



REPUBLIC OF ESTONIA
MINISTRY OF EDUCATION
AND RESEARCH

Higher Education Funding and Performance Agreements in Estonia

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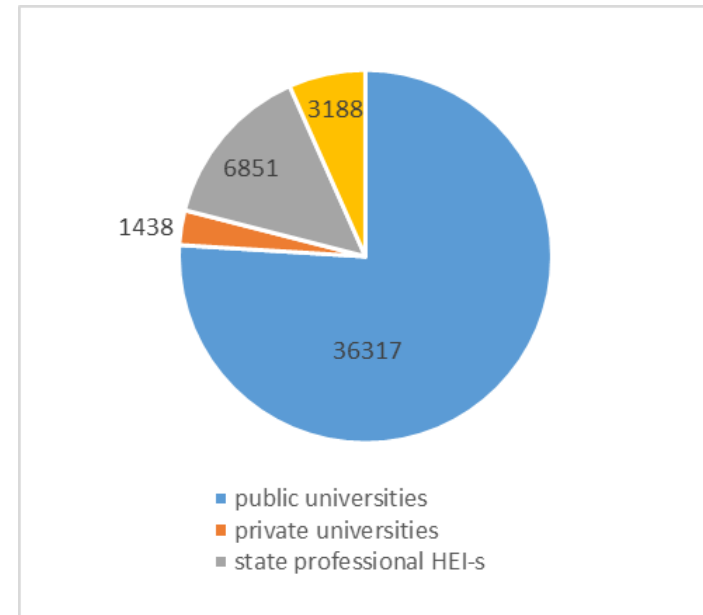
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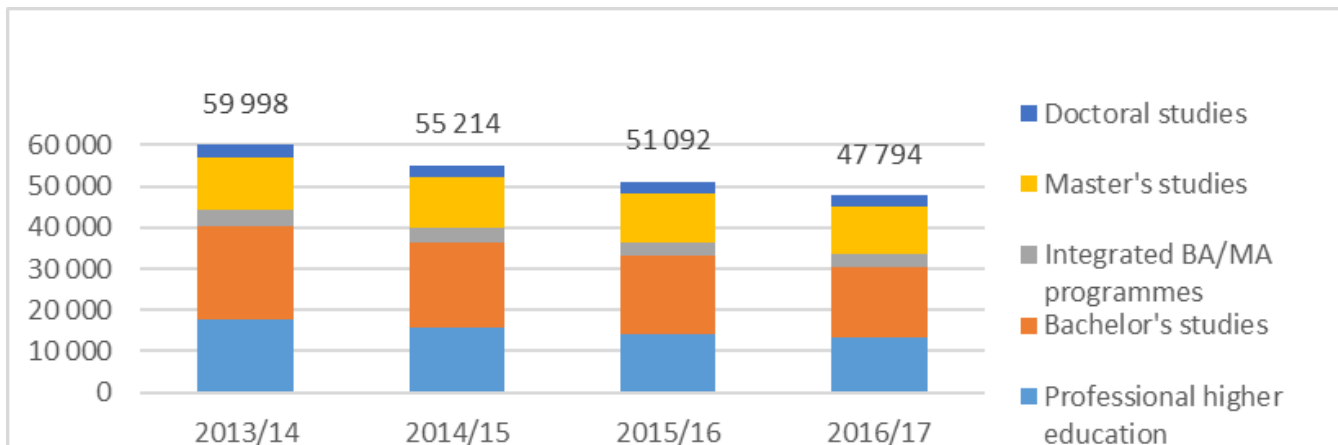
Higher education in Estonia

HEI-s 2016/2017:

- 6 public universities
- 1 private university
- 8 state professional HEI-s
- 6 private professional HEI-s



Number of students



Funding of HEI-s (2016)

- HE funding (operational funding 154,7 M€ / other)
 - Universities Act / Professional Higher Education Institutions Act
- R&D funding (baseline funding 13,9 M€ / research grants 37,9 M€ / other 16,4 M€)
 - Organisation of Research and Development Act
- funding from EU structural funds – 63,6 M€ (ASTRA, DoRa, Mobilitas, RITA, Centres of Excellence)



Financing, 1995-2012

1995-2012

From state budget for

- provision of graduates
- investments and other expenditure

Cost of study was different for different fields (system of rates)

2010/11 50% of study places were state-commissioned



Financing, 2013-2016

No tuition fees when studying in Estonian language full time studies

Principles were changed – 3-year contract under public law + performance agreement yearly.

Operational funding:

- 70-75% of support is based on volume, quality and efficiency of teaching

Volume– number of students, number of foreign students, number of students abroad, number of foreign teaching staff

Quality – results of students, continuation of studies, employment of graduates, goals reached

Efficiency – number of graduates, number of graduates in priority fields

- 25-30 % of support for activities supporting the provision of instruction of national importance



HE financing, 2017+

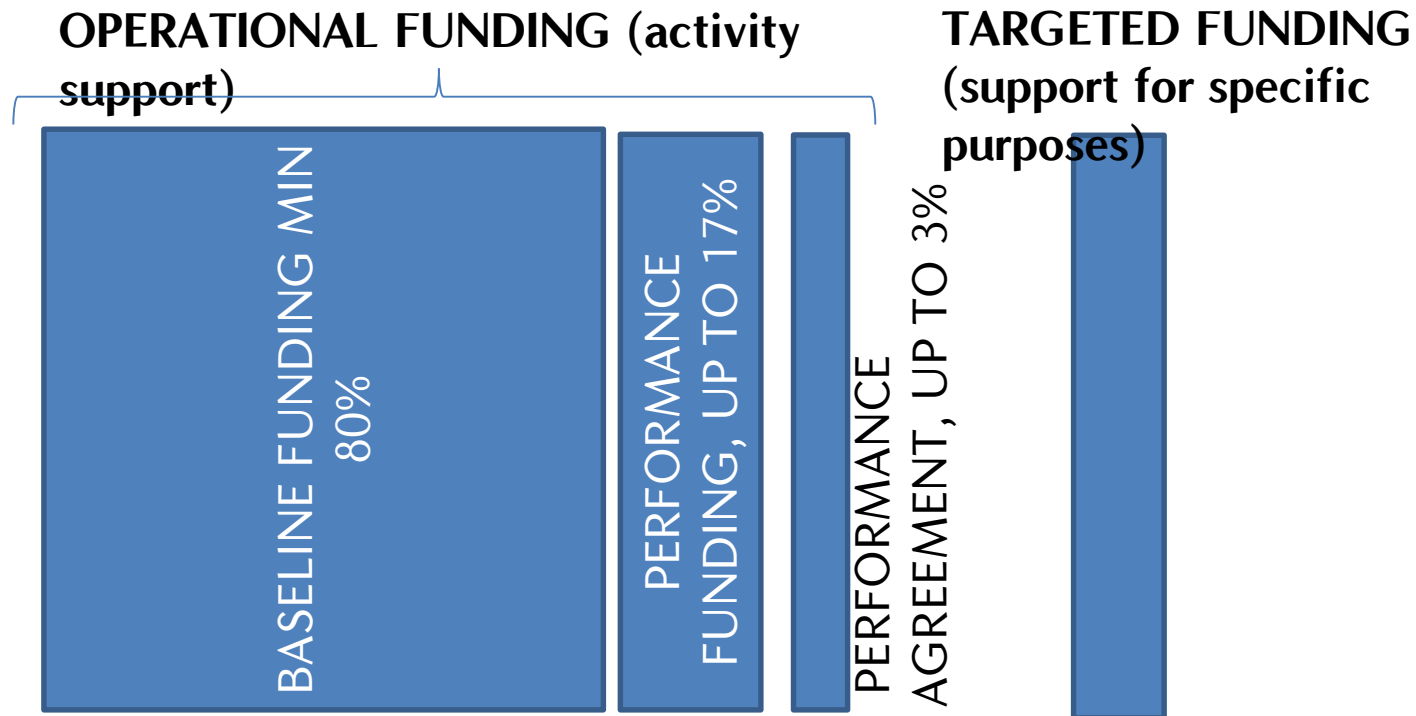
From 1.01.2017 new HE financing model, after Universities Act was changed in Parliament.

The purpose:

- to increase stability of financing for HEI-s;
- to focus more on HEI-s quality, efficiency and role in society by performance funding (using both qualitative and quantitative performance indicators);
- to introduce the component for strategic choices in funding.



HE financing model



Operational funding (activity support)

Basic funding, at least 80%
114 M€ (2017)

Performance funding, up to 20%
28 M€

Performance funding (performance indicators) up to 17%
24 M€

Performance indicator 1	(share 15%)
Performance indicator 2	(10%)
Performance indicator 3	(10%)
Performance indicator 4	(35%)
Performance indicator 5	(10%)
Performance indicator 6	(20%)

Performance funding (goals in performance agreement), up to 3%
4,3 M€



Baseline funding and performance funding

At least 80% will be **baseline funding** based on the last 3 years average operational support to the institution.

In **performance funding** all public HEI-s (public universities and state professional HEI-s) will be competing with each other.

- Institutions with better results will get proportionally more performance funding.
- The proportions between HEI-s established by the distribution of baseline funding are taken into account when transferring the results of performance indicators into performance funding.



Performance indicators

6 performance indicators are chosen to fulfill the goals of Estonian Lifelong Learning Strategy 2020.

The quality indicators:

1. Share of students enrolled in HEI's responsibility areas, 10% (2,4 M€ in 2017)
2. Share of enrolled foreign students, 10% (2,4 M€)
3. Share of students participating in short time international mobility, 10% (2,4 M€)

The efficiency indicators:

4. Share of students graduating with nominal time, 35% (8,5 M€)
5. Share of private funding from study activities compared to the public funding, 10% (2,4 M€)

The indicators for support of social development:

6. Share of graduates in employment or in further studies, 20% (4,9 M€)



Performance agreements

3-year contract under public law (*haldusleping*)

- basic obligations arising from the mission, objectives and functions of a university and necessities of the state,
- exceptions according to which a university is not entitled to demand the partial reimbursement of study costs from students
- curricula on the basis of which a university is allowed to conduct only part-time study;
- the number of student places in Doctoral study which the university is required to open;
- bases of allocation of student scholarship fund.



What we have learned...

- Balance between performance funding and baseline funding
- Funding model (performance indicators) created in dialogue with HEI-s
- Flexible performance indicators
- Lack of quality indicators

?

- same model for universities and professional HEI-s
- the role of competition?





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Thank you!

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