

European Commission
Directorate-General for Economic and Financial Affairs
Economic Policy Committee

**Efficiency and effectiveness of public
expenditure
on tertiary education in the EU**

**ANNEX : COUNTRY FICHE
HUNGARY**

**Joint Report by the Economic Policy Committee
(Quality of Public Finances)
and the Directorate-General for Economic and Financial Affairs**

Table of contents

Brief characterization of the tertiary education system	3
1. <i>Main features</i>	3
2. <i>Structure of institutions and funding arrangements</i>	5
3. <i>Governance and regulatory framework</i>	8
4. <i>System's strengths and weaknesses</i>	12
Explanatory factors for efficiency	12
1. <i>Staff Policy</i>	12
1.1. <i>Hiring/Firing</i>	12
1.2. <i>Wages</i>	14
2. <i>Output flexibility</i>	15
2.1. <i>Course content and exams</i>	15
2.2. <i>Offer of short studies and other diversifies studies</i>	15
2.3. <i>Student choice</i>	15
2.4. <i>Numerus clausus</i>	16
2.5. <i>Regional/ European/ global mobility</i>	16
3. <i>Evaluation</i>	18
3.1. <i>Institutional evaluation</i>	18
4. <i>Funding rules</i>	19
4.1. <i>Public funding</i>	19
4.2. <i>Impact of quality assessments on funding</i>	22
4.3. <i>Private funding</i>	22
4.3.1. <i>Tuition fees and/or households</i>	22
4.3.2. <i>Business, other</i>	22
4.3.3. <i>Grants/loans</i>	23
5. <i>Impact on Employability</i>	25
6. <i>Recent and planned reforms of the tertiary education system</i>	26
6.1. <i>Description of recent reforms</i>	26

Brief characterization of the tertiary education system

1. Main features

In Hungary, higher education institutions can be state-owned or run by legal entities determined by the law.

There are two types of tertiary institutions: non-university institutions (colleges) and universities. Both types of institutions may launch courses in all of the three cycles, but universities have to offer Master courses in at least two fields of training and PhD courses in at least one study field in order to qualify as a university. The currently phasing out university and college levels of education are both classified as ISCED 5A. In the multi-cycle system ISCED 5A encompasses both the bachelor (BA, BSc 180-240 ECTS) and master (MA, MSc mostly 120 ECTS) studies.

The precondition for admission to higher institutions is the successful passing of the secondary school leaving examination, which also functions as an entrance exam.

Tertiary institutions – irrespective of being state owned or not – offer state funded and fee-paying places for applicants. Students are allowed to learn in subsidized form for no more than 12 semesters. The number of state funded places is determined by the government each year. The maximum number of students which can be accepted at any institution is determined by the Educational Authority. Students may receive study grants based on their academic achievement, and may apply for social welfare allowance based on their welfare conditions.

1/ TEACHING	Hungary										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Academic staff per 1000 inhabitants relative to the average	1.7	1.8	1.81	1.91	1.97	2.01	2.06	2.1	:	:	:
Number of students per 1000 inhabitants	24.8	27.3	30.1	32.4	34.9	38.5	41.8	43.2	:	:	:
Number of students (graduate and post-graduate) per 1000 inhabitants	:	:	:	:	:	:	:	:	:	:	:
<i>From public institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private government-dependent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private independent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
Ratio of students per academic staff	14.6	15.2	16.6	17.0	17.7	19.2	20.3	20.6	:	:	:
Number of graduates per 1000 inhabitants	4.38	4.81	5.93	5.76	6.23	6.78	6.82	7.42	:	:	:
Ratio of graduates per 1000 academic staff	2.6	2.7	3.3	3.0	3.2	3.4	3.3	3.5	:	:	:

Standardized recruiter view indicator (graduates' employability as perceived by recruiters)	:	:	:	:	:	:	:	:	:	:	:
Standardized peer view country indicator (quality perceptions among peers)	:	:	:	:	:	:	:	:	:	:	:
PISA scores	:	:	488	:	:	:	:	:	:	:	:
Average total time spent by students in order to obtain a BA degree	:	:	:	:	:	:	:	:	:	:	:
Average total time spent by students in order to obtain a MA degree	:	:	:	:	:	:	:	:	:	:	:
Remuneration of a tenured university professor with 10 year seniority	:	:	:	:	:	:	:	:	:	:	:
2/ RESEARCH											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Publications per 1000 inhabitants	0.14	0.15	0.2	0.25	0.26	0.27	0.28	0.31	:	:	:
	1998-2002	1999-2003	2000-2004	2001-2005	2002-2006	2003-2007					
Quality of research (position in the ISI citation index)	2.47	2.78	3.15	3.54	:	:					
% of research done in cooperation with industry	:	:	:	:	:	:					
3/ EXPLANATORY FACTORS FOUND RELEVANT FOR EFFICIENCY											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Main categories of composite indicator											
Funding Rules Indicator	:	:	:	:	:	:	:	:	:	4.3	:
Evaluation Indicator	:	:	:	:	:	:	:	:	:	8.3	:
Staff Policy Indicator	:	:	:	:	:	:	:	:	:	3.2	:
4/ EXPENDITURE											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total public expenditure on tertiary education institutions as a percentage of GDP	0.99	1.00	1.10	1.10	1.20	1.30	1.08	1.11	:	:	:
Total expenditure per student (€)	:	:	:	:	:	:	:	:	:	:	:
Private expenditure on tertiary education institutions as a percentage of GDP	:	:	:	:	:	:	:	:	:	:	:
Total expenditure on education as a percentage of GDP	4.59	4.66	4.50	5.01	5.37	5.85	5.43	5.45	:	:	:
Private expenditure on education as a percentage of GDP	0.61	0.62	0.58	0.55	0.55	0.56	0.52	0.49	:	:	:
Funds from non-public sources as % of total income (fees, earned income, investment, other)	:	:	:	:	:	:	:	:	:	:	:
Tuition fees as average of the cost of tuition	:	:	:	:	:	:	:	:	:	:	:
Percentage of funds received by private government-dependent institutions from public sources	:	:	:	:	:	:	:	:	:	:	:
Total public expenditure on grants, loans, and other programmes to cover education and/or maintenance of students (universal programmes / by	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat, OECD, UOE and Member States.

2. Structure of institutions and funding arrangements

As regards tertiary education, non-state institutions of tertiary education have the same functions as state institutions. The conditions required to ensure tertiary education must be put in place by the maintainer of the institution, or the institution itself from its revenues. Development is the task of the maintaining organisation, and the state may secure financial support. Non-state institutions of education determine their own tasks within the framework of the articles of association prepared by the maintainer.

A state maintained institution of tertiary education is a budgetary institution responsible for treasury property, and resources allocated to it in the country's annual budget. Regulations determining the operation of higher education institutions are unified and do not depend on the entity of the maintainer.

However, higher education institutions maintained by the state, local authority, or the authority of a minority have to operate on the basis of the central budgetary regulations, and they cannot be committed to any religions or ideology. Distinguishing between state maintained and non-state run higher education institutions are important in case of establishment, changing, closing down, and economic activities of the institution. In giving orders to the rector of the higher education institution, the Minister of Education and Culture as the maintainer of the state-funded higher education institutions has fewer rights than the maintainer of a non-state higher education institution.

Only state-funded higher education institutions have to establish a Financial Board.

Higher education institutions may be established for the purpose of providing:

- bachelor (undergraduate) courses,
- bachelor (undergraduate) and master (graduate) courses,
- bachelor (undergraduate), master (graduate) and doctorate courses,
- master (graduate) and doctorate courses

Church-operated colleges teach religion-related subjects in one or two courses. Some Reformist and Catholic universities provide, besides religious training, also non-religious study programmes (legal courses, humanities, and teacher training).

Ties to regional and local authorities, to business

As one of the key objectives of the modernisation in the Hungarian higher education system, the Hungarian government (as well as the opposition) supports the cooperation of higher education institutions and other institutions. The principles the Hungarian Universitas Programme and the new Act on the Higher Education determine the legal conditions for partnerships. Therefore the tasks of higher education shall be undertaken by higher education institutions in compliance with the stipulations of the Act on Higher Education and in cooperation with each other and other actors of society, economy, research and the artistic sphere.

The higher education institution may undertake tasks relating to public education and vocational training not qualifying as higher education, as well as other educational tasks specified in sectoral laws. The details of the cooperation are in compliance with the higher education institution's autonomy and their freedom to contract (naturally in accordance with the rules).

Ties to local authorities: The implementation of a career guidance and orientation system (2007-2013) will be linked to the networks that are being operated at local/regional level by the public employment services (PES) In higher education a national digital network is being established for the systematic collection, sorting out and the processing of a vast pool of data, which can constitute the pillar of a nationwide database. This may enable the tracking of jobs and facilitating the integration into the labour market of all new university or college graduates. Higher education institutions are granted free access to this extensive database.

In cooperation with the economic, scientific, civil and municipal bodies of the region, they may create an innovation park, technology centre, or incubation house ('knowledge centre')

Ties to businesses: Stable working relations and cooperation will be promoted between industries and universities through the establishment of clusters and centres of excellences, and through the increase in the number and proportion of students in science, mathematics and engineering.

To ensure establishment and development of relations among the institutions on the one hand, and economic, and social organisations on the other, the organisation of the institution may include an advisory body consisting of representatives of the social and economic sector, and of outside economic experts. Particularly good relationships have evolved between institutions of tertiary education providing more practice oriented training (technical, economic sciences) and economic organisations. With these organisations it has become habitual that representatives of industry play a part in the training process, sit on the final examination committee, and propose subjects for scientific projects, and theses useful for the given company. Activities, or research related to these subjects may be done on the premises of companies, for which even financial support may be provided.

Pursuant to the Act on Higher Education, autonomy in terms of education, research, organisation, operation and management of the higher education institution

- shall mean the possibility of and responsibility for managing intellectual and material goods the institution and the individuals have been entrusted with,
- shall incorporate the right of the higher education institution to determine its own educational system, to set up its organisational structure, to establish its rules and regulations, and to decide on matters concerning students, employment and finances relating to the fulfilment of its mission,
- shall extend to the choice of topics and the educational and research methods applied in education, research and development as well as in artistically creative work – taking into consideration prevailing conditions – in respect of the lecturer, the researcher and the institution alike,
- shall include the free selection of staff employed by the institution and the designation of their duties based on institutional requirements and expectations concerning performance and quality of work,
- shall cover the establishment of internal organisational bylaws and operation of the institution, including the setting up, the transformation and the winding up of various (educational, research, service, management and other) units, as well as the right to institute institution-specific statutes,
- shall include the selection of the heads of the institution by means of an application scheme, and their democratic election,
- shall ensure the possibility of autonomous management of funds, assets and property provided by the maintainer or acquired through the activities of the institution,
- shall guarantee the functioning of the individual and community rights of students.
- in implementing the educational autonomy of the higher education institution, lecturers shall be liable to perform their duties at high standards and in a state-of-the-art and objective manner.
- in implementing the research autonomy of the higher education institution, in addition to regularly keeping up to date with scientific achievements and methods necessary for work, researchers shall be liable to strive to achieve new results in line with the rules of the ethics of science, to make such results public and to apply and introduce results in the course of teaching activity compliant with the rules of their profession.
- the higher education institution shall maintain its organisational and operational autonomy in accordance with the democratic rules of procedure and decision-making as stipulated both herein and in its own rules and regulations.
- the higher education institution shall uphold its autonomy in a way that, at the same time, it ensures lawfulness, efficiency, transparency, accountability and personal responsibility, and in this respect shall warrant the observation of laws, performance of monitoring tasks and the enforcement of the legal consequences of negligence.

- the autonomy of students and the student community shall promote the effective and successful education of professionals and intellectuals. In exercising autonomy, the higher education institution shall create the harmony between the freedom of education, the scientific and artistic
- life and the students' right to learning.
- in maintaining educational and research autonomy, the higher education institution shall be assisted by the Hungarian Accreditation Committee and the Higher Education and Research Council as defined herein.

Other goals

If a higher education institution is not maintained by the state, local government or a national minority government, it may operate as an institution committed to a certain religious or secular conviction, and may incorporate in its educational programme philosophical, ethical and cultural knowledge relevant to its religious or secular conviction. Private higher education institutions – unless they receive funds from the budget for training provision – may stipulate as a precondition of admission the acceptance of a religion or ideology and the attestation of such acceptance.

3. Governance and regulatory framework

Presentation of significant policy measures, e.g. as regards funding rules and control over distribution of resources, staff policy, study programmes, curriculum content, restrictions to entry into academic fields, student choice, definition of research priorities, creation of new institutions (both public and private), evaluation and accountability.

Development of national HE policies:

Hungary needed an open and competitive higher education that responds to changes and the needs of the economy quickly and flexibly in the area of education and training, research and financial management. In 2000 the system was transformed, but the integration process was not followed by the rationalisation of the internal organisations of the institutions.

With regard to budgetary support for higher education, this requires transparency that in turn creates stability as well as predictability and the promotion of considerations rewarding performance. In terms of financial management, it means the promotion of clients' intentions, market sensitivity, strengthening the guarantees of owner's liability, the conditions of regulation and operation promoting a result-oriented approach.

The operating and management practice of institutions was in conflict with the tasks deriving from their size and social and economic expectations. The ever-expanding local and

international responsibilities and competences require the precise definition of responsibilities and the transformation of the organisation and management of higher education institutions. The first step of the reform process was the creation of the Hungarian Universitas Program in 2004.

The Act CXXXIX of 2005 on Higher Education (*2005. évi törvény a felsőoktatásról*) regulates the decision making powers in HEIs and the law specifies how decision making powers are shared among the actors inside the institution.

Decision making actors at institutional level:

The head of the higher education institution is the **Rector**. The Rector governs and represents the institution, and exercises employer's rights.

The **Senate** is that body of the higher education institution responsible for *decision making* and *monitoring* the implementation of decisions. The Senate is in charge of adopting the plan for institutional development. The senate adopts the strategy for research, development, and innovation in compliance with the plan for institutional development, It also defines the training and research tasks of the higher education institution, and monitors the execution thereof, concerning academic staff, funding and partnerships. The president of the Senate is the Rector and the body may not have less than seven or nine members. The student union also delegates its representatives. All members of the Senate have voting rights.

The **Financial Board** is that new body of the higher education institution that delivers opinions, contributes to the preparation of strategic decisions and cooperates in the monitoring of the implementation thereof. The Financial Board have advisory role at the HEI. The Financial Board *cooperates* in both substantiating the execution of the tasks, responsible of the utilisation of funds, assets, public funds and public property received, and in monitoring their implementation, and contributes to the preparation of maintainer's decisions. The Board monitors the functioning of professional efficiency and that of cost-effectiveness in the management body of the higher education institution.

Faculty level: The Rector on certain occasions or with regard to a specific set of cases may delegate the powers specified in subsections to his/her deputy or other employee of the institution. At faculty level the head of faculty is the **Dean**. (The person exercising delegated powers may not further delegate such powers.)

At faculty level the **Faculty Council** is responsible for *decision making* and *monitoring* the implementation of decisions: adopting faculty development plan, appointment of academic staff, building partnerships.

Strategic plan:

According to the Act CXXXIX of 2005 on Higher Education the HEI is obliged to establish a **strategic plan** governing long term aims and priorities concerning education, training, researches and funding: the higher education institution devises a research, development and innovation strategy, in which it outlines *research programmes*, the rules of procedure for *awarding funds and scholarships*, *academic events*, duties relating to the enhancement of national and *international scientific cooperation*, the conditions for promoting the publication of academic works and conducting research activities, and the manner of utilising scientific achievements.

A part of the strategic plan is the **plan for institutional development**, formulates the concepts relating to development, the utilisation, protection and alienation of property made available to the higher education institution by the maintainer, establishes the projected revenues and expenses, and devised for medium terms, encompassing a period of at least four years, indicating the tasks to be implemented in an annual breakdown.

The **employment plan** forms a part of the plan for institutional development: determines the headcount, which is necessary for the higher education institution to be able to perform its services.

The Senate adopts and monitors the implementation of the strategy for research, institutional development, and innovation. The strategy shall be forwarded to the Regional Development Council (Regionális Fejlesztési Tanács), so that it can be taken into consideration when drafting and implementing the medium-term programme for the social and economic development of the region.

Transparency:

Maintainers of the institutions or the higher education institutions are obliged to supply data for the higher education information system. The higher education information system is operated by the **National Higher Education Information Centre** (NHEIC) set up by the Minister of Education and Culture. The Minister is responsible for the lawfulness of data management performed in the higher education information system.

The **higher education institution** keeps records of data that are indispensable for the proper operation of the institution, the exercise of employer's rights, and training and are necessary for the assessment and certification of eligibility for the benefits set forth in laws and the statutes of the higher education institution, and also keeps records of enrolled students.

The HEIs submit information in annual reports to the National Higher Education Information Centre. The **higher education information system** contains data on maintainer, institution,

employment, students, teachers and other employees that are necessary for executing *planning at the level of national economy*.

The NHEIC manages data relating to the admission procedure of higher education institutions.

The data base of NHEIC is taken into account when drawing up policies on HE.

Educational programme, fields of study, programmes:

According to the Act CXXXIX of 2005 on Higher Education, the instruction in the higher education institution is based on the **educational programme**. The educational programme becomes valid upon its adoption by the Senate. As part of the programme, the **higher education institution** develops the curriculum of the undergraduate and the graduate courses pursuant to the programme and exit requirements issued by the **Minister of Education and Culture**, whereas in the case of postgraduate specialist training courses it shall devise the corresponding programme without any concern to such restrictions.

The **Government determines** the fields of study, branches of study, and programmes with reference to undergraduate and graduate education, the number of corresponding credits, and the rules of procedure in connection with the launching of courses, the rules pertaining to the organisation of higher-level vocational training, the requirements of taking a doctoral degree and the rules of procedure pertaining to the establishment of a doctoral school.

The **Hungarian Accreditation Committee** is responsible for **quality assurance** of institutions and study programmes. The programme accreditation means: accrediting the degree programmes, their curriculum content, the proportion of practical and theory-based instruction, qualified staff and infrastructure. The accreditation procedure is compulsory for all type of HEI and programmes.

The **requirements for passing examinations** are drawn up at institutional level.

Admission requirements and the number of places:

In Hungary, there are no more entrance examinations conducted by higher education institutions, as they have been replaced by a licence to enter higher education based on upper secondary school performance and the results of the final examinations of secondary schools. (Admission requirement is drawn up at **central level**)

The **higher education institution** can provide *state-funded or fee-paying training*.

The **Government** specifies the number of students admissible to the first year of state-funded programmes a year before the year concerned in a resolution. The quota for newly admitted

students encompasses the number of admissible students to higher-level vocational training, the number of admissible students to undergraduate courses, and the number of admissible students to the one-tier programme. The quota for newly admitted students may not exceed the rate of full-time students in formal education currently attending the last year of secondary school.

The number of state-funded students admissible to graduate courses is equal thirty-five percent of the quota for newly admitted students as of the year three years before the due year. The number of students admissible to doctorate courses and postgraduate specialist training courses is equal ten percent of the quota for students admissible to the graduate course.

The number of fee-paying students is drawn up by HEI according to their capacities concerning the trainings and staff, accredited by HAC.

4. System's strengths and weaknesses

Explanatory factors for efficiency

1. Staff Policy

1.1. Hiring/Firing

Pursuant to the HE Act, autonomy in terms of education, research, organisation, operation and management of the higher education institution:

- incorporates the right of the higher education institution to set up its organisational structure, to establish its rules and regulations, and to decide on matters concerning students, employment and finances,
- includes the free selection of staff employed by the institution and the designation of their duties based on institutional requirements and expectations concerning performance and quality of work,
- includes the selection of the heads of the institution by means of an application scheme, and their democratic election,

Pursuant to the Act, higher education institutions define the provisions pertaining to their operation and organisation ('statutes'), which regulates – among others – employment related requirements. The requirements of employment shall specifically define:

- the requirements of filling a specific position, the rules of assessing applications, the institutional scholarships available to lecturers and researchers as well as conditions

pertaining to other grants, as well as the rules of the related calls for applications, and the rules and requirements regarding the habilitation procedure,

- conditions of conferring appointment and other titles the higher education institution may award,
- the requirements pertaining to the employment and the performance of lecturers, researchers and other staff, the principles for determining salaries on the basis of quality and performance, the evaluation of the fulfilment of the requirements and the publicity related to the evaluation procedure, the consequences of non-compliance with the requirements,
- the rules pertaining to the assessment of applications for research funds for lecturers and researchers,

Employment in the higher education institution operating as a budgetary organisation is covered by the Higher Education Act on the legal status of public servants, whereas in the case of other higher education institutions the Labour Code applies.

Unless the employment requirements of the higher education institution stipulate more stringent criteria,

- employment as assistant lecturer shall be subject to enrolment in a doctorate course,
- employment as assistant professor shall be subject to the establishment of PhD / DLA candidacy.

The possession of a PhD / DLA degree and professional experience relating to the given field of science, as well as the ability to supervise the academic, scientific, or artistic work of students and assistant lecturers shall be prerequisite to employment as college associate professor.

The possession of a PhD / DLA degree and professional experience in education, as well as the ability to supervise the academic, scientific, or artistic work of students, PhD / DLA students and assistant lecturers and furthermore being able to deliver lectures in a foreign language shall be prerequisite to employment as college professor and university associate professor.

The possession of a PhD / DLA degree, international reputation in the given discipline of science or field of art and having outstanding research or artistic achievements shall be prerequisite to employment as university professor. Based on their experience acquired in education, research, and organisation of research activity, university professors shall be capable of supervising the academic, scientific, or artistic work of students, PhD / DLA students and assistant lecturers, as well as shall publish their research and works and deliver seminars and lectures in a foreign language. University professors shall be entitled to possess the title of professor.

The higher education institution's employment requirements shall specify the documents and procedures on the basis of which the senate can ascertain that the conditions of employment

as college and university associate professor or for the initiation of appointment as college and university professor have been met. As part of this procedure, the higher education institution may stipulate the execution of the habilitation procedure.

Lecturers' term of employment shall not be extended in case they have not fulfilled:

- the requirements specified for the assistant lecturer position within three years,
- the requirements specified for the assistant professor position within eight years from the date of commencement of employment. Nor shall the employment be maintained of a lecturer who has not obtained a scientific degree within twelve years from the date of commencement of employment. ... The lecturer may be employed as college professor, university professor, research professor, and scientific advisor even if he/she is over sixty-five years of age, but no older than seventy years of age.

By means of a notice of dismissal or release from service – in addition to the provisions of the Labour Code and the Act on the Legal Status of Public Servants – the employer shall terminate employment as lecturer, in case the lecturer

- has not fulfilled the relevant employment related requirements,
- cannot be assigned work taking up at least up to fifty percent of the time allotted to teaching on an average of two semesters,
- has not satisfied the requirements the employer has specified in the contract of employment or the letter of appointment for filling the position, allowing for an appropriate time limit.

1.2. Wages

In Hungary there are no gross annual basic salary, instead of this the salaries and the remunerations jointly are called the regular monthly payment. This payment of lecturers or researchers is established pursuant to guaranteed payment defined in the act on the annual budget for university professors in the first payroll status, by applying Annex 2 to Act on the Legal Status of Public Servants (this is identical to Annex 4 to the Act on Higher Education).

On the other side, the act on the annual budget specifies the amount on the basis of which the institutional appropriation available for the higher education institution and distributable relative to lecturer and researcher performance can be established. (This amount may not be less than twenty percent of the guaranteed payment defined for university professors in the first payroll status).

There are also **possibilities for payment bonus: the employer may increase** the amount of the regular monthly payment of instructors or researchers against the appropriation defined above, or may for a fixed term of at least one year, specify an income supplement ('extra

payment'). The senate adopts the higher education institution's principles guiding the amount of salaries to be distributed on the basis of quality and performance.

2. Output flexibility

2.1. Course content and exams

Autonomy in terms of education, research, organisation, operation and management of the higher education institution

- shall extend to the choice of topics and the educational and research methods applied in education, research and development as well as in artistically creative work – taking into consideration prevailing conditions – in respect of the lecturer, the researcher and the institution alike.

2.2. Offer of short studies and other diversifies studies

- Higher-level vocational training: the number of credits that can be acknowledged is thirty at least and sixty at most. The length of the programme extends to four semesters, unless a European Community law provides for a longer period in respect of certain programmes.
- Postgraduate specialist training: leads to a specialised qualification after the award of the Bachelor or the Master degree. Postgraduate specialist training courses require doing at least sixty credits but such courses may not exceed more than one hundred and twenty credits. The length of the programme shall extend to a minimum of two and a maximum of four semesters.

Higher education courses may be offered in the framework of full-time training, part-time training or distance learning course. Part-time training may be provided in the framework of the training schedule associated with evening or correspondence training. Except for postgraduate specialist training courses, the length of part-time training equals at least thirty but no more than fifty percent of the contact hours of full-time training. The length of postgraduate specialist training courses shall equal at least twenty but no more than fifty percent of the contact hours of full-time training.

2.3. Student choice

Flexibility and the offer of courses are subject to institutional autonomy, taking into account that all study programmes launched have to be accredited by the Hungarian Accreditation Committee.

The Act on Higher Education defines the part-time programme being a program equal to the full time programme in credits and content, but provided in 30-50% less contact hours. A part-time student is anyone who is enrolled in a part-time higher education programme, regardless of employment, age or other circumstances.

All bachelor qualifications give direct access to at least one master study programme. Higher-level vocational programmes provide no degree, only vocational certification at level ISCED 5B, and so give access only to progression in bachelor programmes. 30-60 of their ECTS credits are transferred and recognized in relevant bachelor programmes.

The precondition for admission to higher institutions is the successful passing of the secondary school leaving examination, which also functions as an entrance exam.

According to the Act the Credit Transfer Committees of HEIs have to accept the prior learning if the content is at least 75% identical.

There is no explicit definition of prior learning in the Act. The Act gives a right to HEIs to recognize prior formal learning and work experience, but in practice HEIs recognize only prior formal learning. There is no common understanding and regulation on assessment methods for the recognition of prior informal-and non formal learning.

2.4. Numerus clausus

The **Government** specifies the number of students admissible to the first year of state-funded programmes a year before the year concerned in a resolution. The quota for newly admitted students encompasses the number of admissible students to higher-level vocational training, the number of admissible students to undergraduate courses, and the number of admissible students to the one-tier programme. The quota for newly admitted students may not exceed the rate of full-time students in formal education currently attending the last year of secondary school.

The number of state-funded students admissible to graduate courses is equal thirty-five percent of the quota for newly admitted students as of the year three years before the due year. The number of students admissible to doctorate courses and postgraduate specialist training courses is equal ten percent of the quota for students admissible to the graduate course.

The number of fee-paying students is drawn up by HEI according to their capacities concerning the trainings and staff, accredited by the Hungarian Accreditation Committee.

2.5. Regional/ European/ global mobility

The Lisbon Recognition Convention was promulgated and integrated into Hungarian legislation by Act 99 of 2001, which came into force on 1 January, 2002. The new law on recognition, Act 100 of 2001 on the Recognition of Foreign Certificates and Degrees was drawn up in view of principles laid down by the Lisbon Recognition Convention and it came

into force on 1 January, 2002. Pursuant to Act 100 of 2001 on the Recognition of Foreign Certificates and Degrees, recognition of foreign qualifications for the purpose of academic study is carried out by the higher education institutions.

STUDIES OF HUNGARIAN NATIONALS ABROAD

Pursuant to Section 118 of the HE Act

- Hungarian nationals shall have the right to pursue studies in foreign higher educations without the need for any authorisation.
- The ministry headed by the Minister may support the studies of Hungarian nationals in foreign state-recognised higher education institutions through scholarships awarded on the basis of applications.
- If a Hungarian national is a member of a national or ethnic minority, the ministry headed by the Minister shall support higher-level studies in the native language through scholarships awarded on the basis of applications.
- Hungarian nationals may obtain a student loan for studies in a degree programme offered by state recognised higher education institutions in an EEA country.
- Those pursuing studies abroad as defined under this Section shall be eligible for a student pass.
- The rules pertaining to the call for, and the assessment of, applications referred to under subsections (2)–(3), the application, disbursement, and settlement of the student loan, and requests for and issuance of student passes shall be regulated by the Government with the proviso that the call for applications defined in subsection (3) shall be published and assessed subject to the consent of the national minority government concerned.

STUDIES OF NON-HUNGARIAN NATIONALS IN HUNGARY

Pursuant to Section 119 of the HE Act

(1) The recognition of diplomas and certificates of completion of secondary studies awarded by foreign education institutions that have been granted an operating license abroad or in Hungary shall be subject to the provisions of the Recognition Act.

(2) For the studies of non-Hungarian nationals in Hungary, the provisions of this Act shall apply subject to the following derogations:

- if a non-Hungarian national has no residence in the territory of Hungary, prior to acquiring student status he/she shall obtain an entry visa and a residence license as stipulated by other laws,
- if the student specified in Section 39 (1), except for people listed under paragraphs b)–c) of Section 39 (1), enrolls for state-funded training, he/she shall only be eligible for

maintenance, welfare, textbook, accommodation or other grants on the basis of an international agreement, law, work plan or reciprocity,

- studies may be supported from the central budget through scholarships awarded on the basis of applications,
- Hungarians living abroad shall be eligible for enrolment in state-funded training under the conditions stipulated in Act LXII of 2001 on Hungarians Living in Neighbouring Countries (hereinafter: 'Preference Act'),
- non-Hungarian nationals may undertake preparatory studies in student status prior to enrolling in higher education for a period of maximum two semesters.

(3) The rules pertaining to the funding of the studies of foreign nationals in Hungary and the studies of Hungarian nationals abroad shall be determined by the Government, whereby it may extend the state-funded period defined in this Act in respect of persons coming under the scope of the Preference Act.

Encouraging incoming mobility happens mostly in the framework of the EU LLP / Erasmus programme, the EU Erasmus Mundus programme and in the framework of bilateral (multilateral) agreements between Hungary and other countries throughout the world. The www.studyinhungary.hu website provides information for foreign students on practical matters when coming to Hungary. The www.felvi.hu website (the official website for those that wish to enter higher education at any level) provides information on application and entrance exams procedures, and courses available in foreign languages. From next year on, Tempus Public Foundation, the Erasmus Mundus National Structure of Hungary will also participate in projects aiming at improving services for those HEIs that wish to enhance the number of incoming foreign students for full degree master courses.

Scholarships are also regularly advertised on the HSB website (www.scholarship.hu) in addition to notifying certain foreign embassies of the newly advertised scholarship cycles.

3. Evaluation

3.1. Institutional evaluation

There is an independent national quality assurance agency, the Hungarian Accreditation Committee, which regularly, once in every eight years, evaluates the education and research activity of higher education institutions. Such evaluation extends to the fulfilment of staff and infrastructure requirements, and the adequacy of the institutional quality development scheme.

4. Funding rules

4.1. Public funding

Allocation of public funding:

State-run higher education institutions act as administrators and users (free of charge) whereas the non-state higher education institutions shall be users (charge – if any - depending on the maintainer) – unless the maintainer assigns ownership of the assets – of the assets put at their disposal by the maintainer for the execution of their tasks.

The **normative grant** may be provided for student bursaries (for which the principles of the division are regulated by a Governmental Decree), training, research, and maintenance (where the division of the funds is the autonomy of the institutions).

Private higher education institutions are eligible for the grants for student bursaries, training and research under the same conditions as state higher education institutions up to the number of state financed students.

Higher education institutions maintained by a church that has entered into an agreement with the Minister of Education and Culture for the performance of higher education tasks is also become eligible for the normative grant up to the quota of students admissible to training other than religious training offered by the higher education institutions

The Ministry of Education and Culture transfers grant to HEIs on a normative (student bursaries, training, research, maintenance,) base but in one amount (as a lump sum) from the central budget directly to state higher education institutions, and through the maintainer in the case of non-state higher education institutions. (Based on the maintainer's declaration of consent, the Ministry of Education and Culture transfers the normative grant directly to the non-state higher education institution.)

Mechanism:

The Annual Budget Act specifies the amount in consideration of which the **Government determines** the system of normative funding granted for the operation of higher education institutions pursuant to the provisions of **Act 2005 on HE**. The **criteria** used to determine the amount of public funding are on one hand input oriented, based on enrolment data, on the other hand performance-related indicators, such as degrees awarded, course types, indicators of research activities.

Higher education institutions may receive support on the basis of an **application** or an **agreement**:

Grants available through **applications** is especially provided for:

- disbursements of institutional teacher and researcher scholarships,
- the execution of research and development tasks, and the utilisation of research results,
- the implementation of accumulation (investment, renovation) objectives,
- rewarding holders of the ‘quality award’,
- the implementation of European Communities objectives, international education and research relationships, for supporting the activities of the higher education institution providing undergraduate, graduate, and doctorate courses in the territory of the Republic of Hungary to non-Hungarian nationals in fee-paying training,
- training in Hungarian language outside Hungary,
- the promotion of equal opportunities,
- launching and maintaining programmes with a small headcount,
- the completion of cost-intensive degree theses and master projects,
- the performance of library tasks of higher education institutions,
- discharging student college tasks,
- the activities of the academic student league,
- the activities of the (PhD) student union,
- courses relating to Hungarian studies,
- activities supporting gifted students.

The Ministry of Education may provide grants on the basis of an **agreement**, in particular for:

- ad-hoc special institutional tasks,
- the implementation of development objectives,
- the activities of the National Academic Student Circle Council,
- the activities of the National Union of Students in Hungary and the Association of Hungarian Ph.D Students,
- doctoral schools, including the activities of the National Doctoral Council;
- the support of higher education institutions pursuing outstanding instruction, research, and development activities,
- the operation of high-value equipment.

In case of grants available through applications for launching and maintaining programmes with a small headcount (h) and grants on the basis of an agreement provided for the support of higher education institutions pursuing outstanding instruction, research, and development

activities (f), the aggregate amount of grant may not exceed 5% of the normative grant per budget year. The agreement shall be concluded for a term of at least three years.

The distribution of public funds inside a HEI - according to their rules and regulations - is the responsibility of the **Senate** and the **Rector**.

The normative grant is requested in line with the statutory stipulations. Such requests require the provision of certain data defined in the relevant laws.

Multipliers Applied to Determine the Annual Amount of Normative Funding

Funding group	Bachelor course	Master course	Doctorate course (PhD/DLA)	Higher level vocational training	Postgraduate specialist training course
First	1	1,75	2,5	1	1
Second	1,5	2,625	3,75	1,5	1,5
Third	2,25	4	-	2,25	-

1. The calculation basis (1) is specified in a government decree and is in accordance with the amount available for tertiary education in the state budget chapter allocated to the Ministry of Education and Culture.

2. In the case of one-tier programmes, in the first three years the provisions concerning Bachelor education shall apply, whereas the subsequent years shall be covered by the provisions pertaining to Master course, except that the training grant for one-tier programmes in medicine shall be three times the calculation basis.

3. Training grants due to higher education institutions shall be determined on the basis of the calculated number of students. In determining the calculated number of students, full-time students shall be regarded as one student each, whereas the number of part-time students shall be divided by two.

Pursuant to the amendment of the Higher Education Act in 2007, the Ministry of Education and Culture now concludes funding agreements with state-maintained HEIs for periods of 3 years stipulating performance requirements and funding elements that remain unchanged for the period of 3 years (in addition to variable elements determined annually).

The constant elements of support defined in the maintenance agreement are as follows:

- management grant [Section 132],
- ministerial contribution provided for the purchase of services associated with investment,
- support for the execution of institutional tasks not related to normative grants.

The variable elements of support shall be the following:

- grants provided for student bursaries [Section 129 (1)–(3)],

- training grant [Section 130],
- research grants supporting the operation of the institution [Section 131 (1)],
- support for the execution of tasks pertaining to public education,
- support for certain specific tasks.

4.2. Impact of quality assessments on funding

4.3. Private funding

4.3.1. Tuition fees and/or households

According to the Act of 2005 on Higher Education there are **state-funded students** and **fee-paying students**. Fee-paying students have a duty to pay tuition fees and other type of fees for special services listed in the law.

The amount of the tuition fee is set by the higher education institution, the Senate and the Rector, within limits established by the Act on HE. The tuition fee has to reach 50 % of the per student rate of current expenditure on professional tasks.

In case of certain conditions (very rarely – e.g. prolonged studies) it might occur that a student is non-eligible for the statutorily stipulated bursaries, benefits, and services pursuant. On this occasion the amount of the tuition fee may not be less than the per student rate of current expenditure on professional tasks.

Fees paid by students and services rendered to them are specified in the **fees and grants regulations described in a Governmental Decree (51/2007)**.

There are no official regulations governing the way in which HEIs can spend the contributions (fees) paid by students. Under institutional autonomy in the same way as about the collection of these funds, the Senate may make decisions on how these contributions are used.

4.3.2. Business, other

There are not any separate and special regulations other than the Act of 2005 on HE which describes the possibilities of HEIs in order to raise private funds.

Major part of private funds raised by the HEIs is from fee paying students and other contributions paid by students. Besides students contributions the HEIs are allowed to raise money by:

- fulfilment of research tasks,

- cooperation in research projects,
- accomplishment of other tasks and service provisions performed by the HEI (e.g. training services, organization of conferences and/or workshops and other events),
- letting out premises,
- selling of products that were produced by basic activities of institution (e.g. agricultural products),
- accepting donations

The credit facility available for higher education institutions shall be specified in the Annual Budget Act. The loan shall be covered by higher education institutions' assets and the profit earned by the business organisations they established, or the profit gained through the institutions' business activities, and the investment assets from development.

Considering specific intellectual property rights regulating the ownership of results from research and development the Act of CXXXIV of 2004 on Research and Development and Technological Innovation shall be applied. According to the Act of 2005 on HE where a higher education institution is the beneficial owner of an intellectual product, it may transfer such property as contribution in kind to a business organisation. These business organisations established for this purpose shall be subject, among other laws, to the above mentioned Act.

As mentioned earlier higher education institutions are entitled to set up start-up firms (to exploit their R&D capacity) which are separate legal entities. The official regulations that HEIs are obliged to follow in order to manage or benefit financially from these special units is Act IV of 2006. on Economic enterprises and companies.

Fund raising activities of the faculties lie under the authority of the higher education institutions, it depends on their own rules and regulations.

4.3.3. Grants/loans

Support to students of institutions of tertiary education is regulated by the Act on Higher Education, a government decree on fees payable by and support payable to students, and the government decree on doctoral training. The annual Budget Act determines normative support that the institutions of tertiary education receive on the basis of the number of their state-funded students. Furthermore, there is funding available on application, and grants provided by various sponsors.

The per capita funding to students presently equals 119000 HUF. Participants in doctoral training receive 1116000 HUF/person/year. The support for purchasing and producing textbooks and financing sports and cultural activities is 11 900 HUF/person/year, the dormitory support is 116 500 HUF/person/year, while the housing benefit is 60 000 HUF/person/year.

Support that may be granted to students is regulated by the institution of tertiary education taking into account the limits set in the government decree. Students may claim students' allowances based on their academic achievement, and their social status following application.

Students socially in need receive a guaranteed sum of basic support for starting higher education. This sum is 50% of the normative support identically in Bachelor Programmes, in higher vocational programmes and in long courses, in Master Programmes it is 75%. A new element of the different social supports is the guaranteed sum/support that replaced the previous system where the sum varied from semester to semester to provide for those most socially in need. According to Government Decree no. 51/2007 on benefits of students participating in higher education and fees that has to be paid by students a 10 -20% social support may be applied for on conditions of described social needs. Rights for social support are the following: students with special educational need, students with permanent health problems, the socially disadvantaged, breadwinners, students from big family, orphans.

The state ensures a student card to students that entitle them to travel-discounts and reduced prices in certain shops. The card is handed out through the various institutions of tertiary education.

The Minister of Education and Culture awards the *Fellowship granted by the Republic* to students after two terms of outstanding academic/professional achievement, working with unique success in the scientific students' circle. That grant equals a total of 340 000 HUF/person, and is paid for the duration of one academic year.

Student loan: From the autumn of 2001 repayable support has been available under the student loan arrangement for the duration of the studies in tertiary education. The largest sum available was 21,000 HUF/month, raised to 25,000 HUF in May 2002. Repayment of the student loan is by variable interest regulated by decree. The sum available from 2006 is HUF 30,000 that can also be used for studies completed abroad. The age of creditability has been raised to 40.

In an attempt to mitigate social unevenness, the Ministry of Education and Culture launched, jointly with local and county local governments, the local governmental scholarship called *Bursa Hungarica*, unique in Europe, to **support socially disadvantaged students** or candidates.

5. Impact on Employability

A fundamental prerequisite for the improvement of the quality of education is bringing education closer to the world of labour. In the course of the 2007-2013 programming period gradual development and full scale implementation of a career guidance and orientation system will facilitate a smoother transition from school to the world of labour, and provide both schools and employment services with vital information. The implementation will be linked to the networks that are being operated at local/regional level by the public employment services (PES). In higher education a national digital network is being established for the systematic collection, sorting out and the processing of a vast pool of data, which can constitute the pillar of a nationwide database. This may enable the tracking of jobs and facilitating the integration into the labour market of all new university or college graduates. Higher education institutions are granted free access to this extensive database.

In cooperation with the economic, scientific, civil and municipal bodies of the region, HEIs may create an innovation park, technology centre, or incubation house ('knowledge centre').

Stable working relations and cooperation are promoted between industries and universities through the establishment of clusters and centres of excellences, and through the increase in the number and proportion of students in science, mathematics and engineering.

To ensure establishment and development of relations among the institutions on the one hand, and economic, and social organisations on the other, the organisation of the institution may include an advisory body consisting of representatives of the social and economic sector, and of outside economic experts. Particularly good relationships have evolved between institutions of tertiary education providing more practice oriented training (technical, economic sciences) and economic organisations. With these organisations it has become habitual that representatives of industry play a part in the training process, sit on the final examination committee, and propose subjects for scientific projects, and theses useful for the given company. Activities, or research related to these subjects may be done on the premises of companies, for which even financial support may be provided.

Also, higher education institutions are encouraged to take a more vigorous part in adult education, particularly in introducing diverse forms of non-formal learning with particular focus on meeting regional needs. The recognition of prior learning knowledge will be greatly encouraged through the establishment of validation centres.

Institutions have a formal structure of student counselling. That may assume a number of forms. Tutors (teachers, students of higher grades) may guide the students. There may be a separate student counselling office that is structurally separate, but it can also be part of a career consulting office.

The 2005 Act on Public Education made the career monitoring on tertiary institutions a task of tertiary institutions. Some institutions conduct more detailed surveys concerning the post-institution career of their graduates, and publish summaries of such surveys in different publications of the institution. An increasing number of institutions of tertiary education stage annual vacancy displays attended by representatives of companies, and provide information on vacancies, the specific jobs to be done by young school leavers, and career opportunities within a company.

6. Recent and planned reforms of the tertiary education system

6.1. Description of recent reforms

Recent reforms are related to:

- an increased focus on the quality of education provided in tertiary education (raising the quality of mass education through the establishment of the research university title as well as excellence centres and research centres).
- the full scale introduction of the Bologna second cycle, including the new teacher training MA
- improving institutional efficiency