

HIGHER EDUCATION FUNDING IN ROMANIA

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Abstract:

For each higher education institution an aggregate calculation is performed and it will lead to a position in the overall ranking of universities in Romania. This overall ranking will allow education consumer - pupil / student / parent, to create its own image of the potential and possibilities they can offer each of them. This classification is expected to be a fundamental element of acknowledgment in choosing a future institution where young people will study.

Keywords: *Financing Higher Education, university ranking, financial management, research activities*

JEL Clasification: *M0*

1. Introduction:

In Romania, the institution dealing directly with financing activities of higher education is the Executive Unit for Financing Higher Education, Research and Innovation (EUFHERI). The distribution of funds is made by the Higher Education Funding Service (HEFS) of EUFHERI, which calculates amounts due to each university. Also, the service calculates indicators of evaluation for each universities, and its core activity is the distribution of funds from the state budget for each institution of higher education in hand.

Financing universities in Romania is made by three main directions, namely:

- core funding covers major expenses related to teaching process where multiannual study grants are allocated prior for fields of study that provide a sustainable and competitive development of society;
- complementary funding covers several aspects additional to teaching: accommodation and food subsidies, funds for equipment, investments and funds for repairs and equipment, investment and capital repair funds for scientific research;
- additional funding is given to stimulate excellence institutions and study programs, both in state and private universities.

2. Ranking of universities in Romania

To achieve the ranking of universities in Romania in order to achieve their funding process according to Law. 1/2011, the Law of National Education, the Ministry of Education, Research, Youth and Sports has approved on August, 26 the Order no. 5212/2011 approving the methodology for processing data and information collected for the primary evaluation of universities and university programs for universities' and study programs' classification.

Article 1 of the methodology states that "the primary assessment for the purpose of university and study programs classification is performed based on the following criteria:

- Scientific research;
- Teaching and learning;
- The university's relationship with the external environment;
- Institutional capacity "

This order of the ministry performed for the first time in Romania a technical referential criteria in higher education so that institutions achieve a qualitative higher education. As shown, the tutelary body of management prioritizes scientific research as a basic criterion, we say fundamental to differentiate universities.

Further, the order noted that "for each criterion set out above" (see the *Methodology*) three types of performance indicators shall be calculated:

- Extensive indicators;
- Intensive indicators;
- Intensive / extensive indicators ".

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The aggregate index for university ranking is a multiple of the following performance indicators, namely: "an extensive indicator corresponding the scientific research criterion; an aggregate intensive indicator resulting from aggregation of global intensive indicators in accordance with criteria laid down in Art. 1 of the methodology; an indicator corresponding to the result of the last assessment made by the Romanian Agency for Quality Assurance in Higher Education (RAQAHE)".

The methodology under discussion also states that "extensive indicator is calculated as the sum of the values of the following variables:

- Cumulated relative influence score of articles published in ISI journals by teaching and research staff of the university;
- The number of books published by international publishers by the teaching and research staff".

3. Aggregate intensive indicator

An aggregate intensive indicator is calculated for each university corresponding to the evaluation of RAQAHE and it has the following equivalence:

- 1, if the university has rated "high confidence";
- 0.7 if university has rated "trust";
- 0.4 if university has rated "limited confidence";
- 0.15, where the university has rated "non-trusted";
- 0.10 if the university requires starting assessment procedures;
- 0.40 if the university has not been evaluated by RQAHE, but neither overdue assessment by the Agency.

The quoted source also states that each institution of higher education will be aligned to the classification using the aggregate index classification, as follows:

- advanced research and education universities;
- education and scientific research universities;
- universities focused on education.

Article 6 discusses the study programs and their hierarchy. "The study programs are ranked within each domain hierarchy based on a reference standard hierarchy.

In Annex. 1 to the minister's Order formula used in calculating the aggregate intensive indicator used for classification purposes of universities.

"Intensive aggregate indicator, denoted q " is calculated for each university u as a weighted sum of intensive global indicators of classification fields d within the university denoted $q^u d$ as follows:

$$q^u = \sum_d q_d^u \frac{g_d^u}{g^u},$$

where $g^u d$ represents the number of equivalent graduates of the domaine d and g^u represents the number of equivalent graduates of the university (as an average of 5 years reports).

The number of equivalent graduates represents the sum of the number of graduates with diploma from undergraduate, the number of postgraduates multiplied by two and the number of PhD graduates with bachelor multiplied by three. If the average number of graduates from undergraduate studies, respectively the average number of master graduates is lower than the corresponding value for the 2009-2010 academic year, we use the value for the academic year 2009-2010. If the number of bachelor and master graduates equivalents is less than 100, use that number instead of the value of 100".

In a university it is very important that financial management be conducted by permanent monitoring of all revenues and expenditures, using the following principles :

- Elaboration of the general budget of the university, as an amount of its components' budgets- faculties, departments, research institutes, rectorship and so on;
- Development of a separate budget of the Rectorship separated from other components of the university budgets;
- Development of multi-annual budgets of the university and its components, in order to highlight the permanent features and general streams of collection and payment of the university;
- Maintenance of a centralized budget of the university as the main financial instrument leading to;
- Achieving a balance between faculties within specific financial processes;
- Permanent monitoring of investments in education and material resources each faculty needs to advance;
- Use of own calculations standing within the university to determine, based on its performance, the level of income that is due from ministry budget;
- Development of regulations, rules and procedures that ensure management based budgets within the university;
- Proper management of the relationship with the ministry, so the university make sure the place it occupies in the hierarchy and budgetary allocations;
- Establishment of the University of teams of specialists to monitor and manage budget based activity;
- Correct definition of items of incomes and expenditures in order to avoid confusion in financial decisions;
- Taking into account consistently some correction factors that take into account the decrease in the yearly budgetary allocation from the reduced level of budgetary allocation and support for education and training activities;
- Develop financial plans to halt the university's own additions to support its budget revenue and expenditure;
- Local communities involvement in financial support of educational and research activities of the university;
- Attracting the business community in the area to support education and research activities of the university;
- Involvement of deans and directors of departments in budgeting and managing income and expenditure budget based on these functional entities;
- Autonomy of the components in the development and management based on the income and expenditure;
- Growth and recognition of the role the rector has as legal officer, with all rights and obligations deriving from the law of public finances;
- Organization of performant economic directions, based on information technology, so as to enable a continuous tracking of each expenditure and record any revenue source;
- To adopt some measures to put the university in a position to attract some amounts as research incomes on a contract basis;
- Attracting sponsorship amount as income;
- Highlighting the weaknesses, discussing financial program to recover for deficit activities;
- Establishment of companies within the university that can carry out commercial activities producing income;
- . development of clear and legal procedures of decision-making, which highlight the responsibilities of each decision maker: University Senate, rector, general administrative, financial director.

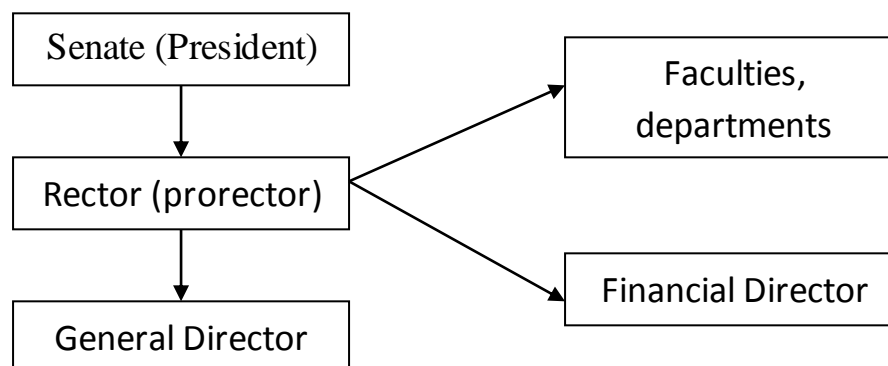
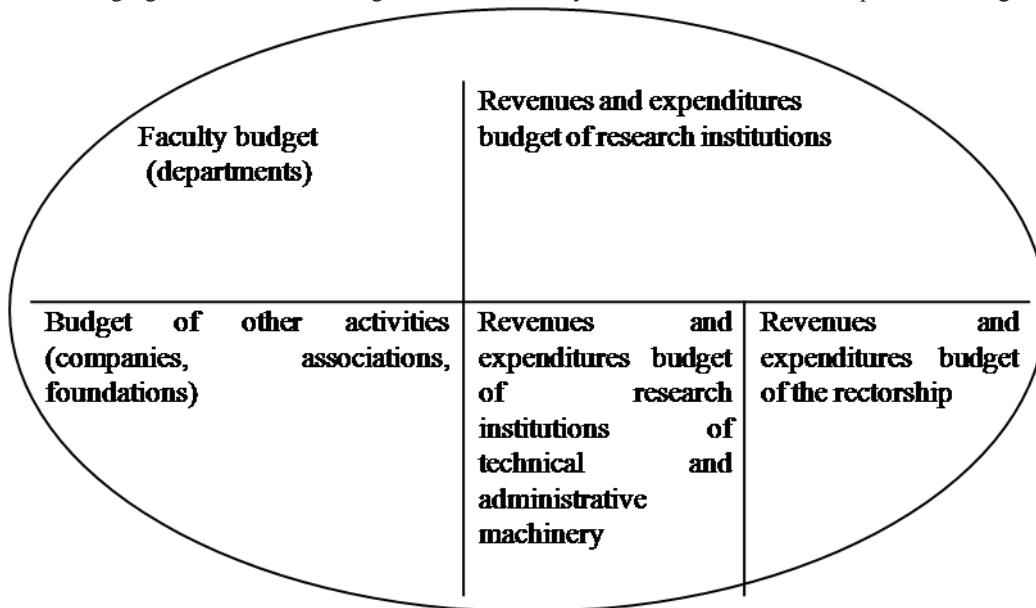


Fig.no.1 Organizing scheme of the hierarchy

- Conducting trainings within the university, clarifying job activities, responsibilities, and some theoretical knowledge such as financial management (Neamtu A., Neamtu L., 2008);
- Decentralization of financial decision and increase in flexibility in faculties and departments;

- Analysis of each expense as accessibility, level and opportunity in each faculty;
- Permanent planning and weekly analysis in the Board of revenues and expenditures for each component;
- Informing teachers permanently on budget execution;
- Public information on the implementation of the university's budget and of its components;
- Thinking and managing the centralized budget of the university, as an amount of the components' budgets.



- Use specific accounting tools in the organization of budget-based management such as balance, balance, account.
- Using financial control, audit and other types of internal control in the organization and proper conduct of of budget-based management;
- Establish through budgets a current operation control that declare and pursue goals as (Neamtu A., Neamtu L., 2008): management of material and financial means, receipt, storage, preservation, use, inventory.
- Publish an annual report of the financial condition of the university.

Panaite Nica talks about previous preparation of faculties before moving to the stage of financial autonomy in faculties. This preliminary preparation should involve:

- The transfer of management and decision-making component from the university management to the faculty. Senate, Senate office, the rector, vice-rectors, will give up some of their powers in the financial management for faculty, dean and vice-dean.

Obviously, this transfer of power will be only to the extent that the law of public finances allows.

Its quality as credit officer and the rights and obligations are out of the question because the financial management of an institution involves taking responsibility and carrying them to the end, according to the laws in force.

- Carefully analyzing financial strategies of each faculty, which include: taking into account the number of students from all years of study and all forms of education, proper quantification of financial apparatus to pay teachers; the need for future development, investment in the material basis of the faculty.

Revenues and expenditures approved for each component, but for the university as a whole will be executed precisely. Expenditure shall be made if it was not included in the income and expenditure is. Therefore, preparation of budgets will attend teachers, administrative staff, management functions, so its discussion and approval of the University Senate is the last step before its execution.

4. Concluzions

In universities, for better management of financial activity may be issued per calendar year budgets, and budgets per academic year.

A forementioned author (Nica, 2001) talks about several steps to be taken in the proper sizing of the wages for the teaching of the faculties and departments / divisions. In this sense the financial management of the department / faculty is based on proper sizing of the state / states teacher functions of department / faculty concerned. Keep in mind

depending on the budget planned for next year, the following: fair sizing teaching assignments; Compilation of teaching procedures that will be held under the hourly or part-time; the number of teachers in the department and their teaching degree.

When the department aims to achieve a lower cost with wages, few ways of developing states under saving functions may be taken:

- Increased teaching workload up to 2-4 conventional hours for each teacher, each department, and holding time;
- Development of rules under the hourly or together, in small or very small degree. For example, teaching hours under hourly rules can be established maximum degree lecturer and seminar classes under hourly maximum can be established post of assistant professor;
- Use as associate teacher some persons satisfying teaching conditions.

5. References:

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