

## **The Education System in the Federal Republic of Germany 2010/2011**

**A description of the responsibilities, structures and  
developments in education policy for the exchange of information in Europe**

**- EXCERPT -**



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### 3. FUNDING

#### 3.1. Introduction

The financing of education from the public purse is currently based on the following arrangements:

- Most educational institutions are maintained by public authorities.
- They receive the greater part of their funds from public budgets.
- Certain groups undergoing training receive financial assistance from the state to provide them with the money they need to live and study.
- The public financing arrangements for the education system are the result of decision-making processes in the political and administrative system in which the various forms of public spending on education are apportioned between Federation, Länder and *Kommunen* [local authorities] and according to education policy and objective requirements.

The political and administrative hierarchy in the Federal Republic of Germany is made up of three levels: 1] Federation; 2] Länder; and 3] local authorities [*Kommunen*], i.e. districts, municipalities with the status of a district and municipalities forming part of districts. Decisions on the financing of education are taken at all three levels, but around 90 per cent of public expenditure are provided by the Länder and the local authorities.

The expenditure [basic funds] of the Federation, Länder and local authorities in Germany are shown in the demarcation of the financing statistics of the public budgets. In 2007, according to the financing statistics, the public sector expended a total of Euro 92.4 billion on out-of-school youth education and day-care centres for children, general and vocational schools, higher education institutions, financial assistance for pupils and students, and other educational expenditure. This amounted to Euro 7.2 billion for the Federation, Euro 66.1 billion for the Länder and Euro 19.1 billion for the local authorities. This corresponds to 3.8 per cent of gross domestic product and 18.2 per cent of the total public budget.

According to the International Standard Qualification of Education [ISCED], expenditure on education in Germany in 2007 totalled Euro 131.3 billion on pre-school education, schools and the associated areas, the tertiary sector, miscellaneous and other expenses. Additional German expenditure related to education according to the financing statistics amounted to Euro 16.5 billion for in-company vocational education, further education offers and the promotion of participants in continuing education. The education budget thus comprised a total Euro 147.8 billion in 2007. This corresponds to 6.1 per cent of gross domestic product. The Federation contributed a total 9.3 per cent to educational spending, the Länder 50.4 per cent, local authorities 19.4 per cent, the private sector 20.6 per cent and 0.3 per cent came from abroad.

In 2007 the total budget for education, research and science amounted to 8.4 per cent of gross domestic product. It is the common goal of the Federation and the Länder to increase the share of expenditure on education and research to a total of 10 per cent of gross domestic product by 2015.

In-company training within the *duales System*, which is maintained by industry and by other training companies and institutions, is mainly financed by the companies. The *Berufsschulen* [vocational schools] which are, together with the training companies, jointly responsible for education and training within the dual system receive public financing.

## 3.2. Early Childhood and School Education Funding

### System funding

#### Early childhood education and care

Publicly-maintained *Kindergärten* [maintained by the local authorities] are financed by the local authority [*Kommune*], by the Land [subsidies to cover personnel and material costs etc.] and through parental contributions. Meanwhile, *Kindergärten* that are privately maintained [by churches, parents' initiatives etc.] are also financed by the local authority [*Kommune*], by the Land and through parental contributions, and, in addition, by the maintaining body's own resources. Financing by the Länder may include subsidies to cover investment, personnel and material costs etc.

In 2007, according to the financing statistics, the public sector expended Euro 13.6 billion on day-care centres. The Länder share amounted to Euro 4.6 billion or 33.9 per cent of expenditure on the primary sector and the local authority share to Euro 6.8 billion or 50.2 per cent of expenditure.

In 2007, as part of the expansion of day-care centres under the Child Promotion Act [*Kinderförderungsgesetz* – R63], a share of Euro 2.15 billion or 15.9 per cent of expenditure for the primary sector devolves on the Federation. The Federation, the Länder and the local authorities have agreed in 2007 to progressively establish quality and needs-oriented day-care services for children under three years of age. By the year 2013, nationwide on average 35 per cent of all children under three years of age should be certain of a place at a child day-care facility or in day care for children. The Federation has a one-third share in the costs of this expansion up to 2013, with a total Euro 4 billion. Euro 2.15 billion of this is available for investment; the Länder will receive a further Euro 1.85 billion for financing the operating costs. From 2014 onwards the Federation will be supporting the Länder with Euro 770 million towards financing the operating costs. The Federation assumes that the funding agreed for the expansion of day-care centres will be made available by all parties involved. These agreements remain in force without amendment, as does the financial participation of the Federation as part of the Day-Care Expansion Act [*Tagesbetreuungsbausgesetz* – R61] which entered into force in 2005 and which was the basis for the first stage of the expansion of the day-care centres.

The Federation is, moreover, making Euro 10 billion available to the Länder and local authorities as part of the Economic Package II [*Konjunkturpaket II*] and the Future Investments Act [*Zukunftsinvestitionsgesetz*], in the shape of financial assistance for additional investments in 2009 and 2010; this funding can still be used in 2011 to finance measures which have already been commenced. 65 per cent of this financial assistance from the Federation is allocated to investments focusing on education infrastructure. This Euro 6.5 billion can also be used for the expansion of early childhood education infrastructure.

Through the “*Offensive Frühe Chancen: Schwerpunkt-Kitas Sprache & Integration*” (Early Opportunities Offensive: Focus *Kitas* Language and Integration) moreover, the Federation will be supporting the Länder in the field of quality assurance in day-care centres from 2011 to 2014 with a sum of Euro 400 million.

Primary and secondary education

### **Financing of school education**

The public-sector school system is financed on the basis of a division of responsibilities between the Länder and the *Kommunen* [local authorities]. While the latter bear the costs of non-teaching staff and the material costs, the Ministries of Education and Cultural Affairs of the Länder are responsible for the teaching staff payroll. Attendance of public-sector schools is free of charge.

In order to balance out school costs between the local authorities and the Länder, for certain expenses [e.g. for transporting pupils to and from school] the local authorities receive reimbursements or lump-sum allocations from the Land budget [generally by the Ministry of Education and Cultural Affairs or by the Ministry of Finance]. The Land also supports the local authorities through one-off grants, for example, contributions to school construction costs or certain subsidies for running costs.

Where schools have catchment areas extending beyond the local area, e.g. certain *Förderschulen* [special schools] and *Fachschulen*, the Land can be the *Schulträger* [maintaining body] and therefore also responsible for funding the material costs and the non-teaching staff payroll.

In 2007, according to the financing statistics, the public sector expended Euro 51.9 billion on general and vocational schools. The Länder share amounted to Euro 41.2 billion or 79.4 per cent of expenditure, and the local authority share to Euro 9.8 billion or 18.8 per cent of expenditure. Euro 0.9 billion or 1.8 per cent of expenditure on general and vocational schools fell to the Federation.

### **Financing of vocational training within the dual system**

The *duales System* [dual system] of vocational training operates at two locations, namely within companies and at the *Berufsschule* [vocational school]. Vocational training outside the school sector is mainly financed by companies, whose net costs are estimated at about Euro 5.6 billion in 2007. The public-sector contribution largely consists of Federation and Länder programmes to promote additional in-company and external training places, vocational training assistance from the Federal Employment Agency [*Bundesagentur für Arbeit*] and promotion of vocational training for disadvantaged young people under Social Security Codes II and III [*Sozialgesetzbücher II & III*]. The total public-sector share in 2009 was around Euro 3 billion. Expenditure for vocational schools, the majority of which are financed by the Länder, was about Euro 7.7 billion in 2007. As well as expenditure on part-time vocational schools in the *duales System*, this amount also covers expenditure on full-time vocational training in schools and in-school promotion measures of the transitional system. It also includes the promotion of vocational school pupils in in-school vocational preparation programmes under the Federal Training Assistance Act [*Bundesausbildungsförderungsgesetz - BAföG - R83*] and expenditure by the labour administration for courses preparing participants for an occupation and

other measures to ease the transition into a vocational training course. This expenditure is expected to total just under Euro 1 billion.

### **Financial Autonomy and Control**

#### Early childhood education and care

Under the statutory provisions the maintaining bodies for day-care centres for children are free to administer their own funding.

#### Primary and secondary education

A process to modernise and further develop the field of public administration is currently underway, which aims to attain a more effective and efficient use of resources. The purpose of this process is, above all, to remove the heavily regulated use of resources by extending the financial autonomy of the schools. The possibility of schools managing their own budgetary funds has increased in recent years on the basis of amendments to the school legislation. In the majority of Länder, schools are already able to determine their own use of resources for one or several types of expenses [e.g. learning and teaching aids] within the budget allocated by the maintaining body. Initial approaches are also in place for the autonomous use of the personnel resources allocated.

### **Fees within Public Education**

#### Early childhood education and care

Early childhood education is not a part of the state school system, and *Kindergarten* attendance is not, as a general rule, free of charge. To cover some of the costs, parental contributions are levied, the level of which may vary from Land to Land as well as from local authority to local authority and can depend on parents' financial circumstances, the number of children or the number of family members. In some Länder no parental contributions are levied in the final year of *Kindergarten*. In Rheinland-Pfalz all three years of *Kindergarten* are non-contributory, and this will shortly also be the case in Berlin.

#### Primary and secondary education

Attendance of public-sector primary and secondary schools is free of charge, and there are no fees for enrolment or for report cards.

### **Financial Support for learners and/or learners' families**

#### Early childhood education and care

On application, financial contributions may be waived in part or in full if parents cannot afford to pay them. These would then be assumed by the local youth welfare office.

#### Primary and secondary education

#### **Financial support for pupils**

In general, there are no provisions for financial assistance to secondary school pupils from grades 5 to 9. Some Länder have regulations allowing for the provision of financial assistance to pupils up to grade 9 who must be accommodated outside of their home.

On the basis of legal regulations on the part of the Federation [Federal Training Assistance Act - *Bundesausbildungsförderungsgesetz*], pupils from grade 10 onwards at general and vocational secondary schools are entitled under certain conditions to financial support from the state, as a rule, in the form of a grant, if they have no other means [mainly from their parents' income] of maintenance and financing training. For certain types of school, financial support for pupils is dependent on pupils being accommodated outside the parental home if the place of training is not accessible from there. Training assistance is paid to cover living costs and training, with the income and financial means of the pupil as well as the income of his or her parents and, if applicable, his or her spouse also being taken into account. After the basic allowances have been increased in October 2010, pupils may - depending on whether or not they live with their parents and what type of training institution they attend - receive financial assistance of between Euro 216 and Euro 465 monthly under the terms of the Federal Training Assistance Act. In individual cases a health insurance subsidy of Euro 75 may also be granted. The assistance provided by the state does not have to be repaid.

Some Länder have provisions under which upper secondary pupils who have no claim to an assistance under the Federal Training Assistance Act can receive financial assistance from the Land under certain conditions.

### **Teaching aids**

So that pupils have access to all teaching aids used in lessons regardless of their economic and social circumstances, most Länder have regulations on the provision of financial assistance for pupils to purchase teaching aids [*Lernmittelhilfe*], or on their provision free of charge [*Lernmittelfreiheit*]; this provision is, in part, staggered according to parents' income and number of children. Under these regulations, pupils are either exempt from the costs of teaching aids or only have to pay part of the costs. The funds are provided either by the *Schulträger* [the local authority responsible for establishing and maintaining the schools], or by the Land in question. In the majority of Länder, pupils at public-sector schools are lent textbooks and other expensive teaching aids [e.g. pocket calculators] for the time they require them. When teaching aids become the property of pupils, parents may be required to pay a portion of the costs in some cases. Parents and pupils are expected to provide their own expendable materials [exercise books, pens and pencils] and other items [e.g. drawing instruments, material for use in crafts and needlework/metalwork lessons]. In some Länder schools also provide expendable materials. The precise arrangements vary from Land to Land. It is also the responsibility of the Land to decide whether pupils at privately-maintained schools are to be supplied with teaching aids free of charge. Some Länder expect parents to pay a portion of the cost of teaching aids themselves, either in the form of a lump sum or by buying certain items directly. Others offer pupils the option of buying their own teaching aids by making a contribution [say 50 per cent] to the cost.

Due to the tight budgetary situation, in several Länder, the parents' contribution towards the costs of teaching aids has been increased over the last years or teaching aids are no longer supplied free of charge [except in cases of particular hardship].

### **Transport to and from school**

Each of the Länder has arrangements as regards the transport of pupils to and from school. There are certain differences as to who is entitled to use school transport and

the scope of services provided. In all cases, however, there are comprehensive provisions for the period of compulsory full-time schooling to which the following statements refer. In general, fares are reimbursed, usually for public transport, while under certain conditions a school transport service is established in its own right. The purpose is to guarantee fair opportunities for pupils from all walks of life, between urban and rural areas, non-handicapped and handicapped schoolchildren.

It is generally the responsibility of the districts and municipalities to ensure adequate provision for transporting pupils to and from the school they attend. School transport is funded by the maintaining bodies [i.e. usually the local authority]. In most cases subsidies are granted by the Land in question.

School transport services must be reasonable in terms of costs for the authority which supplies the funding and offer acceptable standards to the pupils who use them. Only such pupils who live a certain distance away from their school have a right to use transport to school. There are slight differences on this between the various Länder. Two kilometres is the general minimum distance for which transport is provided for primary school pupils, whilst from grade 5 onwards pupils living up to three or four kilometres away from school are expected to make their own way there and back. Exceptions can be made for shorter distances than these if the roads are particularly dangerous, and for handicapped pupils. Public transport is usually the cheapest solution. Where no public transport is available the local authorities provide school buses. In cases where this alternative does not make economic sense or is unreasonable for handicapped pupils, a subsidised private car or handicapped taxi service often provides the best solution. Where a pupil is unable to make his own way to school because of a physical or mental disability, the local authority may also pay the fares of a person to accompany him. The actual form of transport between home and school always depends on local conditions and the specific cases involved. Some Länder have enacted very detailed regulations, while others leave it up to the districts and municipalities to make their own arrangements for the implementation of general guidelines.

The authorities are not obliged to provide transport for pupils to any school, regardless of distance. A right to school transport as such exists only to the *nearest school*, though the term is defined differently from one Land to the next. A partial refund of travelling costs may be granted in cases where parents decide to send their children to a school other than that which is nearest to their home.

The assumption of travelling costs by the authorities does not mean that school transport is entirely free of charge in all Länder. In some Länder, the transport costs are assumed in full if the parental income is so low that they are considered to be living in poverty. In other Länder, parents still have to make a contribution despite being on a low income. However, in this case, the amount of the contribution depends on the parental income.

### **Accident insurance for pupils**

In the Federal Republic of Germany accident insurance does exist for all pupils and students during lessons, on the way from home to school and back and during school functions. School functions also include any programmes immediately preceding or following timetabled lessons where the school is required to provide supervision. These also include meals provided by the school, school walking excursions, study trips within and

outside Germany as well as school trips. Statutory accident insurance is normally in the hands of the local authority accident insurance association.

## **Private and Grant-Aided Education**

### Early childhood education and care

Maintaining bodies for youth welfare services from the private sector receive financial support from the Land as well as from the local authorities [*Kommunen*] to run *Kindergärten* [e.g. for operating costs and investments].

### Primary and secondary education

#### **Financing of privately-maintained schools**

The maintaining bodies of privately-maintained schools receive some financial support from the Länder, in various forms. All of the Länder guarantee standard financial support to schools entitled to such assistance; this includes contributions to the standard staff and material costs. The Länder either grant a lump-sum contribution, calculated on the basis of specific statistical data and varying according to school types, or the individual school may have to set out its financial requirements and receive a percentage share in subsidies. In all cases, the reference value is the situation pertaining to costs in the public-sector schools. As well as school fees and standard financial support, there are other forms of financial assistance, which may be paid together with that support, such as contributions to construction costs, contributions to help provide teaching aids to pupils free of charge, contributions to old-age pension provision for teachers, and granting sabbatical leave to permanent teachers with civil servant status while continuing to pay salaries. Parents and guardians may have school fees and transport costs reimbursed. The funds are mostly provided by the Länder, but a small proportion is provided by the local authorities. A huge number of *Ersatzschulen* [alternative schools] are maintained by the Catholic and Protestant churches, which fund their schools from their own means to the extent that sometimes little or no fees must be charged. The share of public funding in the overall financing of privately-maintained schools varies between the Länder, and also depends on the type of school [there are also numerous special provisions, for example for approved privately-maintained schools in contrast to recognised privately-maintained schools, for boarding schools and for church-run alternative schools].

## **3.3. Higher Education Funding**

### **System funding**

#### Financing of higher education institutions by the Länder

Public higher education institutions are maintained by the Länder, and therefore receive the majority of their financial backing from the Land concerned, which essentially also decides on the allocation of resources. The Länder supply these institutions with the funds they need to carry out their work from the budget of the Ministry of Education and Cultural Affairs or the Ministry of Science and Research. The financing procedure comprises several stages. First the higher education institution notifies the Land au-

thorities of its finance requirement in the form of an estimate to be included in the budget of the Land ministry responsible for higher education. The entire budget is then compiled by the competent minister by agreement with the other responsible ministries and finally included in the budget proposals the government presents to parliament for its approval. The funds are made available once the parliament has discussed the budget and adopted it. Financing is generally oriented in accordance with the responsibilities of and services provided by the institutions of higher education in the field of research and teaching, in the promotion of up-and-coming academics and the equality of opportunity for women in science. The Land distributes and spends the funds according to requirements within the institution, a process which is again supervised by the Land. By contrast, it is not the Senator [i.e. Minister] responsible who establishes the budgetary plans of the universities in Berlin but the board of trustees, made up of members of the Land government and the higher education institution.

In 2007, according to the financing statistics, the public sector expended Euro 19.3 billion on higher education institutions. The Länder share was Euro 17.2 billion, or 89 per cent of expenditure, while the Federation share was Euro 2.1 billion or 11 per cent of expenditure.

#### Financing of higher education institutions by Federation and Länder

The funds provided by the Länder from their budgets cover personnel and material costs as well as investments, in other words expenditure on property, buildings as well as for first and major equipment. As a consequence of Federalism reform I, the joint task *Extension and construction of higher education institutions, including university clinics* has ceased to exist. The Länder now have full legislative authority over the construction of higher education institutions. However, at least until the year 2013, the Länder will be entitled to an annual amount of Euro 695.3 million from the federal budget for the purpose of financing the extension of higher education institutions, including university clinics.

Pursuant to Article 91b, Paragraph 1 of the Basic Law [*Grundgesetz*], in cases of supra-regional importance, the Federation and the Länder may cooperate in the promotion of:

- scientific research institutions and projects outside of institutions of higher education
- scientific and research projects at institutions of higher education [agreements require the consent of all Länder]
- research buildings at institutions of higher education, including major equipment.

As part of the Excellence Initiative of the Federation and the Länder for the Promotion of Science and Research in German Higher Education Institutions [*Exzellenzinitiative des Bundes und der Länder zur Förderung von Wissenschaft und Forschung an deutschen Hochschulen*] adopted in 2005, the Federation and the Länder support scientific activities of universities and their cooperation partners in the higher education sector, in non-university research as well as in the economy. In the individual lines of funding for

- graduate schools for the promotion of young scientists,
- excellence clusters for the promotion of top-class research, and
- future concepts for a project-related expansion of top-class research at universities,

a total sum of Euro 1.9 billion will be made available from 2006 until 2011. In June 2009 the Federation and the Länder agreed to continue the Excellence Initiative on the basis of Article 91b, Paragraph 1, No. 2 of the Basic Law. From 2011 to 2017 a total of Euro 2.7 billion is available in the individual lines of funding. Of these funds, 75 per cent are provided by the Federation, and 25 per cent by the Land where the respective seat is located.

In 2007, in order to enable institutions of higher education to cope with an increasing number of new entrants and to maintain the efficiency of research at higher education institutions, the Federation and the Länder on the basis of Article 91b, Paragraph 1, No. 2 of the Basic Law adopted the Higher Education Pact 2020 [*Hochschulpakt 2020*]. The first programme line of the Higher Education Pact 2020 is to counter the challenges posed by the rising number of people interested in pursuing studies at higher education institutions. In the first phase of the programme [2007-2010] higher education institutions were enabled to admit more than 180,000 additional new entrants as compared with 2005. The programme line for the admission of additional new entrants has an overall volume of Euro 1.13 billion in the first programme phase, half of which has been provided by the Federation, while the Länder ensure overall financing. In June 2009 the Federation and Länder agreed to continue the Higher Education Pact for a second programme phase from 2011 to 2015. In the second phase of the programme an expected 275,000 additional new entrants are to be helped to take up a course of study. The Federal Government will be providing at least Euro 3.2 billion in the years 2011 to 2015 to this end.

In June 2010 the Federal Government and the governments of the Länder agreed to extend the Higher Education Pact to include a third programme line, designed to achieve better study conditions and more quality in teaching. The aims of the joint programme of the Federation and Länder are to improve the staffing of higher education institutions in terms of teaching, supervisory and counselling staff, to support higher education institutions in the training and continuing training of their staff for teaching, supervisory and counselling tasks, and to safeguard and further develop the high quality of teaching at higher education institutions. To fund this, the Federation will – subject to the provision of the funds by the legislative bodies – provide up to Euro 140 million in 2011, up to Euro 175 million in 2012 and up to Euro 200 million each year in the period 2013 to 2020.

With its funding to promote research buildings at institutions of higher education, including major equipment, the Federation aims to create the infrastructure for research of supra-regional importance. Euro 298 million has been made available for this purpose each year to 2013, currently divided into Euro 213 million for research buildings and Euro 85 million for major equipment. Research buildings are eligible for funding if they predominantly serve research of supra-regional importance and the investment costs are greater than Euro 5 million. Länder applications for the promotion of research buildings are submitted to the Federation and the Science Council [*Wissenschaftsrat*]. An item of major equipment is eligible for funding if it predominantly serves research of supra-regional importance and the overall purchase costs including accessories are in excess of Euro 100,000 at *Fachhochschulen* and Euro 200,000 at other higher education institutions. Applications for the funding of major equipment are submitted to the German Research Foundation [*Deutsche Forschungsgemeinschaft* – DFG].

## Financing of research at higher education institutions by external funding

The funds allocated from the budget of the Land ministries responsible for higher education are the main source of finance for higher education institutions. However, members of the institutions engaged in research are also entitled, within the scope of their professional responsibilities, to carry out research projects which are not financed through the Land budget, but by third parties, e.g. organisations concerned with the promotion of research. The most important institution involved in promoting research in higher education, particularly basic research, is the German Research Foundation. It promotes research by, for example, providing individuals or institutions with financial assistance. In 2009, the Federation and the Länder supplied funds of more than Euro 1.7 billion for this purpose. In the second programme line of the Higher Education Pact, research projects funded by the DFG will receive full-cost funding amounting to 20 per cent of the project funds approved and earmarked by the DFG. Overhead funding is being granted for special research programmes, research centres and post-graduate research groups with effect from 2007, and for other new research projects funded by the DFG with effect from 2008. The Federation will provide an amount of Euro 703 million for overhead funding by the year 2010. As part of the expansion of the Higher Education Pact in June 2009 the Federation has also made funding available for 2011 to 2015 to finance lump sums for research projects funded by the DFG. In 2009 higher education institutions also attracted funding under the specialised programmes of the Federal Ministry of Education and Research [*Bundesministerium für Bildung und Forschung* - BMBF] amounting to around Euro 680 million for research promotion. In the 2011 financial year the BMBF is granting higher education institutions lump-sum project payments as part of this direct research promotion amounting to 10 per cent of the project costs. From 2012 this rate will increase to 20 per cent for new grants. Higher education institutions also receive funds from companies, if the companies commission them with certain research and development work.

## Financing of *Berufsakademien*

The financing for training at state-run *Berufsakademien* is met partly by the Land and partly by the training establishments. Whilst the costs for the in-company training are met by the training establishments, the state *Studienakademien* [study institutions], where students receive the theoretical part of their training, are funded in full by the Land.

## Financial Autonomy and Control

The funding system of higher education in Germany is undergoing a period of change. The detailed state control exercised by the Länder is increasingly being replaced by the autonomous action of higher education institutions. The initial impact of the reform approaches will primarily make itself felt in the distribution modalities. Budget funding is hence increasingly apportioned via performance-related parameters, taking into account such criteria as the number of students within the *Regelstudienzeit* [standard period of study] and the total number of graduates or the level of external funding, known as *Drittmittel*, attracted for research purposes and/or the number of doctorates. The awarding of funds based on performance can be particularly successful in cases where the financial autonomy of higher education institutions is extended and their management structures are strengthened, as envisaged by the amendments to the Higher Edu-

cation Acts in an increasing number of Länder. The relationship between the state and higher education institutions is increasingly marked by agreements on objectives and performance requirements, which define the deliverables. Higher education institutions have increasing scope as regards specific measures to implement the agreed objectives. They have also been given greater flexibility in the use of the funds thanks to the introduction of global budgets, for instance. In addition to their basic funding, higher education institutions apply for funds from public and private bodies to promote research and development and to support teaching and up-and-coming academics. In about half of the Länder the basic financing of higher education institutions is supplemented by study fees.

### **Fees within Public Higher Education**

The Länder may, at their own discretion, impose study fees on students. In order to maintain equal educational opportunities, the interest of low-income groups of the population should be taken into account. Currently, five Länder raise study fees of up to Euro 500 per semester. In Nordrhein-Westfalen study fees are being abolished once again in the 2010/2011 winter semester. Simultaneously, loan systems have been developed which provide for the legal entitlement to a student loan and the income-related repayment of the loan after completion of the study course. The study fees should be applied to the improvement of the quality of lectures and study courses and/or to the improvement of study conditions.

Some Länder also charge a small administration fee for registration or a contribution for the use of the institution's social facilities. If the institution has an organ of student self-administration [General Student Committee - *Allgemeiner Studierendenausschuss*] within the framework of a constituted student body [*verfasste Studierendenschaft*] [in all Länder with the exception of Baden-Württemberg and Bayern] students also pay an additional contribution. In most Länder, fees for long-term students and for an additional course of study are now being charged.

In parts, the *Berufsakademien* also impose admission fees or contributions for the use of social facilities.

### **Financial Support for learners and/or learners' families**

In addition to the direct financial support available to students from low-income families, currently all students under the age of 25 benefit through the tax allowances to which their families are entitled and which are laid down in the German Income Tax and Child Benefit Acts. If students finish studying before their 25th birthday, the financial benefits enjoyed through their family come to an end with the end of the course of study.

#### **Financial support for students**

Students in the tertiary sector who have no other means [mainly from their parents' income] of maintenance and financing a course of study [*Bedarf*] can also receive financial assistance under the terms of the Federal Training Assistance Act [*Bundesausbildungsförderungsgesetz* - BAföG - R85]. Training assistance is granted to German students and also to foreign students who have the prospect of obtaining permanent resident status in

Germany or who, under EU rules on free movement of persons, have equivalent rights to German students.

The training must as a rule be started by 30 years of age in order to be eligible for funding under the BAföG. For Master's study courses the age limit is 35 years. The duration for which such assistance is payable largely depends on the course of study chosen. As a rule, the assistance limit corresponds to the *Regelstudienzeit* [standard period of study] according to Article 10 Section 2 of the Framework Act for Higher Education [*Hochschulrahmengesetz - R121*] or the standard period of study as stipulated in the respective examination regulations. From the fifth subject-related semester, students only continue to receive funding if they provide a certificate required for admission to examinations [*Leistungsnachweis*]. The amount of the assistance in principle depends on the student's own income and financial means as well as those of his or her parents and spouse.

The financial assistance is also paid during non-lecture periods to meet students' requirements for that time. After the basic allowances have been increased in October 2010, the full assistance available to students in higher education and at *Akademien* not living with their parents is up to Euro 670 per month [made up of Euro 597 for their maintenance and accommodation plus Euro 62 health insurance allowance and Euro 11 for long-term care insurance allowance]. This maximum amount also applies to students at the *Fachakademien* in Bayern and to students at the so-called *Höhere Fachschulen*, which usually require a *Mittlerer Schulabschluss* and award a higher professional qualification as well as the *Allgemeine Hochschulreife* or *Fachgebundene Hochschulreife* in some cases. Half of the amount is provided over the maximum period for which assistance is payable as a non-repayable grant, while the other half takes the form of an interest-free state loan. Repayment terms for this state loan depend on social considerations and income. For study sections which have started after February 28, 2001, only a maximum amount of Euro 10,000 must be repaid.

Those students who begin or continue their studies in another EU member state or in Switzerland are funded as well. Periods ranging from a minimum of one semester up to one year spent abroad outside the EU and Switzerland are funded if they are beneficial to studies and can be - at least partially - counted towards the training period, or are carried out within the framework of higher education cooperation schemes. In exceptional cases funding may also continue over a longer period.

Furthermore, in 2001 an Educational Credit Programme [*Bildungskreditprogramm*] was introduced which can support pupils and students in an advanced stage of their training. With a maximum credit amount of Euro 7,200 per training segment, trainees can choose up to 24 equal monthly payments of Euro 100, 200 or 300 per month. Instead of or in addition to this they can also apply for a one-off payment of up to Euro 3,600 if they can prove that they need this one-off payment for special educational purposes. As a rule this credit can be taken up until the end of the twelfth semester. It helps students who are not in receipt of Federal Training Assistance [BAföG] to fund their degree. Students in receipt of BAföG can use the Education Credit to cover extraordinary costs which are not covered by the BAföG, such as special study materials, study abroad or a placement abroad. The credit accrues interest as soon as it is paid out. However, interest is deferred until repayment commences.

As part of the student loan programme of the Reconstruction Loan Corporation [*Kreditanstalt für Wiederaufbau* - KfW], since 2006, students of any study course are offered a loan in order to finance cost of living to the amount of Euro 100 up to 650 per month, irrespective of their income or assets.

In addition to financial assistance provided under the Federal Training Assistance Act, there are other sources of funding available to students. In some Länder, for example, the student associations at the institutions of higher education or the institutions of higher education themselves provide loans of varying amounts in cases of extreme social need. Several smaller, predominantly regional foundations, which usually have private funds at their disposal, also provide needy students with assistance. The student loan systems developed by the Länder are an additional support system for the promotion of academic studies.

Particularly gifted students may receive a grant from relevant foundations [*Begabtenförderungswerke*]. These foundations generally maintain close links with churches, political parties, trade unions or industry. One exception, however, is the German National Scholarship Foundation [*Studienstiftung des deutschen Volkes*], which does not adhere to any particular ideology and which is also Germany's largest foundation of its kind. The Federation supports the work of these foundations by providing substantial funding. The Länder contribute to the funding of the German National Scholarship Foundation. The German Academic Exchange Service [*Deutscher Akademischer Austauschdienst* - DAAD] offers grants for foreign students and up-and-coming academics and scientists to pursue studies or further education of limited duration at a German higher education institution. Alongside the DAAD, some Länder also have special funds for providing assistance to foreign students at the local institutions of higher education.

In July 2010 the Federal Government adopted a national scholarship programme [*Deutschlandstipendium*] for particularly gifted students at German higher education institutions. The funding is Euro 300 per month and is provided by private sponsors [companies, foundations, private individuals, etc.] and by the Federation together. From the summer semester 2011 onwards just under 10,000 students nationwide are expected to receive a *Deutschlandstipendium*.

On completion of a first degree, students may also receive scholarships to support their further studies in line with the postgraduate assistance acts [*Graduiertenförderungsgesetze* - R127, R130, R132, R134, R137, R142, R147, R155, R158, R160, R163] and regulations of the Länder. The foundations for gifted students [*Begabtenförderungswerke*] also provide students who have already completed a first degree with grants to enable them to study for a *Promotion* [doctorate].

Indirect forms of financial assistance for students include reduced health insurance rates and the fact that time spent studying is partially acknowledged by the pension insurance authorities.

Students in higher education are also protected by statutory accident insurance against accidents occurring at an institution of higher education or on the way between their home and the institution. It is the Länder that are responsible for statutory accident insurance for students.

## Private higher education

Study fees are charged at non-state-maintained higher education institutions in all Länder. The study fees at non-state-maintained higher education institutions can exceed those at state higher education institutions many times over.

### 3.4. Adult Education and Training Funding

#### System funding

The public sector, industry, social groups, continuing education institutions and public broadcasting corporations as well as the general public bear responsibility for continuing education.

This joint responsibility is reflected by the funding principle, which obliges all the parties concerned to contribute towards the cost of continuing education in relation to their share and according to their means. Public-sector funding [local authorities, Länder, the Federal Government, the European Union] includes the following areas:

- institutional sponsorship of recognised continuing education institutions by the Länder on the basis of continuing education legislation
- institutional sponsorship of *Volkshochschulen* [local adult education centres] and sponsorship of activities of continuing cultural education by the local authorities,
- grants for adults seeking to obtain school-leaving qualifications under the Federal Training Assistance Act [*Bundesausbildungsförderungsgesetz* - BAföG - R83] and career advancement training under the Upgrading Training Assistance Act [*Aufstiegsfortbildungsförderungsgesetz* - AFBG - R168],
- continuing education for employees of the Federal Government, Länder and local authorities.

Industry provides a considerable proportion of funding for schemes under which people can obtain and improve vocational and/or working skills and qualifications. Companies spend substantial funds on continuing education for their staff.

Further training schemes designed to meet the needs of the labour market, which are targeted especially at the unemployed and those facing the threat of unemployment, are funded under the Social Security Code III [*Sozialgesetzbuch III* - R165] from the unemployment insurance fund and the Social Security Code II [*Sozialgesetzbuch II* - R166] which governs basic security benefits for job-seekers. From this fund, the Federal Employment Agency [*Bundesagentur für Arbeit*] and the Federal Ministry of Labour and Social Affairs [*Bundesministerium für Arbeit und Soziales*] spent a total of some Euro 3.5 billion on the promotion of continuing vocational training in 2009.

For the promotion of upgrading training as laid down in the Upgrading Training Assistance Act, which serves, amongst other things, to further training to become a master of industry or handicrafts, as well as to promote future business start-ups, the Federation has spent a total amount of approximately Euro 151 million in 2009. The Länder have provided some Euro 43 million. A reform of the Upgrading Training Assistance Act expanded funding under the Act in 2009. For the implementation of the changes, the Federation and the Länder intend to spend an additional amount of some Euro 272 million in total on the promotion of upgrading training for the period from 2009 to 2012. The

Federation is providing around Euro 212 million of this amount, and the Länder around Euro 60 million.

Social groups [churches, trade unions, and so on] also bear a proportion of the cost of running their continuing education institutions. They guarantee the widest possible access to continuing education by setting their fees at an appropriate level.

### **Fees paid by learners**

Those attending continuing education courses make a contribution towards their cost. This contribution can be subsidised by tax relief and by assistance for low income groups and for special courses. For example, depending on the Land, between 26.7 and 56.6 per cent of the cost of *Volkshochschulen* courses [especially general continuing education] is covered by course fees. In particular, those on career development courses within continuing vocational training bear a large proportion of continuing education costs themselves. Additionally, costs are partly covered by enterprises within the framework of personnel development measures.

Continuing academic education at higher education institutions is funded by the fees of course members.

### **Financial support for adult learners**

Grants are provided for adults seeking to obtain school-leaving qualifications under the Federal Training Assistance Act [*Bundesausbildungsförderungsgesetz* - BAföG - R85]. Training assistance under the Federal Training Assistance Act is for example granted for the attendance of *Abendschulen* or *Kollegs*, if the student has not yet exceeded the age of 30 at the beginning of the training section. After the basic allowances have been increased in October 2010, participants in courses of the so-called *zweiter Bildungsweg* may receive financial assistance of between Euro 391 and Euro 645 monthly under the terms of the Federal Training Assistance Act. A health insurance subsidy of Euro 73 may also be granted. Training sections which are started after the student has reached the age of 30 can only be supported in certain exceptional cases.

Those who take part in career advancement training programmes under the Upgrading Training Assistance Act [*Aufstiegsfortbildungsförderungsgesetz* - AFBG] have a legal right to state funding that is comparable with student funding in accordance with the Federal Training Assistance Act. The aim is to support further vocational training following completion of initial vocational training in the dual system or at a *Berufsfachschule*. This includes, for example, providing journeymen and skilled workers with further training to qualify them as master craftsmen or as foremen, and also as state certified technicians, designers or business managers.

As part of the support programme entitled *Vocational Training Promotion for Gifted Young People*, the Federal Government assisted by the *Stiftung Begabtenförderungswerk berufliche Bildung GmbH* provides grants to support continuing education measures for talented young people in employment who have completed a recognised course of vocational training in accordance with the Vocational Training Act [*Berufsbildungsgesetz* - R80], the Handicrafts Code [*Handwerksordnung* - R81] or one of the health sector professions governed by federal law and who are younger than 25 on commencing the programme. In 2009, the Foundation was provided with a total of some Euro 24 million from

the Federal Ministry of Education and Research [*Bundesministerium für Bildung und Forschung* - BMBF] to help it in its work.

Individual continuing vocational education has been supported by the Federal Government since 2008 through the so-called *Bildungsprämie* [education savings plans]. The *Bildungsprämie* consists of two components, a continuing education bonus [*Prämiengutschein*] and continuing training savings plans [*Weiterbildungssparen*]. Since December 2008 individuals interested in continuing training have been eligible, if they meet certain requirements, to receive a subsidy of up to Euro 154 Euro to fund continuing training measures [*Prämiengutschein*]. Since January 2009 the financing of continuing training measures has been simplified by an expansion of the Capital Formation Act [*Vermögensbildungsgesetz*] [i.e. *Weiterbildungssparen*]. From January 2010 onwards the *Prämiengutschein* amounts to up to Euro 500. Moreover, a loan for more comprehensive continuing training is planned, which is to be offered to fund expensive continuing training measures.