

EDUCATION SERVICES AND RECENT DEVELOPMENTS IN THE FINANCING OF EDUCATION SERVICES IN TURKEY

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SUMMARY

The phenomenon that views education as an economic good, with different features in regard to other public goods, has introduced the concepts of "semi - public goods " and / or mixed goods into the literature of public economics.

The segregational and marketable features of mixed goods, make it possible to price those goods. However, since education as a mixed good, has positive and negative external economies as in health services, necessitates the realization of that good through producing units of public economics. This requirement causes consideration of education mixed goods in the form of complete public goods from financial point of view. Even though, it has been witnessed that, in the light of wide-spread state of the educational services and the need for realizing those services at desired levels, today besides public financing, some additional financial techniques such as partial-financing and /or indirect financing have been in use at a great extent, for financing educational services.

Educational services have become a factor which has gained significance day after day and has directed development efforts, especially within the development activity of countries and in our country, as well. Since Turkey is in a serious development effort, while

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allocate resources at a desired level and it is necessary to search for some new and additional financial means for the educational services.

In every educational segment, with regard to the mixed good features which educational services possess at that segment, it is evidenced that private financing techniques are being utilized besides public financing methods, recently, in our country, too. Especially, in secondary education, private educational institutions have gained importance at a great extent besides public educational institutions. Moreover, special financing techniques are being utilized in public educational institutions to a certain degree, besides financing through taxes. In recent years, due to the ever decreasing trend of public financial resources allocated to education, it has become unescapable to search for additional financial means and resources in every segment of education at a more expanding range. Nevertheless tuition payment system was introduced in the higher education, as well as in the other educational institutions, to have students participate in financing educational services, in addition to financing through taxes, during the post-1980 era.

INTRODUCTION

As is generally accepted today, a country can reach the contemporary civilization level mainly by increasing the proportion of educated people in the society. Fast progress in science and technology witnessed in the Twentieth Century has increased the differences in development levels between countries on the one hand, and caused education and research activities to gain vital importance in the development process, on the other. As a matter of fact, today, the level of education, training and research services in a country is a major determinant of its development level and its success in the race of science and technology. The number of educated and qualified manpower, together with the emphasis given on research and development, is the most meaningful indicator of a country's development rate and its desire for reaching the level of advanced countries.

Being realized the importance of education, training and research activities for development, there have been several attempts made in Turkey towards allocating more resources as possible for these activities. However, Turkey has, as a developing country, limited resources to allocate for education and research, as well as for other fields of activity. Thus emerges a paradox that although education, training and research activities have vital importance in the development process, a developing country does not have sufficient resources to allocate to these activities.

sources to finance education, training and research services. Some of the financing methods which have largely been implemented with quite successful results in developed countries can, and should, be tried in Turkey as well ; after, of course, making essential corrections taking into account the structure and different features of the country. In fact, some new means and methods in implementing and financing education services have been searched and used in Turkey in recent years. We try to give more detailed information on this subject in the following sections.

I - THE FINANCING OF EDUCATION SERVICES BY THE PUBLIC SECTOR

Major common features of developing countries make it necessary that education, which is a typical example of the merit goods, should be financed mostly by the public sector. Indeed, education is basically a public service and resultantly an activity which has to be financed by the government in a developing country which has structural characteristics such as lowness of the national income level, inequality of income distribution, inadequacy of capital accumulation, technological backwardness, underdevelopment of money and capital markets, existence of a large army of open and disguised unemployed, lowness of the literacy rate, rapidity of the population growth, insufficiency of skilled manpower, and inefficiency in the functioning of the democratic mechanism, and which has main targets such as balanced and rapid development, more social security and peace, more equal distribution of income, and efficient allocation of resources.

In Turkey too, education is mainly regarded as planned as a public good, and financed primarily by taxes within the general framework of public finance. However, due to Turkey's progress towards industrialization in addition to the increased importance of education and research activities resulting from the recent developments in science and technology ; there have been some attempts observed in Turkey in recent years towards increasing the relative share of the private sector in education, in order to achieve more efficient and comprehensive implementation of education, training and research activities.

II - OTHER FINANCING TECHNIQUES OF EDUCATION SERVICES IN ADDITION TO THE GOVERNMENT FINANCING

In Turkey, education is generally financed by taxes, and only a small part of the educational services is provided by private agencies. According to the Law on Private Educational Institutions numbered 625, which was changed by the Law numbered 3035, education and training in all levels (in pre-primary, Primary, Secondary levels etc.) may be undertaken by private institutions.

In addition to formal education, voluntary social organisations have also made considerable contributions to education, teaching and research activities in Turkey. Educational and cultural services and research activities provided by various industrial and professional organisations, and by associations and foundations can be mentioned as good examples of the above - mentioned activities. The contribution of such organisations to educational and cultural activities has increased in recent years.

A. The Situation in the Pre-higher Educational Services

"The Law on Private Educational Institutions " numbered 625 was put into implementation in 1965, in order to authorize the private agencies to provide educational services in addition to State provision of education. The Constitution of the Republic of Turkey has also some provisions concerning private educational services. Article 42 of the 1982 Constitution contains the following provisions, under the title of " the Right and Duty of Education and Training " ;

" No one can be deprived of the right of education and training.

The scope of the right of education is determined and regulated by law.

Education and training are implemented in the direction of Atatürk's principles and revolutions, in accordance with the fundamentals of contemporary science and education, under the supervision and control of the State.

Liberty of education and training does not remove the obligation of loyalty to the Constitution.

Primary education is provided to all male and female citizen without charge in State Schools.

Principles binding private schools at primary and secondary levels are specified by law in accordance with the level desired to be reached by state schools.

As is seen, it is stipulated that the principles regarding private educational institutions will be determined by law. Although the law numbered 625 which was put into implementation according to the previous Constitutions of Turkey is still in effect, some of its articles were changed by the Law numbered 3035 and dated 11.7.1984. The scope of the law was enlarged in article 1 as in the following :

" This law contains the provisions concerning the establishment, putting into operation, education and training activities, management, supervision and control of pre-primary, primary and secondary educational institutions established by private persons which are citizens of the Turkish Republic, Private Law Juridical persons, or

of the institutions providing education through correspondence at this level, various courses and teaching centers, study and training centers for students, institutes of tailoring and the like ; and (also contains the provision concerning) education and training activities, managements supervision and control of the private educational institutions established by foreigners. " (The Law numbered 3035, Article 1).

Another important provision introduced by the Law numbered 625 aims at encouraging private educational institutions by reducing their financial burden in education :

"Private crèches, kindergartens and vocational schools, and private schools to be established in the regions which have priority in development are exempt from income tax and corporation tax for a period of ten years from the date when they start education. Private schools established in other regions benefit from this exemption for a five-year period. Moreover, educational investments made in accordance with this law may benefit from the measures of investment incentives contained in the development plans and programs ; when they are approved. "

Another implementation worth-mentioning is the one that aims at increasing the skills and expertise of the students of vocational and technical schools on the base of industry- school cooperation principle. "The Law on Apprenticeship and Vocational Education " numbered 3308 and dated 19 June 1986 determines the principles regarding the training of apprentices, assistant masters, and masters in workshops and the principles of vocational training to be carried out in business firms. On the other hand, this law also introduces the opportunity of skill acquisition for the students of vocational and technical schools within the framework of industry-school cooperation. In addition, " The Fund for Improving and Extending the Apprenticeship Training and Vocational and Technical Education " was founded in order for the law to function properly.

In Turkey, especially since 1980, the number of private schools has noted a rapid increase ; while, on the other hand, the contribution of the industrial institutions and voluntary social organisations to educational services has considerably increased.

Those conclusions can be drawn below, upon considering developments in recent years, regarding various education segments and extended educational services :

- Table showing the number of public and private schools, students and teachers within pre - school era educational institutions, as of 1985- 1986 school year, is depicted below.

Pre - school Situation in 1985 - 86 School Year

Type of School	Number of School	Number of Classes	Number of Students	Number of Teachers
PUBLIC				
Kindergarten	16	-	1720	138
Practice Kindergarten	276	-	7499	834
Kindergarten Class	-	3076	85153	4545
Low-level Special Class	-	622	8020	526
PRIVATE				
Turkish Kindergarten	87	1	3607	230
Turkish Kinder. Class	-	-	40	2
Foreign and Min. Kinder.	5	12	185	8
Foreign and Miority Kindergarten Class	-	-	517	19
TOTAL	384	3711	106741	6302

Source : State Planning Organization and Ministry of National Education.

As would be seen from the table, distribution of private and public schools within the total number of schools, is 2.5 % and 97.5 % respectively. The distribution, with regard to number of students and teachers is 4 % and 96 %.

- Quantitative development at private schools can be stated as follows : While the number of private schools during the 1961 - 62 period was 159, it has shown a slight increase for the following years. Then it declined continuously starting with the 1970 - 71 period, and decreased down to 100 for the 1981 - 82 school year. It is possible to see the same development in the number of teachers at private schools.

While the number of students at private schools for the 1961 - 62 school year, was 26.050 ; for the following yeras, it has shown a very slight increase or decrease, and it has reached 27.976 students for the 1981-82 school year. As would be seen in App. Table : 1 , while there was a considerable decrease in the number of schools and teachers in recent years, there was an increase in the number of students.

62 period is enumerated in App. Table :2 as would be seen from the table, the number of private junior high schools was around 80-100 for the above-mentioned period, whereas, the number of teachers decreased significantly in recent years. Similarly, the number of students has sometimes increased and sometimes decreased with very insignificant variations according to the years concerned.

- The number of private and public schools and the number of students at senior high school level, as of 1985-1986 school years, is as follows :

TABLE : 2

The Situation at Senior High Schools in the 1985-1986 School Year

Type of School	Number of Scho.	Number of Stud.	Rate of Schoolling
PUBLIC			
Lycee (Senior High Sch.)	1137	584018	45277
Lycee of Sciences	5	1100	108
Anatolian Lycee	29	11145	1202
Teachers Lycee	29	10939	984
Night Lycee	10	1610	33
PRIVATE			
Turkish Lycee	58	14155	2311
Foreign and Minority Lycee	25	1702	653
TOTAL	1293	627679	50578

" Source : State Planning Organization, and Ministry of Education, Youth and Sports ".

As would be seen from the table, 6.5 % of total number of schools at the senior high school level is private, 3 % of total number of students goes to private institutions and 97 % of the total, attends public schools, evidently.

As would be understood from the statistical data regarding private educational institutions, the number of private educational institutions within secondary education, stays at a low level in Turkey. Since the government can allocate limited amount of funds for financing education, private education should be encouraged in every possible field at primary and secondary levels.

B. The Situation in Higher Education

In Turkey, higher educational services have been financed mainly by taxes, as in the case of pre-higher educational services. As is known, higher educational services in Turkey are performed by universities which are administrations with subsidiary budgets. Because of their insufficient revenues, universities have to be largely supported by the general budget. Accordingly, higher educational services are primarily financed through Government financing in Turkey. Since 1984, however, the obligation of fee-payment has been introduced, with the aim of developing a new financial resource for higher education in addition to the financing through taxes. Another recent novelty reflecting also the effort of finding new financial resources for higher education is the legislation which gives foundations the permission of establishing universities, and so, providing higher educational services. This novelty will be considered below, after a brief examination of the fee-payment obligation in higher education.

1. The Obligation of Fee-Payment in Higher Education

Article 46 of Law of Higher Education numbered 2547, as was changed by the Law numbered 2880, has introduced the obligation that the students would pay fees at most one-fifth of the educational costs which would differentiate according to fields of study. The Council of Ministers has been authorized in determining yearly amounts mentioned above. According to the same Article, fee-payment obligations of the students may be undertaken by the public sector in the case that the students want to get into debt against the Government or accept the duty of compulsory public service.

On the other hand, the same Article (Article 46) states that fee revenues should be accumulated in a "Fund of Fees" which will be established in the budget of each universities.

Paragraph (a) of Article 47 of the Law of Higher Education numbered 2547, as was changed by the Law numbered 2880, has changed the higher educational institutions with maintaining physical and mental health of the students, meeting their social needs such as sheltering, nutrition, studying, relaxation and best utilization of spare time, and for these purposes, establishing student health centers, reading rooms, canteens and restaurants for students, and providing the students with sport halls and fields, movie, theatre and meeting halls, and camping places, within the limits of budgetary possibilities, and taking the required measures for the best utilization of them by the students; all being conditional upon conforming to the plans and programs made by the Council of Higher Education. (See, the Official Journal of 19.8.1983, no., 18140). Thus, the fees collected from students and transferred to the "Social Aid Fund for Students" have been used for nutrition, sheltering and

health needs of the students and for their sportive and cultural activities, within the procedure and principles indicated in Article 47.

2. Universities Established and Operated by Foundations : Foundation Universities

Paragraph 2 of Article 130 of the 1982 Constitution has introduced a new type of higher educational institutions which can be called as "Foundation Universities" (Higher educational institutions owned and operated by Foundations). According to this Article, "... higher educational institutions may be established by Foundations under the control and supervision of the State, providing that they are not operated for the purpose of profit." Within the framework of this provision of the Constitution, some supplementary articles containing provisions on Foundation Universities were added to the Law of Higher Education numbered 2547, by the Law numbered 2880 and dated 17.3.1983. Due to its importance, Supplementary Article 2 is Quoted below :

"Foundations may establish higher educational institutions or one or more subsidiary units attached to them, on condition that they are not oriented with the purpose of profit, and providing that they depend upon the methods and fundamentals indicated in this Law in respect of academic studies, provision of the teaching staff, and security, except for financial and administrative matters."

In provisional Article 4 and the following articles of the Law of Higher Education, principles concerned with the administrative organization of the Foundation Universities have been determined as a first example of higher educational institutions of this kind. In Turkey, Bilkent University was established in the academic Year of 1986-1987.

Higher educational institutions owned and operated by foundations may gradually acquire an important place in higher education and in the financing of higher educational services in Turkey, so long as they can lead to the results of increasing the competitiveness in higher educational services and thereby raising the quality of education received by students, and of reducing the public resources to be allocated for education.

CONCLUSION

The struggle for development pursued in developing countries in the present century has caused the education, training and research activities to gain a leading role in the development process. At the present stage of development reached in Turkey after having experienced considerable structural changes ; education and training services, and scientific research and development activities have acquired vi-

and technology and integrating the country into developed countries in various respect.

In Turkey, great troubles have been faced in the financing of education, training and research activities in desired and required levels, mainly because of the insufficiency of public resources which could be allocated for these activities. Whereas, the importance of educational services for technological development, and thus, for the entire development process, necessitates to find additional resources for these services.

At the present stage of development achieved in Turkey, educational services can, and should, be raised to a desired level both in quantity and quality, through the contributions of public and private sectors. For this purpose, the public sector can provide more educational services by using not more resources, but on the contrary by avoiding waste and using perhaps less resources. On the other hand, the private sector and voluntary social organizations should give more emphasis on, and allocate more resources to, research and development activities and educational activities such as education requiring fee-payment, training in industry, on-the-job training, and education for public purpose.

In order to increase the efficiency of educational services and find additional financial resources for education, following measures should be taken, in addition to the measures mentioned earlier.

- Pilot education for vocational high - schools should be reduced to a period of two years. Because, a three - year period which is currently implemented is too long and increases the costs.

- The tax system should be amended so as to encourage the businessmen to finance educational services.

- Rotating capital administrations in educational institutions have operated in an inefficient way up to now. In order for these administrations to contribute to educational services in a desired level :

- a) The possibility of establishing a rotating capital administration by all kinds of schools and educational institutions should be introduced ;

- b) The amounts of capital that these administrations own should be increased ; and,

- c) It should be ensured that a more greater part of the annual profits of a rotating capital administration would be left in the administration.

- Vocational higher educational institutitons should be reinforced in respect of

to a level that they can provide education so as to meet the demand for more qualified students (personnel) in the market.

- It should be assured that industry- education relations which were regulated with a new insight by the Law on Apprenticeship and Vocational Education, would be carried out in accordance with the purpose and spirit of the Law.

APPENDIX TABLE - 1

Quantitative Developments in Private Primary Schools in Turkey (Private Turkish + Private Foreign)

<u>Years</u>	<u>Number of Schools</u>	<u>Number of Teachers</u>	<u>Number of Students</u>
1961 - 62	159	1.367	26.050
1962 - 63	168	1.499	27.050
1963 - 64	160	1.497	26.847
1964 - 65	162	1.475	25.807
1965 - 66	166	1.533	25.712
1966 - 67	166	1.481	25.756
1967 - 68	170	1.478	25.827
1968 - 69	172	1.445	26.248
1969 - 70	174	1.481	25.535
1970 - 71	164	1.359	23.829
1971 - 72	156	1.242	23.266
1972 - 73	169	1.241	24.105
1973 - 74	151	1.163	21.831
1974 - 75	131	1.109	23.155
1975 - 76	125	1.180	21.542
1976 - 77	117	1.085	23.470
1977 - 78	105	1.017	22.211
1978 - 79	102	955	21.810
1979 - 80	96	928	21.408
1980 - 81	112	1.085	19.443
1981 - 82	100	1.057	22.976

Source : State Planning Organization, and Ministry of Education, Youth and Sports

APPENDIX TABLE - 2

Quantitative Developments in Private Junior High Schools in Turkey (Private Turkish + Private Minority - Private Foreign)

Years	Number of Schools	Number of Teachers	Number of Students
1961 - 62	80	1.258	17.255
1962 - 63	89	1.460	18.243
1963 - 64	94	1.586	19.398
1964 - 65	100	1.553	19.471
1965 - 66	107	1.448	21.067
1966 - 67	106	1.625	22.304
1967 - 68	109	1.047	24.033
1968 - 69	111	1.332	24.835
1969 - 70	108	1.436	24.413
1970 - 71	108	1.490	23.870
1971 - 72	104	1.695	23.054
1972 - 73	102	1.700	23.087
1973 - 74	99	1.696	24.430
1974 - 75	99	1.942	25.528
1975 - 76	89	1.225	18.155
1976 - 77	89	1.004	23.064
1977 - 78	82	961	22.624
1978 - 79	79	852	21.698
1979 - 80	77	833	21.789
1980 - 81	79	932	21.234
1981 - 82	80	934	20.930

Source : State Planing Organization, and Ministry of Education.

EĞİTİM HİZMETLERİ VE TÜRKİYE'DE EĞİTİM HİZMETLERİNİN FİNANSMANINDAKİ SON GELİŞMELER

Bir ekonomik mal olarak eğitimin diğer kamusal mallara oranla farklı özelliklerinin bulunması, kamu ekonomisi literatürüne "yarı kamusal mal" veya "karma mal" kavramlarını sokmuştur.

Karma malların bölünebilirlik ve pazarlanabilirlik özellikleri, bu malların fiyatlandırılmasına imkân vermektedir. Ancak eğitim karma malının, sağlık hizmetlerinde olduğu gibi, pozitif ve negatif dışsal ekonomileri sahip olması, bu malın çoğunlukla kamu ekonomisi üretici birimleri vasıtasıyla gerçekleştirilmesini zorunlu kılmaktadır. Bu zorunluluk eğitim karma malının finansman yönünden tam kamusal mal şeklinde düşünülmesine sebep olmaktadır. Bununla birlikte, eğitim hizmetlerinin yaygınlığı ve bu hizmetlerin arzu edilen seviyede gerçekleştirilmesi gereği karşısında, günümüzde eğitim hizmetlerinin finansmanında tam kamusal finansman yanında kısmi finansman ve dolaylı finansman şeklinde bazı ek finansman yöntemlerine de geniş ölçüde başvurulduğu görülmektedir.

Eğitim hizmetleri ülkemiz de özellikle kalkınma hareketi içinde her geçen gün biraz daha önem kazanan ve kalkınma hareketini yönlendiren bir unsur haline gelmiştir. Ciddi bir kalkınma hamlesi içinde bulunan Türkiye'nin sınırlı malî imkân ve kaynaklara sahip olması, eğitim hizmetlerine arzu edilen seviyede kaynak ayırmasına imkân vermediğinden, eğitim hizmetlerinin finansmanında bazı ek ve yeni finansman kaynaklarına başvurulmasına zorunlu kılmaktadır.

Ülkemizde de son yıllarda her eğitim kademesinde, eğitim hizmetinin o kademedeki gösterdiği karma mal özelliğine göre, kamu finansmanı yanında özel finansman tekniklerine başvurulduğu görülmektedir. Özellikle ortaöğretimde ötedenberi kamu eğitim kurumları yanında özel eğitim kurumlarına da geniş ölçüde yer ve imkân verilmektedir. Ayrıca kamu eğitim kurumlarında da vergi ile finansman yanında belirli ölçüde özel finansman teknikleri uygulanmaktadır. Son yıllarda eğitim hizmetlerine ayrılan kamu finansman kaynaklarının daha azalma eğilimi göstermesi karşısında, her eğitim kademesinde ilave finansman araç ve imkânların daha geniş ölçüde başvurulması kaçınılmazı hale gelmiştir. Nitekim diğer eğitim kurumları yanında yükseköğretimde de 1980 sonrasında vergi ile finansman yanında, öğrenim harcı adı altında öğrencilerin eğitim

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