

The Impact of the Financing Mechanism per Student in Pre-university Education

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Abstract

Public institutions financing, including pre-university educational institutions, involves the provision of the financial resources necessary to achieve the objectives of this activity. Regarding pre-university education, the basic indicator in providing financial resources is represented by the standard cost per student.

A few years after the implementation of this financing mechanism, we consider it beneficial for this paper to analyze the implications of the standard cost per student in terms of allocating the financial resources needed to carry out the educational process at the level of pre-university educational institutions, by making a comparison between the urban and the rural environment. We also developed a comparative approach between the level of educational funding in Romania and other European countries.

Key words: standard cost, financing, educational funding

J.E.L. classification: A21

1. Introduction

The school is an important institution in the community because of its major part in training the next generation which targets the formation of responsible citizens, capable of integrating in the society. The finality of Romanian education is realised by using modern strategies and techniques to instruct and educate the students, sustained by the science of education and by school training, according to the objectives of each level of study (National Education Law no. 1/2011, published in O.M. no.18 from 10.01.2011, updated).

The instructional-educational process is an ensemble of educational activities and learning experiences which the subject (the student) passes through the entire period of his/hers professional journey. In order to put into action these educational endeavours, the educational institutions, includingly pre-university education, need to possess resources. These resources are allocated within the standard cost per student. Taking into consideration the role of the standard cost per student in attributing the financial resources necessary for pre-university educational institutions to function, it is mandatory to study the standard cost per student allocated according to the areas (rural or urban) but also making a comparison regarding financial appropriations in education.

2. Literature review

C. Cucuș (2009, p.17) considers that the educational system presumes a plurality of institutions organised in a hierarchy, regulations and a legal framework, an effective functionality. In E. Hormonea's opinion (2008, p. 359) educational institutions hold an important part in creating values that pass the test of time and contribute to the development of the society. Thus, in order to accomplish these objectives, the pre-university educational institutions must possess resources. In this context, we consider it pertinent to present the level of financial allocations from the last five years. Eurostat studies provided important data regarding expenses on students in the European states.

Considering the situation of the financial allocations in education and including in the present financial mechanism of a correction coefficient, prioritizing reforms in education or increasing the share of the budgetary allocation for education, could constitute an important starting point in efficiently managing the education budget.

3. Research methodology

Scientific knowledge of the facts, phenomena and social processes is realised with the help of well-defined concepts, using rigorous research methods and techniques, verifying hypotheses or following the objective description of the social life (S. Chelcea, 2007, p.48).

In order to realize an inquiry in terms of efficacy and efficiency, we must acquire new knowledge in the chosen field of research. In this paper we opted for presenting the investment level allocated to education and of the standard cost per student appropriated on areas of study: rural or urban.

4. Results

4.1. Investment in education and financial allocation

The educational system is seen as a component of the social system characterized by a multileveled educational offer related to several beneficiaries. It presumes an accumulation of hierarchically organized institutions, a normativity and a legal framework, an effective functionality (with inputs, outputs, resources, effects, feedback) (C.Cucoş, 2009, p.17).

Pre-university education aims to train the human personality by acquiring specific knowledge, cultural and national values, training intellectual abilities, practical skills, assimilation of the techniques of intellectual work, education in order to develop the respect for the human rights, of the free exchange of views, cultivating sensitivity towards moral values, of the respect for the environment, as well as the professionalization of students in order to carry out useful activities which help them produce material and spiritual goods (M. I. Achim, A. Hinescu, E. Cîmpean, G. Roman, 2009, p. 324).

Pre-university educational institutions, as organizations, are seen as an ensemble of human and non-human resources (communicating, decision making and reporting structures) which are used in order to achieve the finalities.

Educational institutions have an important role to play in creating values that will last over time and contribute to the development of the society (E. Hormonea, 2008, p. 359).

As a result of development in all areas, pre-university educational institutions face a number of challenges and changes need to be made. In the face of the changes imposed by the institutional development, a special interest is represented by adaptation to the technological adjustments, the possibility of accessing information, as well as the improvement of the information-accounting system. In order to adapt to these changes, pre-university educational institutions must have funds. Thus, an important role is played by funding, which is done within the standard cost per student.

Funding per student provides predictability and the opportunity for schools to efficiently manage resources, by reorganizing the number of classes or students/class.

The allocation of funds for the basic financing of the educational unit is made on the basis of a financing formula that takes into account the standard cost per student / preschooler, the number of students / preschoolers in the educational unit, as well as the correction factors depending on the density of students in the area, severity of disadvantages, teaching language and other factors.

A situation of the standard cost per student allocated in the last 5 years for expenses with salaries, bonuses, allowances and other salary rights in cash is given in the following table:

Table no.1: Evolution of the standard cost per student in period 2015 -2020 for expenses with salaries, bonuses, allowances and other salary rights in cash

Year	Level of funding per student
2015	2.520
2016	3.043
2017	3.740
2018	4.413
2019	5384
2020	6111

Source: Government Decision: no 9/2015, no.136/2016, no. 32/2017, no. 30/2018, no. 169/2019, no 106/2020

The standard cost per student in 2020 is 6111 lei, the amount representing the increase of the fine cost in 2019 by 13.5%. It is the smallest percentage increase in the last 4 years. In 2019, the increase was 23%.

For expenses with professional training, expenses with regular evaluation of students, as well as expenses with goods and services, the situation is the following:

Table no. 2: Evolution of the standard cost per student in period 2015 -2020 for expenses with professional training, expenses with regular evaluation of students expenses with goods and services

Year	Level of funding per student
2015	312
2016	321
2017	330
2018	355
2019	370
2020	387

Source: Government Decision: no 9/2015, no.136/2016, no. 32/2017, no. 30/2018, no. 169/2019, no 106/2020

After some financial measures and a better management regarding per-capital funding, this ratio has not changed recently. Thus, the overall efficiency of expenditure has not been significantly improved. Schools face significant difficulties in covering basic costs and thus depend on the contribution of local authorities to supplement funding. However, there are schools located in socially and economically disadvantaged areas that may not receive this support.

In the case of a non-compliance with the allocated budget according to the standard cost per student / preschooler, the authorities resorted measures which involved cutting hours, merging groups, dissolving classes, kindergarten groups, reductions in allowances, reductions of bonuses, relief of some duties for the principals of the educational units. All these measures aim to reduce budget allocations to education and a single result, that of further reducing the quality of the educational system.

Financing per student may be regarded from two perspectives, that are „it is good and it is not good”.

„It is good” because before this, the mechanisms of follow-up and control of the efficiency of the way of spending the budgetary allocations were missing, now, a financing per student brings a so-called order, schools need to come under the allocated amounts.

„It is not good” from the perspective that not all schools can fit the financing resulted from the standard cost per student.

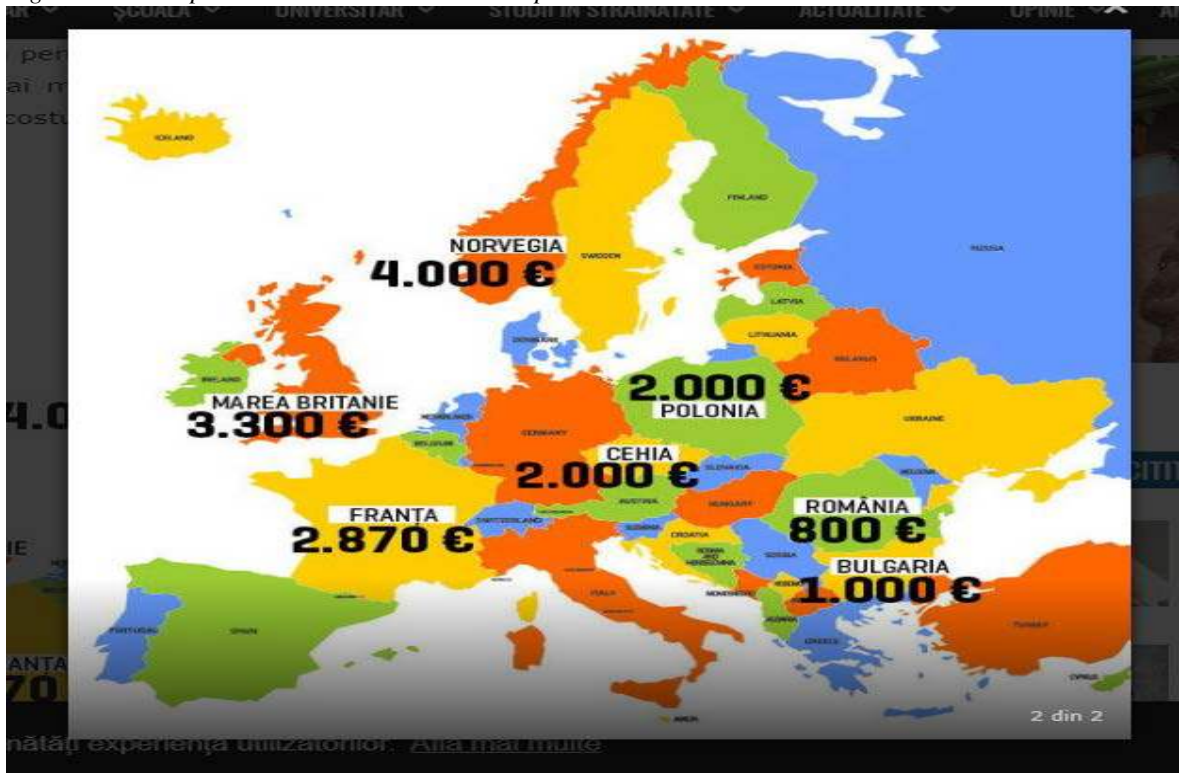
4.2. The situation of financing at the european level

Education should be seen as the most important investment sector, a sector that can multiply the capital initially invested, if there is a medium and long term approach. In Europe, Norway is the leader. Norway allocates approximately 4,000 euros annually for each student. It is followed by Belgium and the United Kingdom, with just over 3,300 euros.

France and Germany have a standard cost of 2,870 euros. Even if it offers less, 2,000 euros, Poland and the Czech Republic are still far above Romania.

Even our Bulgarian neighbors have a better understanding of the needs of the students. They have a standard cost of about 1,000 euros, according to an Eurostat study (<https://pedagogteca.ro/23009-2-cat-costa-un-elev-in-tarile-europene-si-in-romania/>):

Figure no. 1.: Expenses with students in the European states



Source: <https://pedagogteca.ro/23009-2-cat-costa-un-elev-in-tarile-europene-si-in-romania/>

Romania makes the lowest investments in education, granting annually budgets twice as small as those in the Czech Republic, France or Poland. Romania is at the bottom of the ranking in terms of investments in education, given that the state spends more than three times less than the European average on all pre-university education cycles, according to the latest data from the European Commission.

Educational resources need to be managed efficiently in order to achieve better results so that there is no need to resort to budget execution. The implementation of support systems for resource management in pre-university education could be an important starting point in this regard.

The Romanian Agency for Quality Assurance in Pre-university Education has created a complex database that includes information on results, socio-economic conditions and school resources. Such a database is useful in planning the allocation of new funds on the basis of added value and resilient criteria.

The data regarding the budget is collected accurately and promptly and reported transparently, so that the Ministry of Education and Research and the Ministry of Public Finance with methodological support from the National Institute of Statistics can reveal the statistics on education expenditures, taking as reference the revised list of indicators for education.

The data at the micro-level (school-level income and expenditure) as well as the macro-level data (system-wide income and expenditure) are accessible through a transparent process through a number of platforms and applications.

IISER - The Integrated Informational System of Education in Romania provides complete management services for the activity of the pre-university educational system from an operational, technical, administrative and strategic point of view.

It is a complex system that responds to the needs identified in the educational sphere and presents a vision on the ways in which the needs of the education system can be met. The IISER informational system, is the support for the following activities –management of students in the educational system, -management of staff and -management of educational units can provide information that is the basis for calculating the standard cost / student.

FOREXEBUG - represents the national electronic system for reporting financial statements, on the website of the Ministry of Public Finance. It is accessed through the Single Access Point and detailed information on the financial statements of public institutions can be entered. Reporting financial statements and publishing detailed information regarding the use of public funds in accordance with the budget classification aims to increase efficiency in the use of public funds as well as budgetary transparency.

FINANCING.ORG – represents an application regarding the reporting of personnel expenses, monthly monitoring of salary expenses and the monitoring of the number of norms at the level of school units. Filling and saving the data in the application leads to a direct visualization by the hierarchically superior credit authority.

ELCEB – represents the IT platform for budgeting and centralization. As in the application Financing.org, completing and saving the data in the application leads to the direct viewing by the hierarchically superior authority.

Through these support systems, a step has been taken to improve the management of pre-university educational system resources, including financial resources, as these tools allow easy data collection, but this data must be analyzed so as to identify the best solutions for securing funding.

A reform regarding the financing of pre-university education implies the orientation of the financing towards the individual and not towards the pre-university educational institution, to ensure the diversity of the educational offer, to be oriented towards quality, to contribute to the control of education costs, to assume the administration and management of the pre-university educational institutions. It aims at increasing and efficiently distributing the financial resources invested in education, making investments in projects and programs and in general education and of course a great responsibility in managing the funds allocated to this field.

5. Conclusions

In pre-university education a coherent system for calculating average costs per student did not exist. The volume of funds allocated to educational institutions reflected the reduced possibility of the state budget, thus not covering the real needs of schools.

The financial and long-term support of education must be ensured from several sources of funding and they aim to achieve results and income, to allow as many children as possible the right to education by lowering the level of school dropout and institutions must prove that they are able to manage financial problems.

In order to increase and manage more efficiently the budget of education, it is necessary to take into account the following aspects:

- considering the socio-economic profile of students in the calculation formula for per capita financing;
- including new correction coefficients in the current funding mechanism, in order to ensure adequate resources for schools;
- give priority to education reforms when allocating European funds and/or expand the share of public spending to GDP;
- increasing the share of budget allocations for education, as provided in the national education law 6% of GDP;
- setting medium and long-term targets regarding the proportion of personnel expenses compared to other types of expenses (material expenses, investment expenses);
- using a mechanism that promotes a greater degree of accountability at different levels of the educational system, from schools to central authorities.

The problem of financing in education is not just a sector one, it is about the development of a country. For this to happen a culture of financing education is needed, to look at education as the most important investment sector. The education sector can multiply tenfold the initial capital investment, if there is a correct and coherent approach on a medium and long term.

6. Acknowledgement

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