THE FINANCIAL STRUCTURE OF TURKISH HIGHER EDUCATION SYSTEM

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Abstract

Who will meet the financing of education cost, or in other words sponsorship to education, has traditionally been a social concern as in other teaching steps. Actually, this discussion is closely related to inner and outer obstacles and financial matters as well as required qualifications and efficiency of education. As the scope of the finance in education is the state, the scope of the finance in higher education is the state itself because higher education has been, so far, heavily considered as a public service whose expenses are extensively met through public sources in each country except the USA and several other countries. However, the financing of the cost of the increasing demand to higher education only with social sources is nowadays being interrogated. Higher education is a service of high cost. Financing ways of higher education in various countries range a large spectrum from institutions sponsored only by students’ contribution fees without any other supports else for institutions whose all higher educational expenses, including feeding and accommodation, are completely met through social sources.

Financing of Turkish Higher Education service is mostly handled two different models: the state and foundation universities. The first one, state’s universities, have traditionally adopted “a financial system relying on national sources” while foundation ones have developed their own “exclusive financing”. Today, budget financing accounts for nearly %80 of the budget allocated for state’s universities. In the year 1973, the classical budget system was replaced by “program budget system”, and then in 1998 was converted into a joint budget system. The current system, analytic budget system” has been in practice since 2004. However, in foundation universities, the main approach is treasure aids to make contributions to their expenses provided it remains limited with the payment in the budget. Despite the increase in the number of students in Turkish Higher Education system, the portion reserved from the state’s budget has declined. Therefore, decline in portion of higher education allocated in the budget has also caused our higher education institutions to make up new ways of searching for exclusive sources apart from public, one of which is to increase the fee paid by students. However, such an increase in students’ education fee has brought together some discussion concerning “unequal opportunities in higher education” particularly in terms of groups of middle and lower income.

“The income of the higher education” in Turkish Higher Education system is socially 8.5% and individually 16.2 %. As for the global average of the income of the higher education, it has socially been 10.8% for ages, and individually 19 %. Judging from these figures, we could conclude that the income of investments performed by higher education in Turkey falls back of the global average. Briefly, such a case has turned the efficiency of the allocated financial share for the Turkish Higher Education service into too controversial matter.

Key words: Higher education, the finance of Turkish Higher Education, public finance, private finance.

Introduction

Who will meet the financing of education cost, or in other words sponsorship to education, has traditionally been a social concern as in other teaching steps. Actually, this
discussion is closely related to inner and outer obstacles and financial matters as well as required qualifications and efficiency of education.

Education is often seen as a service having both social and individual functions; however, it is not usually offered in terms of a complete economical cost of it. In the event that its social benefit weighs up, as in primary education, the cost of education is met by the society itself. In contrast, in the event that its individual benefit weighs up, as in the secondary or higher education, the cost of education is either financed by the ones getting this service or they contribute to the cost to a certain level.

In focus of the financing of the education is the state itself as in the focus of higher education service. Because of, higher education service has conventionally been regarded as a social service whose expenses are almost entirely paid by social finance sources except for the USA and some other countries. However, the financing of the cost of the increasing demand to higher education only with social sources is nowadays being interrogated (Tural, 2002; YÖK, 2007).

The Financing of the Higher Education Service

Higher education is extensively hailed as a considerable matter in social service to train qualified human source required by a country as well as yielding of knowledge. Moreover, universities are also considered a key player in social renovation (Kuyumcu & Erdoğan, 2008). Looking at higher education service in global sense, we notice the Anglo-Saxon cultures, also called as the “western”, such as the United States of America and the United Kingdom as well as the ones located in the continent of Europe (German, France, Sweden and Holland). The foundation of this reality actually laid the scientific, technologic, cultural, socio-economical infrastructure, innovation and development process that they have experienced.

As for the last quarter of the 20th century, the demand to higher education has dramatically increased and this demand has also correspondingly urged a number of financial regulations in higher education. Because, the budget allocated has not been scheduled consistent with the increasing demand to higher education. However, private universities, commercial universities, and some higher education institutions offering remote education service for profit, all of which were getting common in the 1980s with certain privatization applications, have undoubtedly resulted in considerable changes in financing of higher education service. Today, financial contribution of students in state universities has been an indisputably significant factor in financing of higher education (Hauptman, 1993; Johnstone, 1998; Mary & McKeown, 2000; Güven, 2002; Koç, 2007, Aktan, 2007; Karataş, 2009).

Higher education is a service of high cost (Ergen, 2006). Financing ways of higher education in various countries range a large spectrum from institutions sponsored only by students’ contribution fees without any other supports else for institutions whose all higher educational expenses, including feeding and accommodation, are completely met through social sources. Here is the list of major income sources of higher education institutions (Gürüz ve Diğerleri, 1994; Gürüz, 2001):
✓ Services offered by institutions for a certain fee.

✓ Social sources (payments allocated by the state’s budget, additional payments reserved for certain projects as well as activities, and incomes obtained from certain other social institutions for such purposes).

✓ The institution’s own incomes (financial aids, along with the incomes of investments).

✓ Education fees paid by students.

In all countries, the major income source of public’s higher education institutions are payments allocated from the state budget itself. Meanwhile, the rate of income obtained from public sources is usually over 80 per cent. The countries which has got lowest rate of incomes obtained from public sources are the USA and Japan. Of all incomes in any university, the biggest share statistically belongs to incomes of university hospitals. As for the countries in which universities do have biggest share in terms of their own incomes are the USA with 30 %, along with Japan and Germany (Gürüz at al, 1994; Zumeta, 2006). Reportedly, Japan meets 40 per cent of the financing of higher education while Canada and Germany meet nearly 50 per cent of it. In the US, while the public share in the university financing was over 50 per cent in the 1980s, this rate has currently been reported to now decline to 30 per cent.

According to Benson (1987), Blaug and Woodhall (1978), financing of higher education service commonly through by public sources, even including personal expenses of students is caused by the concern of providing opportunity equivalence in education. However, in practice, the maintenance of higher education for free or low payments has not established the desired justice and efficiency. According to Blaug (1978), the result is mostly students from higher or middle income class while its cost is granted by the party low income (as cited in Ekinci, 2008). However, it is also a controversial subject the meeting of the cost with beneficiary parties due to higher cost of higher education service compared with other steps in education process, but higher individual income. According to Lee (2002) funds allocated by the state to higher education service have considerably declined in many countries. As a result, so as to increase their income, universities have had to look for some alternative resolutions by participating activities compatible with market dynamics. The traditional bottle-necks in higher education service have made the creation of financial alternatives unavoidable as well as some restrictions in state budget and getting new commercial partners. Eventually, new common applications have globally prevailed such as commercial universities, seeing them as commercial establishments, marketing of knowledge yielded by universities additional financial resources for universities through projects conducted jointly by universities and industrial establishments, obtaining extra money by presenting health service by university hospitals, and higher education services offered by a number of private institutions.
Financing of Turkish Higher Education Service

According to the 55th term of Higher Education Law registered 2547 financial sources of higher education are as following: (1) varied payments allocated from the state’s budget (2) charities by certain institutions (3) fees and expenditures (4) incomes from publications and sales (5) income from moveable and unmovable assets (6) profits from circulating capital enterprises (7) donations, wills and other income.

Financing of Turkish Higher Education service is by mostly handled two different models: the state and foundation universities. The first one, state’s universities, have traditionally adopted “a financial system relying on national sources” while foundation ones have developed their own “exclusive financing”. Today, budget financing accounts for nearly 80 % of the budget allocated for state’s universities. In the year 1973, the classical budget system was replaced by “program budget system”, and then in 1998 was converted into a joint budget system. The current system, analytic budget system” has been in practice since 2004. However, in foundation universities, the main approach is treasure aids to make contributions to their expenses provided it remains limited with the payment in the budget (Tural, 2002; YÖK, 2007).

The rate of expenses in higher education service to the consolidated budget was 2.2 % in 1970, and 4.4% in 1980, 5.8% in 1990, 2.5 % in 2000 (Tural, 2006; YÖK, 2007). Reportedly, the share allocated for higher education service in Turkey in the 2000s always been so minute compared with the GDP in the country.

Table 1-The share of higher education service allocated from the budget and its rate to the national income

<table>
<thead>
<tr>
<th>Years</th>
<th>The rate of higher education budget’s to the consolidated budget (%)</th>
<th>The rate of higher education budget’s to the national income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2.80</td>
<td>0.89</td>
</tr>
<tr>
<td>2002</td>
<td>2.55</td>
<td>0.89</td>
</tr>
<tr>
<td>2003</td>
<td>2.27</td>
<td>0.94</td>
</tr>
<tr>
<td>2004</td>
<td>2.45</td>
<td>0.86</td>
</tr>
<tr>
<td>2005</td>
<td>3.34</td>
<td>1.07</td>
</tr>
<tr>
<td>2006</td>
<td>3.35</td>
<td>1.04</td>
</tr>
<tr>
<td>2007</td>
<td>3.21</td>
<td>1.05</td>
</tr>
<tr>
<td>2008</td>
<td>3.29</td>
<td>1.02</td>
</tr>
<tr>
<td>2009</td>
<td>3.33</td>
<td>0.79</td>
</tr>
</tbody>
</table>


The second most prominent source of income consists of the circulating capital income which is obligatorily rearranged each year under the laws of budget according to 55th term of the Higher Education Law registered number 2547. Reportedly, another prominent source of income is contribution “fees and costs” paid by students. Today, budget of state universities is
Evaluation of Finance in Turkish Higher Education

The finance of Turkish Higher Education service is performed through allocated shares from the budget which is made up of taxes. However, compared with the number of students, the way of financing through budget, does not seem sufficient. On the other hand, the major fiscal supply of charity universities within the country are heavily “the financial support by the state’s treasurer” reserved by the budget, but not official fees paid by their students. Judging from this budget support per student, unit costs seem to be comparatively high, which is why this case, in equality of opportunity in higher education, is thought to result in the transfer of tax revenues from children of poor families of tax-payers into children of prosperous families of tax-payers (Tural, 2002, Tural, 2006). This case has made the term “equality” in financing allocated to Turkish Higher Education system highly controversial.

Despite the increase in the number of students in Turkish Higher Education system, the portion reserved from the state’s budget has declined. Therefore, decline in portion of higher education allocated in the budget has also caused our higher education institutions to make up new ways of searching for exclusive sources apart from public, one of which is to increase the fee paid by students (Tural, 2006; YOK, 2007). However, such an increase in students’ education fee has brought together some discussion concerning “unequal opportunities in higher education” particularly in terms of groups of middle and lower income.

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Until the 1980s, while “social-state applications” were highly common in financing of higher education system, “liberal –state applications” have gradually been more prominent in financing of higher education system since the 1980s. Correspondingly, the number of private universities, in which teaching expenses as the biggest share of the higher education budget, is heavily financed by the student himself, has increasingly been common since the 1980s.

Conclusion

In focus of the financing of the education is the state itself as in the focus of higher education service. As of the last quarter of the 20th century, the demand to higher education has dramatically increased and this demand has also correspondingly urged a number of financial regulations in higher education. Higher education is a service of high cost (Ergen, 2006). Financing ways of higher education in various countries range a large spectrum from institutions sponsored only by students’ contribution fees without any other supports else for
institutions whose all higher educational expenses, including feeding and accommodation, are completely met through social sources.

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In Turkish Higher Education, the tendency to “transparency” and “accountability” has been considerably increasing while evaluating financial concern. This case has made the criteria of “efficiency” and “equivalence” more prominent in the maintenance of the financial supply in Turkish Higher Education. In addition, the dramatic decline in the portion reserved from the state’s budget for particularly state’s universities in spite of the remarkable increase in the number of students has invariably urged new sources for alternative sources.

References

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TÜRK YÜKSEKÖĞRETİMİNİN FINANSAL YAPISI

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Özet


Anahtar kelimeler: Yükseköğretim, Türk yükseköğretiminin finansmanı, kamusal finansman, özel finansman,