

## **Tempus Morems, Training in Ghent** **Theme : Allocation models of finances**

# **SYSTEM OF FINANCING HIGHER EDUCATION IN SLOVENIA**

## **STATE LEVEL – INSTITUTIONAL LEVEL – FACULTY LEVEL**

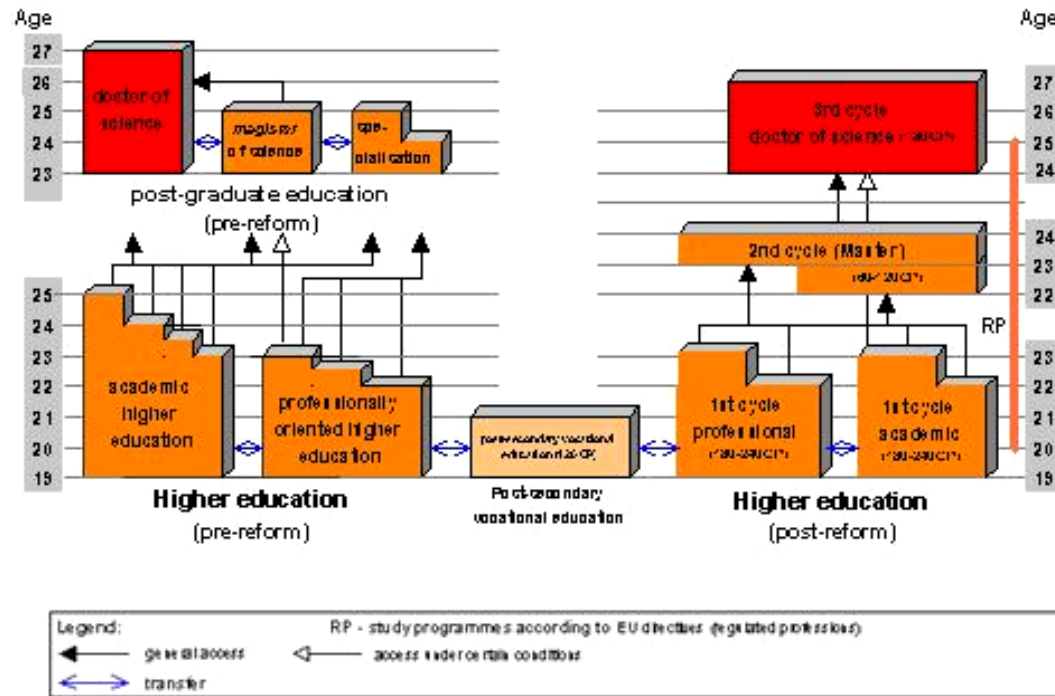
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# Higher education system in Slovenia

Higher education together with higher vocational education forms Slovene tertiary education.



**Picture 1: Structure of Tertiary education**

**Note: Post-secondary vocational education is higher vocational education.**



# Higher vocational education

**Higher vocational education is organised in parallel with higher education, and not as an integral part of it.**

**First vocational colleges were established in 1996/97. Programmes are markedly practice-oriented and tightly connected with the world of work.**

**In these courses, practical training accounts for around 40% of the curriculum and is completed within companies. Higher vocational education lasts for two years ending with a diploma examination, which enables graduates to start working in specific occupations.**

**Until June 2004 when the parliament passed a new Higher vocational education Act this type of education was regulated by Vocational and Technical Education Act and Adult Education Act.**

**In academic year 2003/04 42 vocational colleges (21 public and 21 private) enrolled 12.116 students.**



# Higher education

**Since 1993 Slovene higher education is regulated by Higher Education Act.**

**It was first amended in 1999 and introduced a number of solutions that were a result of an open public discussion on the development of higher education and the functioning of higher education institutions (universities and their autonomy, funding system, participation of students) and laid new foundations for a further development of universities and other higher education institutions.**

**Three additional amendments were adopted in 2000, 2003 and June 2004. The last amendment (2004) to Higher Education Act introduced new structure of higher education studies according to the bologna guidelines.**



## Post reform Structure of Tertiary education

- **First cycle has binary system of academic and professional study programmes. Both studies can be offered by universities and free-standing higher education institutions.**

**While faculties can offer both academic and professional study programmes, professional colleges can offer only professional study programmes.**

**University members can be faculties, art academies and also professional colleges.**



## Post reform Structure of Tertiary education

- **Second cycle offers only one type of studies. Master study programmes can be offered by universities and faculties. Professional colleges can offer this type of study programmes in cooperation with universities, faculties and art academies or by themselves, if they fulfil the conditions regarding staff and research.**
- **Third cycle is Doctor of science.**



## **Post reform Structure of Tertiary education**

**First 'post-reform' study programmes will start with academic year 2005/06.**

**New study programmes will be introduced gradually, so that in academic year 2009/10 only 'post-reform' study programmes will be offered.**

**Until then Slovene higher education institutions will offer both 'pre- and post-reform' study programmes.**

**The last time students will be able to enrol in 'pre-reform' study programmes is in academic year 2008/09 and they will have to finish their studies by 2015/16. Once new study programmes are adopted, they gradually replace the existing pre-reform ones.**





# Financing Higher Education on State Level

**In December 2003 Slovene government adopted the *Decree on the public financing of higher education and other university member institutions (in text as Decree) 2004-2008*, which replaced Standards for financing Higher Education adopted by the government in 1992.**

**Decree regulates the public financing of study and extracurricular activities, investment and investment maintenance and development tasks at universities and free-standing higher education institutions established by the Republic of Slovenia, and the financing of certain tasks of national importance.**



## Financing Higher Education on State Level

**The provisions on the financing of study and extracurricular activities and development tasks also applies to private higher education institutions with concession, while the provisions on the financing of development tasks also applies to private higher education institutions providing certified study programmes if they receive public funds.**



# Legal Base

**Main legal regulation in financing of higher education on Slovenian level are Higher Education Act (in continuation named HEA) from 1993 (Official Gazette of RS no. 119/2008 – last cleared text) was altered several times. The articles of HEA directly regulating finances, are:**

**Article 6:** (university autonomy) Among other rights, universities also have the right to manage and dispose of their property.

**Article 13:** (property) Universities are owners of their property, also of newly obtained property, but they can dispose of it only with consent of the founder (ministry, state). If founder gives consent to selling of property, the means obtained from it, may only be used for investments, maintenance of property and equipment.  
→ limitation of owner's rights.



# Legal Base

**Article 22:** (Financial Board) HEA determines the body controlling all finances at a university. Composition: 9 members - 3 members of the founder (state), 3 academic members, 1 representative of economy, 1 representative of non-pedagogical employees, president.

**Article 31:** (Student Dormitories) Student dormitories are independent and can be performed in different ways (in Ljubljana independent, in Maribor associated member of the university, but with independent management and funding).

**Article 44:** (National Program) The national program sets forth the frame of finances for higher education.





## Legal Base

**Article 45:** Means for finances of higher education are provided by the State Budget.

**Article 46:** (Conducting the National Program)  
The national program is conducted by higher education institutions, student community and student dormitories → subjects in higher education.

**Article 47:** All - public and private - higher education institutions, as well as student dormitories get a concession by the state and can use State Budget!!!!



# Legal Base

**HEA's main chapter on finances within higher education in Slovenia is chapter VIII. Financing, determining:**

**Article 72: (sources of financing) Sources of financing are:**

- **State Budget**
- **Tuition**
- **Payments for services**
- **Dotations and donations**
- **Heritage**
- **Other sources.**



## **Article 73: (purpose of financing)**

**The sources mentioned in article 72 are meant for basic activities of higher education institutions:**

- **education up to third cycle!!,**
- **research (in a certain degree, else separated financing of research through national research agency),**
- **libraries, management, infrastructure),**
- **students' interest activities,**
- **investment and maintenance,**
- **development and other.**

**As an application for funding, higher education institutions send annual programs to the ministry.**



## **Article 73: (purpose of financing)**

**Article 73a: (private higher education institutions)**  
Private institutions with concession get funding like public institutions, without concession they may compete for funding at public calls for applications.

**Article 73b: (subsidized student accommodation)**  
Accommodation of students in dormitories is subsidized.

**Article 73c: (subsidized student transportation)**  
Public transport is 70% subsidized for student transportation.







## Article 74: (other)

**Under the general term of other finances, State budget finances:**

- **investments and maintenance of public student dormitories,**
- **functioning of central technical library of University of Ljubljana,**
- **functioning of Higher Education Council,**
- **scholarships for foreigners and Slovenians without citizenship,**
- **care for Slovenian language and other determined by law or another act.**



## **Funding of study activities**

**Public financing of study activities for a university or free-standing higher education institution is defined as total funds (lump sum).**

**Study activities are publicly financed for all full time students, while the part time students pay tuition fees.**

**The state allocates funds to higher education institutions based on the methodology set by the Decree. There is no division between academic and professional study programmes. The methodology for the allocation of the funds is divided into two parts:**

- 1. Planning of the budget and**
- 2. Allocation of the funds to higher education institutions.**



## Planning of the budget on the state level

**The budget is planned so that the Annual budget funds for study activities from the previous fiscal year are increased each year in real terms by at least the growth in gross domestic product but not less than 2.5% with regard to the realisation for the previous year for study activities.**



# Allocation of the funds to higher education institutions

Annual funds for study activities of a higher education institution (LSZ) comprise basic annual funds (OLSZ) and standard annual funds (NLSZ).

$$\text{LSZ} = \text{OLSZ} + \text{NLSZ}$$

Basic annual funds for a higher education institution (OLSZ) are defined in the Decree. For the year 2004 they were fixed at the amount of 80% of the annual funds for study activities of the higher education institutions in 2003.





**The standard annual funds for a higher education institution (NLSZ) are determined taking account of the annual initial value (LIV), the total number of students ( $\check{S}$ ), and the number of graduates (D) multiplied by the weighting (Ud) and the factor for the study group  $f(s)$  to which the higher education institution belongs.**

$$\mathbf{NLSZ = LIV * \Sigma (( \check{S} + D * Ud ) * f(s))}$$





**The annual initial value (LIV) shall mean the standard annual funds per student in the first study group and shall be calculated as the quotient of the difference of annual budget funds (LPS) and the basic annual funds of all higher education institutions ( $\Sigma$  OLSZ) and the total number of students ( $\check{S}$ ) and the number of graduates (D) multiplied by the weighting (Ud) and the factor f(s) of the study group to which the higher education institution belongs.**

$$\mathbf{LIV = (LPS - \Sigma OLSZ) / \Sigma ((\check{S} + D * Ud) * f(s))}$$





**Students (Š)** are full-time students in undergraduate study programmes excluding absolventi (graduands) at the higher education institution in the current academic year.

**Graduates (D)** are graduates of full-time undergraduate study programmes at the higher education institution in the previous calendar year.

**The graduate weighting (Ud)** is the ratio between standard funds for graduates of the study programme and students of the same programme.

**Study groups (s)** combine higher education institutions by dominant study fields or subfields. Study field means one of the 22 fields defined in the Isced classification of study fields (UNESCO, November 1997).

**The factor of the study group f(s)** expresses the ratio between the funds allocated for the provision of study in the study group compared to the first study group. There are six study groups, which value varies from 1,00 to 4,50.



## **State Budget dedicates 618.267.778 EUR.**

### **Purpose:**

<b>Research and science</b>	<b>302.449.502 EUR</b>
<b>Education</b>	<b>312.038.205 EUR</b>
<b>Higher Education</b>	<b>291.056.377 EUR</b>
<b>System regulation</b>	<b>7.495.381 EUR</b>

**This is 6,23 % of total budget (9.916.340.994 EUR (taken from Rebalance of Budget in 2009, Official Gazette RS no. 26/2009)). For science, it is 3,05 %, for education 3,15%.**

**At the present, FA UM receives appr. 395.000 EUR per month.**

**Second and third cycle programs are financed based on public calls for proposals.**





**Student Dormitories are financed independently from this based on concessions and are stated separately in University of Maribor's balance.**

**Student Organizations are legal entities by special act. They are not limited by restraints as public universities (no limited economic freedom).**

**Student labour means tax advantaged labour force for economy. Regular students work full time in economy for less money and tax free (almost).**

**Student organizations have companies (travel agency, student work service, stock trade company, etc.)**



# Financing of University of Maribor

**University of Maribor and Ministry of Higher Education and Science conclude an agreement on financing of annual program.**

**Most of the positions are fixed by above mentioned acts, only a little percentage may be bargained.**

**For investments, negotiations have to be done prior to setting up the agreement. Important: list of priorities.**

**ARRS settles financing based on calls for applications.**

**Main activities are:**

- **program groups (five year financing),**
- **research groups (project financing),**
- **research projects,**
- **young researchers.**



## Legal base within UM

- **Statute of University of Maribor (Official Gazette RS no. 39/2009),**
- **Decision making: Senate, Financial Board,**
- **Execution: Rector,**
- **Reporting: once a year.**



# **Total budget UM 2008: 89.839.606 EUR**

## **Purpose:**

<b>Education</b>	<b>57.233.484</b>
<b>Science ARRS</b>	<b>10.013.777</b>
<b>Other budgetary</b>	<b>1.291.298</b>
<b>EU</b>	<b>1.537.106</b>
<b>Public service</b>	<b>15.810.968</b>
<b>Trade</b>	<b>5.639.559</b>

**Trade is set up as trade of space and infrastructure, selling of know-how etc. In the latest time, UM is setting up a consortium of spin-off companies under the head of a company called UNISERVICE, providing services for UM (goal: transferring public funding in private funding through engagement of private companies founded by UM, who perform services for UM paid by public funding).**

## Financing of FA UM

**Senate and Financial board of Faculty of Arts approve annual work program, dean is responsible for execution of plans and reports to Financial Board and Senate, as well as to Academic Assembly once per year, at least.**

**Faculties send annual program planning of costs through activities to university bodies and within following chapters:**

- 1. education, 2. science, 3. informal education / LLL, 4. arts, 5. library, 6. Student activities, 7. staff, 8. investments and maintenance, 9. care of Slovenian language, 10. dormitories, 11. other.**

**They also have to announce sources of financing.**



# Total budget FA UM 2008: 6.440.876

## Purpose:

<b>Education</b>	<b>4.796.959</b>
<b>Science ARRS</b>	<b>535.223</b>
<b>Other budgetary</b>	<b>54.968</b>
<b>EU</b>	<b>17.706</b>
<b>Public service</b>	<b>164.338</b>
<b>Trade</b>	<b>108.774</b>
<b>Reserves</b>	<b>762.908</b>
<b>(heritage from former Faculty of Education)</b>	

## Pros and Contras of this system

- **no flexibility,**
- **separation of education and science → less synergy (inclusion of students in research, knowledge transfer from research to education),**
- **no proper scholarship policy,**
- **state control within Financial Board,**
- **market activities require state approval (registration within Standard Classification of Branches),**
- **private institutions “exploit” public budget → no equal opportunities,**





## Pros and Contras of this system

- **student lobby very strong → advantage: student autonomy, participation in decision making; → disadvantage: prolongation of studies, lowering of demands towards students, labour market (students take away real jobs),**
- **quality is demanded, but not rewarded in money (no factor in formula).**





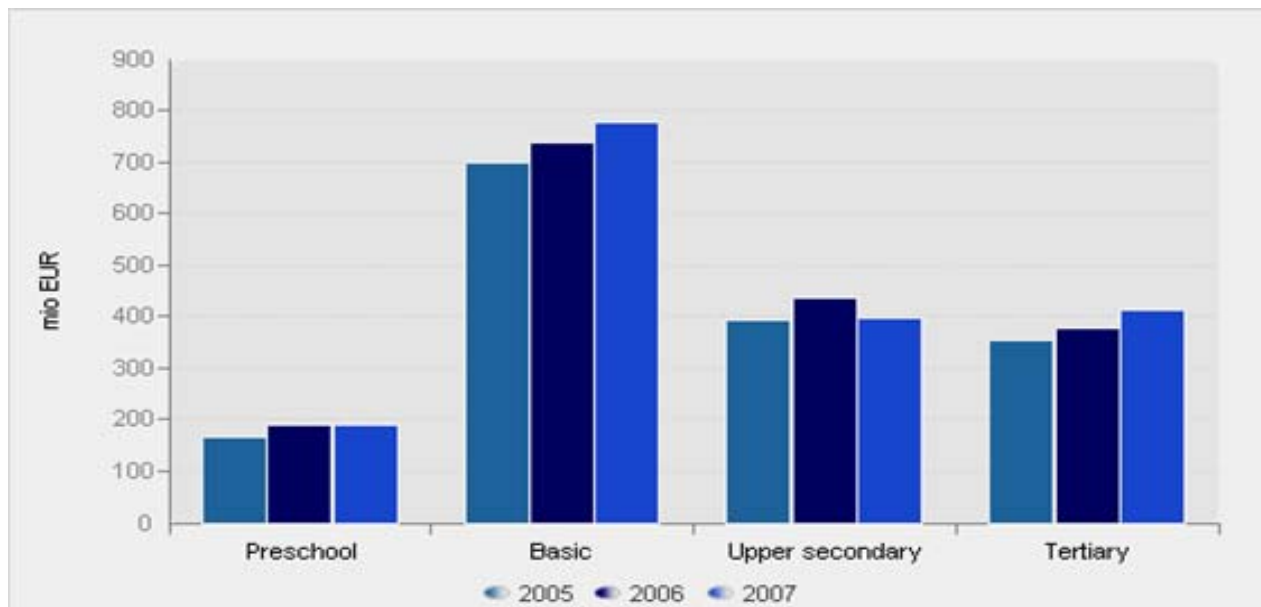
# Challenges for the future

**The main challenges recognised as one of the priorities by the government for the future are to ensure the quality of tertiary education and stimulate lifelong learning, which will ensure higher efficiency in the transfer and innovative use of knowledge in the economy in order to boost economical development.**

**The funding of higher education is one of the most important tools with which the government can stimulate higher education. That is why the introduction of result-oriented lump sum financing is seen as an important step toward giving higher education institutions their financial autonomy and making them accountable for their actions.**



# Public expenditure for formal education by level of education, Slovenia, 2005-2007

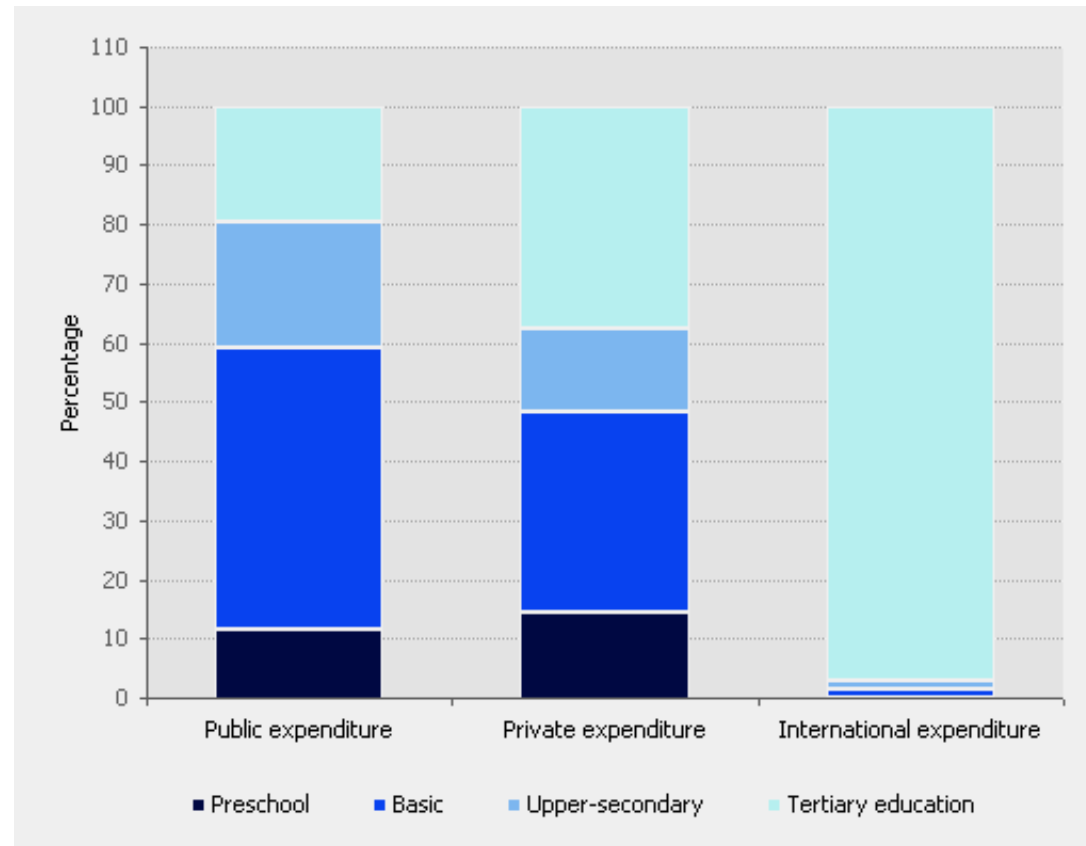


**Public, central and local government expenditure for formal education in Slovenia in 2007 amounted to EUR 1,795 million, their share in GDP was 5,21%. The highest share of total public expenditure for formal education in GDP by level of education was spent on basic education (2.27%), followed by expenditure for tertiary education (1.21%) and expenditure for upper secondary education (1.16%).**



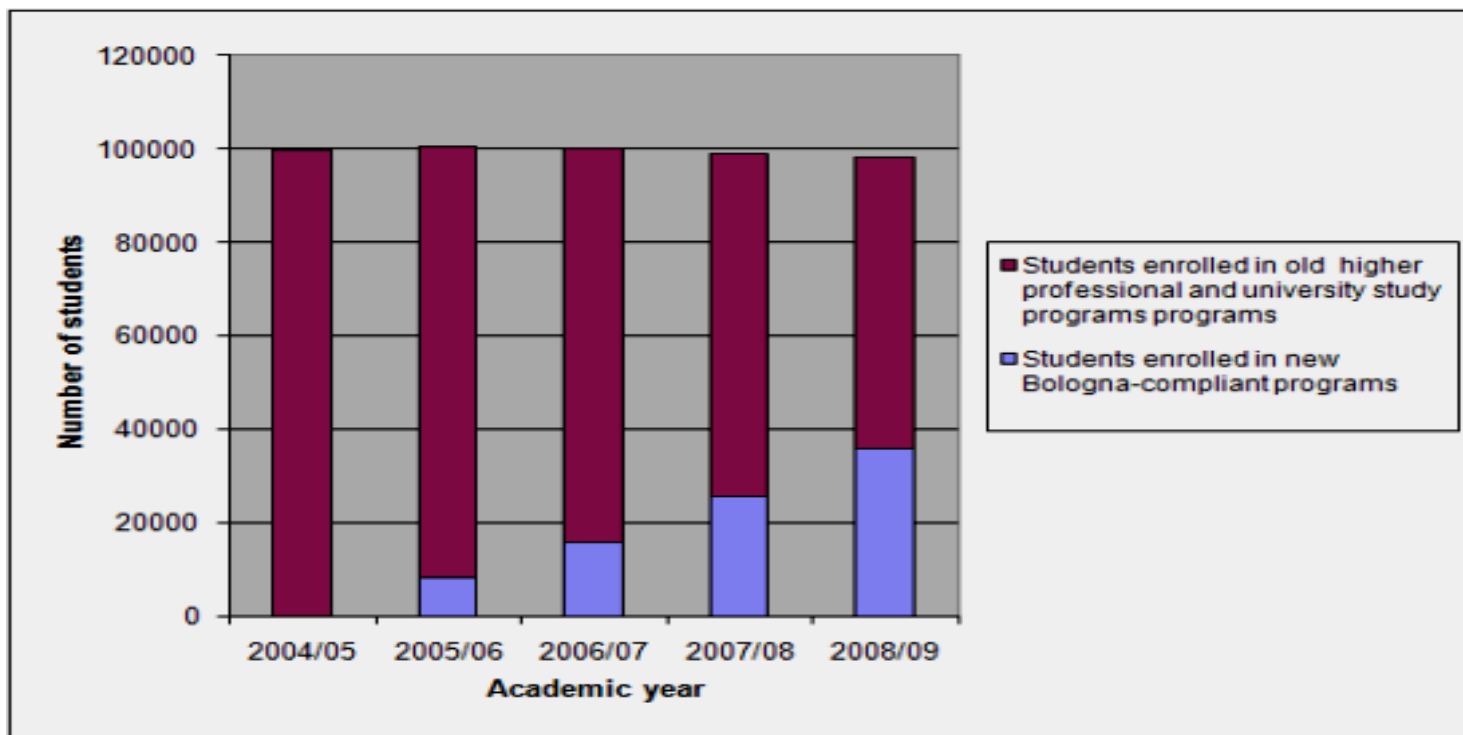
# Structure of public, private and international expenditure for educational institutions

**In the structure of all expenditure for educational institutions, public expenditure amounted to 85.9%, the share of private expenditure amounted to 13.2% and share of international expenditure amounted to 0.9%.**



## Students enrolled in higher education studies by universities and single higher education institutions by type of study programs, Slovenia, 2008/09

Type of program - TOTAL	Total	University of Ljubljana	University of Maribor	University of Primorska	University of Nova Gorica	Single Higher Education Institutions
<b>Type of study programs - TOTAL</b>	<b>98,128</b>	<b>60,284</b>	<b>23,363</b>	<b>6,49</b>	<b>725</b>	<b>7,266</b>
Professional higher (former)	19,331	10,962	5,375	1,703	116	1,175
Professional higher (1st Bologna cycle)	15,592	5,127	4,209	2,004	175	4,077
Academic higher (former)	36,239	28,122	7,263	732	122	-
Academic higher (1st Bologna cycle)	15,435	9,549	3,967	1,151	113	655
Uniform master (2nd Bologna cycle)	759	759	-	-	-	-
Specialization after professional higher (former)	485	185	53	247	-	-
"Magisterij" of science (former)	4,902	3,323	1,109	382	50	38
Master (2nd Bologna cycle)	3,391	1,098	956	207	51	1,079
Doctorate of science (former)	1,381	844	233	57	79	168
Doctorate of science (3rd Bologna cycle)	613	315	198	7	19	74



**One third of students are involved in Bologna-compliant professional higher and academic higher education studies .**

**In this academic year 35.790 students are enrolled in professional higher and academic higher education studies harmonized with the Bologna declaration, which is a third of all students enrolled in all higher education studies.**