

# Chapter 19

## Convergence in Financing the European Higher Education Systems: The Romanian Perspective

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### ABSTRACT

*Financing the higher education systems in European countries is a highly debated topic, and the main issues are related to increasing the level of public funding, increasing the degree of autonomy in the management of the financial resources of universities, establishing direct correlations between results and the amount of public funding, and encouraging the diversification of funding sources, combined with the creation of partnerships with research institutes, enterprises, and regional authorities. This chapter presents a four-tiered research regarding the opinions of the Romanian academic community with respect to: (a) the priority measures used to improve convergence in Higher Education (HE) financing, (b) the most relevant indicators for assessing convergence in financing HE, (c) the barriers stopping or slowing down convergence financing in HE, and (d) the institutions responsible for taking measures and clearing any obstacles in financing the higher education system.*

### INTRODUCTION

There is a lot of talk at the European level concerning the situation of the financing of the higher education system in European countries and the main concerns are: increasing the level of public funding, increasing the degree of autonomy in the

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management of the financial resources of universities, establishing direct links between results and the amount of public funding and encouraging the diversification of funding sources, combined with the creation of partnerships with research institutes, enterprises and regional authorities (Eurydice, 2008, p. 7). In other words, European

authorities are faced with the tensions arising from the consideration of higher education a public good to be supported from public funds which are scarcer and scarcer and the need to increase the level of autonomy for each university, so that they are able to behave entrepreneurially and decrease the burden they place on public budgets. The resulting situation has many interesting aspects which deserve careful consideration: how do states allocate funds and make sure that the money is well spent while at the same time giving more freedom to higher education institutions?, are these institutions prepared for increased autonomy and will they be heading in the right direction once they are freed from central command?, can we talk about a free market in education at all or is there a certain level of central control that is inherent in its very nature? and many more.

Among the main tendencies concerning higher education institutions in Europe we encounter the decentralization of financing mechanisms, the increase in the level of competition and the emphasis put on performance. European governments are relying more and more on competitive financing schemes to fund these institutions and they are also stepping back (just a little bit, because there is always the need to instill public accountability) and allowing these institutions to have a greater autonomy regarding financial decisions (Eurydice, 2011). From the point of view of the academic community, the most important aspects of the policies concerning the level of public funding are the growth of the quality of the teaching and research at the system level, and creating and maintaining centers of excellence, followed by higher numbers of graduates (Eurydice, 2011, p. 36). Financing is not regarded as a goal, but as a means through which the financer encourages certain behaviors and influences the targets universities set for themselves. Most European countries have as a national strategic objective the improvement of the quality of education, and this should be reflected in the funding instruments leading to a tension between a transparent monitoring and assessment

framework and the validity of the indicators used which can be overcome by introducing a flexible set of indicators, or allowing universities to provide their own indicator frameworks (Benneworth et al., 2011). Moreover, considering that we are in the context of the Bologna process, public authorities have to be careful to stir universities in the right direction to promote the achievement of the EHEA goals for the coming period which are “to provide quality higher education for all, to enhance graduates’ employability and to strengthen mobility as a means for better learning” (EHEA, 2012, p. 1).

Most European universities are funded from public sources, representing on average 85% of the total funds allocated for higher education in Europe (Eurydice, 2008, p. 6). According to a Eurydice report from 2011, in the period 2000-2007, public higher education spending has stagnated in most European countries, except Cyprus and Romania where the systems have undergone significant expansion. Since then, the world has been affected by an economic crisis which has left no country untouched and has had a wide impact on the national higher education systems. A recent report from the European University Association (EUA, 2013) confirms that the crisis has affected all systems and also warns that there are worrying signs that the gap in terms on university funding between different parts of Europe will become wider in the near future. Out of the 17 systems that have been analyzed nine showed an upwards trend, and eight showed a downward trend, but the impact of the negative trends on universities differs in respect to their level of autonomy and also on the area for which funding was decreased (staff and infrastructure were the areas most often affected, with cutbacks on salaries and benefits being reported in Croatia, Greece, Ireland, Italy and the Netherlands). In certain cases, where the universities receive block grants from the public budget, it is more difficult to assess the impact of these austerity measures, but it seems that research is the most agile area, because universities can divert their attention towards European

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