

# FINANCING THE PUBLIC UNIVERSITY EDUCATION IN ROMANIAN DURING THE ECONOMIC CRISIS

SUZANA SCHNEIDER, DORIN COSMA

WEST UNIVERSITY OF TIMISOARA, B-DUL VASILE PÂRVAN, TIMIȘOARA, ROMANIA  
chneideremilia@yahoo.com, dorin@cosma.ro

**Abstract:**

*The primary resource of every nation is the capacity of creation of its citizens. Those valuable, well-trained creative, people are the ones who can modify the economical and social environment. The entire fortune of a society is made by the innovative and intellectual capacity of its members, the one which decides the future of a nation. For the future of academic education, the investments in the higher educational system should be a priority, having in mind that it generates long term effects in the development of human resources which represents the most important resource of each nation and in the production of knowledge without which we cannot evolve. In the conditions of the present global crises the institutions of higher education must find alternative sources of finance to handle the market challenges and requests.*

**Key words:** *higher educational system, the financing of the academic education*

**JEL classification:** *G00*

In the context of the European integration of the public education and the scientific research, Romanian universities are called upon to undertake specific responsible missions in order to create new knowledge, to form European competitive and highly qualified human resources and to capitalize knowledge through innovative products in the socio-economic environment.

The main purpose of the university education system is to create and develop competence not only through knowledge and operational abilities, but also through the development of our capacity to adapt to the new requirements of the modern European society.

Our country enjoyed the other European countries in the common effort to create a new Europe of Public Education and Scientific Research since the enrollment of the Bologna process beginning with 1999.

Reforming the finance of the public university education in Romania became an urgent task with the specific end of reducing the financial pressure in universities, creating new conditions for the development of the university education and the scientific research, creating a new equitable and flexible financing system based on the financial participation of more socio-economic actors.

In the political and socio-economic context of our country, the education has been given the task of promoting the reform. Conducting a qualitative education policy requires a qualitative reform. The shift towards a new qualitative education process must be guided by transparent strategies, competence, but most of all it must be backed up by the political actors and financing.

University education is the engine of the society inasmuch as reorganizing the fundamentals of the society changes the way in which we teach and learn, the nature of the knowledge and principles, the evaluation methods and the appreciation of the education results.

Under the economic crisis conditions, Europe needs capable universities. For the universities to be highly productive there is a need for corresponsive financing.

Their own financial participation in covering the costs of the education for the tuition waiver students is extremely important nowadays. Until the budgetary allocations could sustain themselves the complete education, there may be taken into account the little participation of the budget inasmuch as this coexists with the personal financial participation of the students, who will have to cover for their education taxes.

Maintaining the GDP percentage for education in the future does not mean maintaining the same level of financing, because the effects on the long run generated by the minimum level of financing do not guarantee the maintaining the present situation in the first place. Another issue to address would be the damage of the physical patrimony due to the insufficient finance of the education. In order to improve this situation, the education system needs more money.

Another effect of the underfinancing is the little interest in the fundamental research, where the budgetary allocations do not cover the expenses in the way that the student taxes do, and do not have the same effect on the individual income of the researcher.

Under the economic crisis conditions, the future of the academic education depends on the investments, which have to be a public priority, as much as this fact generates long run effects in the development of the human resources and in creating new knowledge. However, the GDP percentage allocated for the academic education is far from being enough to assume the qualitative challenges of the European education.

In the context of the European competition, Romanian academic factors must attract more financial resources, because the funds disposed by the Romanian universities are not enough to enter the European competition.

Due to the major changes in the academic education system, there have been made amendments on the principles of the financing too. These changes lead to:

- a more complex allocation system which grants financial autonomy to the universities;
- the introduction of the tuition taxes which leads to the division of the education costs;
- a better separation between the allocated funds for education and for research;
- the diversification of the financial resources.

At present, the financing of the Romanian universities is being made through these funding categories:

- The Main Financing Fund;
- The Complementary Financing Fund;
- Extra Budgetary Funds (constituted by other sources of financing).

The Main Financing Fund is constituted in accordance with the number of tuition waiver students and post graduates and with other specific indicators of the teaching activity and its quality. The Department of Education, Research, Youth and Sports will assure the financing of the public universities through study grants which are equivalent to the medium cost per student per domain per teaching cycles. The grants will primarily be allocated for those domains which could assure the competitive and sustainable development of the society. As much as a specific domain is concerned, the grants will be allocated for the best programs. The universities will have the right to administrate the grants according to their own rules.

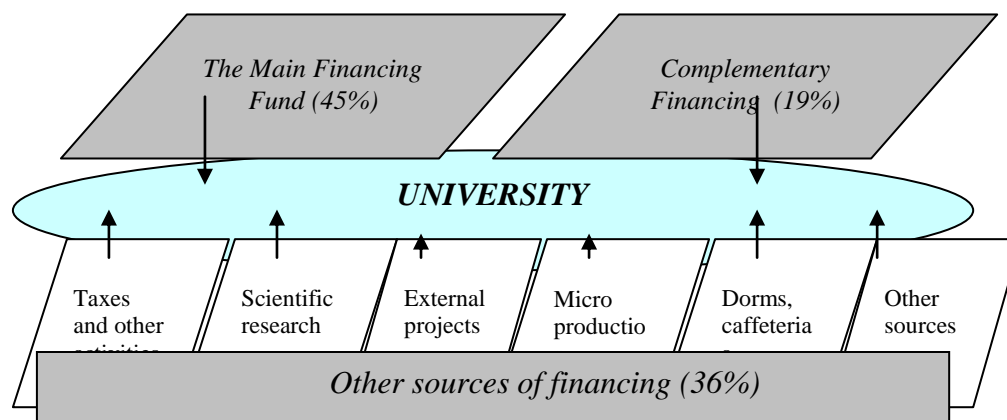
The Complementary Financing will be granted by the Department of Education, Research, Youth and Sports to the public universities based on the institutional development projects at the CNFIS recommendation. CNFIS selects and recommends for complementary financing only the viable institutional development projects and monitors their implementation.

The Complementary Financing is granted on a competitive basis or according to an additional contract. The Fund must cover for investments, capital repairs, for research

and didactic equipment or for development projects (new majors, new forms of education), as well as for scientific research projects.

Extra Budgetary funds (interests, donations, sponsorships, taxes paid by other people or legal entities, external credits, free financial subsidies), including taxes paid by the foreign students, are constituted according to the universities' rules.

In the 1-st chart we'll present the structure of the public universities' incomes:



**Chart no.1** –The Structure of the public universities' incomes

**Source:** CNFIS data

A low level of the incomes does not assure an efficient administration of the finance in accordance with the needs of the academic education. It reflects on the teaching process through the low level of investments and modernization of the academic education system in our country.

The government had accepted to finance the universities due to the fact that the universities completed the need for highly qualified personnel of its public services. Financing the public education system was not a budgetary burden if we take into account the low number of the students. The increase of the need for academic education is a universal phenomenon which covers the whole world, as more and more students apply for superior education.

As the public education system develops, the state cannot be the only beneficiary of its educated citizens. Private enterprises take the benefit too. For the same reason, the government is no more motivated to finance the costs of the public academic education alone.

As the economic crisis amplifies and the number of students who apply for superior education grows, the need for other sources of financing as well as a more efficient allocation mechanism becomes more and more necessary.

The low level of private sources in financing the Romanian education asks for more attention for the educational process, both for its quality, but for its financing too.

OECD researches highlight the fact that European universities beneficiate of few funds, while the World Bank report finds that the academic education is incapable of assuring a sustainable development for the same reason. European governments estimate that they cannot allocate a higher percentage of their GDP for universities, but they are completely aware of the fact that this situation could lead to a stagnation of the knowledge and the economic development.

Nowadays we notice a reduction of the financing from public sources. That is why universities express their concern to diversify the sources. A mixed complex of sources leads to a more autonomy of the universities. Thus, they reduce the dependence on the single source of finance.

However, in Romania, the budgetary allocations continue to represent the main source of financing the public education system.

We notice that nowadays Romanian universities capacity to attract sources of finance, other than tuition taxes, is relatively low. This situation cannot be solved unless universities involve more in the problem and have a performing management.

In the context of the economic crisis, giving up the actual system of financing: student taxes for studies and tuition waiver, and introducing a new system of lower taxes paid by the students in an equivalent manner could be the solution for the increase of the extra budgetary funds, for the aggrandizement of the teaching performance and for a real social security of the poor students. Another solution could be initiating partnerships between universities and legal entities. These legal entities would support a part of the student taxes if the students will be hired by them after graduation with a lower salary than he is worth until he pays back the whole credit plus interest to the respective company which had paid for his studies. In order to stimulate the companies to participate in such a scenario, the state must do the same in the first place, by granting some fiscal facilities for that company.

## REFERENCES

1. Armenia Androniceanu- *Noutati in managementul public, ed. A III-a*, Ed. Universitara, Bucuresti, 2008;
2. F. Coman-Kund - *Politica de comunicare externă a colectivităților locale*, Ed. Economică, Colecția de administrație publică, București, 2000;
3. G. Dincă- *Financial management and institutional relationships with civil society*, UNESCO, Bucuresti, 2002;
4. A. Miroiu, G.Dincă- *Aspecte ale finanțării globale a universităților*, Fundația Coloana Infinitului, București 2000;
5. L. Vlasceanu, C. Zamfir, I. Mihailescu- *Directii ale reformei sistemului de invatamant superior din Romania*, Ed. Paideia, Bucuresti, 2001;
6. L. Weber, J. Duderstadt- *Universities and Business: Partnering for the Knowledge Society*, 2006.

EURYDICE- *Towards the European Higher Education Area: responding to challenges in a globalised world*, Londra, 18 May 2007.

EURYDICE- *Communiqué of the Conference of European Ministers Responsible for Higher Education*, Leuven and Louvain-la-Neuve, 28-29 April 2009.

\*\*\*

[www.cnfis.ro](http://www.cnfis.ro)

[www.edu.ro](http://www.edu.ro)

[www.edu2025.ro](http://www.edu2025.ro)

[www.management-universitar.ro](http://www.management-universitar.ro)