

**Review Paper**

**FEATURES OF FUNDING FOR HIGHER EDUCATION IN  
EUROPEAN COUNTRIES AND IN THE RUSSIAN FEDERATION  
IN THE LIGHT OF REFORMS**

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**Abstract.** *Modern education reforms undertaken in the countries all over the world have inevitably affected the management and funding system of education. The tendency towards decentralization of management of education is the most expressed in many countries. However, the state budget is still responsible for education funding. Taking into account national peculiarities in the sphere of funding, there are various approaches and schemes. As international experience shows, a state participation in higher education funding leads to its gradual reduction with a simultaneous increase of the share of extrabudgetary funding at the expense of the entities, public granting organizations, government programs, and students. It should be noted that basic approaches and methods of education funding change, depending on the economic situation in the specific country.*

**Key words:** *education reforms, decentralization of education management, systems of international funding indicators, share of the state participation, strengthening of the extrabudgetary funding*

**JEL Classification:** I22, I25, I28

INTRODUCTION

Expenditures on education are considered to be one of the key indicators of social development, as they reflect the level of state and society consideration for the education of its citizens. Funding for education is not only an important method for increasing the capital of citizens and improving economic growth perspectives. Funding also has its own

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value, because education broadens people's views, gives an opportunity for self-realization, promotes their material welfare, and healthy way of life.

An increase in the quality and competitiveness of educational services is possible if there are all kinds of resources (first of all, funds) and if they are effectively used. In terms of market relations in economy, a successful development of the education system is provided by attracting and using various funding sources.

At this, an important role is still played by the sole guaranteed source of funding: the state budgeted.

A present state of the education system of almost all countries is characterized by the lack of budgetary funds allocated for the functioning of this field. Often, many other problems in the education system (the content and quality of education, the availability of education for different sections of the population, relations development with the labour market, etc.) are directly connected to the lack of funding.

This article presents the analysis of the funding system of the education system in several countries: France, the Czech Republic, Greece, Estonia, and Russia.

In the context of this research, quantitative and qualitative funding aspects of all education levels are analyzed, possible evaluation directions of their effectiveness are studied, and main trends of the model for funding advancement of the budgetary education are determined.

## 1. PREREQUISITES FOR RESEARCH

Various education reforms which affected the management and funding system of education were undertaken in the last decades of the XXI century in the majority of developed countries in the world. The tendency to decentralization and delegation of many management powers and functions from the center to lower levels, as well as the expansion of society participation in the management process, turned out to be the most expressed. Despite management reforms, state powers of different levels are still responsible for providing education and its funding.

In the 1990s, higher schools in the majority of the countries suffered financial crisis mainly connected to the slowing of the growth rate of the state support of higher educational institutions which ran simultaneously with an increase in the students' flow. The state tried to make students and their parents play a bigger expenditure part by making special amendments in the funding system.

From the mid-1950s to the mid-1990s, the number of students in almost all European countries increased by more than 10 times. The transition from an elite to a mass system of higher education, covering now up to 2/3 of the pupils finishing secondary school, occurred. This growth was accompanied by significant structural changes in the system of higher education: along with traditional universities, there appeared higher educational universities providing more specialized and professional training.

In the 1980s and 1990s, the evaluation procedures for the university activity were introduced. Moreover, a decrease in funds allocated by the state for higher professional institutions (per one student) took place. Expediency of keeping a traditional funding system almost based on the state support was called in question at the official level.

The ratio of state and private funding for higher education is not the same. For example, in Germany, Austria, and Italy a share of state funding in expenditures on higher

education is about 90%, in Great Britain and Finland, it is about 80%, in Denmark and Sweden, it is near 2/3, and in the USA and Canada, it is 50% and 73% respectively (Абанкина, 2008).

In the last 30 years, the leadership of universities all over the world is being criticized due to inability to take into consideration market demands, ineffective management, and high expenditures. The necessity of reform in the education system has become imminent.

Within the limits of international comparison, the amount of funding for education in general and its separate levels is characterized by four main indicators:

- education expenditures ratio to the gross domestic product (GDP);
- expenditures ratio per one student to the size of GDP per capita;
- expenditures per one student on a purchasing power parity basis of national currency;
- weight of the state expenditures on education in the combined state expenditures (according to education levels).

Each of these indicators has advantages and disadvantages and characterizes various aspects of funding for the education system.

Today, the system of the international education indicators of the Organization for Economic Co-operation and Development (OECD) is the most complete and conceptually grounded and, at the same time, constantly developing and changing. The indicators prepared by the OECD/Eurostat, due to the difficult methodology and calculation mechanism, allow one to carry out more precisely the analysis of education systems and comparison between various countries. The International Standard Classification of Education (ISCED) of UNESCO (UNESCO Institute for Statistics, 2015) became a basis for the classification of educational structures and programs when developing international indicators of the OECD. The ISCED is a tool for data processing collected in various education systems into comparable international frames based on strict definitions and education levels classification, academic programs, their duration, and other data. It is obvious that a national classification of education levels in different countries has its own unique features. Hence, comparability of the international OECD indicators is not absolutely exact and comprehensive. Besides, when carrying out financial indicators research according to education levels, the author faced a problem of the lack of official data on education levels of some countries.

Further (Table 1), the expenditures on all education levels of the countries under research are given<sup>2</sup>.

**Table 1** Current expenditures on education in percentage of GNI within 2000-2014

Countries	Years							
	2014	2012	2011	2010	2009	2008	2005	2000
Greece	-	3.1	3.1	3.1	3.1	3.1	3.1	2.1
France	5.0	5.0	5.0	5.1	5.1	4.9	4.9	4.9
Czech Republic	4.1	4.1	4.7	4.3	3.9	4.0	3.4	2.9
Russia	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5
Estonia	4.4	4.4	4.8	5.4	5.2	5.4	4.8	5.0

*Source:* The world data at Knoema

<sup>2</sup> Current expenditures on education in percentage of GNI are total state current expenditures on education expressed in percentage of GNI in the fiscal year. Instead of GNI, GNP is also used.

Referring to the data of the international statistics on GNI (Вестник ВГУ, 2001) in the countries all over the world within the same period, the following will be obtained (Table 2).

**Table 2** GNI of the countries within 2000-2012 (Million US Dollars)

Countries	Years						
	2012	2011	2010	2009	2008	2005	2000
Greece	247300	279940	293229	322655	343916	248168	132622
France	271446	2928598	2700865	2741772	2985992	2242152	1394044
Czech Republic	193729	209850	191444	191245	219943	129840	60341
Russia	1947838	1844591	1476251	1182914	1612145	742291	251903
Estonia	22230	22014	18491	19061	22858	13457	5476

*Source:* The world data at Knoema

In the context of comparing international indicators (Table 2), Greece and France have close meaning in GNI for the period under research. In 2012, the GNI of Russia exceeded that of Greece 12.7 times, and it exceeded the GNI of France 14 times.

However, current expenditures on education in percentage of GNI within 2000-2014 (Table 1) in Russia and Greece are very similar. In France, a share of expenditures on education is even bigger than in Russia. This fact shows that Greece allocates a considerable part of the state budget on the education system in comparison with Russia, and France exceeds the similar expenditures of Russia on education.

According to the <sup>ISCED</sup> scheme in the edition of 2011 (UN Educational, Scientific and Cultural Organization, 2011), the OECD offers a methodology of transferring national academic programs into the internationally comparable set of categories to determine the stages of education.

## 2. EXPERIENCE OF FUNDING FOR HIGHER EDUCATION

Various forms of private higher education are introduced in the world. An enormous distinction between private and state higher education are at the same time observed.

The variety of systems of education management in the countries all over the world leaves a direct mark on approaches to its funding, which is considered to be one of the components of the general management process. According to the powers distribution structure and degree of their concentration at any level, developed countries can be divided into two primary groups: with centralized and with decentralized management of education.

The first group is Greece, Ireland, Italy, Portugal, France, Israel, Japan, and several other countries. Centralization in management is observed to be especially strong in Greece, where almost all powers in the field of education are in the hands of the Ministry of National Education. Centralization of management is expressed more moderately in Italy and France, where, since the end of last century, a stable tendency to its gradual decentralization is observed. As a rule, the greatest part of funds for education in these countries is taken from the central state budget; however, funds can be allocated from regional and local budgets, industrial enterprises, public funds, and from private individuals (in the form of a tuition fee).

Belgium, Germany, Great Britain, Spain, the Netherlands, Norway, Switzerland, Sweden, and also the USA, Canada, Australia, and some other countries belong to the second, more numerous group. Funding in the countries with the decentralized education management system is performed according to various schemes, which do not always correspond to the type of education management existing in the country, and can sometimes be mixed.

State higher educational institutions continue to prevail in Western Europe, where 95% of students study. In spite of the fact that the most known American universities are private, more than 80% of students study at state universities. In the countries of Asia (except China), 80% of students study at private higher educational institutions (UNESCO Institute for Statistics, 2015). For comparison: in Russia, where the total quantity of higher educational institutions constitutes 1046, including non-state higher educational institutions (437), the number of students at state universities is 5 times bigger than the number of students at non-state universities (Мировой атлас данных).

The bigger part of funds (31% and 19% respectively (Абанкина, 2008) allocated from private establishments is for higher educational institutions. A tendency towards the growth of state funding for educational institutions of all levels is observed: there was a stable growth from 2000 to 2011 all over the world (except Italy), according to which comparable data is available (OECD, 2014).

Expenditures on higher education are made up of academic expenditures on higher education in percentage of total state expenditures on the education system in the country (The world data at Knoema) (Table 3).

**Table 3** Expenditures on higher education in the countries

Countries	Years						
	2012	2011	2010	2009	2008	2005	2000
Greece*	-	-	-	-	-	36.1	24.0
France	22.3	22.8	22.1	22.7	22.2	21.1	17.6
Czech Republic*	-	25.8	22.5	23.2	23.7	21.0	19.0
Russia*	21.2	-	-	-	36.4	36.4	16.1
Estonia*	-	25.1	21.7	22.1	19.9	18.9	-

Source: The world data at Knoema, \*Data is absent

A relevant comparison of the indicators is impossible due to the lack of complete data on the countries and years. However, based on the given statistical data of the countries, one can notice the increase in state expenditures on higher education: stable and gradual in France and a growth in the Czech Republic. The indicators of the increase in state funding for higher educational institutions in Estonia is also quite gradual. The similar cannot be written about Russia: a substantial decrease in the state participation in support of higher education was observed in 2012. This can be explained by the education transferring to normative funding per capita according to the decree of the minister of the Russian Federation in 2011.

### 3. RESULTS

#### 3.1. France

France is included into the group of industrially developed countries, which allocate a great part of their GNI for education development. The years, which students spend studying, can be divided into several education stages:

- preschool education;
- secondary education is a process for getting education at the college or lycee;
- higher education, when a student gets a Bachelor's diploma confirming his specialization after graduating.

In France, for example, funds allocation for education considerably differs from other countries. In particular, large sums are aimed at development of rather expensive secondary education, while expenditures on primary education are at the level of average values, according to the OECD.

The share of the funds allocated for higher education in France is below average values, according to the OECD, and is much lower than in the most developed countries. In France, the share of expenditures on education constitutes 9.7% of all public expenditures, and the average value among the countries of the OECD is at the level of 12.9% (Ситерманн, 2008). The USA, Australia, Great Britain, and the Scandinavian countries outrun France as regards this indicator. However, the main feature of the French system is that in case of funds distribution, emphasis is put on funding for secondary education.

In this country funds for expenditures on education depend on their type (investments, current expenditures, personal, etc.) and on the education level. Communities (preschool establishments and elementary schools), departments (lower secondary schools – colleges), regions (upper secondary schools – lycees), and, finally, the state (universities) are responsible for constructing buildings and their equipment. Current expenditures are distributed proportionally according to almost the same scheme, but the main part belongs to the state budget.

The ratio of investment of different participants of funding is the following: the Ministry of National Education and other ministries make up 64.6%; regions, departments, and communes are 20.4%; social welfare institutions (mainly in the form of grants for children education) constitute 2.3%; industrial and other enterprises (due to the special tax) amount to 5.8%; families of pupils and students (a tuition fee, educational materials, and so on) make up 6.9% (Ситерманн, 2008). Gradually, the share of ministries decreases and the share of regional and local authorities increases.

#### 3.2. The Czech Republic

The system of education in the Czech Republic has the following structure:

- preschool establishments for education;
- elementary education at schools;
- secondary education at schools and gymnasiums;
- higher and postgraduate education.

The Czech Republic joined the ISCED and estimates all levels of education based on this classification.

Nowadays higher education in the Czech Republic is a progressively developing system of higher educational institutions and scientific and administrative centers. After a process of initial integration into the education system of the European Union, the Czech higher educational institutions continue to enrich their experience finding new ways of cooperation with the world. About 30 state and 40 private higher educational institutions, which offer accredited programs at Bachelor, Master, and Doctor levels, exist in the Czech Republic. The result of the educational policy is obvious: the diplomas obtained at the Czech universities are recognized worldwide, students get the state support, and education is provided with privileges and discounts, as well as with a possibility of getting various grants.

The government of the country planned to allocate 11.34% of GDP to the Ministry of Education, Youth and Sports of the Czech Republic for 2014, and this line of the Czech budget is a priority in funds allocation (Обзор состояния экономики Чехии).

After the Czech Republic had joined the European Union, higher educational institutions actively improved the content of subjects taking into consideration all-European requirements which considerably improve the quality of education. This is the difference of the higher educational institutions of this country from that of the CIS countries (the Commonwealth of Independent States), which gradually enhance their educational policy.

Before the change of the law on higher education, higher education was free for citizens of the Czech Republic and paid for foreigners. After adoption of the new law, according to the requirements of the European legislation, the principle of equal conditions in a tuition fee for all students regardless of their nationality was established.

### 3.3. Estonia

The law of the Estonian Republic “On popular education” is the main document, the aim of which is a legal provision of forming, functioning, and developing a popular education system. Depending on the tasks, education in Estonia is divided into general, professional, and education of interests. According to the international standard adopted by UNESCO, popular education has the following levels:

- preschool education;
- elementary education (first level of education);
- secondary education (second level of education);
- higher education (third level of education).

The system of higher education in Estonia is based on the following laws: “On education” (adopted in 1992), revised and amended; “On universities” (1995); “On the University of Tartu” (1995); “On applied higher educational institutions” (1998); “On private school” (1998).

There are two types of higher educational institutions: universities and applied higher educational institutions. The difference between them is in that, according to the law on universities, education is carried out on all three levels of higher education (Bachelor’s, Master’s, and Doctor’s) in various departments. There is only one stage of education at applied educational institutions.

The system of higher education in Estonia is made up of six public (social and legal universities) and six private universities. There are also eight state and twelve private

applied higher educational institutions. Besides, there is a system of colleges at universities, where only the first level of higher education is provided.

In this country, education on a paid basis is carried out not only at private higher educational institutions, but also at public universities and applied higher educational institutions. In Estonia, as well as in the European Union countries in general, there are several methods of receiving a grant by foreign students, especially for a Master's and Doctor's degree.

Estonia is included in the European NARIC/ENIC and its diplomas are recognized by all countries of the European Union (Система образования в Эстонии).

Estonia belongs to the European Union countries, where it is possible to receive education. Though, it is necessary to understand that the government gives preference, first of all, to the locals who want to stay in the country in the future and develop its economics. Almost all academic programs in foreign languages (especially in English) are on a paid basis. There is also a system for getting grants and allowances. A system of grants for foreign students is available.

### 3.4. Greece

It is well-known that Greece is the cradle of science and the education system.

The Greek education system, as in many countries, consists of three levels of getting education: elementary, secondary, and higher.

A national education classification on the following levels was adopted in 1997:

- preschool education;
- elementary education;
- secondary education;
- complete secondary education;
- secondary professional education;
- university education;
- postgraduate education.

The Greek education system is centralized: the activity of education institutions is governed by the Ministry of Education and Religion. It is made up of departments of elementary, secondary, and higher school, as well as departments of education of the Greek people living abroad, ethnic groups, international relations, and so on. Funding for education is a duty of the state; education at all levels offered by the state is free of charge.

The country, despite the economic crisis, continues to hold a high education level: the leading Greek higher educational institutions were included in the 500 world's higher educational institutions. Higher education in Greece is divided into higher technical education and university education. In Greece, the all-European system of higher education is implemented: Bachelor's and Master's programs. Higher technical education prepares new personnel in the field of science. In Greece, there are 14 higher technical institutions, each has two faculties, and each faculty has two or more departments (Образование в Греции, 2013). Funding for higher education is at the expense of the state. Based on the Constitution of Greece, all higher educational institutions are legal and self-governed, at the same time the educational process and management of the organization is controlled by the state.



The Constitution forbids creating private educational institutions of the higher school; nevertheless, there is a number of foreign institutions in the country. In fact, private educational institutions exist, they are just training centers or faculties of foreign universities that function as non-accredited by the state.

At the same time, despite reducing the total amount of state funding, higher education in the EU countries is almost 80% financed by the public and state expenditures, about 6% is received from non-profit organizations and companies and only 12% of funds are paid as a tuition fee (Чепыжова, 2012). In some countries in Europe: Finland, Norway, Denmark, Sweden, and also Austria and Greece (a Bachelor's degree), the training at state institutions of the higher school remains free. In Greece, Spain, France, Portugal, Romania, Slovakia, etc., more than 90% of the state funds allocated for higher education go directly to the budget of educational institutions.

The peculiarity of the higher education in Greece is a difficulty in entering the majority of higher educational institutions for the Greeks. The competitive examinations are very difficult, and applicants, who did not manage to overcome this barrier, have no alternative in the form of education programs on a paid basis. Education, apart from giving knowledge, is aimed at enhancing the graduate's competitiveness on the labour market. It is easier for foreign applicants to enter a Greek higher educational institution. The main problem that foreign applicants face is a language barrier. All education programs in the country are in Greek except foreign languages departments. Many are attracted by the Greek education and its availability: it is free of charge (first and second higher education). However, the most persistent can bear the difficulties at the level of learning a language. That is way the percentage of foreign students at Greek higher educational institutions is small.

A small part of Greek students study abroad. Some of them receive state grants from the Ministry of Education and Religion and private charity foundations.

### **3.5. The Russian Federation**

Nowadays Russia is one of the countries with the most developed education system based on the participation in education and on the education level of the population. At the same time, according to the current tendencies in the world, a country with such an education system should have a high living standard and low social and economic differentiation of the population. However, these statements cannot refer to Russia to the full extent.

In the Russian Federation, there are the following levels of education according to the federal law "On education in the Russian Federation":

- preschool education;
- elementary education;
- basic general education;
- secondary education;
- secondary professional education;
- higher education: Bachelor's program, Specialist's program, and Master's program;
- higher education: training of personnel of the higher qualification.

The education in Russia is carried out according to the Bologna Convention. The country joined the Bologna Convention on the unification of higher education in Europe in November 2003.

The Russian model of funding for education based on education levels significantly differs from the world tendencies: at the same share of expenditures on preschool education,

Russia allocates a quarter less funds for secondary education and one and half more for tertiary education. This can be explained by two factors: a shorter duration of secondary education, compared to the majority of developed countries and countries with a middle development level, and a record high scope of tertiary education.

The level of budgetary funding for higher education in Russia is rather low. The size of budgetary expenditures on education in Russia both in relation to GDP and in relation to state expenditures in general is below average values of the OECD countries. Expenditures on education in general constitute 3.5% of GDP and 12% of the total amount of budgetary expenditures in the Russian Federation. These indicators in the OECD countries are on average 5.6% and 12.9% respectively. In Russia, with the adoption of the federal law “On education in the Russian Federation” No. 273, a new approach to economic activity and financial provision in education was consolidated – to per capita funding.

The government of Russia accepted a policy of targeted support of state universities, which means funding for research and federal universities and search for a form of business of the property allowing educational institutions to react more quickly to the arising financial, economic and other problems.

Concentration of efforts is aimed at searching for points of growth, increase in self-sufficiency of higher educational institutions due to realization of scientific ideas and projects in the market, and aimed at new step of rapprochement with production. It should be noted that in the majority of the European countries targeted support of higher educational institutions has no broad application in education management, as it does not meet the principles of uniformity of budgetary funds distribution.

Since 2010, staff training within the state order (Римская, Кранбихлер, 2013) has been implemented in Russia, which is based on the expected demand of territorial subjects of the Russian Federation in specialists with higher education. Any citizen of Russia has an opportunity, after undergoing a competitive selection, to get professional education on a grant basis due to budgetary funding or on a commercial basis, having paid educational services by means of the funding provided by a future employer.

Referring to the fact that Russia invests funds for education that are not enough for intensification of education development and making education into the most important factor for economy, modernization negatively affects competitiveness of the Russian education.

#### 4. FUNDING MECHANISMS

Funding mechanisms for education in the countries all over the world have common methods and principles:

- funding from budgetary and extrabudgetary funds;
- cofunding from educational institutions and enterprises, training centers, and private capital;
- ratio of budgetary, private, and commercial capital depends on political and economic situation in the country and in the world;
- search for new ways of funding for education is executed regardless of the country’s position in the world’s top list;
- education system reform;
- search for effective ways of development and functioning of the education system.

The analysis of the budgetary funding practice for education permits one to lead national variety of funding mechanisms to six budgetary techniques:

- according to the results of the negotiating process between authorized state bodies and higher educational institutions, when a budget project submitted by the higher educational institution is discussed;
- based on the estimation of the higher educational institutions expenditures for the previous period by authorized state bodies;
- according to the funding for higher educational institutions full of formulae, when authorized state bodies define the volume of funding by means of calculating formulae based on the indicators of expenditures or results of achievements of the higher educational institutions activity;
- based on contracts conclusion between higher educational institutions and authorized state bodies on providing educational services in accordance with the strategic aims of the country and certain higher educational institution;
- in compliance with contracts conclusion between higher educational institutions and authorized state bodies containing target indicators of specialists of different professions;
- targeted funding for specific research and educational projects of higher educational institutions.

During the last twenty years, in many countries there appeared a tendency of transferring from a “cost-intensive” funding model to the budgetary system aimed at getting results. Thus, majority of countries use two key methods: normative and program-targeted when planning budgetary expenditures.

*The normative method* is applied for planning expenditures on budgetary events. Norms are set by the law or bylaws and serve as foundations for drawing estimates of budgetary establishments.

Norms can be in the form of money terms of natural indicators that meet social needs. For example, the norm for nutrition per child at an education establishment per day.

Another form of norms are the norms of individual payments. Tariff schedules of employees labour payments of state-financed organizations can serve as an example.

The third group of norms are the norms of expenditures and consumptions of corresponding services in the form of physical indicators: energy, water, and other resources consumption limits.

Based on natural indicators and financial norms, budget estimates of expenditures are constituted. As practice shows, estimates can be individual (for separate organizations) and general (for groups of uniform organizations). Summary estimates are made according to credit managers. Estimates on centralized events are made up in accordance with uniform expenditures for a group of organizations.

*The program-targeted method* of budgetary planning is in system planning of budgetary funds allocation for implementation of the targeted programs approved by the law.

A targeted program is a complex document, whose purpose is the decision of a task that is a priority for this period. Depending on tasks complexity, financial and organizational technical capabilities, programs are accepted for a period from 2 up to 5-8 years, often for more than a 5-year term.

Determining necessary expenditures on each article of the economic classification with a help of a method of the direct account, by the direct expenditures determination,

which are necessary according to the established regulations, norms and other decisions determining the scales of activities and the sizes of expenditures corresponding to them in the conditions of the specific educational institution or a subsystem of education, becomes the basis for calculating the need for budgetary funding. Considering the provided approach in general, regardless of the education level and the considered features of educational institutions, it is possible to reveal the following features.

Calculating the need in budgetary funds is a laborious and complex work. Basic data for calculating the need in funding for educational institutions is the following:

- contingent of students, pupils, and alumni;
- salary system of employees;
- norms of social and material security of students, pupils, alumni, and employees of educational institutions;
- material resources of educational institutions: occupied spaces, devices and equipment used in the educational process, etc.

The program budgeting represents the methodology of planning, execution, and control of budget implementation providing interrelation of the allocating process of state expenditures with the results from programs implementation developed on the basis of the strategic objectives, taking into account priorities of the state policy, public importance of the expected, and end results of using budgetary funds. The main aim of the program budgeting is the increase in social and economic efficiency of budgetary expenditures.

The program budget is a reflection of financial provision of programs. It is not distribution on departments, but distribution according to programs. If earlier programs existed separately from the budget and portfolio management of department was exercised, so today control of programs is carried out. All annexes to the budget for expenditures have a program character.

Ideally, the structure of the program budget should be the simplest and correspond to information provision necessary for the analysis and adoption of effective budget solutions. It is connected with the fact that the main task of the program budgeting is ensuring strong communication between the strategic plans of the state and the state budget.

Thus, a program-targeted method is a method for solving large social and economic problems by means of development and implementation by bodies of state power and governing of the interconnected program measures directed towards solving tasks in various fields of social activity. Peculiar features of the program-targeted planning are: exact formulations and aims systematization (“a tree of the purposes and tasks”); implementable actions stipulated by the set objectives (a system of “aims implementing” actions); initial determination of means and resources for executing program actions; a system approach to program management and control of implementation of measures from governing bodies.

In general, almost in all countries implicitly expressed communication between the level of economic development of the country and shares of private expenditures on education is observed: the higher the country’s GDP level per capita, the lower in it is a share of private sources in funding for education. In other words, the state in developed countries spends more on education, than a less economically developed one, not only absolutely, but also relatively.

The established practice showed that in the conditions of a combination of the state and market approaches, it became obvious that insufficiency of the budgetary funds causes the objective necessity of increasing the efficiency of using the allocated public financial resource by state universities on the one hand, and more active attraction of means by them from extrabudgetary sources on the other one.

## 5. WORLD PRACTICE OF FUNDING FOR EDUCATION

The practice of the organization of general education systems in various countries shows that regardless of the one that provides educational services in the sphere of the general education (private firms or state institutions), funding for general education by the state is executed in certain average sizes, in a certain share of GDP.

In developed countries, where population has an income to meet the demand for general education, which means that it is capable to pay for general education, participation of the state in funding for general education is determined by the created demand for education as for the component of the human potential. Moreover, public institutions, bearing a burden of expenditures, provide essential support in this process.

In the countries with the insufficient level of development, the state is forced to allocate funds for general education for other reasons. Firstly, the population, which has an income level that is not enough for full satisfaction of the urgent needs, cannot pay for general education. Secondly, in case of inability of the population to pay for general education, the state is faced by a prospect of degradation both social and economic, because of loss of the components of human capital (ПВДН, 2015).

The third type of countries, the poorest, cannot fund for development of the general education system. In that case, the world community, by means of international organizations, gives financial assistance to these countries. At the same time, the larger size of funding from sponsors is received by the countries, which were more strongly affected by the economic and financial restrictions connected with a burden of an external debt. The second indispensable condition of the financial aid is availability of a political will and formal liabilities on development of general education in the countries of the recipient accepted at the highest political level. In the countries that receive financial aid, general education is performed by state institutions and is supported by the efforts of nongovernmental organizations.

In the countries of the European Union, education systems can differ; however, almost everywhere secondary education at public schools is free, but is closed for non-resident foreigners, and elite gymnasiums and private schools (boarding schools) are on a paid basis. Until 1980, education at the higher school of the Western European countries was almost free with rare exception. Besides, students in a number of the countries got the grants giving them a chance to compensate a part of the accommodation expenditures during their study. Since then, a number of changes in the sphere of funding for higher education took place. In the second half of the 1990s, these countries could be divided into three groups depending on the size of payment for higher education: free (Germany, Denmark, Finland, Norway, Greece, Sweden, and Austria), average (France), high (Switzerland, Belgium, Spain, Italy, the Netherlands, and Ireland). Higher education includes Bachelor's and Master's programs. A higher education diploma can be gained practically in any country.

## CONCLUSIONS

The development of society and economy of any country is followed by an increase in effectiveness of the importance of funding for higher education with the budgetary expenditures. An effective system of state funding should conform to new tendencies and changes in education models.

As the analysis of practice of the majority of the countries shows, state participation in funding for the education levels reduces to the following:

- the budgetary funding for preschool education and pre-primary training of children for school. The possibility of getting additional education, developing creative capabilities of children, can be provided on a state and paid basis;
- the budgetary funding for general secondary education with a possibility of getting additional free and paid services at the desire of pupils and their parents. The existence of fee-based schools and gymnasiums is desirable; however, public schools should provide the education of this level according to the need of the population;
- the budgetary funding for secondary professional education as the most demanded in real economic conditions with a possibility to work in the market of private colleges;
- the budgetary and extrabudgetary funding for higher educational institutions with strengthening of the role of the extrabudgetary funding, and also functioning of a number of private higher educational institutions sufficient to meet the requirements of the population.

In conclusion, it should be noted that basic approaches and methods of funding for education change depending on the economic situation in the specific country. As the international practice shows, no system can be considered optimal among a variety of funding systems.

In the course of carrying out the analysis of the principles of funding for education according to the levels of the budget system of the countries, it is possible to draw the conclusion that there is no basic distinction between the countries, and the existing difference is determined mainly by the structure of the national budgetary system.

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## **KARAKTERISTIKE FINANSIRANJA VISOKOG OBRAZOVANJA U ZEMLJAMA EVROPE I U RUSKOJ FEDERACIJI U SVETLU REFORMI**

*Savremene reforme obrazovanja sprovedene u zemljama širom sveta su neminovno uticale na sistem upravljanja i finansiranja obrazovanja. Tendencija decentralizacije upravljanja obrazovanjem je najizraženija u mnogim zemljama. Međutim, državni budžet je i dalje odgovoran za finansiranje obrazovanja. Uzimajući u obzir nacionalne specifičnosti u oblasti finansija, postoje različiti pristupi i šeme. Kako međunarodno iskustvo pokazuje, država postepeno smanjuje svoje učešće u finansiranju visokog obrazovanja, uz istovremeno jačanje učešća vanbudžetskog finansiranja od strane preduzeća, javnih donatorskih organizacija, vladinih programa i samih učenika. Treba napomenuti da se osnovni pristupi i metode finansiranja obrazovanja razlikuju u zavisnosti od ekonomske situacije u određenoj zemlji.*

**Ključne reči:** *reforme obrazovanja, decentralizacija upravljanja obrazovanjem, sistem međunarodnih indikatora finansiranja, udeo državnog učešća, jačanje vanbudžetskog finansiranja*