

Higher Education Finance and Cost-Sharing in the Czech Republic

1. Brief Description of the Higher Education System in the Czech Republic

The Czech Republic is one of the “transition” or “post communist” countries where higher education reform was implemented together with the transition from an authoritarian to a democratic political system and from a command-type to market-driven economy (Matějů et al., 2007). Tertiary education in the Czech Republic includes advanced vocational and university education (Czech Republic, n.d.[a]) and is available to all applicants who have passed both their secondary school-leaving exam and the entrance examination for their institution of choice. Each institution defines its own additional admission criteria and determines the content of the entrance examination (Czech Republic, n.d.[a]; Matějů, 2007). Study programs are prepared by individual institutions/faculties and approved by the Accreditation Commission of the Ministry of Education (Matějů, 2007).

There are three types of higher education institutions in the Czech Republic: public, state, and private. Public higher education is offered by universities and colleges. Universities perform research, science and development activities in addition to teaching, while colleges focus on teaching (Czech Republic, n.d.[b]). Higher education is free except for students who have exceeded the standard length of study, are going for a second degree or are studying in a program offered in a foreign language. Besides public colleges, there are two state colleges: the Police Academy of the Czech Republic and the University of Defense (Czech Republic, n.d.[b]).

Private colleges must receive accreditation from the Ministry of Education, Youth and Sports. The first private colleges were set up around the year 2000. The most popular subjects offered by private colleges are business, finance, and law. The quality of the programs is guaranteed by the Ministry of Education, Youth and Sports. Private colleges usually offer bachelor’s degrees, although a few have master’s programs. The majority of private colleges are in Prague. (Czech Republic, Private Universities, n.d.[c]).

Tertiary education institutions are divided into university (28 institutions, 24 of which were public, 2 were state-run in 2005) and non-university types (36 private institutions) (Matějů, 2007). Most universities offer bachelor’s (usually three-year), master’s (usually five-year or two-year if following a bachelor’s), and engineering (relating to technical or economic fields) degree programs. Some students go on to doctoral programs once they have completed their undergraduate and master’s degrees (Czech Republic, n.d.[b]; Matějů, 2007).

Students may pursue education either in the form of daily studies, distance studies or combined studies; the form does not influence the achieved academic degree (only the length of study) (Czech Republic, academic titles, n.d.[d]). In response to changing labor market conditions and technology advances, and in line with the life-long learning priorities identified at the Lisbon Conference in 2000, Czech colleges also offer retraining programs, university programs for seniors, and studies oriented toward pedagogical qualifications (Czech Republic, n.d.[a]).

In addition to the university and non-university type tertiary education institutions, there are 174 tertiary professional schools (114 regional, 1 state, 47 private and 12 religious), which provide students with advanced technical knowledge and generally take three to three and one half years to complete. Their curriculum is prepared by the school and accredited by the Ministry of Education. The graduate is called a “specialist with a diploma” (DiS) (Matějů, 2007). At

vocational colleges, students must pay tuition fees. These tuition fees range from several thousand Czech crowns per year to several tens of thousands (Czech Republic, n.d.[a]).

In 2006, 50 percent of the tertiary aged cohort was in tertiary education (UNESCO Institute of Statistics, n.d.) with 292,520 students enrolled in public universities, and 31,755 in private institutions (less than 10 percent of all students). Of these, 135,137 are full-time bachelor students (Czech Statistic Office, 2008).

Under the Communist regime, the number of university students was very low. Although the number increased sharply after its collapse in 1989, the capacity of the university system, still trapped in its traditional unitary and elitist structure, was unable to cope with the quickly growing demand (Matějů et al., 2007). After 1994, when new mechanisms for financing tertiary education were implemented, the number of students at public universities grew steadily from 132,000 to 274,000 in 2004 (Matějů et al., 2007). The number of students enrolled in bachelor's programs in the Czech Republic grew very slowly until 2002, when the amendment to the Higher Education Act set a binding time schedule for the implementation of the Bologna declaration (Matějů et al., 2007).

Public expenditure on education was 4.4 percent of GDP in 2004, and 10 percent of total governmental expenditure. Twenty percent of education expenditure is distributed to tertiary education (UNESCO Institute for Statistics, n.d.). Public expenditure per student is 30.6 percent of GDP per capita (UNESCO Institute for Statistics, 2007). Private expenditure on tertiary education of total expenditure on educational institutions is 15 percent in 2004 (UNESCO Institute for Statistics, 2007).

The total state subsidy for a particular institution is based primarily on its teaching and research performance; although the most significant change in recent years has been the declining importance of formula funding. In 1997, almost 70 percent of the budget of higher education institutions was funded through teaching formulas; by 2005, this had dropped to 53 percent (Pabian et al., 2006).

Public institutions comprise more than 90 percent of students and the vast majority of their revenues come from public sources. Other income sources include property revenues, services to students, extra teaching activities, R & D activities and study related fees (Pabian et al., 2006). Students and their families cover the cost of their school fees, accommodation and food. At some institutions, students are allocated low cost accommodation in the student hostels and they may decide whether to use these services, or to stay in private accommodation. Colleges also run student halls where students can have meals at a discount (Czech Republic, n.d.[b]).

State institutions (military and police) comprise about 1 percent of students and are supervised and funded directly by the respective ministries (Pabian et al., 2006).

Private institutions educate less than 10 percent of students and are legally obliged to be financially self-supporting. Usually some 90 percent of their income comes from student fees (Pabian et al., 2006). In some cases, part of the tuition fees may be financed by means of subsidies. Students also pay all costs of school materials, accommodation and food (Czech Republic, n.d.[c]).

The amendment of the Higher Education Act in 2005 introduced a social stipend for university students provided by their institutions using resources from the state (Matějů, 2007). It also transformed the Grant for Students' Accommodation from an in-kind contribution via subsidized

dormitories into a student scholarship that is distributed by the institutions according to their own rules. Students can use the scholarships to pay student hostel fees or to rent private accommodation.

The Czech Republic represents a typical example of a system where the state's responsibility for financing higher education through institutional funding is supplemented by the responsibility of the families for their students' living expenses. The elements of the student welfare system in the Czech Republic include a scholarship, exemption from or reduction in tuition fees, and individual tax benefits. Families with students also can get benefits such as child allowances and tax relief. Further, there are several forms of student support such as subsidized accommodation and meals, health insurance, public transport discounts, pension insurance, and insurance in the case of illness (Matějů, 2007).

Financial crisis in public tertiary education has been lasting in the Czech Republic. Continuing financial and structural obstacles have limited the growth of the number of educational opportunities at the tertiary level. The Czech Republic remains close to the bottom among OECD countries with respect to the number of adults with tertiary education and the number of young people of relevant age who can continue their studies after graduation from secondary school. At the same time, however, aspirations for higher education have been steeply rising, because the economic returns of higher education in post-communist countries have significantly grown (Matějů et al., 2007).

The amendment to the Higher Education Act of 2000 was aimed at solving the most acute structural and fiscal problems of tertiary education. It allowed universities to invest capital into private joint ventures and spin-off companies. Because of continued strong opposition to tuition fees, the amendment legalized the "dual-track system," which some universities were in fact already operating. Students in the life-long learning programs, for which universities were already allowed to charge tuition fees, are now allowed to take courses in accredited programs and accumulate regular credits; under certain conditions these credits can be converted into a regular diploma (Matějů et al., 2007).

2. Estimated Expenses of Higher Education

Higher Education Expenses Borne by Parents and Students Czech Republic, First Degree, Academic Year 2008 (9 months)

[Czech Koruna converted to \$US by 2007 Purchasing Power Parity estimate \$1 = 14.4 CZK]

		Public		Private
		Low Public	Foreign language	
<i>Instructional Expenses</i>	Tuition	0	12,000- 70,000 CZK [\$830-5,000]	[\$5,900 ¹]
	Other Fees	400 CZK [\$27]	400 CZK [\$27]	2,000 CZK [\$175]
	Books & Other Educ. Expenses	5,120 CZK [\$355]	5,120 CZK [\$355]	5,120 CZK [\$355]
	Subtotal Costs of Instruction	5,520CZK [\$380]	17,520 – 75,520 [\$1,215-5,245]	[\$6,430]
<i>Student Living Expenses</i>	Lodging	15,000 CZK [\$1,040]	43,000 CZK [\$2,990]	63,000 CZK [\$]
	Food	13,428 CZK [\$932]	18,000 CZK [\$1,250]	24,000 CZK [\$]
	Transportation	3,000 [\$210]	6,000 [\$416]	3,000 [\$210]
	Other Personal Expenses	7,200 [\$500]	7,200 [\$500]	7,200 [\$500]
	Subtotal Cost of student living	38,630 CZK [\$2,680]	74,200 CZK [\$5,150]	97,200 [\$6,750]
Total Cost to Parent & Student		44,150CZK [\$3,065]	91,720-149,720 CZK [\$6,370-10,400]	[\$13,180]

Low public: living in dormitory

High public: living as “independent adult.” lodging/sublet/private flat

Private: private tuition, living as “independent adult”.

Websites:

College of Finance and Administration <http://www.vsfs.cz/?id=1260>

Charles University: www.cuni.cz/UKENG-49.html

Eurydice: www.eurydice.org

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¹ Tuition fee given on Charles University Website, not calculated using 2007 ppp.

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