Milena Bevc, Sonja Uršič, Mitja Čok

Funding, equity and efficiency of tertiary education

Key words: tertiary education, higher education, funding, efficiency, equity, enrolment, Slovenia, European union, OECD

SUMMARY

The book provides an overall analysis of the situation, trends and reforms regarding tertiary education funding in Slovenia and other countries (of the European Union, the rest of Europe, and the OECD). The main purpose of the book is to present the relationships between the funding system, and the efficiency and equity of tertiary education in Slovenia, and to propose changes to the system. For such a project we first analyse separately each of the abovementioned dimensions, where we apply a joint-approach – definition, measurement, analysis of trends elsewhere together with analyses of the situation and trends in Slovenia. Investigation of these dimensions (funding, equity, efficiency) requires the inclusion of analysis of the size of investment in tertiary education and the division of costs among different bearers on the one side, and enrolment in tertiary education on the other. Only by employing such an approach it is possible to arrive at a series of overall findings about the abovementioned relations and consequently at a proposal for changes to the system of tertiary education funding in Slovenia. Undergraduate education forms the core of the analysis, but we have also touched on graduate-postgraduate education.

The book is organised into six parts. Parts one to four bring together separate analyses of the system of funding for tertiary education (part I), division of costs among different bearers (part II), equity of funding from public sources (part III) and economic efficiency (part IV). In the fifth part we present, on the one hand, the consequences of particular previous separate analyses of tertiary education funding in Slovenia and an evaluation of possibilities for increased funding from private sources. At the same time, we present conclusions from an international conference along with these topics held in Slovenia in 2007, together with lessons from the successful reform of tertiary education funding in Australia (completed) and the Czech Republic (ongoing). In the sixth and last part, we present a summary of conclusions and proposals for changes to the system of funding tertiary education in Slovenia.

The main findings of the book are: (1) the system of funding of (old) undergraduate tertiary education does not assure equal opportunities for participation in this education-scheme to all socio-economic groups, (2) similarly it does not assure efficient study (compared to figures for the majority of European countries, Slovenian study efficiency is lower), (3) full-time students, who do not pay tuition fee, are on
average from higher income groups than part-time students, who pay full-cost tuition fees, (4) marginal private economic benefits of this education, expressed by relative wages and rates of return (compared to upper-secondary education), are high; on the other hand the social rate of return is, as a rule, lower than the private rate.

The proposal for changes to the system of tertiary education funding presented herein includes increased private funding with the introduction of tuition fees for full-time undergraduate education in public institutions together with student loans – the latter in order to cover tuition fees and student living costs as well. In order for such reforms to succeed different conditions have to be fulfilled. Especially important among them are the following two: changes in some commonly held positions (that tertiary education is a public good and that tuition fees are inequitable) and the presence of political will and strength.

The book presents a continuation of a previous research on the economics of tertiary education undertaken by the Institute for Economic Research in Ljubljana (Milena Bevc). In this new publication we have connected our twenty-year investigation of particular economic aspects of tertiary education in Slovenia – which we have updated – and simultaneously the study of some economic aspects of tertiary education have also been extensively elaborated. With this elaboration we have in mind particularly the equity of public funding of tertiary education. The book represents an upgrading of the previous two books on economics of education, assembled by Milena Bevc (Economic value of education, 1991; Funding, efficiency and development of education, 1999).