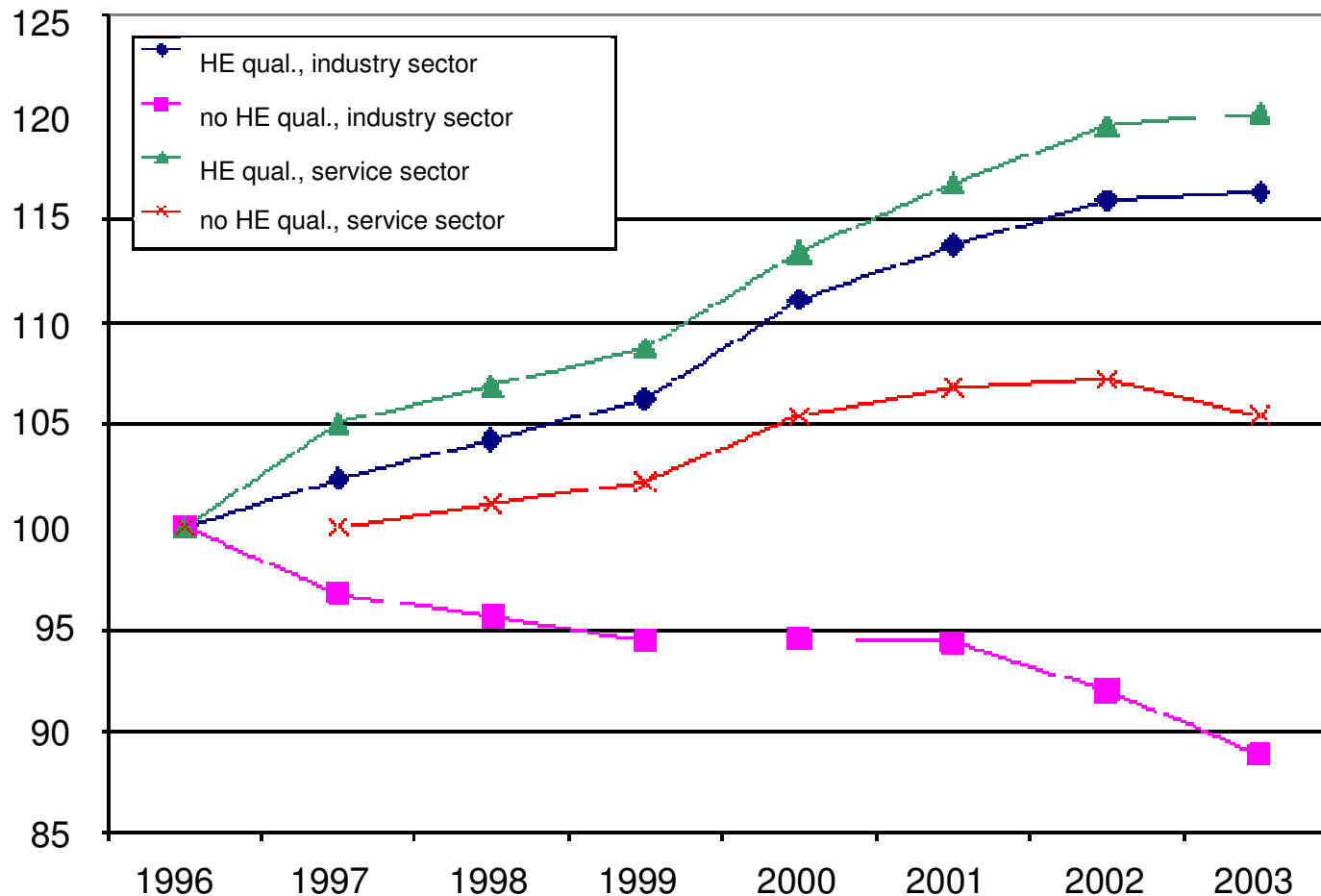


Financing and performance-orientated budgeting in German higher education

More efficiency through competition

2006 Higher Education International Forum
Tianjin, 22-23 October 2006
Dr. Michael Leszczensky

Employees with versus without higher education qualifications by sector 1996-2003, Index 1996=100



Source: Bundesagentur für Arbeit, Statistik der sozialversicherungspflichtig Beschäftigten, Berechnungen des ZEW

Societal investment in higher education

... in Germany over time (1980 bis 2004)

- Expenditure on teaching rose from €4.8 billion to €12.5 billion
- Number of students rose from 1.0 million to 2.0 million
- Expenditure per student rose nominally by one third
- Expenditure per student in real prices sank by 15 %
- Currently: further budget cuts

Societal investment in higher education

... in comparison between countries

HE expenditure for selected OECD countries 2003

	in % of GNP	per new entrant in \$US ppp	per graduate in \$US ppp
Australia	1.4	42,344	52,266
Germany	1.1	68,300	129,271
Finland	1.8	52,735	73,999
Japan	1.0	59,078	66,538
Great Britain*)	1.1	41,583	52,699
USA *)	2.2	93,396	178,062
Ø OECD-countries	1.4	77,472	116,624

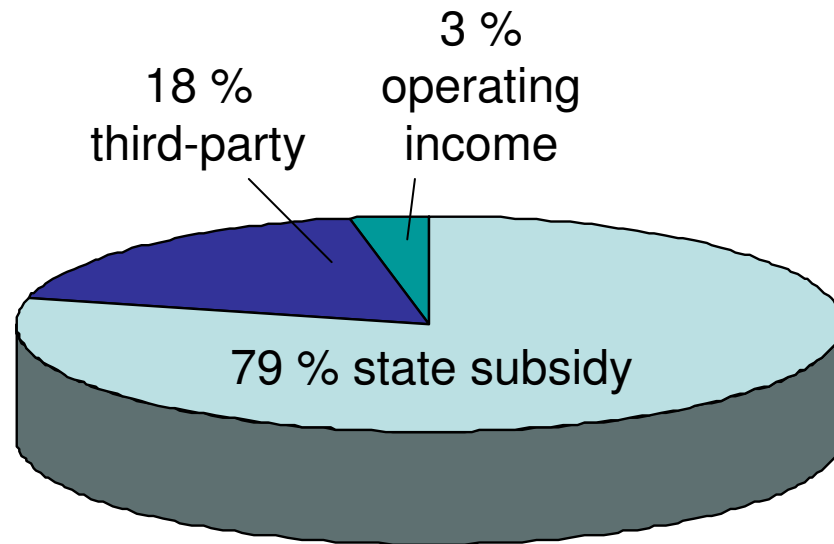
*) contain expenditure on ISCED-5B courses

Higher education institutions in Germany (2004)

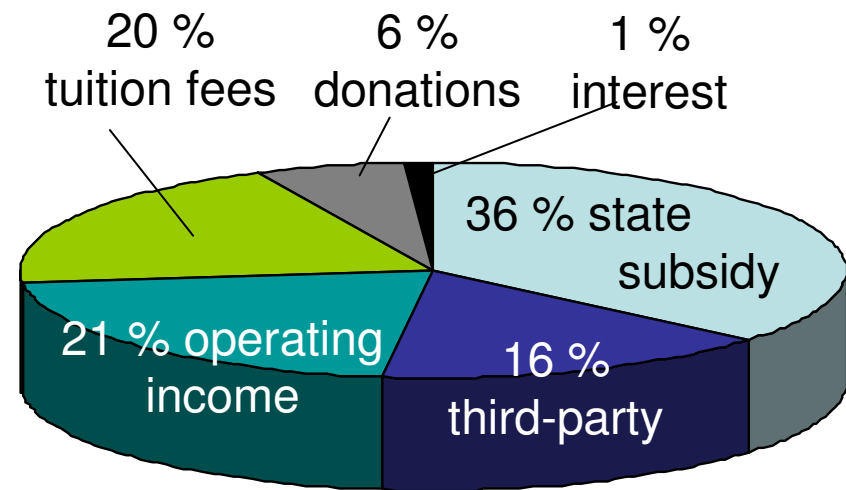
	Number of institutions	Proportion of new entrants (in %)		Proportion of all students (in %)	
		1993	2004	1993	2004
Public	262	97.6	95.4	98.3	95.4
Private					
- church	43	1.4	1.4	1.0	1.3
- others	61	1.0	3.2	0.7	2.3
	366	100 %	100 %	100 %	100 %

Sources of funding in German public higher education compared to USA (2003)

Universities € 13.5 billion
(without medicine)



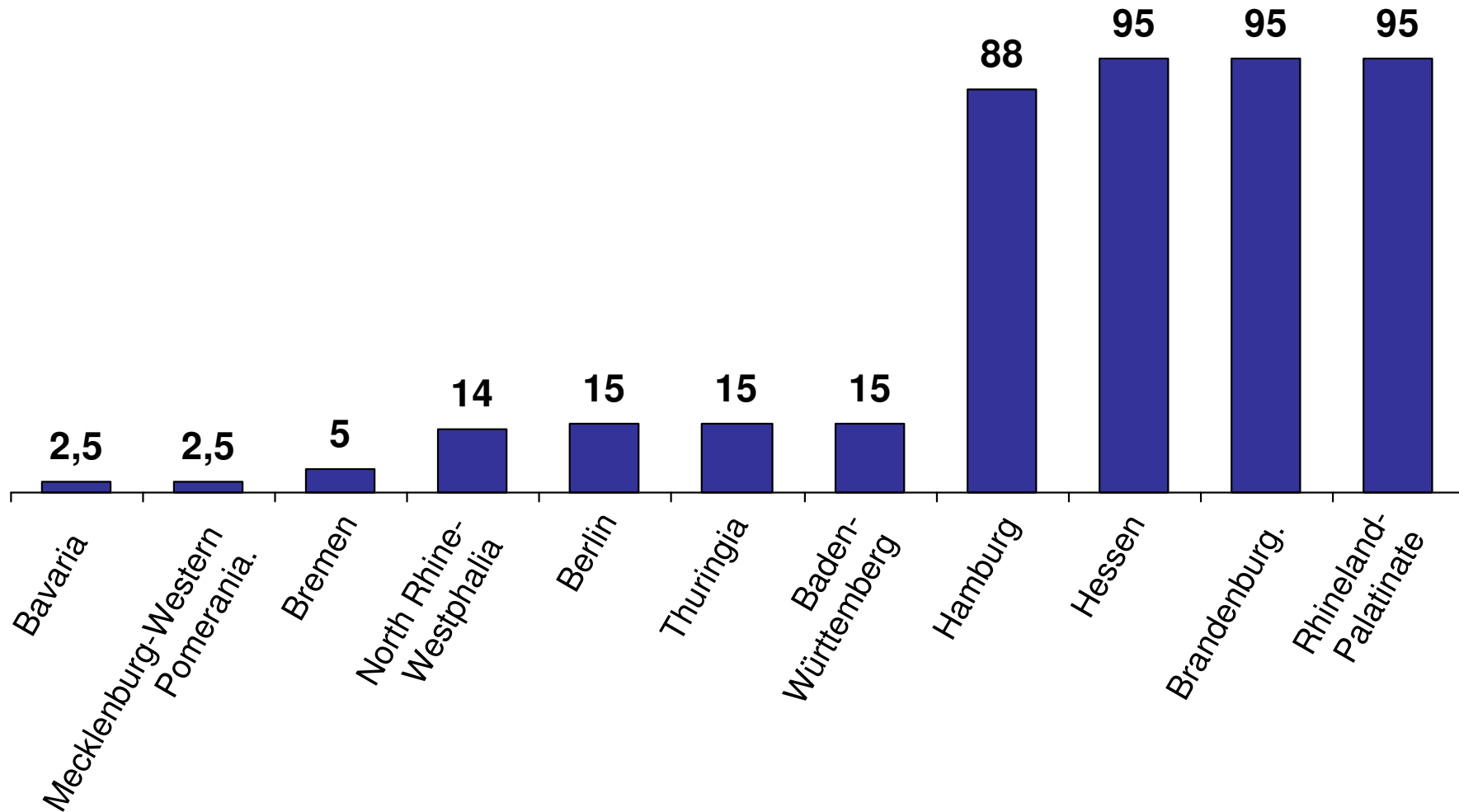
Public US-universities € 125 billion
(without medicine)



Different components of public funding of higher education

- Discretionary incremental funding
- Mission-based funding
- Formula-based funding

Formula-based share of state budget in Germany %, universities 2004



Thank you for your attention