

**Abstract**

**A Study on Higher Education Financial Policy and  
Improvement Plan**

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With the advent of the new government, at a time when the 10-Year Basic Plan for Financial Investment in Higher Education' preparing for the 2020 should be established, this study closely examined higher education funding policy in Korea from a scientific perspective and reflected the resulting outcomes to propose more effective enhanced plans. The research process was an opportunity to explore policy alternatives that can be utilized in the new government by revisiting both problems caused by the emphasis on quantitative growth of funding for higher education and related solutions. In particular, as opposed to existing studies, it is characteristic that this study offered a macroscopic view of considering cooperation methods aiming to improve the effectiveness of the funding policy for higher education. This exploration process was to build a foundation for converting the government's support policy, which takes control of universities by using the existing administrative and financial power, to fostering support policy.

For this purpose, first, this study provided the understanding of the concept in the government's funding policy for higher education and established the perspective of analysis for the enhanced methods. Second, this study developed assessment criteria for funding policy for higher education. Third, this study conducted qualitative and subjective assessments based on expert opinions as well as policy assessment through the quantitative and objective data based on assessment criteria. Fourth, it found the overall research trends in global funding policy for higher education, drawing out implications for policy improvement. Finally, in this study, we suggested measures to improve the funding policy in Korea in the future.

Higher education funding policy is the government's response relating to "how to support higher education institutions," which includes the ranges from securing resources to practical allocation, management, the resulting outcomes and the implementing performance evaluation as categories for discussion. It is notable that this study established the viewpoint of taking into account the relation to other systems which triggered the formulation of this policy, since if this study assumes the funding policy that is being practiced flawless in developing these policies, there are limits in suggesting policy improvement methods. Accordingly, this study even explored cooperation methods of the related policies such as economy, industry, labor, and tax to enhance the effectiveness of the funding policy of higher education by utilizing the viewpoint of fiscal institutionalism.

The assessment criteria of funding policy for higher education was based on collected opinions through Delphi analysis, and 21 final assessment criteria were developed through Euclidean distance formula which draws similar type of indicator and analysis of multidimensional scaling. Regarding the four areas(securement – allocation – management – evaluation), each two assessment criteria were developed. As a result, assessment criteria were developed based on each criteria, finally assessment model was composed of 4 areas, 8 standards and 21 criteria. Assessment was implemented by qualitative and subjective data based on assessment criteria. In addition, the qualitative and subjective

assessment was conducted through expert opinions to verify the effectiveness of assessment criteria and confirm the consistency with the quantitative and objective analysis.

According to the results, in the area of securement, expansion of the financial scale for the improvement of the sufficiency and recalculation of the real amount of the fund were required, and the establishment of legal foundation to enhance stability was derived as the assessment result. In the area of allocation, it was assessed that consistency in funding planning was lacking and the establishment of a general organization and standardization of work processes were necessary to improve rationality. In order to improve adequacy, it was suggested that dual system of funding methods and the reality of funding allocation should be considered. In the area of management, it was assessed that the termination of similar and overlapping projects was an important task to enhance efficiency. Also, it was pointed out that that establishment of common guidelines for methods of funding allocation and execution of budget in order to improve autonomy. Finally, in the evaluation area, it was reviewed that the integrated management system of the funding projects to enhance responsibility and the satisfaction management related to funding projects to improve the effectiveness were required.

The assessment results showed that the main problems of the funding policy for higher education were as follows: first, smallness of scale on higher education finance, second, a lack of diversity in finances, third, no legal basis in financing, fourth, imbalanced structure of financial allocation, fifth, inefficiency of funding projects, sixth, biased tendency of beneficiaries etc.

On the other hand, policy implications of this study were drawn through analysis of overseas cases. This study compared the current status of higher education funding among four countries of the United States, Japan, Sweden, and Finland and confirmed the institutional context in which each government funding for those countries was established. The analysis findings showed that due to the change of demographic structures, it is necessary to change the viewpoint in supporting universities; to achieve

self-improvement and retraining as well as cutting-edge technology development and knowledge creation. These changes can not be achieved only through establishment of educational policies, so cooperation with the policies in other sectors leading social development should be sought. In addition, specialization of universities and industry to foster human resources, and mitigation of income inequality based on academic backgrounds are factors that facilitate the participation in social activities, which assumed cooperation of the related polices on welfare, industry, labor and tax. Above all, despite the fact that those governments spend more on universities compared with Korea, a policy climate that sees autonomy of universities as the best value had great implications.

Based on the above analysis, this study suggested the improvement measures for the establishment of funding system that encourages substantial university development. This was to realize the vision that the real development of universities will be the basis to fully function as a growth engine for nation by securing the future competitiveness of higher education. Based on this background, the policy measures suggested in this study largely focused on five basic principles and directions; improvement of financial conditions of universities, expansion of finance scale for higher education, rational implementation of policies, implementation of stable support, and systematic performance management. Policy measures were suggested in six major areas.

First, to improve feasibility of financial support, it was suggested that establishment of role and scope of responsibilities of the government, enhancement of the legal basis, and establishment and operation of 'Council of Higher Education Funding Policy' (tentative name). Second, the following suggestions were proposed to ensure the consistency of financial support; establishment and operation of the integrated management system for higher education funding, review of accountability in education investment & enhancement of performance management, and implementation of CQI for mid-and long-term funding plans. Third, to strengthen equity and rationality of funding, this study presented some suggestions as follows; diversification of application and selection methods for funding projects, duality of objective-based funding projects, redesign of funding for national and public universities and duality of funding for private universities, expansion of benefit scope for colleges, and introduction of grant system

for higher education. Fourth, the following measures were needed; development of standard guidelines for project budget execution to secure autonomy of universities, improvement of the purposiveness of the penalty system, expansion of supporting institutions based on the formula, and relaxation of the regulation on the basic property management. Fifth, this study proposed the establishment and operation of cooperative consultation body at the interdepartmental level as well as coordination methods with the related policies including finance, economy, tax, labor and industry to strengthen coordination with related policies. Sixth, policy considerations for the securement-allocation-management-evaluation process to establish the life-cycle funding system for higher education were suggested.

Lastly, it is hoped that this study may contribute to develop funding policy for higher education, making some policy suggestions so that more sophisticated research can be backed up in the future. First, it is pointed out that key related personnel and stakeholders in higher education should establish social consensus by promoting the importance of higher education and current challenges. Second, precise data management is required to conduct sophisticated financial analysis. To do so, it is necessary to establish a process for strictly managing input data by both the government offering funds and universities as beneficiaries. Third, it is suggested that a procedure that actively reflects voices of universities should be formulated in an attempt to verify the effectiveness of the policy and to confirm the performance of the funding budget. In addition, it was proposed that the communication system between universities and the government should be expanded by having a communication channel through which universities can constantly make suggestions. Fourth, to improve the effectiveness and efficiency of the government funding, it is necessary to clarify the legal basis and to simplify the related administrative procedures so that badly managed universities should be closed as soon as possible not to receive financial support from the government.

**Keyword :** funding policy for higher education, funding projects for higher education, institutionalism, assessment criteria for funding policy