

FINANCING ROMANIAN STATE ACADEMIC INSTITUTIONS

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Abstract: *The academic institutions have been invested with historical missions – education and research – and these cannot be accomplished without such important instruments as financing, as well as an appropriate financing mechanism. The general tendency of transforming the status of the educational process for the elite into a mass process is already well-known. It has become an international irrefutable law that national or regional authorities should not support mass education financially, allocating the same unitary costs that they were willing to pay for the elite education. Insufficient financing has become a constant. The application of financing formulae for determining the quantum of budgetary allocation, method used in Romania since 1999, constitutes a measure of cutting down public source of financing. In those circumstances, the identification and development of the alternative financing sources can no longer be overlooked by universities. According to the new political strategy the university must become an institution which produces, uses and generates new resources of finance, at the same time not losing its traditional vocation of learning and research.*

Key words: university, transition, funds, autonomy

1. INTRODUCTION

The university is one of the most respectable science and culture institutions, and the modern university has always been involved in the evolution of society for the last centuries. Today, universities make special efforts in order to adapt themselves to the conditions of the scientific progress, of economic and social development, assuming new responsibilities according to their fundamental goals in research and education (Marga, A. 1999).

After 1990, the Romanian higher education has suffered major changes, proving to be one of the most dynamic areas of activity.

The restructuring of the Romanian economy during the process of transition resulted in diminishing the activity in certain domains and thus in unemployment. At the same time, the changes in the human resources structure have affected certain social-professional categories, while others becoming more and more required. Such rapid changes, primarily in the structure of the workforce demand, have engendered significant transformations in the configuration of educational demand with direct implications on the evolution of educational supply.

The transition from the centralised management system to a society based on market-economy laws has put the Romanian public universities in a more and more difficult position, difficulties that foreign universities have been facing for more than twenty-five years.

The joint effect of the increase in student number and of the evolution of knowledge was the huge growth of costs in the entire higher education system, as well as in each university. These high costs modify the relationship of universities with the major decision-making factors, especially with the ministries which ensure the financing. If initially, higher education did not affect the government budgets significantly,

while at present it requires important funds that the government does not accept to provide on its own. Therefore it applies the principle according to which everybody who benefits from higher education should participate in its financial backing-up.

Evolving in an unstable economic environment, the state universities in Romania have found themselves in a situation where they are adjusting their activity in keeping with the permanent economic and social changes, tailoring their network to the situation outside the university world, developing relevant financial structures which will allow them to meet their inherent requirements.

If, until 1990, the financing of higher education institutions had posed no special problems, as they automatically and legally benefited from the public resources, nowadays they are in a position to become inventive, to produce by their own resources which should make up for the insufficiency of the budget allocations, to educate people capable of coping with a competitive world.

The gradual reduction of the state contribution to the university financing resulted in their being granted autonomy, the financial one included, especially by constituting and using tertiary resources.

Actually, the transformation undergone by the university at the end of the 20th ct. in Europe and probably worldwide, relies on creating self-sufficient universities that actively look for more efficient ways of becoming and remaining competent societal institutions. The university restructuring has become essential for the present higher education process.

For the time being, universities are given a variety of opportunities and few public resources whose hope of spectacular development is rather remote. The diversification of financing resources cannot be ignored any longer.

At present, even though the universities have their autonomy, they are confronted with a tough reality: the scarcity of funds necessary for their further development. The mass higher education has direct impact on its financing level. However prosperous a society may be, no matter how important the budget resources may be, the quota destined to higher education cannot meet the requirements of ever rising matriculation, which essentially means a significant cut down on budget allocation per student.

The permanent concern of universities for getting a maximum budget financing is coupled with actions aiming at:

- Diversification and growth of financing resources;
- Savings created by the efficient and resourceful use of financing resources, their transformation into a “new financing source”;
- Stimulating the local communities in order to understand and accept the necessity “to invest” in the higher education.

The strategies necessary to achieve the goals mentioned above pertain to each university, but also to the system, i.e. to the creation of a legislative framework capable of diversifying the financing resources and allowing for their management in condition of academic autonomy. The measures taken at the central level, after 1989, were to promote a certain equilibrium

between the central interests and the institutional ones; thus, the role of the Ministry of Education, Research, Youth and Sports as representative of the state in its relation with the universities, has turned more and more into a facilitator and co-ordinator rather than a controller and thorough planner.

By the authority given by law, the Ministry of Education, Research, Youth and Sports establishes the budget amount which is to be allocated to each institution, and the institutions may decide on their own the internal allocation of the funds, having complete autonomy as to the creation and spending of their own resources; they have also the right to establish the students' fees. The internal institutional sources include revenues obtained from services and research, contributions from physical persons and economic agents and student fees. The external sources for higher education have increased lately, the major sources being the World Bank Project, Tempus Programme, EU funds.

Following the new policy, the university has to become a productive institution, which should turn into account and generate innovations in the domain of information technology and culture. Such an option has an important implication: the higher education has not only to adjust to the market demand, but it must become its own market (Clark, H. 1967).

Even if the general tendency of the national policies is to determine the higher education institutions to find new financing resources, no system can ignore three considerations that justify the existence of certain limits:

- The university is not a commercial service, it has public duties and responsibilities;
- Own resources cannot be obtained to the detriment of educational and research goals;
- There are certain deontological rules stemming from canonical academic traditions, or from the fact that these resources are obtained from the use of public means.

2. CHANGES IN THE FINANCIAL MECHANISM DURING TRANSITION

A major financial reform in the higher education is represented by its being directed toward a "global financing". This means that the state funds will not be destined to a strictly targeted utilisation, having a limited coverage. This financing type applied in Romania until the end of 1998, barely allowed our institution to optimise their resources by their re-allocation in keeping with their own necessities; we can say that the institution was not allowed to have a say in the matter of resource allocation. Moreover, the budget allocation was influenced by the level of our institution revenues obtained by means of self-financing, the principle applied being: the higher the self-financing level, the lower the state allocation. Thus, any effort of an institution to increase its self-financing level was penalised by cutting off the state allocation. The principal effect of this system of resource allocation was that of discouraging institutions in their effort to diversify their revenues. The global financing mechanism presupposes that institutions should qualify, in conformity with a regular formula, to a certain fund level, being responsible for the cost effectiveness of these funds. It is the principal decision-making factor as far as the way the resources are used.

In 1999 the global financing mechanism was put into practice into the Romanian universities. It was a decisive moment for the reform with important consequences, not only from the management point of view, but from the academic perspective, too.

Once the university global financing was introduced, the fundamental principles of the budget allocation dimension were reconsidered. Thus, the following objectives are to be achieved:

- The priorities of strategic development of academic education;

- The fundamental principle according to which "resources must follow the students" (Miroiu, A.; Dinca, G. 2000);
- Financing of similar activities at similar levels and ensuring that any fluctuation has well-grounded reasons;
- Taking into consideration of benchmarks characteristic of the educational process, especially those referring to the quality of the educational act.

State university global financing is carried out on the basis of contracts between the Ministry of Education and Research and the higher education institutions in the following way:

- An institutional contract which contains the basic financing quantum, determined on transparent principles, the central criterion being the equivalent student number and the equivalent cost per student;
- A complementary contract destined to complementary financing which contains allocated amounts with special destination.

These state funds are completed with extra budgetary sources obtained by universities from their own revenues as a result of fees and other educational activities, donations and sponsorships and other revenues.

The permanent effort of universities to identify and increase their own financing sources has significantly changed the size of their own revenues as compared to the total amount of the profits and expenses which tend to be close and even to exceed the budgetary financing quantum.

3. CONCLUSION

The changes that occurred in the financing mechanism of higher education institutions during the transition period were meant to create a modern, flexible and efficient financing system.

Its modernisation has been a complex, delicate and risky process considering its impact, the fact that it had to be carried out in its evolution, and given its subjects' heterogeneity: professors, accounts, etc.

Under the steady pressure of these new demands, the universities find themselves in the position of modifying their curricula, of restructuring their staff and of modernising with more and more expensive equipments – and all these faster than ever. Some traditional fields of study have come to be neglected, others have been entirely abandoned.

The modernisation of financing system represents a real necessity required by the new system of social and economic organisation where centralism and populist egalitarianism are replaced by individual and collective initiative, by the spirit of loyal competition and acknowledgement of value.

The financial autonomy represents an "asset" gained by the academia during the process of transition. However, the financial autonomy stays merely a notion on the paper without a professional managerial team to boost up its chances of success.

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