

THE FINANCING OF LOWER SECONDARY EDUCATION UNITS. CONSTRAINTS AND OPPORTUNITIES

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Abstract

In Romania, the state pre-university education system is mainly supported by ensuring funding from public funds by the central and local authorities, represented by the Ministry of Education, respectively the local councils through the administrative-territorial units within whose jurisdiction the schools are located. The financing of these school units is based on the determination of the standard cost per student, which is the main indicator in substantiating the budget allocations, being a complex of factors related to the region, the area, the environment from which the beneficiaries of the education services come, the language of instruction and the level of education. The main objective for which the schools are financed is to provide quality education services, so that the instructive-educational process to be carried out in optimal conditions. But, as in any field, effectively supporting the education system can be a real challenge.

The present work has as objective the analysis of the way in which a lower secondary education unit in the rural area was financed, how the budget was substantiated through the possible funding sources and how the stringent needs of the instructive-educational process were covered through the existing resources. The topic under discussion will also present the constraints caused by poor funding, but also the opportunities arising from effective funding.

Keywords: *Financing, lower secondary education unit, standard cost per student, expenses, instructive-educational process.*

1. Introduction

The lower secondary education units are state pre-university education units classified in the sphere of public institutions financed from public funds, as provided by Law no. 500/2002. Moreover, the schools are organized and ensure their functioning on the basis of regulations and principles that are well defined on the basis of the National Education Law no. 1/2011, with subsequent amendments. Within this legal framework, schools benefit from all the necessary resources to develop, provide and promote the values necessary for the growth of educational services at national level, through the instructive-educational process, functioning independently of any interference that could lead to the violation of the norms of moral conduct and social cohabitation and that would endanger health, the physical or mental integrity of students or staff. The lower secondary education unit, hereinafter referred to as the secondary school, operates under legal conditions based on the accreditation obtained from the Ministry of Education, through the Romanian Agency for Quality Assurance in School Education.

At the level of each lower secondary school that has legal personality, the management, financial-

accounting and personnel departments are organized and function. Management is provided by the Board of Directors, and executive management through the Director, who also holds the role of tertiary authorising officer.

Also, the school benefits from its own budget, distributed according to the legislative provisions by normative acts, draws up the monthly, quarterly and annual financial statements, having, within certain limits, institutional and decisional autonomy.

In view of these legal provisions, known information in general at the level of the educational system in Romania, this paper aims to show whether, in real, state pre-university education units can indeed provide education services under conditions Optimal and appropriate standards for all categories of students from different demographic and social environments.

2. Methodology and database

In the following will be presented data that have been obtained and processed in the form of a case study on a lower secondary education unit (secondary school) in rural areas, which will analyze whether the basic needs of the instructive-educational process are covered by the resources allocated from funding.

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Funding has a key role to play because it produces resources, and these, in turn, cover the needs of the education system. The information presented below is based on the current legislation in Romania regarding the status of schools, the financing modalities and the analysis regarding the efficiency of the standard cost per pupil in their financing.

3. Results and comments

3.1. Financing of lower secondary education units

The basic financing of the lower secondary education units is based within the limits of the standard cost per student, an indicator that is established annually according to the methodological norms elaborated by the Ministry of Education, through different normative acts.

The basic funding of the pre-university education, implicitly of the lower secondary education referred to in this communication, is guided by the principle "**the financial resource follows the student**"¹, which implies that the budget allocation related to a student / preschooler is transferred to the school that provides the educational services.

It can be seen how the standard cost per student represents an important pawn for the financing of the educational institutions in Romania because it is the starting point in substantiating the annual expenditure budget necessary to ensure the optimal and qualitative functioning of the instructive-educational process. This standard cost is established according to the region, the area, the environment from which the student comes, the language of instruction, the field and the level of education.

If in terms of human resource expenditures, the standard cost per pupil/preschooler is at unitary level for all regions of the country, the only differentiation is that related to the environment, urban or rural, for the other categories of basic expenses the situation changes, in the sense that the territory is divided into 6 areas, and the amount of the standard cost differs depending on the thresholds of pupils and the area where the school is located. In this way, significant discrepancies appear because some geographical areas of the country are more devastated than others, but the needs of the instructive-educational process are generally the same.

Moreover, during 2017-2021, in Romania the amount of the standard cost per student was determined by normative acts that updated annually the Government Decision no. 72/2013.

In the case of the lower secondary education units, in this case a secondary school in zone 4 of the country's temperature, according to the classification, classified in the category of 301-800 students enrolled, taught in Romanian language, the rural area, the evolution of the standard cost per pupil that was the basis for financing the unit, was presented according to the data presented in the following table:

Table 1 – The amount of standard cost per student in the period 2017-2021

Normative act	Year	Cuantumul costului standard per elev		
		Expenditure on salaries, bonuses and allowances (RON)	Expenditure on Goods and services, vocational training and periodic evaluation of students (RON)	Relationship between staff costs and other basic categories of expenditure
Government Decision no.32/2017 (Annexes 1 and 3)	2017	4031	361	11,16
Government Decision no.30/2018 (Annexes 1 and 3)	2018	5075	389	13,04
Government Decision no.169/2019 (Annexes 1 and 2)	2019	6192	405	15,29
Government Decision no.107/2020 (Annexes 1 and 2)	2020	7028	424	16,58
Government Decision no.353/2021 (Annexes 1 and 2)	2021	7028	576	12,20

Data processed by authors from the annexes of the mentioned normative acts

The needs of the education system in lower secondary education are constantly increasing from year to year and are influenced by various economic, social or civic factors, among which we could find the density of students and the severity of the disadvantages in the area where the school unit is located. All these aspects have direct involvement in determining the standard cost per student.

As the data were presented in Table 1, the standard cost per pupil/preschooler recorded a gradual increase from year to year, in terms of the basis for substantiating the budget for salary, bonuses and allowances, known as personnel expenses, the only exception being in 2021 when the amount of the standard cost at the same level as in the previous year. On the other hand, regarding the other categories of expenses, such as those with Goods and Services, professional training and periodic evaluation of students, the upward trend from year to year can be observed, taking into account the increases in the costs of current maintenance. In fact, the ratio between such categories of expenses, according to Table 1, registers year-on-year increases, in 2018 +16.85% compared to 2017, in 2019 +17.25% compared to 2018, in 2020 +8.44% compared to 2019, the exception is 2021, when there is a decrease of -26.42% compared to 2020.

As a result of this, the budget of the educational establishment, in this case the presence of the lower secondary education units, recorded annual progressive

¹ Financing of pre-university education units - position document, Cezar Mihai Hâj, Bucharest, 2017.

increases, necessary to cover the educational requirements.

The basic financing of the lower secondary education units is generally carried out through two sources of funding, the state budget and the local budget. The Ministry of Education through the County School Inspectorate and the territorial administrative units, substantiates the construction of the budgets of the educational institutions and allocates the necessary funds to cover the stringent needs of the educational system, but based on the number of students enrolled and the standard cost per student.

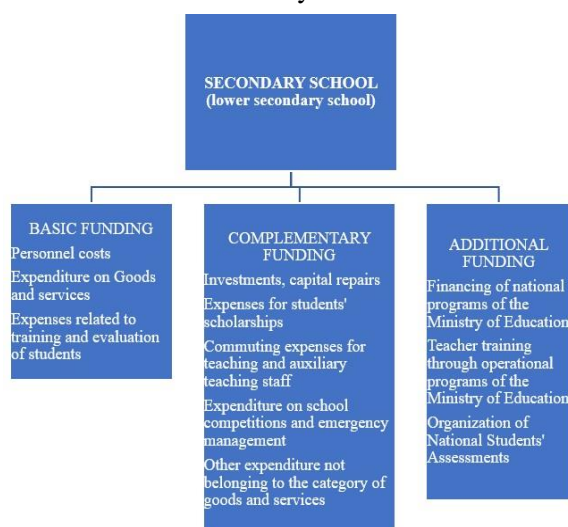
The financing of the lower secondary education units may also be possible through other 2 types of funding, namely complementary funding and additional funding.

Through complementary funding, the administrative-territorial unit contributes to the development of the educational unit in the community by improving the material base as a result of investments in buildings, in digitalization, by stimulating students as a result of granting school scholarships or prizes following school competitions.

Instead, through additional funding, the school can benefit from certain development programs of the Ministry of Education through which the human resource, teachers, can benefit from a high level of qualification to European standards.

What comprises each type of funding of a lower secondary school, secondary school, how the allocated funds can be used and for what purpose, is shown in the following Figure:

Figure 1 – Types of funding for a lower secondary school

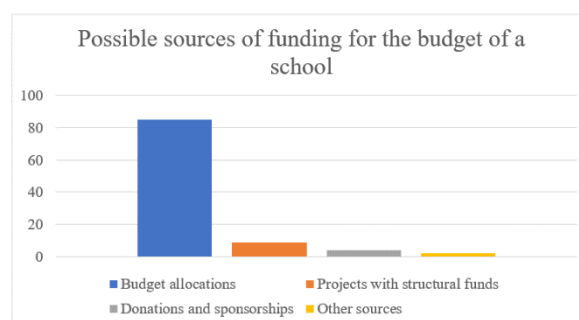


Data processed by authors according to Law no.1/2011 with subsequent amendments and completions

Instead, through additional funding, the school can benefit from certain development programs of the Ministry of Education through which the human resource, teachers, can benefit from a high level of qualification to European standards.

The budget of the lower secondary education unit is built on the basis of legal regulations and may include budget allocations from the state budget and the local budget, structural funds or grants, donations, sponsorships or other possible sources, as shown in the following figure:

Figure 2 – The possible construction of the budget of a lower secondary education unit



Authors processing

Further, a comparative analysis is presented on types and sources of funding and for the types of expenditure essential for the activity of a lower secondary education, rural school, with a number of 493 students enrolled for The last 5 years, during 2017-2021. It is considered how the educational-educational process, as the main component of the educational

system, has been effectively supported and if the unit can provide quality education services.

In the above-mentioned period, 2017-2021, the funding of the Gymnasium School was ensured by the three types of funding and budget allocations were allocated, according to Table 2.

Table 2 - Financing of Gymnasium School in 2017-2021

Anul	Total funding, of which:	Basic funding		Complementary funding		Additional funding	
		Total (RON)	State budget (%)	Local budget (%)	Total (RON)	Local budget (%)	Total (RON)
2017	1.810.000	1.784.000	0	98,56	26.000	1,43	0
2018	2.031.152	1.940.863	87,43	8,12	84.500	4,16	5.789
2019	2.503.618	2.437.048	90,73	6,61	61.000	2,44	6.070
2020	2.492.319	2.375.651	89,10	6,22	108.000	4,33	8.668
2021	2.462.415	2.389.591	88,35	8,69	69.000	2,80	3.824

Data processed by authors from the financial statements of the educational unit

As can be seen from the data presented in the previous table, the educational unit benefited from the three types of funding, but the distributed budget recorded fluctuations due to the oscillation of the number of students enrolled at the beginning of each school year. As regards expenditure financed by the state budget, those relating to staff rights, there is a significant increase in 2018 and 2019, but in the 2020s and 2021 are on a downward slope. The basic funding insured on the financial route of the local budget has been maintained at an optimal level, even a significant increase in 2021.

The complementary financing provided through the public funds from the local budget presented an irregular route, with oscillations of growth and decrease, being influenced, most likely, by the way in which, in the respective years, the administrative-territorial unit could cover the needs of the instructive-educational process from its own revenues. This is largely due to gaps in the legislation because the powers of the administrative-territorial units in terms of the education system are not concretely foreseen. The year 2020 was an exception in this regard, being the period when there was a pandemic with the SARS-Cov-2 virus, and in that existing context it was invested in the digitalization of the educational system. The educational process has adapted to the new requirements in order to be able to continue to provide education services at an optimal level, which has attracted new opportunities.

It can also be noticed that through additional funding, the allocated funds were quite low, which results that they were allocated only to cover the expenses incurred with the organization of the national assessment of students at the end of the gymnasium cycle.

This situation may be a constraint on the quality of the instructive-educational process because, by the

lack of national programs of the Ministry of Education aimed at the professional development of human resources in the educational unit, certain impediments can occur at some point that may make it difficult to align with the standards European Quality of Education. At the same time, it can be a challenge for the educational unit in rural areas to maintain at a level in which to ensure quality education needing to meet the needs of the community.

3.2. Comparative analysis on the dynamics of expenditure at the level of a lower secondary education unit

In addition to the budget allocations granted by the types of funding, the situation with processed data from the lower secondary education unit, the rural gymnasium school, in which the dynamics of expenditure, budget execution, the budget execution, and the influence of the budget, by which these public funds were used, in the period 2017-2021, according to the following table:

Table 3 - Expenditure dynamics and budget execution of the Gymnasium School during 2017-2021

Year	Type of expenses	Funding (RON)	Budget execution (RON)	Budget execution rate (%)	Influence compared to previous year (%)
2017	Staff expenditure	1.592.000,00	1.591.421,00	99,96%	-
	Expenditure on goods and services	193.000,00	187.240,76	97,02%	-
	Students' scholarships	5.000,00	5.000,00	100,00%	-
	Expenditure with auxiliary teaching staff and teaching staff	20.000,00	19.560,00	97,80%	-
	Expenditure on investment	0,00	0,00	0,00%	-
	Expenditure on the organization of national assessment	0,00	0,00	0,00%	-
2018	Staff expenditure	1.775.863,00	1.775.863,00	100,00%	+11,59%
	Expenditure on goods and services	222.500,00	220.800,69	99,24%	+17,92%
	Students' scholarships	5.000,00	5.000,00	100,00%	0,00%
	Expenditure with auxiliary teaching staff and teaching staff	22.000,00	20.560,00	93,45%	+5%
	Expenditure on investment	0,00	0,00	0,00%	N/A
	Expenditure on the organization of national assessment	5.789,00	5.789,00	100,00%	N/A
2019	Staff expenditure	2.271.548,00	2.271.548,00	100,00%	+27,91%
	Expenditure on goods and services	201.500,00	199.980,80	99,25%	-9,43%
	Students' scholarships	5.000,00	5.000,00	100,00%	0,00%
	Expenditure with auxiliary teaching staff and teaching staff	20.000,00	18.155,00	90,78%	-11,70%
	Expenditure on investment	0,00	0,00	0,00%	N/A
	Expenditure on the organization of national assessment	6.070,00	6.070,00	100,00%	0,00%
2020	Staff expenditure	2.220.651,00	2.220.651,00	100,00%	-2,24%
	Expenditure on goods and services	244.000,00	197.605,28	80,98%	-1,19%
	Students' scholarships	5.000,00	5.000,00	100,00%	0,00%
	Expenditure with auxiliary teaching staff and teaching staff	14.000,00	12.151,00	86,79%	-33,07%
	Expenditure on investment	34.290,00	34.284,00	99,98%	N/A
	Expenditure on the organization of national assessment	8.668,00	8.668,00	100,00%	+42,80
2021	Staff expenditure	2.175.591,00	2.175.591,00	100,00%	-2,03%
	Expenditure on goods and services	226.000,00	218.781,42	96,81%	+10,72%
	Students' scholarships	37.000,00	37.000,00	100,00%	+74,00%
	Expenditure with auxiliary teaching staff and teaching staff	20.000,00	16.310,00	81,55%	+34,23%
	Expenditure on investment	0,00	0,00	0,00%	N/A
	Expenditure on the organization of national assessment	3.824,00	3.824,00	100,00%	-55,88%

Data processed by authors from the financial statements of the educational unit

From this comparative analysis, regarding the financing of the school and the dynamics of the expenses, we can observe certain essential aspects with a direct impact on the instructive-educational process.

Personnel costs, related to the human component as a resource of the educational system, recorded an ascending trend, up to 27.91%, during 2017-2019, but a regression followed by 2020, reaching a decrease of -2.03%. The main cause of this is the demographic factors, ie the number of registered students that oscillate from year to year, which has repercussions on the budgetary substantiation of the gymnasium school. The educational unit covers these possible shortcomings through budgetary rectifications and will not enter into a financial deadlock, but on this point of view, this situation may be considered as a constraint on the activity of this institution in the Community.

Expenditure on goods and services, which assumes everything of the smooth functioning of the lower secondary education unit, have an irregular route, recording an increase of up to 17.92%, following a decrease from -1.19% to -9.43%, subsequently recording an increase of up to 10.72%. All of these resulting calculations are obtained by reporting a year to the previous one. The basic funding provided by the standard cost per student for the country's 4th school unit, the rural area, was generally on the same line. The reason why these fluctuations occurred is caused by the fact that the administrative-territorial unit has ensured the funds in the local budget for complementary funding to the extent availability and possibilities of each financial year. With regard to current expenditures, the educational unit has made efforts to fall into budget allocations, a certain balance has been maintained. It is well known that in the period 2020-2021, the pandemic generated by the SARS-COV-2 virus has created greater expenses related to ensuring and maintaining the integrity and health of students, teachers and all those who participate in the educational process.

An objective was the provision of auxiliary teaching and didactic staff, in this way professionally prepared teachers were motivated to continue their activity in this educational unit. Any fluctuations in this expenditure category do not have a significant impact because it depends on the number of nursing teachers at the beginning of each school year. In addition, in the 2020s and 2021, they were months in which, due to the pandemic generated by the SARS-COV-2 virus, didactic activity took place in the online environment.

Another important objective was related to the granting of school scholarships, to stimulate students to perform and achieve better learning outcomes, in this case observing an increase of 74% in 2021 compared to previous years. Funding was also ensured by funds by the Ministry of Education, but on the local budget route. These measures are an opportunity for school unity because, through the financial incentives for students, an increase in educational performance may result.

An important aspect in institutional development is the investments in the material basis of the educational unit. Being located in a rural area, the need for modernization and digitization in order to maintain and perform at a high level is a stringent one. Analyzing the period 2017-2021, it can be seen that only in 2020, funds have been allocated for this category of expenditure. It has been invested in digitization by purchasing tablets for students and laptops for teachers in order to continue the activity of the instructive-educational process in the online system, sometimes in the hybrid system. From this point of view, on the one hand, it is an opportunity to digitize the educational system, aligning with the requirements of the current community, but, on the other hand, is also a constraint, as it can have a negative impact on the image of the education unit by Lack of investments and other components of the material base.

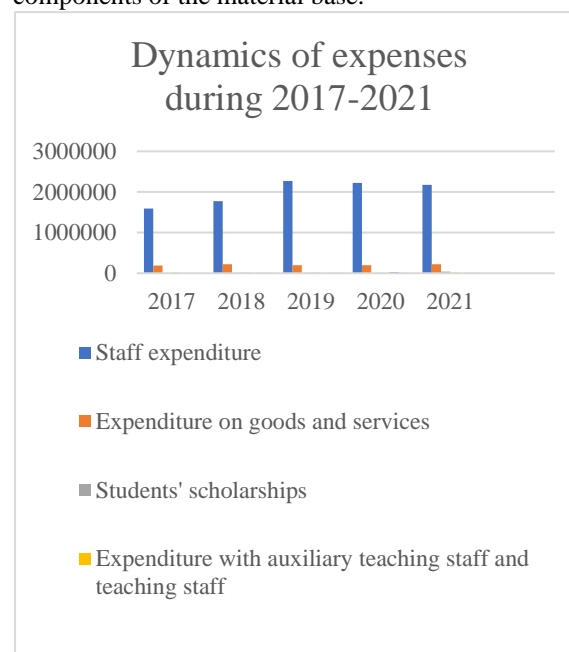


Figure 3 - Dynamics of expenditure at school level in 2017-2021

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The imbalance between needs and resources can be evident in the case of investment expenses. It is necessary to implement measures by which the educational unit can be financially supported by central or local authorities in order to develop the material base by investing the buildings in which the insprising-educational process is carried out by upgrading all classrooms by equipping the computer laboratories And sciences with better equipments that meet current requirements, all of which lead to the opening of new opportunities for the rural education system.

Also, another imbalance between needs and resources is recorded in the case of expenditure for the continuous training of teaching staff. The human

resource is particularly important when the school unit provides education services to children in that community. This is worth increased attention because there have been deficiencies in this direction, through the lack of funds allocated through the national training programs of the Ministry of Education or other budget allocations from the local budget. This is a constraint on the financing of the educational unit and can have a negative impact on the instructive-educational process at a time.

Between Needs, Resources and Financing There is an interdependence relationship, in the sense that existing needs can be covered by resources, and resources can be effective and can only be provided if there is solid funding, as can be seen from Figure 4, presented below:

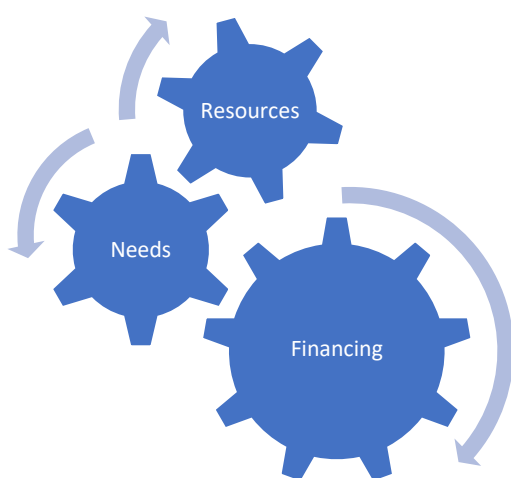


Figure 4 - Relationship between Needs, Resources and Financing

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In order to no longer there are imbalances generated by differences between needs and resources, the lower secondary education unit must adopt a strategy to attract funds for the extinguishing deficiencies and coverage the educational system by supplementing the budget by different methods.

A well-founded strategy may include promoting public-private partnership in the community in which the educational unit is located. In the range of administrative-territorial unity, various economic agents that can be involved in supporting the school and extra-curricular activities of the instructive-educational process or can therefore finance the expenses necessary for the development of the material base of the educational unit.

Another component of the strategy may be that the educational unit attract European structural funds or grants. The attraction of structural funds has become a tool for institutional and material development of public institutions since 2007. In the case of a unit of

education, the implementation of projects through which European structural funds are drawn can bring major benefits to the quality of the education system by standardization by rehabilitation Buildings, by setting up special places for taking after-school teaching or school sports competitions by replacing IT equipment and peripherals with a high degree of wear with some of the last generation and, last but not least, through training programs of auxiliary teaching and didactic staff.

These objectives can be achieved only with a thorough planning and staff trained in the field. In this respect, support from local authorities is essential, there are cases where it is necessary to access these Structural Funds, a private contribution, called co-financing, provided by the administrative-territorial unit in the local budget or ensured following a partnership with an economic agent.

4. Conclusions and recommendations

The funding of lower secondary education units in state pre-university education is mainly based on the standard cost per student. At this time, the calculation of the standard cost per student is not based on a foundation appropriate to his or her purpose. In reality, the standard cost is determined from the general financial allocation and not from the actual financing needs. Over 80% of the budget execution on the types of expenses included in the basic financing is represented by the personnel expenses, which leads to the decrease of the amounts provided for the financing of the other expenses related to the optimal development of the instructive-educational process.

The current budgetary allocations of lower secondary education units, especially in rural areas, can be classified as the result of underfunding. This creates situations where the allocation is insufficient or does not exist for many categories of basic expenditure. In such circumstances, the secondary school is obliged to organize its activities in such a way that the available budget is proportioned for each quarter to cover the most stringent needs.

The educational system in Romania is extremely diverse regarding from the perspective of the organization, the characteristics related to the number of students, the language in which they are taught, the levels of education, the situation of the administrative-territorial unit, with high or lower own incomes and other factors. In this case, it complicates the standardization of financial allocations that must take into account a very large number of factors that have a significant influence on the real costs of operating in optimal conditions of an educational establishment.

It is important that, at some point, the sources of funding are as diversified as possible, by receiving

donations or sponsorships, collaborating with other entities, such as non-governmental organizations or non-profit organizations, and thus, the educational institutions become entrepreneurial schools.

The adoption of strategies regarding a public-private partnership and the attraction of structural funds, can be called the financial "engineers" who could cover the deficiencies generated by the financing

through the standard cost per student and on the basis of which further research in this field can be developed. Lower secondary schools can obtain their own income from donations, sponsorships or other legally established sources. In addition, under legal conditions, any natural or legal person can contribute to the financing of the educational system in Romania.

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