

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

22/11/2007, Portorož

Astrid Schwarzenberger

Agenda

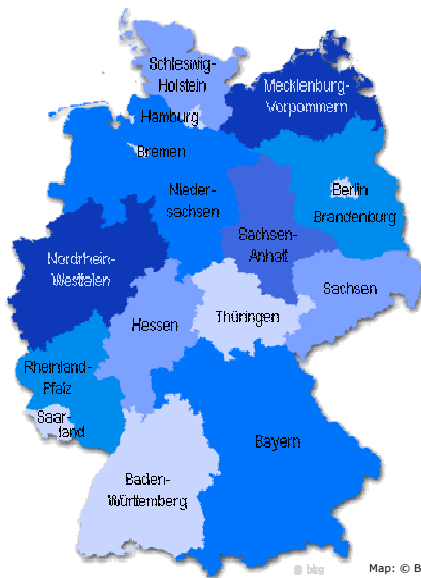
- The German Higher Education System
- Funding of higher education institutions
- Introduction of tuition fees
- State support to students
- Cost-sharing: consequences for participation and equity
- Outlook

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

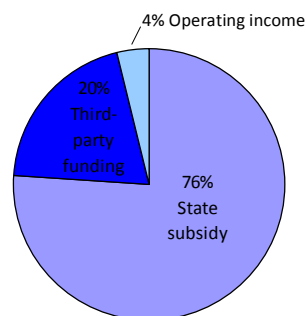
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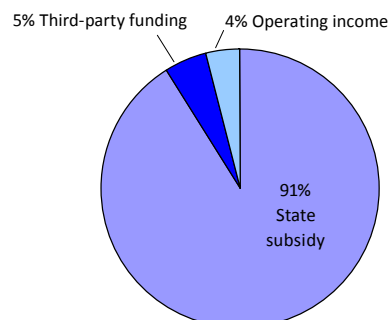
Funding of HEIs

Income sources of HEIs

Universities (without medicine)



Fachhochschulen



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

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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

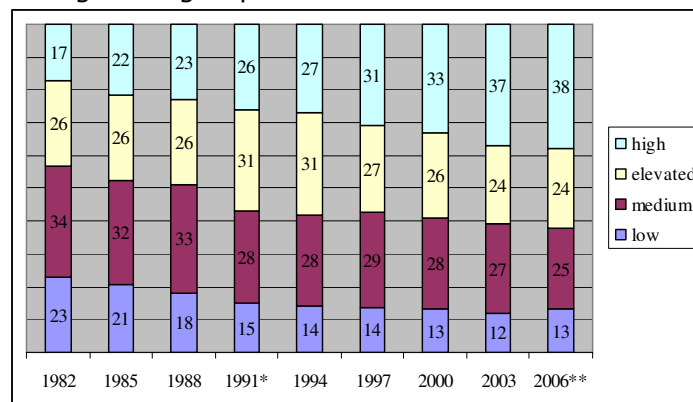
- Introduction on *Länder* level as of 2006
- Relatively small amount of fees (max. 500 € per semester)
- Measures to ensure social equity
 - Fee waivers
 - “Postponement” of payment via fee loans
- No clear evidence of long-term effect on enrolment numbers

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

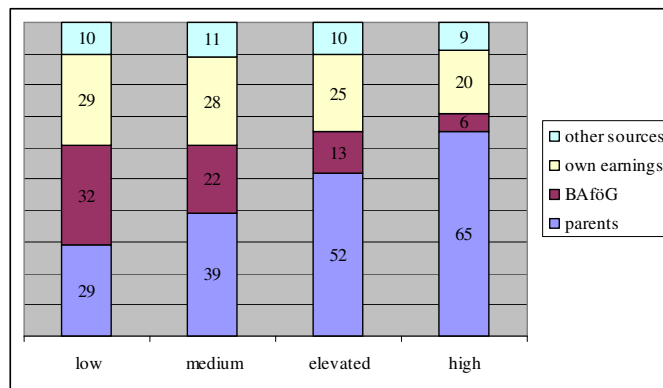
Cost-sharing: consequences for participation and equity

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

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