

## Some Issues of Vocational Education Funding in Georgia

Shorena Maglakelidze and Lia Davitadze

**Some Issues of Vocational Education Funding in Georgia:** *In Georgia state funding is the major source of financing of the vocational education that for the recent years, permanently increases the funds intended for development of vocational education. The current paper attempts to discuss the advantages and disadvantages of the vocational education funding in the country. It also focuses on the exploration of additional sources of financial support to vocational institutions and suggests possible solutions to the issues related to it.*

**Key words:** *Vocational education and training; State funding; Georgia, vouchers, educational system.*

### INTRODUCTION

One of the main means of economic growth and poverty reduction in Georgia is considered the workforce availability meeting the market demand. Ongoing changes in the country, development of production and implementation of new investments are impossible without the relevant highly qualified staff. Along with vocational education training centers, the higher educational institutions are required to take a role which is very important in the revival of the country.

The present paper will discuss the organization of funding of vocational education institutions in Georgia along with the advantages and disadvantages of the current system of funding. It will also attempt to offer solutions for better financial support and activate the performance Vocational Education Institutions in attracting more students.

### THE STATE OF VOCATIONAL EDUCATION IN GEORGIA

There was point of view in population that vocational education diminishes the social status of people, but attitude to this has altered with the change of time. Nowadays business training and vocational training programs give the people better opportunity to get guaranteed jobs, which is related to the fact that vocational education :

- greatly impacts the social situation and welfare of people employed;
- solves the problem of unemployment;
- enables students to be independent - they may get a part time job at different enterprises and continue their studies at the same time; they can both earn money and study;
- is also important for the economics as well as it plays the great role in the economic growth and development.

Through preparation of the bill on "Vocational Education" and elaboration of VET concept on that the bill is based on, together with the law on "Higher Education" and "General Education" of Georgia, the Ministry of Education and Sciences completed the process of conceptual and legal framework of educational reform and it was confirmed once again that the vocational education is a part of the entire educational system.

### FUNDING OF VOCATIONAL INSTITUTIONS IN GEORGIA

When we talk about the importance of vocational education, the question arises: *Who should pay for the training of vocational staff?* Researchers of the education system (Labor Market Research <http://npa.org.ge>) and various countries respond to this question differently. Henry Levin, a Professor at the University of Columbia (USA), considers that almost all countries have the clear and defined system of compulsory education and the funding structure is clear as well. On the other hand, the funding systems of the compulsory and further education totally differ from each other. Numerous forms of provision of vocational education funds may cause non-efficiency and injustice. Freedman underlies that as the benefit of the further education is mostly vocational and therefore, it

benefits both for individuals and firms, the costs should be covered by the individual and employer.

Rogers-Elson and Westfallen (2001) worked out three main models of the vocational education for the European center. They are:

- State funding, when the state regulates and finances the vocational education;
- Social partnership funding where the financing of the vocational education is joint responsibility of State, community and enterprises;
- The demand-based funding.

State funding in Georgia is the main source of financing of vocational education. The share of business and employers is very little in the training of vocational staff. It should be noted that in the recent years the state is continually increasing the amounts for the development of vocational education (Fig. 1)

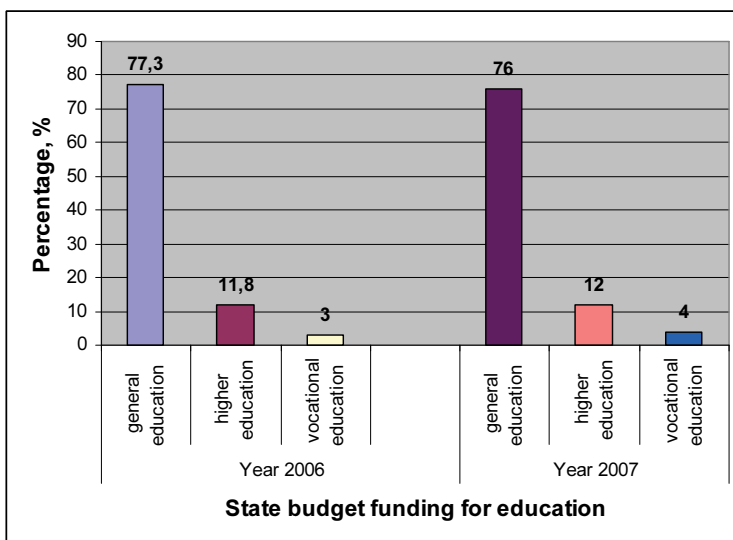


Fig. 1 State budget funding for education in Georgia<sup>3</sup>

In comparison to the data presented above (Fig.1) it should be noted that the total funding of 38 vocational educational centers in Georgia in 2008 is 7,262,256 GEL. Moreover, ten of the rehabilitated centers received 3,848,864 GEL and the rest 28 centers received 3,413,392 GEL, that means less than half, while in the rehabilitated centers there were 1,797 students, and in the rest centers – 3,341 students.<sup>4</sup>

As it was mentioned, state funding represents the main source of vocational education funding. The share of business and employers is very little in the training of vocational staff; funding from the local authorities is also limited. According to the analysis of revenue sources of the 38 vocational educational centers in the 2007/2008 academic year the funding sources of vocational education centers were respectively: state funding – 94,09%; local authority funding – 0,83%; tuition fees – 0,56%; business partnership funding – 0,81%; donor and international organization financial aid – 3,71%.<sup>5</sup>

<sup>3</sup> Data from the State budget of Georgia for 2008 –<http://www.mof.ge/4161> [Available: 13-10-2011]

<sup>4</sup> Results for the 2007/2008 school year for vocational educational institutions are excerpted from <http://www.npa.org.ge> [Available: 13-10-2011]

<sup>5</sup> Results for the vocational schools for the 2007/2008 school year from <http://www.npa.org.ge> [Available:13-10-2011]

If we consider the current condition of Georgia regarding the development and volume of individual business, perhaps the state to be a major provider of funding sources for vocational education would be reasonable. Though, if we focus on investigations of the international Organization for Migration (<http://mpa.org.ge>) regarding the demand for workforce in Georgia, 59% of the employers expect business development and an increase of the number of employees within the next 2 – 3 years; 29% of them expect a significant increase. Thus, the representatives of different fields of business must make significant contribution in the financing of vocational education. At present, employers avoid hiring graduates of vocational institutions because of the low level of the qualification. Discontent of the employers is basically caused by the low level of professional knowledge of the graduates of vocational institutions, non-existence of practical skills, their reluctance of initiative, lack of managing skills, lack of IT knowledge and so on. But they have great desire to cooperate with vocational institutions in future. If vocational educational centers provide high-qualified staff, there won't be a problem to employ the graduates in the country. In order to solve this problem, the government (as the major funding source) should activate the financial controlling function and determine efficiency of money invested both by itself or the employer along with the hiring of a relevantly trained staff.

The stimulating role of finances should not be underestimated as well as the vocational education centers think of improving the learning process, establishing new programs, hiring high-qualified staff in order to attract more students. This on the other hand will lead to the following: more students, more revenue generated.

At present, the funding of vocational education centers is guaranteed when they apply for a project and justify their need for financing at the government. When they receive the funding from the government, the vocational centers can enjoy a period of financial security. Thus, the centers are sure that they have a guaranteed flux of money and does not devote efforts to staff reduction to the optimal minimum (mainly administrative and support staff) and to activities that would make some savings.

Regarding the above, in Georgia, the state would still be the basic source of finances, supposedly, though the employer firms should necessarily take part in this process. With respect of disposal of the funds we have some considerations: we think that it would be reasonable to provide vouchers to the students, instead of providing direct funding to the vocational education centers for each year. In determining value of the voucher, it should be taken into consideration:

1. The demand for the profession, from the side of the supposed students;
2. The demand for the profession from the side of the employers;
3. The number of the academic hours;
4. The number of the students;

5. The supply of the highly qualified professionals, direction, profile of the vocational education center, characteristic features of the specialties, as training of the student is related with the various costs.

While issuing vouchers the territorial aspect should also be taken into account. In the majority of regions the only opportunity to get a professional qualification is to go to vocational education training centers, though it is possible that the number of students is not numerous in such regions. In this case, it would be reasonable to increase the value of the voucher for students. To determine the value of the voucher the number of training hours per week should be calculated. Then hourly payment should be determined. Thus, for example: if working hours of the group are 28-30 hours per week, training comprises of 18 weeks per term, then the annual load will be 1080 hours in case of 30 hour week. Assuming the payment for an hour within 8 – 10 GEL, then it will be needed 10 800 GEL to cover the whole annual load of the group. The maximal amount of the salary of administrative and technical staff can equal the third of the salary of academic staff. Then

the total amount required for the salary will be 14 400 GEL. If the average number of the students is 15 in a group, then the value of voucher per student will be about 1030 GEL. Taking into account current costs it is considered reasonable to determine the value of the voucher by 1200 GEL. This amount will be sufficient even for present centers with small contingent to cover the expenses.

Moreover, in order to finance the vocational education training centers, the government allocated 7,262,256 GEL in 2008. It would have been sufficient to fund all the centers with one principle.

The voucher system of funding has a positive side that will stimulate the heads of the vocational education training centers to establish new programs, to improve material – technical base and in this way to attract the students. More number of students will become their financial support. In addition, the employers, who claim to have high-qualified technical staff, should be given the proposal to participate in preparing the staff and to contribute in order to form them as high-qualified workforce.

### CONCLUSIONS

Therefore, considering the fact that the state would still continue to be the basic source of finances, and participation of the employer firms in this process as well as with to make the work of Vocational Education Center more efficient, we consider change direct founding of centers with provision vouchers to the students for each year. It would stipulate improvement of work flow, program and technical base of the VET centers that would have manifold positive outcomes reflecting on the quality of education.

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### ABOUT THE AUTHORS

Assoc. Prof. Shorena Maglakelidze, PhD, Iliia Chavchavadze State University, Tbilisi, Georgia, Phone: +995577558857, e-mail: shorena\_maglakelidze@iliauni.edu.ge  
Lia Davitadze, Erasmus program, PhD student, University of Ruse, Phone: +359896335181; +99555527557, e-mail: lia.davitadze@yahoo.com

**The paper is reviewed.**