities and without a performance management.

Romanian education reduced financing from private sources imposes an increased attention for educational process, as well for quality, as it is a financing proper degree insurance.

We remind here some main recommendations concerning state superior educational system financing from Romania:

- remission of the two categories of existing students in the actual state superior educational system (who are paying school-house fees or who are financed from the budget) and the

introduction of mandatory individual contribution for all the students concerning superior education costs. This new study fee system, lower, but equitably paid, by all the students, could represent a solution for the extra-budgetary financing increase. The sum representing individual contribution will be established due to the student's performance;

- achievement of some partnerships between universities and economic agents, which allow to certain companies to sustain a part of students' study fees, with the condition that the student financed by an economic agent to be employed by the financing company at the end of the studies with a lower salary than the appropriate until the student will pay the entire loaned sum and also the rate of interest for the loan awarded by the economic agent;
- partnerships between universities and economic agents agreed for human resources formation common financing, may be also achieved in cooperation with local authorities and the rooms of commerce and industry in order to sustain local economy development;
- the state will continue to finance superior education (on the form of study subventions), because individual subvention doesn't have to substitute, but to add itself to superior education subventions from the state budget;
- encouragement of university research, as a source of innovation and education financing;
- contribution of enterprises on superior education institutions financing. This embraces two forms: research contracts, services provided, material conditions insurance for training stages, donations: a legally form (based on the example of Delaure Law, from France, which forces the enterprises with a high number of employees to direction a certain percent from the salary amount to the state, with the mention *adult permanent education*).

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