Underfinancing Risk of educational programs of the Russian higher school in modern conditions of its reforming

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Abstract:
The risk of underfinancing of realization of the basic and additional educational programs of the higher and postgraduate student training (further, educational programs) for concrete high school is the uncertain possibility of insufficiency of financial assets on realization of these educational programs. Essential factors of this risk are absence of scientifically well-founded, developed and approved model, standard financings per one student of educational programs, and also, a residual principle of financing of education operating in the Russian economy. The analysis of the Russian and foreign practice of financing of higher education shows that at using of standards financings per one student is necessary to give special attention to the account of following variants of display of risk factors of underfinancing: unreasonable specifications of a parity between number of students and the number of teachers of separate program; insufficient level of an average salary of the faculty participating in realization of concrete educational programs; unreasonable specifications of a parity of fund of payment of teachers and fund of payment of other categories of workers of high schools; the unreasonable specification of a share of expenses for payment of all categories of workers of high school in the general expenses for realization of concrete educational programs; the wrong account of specificity of educational programs; the wrong account of specificity and the status of the Russian high school in which concrete educational programs are realized.

Russian higher education is now undergoing considerable changes: transition to per-student funding formula\(^1\) is taking place, and significant amendments to educational law\(^2\) have been adopted. Therefore the issue of standard outlays for educational services and the question of state financing for the higher school become extremely pressing now for all the universities in Russia and for the national educational system in whole.

The risk of educational program underfunding is understood as a potential underestimation of financial resources that should be assigned for this specified educational program in some individual university. At present there is no science-based and tasted model of per-student funding rate in Russian higher school. So the lack of such a model considerably heightens the risks of educational program underfunding.

Calculating of the funding formula for a certain educational program is based on the implementation costs of the indicated educational program (per student or total).


\(^2\) The Federal Law No. 83 of May 8, 2010 provides for the change of legal status of existing public institutions. The existing budgetary institutions are to be divided into three types: financially autonomous, “new budgetary” and state-funded. In this case, traditional “on estimate funding” for budgetary institutions should be replaced with the subsidies for the implementation of state or municipal work quota. These new rules apply primarily to institutions of science, education, health and culture.
The cost of any particular educational program to a considerable degree is determined with the following factors:

- educational qualification (primary education, secondary education, higher education, postgraduate professional education);
- form of the program (main basic program or supplementary program);
- academic degree to be conferred (bachelor, specialist, master, PhD);
- capital expenditure on the implementation of the course, capital expenditure specified by training field and area of specialization;
- study mode (full-time study, part-time study, distant learning);
- funding source (state-funded or tuition fees paid by the students);
- a total number of all the students that belong to the university;
- standard ratio (stipulated by the program requirements) between number of teaching staff and number of students enrolled on a course;
- average wages of the teaching staff;
- status of the university implementing the indicated educational program;
- wage share, the ratio between compensation of university employees and costs for implementation of the indicated educational program.

In view of the aforesaid, most of the foreign countries (Denmark, Sweden, the Netherlands, Australia, New Zealand, Chile, etc.) had adopted relevant coefficients in order to differentiate funding norms for existent educational programs. For example, the costliest educational program in Sweden is medical (doctor) training which is 1.7 times more expensive than training of engineers or technological science specialists, and is 4.1 times more expensive than training in humanities, respectively.

In Australia all Master’s programs are divided into three groups, and state budgetary funds are allocated to universities according to the educational program type. The first group is comprised of such programs as Accounting, Economics, Legal Studies, Statistics and some other social sciences and humanities. The second group includes Information Technology and Linguistics. The third group

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3 Paragraph 4 Article 9 of the Federal Law of 13th January 1996 “On Education”.
4 Expenses under expenditure item No. 210 include: labor costs of the teaching staff, labor costs of administrative, managerial and other staff of the university, as well as charges on wages.
embraces Engineering, Technical Sciences, Agricultural Science, Dentistry, and Medical Science. And relevant coefficients of funding norms are 1.0 for the 1st group, 1.3 for the 2nd and 2.1 for the 3rd.\(^5\)

In Russia the multiplying coefficients for educational program funding have been developed in the '90s. The funding norm coefficient was 1.0 for teachers’ training universities or colleges, and amounted to 1.6 for technical and engineering universities or colleges. Subsequently, in 2005 the per-student funding formulae were initially designed for higher educational programs. In the course of this work the following correction coefficients were adopted for different educational programs:

- according to capital expenditure on the implementation of the teaching course: 1.1 for standard training courses; 2.1 for high-cost training courses;
- according to study mode: 1.0 for full-time study; 0.5 for part-time study; 0.25 for distant learning; 0.1 for externship;
- according to conferred academic degree correction coefficients were 1.0 for bachelor degree programs and 3.0 for master degree programs, and that makes up 24 000 rubles and 72 000 rubles per annum in money terms, respectively.

However in should be noticed that the formula of master degree programs funding has not so far been legislatively adopted. And also the Government of Russia has not so far issued an official order about the standard ratio between number of teaching staff and number of postgraduate students enrolled on a master degree courses.

The per-student funding system has become an urgent and controversial issue in Russian higher education. The principal debates are held about the amount of state financing and about the very formula (structure) of this funding system. The amount of state expenditures on higher education is limited primarily by the resources of budgetary funds, and therefore state expenditures on higher education in different countries vary greatly in amount.

The below chart is for per-student funding structure in some foreign countries. As we can see higher education in different countries vary considerably in expenditure styles. However, the per-student funding formula in most of the countries contains a similar set of basic elements: wages of university teaching staff, wages of serving personnel, operational expenditures and capital expenditures. And a very essential part of total expenditures on education is goes to the wages of teaching staff and serving personnel. Salaries and emoluments amount for 55-70 % of all the expenditures.\(^6\)


Chart 1. The structure of per-student educational expenditures in some foreign countries

The teaching staff wages fund is a keyword parameter in the per-student funding formula.\(^7\) The significance of that parameter indirectly emphasizes the great importance of human labor resources, and demonstrates once again that a successful implementation of higher educational training is ensured principally by the human resources (alongside with the material resources). However the problem of wages level (and the wages of teaching stuff in the first place) is still extremely urgent and pertinent question for the higher education in Russia.

The average wage indicator is used for calculation of the fund of teaching staff wages. The average wage is a very significant factor that influences profoundly the cost of the program implementation. In recent years, calculation of the fund of teaching staff wages in Russian universities has been characterized by the following points:

Since January 1, 2005 the Government had repealed No. 54 Article of the Federal Law On Education, which provided that the average wages of university teaching staff should be two times higher than the average salary of industrial workers of the Russian Federation. Thus at the present time there are no standard documents regulating the wages of teaching staff in the universities of Russia. This article of law had been canceled, apparently because it was impossible to carry out an appropriate level of educational funding. From the perspective of undergoing educational reform in Russia, it seems highly desirable to provide an appropriate balance between the level of compensation of employees of universities and the level of the...
average wage in the economy. As far as educational work requires and presupposes graduating from university and a relevant level of proficiency, it is evident that wages of teaching staff should be at least equal to average wages of employed workers in the same region.

According to No. 583 Decree of the Government of RF of 5th August, 2008 “as from December 1, 2008 the uniform tariff system is to be annulled for all state-run universities”. This decree had introduced a new wage system, in that system universities were given very considerable powers to set wages for their employees. At the same time this system allows that there is a rather big difference of the size of state budget wages for the equal categories of employees in the same university.

In August 2011 the Russian Prime Minister Vladimir Putin at a meeting with rectors of leading universities of the country mentioned that the average salary of teachers in Russian universities accounts for 21.7 thousand rubles, and this compensation value is less than the level of the average wage in the economy.

So nowadays there are no nation-wide standards for average wages of teachers in the Russian universities. However, based on available resources, each university is able to set independently the level of teachers' salaries (as throughout all the university in total, so for some specific educational program).

The cost of educational program is also affected by such a factor as the status of university. In this case, university status it a legal position that directly affects the current procedure, how the university is obtaining state budgetary financing. In the course of recent changes in the system of higher education, some Russian universities were given special status. A number of universities have received the status of federal and national research universities, or the status of back-bone and innovative universities.

Therefore in the last 2-3 years 40 universities (from 673 state-run and municipal higher schools in Russia) have received some type of special status. Now there are two leading universities (Moscow State University and St. Petersburg State University), nine federal universities, 29 national research universities. Each of these universities has received from the state additional financial support in the following amounts - 5 billion rubles, 3 billion rubles and 1.8 billion rubles, respectively. In addition, there are a number of federal targeted programs and projects implementing within the higher school framework, for example priority national project Education, targeted program State Support of Leading Universities, etc. Additional amount of state support for the leading universities in 2010-2012 totals 90 billion rubles. 8

The status of the university affects the standard ratio between number of teaching staff and number of students enrolled on a course and also determines the current material-technical base of the university. The status of the school also affects the ability of universities to set independently the average salary of

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teaching staff and gives university a sanction to implement educational programs according to their own educational standards.

This means that the implementation of similar educational programs in universities with different status requires different cost. For example, the standard ratio between number of teaching staff and number of students enrolled on a course is usually higher in universities with a higher status. The level of average wages in universities with special status is set, as a rule, higher than in other universities of Russia.

As we can see from the review of expenditure structure, the expenditure on compensation of university employees accounts for over half of all expenditures on the implementation of educational programs. For example, in 2007 at state-run universities of Russia the expenditure on compensation of university employees made up 56% of total cost of educational programms. And in 2010 at St. Petersburg State University, the cost of wages for all categories of employees amounted for about 61% (for training on the basis of state budget) and 70% (for training on the basis of student paid fees).

Conclusion

Under the conditions of poor development and insufficient testing of science-based model of per-student funding in Russian higher education, the risk of underfunding of educational programs is very likely to increase in the following circumstances:

- incorrect understanding of the specific character of a particular educational program;
- inadequate ratio (stipulated by the requirements of a program) between number of teaching staff and number of students enrolled on a course;
- inadequate level of the average salary of teaching staff participating in a particular educational program;
- unreasonable ratio between the wages fund of the teaching staff and the wages fund of other categories of university staff (administrative and managerial staff, educational support staff, service personnel, etc.);
- incorrect accounting of the specific characteristics and status of the university in which particular educational programs are implemented;
- unreasonable share of labor costs of all categories of university employees in total expenditures for the implementation of particular educational programs.

Used sources


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