



University of Rijeka

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Performance based HEI funding system: Croatian experience & Contracts with Ministry



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Higher education funding: levels and sources of funding

- Global market for education and research has been growing rapidly
- Universities must take action to remain competitive
- The costs of higher education and research
 - advances in the field of technology (ICT)
 - growing participation rate
 - new societal demands on institutions
 - rising pension costs
 - tougher quality requirements
- Additional financing?



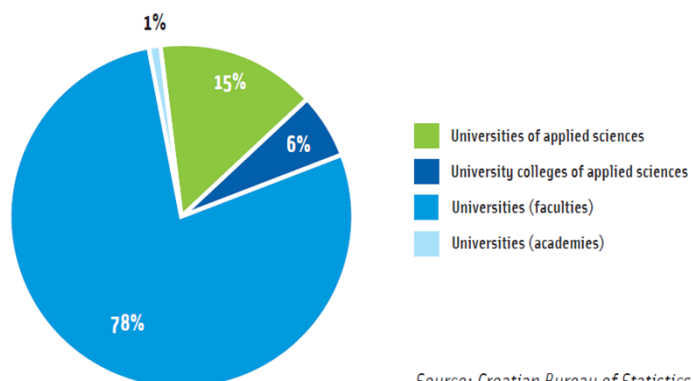
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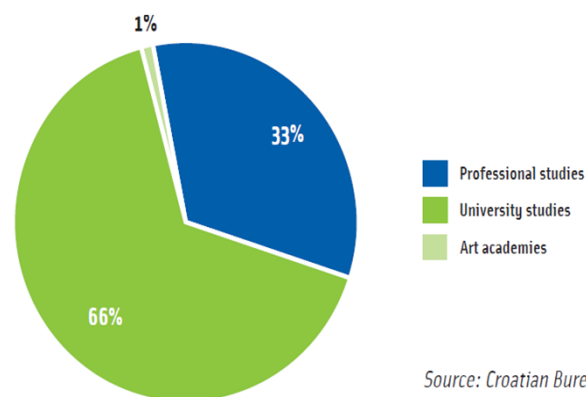


Proportion of students per type of HEI institution and programme



List of universities and colleges in Croatia:

- 8 public universities
- 12 public polytechnics
- 3 public colleges
- 4 private polytechnics
- 26 private colleges



Until now:

- Annual process of negotiations, with no specific written agreement
- Only input criteria is taken into consideration
- Lack of systematic data that could allow the development of indicators
- Financial reporting is not standardised and there is a lack of systematic collection of data
- Croatia has a lower proportion of public funding (70%) than Austria and Sweden (88% and 78% respectively), but is at the same level as Hungary. Slovenia stands out as having a significantly lower proportion of public funding (50%).

Going towards:

- Introduction of stable system of subsidies for regular studies expenditures - three year contracts
- Multi year planning and stability
- Inclusion of developmental goals and indicators to measure their achievement



Income from tuition fees

- As of 2010/2011 initially no fees for undergraduate or graduate students, then variable fees charged annually depending on accumulated ECTS credits
- Before 2010/2011:
 - No tuition fees for state-subsidised students
 - Tuition fees for students over state-subsidised quota: EUR 750 - EUR 1,270
 - Tuition fees for international students: vary by university
- Croatia's linear model of charging tuition fees depending on accumulated ECTS credits is unique to Croatia.
- Maximal annual tuition fees charged in Croatia higher than EU average



Income from third-party sources

- funding that is neither public funding nor income derived from students through tuition fees or administrative charges.
- income generated from:
“research, development and art projects, intellectual services, publishing and other related activities, university foundations, profit from companies and other legal entities regulated by Article 66, as well as investments by individuals, companies and other legal entities, donations and other sources.” (2003, Article 107)
- information available for Croatia does not provide a comprehensive or detailed overview



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Croatia's higher education funding model

- Croatia's higher education funding model:
 - historical (determined by the allocation from the previous year)
 - input-based (number of state-subsidised full-time students, the number of employees, other material expenses)
 - Introduction of output (performance) based funding
- Salaries for staff represent almost 90% of the budget of higher education institutions.
- Major challenges: under-funding, the lack of equity and transparency in budgetary allocation, an unbalanced education budget, both in terms of expenditures and the sources of funds, and the lack of synergy (legislative, professional and institutional) for system change. The allocation mechanisms are rigid and based on incremental budgets with allocations from previous years.





Negotiations on allocation of public funds

- The state budget allocates funds for universities based on their operational plans and the structure of staff positions.
- Funds are meant to cover staff salaries, material expenses, basic segments of scientific, artistic and expert research, and research, support services, scholarships and loans, working and living conditions of employees and staff, and financial assistance for fees, development and investments.
- Universities provide the following information: number of students, material expenses and number of staff.
- There are no public university reports that calculate the overall cost of study per student (the only such indicator offered might be the sum of staff and material expenses divided by the number of students).
- Public funds are allocated to Croatian higher education institutions primarily according to the historical method.



Introduction of performance (output) based funding

- Incorporation strategic planning with a system of performance based financing by defining goals, results and indicators and by centrally managing the whole process.
- University Senate decides on the use of funds (strategic objectives, eligible activities and costs)
- Rectorate provides administrative support (publish calls for proposals, manages applications)
- An important step towards integration of universities and increasing of efficiency of public funding.



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Introduction of performance (output) based funding

- The system has to be designed in a collaborative and trusting process – partnership builds trust
- Too many goals and indicators can water down progress monitoring – define priorities
- Piloting funding agreements on a portion of budget may allow capacity building – be well prepared
- Analysis of the outcomes and lessons learned – use it
- Incorporate strategic planning with performance based financing by defining objectives, results and indicators



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