

Funding of higher education in Germany: Raising the issue of efficiency and equity

22/11/2007, Portorož

Astrid Schwarzenberger

Agenda

- The German Higher Education System
- Funding of higher education institutions
- Introduction of tuition fees
- State support to students
- Cost-sharing: consequences for participation and equity
- Outlook

The German HE system

16 federal states (*Länder*)

Each responsible for higher education within its realm

→ also responsible for funding of higher education institutions

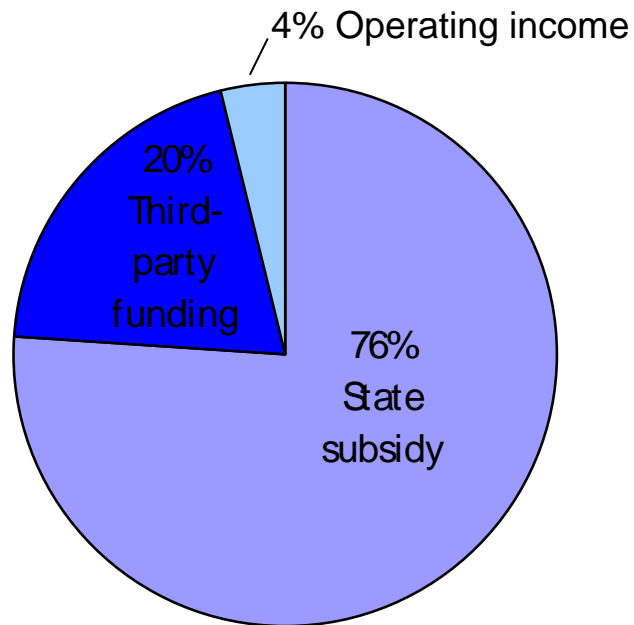


Map: © Bundesamt für Kartographie und Geodäsie www.ifag.de

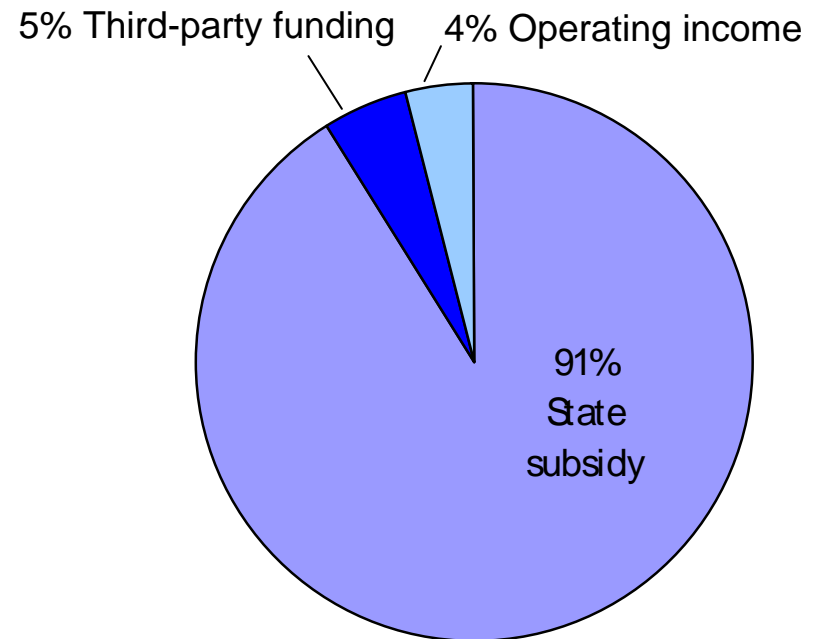
Funding of HEIs

Income sources of HEIs

Universities (without medicine)



Fachhochschulen



Tuition fees (as of 2006) not taken into consideration yet!

Funding of HEIs

Funding allocation in the *Länder*

- Traditionally: discretionary-incrementalist funding: previous year's budget rolled over
- Indicator-based funding (formula funding): between 1 and 95% of budget allocated
 - indicators for teaching & learning: number of students; number of graduates
 - research indicators: third-party funding; number of doctorates and *Habilitationen*
- Target agreements

Introduction of tuition fees

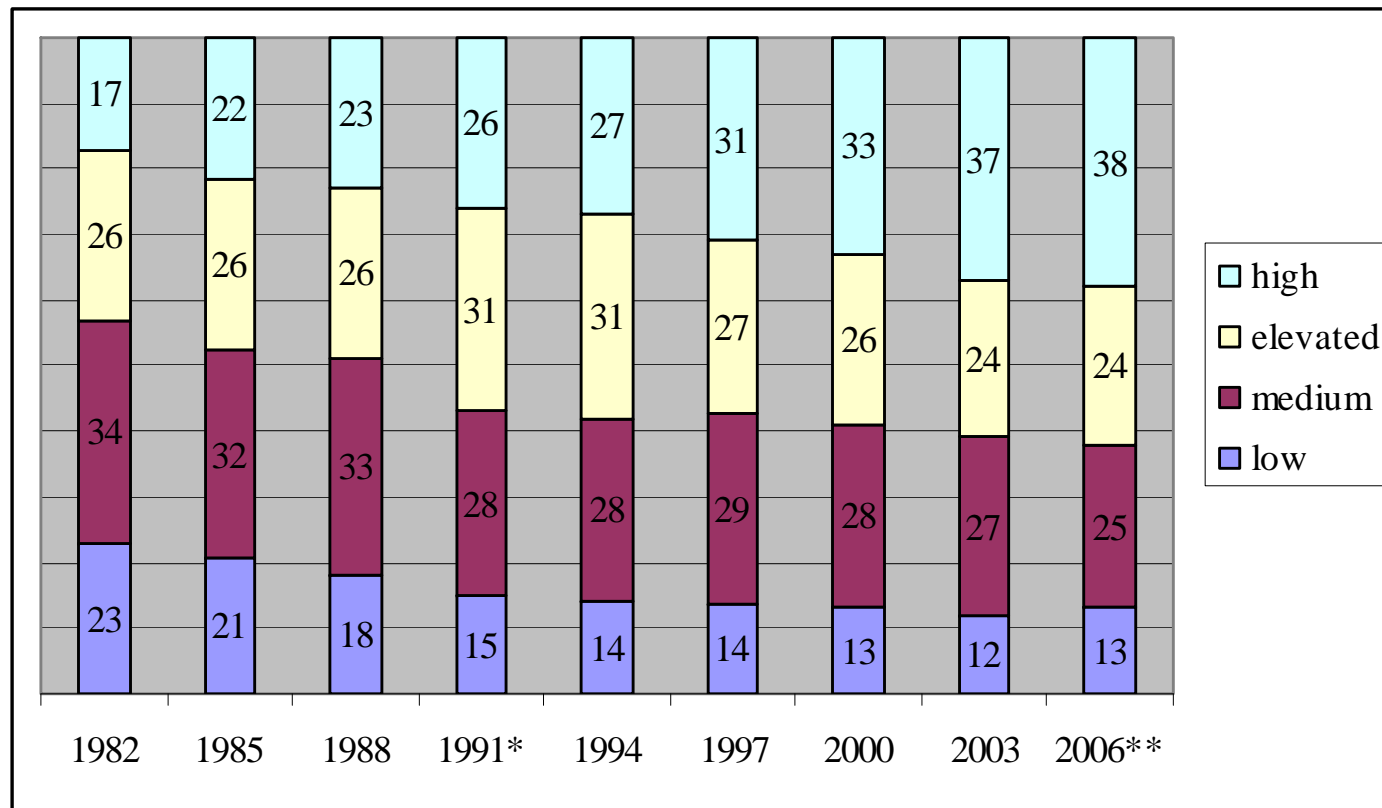
- Introduction on *Länder* level as of 2006
- Relatively small amount of fees
(max. 500 € per semester)
- Measures to ensure social equity
 - Fee waivers
 - “Postponement” of payment via fee loans
- No clear evidence of long-term effect on enrolment numbers

State support to students

- Main means of support:
 - Child allowance (paid out to parents)
 - So-called BAföG: ½ grant, ½ loan
maximum debt limit 10,000 €;
reduction of debt under certain circumstances
- Further loans exist, but are very uncommon in Germany
- *Great* variety of direct and indirect forms of support to students and their parents: free health insurance, subsidised meals and accommodation, subsidised public transport, abundance of tax reductions and add-ons to benefits

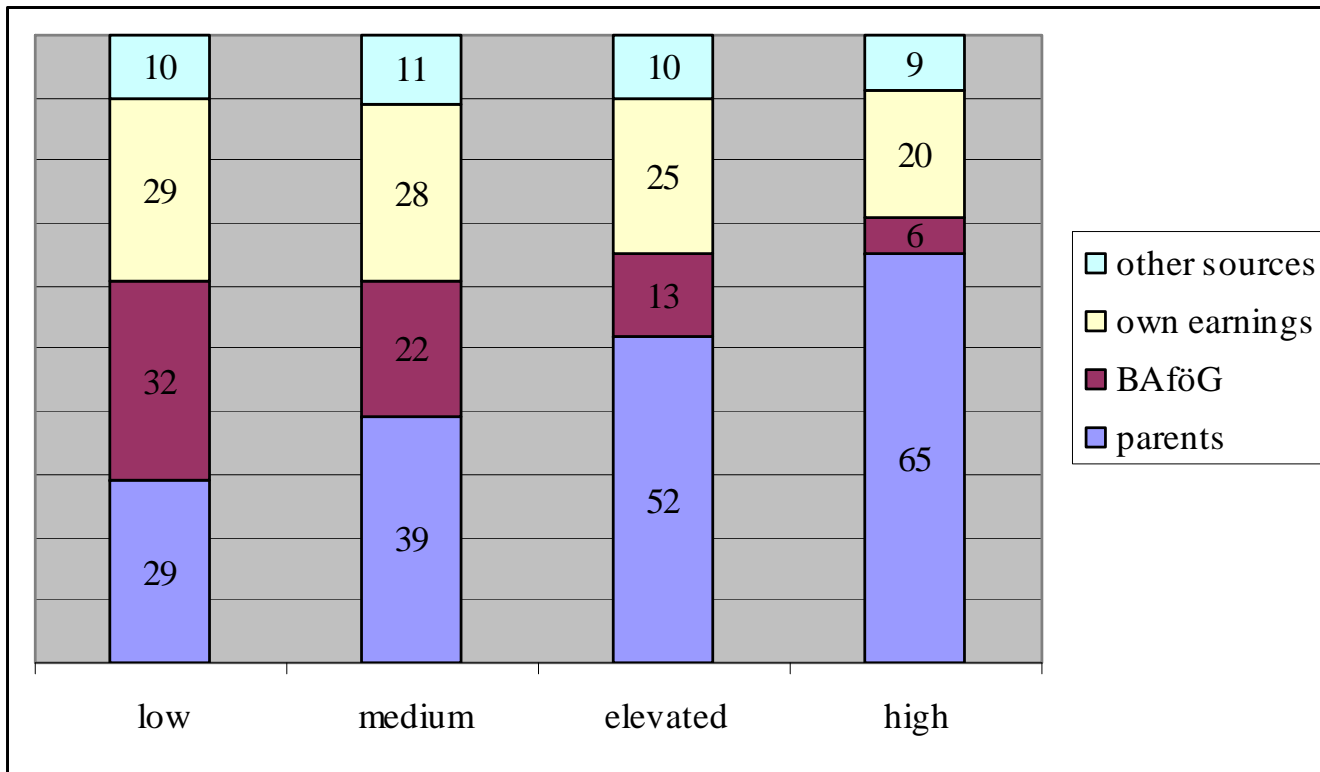
Cost-sharing: consequences for participation and equity

Development in the composition of the student body by social background groups in %



Cost-sharing: consequences for participation and equity

Composition of students' income sources by social background in 2006 in % ("normal students" incl. *Bildungsinländer*)



Outlook

- Tuition fees likely to aggravate differences between social groups
- Introduction of Bachelor/Master structure
→ more time required by students for self-studies, less time for jobs during term-time
- Indicators used for funding allocation (number of graduates) pose incentive for HEIs to get students through the system quickly → increased pressure on students
- Disadvantage especially for students required to work alongside studies – i.e. those from low social background
- Part-time studies a solution?
- Increase of BAföG not likely to suffice to ensure social equity

Funding of higher education in Germany: Raising the issue of efficiency and equity

22/11/2007, Portorož

Astrid Schwarzenberger

Comparison of Länder models with regards to tuition fee loans

- Repayment after graduation:
 - Graduates can start repaying after 18 months (Hamburg) /24 months (all other)
- Income-contingent repayment:
 - Income level for individuals:
 - 11,520 €/yr. in North Rhine-Westphalia
 - 12,720 €/yr. in Lower Saxony, Baden-Wuerttemberg, Bavaria, Hamburg, Saarland
 - 15,120 €/yr. in Hesse
- (Partial) debt reduction for recipients of BAföG
 - Max. debt from fee loan and BAföG:
 - 10,000 € in North Rhine-Westphalia
 - 15,000 € in Lower Saxony, Baden-Wuerttemberg, Bavaria, Hesse, Saarland
 - 17,000 € in Hamburg

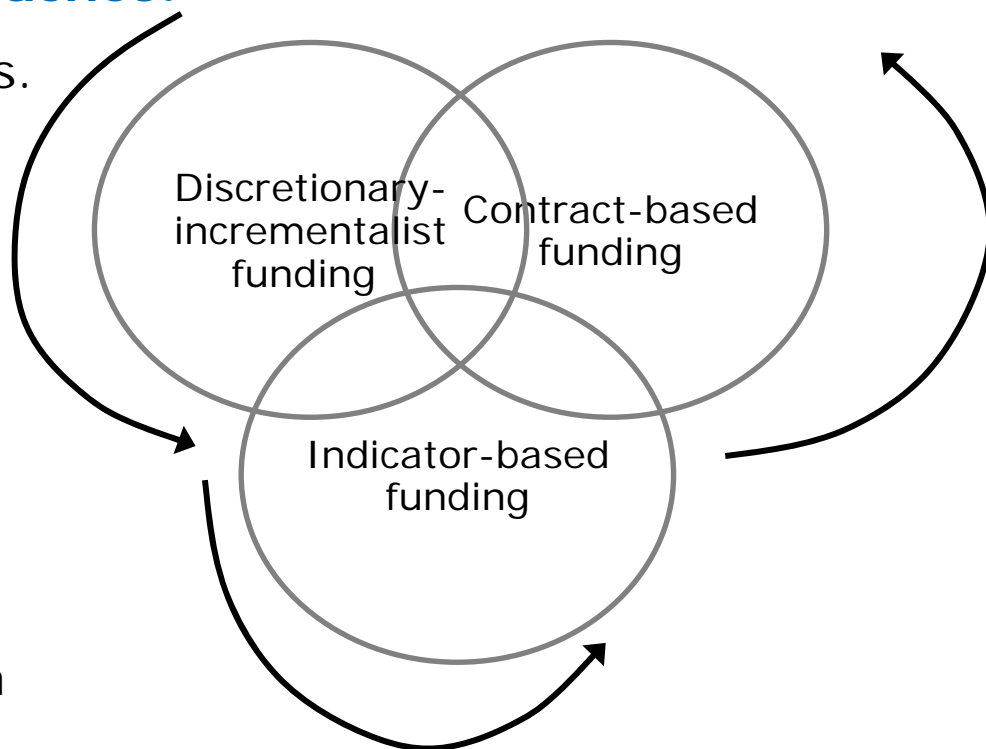
Issues affecting implementation

Steering and funding approaches:

- Performance-orientation vs. stability of funding
- Competition vs. institutional planning
- Transparency vs. flexibility

Landscape conditions:

- Institutional differentiation
- Size of HE sector(s)
- Importance of state grant
- Reform path



Overlaps in steering and reporting information used for each funding component

= Challenge for HE governance

Status and Type of introduction

– resp. Share of students (as of fall 2007)

