

## **THE PRESENT COLLAPSE OF ROMANIAN HIGHER EDUCATION. CAUSES AND EFFECTS**

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**ABSTRACT:** *The paper corroborates statistical data of economic and social nature in an attempt to outline the national and European context within which the Romanian educational system has constantly degraded over the past years. At the same time, the study exceeds the limits of a simple identification of causes and analyzes the collapse of higher education both as an ultimate consequence of governmental oblivion towards national education, and from the perspective of its devastating boomerang effect on the Romanian economy and on the society at large.*

**KEY-WORDS:** *allocation, underfunding, GDP, cause, effect, EU strategy, target, the education system, higher education.*

**JEL CLASSIFICATION:** *I25.*

### **1. THE CAUSES OF THE HIGHER EDUCATION COLLAPSE**

#### **1.1. The European vs. the national context**

The "Europe 2020" Strategy starts from the premise that „to achieve a sustainable future, we must already look beyond the short term. Europe needs to get back on track. Then it must stay on track. That is the purpose of Europe 2020. It's about more jobs and better lives. It shows how Europe has the capability to deliver smart, sustainable and inclusive growth, to find the path to create new jobs and to offer a sense of direction to our societies.”<sup>1</sup>

In this context, education is regarded as one of the determining factors of economic growth and social sustainability and, consequently, “...budgetary consolidation programs should prioritize ‘growth-enhancing items’ such as education and skills, R&D and innovation .”<sup>2</sup>

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<sup>1</sup>Europe 2020, p. 3

<sup>2</sup> Ibidem, p. 28

Following the directions of this general strategy, the member states of the EU adopted their own national objectives, established in accordance with their specific economic, social and cultural context. Since the success of a strategy is measured as the ratio between real possibilities and ideal targets, the national strategies based on a combination of poor economic resources and unrealistically high targets are doomed not only to immediate failure, but also to long-term economic and social underdevelopment. Unfortunately, Romania provides an example of such strategy.

On a national level, the Romanian educational system is currently regulated by **two fundamental documents**, namely:

#### **The Law of National Education no. 1/2011**

Art. 222 (3) stipulates that “the financing of state higher education is ensured from public funds, in compliance with the following requirements: a) the development of higher education will be considered public responsibility, whereas education, in general, will be regarded as national priority; b) the ensuring of higher education quality in compliance with the standards of the European Space of Higher Education regarding the training of human resources and the personal development of citizens of a democratic knowledge-based society [...]”.<sup>3</sup> To this end, art. 8 specifies that “for the financing of national education, from the state budget and the budgets of local public authorities, a minimum of 6% of the GDP of the respective year will be annually allocated.”<sup>4</sup>

#### **The National Pact for Education**

Signed on March 5, 2008 by the leaders of the parliamentary political parties, the Romanian Academy and representatives of other 22 organizations, such as student unions, parents’ associations and non-governmental organizations, the document outlines 8 general objectives regarding the development of education, among which “ensuring, between 2008-2013, from the annual budgetary allocation, of a minimum of 6% of the national GDP for education and a minimum of 1% for research [...]”.<sup>5</sup>

Therefore, starting from the premise that education is a national priority, and higher education is not only a public asset, but also public responsibility, both these documents stipulate that a budget of minimum 6% of the country’s annual GDP will be allocated for the financing of national education. Moreover, all the successive governments in the past 8 years have included in their political programs such priorities as the increase of financial resources allocated to education in general, and to higher education in particular in order to improve the competitiveness of Romanian universities in the long run, in conformity with the concept ‘University of the Future - 2030’.

Finally, the strategy “Education and Research for the Knowledge-based Society” sets for 2015 such bold targets as:

- Romania’s ranking among the top 10 countries in the world regarding the performance of Romanian students in international tests (PISA, PIRLS, TIMSS);

<sup>3</sup> Our translation from *The Law of National Education no. 1/2011*

<sup>4</sup> *Idem*

<sup>5</sup> Our translation from *The National Pact for Education*, p. 2

- The ranking of at least 3 Romanian universities among the top 500 universities in the world;
- The five times growth of scientific production and the tripling of the innovation index, which will take us closer to the present average EU level;
- The decrease of early leaving from the educational system below 5% (from the actual percentage of 23.6%);
- The eradication of essential differences between rural and urban education, between the learning opportunities of disadvantaged groups (minorities, children with special needs, and of those of the majority);
- The turning of permanent education into a current social practice in every public or private institution.
- The increase to 20% of the adults' participation rate to continuous education;
- The turning of the teaching staff into a professional elite of the nation
- The promotion of the school centered on the needs of the beneficiary, be it pupils, students, employers, or the community;
- The allocation of at least 7% of the GDP to education and research and the dependence of the allocated amounts on the obtained results.<sup>6</sup>

As it becomes obvious from the above, the source of Romania's orientation towards educational reform stems from the European context, more precisely from the "Bologna Process", which initiated in 1999 a set of dramatic changes meant to unify national higher education systems into the *European Higher Education Area*. Romania has been part of the "Bologna Process" since its beginnings, and the actual reform in compliance with its objectives took place in 2005, with the organization of higher education into 3 cycles.

Unfortunately, this formal reorganization was the only reform accomplished by the Romanian governments, whereas fundamental changes have always remained on a shallow declarative level. Thus, all the communiqués of the Ministry of Education within the Bologna Process proclaim higher education a national priority and declare its adequate funding a major objective, while the disastrous state of our educational system and our collapsing universities turn these statements into mere self-serving slogans, meant to keep up an illusion of integration. In this sense, an excerpt from the 2012 Bucharest Communiqué provides a relevant sample of purely declarative discourse, whose lack of substance is revealed by a simple glance at the dramatic state of the Romanian education system: "Higher education is an important part of the solution to our current difficulties. Strong and accountable higher education systems provide the foundations for thriving knowledge societies. Higher education should be at the heart of our efforts to overcome the crisis now more than ever. With this in mind, we commit to securing the highest possible level of public funding for higher education and drawing on other appropriate sources, as an investment in our future. We will support our institutions in the education of creative, innovative, critically thinking and responsible graduates needed for economic growth and the sustainable development of our democracies."<sup>7</sup>

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<sup>6</sup> Our translation from the Strategy "Education and Research for the Knowledge-based Society", p.4

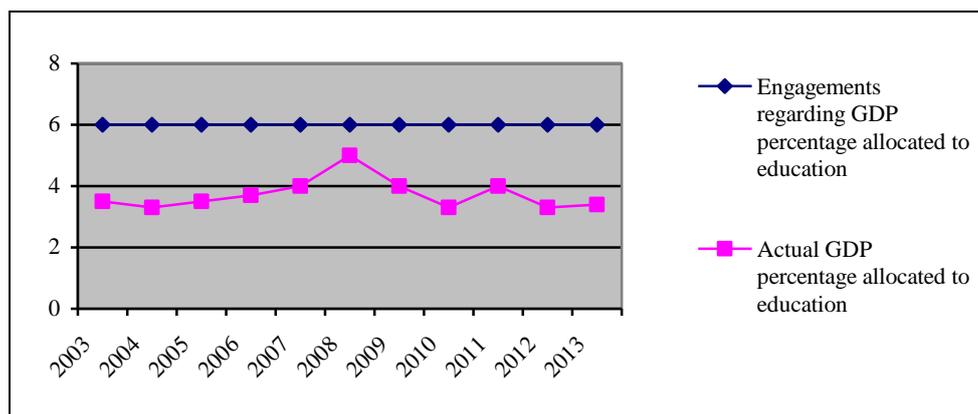
<sup>7</sup> *Bucharest Communiqué*, p.1

Despite the declared awareness that investment in education ensures long-term benefits for the Romanian society at large, the actual measures meant to support the development of the educational system have never gone beyond the state of theory. This contradiction emerges quite clearly by comparing the European targets with the following Romanian realities, which are the actual causes of the decline of higher education.

### 1.2. The economic and social causes of the higher education decline

**The low percentage of GDP allocated to education.** According to the 2013 Euridyce Report<sup>8</sup> of the European Commission, the average percentage of GDP allocated to education by the EU countries between 2000 and 2010 was over 5%. In 2010, for instance, the highest investments in education were to be found in Denmark (approx. 8%), Great Britain and Sweden (7%), whereas the lowest investments were made in Romania (approx. 3.25%) and Bulgaria (approx. 3.75%).

This statistical data show a flagrant discrepancy between the statement that education is a national priority and the level of investments in it. Therefore, in spite of the successive political engagements, Romania is still the EU country with the lowest percentage of GDP allocated to education, and the proposed 6% has never been achieved in the past decade. Moreover, the slightly ascending trend of GDP allocation between 2007 and 2008 was followed by a dramatic drop in the period of economic crisis (2009-2013), when a smaller percentage of an already lower GDP was allocated to the education budget, as the state chose to invest in other fields that were considered more important. Paradoxically, as shown in figure 1, the signing of the National Pact for Education in 2008 coincides with the beginning of a steady decrease in the allocated GDP percentage, in spite of the previous ascending trend between 2005 and 2008.



**Figure 1. The evolution of GDP percentage allocated for education from public funds**

<sup>8</sup> *The Eurydice Report*, p. 25

**The reduced expenditure per student.** Although expenditure per student increased from a nominal value of 1,062 RON (238 EUR<sup>9</sup>) in 2003 to 2,126 RON (447 EUR) in 2012, given the rate of inflation in the period 2003-2012, the actual financial allocation per equivalent student is actually 7% lower in 2012 than in 2003.<sup>10</sup>

**Higher tuition.** As an immediate result of the decreasing allocation per student, 17 out of the 23 state universities in Romania raised their tuition although, in half of the universities in question, instruction fees had already been raised in the previous two years.

**Higher hostel accommodation fees.** Accommodation fees were also raised as part of the chain reaction to the underfunding of education by failing to adjust state subsidies to the inflation rate. As it emerges from a questionnaire applied to student organizations in 2011, 13 of the 23 analyzed universities have already raised, or are to going to raise their hostel fees. These measure are accompanied, in most cases, by major cutbacks in investments destined to hostel maintenance and upgrading.

**Fewer places in hostels.** A study initiated by the National Association of Student Organizations in Romania (ANOSR) in 2011 showed that in academic year 2010-2011, universities were able to satisfy only 72% of the students' accommodation needs. Taking into account that a fairly big number of students did not apply for hostel accommodation in the first place, knowing that their chances to get a place were virtually null, the shortage of deficit of hostel accommodation is even more acute.

**Reduced social scholarships.** Granted by the Ministry of National Education and meant to provide financial support for the students who do not afford higher education, the social scholarship should cover, in compliance with the National Education Law, the minimal expenses regarding accommodation and food throughout the schooling period. The National Council for Higher Education Funding (CNFIS) recommended that the value of the monthly social scholarship should be 566 RON (127 EUR) but, in reality, the amount is much lower. Thus, the average value of social scholarships in the 23 universities subject to analysis is 222 RON (approx. 50 EUR), that is about three times lower than the amount necessary to cover minimal accommodation and food expenses.<sup>11</sup>

**Poorer remuneration of faculty** is another symptom of higher education underfunding, reflected in the distribution of the education budget. For instance, in 2011, Romania allocated to education 4.13% of its GDP, of which only 0.87% was directed to the remuneration of the academic teaching staff. This percentage secures us the penultimate position in Europe, after Hungary (1%) and before Bulgaria (0.84%), and at a considerable distance from such countries as Finland (1.79%), Iceland (1.75%), or Norway (1.42), whose top educational and economic systems stand proof that investing in education is ultimately the best choice a government can make for the future of its nation. In terms of faculty remuneration, the maximum monthly salary of a full Professor, after 40 years of activity, ranges from 3,733 RON (838 EUR) to 6,971 RON (1,566 EUR), whereas an assistant in training, with up to three years of experience, earns between 1,123 RON (252 EUR) and 1,575 RON (353 EUR) a month.

<sup>9</sup> Amounts are calculated at an approximate exchange rate of 1EUR=4.45 RON

<sup>10</sup> *The CNFIS Report 2013*, p. 24

<sup>11</sup> Source: ANOSR, <http://www.6pentrueducatie.ro/efectele-subfinantarii/invatamantul-superior/>

This already dramatic situation was further aggravated in 2010, when the government decided to compensate for the budget deficit caused by the economic crisis with a 25% cut down of salaries in the field of education, health, and public administration. Needless to say that these measures had devastating social and economic implications, actually deepening the crisis. The consequences of underfunding in the particular case of higher education will be analyzed in the next section.<sup>12</sup>

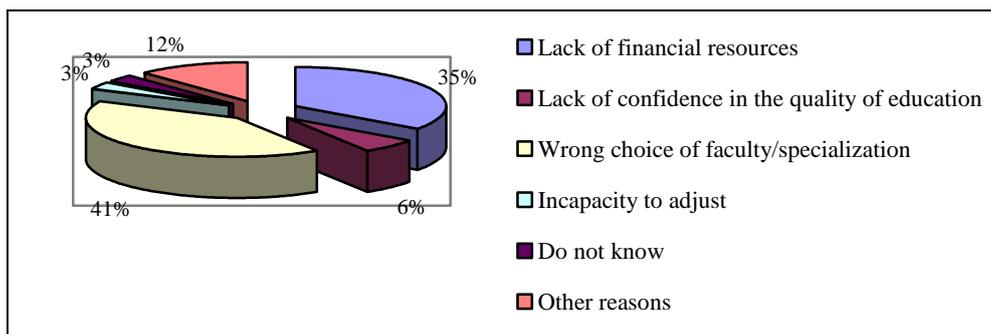
## 2. THE EFFECTS OF HIGHER EDUCATION COLLAPSE

### 2.1. The direct effects

The most immediate and dramatic effect of the collapse brought about by underfunding in higher education is detectable within the system itself, under the form of **school abandonment among students**.

The 2011 report of the Ministry of national Education on the state of Romanian education showed a graduation rate of approximately 50% in academic year 2009-2010, indirectly pointing to the dimensions of school abandonment among students. The report also reveals that the average attendance period in higher education over the previous decade (2001-2011) was 1.4 years, which suggests that most of the students abandoning school are the so-called ‘early leavers’, that is they drop out of university after the first year.

The “Study Regarding the Implementation of the Bologna Process in Romania – the Students’ Perspective 2012”, launched by ANOSR in 2013 and based on a questionnaire applied to 23 student organizations, endorses the finding of the Ministry report. Thus, when asked about the main reason of school abandonment, 41% of the respondents indicated the wrong choice of faculty or specialization, whereas 35% blamed the lack of financial resources<sup>13</sup>. The results of the questionnaire are shown in figure 2.



**Figure 2. Reasons for School abandonment in higher education**

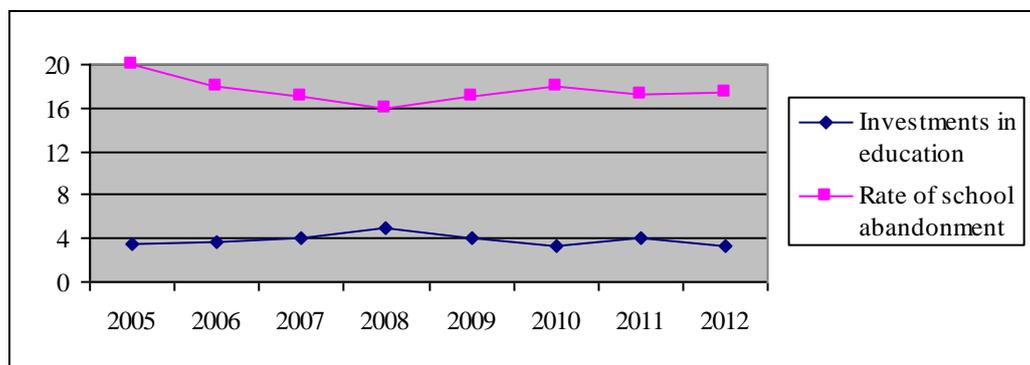
<sup>12</sup> Source: Eurostat, [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov\\_a\\_exp&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_a_exp&lang=en)

<sup>13</sup> Source: ANOSR (the National Association of Student Organizations in Romania) <http://www.6pentrueducatie.ro/efectele-subfinantarii/invatamantul-superior/>

As a result of the low graduation rate, Romania is situated on the last but one place in the EU in terms of the percentage of higher education graduates aged between 30 and 34. According to the data provided by the European Commission, this percentage is at present 21.8%, still very far from the national target for 2020, which is 26.7%.

It is important to remember, however, that this situation is just the tip of the iceberg and it cannot be fully understood without taking into account the circumstances that it stems from. Therefore, the present collapse of the Romanian higher education actually starts in the recent decline of pre-academic schooling, also a victim of underfunding over the past decade, reached its lowest level during the peak of the economic crisis in 2009-2010. Thus, the constant cutbacks on government support for the children coming from disadvantaged families resulted in increasing school abandonment, which was as high as 17.4% in 2012.

The connection between the investment in education and school abandonment emerges from fig. 3, which shows that the fewest children dropped out of school in the period characterized by an increase in investments (2005-2008), whereas the lowest point of investments during the economic crisis has a corresponding highest point of school abandonment. Given this context, Romania is the country with the highest rate of school abandonment in the EU, and we are still far from the targets set by the "Europe 2020" strategy, which proposes a percentage of school abandonment of 11.3% for 2020.



**Figure 3. Correlation between investments in education and school abandonment**

## **2.2. The indirect effects: missed targets vs. missed benefits of education**

This section aims at showing that the negative impact of higher education underfunding is not limited to what we have identified as the 'direct effects' on the educational system itself. Therefore, we are going to show that the indirect effects, although less obvious and immediate, are far more dangerous because they undermine the development of the whole society in the long run. In other words, for the Romanian higher education, missing a European or a national target means more than a mere statistical fact; it means that our country will also miss a number of economic and social benefits of higher education, at least in the near future.

### A. Economic benefits

**Higher wages.** An OECD<sup>14</sup> report shows that, on the average, higher education graduates earn 50% more than preacademic education graduates.

**Contribution to the state budget.** As a higher income means an increased contribution to the state budget, a 2011 OCED report showed that the average annual profit a state makes from every university graduate is 91,036 USD, to which we add the benefits of new jobs brought about by the graduates and the general development of economy as a result of their innovations.<sup>15</sup>

**The population employment rate.** According to the data provided by the RNSI (the Romanian National Statistics Institute)<sup>16</sup>, in 2012, the highest employment rate for persons aged between 15 and 64 was recorded among the university graduates (81,4%). The employment rate decreases with the education level, so that only 63.1% of the persons with medium education, and 41.9% of the persons with low education were employed in the respective year.

### B. Social benefits<sup>17</sup>

**Population health.** OECD data show that the percentage of healthy population who graduated from university is almost 15% higher than the percentage of healthy population that has not even completed a from of secondary studies. This is basically due to the major contribution education makes to an increasing degree of awareness and responsibility towards personal hygiene and lifestyle. In this context, the highly educated are also less vulnerable to vices. For instance there are 16% fewer smokers among university graduates than among the persons with medium education. Consequently, early investments in education determine less expenses in the field of health in the long run.

**Involvement in the development of society.** In this sense, OECD shows that participation to vote is 15% higher with the highly educated, the difference rising to 27% with people aged between 25 and 34. At the same time, participation to volunteering activities is 10% higher among university graduates than with secondary studies graduates.

**Level of life satisfaction and critical spirit.** The level of life satisfaction is also influenced by the amount of education the individual receives, being 18% higher among the highly educated than with the uneducated. At the same time, education also contributes to the elevation of the critical spirit, shaping individuals able to analyze situations, identify problems and find solutions.

## 3. CONCLUSIONS

This study aims at showing that, although the successive Romanian governments over the past decade have acknowledged the importance of education as a growth generating factor and a basic element of economic and social sustainability,

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<sup>14</sup> *Education at a Glance 2012. OECD Indicators*, p. 140

<sup>15</sup> *Ibidem*, p.182

<sup>16</sup> *Statistical Yearbook 2012, Labor Market*, p. 99

<sup>17</sup> *Education at a Glance 2012. OECD Indicators* pp. 201-210

they have all failed to go beyond purely theoretical, unrealistic projects and construct a viable strategy to support education in compliance with the European norms.

The study focuses on the present state of higher education as a particular example of the dramatic situation of the Romanian education system, and identifies seven major causes of its collapse, namely:

- The decreasing percentage of GDP allocated to education from public funds;
- The decreasing allocation per equivalent student;
- The decreasing social scholarships;
- The increasing tuition;
- The increasing accommodation fees;
- The decreasing number of places in hostels;
- The decreasing remuneration of faculty.

The financial deficit fostered by inadequate governmental policy, which we have defined as the underfunding of education in general, and of higher education in particular has two categories of effects:

**The direct, immediate effect** on the education system itself, under the form of school abandonment among students;

**„The indirect, long-term effects** on the Romanian economy and society at large, by virtue of which the country loses such essential benefits of higher education as:

- Higher wages and, consequently, a higher contribution to the state budget;
- Better population health;
- Higher level of self-satisfaction, better involvement in social development and enhanced critical spirit.

As it becomes obvious from the above, the government decision to economize at the expense of the education system has not only failed to overcome the economic crisis but, on the contrary, it deepened the recession and undermined the development of the Romanian society in the long run, by missing the benefits pertaining to a physically healthy, highly skilled, socially involved and politically competent population.

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