

# THE NEED OF USING INDICATORS IN SIZING THE EFFICIENCY OF EXPENDITURE FOR EDUCATION

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*Abstract: In order to be used in sizing the efficiency of expenditure for education, the indicators must reflect its specific aspects and their calculation must be needed and in accordance with the requests of the educational activity.*

*The need of using a system of indicators is imposed by the complex character of the efficiency of expenses for education, due to the fact that each of these indices takes a certain efficiency criterion, contributing to the development, implementation and evaluation of the educational policies.*

*Key words: indicators/indices, efficiency, expenditure for education.*

Within an economy where the public needs claim public goods of high values, continuously augmenting and diversifying, on one hand, and on the other hand, the financial state resources not going up in a sustained rhythm, a gap is created leading mainly to the failure of resources needed for all the economic activities and implicitly, of education activities.

Based on these conditions, the decision makers proceed to sorting and ranking the social needs, respectively to sizing the public expenses, taking into account many criteria: priority, opportunity, efficiency and effectiveness, public services quality.

If we take into account the efficiency of the expenditure for education, its quantification can be elaborated either as a ratio between the obtained results by the education operation and the money spent for this action during a certain period of time, or as a ratio between the size of the efforts spent into the education activity and the size of the effects (results) obtained into the development of the respective activity.

The efficiency of the education must be expressed by indicators to reflect the quality of the education activity, comparing thus the effects and the effort spent.

In order to be used in sizing the efficiency of expenditure for education, the indicators must reflect its specific aspects and their calculation must be needed and in accordance with the requests of the educational activity.

The indices of the efficiency of the expenditure for education are used for underlining the effects obtained further to the education expenditure and for their size determination. On the basis of their analysis, there can be identified new actions in line with the improvement of the use of funds within education field.

The necessity of using a system of indices is entailed by the complex character of the efficiency of expenditure for education because each of these indicators takes a certain efficiency criterion.

Each indicator must answer to the calculation level: for example, indicators calculated at national, county or local level, indicators calculated on educational levels or on total education. But some indices are calculated only at national level, such as: public expenditure for education as a percentage from the Gross Internal Product, proportion of public current expenses on educational levels.

Other indicators are calculated at county level or on educational levels, such as: gross/net rate of schooling, rate of school years repetition, etc.

The calculation of indices must be based on real data in order to answer the scope of indicators use; these data refer to:

- measurement of progress registered at the education system level;
- assessment of policies impact within the field;
- setting out new priorities.

In order to assess the efficiency of expenditure for education there are used characteristic indicators for this field, which can be calculated both at macro-economic level and at micro-economic level. These indices have the role to underline the specific elements of the educational activity in evaluating the efficiency and expenses for education.

In order to better understand the usefulness of calculation of efficiency indicators of education expenditure, there can also be calculated social indicators, in physical or material form, some of them being requested for the understanding and analysis of the others while offering different judgment elements.

At the same time, in order to ensure the comparison of these indices and allow the analysis according to the time factor, they have to be calculated using updating methods. Thus, it can be established the moment when the ratio effort/effect is unitary and it is achieved the compensation of expenses from revenues.

Although the economic efficiency indicators of the education process lead to a comparison of the obtained results and consumed resources, they also have to take into account other defining elements, such as: the structure of resources and results, their quality, the abundance degree, the time factor insufficiency.

It is very important the detailed presentation of the calculation method with emphasize on formula, as there are indicators that can be calculated in different ways. Moreover, in each indicator presentation must be included the way of interpreting it in order to avoid confusions and to unify the methods of usage. In this paper, we present two indicators relevant for the efficiency of public expenses allotted to the educational process.

An indicator calculated both at national level and on education levels is the one for public expenditure for education as a percentage from the Gross Internal Product.

The goal of this indicator is to emphasize the proportion of the resources allotted to education by government from taxes and duties collected at budgetary level during one year.

The growth of public expenditure for education is mainly explained by the constant growth of the gross internal product during the last years. During 2000 – 2007 this indicator had the evolution presented in table 1.

**Table 1**

***Public expenditure for education as a percentage from the Gross Internal Product***

2000	2001	2002	2003	2004	2005	2006	2007
3,4	3,6	3,5	3,7	3,9	3,9	4,7	5,2

*Source: Ministry of Public Finances, Ministry of Education and Research 2000-2007*

We notice an increase of the expenses for education from 3,4 % in 2000 to 5,2 % in 2007. To this percentage (5,2%) there have been added 0,50 % from the gross internal product for research and 0,23% from gross internal product for insurance and social welfare. This indicator emphasizes both the education importance as compared to the other public services provided by state calculated on education levels and the priority of public funds allocation for a certain level of education. We have also studied the evolution of public expenditure for education indicator as a percentage from the total public expenditure during 2000 – 2006, when this indicator undergone little modification, as shown in table number 2.

**Table 2**

***Public expenditure for education as a percentage from the public expenditure during 2000-2006***

2000	2001	2002	2003	2004	2005	2006
8,1	8,3	8,3	8,2	8,2	8,3	8,4

*Source: Ministry of Public Finances, Ministry of Education and Research 2000-2006*

This indicator is calculated as a ratio between the total public expenses for education and the total public expenses from a financial year on the basis of data provided by Ministry of Public Finances, Ministry of Education and Research, National Institute for Statistics.

It is an indicator calculated both at national level and on education levels. This indicator emphasizes the proportion of expenses allotted by government for the educational sector development from the annual public expenditure.

It is important that the indices system for education should get together several conditions

- it has to be a multidimensional system so that it can be used in different circumstances, it can comprise not only data related to education but also the reports to the given context;
- it has to ensure comparison with the most well-known indicator systems used by international organizations and mostly by European bodies to which we report to;
- it has to cover the main domains of the educational policy;
- it has to allow multiple uses regarding the annual assessment of the education system (by basic indices), and the analyses both at central level and at regional level;
- it has to hold a certain information power to allow communication sizing and great caution in analyzing statistic data.

This insertion of indicators is justified by the need of monitoring and evaluating the degree of carrying out one of Lisbon priority objectives concerning the education quality development:

- education efficiency can be expressed by indices which must reflect the specific aspects of this activity and their calculation is requested and in accordance with the respective activity requests;
- the requested data for the calculation of indices have to be updated in order to answer the scope of their use;
- the use of indices for the education system assessment and the evaluation of achieving the educational policy objectives at national and local level;
- in calculating the efficiency indices of expenditure for education, the gap between the effort period for sustaining education and the result (effect) period for this action should be noticed (as a characteristic);
- the efficiency index system calculated for the educational activity has a certain information power, these indices can be transferred in certain situations and can be applied to different objectives of education policies.

It is necessary to identify new directions to act in line with the improvement of funds within education field, taking into account the fact that the indicators are not significant as information; they are important only reported to certain criteria related to the education objectives and to the end products of the system.

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