

The Final Conference of the EU-funded project
Public/Private Funding of Higher Education

Overall cost sharing ratios for the Czech Republic

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Presentation outline

Czech Republic in the OECD context



Data sources

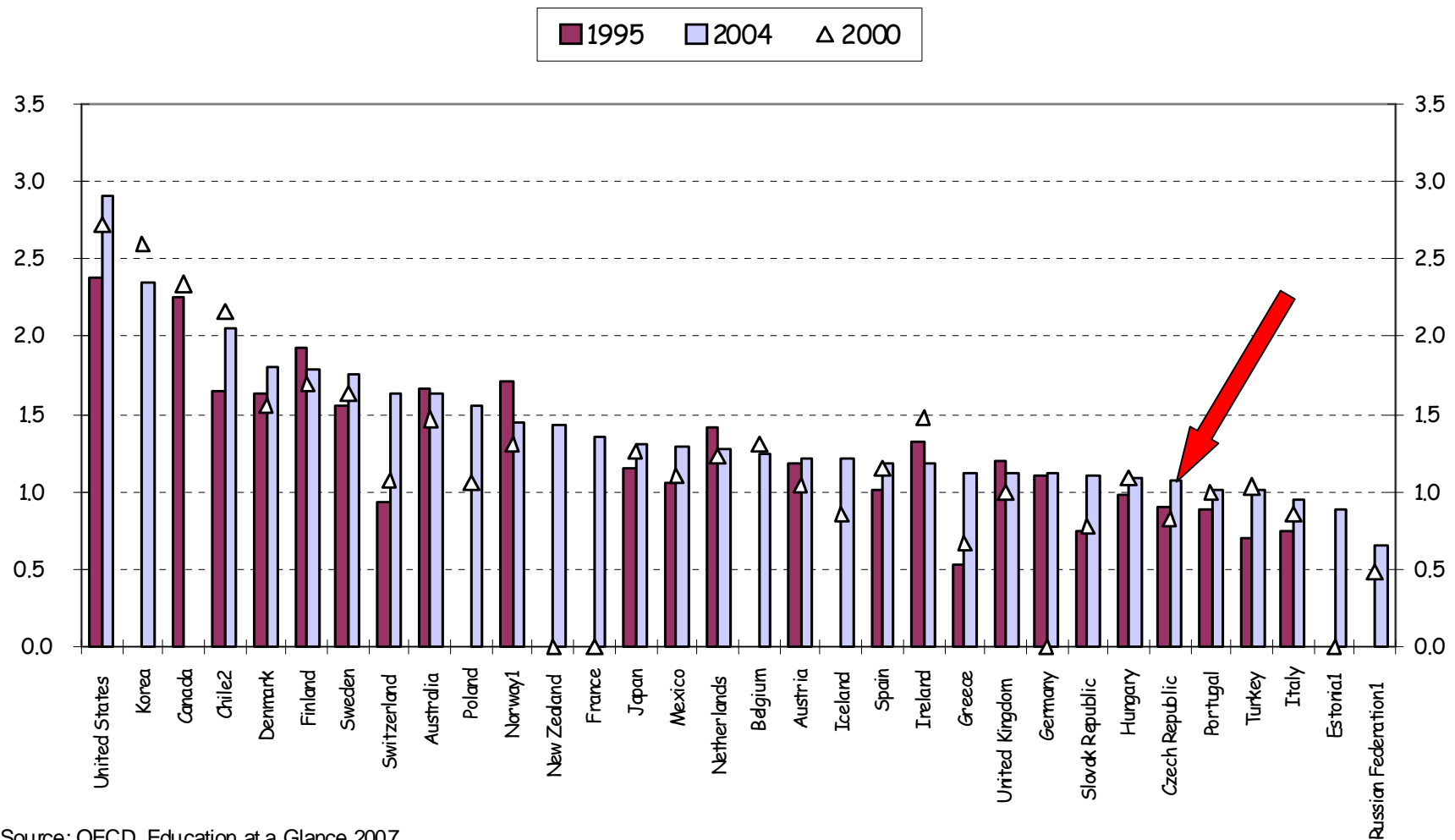


Main results of the macro analysis



Future of Czech Higher Education funding

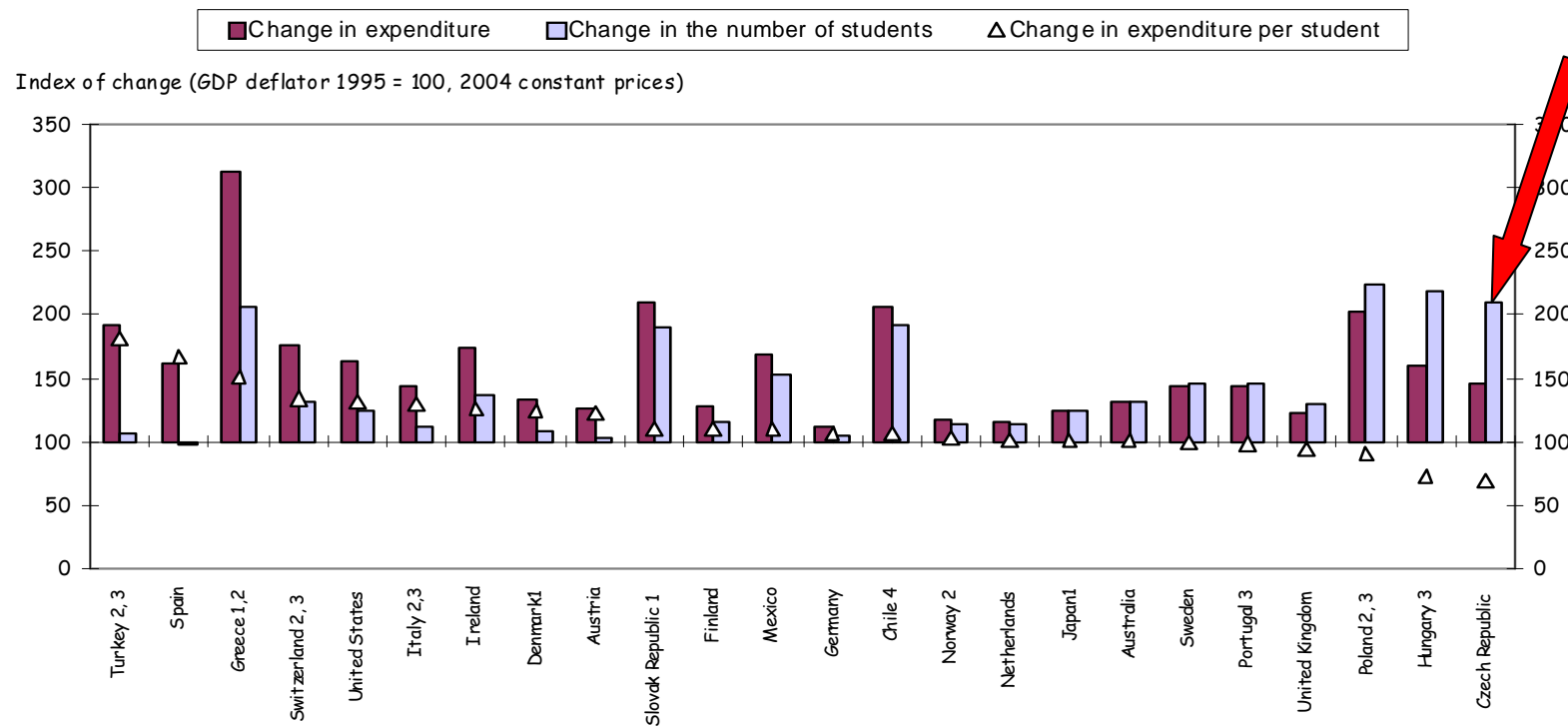
Expenditure on tertiary education institutions for OECD members (% of GDP, 2004)



Source: OECD, Education at a Glance 2007.

The Czech republic and per student expenditures in tertiary institutions (public and private sources)

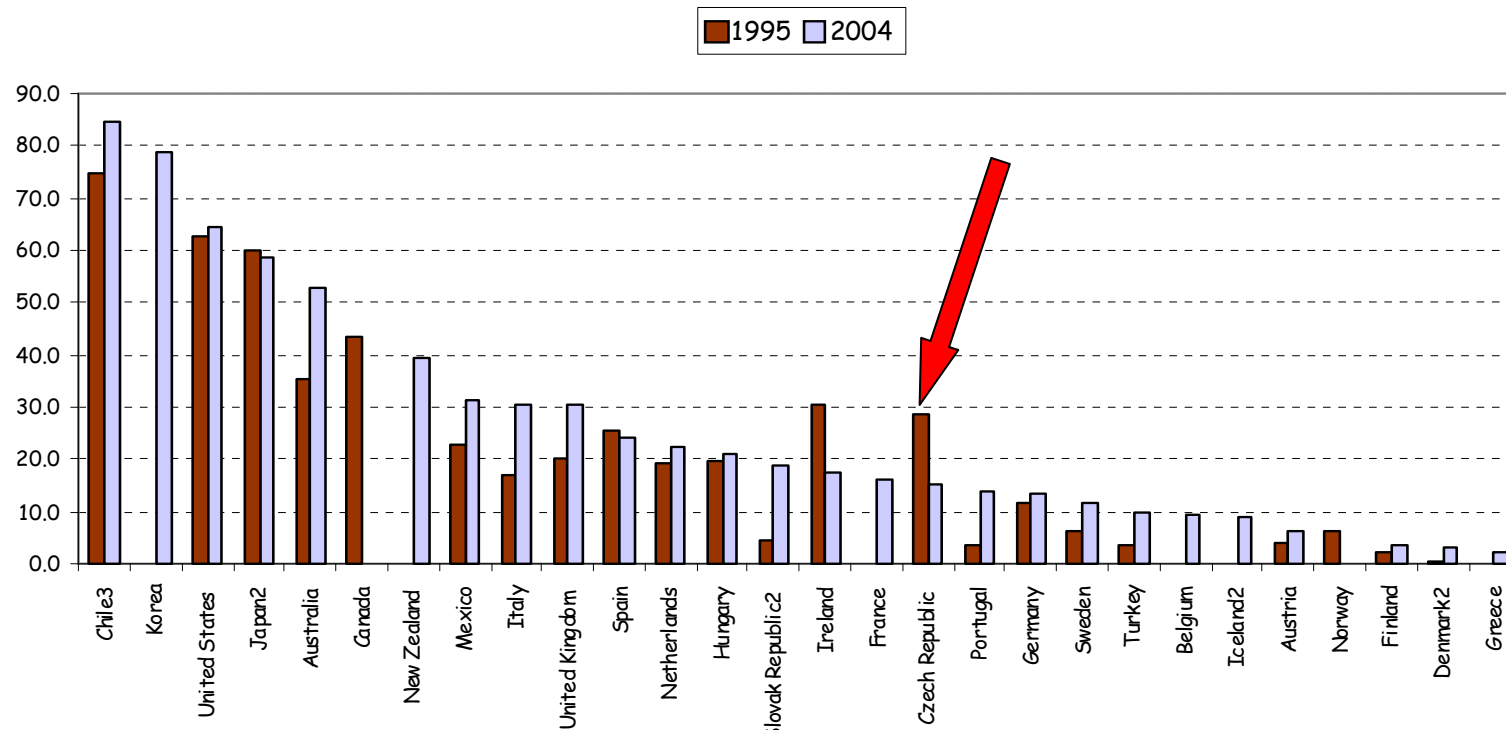
- between 1995 and 2004, CZ recorded the largest per student expenditure decline (31%) among all OECD countries



Source: OECD, Education at a Glance 2007.

The Czech republic and the relative share of private expenditures on tertiary edu institutions

- one of 4 countries where the share of private expenditure declined (CZ, JAP, ESP, IRL) between 1995 and 2004



Source: OECD, Education at a Glance 2007.

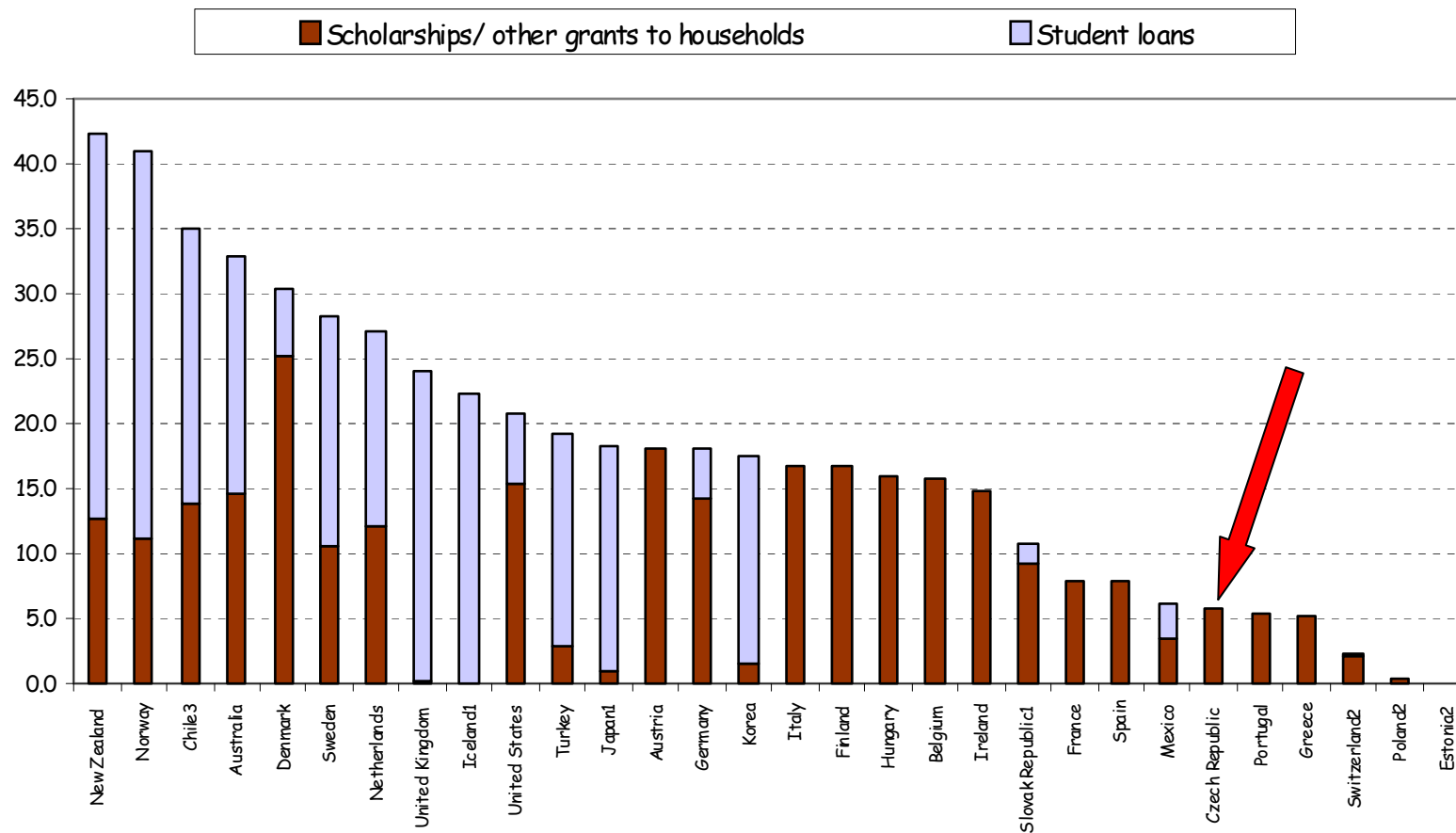
Major results of the macro analysis

Data: UNESCO-UIS / OECD / EUROSTAT Data Collection on
Education Statistics 2004, SILC 2005 and Eurostudent

Preview on public funding

- teaching allocations the major channel
- student support mechanisms much less important
 - relying to a large extent on indirect support (family-based system) and means-tested grants
 - large dependence on complementary family support

Public subsidies for financial aid very low (% of total expenditure on tertiary edu, 2004)



Source: OECD, Education at a Glance 2007.

Channels for public funding in the Czech republic

- Teaching allocations –
 - mostly payments by a government agency based on performance formula including
 - normative base
 - cost coefficients
 - numbers of students and graduates
- Direct cash support
 - Student Grants/Scholarships – usually performance-based
 - Tax exemptions – scholarships exempt from taxation, non-taxable income increased by 11,400 CZK
 - Subsidies on loans – nonexistent

Channels for public funding in the Czech republic

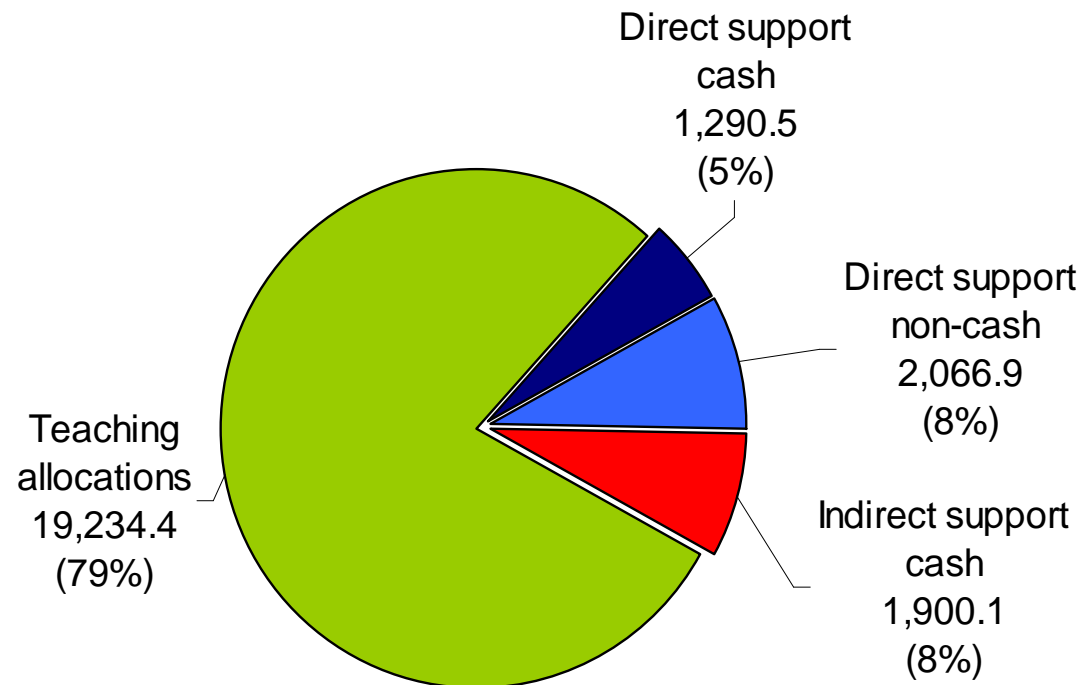
- Direct non-cash support
 - health insurance - 476 CZK per person/month
 - subsidies for facilities
- Indirect cash support
 - tax reductions of parents – 25,560 CZK per student/year
 - child allowances – range between 0-810 CZK/month depending on the average per capita income of household

Some forms of indirect support not included in calculations

- exemption from or reduction of tuition fee
- public transport discounts
- pension insurance

Total Expenditure on Higher Education from Public Sources (mln of CZK, 2004)

- overall public expenditure 24,491.9 mln CZK



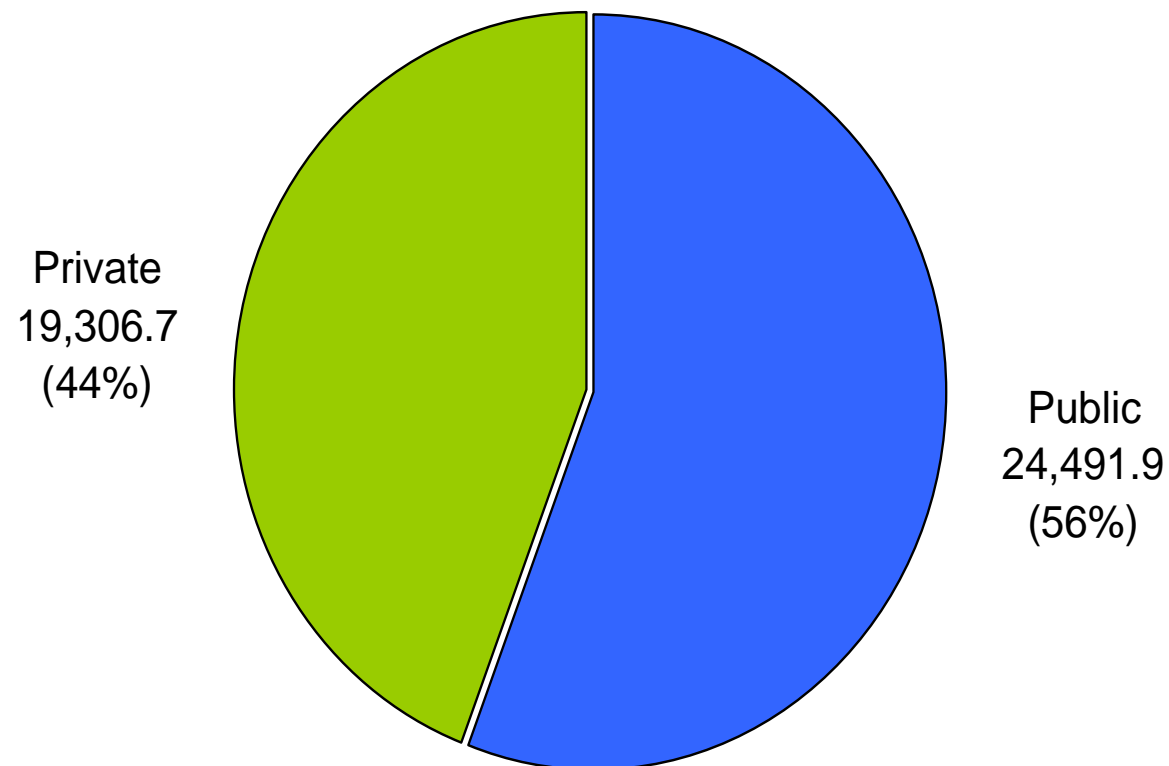
Total Expenditure on Higher Education from Public Sources (mln of CZK, 2004)

Funding channel	Total expenditures
1) Teaching allocations	19,234.4
2) Direct support (cash):	1,290.5
Grants	1,238.4
Tax reductions of students' earned income *	52.1
Subsidies on loans	0
3) Direct support (non-cash):	2,066.9
Health insurance of students	1,260
Subsidies for facilities	806.9
4) Indirect support (cash):	1,900.1
Tax reductions of parents	1,147.9
Child allowances	752.2
5) Indirect support (non-cash):	0
Total	24,491.9

* Based on average earned income 22,176 CZK per year (source Eurostudent 2005).

Shares of Public/Private Expenditure on Higher Education (mln of CZK, 2004)

- Total expenditure 43,798.6 mln CZK



Public vs Private funding (mln of CZK, 2004)

Public expenditure		Private expenditure	
Teaching allocations:	19,234.4	Student income:	22,116.1
Direct support (cash):		- Direct support (cash):	
Grants	1,238.4	- Grants*	348.5
Tax reductions of student's earned income	52.1	- Tax reductions of earned income	52.1
Subsidies on loans	0	- Subsidies on loans	0
Direct support (non-cash):		- Indirect support (cash)	
Health insurance	1,260	- Tax reductions of parents	1,147.9
Subsidies on facilities	806.9	- Child allowances	1,260.9
Indirect support (cash):	0		
Tax reductions of parents	1,147.9		
Child allowances	752.2		
Indirect support (non-cash):	0		
Total (per year, in CZK)	24,491.9	Total (per year, in CZK)	19,306.7
% of the total	56	% of the total	44
		Total public and private	43,798.6**

* Number of full-time ISCED 5a and 6 students studying at public HEIs in 2004 totals 220,580.

** Using the average annual exchange rate 31.891 CZK/EUR taken from EUROSTAT, the sum corresponds to approx. 1,373.4 mln. €.

Summary and future of public/private funding of HE in the Czech republic

Summary and future of public/private funding of HE in the Czech republic

- while public expenditures dominate over private expenditures,
- the difference is not substantial - 56% from the public domain vs. 44% from private sources

Summary and future of public/private funding of HE in the Czech republic

- nonetheless, teaching allocations form by far the largest part of public expenditures (79% out of the total 24,491.9 million CZK)
- and student support mechanisms remain much less important
 - relying to a large extent on indirect support (family-based system) and means-tested grants
 - large dependence on complementary family support

Summary and future of public/private funding of HE in the Czech republic

- the financing of Czech tertiary education needs substantial changes due to
 - equity concerns related to the importance of socioeconomic background
 - lack of resources in public budgets
 - despite declining demographics, high demand from unsatisfied cohorts and the rising share of high-school students eligible for tertiary education programs

Summary and future of public/private funding of HE in the Czech republic

- Current discussion revolves around several key issues
 - efforts towards the extension of normative also towards private HE institutions
 - conversion of the existing indirect student support into direct support in the form of loans/grants
 - repayment of the costs of studies from future incomes

Thank you!