

# **Higher Education Finance and Cost-Sharing in Lithuania**

## **I. A Brief Description of Lithuanian Higher Education System**

The restoration of Lithuania's independence from the Soviet Union in 1990 stimulated changes in the system of higher education, leading to an increase in the number of students and higher educational institutions. New legislation regulating the system of higher education was adopted. Principles of autonomy, academic freedom and integration of research and higher education were implemented according to the Constitution of the Republic of Lithuania.

Currently the Lithuanian higher education system is composed of undergraduate Bachelor programs, Master's and specialized professional programs and residency programs, doctoral studies and post-graduate art studies. University type institutions (universities and academies) offer all three levels of studies, while non-university type institutions (college) offer only undergraduate professional studies. Colleges provide opportunities to acquire professional qualifications on the basis of applied scientific investigation or/and applied research activities (Report, 2003).

Students may choose between two study modes – consecutive studies and non-consecutive studies. An individual obtains an academic degree and/or professional qualification upon completing the consecutive studies program of. An individual enrolled in non-consecutive studies who has collected a sufficient number of credits within a study program, can also be awarded a professional qualification. The main forms of consecutive studies are full-time, part-time and long-distance studies. Consecutive study programs have to be approved by the Ministry of Education and Science, while higher educational institutions themselves determine the forms of their non-consecutive studies programs (Report, 2003; Eurydice, 2004).

As in most Central and Eastern European countries, the number of both public and private higher educational institutions in Lithuania has increased. However, the private higher education sector emerged more slowly than in other countries of the region. Quality was a major issue when considering new initiatives and changes to the system. Lessons learned from other Central and Eastern European countries, where a mushrooming private educational sector resulted in many problems, made Lithuanian policy makers and the academic community more cautious about the liberalization of the education system. Conservative forces in academia also used the issue of quality of education to preserve the monopoly of state institutions (Mockiene, 2001). As a result, the first two private higher educational institutions in Lithuania were established in 1999 (Report, 2003). By 2003 there were 15 public universities, 4 private universities and 3 branches of universities in Lithuania. Most students study in public universities, with only about 1.07 percent of university students enrolled in private universities. There has been a steady increase the number of university students, causing an increase in the student-faculty ratio as well (Eurydice, 2004).

**Table 1. Dynamics of student-faculty ratio at Lithuanian universities**

Year	Students	Faculty	Student-Faculty Ratio
1999-2000	84,345	10,069	8.4
2000-2001	95,593	9,049	10.6
2001-2002	106,913	8,542	12.5
2002-2003	145,784	8,937	16.3

Source: Eurydice (<http://www.eurydice.org>)

There is a binary higher education system in Lithuania, and the Lithuanian non-university sector also has experienced growth though the majority of students are enrolled in the university sector. In 2002/03 it accounted for 24 colleges, nine of them private. As in the university sector, most students are enrolled in public institutions with about 20 percent studying in the private non-university sector (Eurydice, 2004).

**Table 2. Dynamics of enrollment in Lithuanian tertiary education**

	1995	1996	1997	1998	1999	2000
Student enrollment, tertiary, total	75,559	83,645	..	107,419	121,904	135,923

Source: EDSTATS (<http://devdata.worldbank.org/edstats/cd5.asp>)

Applicants to higher educational institutions are admitted on a competitive basis and must have completed general secondary education. In the face of increasing demand for higher education, the state is no longer able to finance the higher educational sector alone. Therefore public higher educational institutions are allowed to acquire non-budgetary revenues by having business contracts with the private sector, and charging tuition as well.

### **Financing Higher Education in Lithuania**

Like other higher education systems in the region, the Lithuanian higher education sector is faced with growing numbers of students and decreasing government funding. Institutions have had to search for alternative sources of funding and started to introduce tuition and fees in the 1990s, although the Law on Research and Higher Education of 1991 did not deal with this issue (Leisyte, 2003). The Law on Higher Education that addressed the issue of tuition was adopted in 2000 (Saeimas, 2000).

In 2002, the parliament of Lithuania amended the Law on Higher Education and established procedures for the payment of tuition fees, while the Constitution of Lithuania guarantees free higher education for “good” students (Report, 2003). The Law on Higher Education stipulates that the government will finance a certain number of study places at public universities, while the rest of the students will be admitted to higher educational institutions for tuition. In 2001/02 the state sponsored students accounted for 66 percent of university students and 80 percent of college students (Eurydice, 2004). However, data indicates that the proportion of students paying tuition is increasing (Tereseviciene & Zuzeviciute, 2002). By 2002, 32 percent of bachelor’s and professional studies students paid for their education. In Master’s degree programs,

almost 26 percent of the students finance their own education. Tuition in these study programs varies substantially from 150 EUR (US\$190) to 1,500 EUR (US\$1,892) per semester. In addition, an amendment of the 2002 Law of Higher Education requires that half of the first year Master's students pay tuition of 120 EUR (US\$151) per semester (Tereseviciene & Zuzeviciute, 2002).

Public higher educational institutions receive government funding on the basis of 3-year agreements signed between the Ministry of Education and Science and the educational establishment. Money is allocated as a "lump-sum". The amount allocated is related to study programs implemented at the respective higher educational institution and its performance. Private higher educational institutions can receive government funding for the training of certain specialists. Nevertheless, the primary source of revenues for private higher educational institutions is non-budgetary sources. For public higher educational institutions, in turn, the main funding source continues to be the state budget. Additional non-budgetary revenues for these institutions consist of tuition, private sector contracts, rent, and donations (Eurydice, 2004).

### **Student Financial Support**

The student aid system in Lithuania consists of grants and subsidized student loans. There are two types of student scholarships for students. One is for academically well performing students, and the other type is provided to welfare recipient students. All doctoral students receive bigger scholarships (Report, 2003).

Students who pay tuition are eligible for subsidized student loans provided by the government. Loans are issued to cover living costs, tuition, and for study abroad organized within the framework of international treaties and agreements. Students who study at public expense also can receive a loan. The Law on Higher Education stipulates that publicly funded successful students who graduate prior to the expected graduation date will have their student debt forgiven (Saeimas, 2000). In other instances, depending on its type, the loan has to be repaid either within a term that is three times longer than the study period for which the loan was received or within 15 years. A student has to start repaying the loan two years after graduation (Report, 2003).

In addition to finance, accommodation is an important issue especially for students from remote areas because most higher educational institutions are located in bigger urban areas. Higher educational institutions in Lithuania provide accommodation in their halls of residence to 87 percent of their student populations (Eurydice, 2004).

## II. Estimated Expenses of Higher Education

### Lithuania Higher Education Expenses Borne by Parents and Students First Degree, Academic Year 2002-03

National currency Litas (LTL) converted to \$US by 2003 purchasing power parity estimate \$1 = 1.20 LTL

		<b>Public</b>		<b>Private</b>	
		<b>Low Public</b>	<b>High Public</b>	<b>Low Private</b>	<b>High Private</b>
<b>Instructional Expenses</b>	Tuition	--	4500 LTL US\$3,750	4500 LTL US\$3,750	19,750 LTL US\$16,458
	Other Fees	na	na	na	na
	Books & Other Educational Expenses	200 LTL US\$167	200 LTL US\$167	200 LTL US\$167	200 LTL US\$167
	Subtotal Expenses of Instruction	200 LTL US\$167	4700 LTL US\$3917	4700 LTL US\$3917	19,950 LTL US\$16,625
<b>Student Living Expenses</b>	Lodging	1800 LTL US\$1500	1800 LTL US\$1500	1800 LTL US\$1500	6000 LTL US\$5000
	Food	3600 LTL US\$3000	3600 LTL US\$3000	3600 LTL US\$3000	4800 LTL US\$4000
	Transportation	500 LTL US\$417	500 LTL US\$417	500 LTL US\$417	1800 LTL US\$1500
	Other Personal Expenses	1800 LTL US\$1500	1800 LTL US\$1500	1800 LTL US\$ 1500	3000 LTL US\$2500
	Subtotal Expenses of Student Living	7700 LTL US\$6417	7700 LTL US\$6417	7700 LTL US\$6417	15,600 LTL US\$13,000
	<b>Total Cost to Parent &amp; Student</b>	7900 LTL US\$6584	12,400 LTL US\$10,334	12,400 LTL US\$10,334	35,550 LTL US\$29,625

*Low Public*: lowest program tuition and fees, living in dormitory or shared apartment.

*High Public*: high program tuition, living in dormitory or shared apartment.

*Low Private*: low private tuition, living in dormitory or shared apartment.

*High Private*: high private tuition, living as independent adult.

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