From Incremental Funding to Quality & Performance Indicators

Reforms of Higher Education Funding in the Czech Republic

Jan Koucký
Contents

Three models of funding:

· Up to 1992 Incremental
· 1992 to 2009 Per Capita
· 2010 + Performance Based

Quality & Performance Indicators

Cuts and Fees—a never ending debate

Summary

EUA Funding Forum
Salzburg, 11th to 12th June 2012
### Since 1992—Per Capita Funding (Per Student and Per Graduate—SGF)

**Budget of HEI = Number of Students / Graduates × Coefficient of Field of Study Cost**

<table>
<thead>
<tr>
<th>Field of study</th>
<th>CFSC</th>
<th>Number of students in public HEIs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Humanities, Economy</td>
<td>1.00</td>
<td>86,184</td>
</tr>
<tr>
<td>Philosophy, Education</td>
<td>1.20</td>
<td>38,942</td>
</tr>
<tr>
<td>Technology</td>
<td>1.65</td>
<td>80,687</td>
</tr>
<tr>
<td>Agriculture, Forestry</td>
<td>2.25</td>
<td>26,083</td>
</tr>
<tr>
<td>Chemistry, Medicine</td>
<td>2.80</td>
<td>23,314</td>
</tr>
<tr>
<td>Veterinary medicine, Stomatology</td>
<td>3.50</td>
<td>3,827</td>
</tr>
<tr>
<td>Arts</td>
<td>5.90</td>
<td>2,329</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>261,365</strong></td>
</tr>
</tbody>
</table>

|              |      | 100.0 %                          | 100.0 %           |
1999  New Higher Education Act has come in force

- HEIs have changed their status: from a state institution to a public institution. Their autonomy has also increased significantly (for example: in property management or in financial matters allowing long-term use of their resources at their discretion).

- Limited tuition fees have been introduced (as a sanction fee when the length of studies has exceeded the standard duration by more than a year, and for programmes delivered in a foreign language). A necessary pre-requisite, an information system on students and study processes, has been established as well.

- Establishment of private HEIs has been made possible (as they are not funded by the state, and tuition fee is a dominant source of their income, they usually offer more asked for and less costly fields of study).

- Higher Professional Schools (vocationally oriented tertiary education institutions) have not been included (and have remained under the School Act, which is a serious setback for their development).
New Entrants into Tertiary Education and Net Entry Rate
Czech Republic, 1990–2011

Source: ULV, SIMS database, EPC
2000  Almost no new upper secondary graduates

• As a result of the extension of the basic school from 8 to 9 years (in 1996), almost the entire age cohort of upper secondary school graduates was missing in 2000. New entrants in 2000 were mostly recruited from applicants unsuccessful in previous years who tried again. It was thus possible to reduce the unsatisfied demand for study.
New Entrants into Tertiary Education and Net Entry Rate
Czech Republic, 1990–2011

Source: ŠtVR, SIMS database, EPC
2006  Funding of HE research has been changed

- According to the newly introduced Act and Government regulations on research and its public support, all research funding has to be allocated competitively. The state budget for HEIs research is thus allocated by two channels: by institutional funding (based on R&D results—RIV points), and by targeted funding (through specialized grant agencies, various ministries etc.); funds allocated by both channels are of a similar size.
The Research and Development and Innovation Information System in the Czech Republic (IS VVI)

<table>
<thead>
<tr>
<th>Publications</th>
<th>Information Register of R&amp;D Results (RIV) 2011</th>
<th>Research institutions (RI)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Higher Education</td>
</tr>
<tr>
<td>J&lt;sup&gt;imp&lt;/sup&gt; - article in an impacted periodical</td>
<td>60.6 %</td>
<td>31.7 %</td>
</tr>
<tr>
<td>J&lt;sup&gt;imp&lt;/sup&gt; - article in world database SCOPUS, ERIH</td>
<td>5.9 %</td>
<td>3.8 %</td>
</tr>
<tr>
<td>J&lt;sup&gt;noimp&lt;/sup&gt; - article in the Czech reviewed periodical</td>
<td>5.1 %</td>
<td>3.8 %</td>
</tr>
<tr>
<td>E,C - monograph, chapter in a book</td>
<td>9.7 %</td>
<td>7.0 %</td>
</tr>
<tr>
<td>D - article in proceedings</td>
<td>2.7 %</td>
<td>2.2 %</td>
</tr>
<tr>
<td>Patents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results of applied research (prototype, pilot plant, software, ...)</td>
<td>15.0 %</td>
<td>9.3 %</td>
</tr>
<tr>
<td>Total</td>
<td>100.0 %</td>
<td>58.3 %</td>
</tr>
</tbody>
</table>
New Entrants into Tertiary Education and Net Entry Rate
Czech Republic, 1990–2011

Source: ÚIV, SIMS database, EPC
Since 2009—gradual implementation of Performance Based Funding (PBF)

**Budget 2010: Public HEIs funding:**
- 91% Per Student (and Graduate) Funding (SGF)
- 9% Performance Based Funding (PBF)

**PBF 2010 Indicators and their weights:**
- R&D results (RIV points) – 50%
- Income generated by the HEI – 15%
- Number of Full and Associate Professors (FTE) – 10%
- Students mobility (incoming and outgoing) – 25%
R&D results (RIV) and citations in Scopus database
Public higher education institutions, Czech Republic 2011

Source: Register of R&D Results (RIV), Scopus/SCI-mago, MEYS, EPC
Since 2009—gradual implementation of Performance Based Funding (PBF)

**Budget 2012: Public HEIs funding:**
- 80 % Per Student (and Graduate) Funding (SGF)
- 20 % Performance Based Funding (PBF)

**PBF 2012 Indicators and their weights:**
- Performance in research and artistic activities – 39 %
- Quality of study and Employability of graduates – 34 %
- Internationalisation and mobility – 27 %
Budget 2012: Public HEIs funding:

- 80% Per Student (and Graduate) Funding (SGF)
- 20% Performance Based Funding (PBF)

PBF 2012 Indicators and their weights:

Performance in research and artistic activities – 39%

- Performance in research activities (system of RIV points based on number of journal articles, publication, patents, applied research)
- Performance in artistic activities (system of RUV points based on register and classification of artistic performance)
- Funds for research gained by the HEI through competition for grants
- Income generated by the HEI
Since 2009—gradual implementation of Performance Based Funding (PBF)

Budget 2012: Public HEIs funding:
- 80% Per Student (and Graduate) Funding (SGF)
- 20% Performance Based Funding (PBF)

PBF 2012 Indicators and their weights:

<table>
<thead>
<tr>
<th>Quality of study and Employability of graduates – 34%</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The professional quality of teachers (measured by the staff structure because of lack of relevant indicators)</td>
</tr>
<tr>
<td>• Employability of graduates (unemployed in the period of 6 months to 1 year after graduation)</td>
</tr>
</tbody>
</table>
Since 2009—gradual implementation of Performance Based Funding (PBF)

**Budget 2012: Public HEIs funding:**

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**PBF 2012 Indicators and their weights:**

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<th>Internationalisation and mobility – 27%</th>
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<tbody>
<tr>
<td>• International collaboration with foreign institutions</td>
</tr>
<tr>
<td>• Number of foreign students</td>
</tr>
<tr>
<td>• Self-funded students</td>
</tr>
<tr>
<td>• Students mobility (incoming and outgoing)</td>
</tr>
</tbody>
</table>
Proportion of HEI’s budget based on quality and performance criteria
Czech Republic, public higher education institutions, 2012

KEY
- Scientific and artistic performance
- Quality of study programmes and graduate employability
- Internationalization and mobility

Source: Ministry of Education (MEYS) and EPC
Cuts and Fees—a never ending debate

**Tuition Fee**

Tuition fees have been already introduced in the Czech Republic, but only in particular instances (in private HEIs, in both public and private HPSs, and as a sanction fee in public HEIs). Altogether tuition fees are paid approximately by a quarter of students, their range is from 200 to 5000 €.

General introduction of a tuition fee in all public HEIs is a sensitive and contested political issue. It was almost introduced in the mid-nineties, and emerged again in the following years. Today it is planned in a milder form as a registration fee at the beginning of each term, covering approximately one tenth of full study costs (about 200 €).

**Other private sources**

Beside income from households it is necessary to generate income from business sector. To do so it would be necessary to introduce tax incentives for enterprises to stimulate their co-operation with HEIs.

**Cuts**

According to the three-year saving plan passed by the Parliament the education budget should be cut by 20 % by 2014.
The funding model and principles are a very powerful tool of evidence based HE policy, as they meet several important criteria: they

- can be effectively used not only for achieving strategic aims in a long-term perspective, but also for implementing short-term actions;
- are transparent, as all indicators and rules can be easily understood by both HEIs and general public;
- show increased sensitivity, as the choice of indicators can significantly affect the behaviour of HEIs.

However, the funding model and principles have to be always applied

- in conjunction with an approved long-term strategy of the development of HE;
- systematically without interruption and unsubstantiated doubts, only parameters can be discussed;
- with utmost sensitivity as they significantly impact individual HEIs.
Thank you very much for your attention

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