

# Higher Education Funding in Germany - for Columbian information visit

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# Agenda

- The German Higher Education System – an Overview
- Higher Education Funding in Germany
  - Source of Funds
  - Allocation of Funds
  - Tuition Fees

# The German HE system

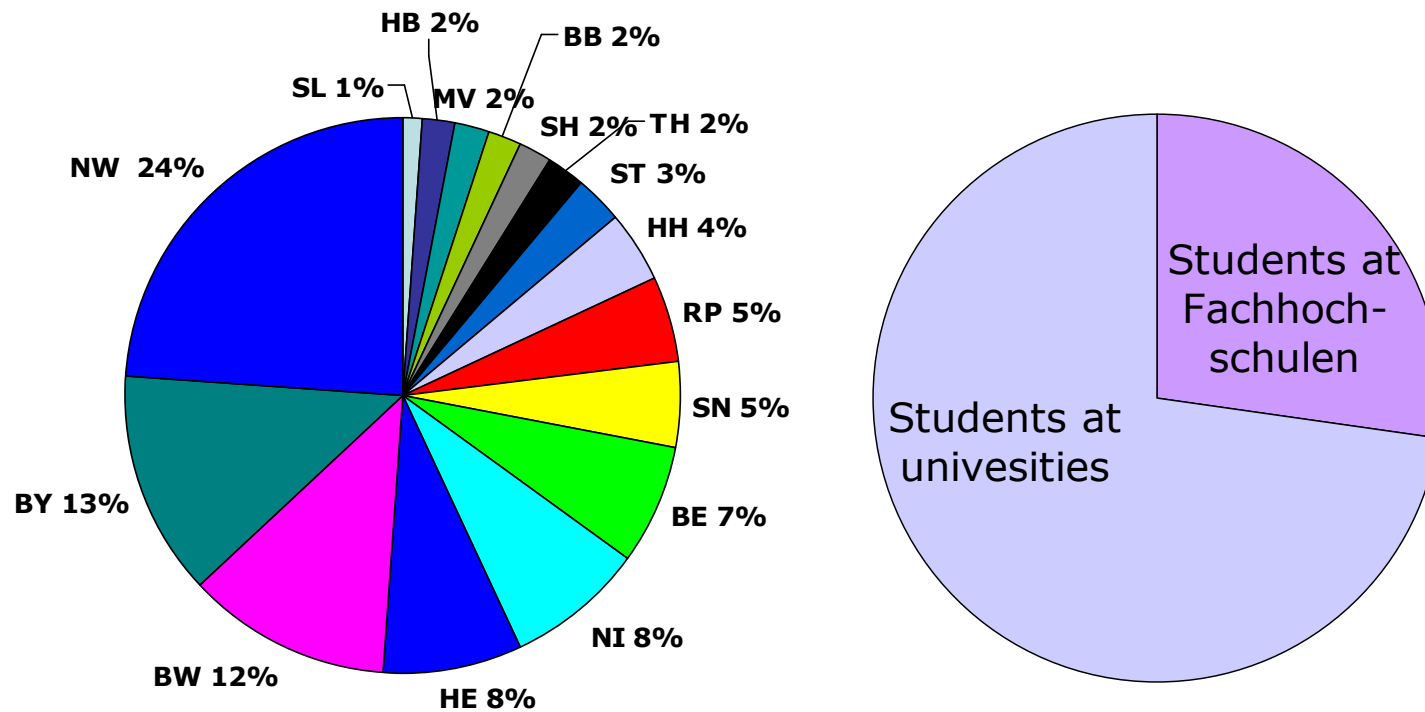
16 *Länder*

Each responsible for  
higher education within  
its realm



Map: © Bundesamt für Kartographie und Geodäsie [www.ifag.de](http://www.ifag.de)

# Share of students according to the Länder and to the type of institution (universities vs. polytechnics)



Source: German Fed. Stat. Office (2006)

# Higher Education Funding – some data

## Germany

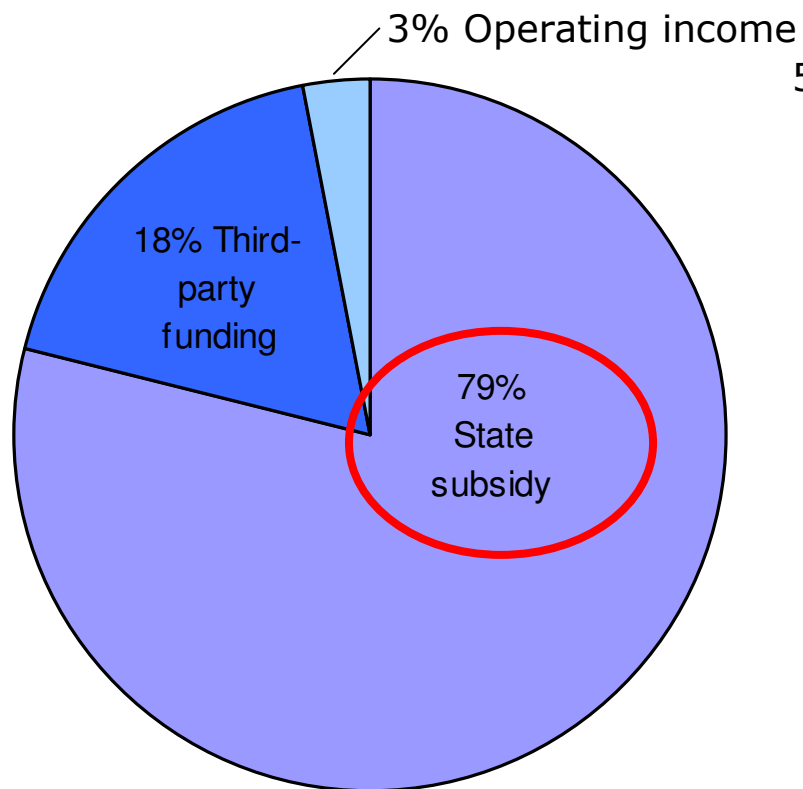
- Expenditure per student:  
12,457 US-\$ PPP
- Total spending amounts to  
1.1% of GDP of which
  - 1.0% is publicly funded and
  - 0.1% privately

## *OECD average*

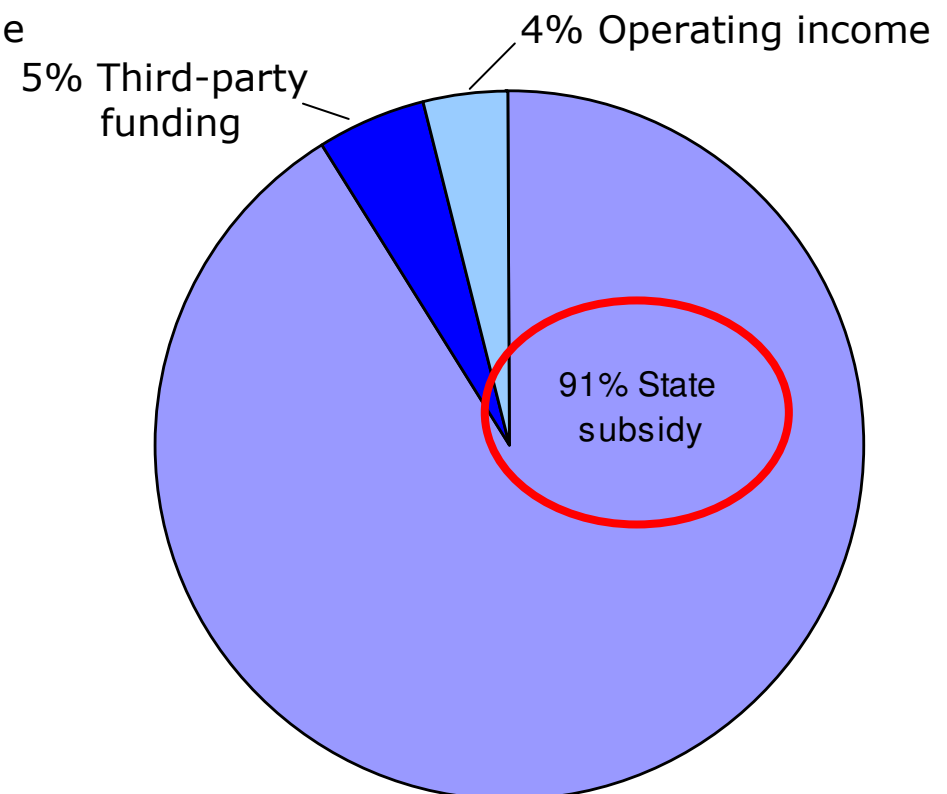
- *Exp./student:*  
*17,054 US-\$ PPP*
- *1.4% of GDP of which*
  - *1.1% publicly*
  - *0.4% privately*

# HE Funding – income sources of HEIs

Universities (without medicine)

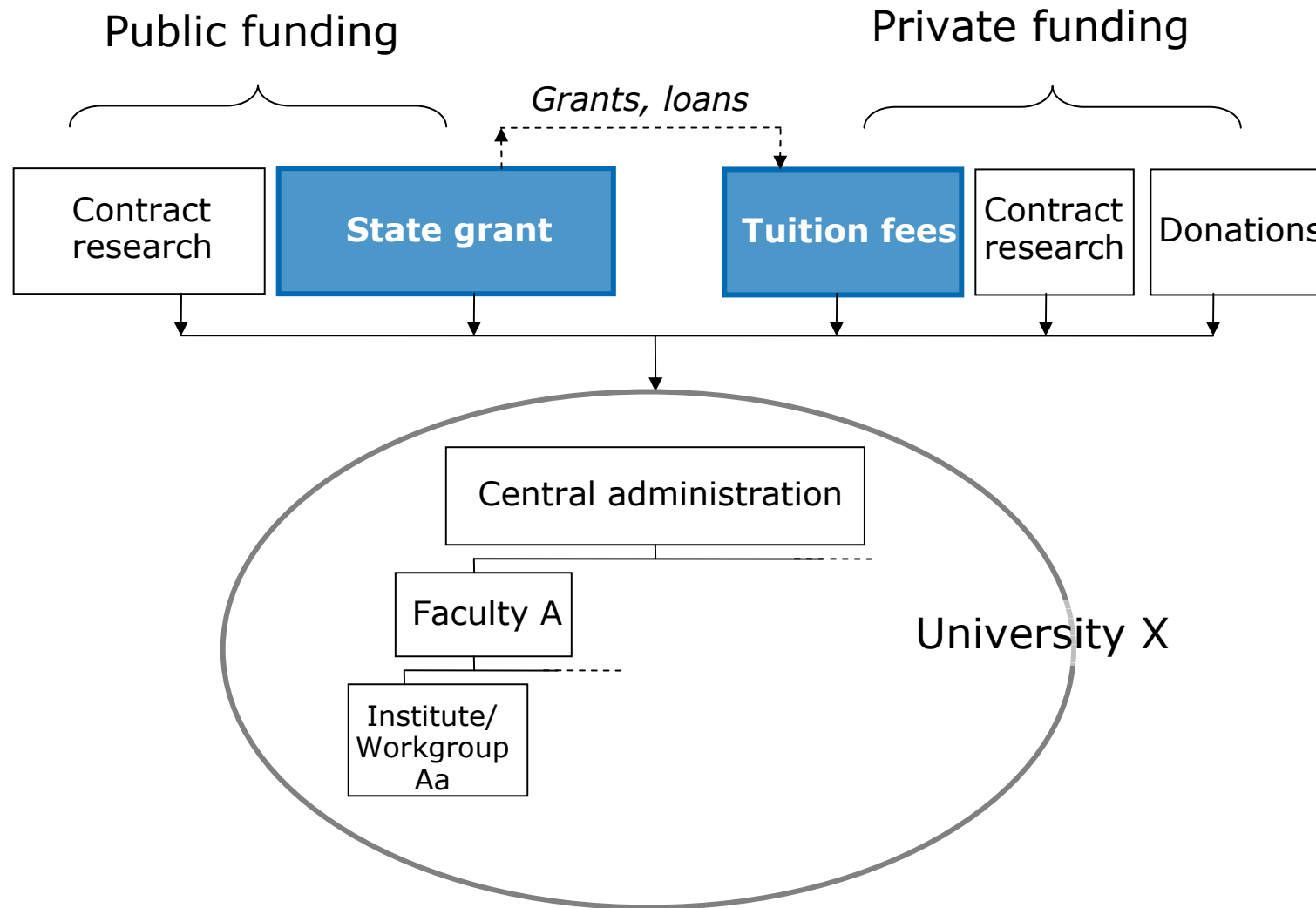


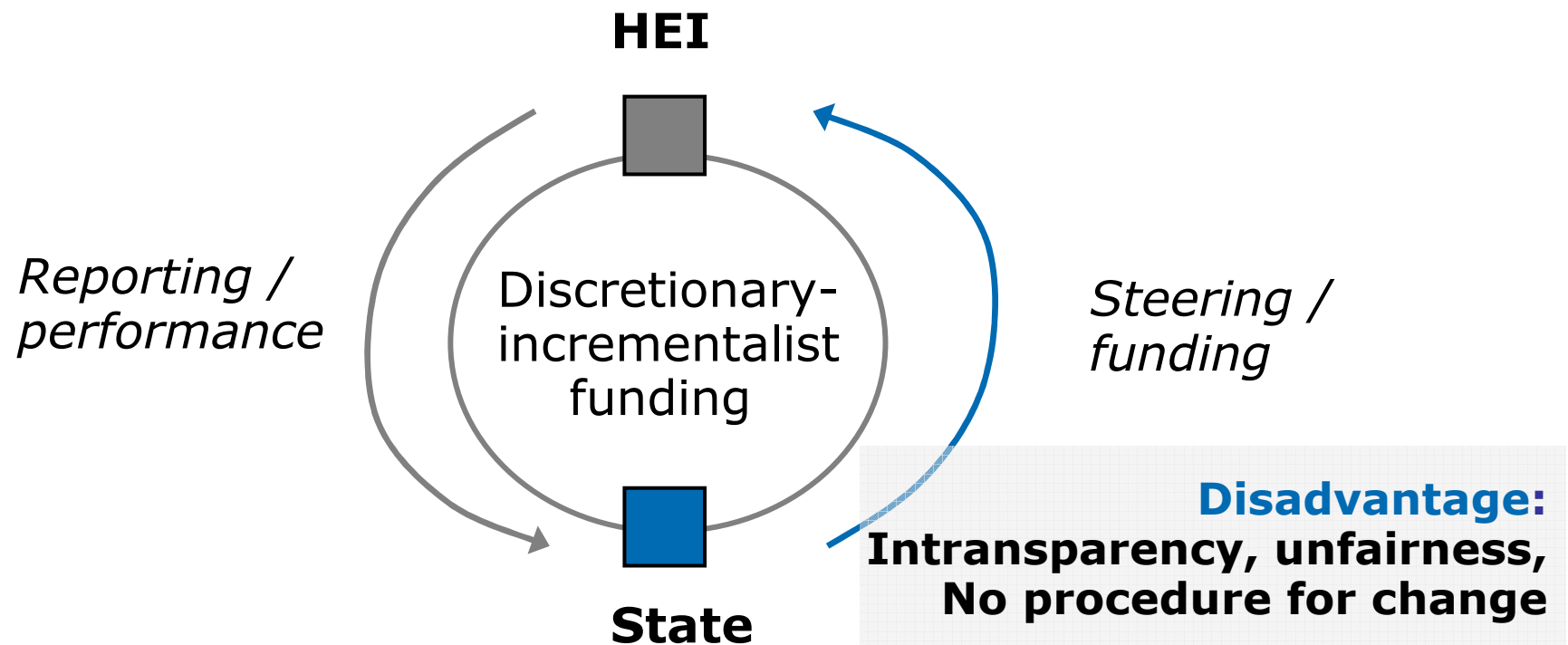
Fachhochschulen



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

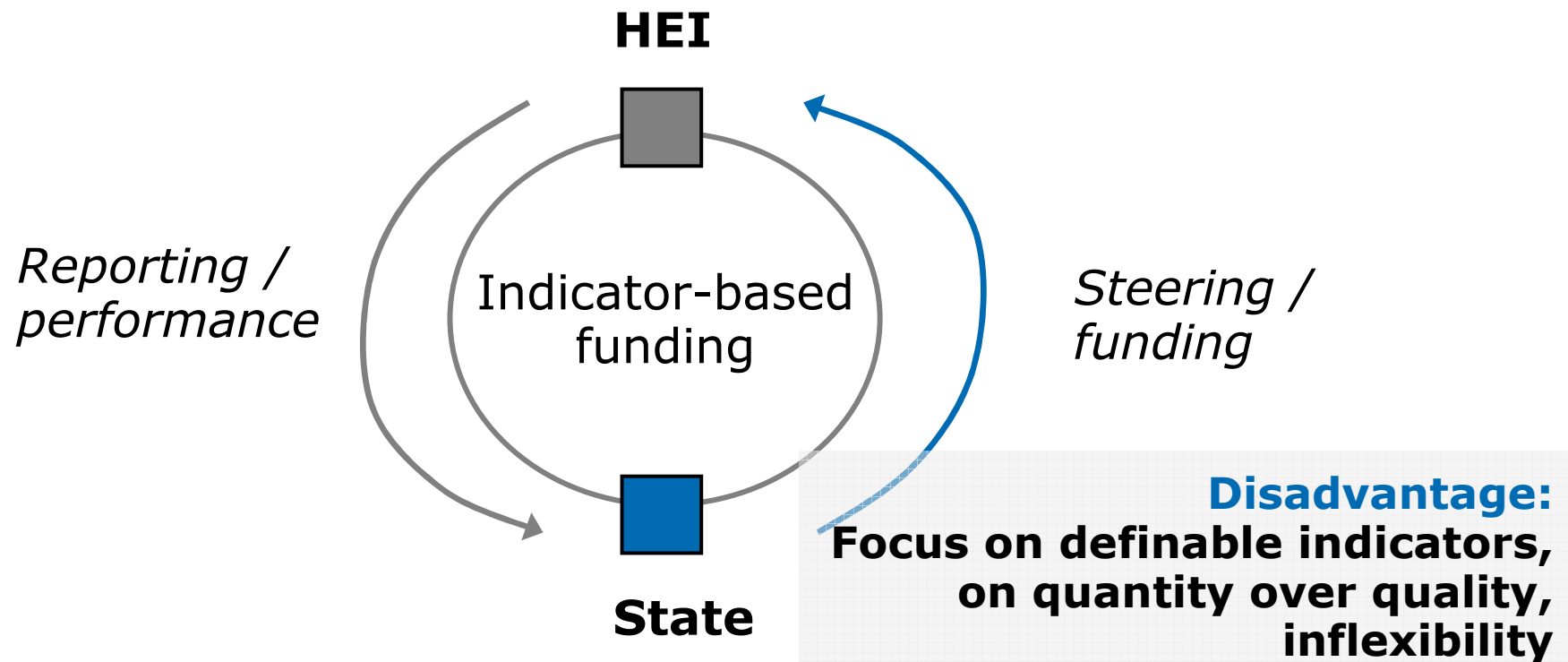
# Main Elements of HE Funding



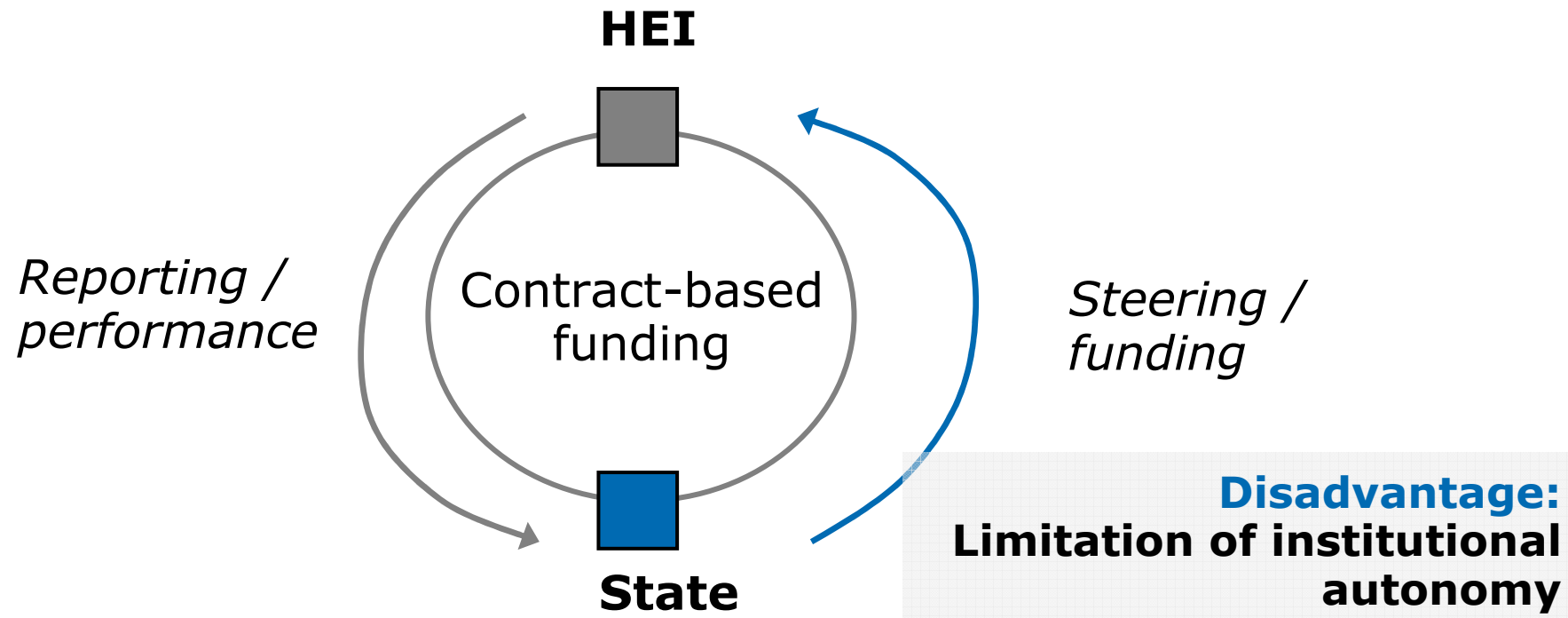


Guiding question	Basis of decision	Goal(s) of funding	Possible instruments
What does the university need to function?	Past costs	Maintenance of status quo	Incremental funding; detailed costing initiatives





Guiding question	Basis of decision	Goal(s) of funding	Possible instruments
What has the university achieved?	Past performance	Fairness according to performance; competition	Formula-funding according to performance-based indicators, (tuition fees)



Guiding question	Basis of decision	Goal(s) of funding	Possible instruments
What should the university achieve in the future?	Agreement on future performance	Institutional steering, pump-priming; special initiatives; (competition)	Funding according to goal-based agreements; project-based funding

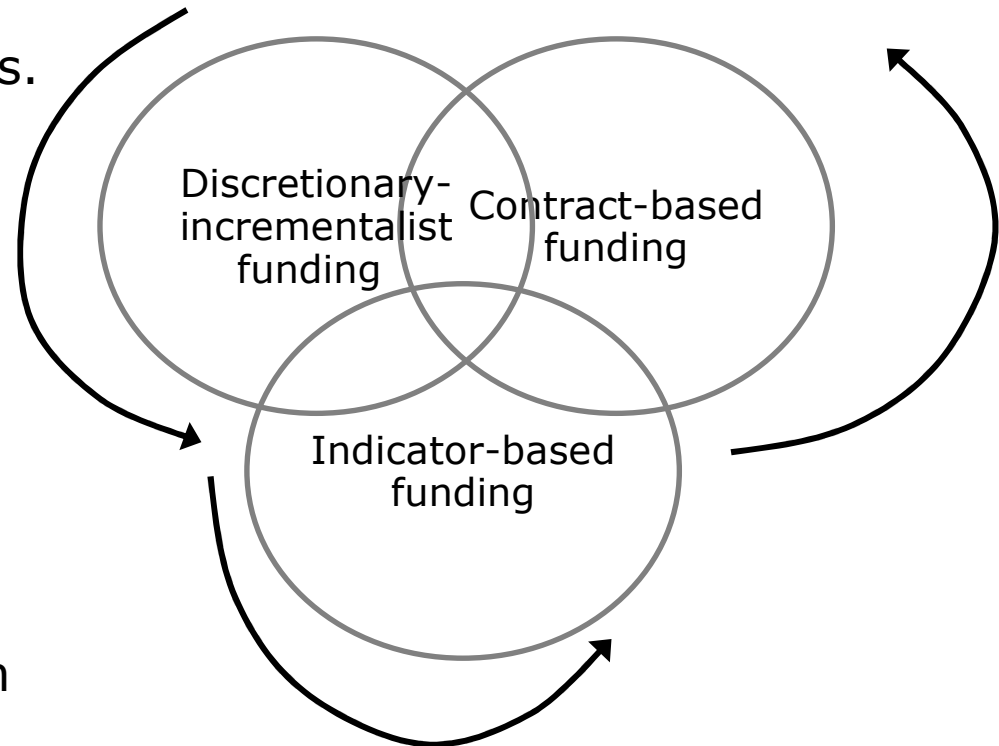
## Issues affecting implementation

### 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

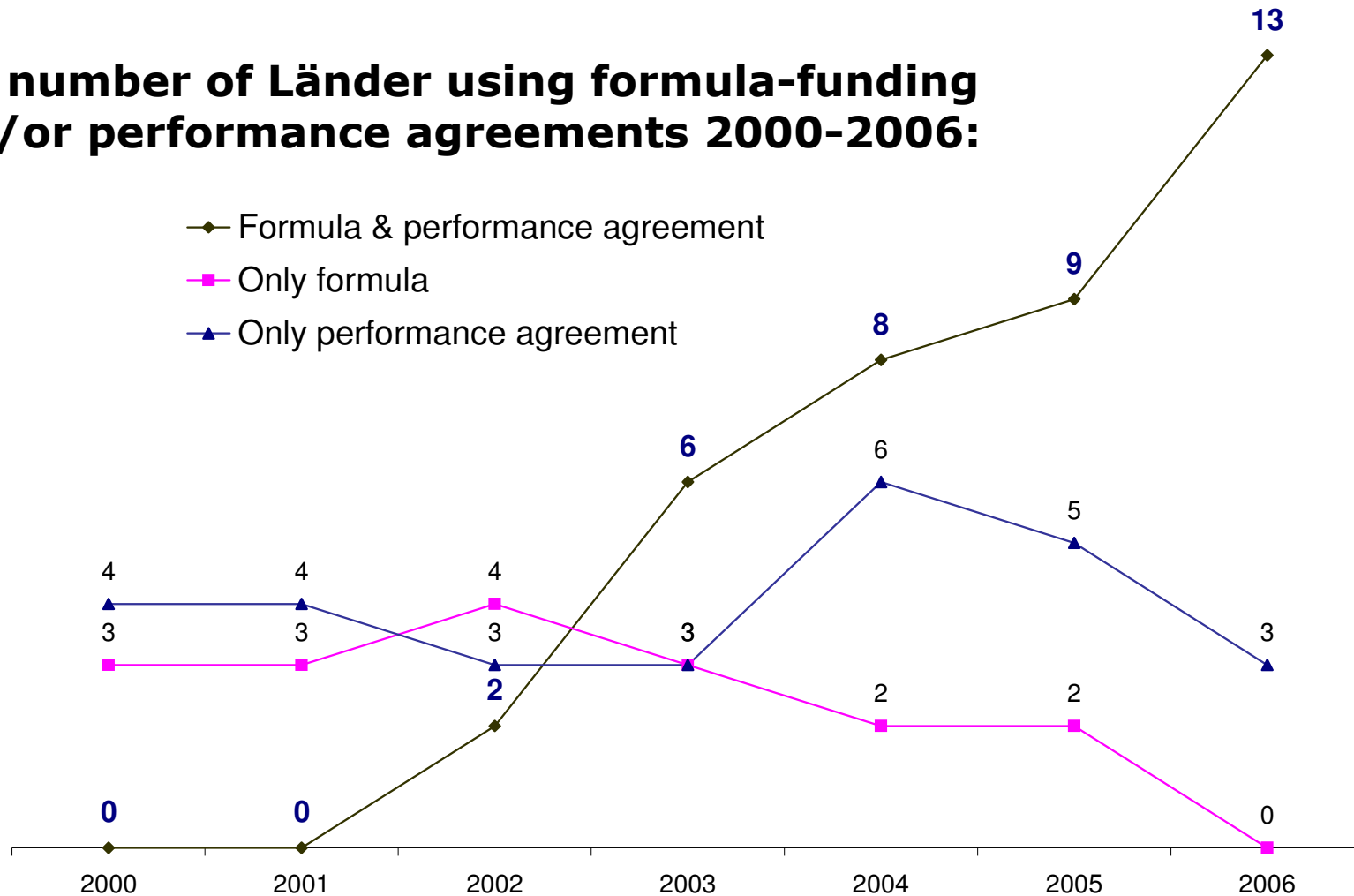


Overlaps in steering and reporting information used for each funding component

= Challenge for HE governance

# Steering and funding in Germany: Trends towards an instrument mix

## The number of Länder using formula-funding and/or performance agreements 2000-2006:

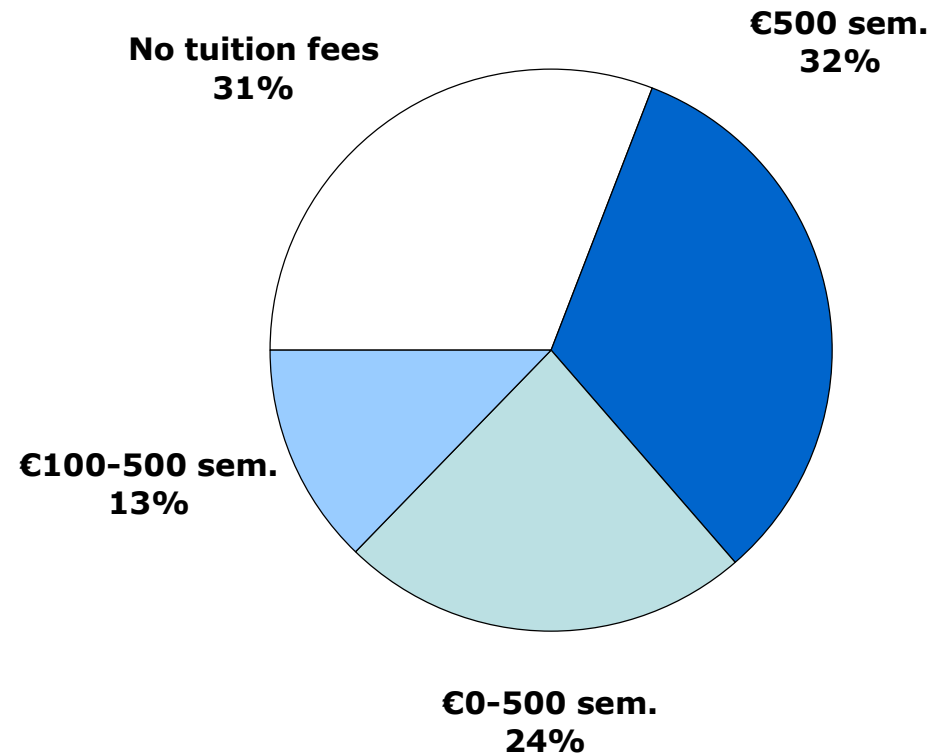
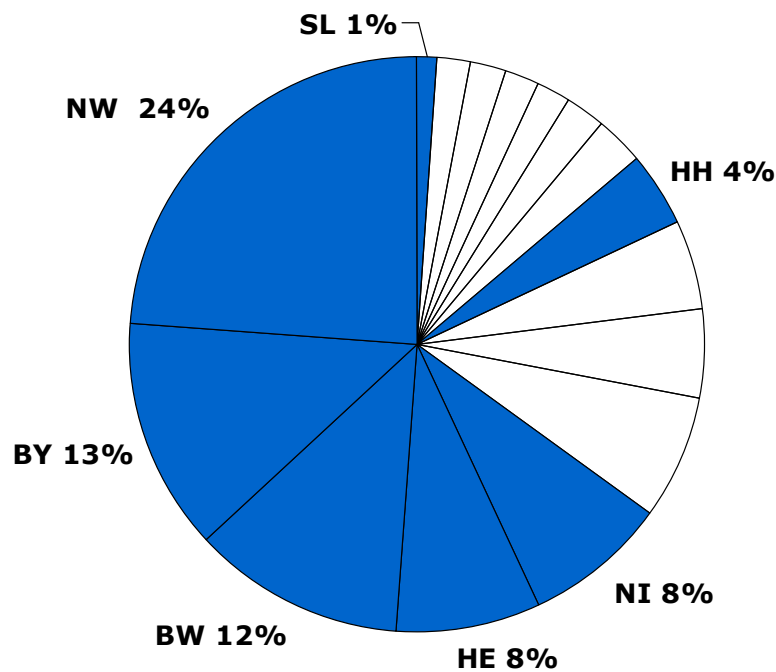


# Tuition Fees in Germany

- Introduction on *Länder* level
- Relatively small amount of fees  
(max. 500 €/Sem.)
- Measures to ensure social equity
  - Fee waivers
  - Post-ponement via fee loans

# Status and Type of introduction

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



# Designing social equity

- Objective: Maintaining education participation
- Aims:
  - postponement of fee payment
  - consideration of financial means
- All *Länder* achieve this through new loan models
  - Repayment after graduation
  - Repayment only after personal income reaches set level
  - (Partial) debt reduction for recipients of state student support (BAföG)

# 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



# Higher Education Funding in Germany - Summarized

- Funding predominantly on regional level of the *Länder*
- The main funding source is the state subsidy  
→ dominance of public funding vs. funding
- New development: Introduction of tuition fees  
→ Change in the public/private share of the costs of higher education