

Higher Education Finance and Cost-Sharing in Romania

I. A Brief Description of the Romanian Higher Education System

Higher education in Romania is based on the 1991 Constitution of Romania (revised in 2003) and subsequent education legislation and amendments. Both public and private universities are guaranteed autonomy by the state and are subject to national legislation, educational policies and their own charters. All universities must participate in the accreditation procedures described in the 1993 Law on the Accreditation of the Higher Education Institutions (Eurydice 2007). Diploma recognition is given by the National Council for the Attestation of Academic Degrees, Diplomas and Certificates.

Romania's higher education development strategy, in line with the Bologna Process, is described in the "Strategy for development of higher education in the period 2002-2010", endorsed by the Romanian Government, the Ministry of Education and higher education institutions. The main focus of the strategy has been compatibility assurance between the Romanian higher education system and other European systems.

The Ministry of Education designs and implements national higher education policy and has the power to create, transform and close universities. The Ministry has five advisory bodies including the National Council for Statistics and Prognosis in Education; the National Council for the Attestation of University Titles, Diplomas and Certificates; the National Council for Scientific Research in Higher Education Institutions; the National Council for Financing Higher Education (CNFIS); and the National Council for University Qualifications. Each advisory body works according to its own regulations approved by the Minister of Education, has its own income and expenditures bodies, and reports annually to the Ministry. The Ministry also consults extensively with the National Council of Rectors, a body composed of the rectors of accredited higher education institutions (Eurydice 2007).

Since 2005, the higher education system in Romania has been organized into three cycles: Bachelor programs, Master's programs and PhD programs compatible with the European qualification framework and laid out in Law 288 of 2004. The academic year is broken down in two semesters and there are 15 fields of study (Miron 2007).

Students who have graduated from an upper secondary institution are eligible to apply for admission to a BA program according to the individual admission examination methodology of each university and study program. Admission generally depends on student performance on the national exam, performance in secondary school and performance on the university entrance examination.

There are 56 state tertiary institutions including universities, academies, polytechnic universities and institutes and 52 private institutions.

Table 1.
Growth of Public Higher Education Enrollments, 1989-2008.

Year	1989/90	1995/96	2003/04	2005/06	2007/08
Students Enrolled	164,525	250,836	421,553	521,144	524,500

Sources: CNFIS and NIS data

Enrollments in the public sector increased greatly between 1990 and the early 2000s, as shown in Table 1. Public higher education continues to grow, but less quickly than in the 1990 to 1995 period and recent growth is substantially due to the development of master's and doctorate post-graduate programs. Estimates for numbers of students in higher education range between 785,506 and 1 million of which about 524,500 are in public institutions (CNFIS data) and 265,243 to 500,000 are in private accounting for about 29 percent of the university aged cohort (Sandi and Moarcas). About 400,930 of the students are in undergraduate degree programs. Of the total number of public students, approximately 241,996 are state sponsored and the others are responsible for paying tuition fees of between € 300 and 1,000 per year. Approximately 92 percent of first degree students are studying on a full time basis (HIS 2008).

Students from the wealthier and urban strata of the population are significantly more likely to go on to higher education in the public sector. Only 7 percent of higher education students come from families with less than 8 years of schooling compared to 32 percent of the total population aged 45 to 65, and only 5 percent of students come from families whose main occupation is agriculture compared to 53 percent of the total population aged 45-65 (HIS 2008). About 28 percent of urban 24 to 29 year olds have completed tertiary education compared to only 4 percent of rural young people of that age.

Enrollments have also grown rapidly in the much newer private sector of higher education, which at the end of the 2008 academic year was enrolling one-third to one half of all Romanian higher education students. Admission procedures in private higher education are the responsibility of the institution, and as a rule are less selective than those in the public sector.

The 1991 Constitution (revised in 2003) guarantees Romanian citizens the right to education via compulsory general education, education in high schools and vocational schools, education in higher education, as well as other forms of instruction and postgraduate improvement. It stipulates that state education shall be free, according to the law and that the state will grant social scholarships to children or young people coming from disadvantaged families and to those institutionalized, as stipulated by the law.

Public spending on higher education has risen sharply in the past three years, driven mainly by increases in capital spending. Total public spending on higher education rose to more than 0.8 percent of GDP in 2007 and 2008.

Approximately 64 percent of a public university's funding comes from the government, while 36 percent is raised from its own funds including fees and consulting activities,

scientific research, external projects, micro production, and student accommodation (Ministry of Education and Research, National Council for Higher Education Financing 2006). In 1999, Romania moved from a system of input based higher education funding to a mixture of per capita and quality based financing that uses a methodology developed by the National Council for Higher Education Funding (CNFIS). The higher education budget is proposed by CNFIS to the Ministry of Education for the next fiscal year based on data provided by each university.

Each year the government approves the total number of study grants per study area and per university study cycle that it will fund based on the country's economic and social development requirements. The Ministry distributes the study grants to universities depending on quality indicators and institutional capacity through a Ministerial Order. Each university senate then distributes the study grants to study programs and study cycles according to its own strategy.

The financing contracts between the government and individual public higher education institutions include the following components:

1. **Base (core) finance** used by universities to cover personnel expenditures and material expenditures. Seventy percent of the core finance is based on the number of physical students eligible by law for state budgeted financing (i.e. eligible for the study grant) as reported by the university in each form and field of education and thirty percent finance is based on quality indicators that include teaching staff quality, teaching staff development potential, research work performance, research capacity use, quality of physical resources, quality of documentation, quality of academic, administrative and financial management and quality of social and administrative services provided to students; and
2. **Complementary funding** used by universities to cover among other things accommodation and food subsidies for students; capital expenditures, other investment expenditures and capital repair work; university research; social expenditures for students (scholarships, travel expenditures, etc.) distributed according to numbers of eligible students in each university; and acquisitions.
Complementary funding is allocated to universities using Ministry of Education formulas that are based on the numbers of eligible students.

Higher education is free of charge for state funded students; however the institutions may collect fees from these students for application and registration, and for the repetition of tests. State funded students (and some fee paying students – see below) receive subsidized accommodation in the university residences and only pay a range of € 25-50 per month. They also may eat in the subsidized cafeterias that are run by the universities. Approximately 30 percent of all students live in the dormitories.

Higher education institutions may accept a number of students above those financed by the state budget, subject to students' agreement to support the costs for education provided. The Ministry of Education approves the exact number of paid placements for each higher education institution based on proposals made by the university senates. Generally, 30 to 40 percent of the students are fee paying and as of 2007/08, approximately 282,504 students were studying on a fee paying basis. At some institutions (generally those that are very technical), the proportion of fee paying students is very

small, while at others a much higher proportion are fee paying. The educational fee is established by the university senate according to the costs of education provided. The amount paid by fee paying students ranges from 1,060 to 3,525 RON (US\$760 to 2,085 using 2006 purchasing power parity estimate of US\$=1.39 RON).

Between 2003/04 and 2007/08, the number of number of fee paying students increased by 79 percent while the number of state sponsored students decreased by 8 percent.

First and second year fee paying students who perform very well may qualify for state financing the following year and state funded students who do not perform well on exams may be dropped. The main movement between fee paying and state financed status occurs after the first year of university.

Approximately one-quarter of all public higher education students (state sponsored and fee paying) receive maintenance grants financed by the state budget. Of these 30 to 40 percent receive social aid grants targeted at needy students, and 60 to 70 percent receive various merit grants given to students with the highest marks. Universities also award social allowances for needy students from university funds (Eurydice 2007).

Decisions of the Government set the general eligibility criteria for the scholarships and the University Senates identify specific criteria. All government scholarships are indexed each year to inflation and are supposed to cover total student accommodation and meal costs.

Most scholarships are offered as part of the student's entry package to an institution with the exception of social scholarships. These scholarships are means-tested and students must apply for them separately supplying income statements from their parents or certificates of retirement or unemployment or disability as well as statements from their local authority verifying the number of members in their family and other information. Applicants must have a certain score on exam that differs from year to year.

All students receive free medical and psychological care and pay only half price rates for public transportation. If there are left over places in the student residences once all of the state sponsored students have been accommodated, the left over spaces may be allocated to fee paying students on a merit basis. In some institutions, a certain number of student residence places are reserved for needy students. Generally, the fees charged to state sponsored and fee paying students are different.

II. Estimated Expenses of Higher Education

Estimated higher educational expenses borne by parents and students are shown in Table 4.

Table 2
Higher Education Expenses Borne by Parents and Students in Romania,
First Degree, Academic Year 2005-06

[National currency converted to \$ US by 2006 Purchasing Power Parity \$1= 1.39 lei]

		Public			Private	
		<i>Low Public</i>	<i>Moderate Public</i>	<i>Fee-Paying Public</i>	<i>Low Private</i>	<i>High Private</i>
	Fees	176 RON (US\$126)	176 RON (US\$126)	176 RON (US\$126)	90 RON (US\$65)	90 RON (US\$65)
Instructional Expenses	Tuition	0	0	1,760 RON (US\$1,266)	1,060 RON (US\$762)	2,115 RON (US\$1,520)
	Books & Other Educational Expenses	740 RON (US\$530)	740 RON (US\$530)	740 RON (US\$530)	740 RON (US\$530)	740 RON (US\$530)
	Subtotal Costs of Instruction	916 RON (US\$656)	916 RON (US\$656)	2,676 RON (US\$1,922)	1,890 RON (US\$1,355)	2,945 RON (US\$2,115)
Student Living Expenses	Lodging*	0	1,425 RON (US\$1,027)	6,000 RON (US\$4,316)	0	6000 RON (US\$4,316)
	Food	530 RON (US\$380)	1,725 RON (US\$1,240)	1,830 RON (US\$1,315)	520 RON (US\$375)	1,830 RON (US\$1,315)
	Transportation*	700 RON (US\$500)	530 RON (US\$380)	530 RON (US\$380)	700 RON (US\$500)	530 RON (US\$380)
	Other Personal Expenses	1,080 RON (US\$780)	1,080 RON (US\$780)	1,080 RON (US\$780)	1,080 RON (US\$780)	1,080 RON (US\$780)
	Subtotal Cost of student living	2,310 RON (US\$1,660)	4,760 RON (US\$3,425)	9,440 RON (US\$6,790)	2,300 RON (US\$1,655)	9,440 RON (US\$6,790\$)
Total		3,225 RON (US\$2,315)	5,675 RON (US\$4,080)	12,115 RON (US\$8,710)	4,190 RON (US\$3,010)	12,385 RON (US\$8,910)

***Transportation** is subsidized for all public higher education students.

***Lodging** (dormitories) and meals are subsidized for public higher education students living in the student residences.

Medical care is subsidized by the State for public higher education students.

Low Public: living at home with parents.

Moderate Public: living in student residence

High public: fee paying, living as an "independent adult

Low Private: low private tuition, and living at home with parents.

High Private: high private tuition, living in dormitory or shared apartment.

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