

Financial Management of the Romanian Preuniversity Education Institutions

Irina Maria ALEXANDRU¹, Gheorghe MATEI²

^{1,2}The University of Craiova

irinalex2003@yahoo.com, ghematei@yahoo.com

Abstract. *In this article we present the problem of the financial management of the preuniversity education institutions in Romania in the context of the microeconomic approach of schools, describing the economical metaphor - school as an enterprise with the basic elements of the microeconomic theory. If we speak strictly of educational institutions, it is compulsory to consider the relationship established between the concepts of "ideal education – educational goal -educational objectives", taking into account different levels of generality. The aim to obtain better solutions for the financial management of the pre-university school institutions by describing the basic concepts in the field, its dynamic components as well as the structural-systemic ones, of the practices used at this level. The article follows the conceptual, perspective aspects of managing the financially difficult situations which the school organizations are confronted with. We also called into question the educational policies that exist not only at national level, as well as the actions and practices of developing and implementing educational policies which can be lowered to local public administration or school management. Even if prior expertise is essential in using concepts and rules of inference, this "art" can become routine if an effort is made to linearize, standardize analysis processes, problem-solving, and decision-making.*

Keywords: financial management, public institution, budget, budget system.

JEL Classification: H750, I000, I220.

1. Introduction

In order to meet the challenges of society and to cope with the recent changes imposed by globalization, the modernization of pre-university education is increasingly demanding. Thus, the overall quality concept is the major objective for the advancement of pre-university education on the road of modernization in order to achieve a level comparable to the European space. By looking at performance, the changes are not only about improving the management structures, school management or organizational arrangements, but especially the way of financing.

This is why the problem of financing in education is not just a sectoral problem, but one that relates to a country's capacity to develop. For this phenomenon to be understood, there is a need for tradition and culture in financing education. It is about evaluating education as the most important sector of investment in human capital, a sector that could multiply ten times the initial capital when it comes to a medium and long-term strategic approach.

By making a general presentation of the pre-university education system through a microeconomic approach of the school that is metaphorically seen as an enterprise, we described the basics of this theory reaching the objectives of educational institutions and organizations. Looking into the details of microeconomic theory and public education policies, we analyzed the pragmatic aspect of the organizational culture analysis in the field of education funding.

2. Overview of the pre-university education system in Romania

The national school network represents the totality of the accredited or provisionally authorized educational units. The task of organizing the school network lies with the local public administration authorities with the assent of the school inspectorates. The school network comprising special high school and post-secondary education is organized by the county council, respectively by the local councils of the Bucharest municipal councils, in consultation with the social partners, also receiving the approval of the Ministry of Education, Research, Youth and Sport.

2.1 The structure of the pre-university education system in Romania

According to the law, groups / classes in educational alternatives integrated into state or private school units may be set up and run within the school network.

High school education will become mandatory by 2020 at the latest.

Article 19 (1) of the Law on National Education stipulates that "in the national education system, the state education units have legal personality if they are organized and function as follows:

- with at least 300 students;
- with at least 300 students, children after school age and nurslings;
- with at least 150 preschoolers and nurslings;
- with at least 100 students and / or preschoolers, in the case of special educational establishments" (LEN nr. 1/2011).

Figure. 2.1. Structure of the school system in Romania

Level ISCED	AGE	CLASS	Study program in English and Romanian (certification, as appropriate)		
8			Doctoral studies (doctoral degree)		
7			Master's degree studies (master's degree)		
6			Bachelor's degree studies (Bachelor's degree)		
4					Post-secondary education (Vocational education certificate)
3	18	XII	Secondary education - theoretical pathway (Baccalaureate)	High School Education - Technical and Vocational Branch (Professional Qualification Certificate / Baccalaureate)	Professional education (Vocational education certificate)
	17	XI			
	16	X			
	15	IX			
2	14	VIII	Gymnasium education		
	13	VII			
	12	VI			
	11	V			

1	10	IV	Primary education
	9	III	
	8	II	
	7	I	
	6	Preparatory Year	
02	5		Pre-school education
	4		
01	3		Early Childhood education
	2		
	1		
	0		

Source: UNESCO - UIS (2016); Education (database), UNESCO Institute of Statistics, <http://uis.unesco.org/>

As shown in Figure 2.1, the national pre-university education system comprises the following levels: "Early education (0-6 years old), consisting of ante-preschool (0-3 years old) and pre-school education (3-6 years old) small, middle and large group; primary education, comprising the preparatory class and grades I to IV; Secondary or lower secondary education (grades V-VIII) and upper secondary education (high school education - high school grades IX-XII / XIII with a theoretical, vocational or technological pathway); professional education lasting at least 3 years; non-tertiary education (post-secondary education)" (LEN nr. 1/2011).

According to the responsibilities and attributions stipulated by the law, the executive management of the school units in Romania is carried out by the director, who has the position of president. The Director, assisted by the deputy director, applies the decisions of the board of directors (where this office is in the staff) and relying on the faculty council.

According to Article 4. (1) of the Framework Methodology for the organization and functioning of the board of directors of the pre-university education units, as amended and supplemented, "the Board of Directors consists of 7, 9 or 13 members, depending on the dimension and the levels the education it contains" (OMEN 4619, M.O. 696/2014).

"Pre-university education units with legal personality are headed by the board of directors, directors and deputy directors, as appropriate. In exercising their duties, the administration councils and directors work together with the teaching council, the parent committee and the local public administration authorities." (LEN nr. 1/2011, art. 96 (1)) The trade union leader is an observer and is invited to participate in the meetings of the Board of Directors.

The process of appointing the teaching staff members to the administration council shall be carried out according to the law at the meeting of the teaching council upon the proposal of its members, and the mayor and the local council designate one member in its composition. Discussions and decisions taken within the administration council are drafted by its secretary in the record of minutes, where all the views of the members participating in the meetings are recorded.

The instructional-educational process within the school institutions is conducted on the basis of an educational management contract concluded between the director and the school inspectorate. The management contract thus concluded may be valid for four years in the event of a post in a competitive examination, or one year in the case of a delegation. The Director concludes a material asset management contract with the City Hall and its representatives. Annually, irrespective of the contractual period, an evaluation and management audit commission is appointed by the school

inspectorate to verify and assess by score and grade, on the basis of an evaluation sheet, the degree of fulfillment of the provisions of the managerial contract and the quality of the managerial activity carried out.

The Deputy Director or the Director (if the unit does not have a Deputy Director) draws up the position of the teaching and auxiliary teaching staff and then submits the approval to the Board of Directors and the Authorizing Officer to the approval of the County School Inspectorate.

The establishment of the office of non-teaching staff in the institution is the exclusive responsibility of the Director, and will be approved by the Administration Council and approved by the Secondary Credit Authorizing Officer.

As tertiary credit instructors, school units in pre-university education are funded through three sources: the local budget through the municipalities, the state budget through the school inspectorates and the financing sources from the provision of services in the school workshops, the renting of premises, accommodation in own boarding houses, rental of sports halls etc. The financial - accounting activity is organized by the chief accountant, with an individual employment contract, being appointed as financial patrimonial administrator.

Also from the state budget, through the Ministry of National Education, the necessary sums are needed for the organization of national exams, baccalaureate, assessments and simulations; to improve the professional training of teaching staff and auxiliary teaching staff; scholarships for high school students.

2.2 The microeconomic approach of the school. Economic metaphor - school as an enterprise

Understanding the decision-making processes of individual or aggregated consumers and businesses can be done by analyzing the market behavior of individuals as consumers and businesses as producers, analyzing microeconomics. It consists of studying and interpreting the interaction of buyers with sellers of goods and services, factors influencing their choices. Thus, the analysis of price formation in different markets and the process of determining the structure of supply and demand predominate. The microeconomic analysis studies in a unitary way the consumer, the company, the rules between the market actors and their issuer (governance), the labor force and the property. Because working under this convention called the economic metaphor, school is the place where resources, production of public assets (the set of assets called generic education) and building a part of human capital are combined and organized.

Microeconomic theory has been the basis on which the cost-benefit utilitarian paradigm has been built through the analysis of human behavior, including education and school. Based on it, studies were carried out and a whole school was set up, with Gary S. Becker and his work as representatives, and those strictly dedicated to the educational system were the works of Eric Hanushek. On the basis of microeconomic theory, it also explains "psychological gains and costs (social prestige, appreciation of others etc.) but which are immediately extended to material advantages" (Iluț, 2004, p. 89, p. 89).

➤ Basic elements of microeconomic theory

Microeconomic theory "tends to shape economic activities as interactions of individual economic agents pursuing their private interests"; individual economic agents meaning the company, school, family, or even the individual. (Tian, 2007, p. 98)

In the study of the school organization, elements such as consumer theory, consumption set under budget constraints, preferences and usefulness or utility function, elements that are within the scope of the individual decision, have been taken from microeconomic theory.

Given the scarcity of resources and the opportunity costs, it has been earnest to treat the prioritization of the allocation of these resources, this solution proving necessary with the transition from the individual decision to the institutional decision (school unit) and further to the decision of the governing authority, whether local, regional or national. The rarity of resources determines the situation of giving up certain resources or services to choose the access to what is urgent and necessary to existence. These regulatory institutions in the field of education manifest their authority by establishing and enforcing the rules of access, selection, prioritization at institutional level and by coordinating human behavior with implicit or explicit social mechanisms.

In attempting to classify resources by administrative aggregation levels, it was necessary to categorize them according to their type (material, human, financial) and access to those interested. In the economic literature, the classification of assets was made according to the access criterion depending on the degree of competition and the degree of exclusivity. "According to the degree of competition, the assets fall between two extremes - assets subject to competition and assets not subject to competition, and after exclusivity in exclusive and non-exclusive assets" (Bentham, 2000, p.107) (taking into account class membership, confession, socio-professional category etc., access is or not allowed or limited).

Some basic prerequisites for studying economic phenomena are:

- "the rarity of resources: people face competitive situations for rare resources;
- people make rational choices between results that can be identified and associated with an (economic) value; within rational behavior, action is assumed according to the selfish interests of the individual or the firm;
- economic freedom: both cooperation and exchange, are voluntary;
- individuals tend to maximize their usefulness, and firms maximize their profit;" (Weintraub, 2002, p. 99)
- "people act independently on the basis of a complete and relevant set of information;
- the preference for the decentralized decision occurs when the information is incomplete or asymmetric for the decision-maker;
- compatibility of interests: the system or the economic mechanism must solve the problem of conflicting interests between individuals or economic units;
- property rights are well defined;
- equity in relation to market opportunities;
- efficient allocation of resources." (Tian, 2007, p. 112)

The analysis of educational phenomena using economic methods is done by evaluating the degree of fulfillment of the initial assumptions, by finding simplifying hypotheses that fit the description of the phenomenon, specifying precisely the limits of the conclusions obtained by using the respective axiom in the interpretation stage.

➤ **The Objectives of Educational Institutions and Organizations**

Institutions and school organizations in their work always associate the two dimensions, decisional and economic. The resource-decision complex involves setting goals, identifying alternatives, setting criteria for evaluating alternatives, prioritizing objectives. Depending on the specificity and volume of activity, the way of work and the planning of these activities, goals and objectives are set. These activities are conducted to meet the needs of a group of beneficiaries / the community as a whole, who appreciates or criticizes, appropriates or rejects these activities or their outcomes. If we speak strictly of education and of educational institutions, of the educational process, it is compulsory to consider the ideal educational relationship - purpose - objectives, taking into account different levels of generality.

Education is an area of consumption or investment?

Policies of a state in general, as well as macroeconomic policies in particular, designed in different paradigms - with highly differentiated effects and consequences, are determined by how education is viewed: as investment or consumption.

Theodore W. Schultz (1965) and Gary S. Becker (1962) were Nobel laureates for the economy, the first to address macroeconomic issues in developing countries, and the second one to research microeconomic issues and individual behavior. They supported the following propositions: "investing in human resources, which is a priority for investment in equipment, infrastructure and other assets, is the best development strategy for rich countries as well as for poor countries" (Schultz, 1965, p. 293) ; the dedication of human capital as "a basic element in the socio-economic analysis, has proven the productivity of this approach from a scientific point of view and from public policies. Extending the scope of microeconomic analysis to a broad range of human behaviors and interactions, including behavioral responses to education, has led to the conclusion that learning outcomes and education generally have the characteristics of capital and investment: So human capital and tangible capital appear different only by the temporal model of depreciation, and not by their essence" (Becker, 1962, p. 9).

As administrative consequences, we can emphasize that investment philosophy is found in the general purpose of budgeting and in its structure.

In their work, decision-making institutions (government, local government, public institutions) operate with budgets that serve multiple purposes: reflecting wider, sectoral or specific social policy institutions, priorities and objectives; ensuring the framework for the allocation of public finances and their management; providing means to monitor the spending of assigned funds; ensuring transparency concerning the taxpayers on the efficiency of money spending at all levels of allocation and budgetary decision.

The set objectives and relevance of information to budgeting are essential, and it is necessary to carefully design a system for collecting and verifying information regarding the particularities of the system for which the budget is being implemented. In order to ensure the planning, control and transparency of the budgets under consideration, complete, coherent and logical classification and codification systems are required.

The design of the budget classification is designed to provide a structure that reflects government spending priorities, highlighting departments within the central or local government responsible for input management and achievement of results, and facilitating economic control and analysis.

At international level, there are standards that are the basis of country budgeting, but are tailored nationally to developments in financial management and management systems, accounting rules, economic development, and administrative culture. Most changes and a large scale of budget classifications have made the countries that have moved from the centralized to market-based system because these new classifications better reflected goals, targets and programs. Between the new requirements that came to match the financial systems, it was high priority to maintain the budget deficit at a low level by imposing strong budgetary constraints.

Regarding capital investment and sources of income, the existence of the process of correlating capital expenditures with current expenditures is characteristic of a good coding system, despite the fact that in reality the difference between current and capital expenditure in the budget is arbitrary, being generally only an accounting convention. As current expenses involve immediate consumption and capital expenditure implies the existence of profits or depreciation rates, the way in which investment costs are spread over time and covered by benefits is the reason why they are differentiated from specific spending by setting and applying rules specific.

Because there is expectation that benefits will emerge in a similar way from human capital such as those received from physical capital, this determines somewhat

the artificiality of the convention, because in areas such as education and health, the role that human capital plays is essential.

In Romania, due to the fact that we had a centralized economy, budgeting focused mainly on capital expenditures because the economic growth patterns used mentioned exclusive capital investments as the source of economic growth, namely the economy grew only if the government made investments in infrastructure and equipment (factories and plants). At that time, education was passed to the expenditure chapter because it was considered an unproductive sector. Later, there was a resilience of staff in former communist countries to the idea of planning all resources through a current budget, and there was a slight assimilation of concepts, theories, and applications referring to human capital.

In order to identify sources of revenue, a classification and budget coding system should be applied to allow for the linkage of income sources with certain line item budgeting, which determines inflexibility in the financial management process. Referring to the school unit as a cost center, we can say that in this case the sources of income are not very important in view of the fungibility of money, they have a special destination regardless of their source (earmarked funds). Due to the fact that public institutions in general and those in Romania in particular cannot make bank loans or high budget predictability, the current expenditure is strictly separated from the capital because it is predominantly the personnel expenses, which are provided by law.

Thus, if budget deficits and negative corrections occur, those that change are just capital expenditures.

Means mutually interchangeable, being a central notion in the economy (an example: the possibility of paying a debt with any kind of money, regardless of origin, translates into money fungibility).

Lower-level management, that is to say at the cost center, aims to spend the money through the purchase of goods and services, in order to achieve the proposed objectives.

Higher financial and administrative management aims to spend the money to achieve the proposed objectives, while respecting budget classifications. Thus, tensions arise in the situation where the cost center does not coincide with the decision center because the financial decision correlated with the objectives of the hierarchically superior level does not coincide with those of the hierarchically inferior level, and it desires a higher decisional freedom, translated by higher fungibility.

The notion of decisional freedom regarding the budget of the educational institution varies constantly between total obligation - constraint - total decisional freedom. If we want to carry out a budget analysis, we need to take into account the structure and weight of the different types of expenditure, the ease with which the destinations may change, the structure of the expenditure or the priorities.

Because spending can periodically swing from total commitment to total freedom, we can say that budget decision-making is a function of time.

For example: the unheated roof can aggravate the situation due to rainy weather infiltration; uninterrupted current maintenance or lack of investment in school space may later lead to degradation of the walls to collapse; obsolete heating systems lead to a change in the budget in the sense of unwarranted growth by increasing consumption and decreasing efficiency; the lack of investment in equipment leads to a decrease in the performance of these pupils, ultimately choosing to go to other school units offering modern working materials and equipment; as the school becomes very demanding and the number of students increases, it could get more money, but it is constrained by the lack of space.

In Romania, the historic budgeting method is used incremental. This method has a drawback, namely that it is expected to increase year-to-year allocations on the current structure, but these costs are incorrectly structured, remain at the same level

and become unsustainable at all levels of decision. The chapter on wage costs poses problems for many reasons, namely: staff cannot be fired because they are protected by law so no more staff can be employed to apply the differentiated curriculum, although there are requests from students and parents unable to discuss the dynamics and school development in this context.

Regarding the public budget and discussing its figures, we report sectoral expenditure reporting to the total, so the target for a locality is to spend 35% of the local budget for education. Because in this budget there are large differences between the amounts allowed to be spent with a precise destination and the amounts of free choice, managers are interested in having as much decision-making as possible through a global budget so that they will be able to meet the objectives proposed at this level decision.

In microeconomics, efficiency as a concept has many meanings, generating a class of concepts in several social sciences, such as sociology or political science.

By reporting outputs (results and achievements) to inputs (investment, cost, effort etc.) at a given moment we define what is called static efficiency with two meanings: when the value recognized by consumers for a good or service reflected in the price paid or intentionally paid is identical to the cost of using resources to produce it, we speak of allocation efficiency or optimal allocation. Thus, the optimal economic theory assumes the need for equality between the price paid and the marginal cost of the product or service needed to produce another unit of that product or service; when the prior budget allocation for producing the asset or performing the service cannot be changed in favor of any individual in a lot of individuals without worsening the situation of others, we are talking about the effectiveness of Pareto or the optimal Pareto.

➤ **Microeconomic theory and public policies on education**

Minimize risk and maximize benefits by optimal method

The use of techniques and instruments in the economic field with reliable results in maintaining the link between the goal, objectives and means of microeconomics and the cybernetics of the producer is imperative for the design and implementation of public policies in the field of education. Thus, risk management is the link that measures and reduces the road from the intent of the decision-maker to the goal, the law and the reality. Investment risk or value analysis proved to be concepts, methodologies in several areas that have been successfully adapted and in the management of education systems.

We can talk about educational policies not only at national level, the actions and practices of developing and implementing educational policies can be lowered to local public administration or school management. Even if we have to rely on prior expertise to use the concepts and rules of inference, this art can become a routine if an effort is made to linearize, standardize analysis processes, problem-solving, and decision-making.

If we refer to the process of drafting and analyzing budget policies, the focus on the potential of this issue focuses on the following:

- developing and implementing public policies in the field of education, with particular reference to budgeting and resource allocation in general, acceptable and technically relevant policies for the target audience and for the community, understood, supported and desirable. Thus, valuable information on beneficiary satisfaction and social mobility can be obtained through the study of utility functions, expected utility and value in the educational field;

- analyzing and criticizing these public policies at all stages, such as: development, public debate, implementation, impact analysis and corrective action.

A realistic interpretation of these assessments takes into account what we believe, affirm and feel about direct beneficiaries, target audiences and social actors.

Markowitz's rule on "minimizing risks and maximizing benefits" (Markowitz, 1991, p. 469) can be applied in both the above-mentioned public policy situations, calling into question a set of conditions to be met to address investment and institutional problems, namely reducing uncertainty for as many citizens as possible and for everyone. By analyzing investment behavior, both in public education as well as in individual education, it can be considered a strategy of uncertainty reduction and corrected by instruments developed in general risk theory. Because actors interacting / acting within educational actions are goal-driven, resource-driven, and performing specific, educational activities with a certain purpose, they are considered to be rational actors.

➤ **Principles of Education Financing**

In order to achieve and ensure the functioning and improvement of the education financing system, we must have a multidisciplinary approach, taking into account equally economic, educational, legal, political, philosophical, sociological, demographic, public administration, confessional and religious, ethnic etc. The hypothesis of the analysis of the field of financing of education through multidisciplinary highlights the necessity of a corpus of principles common to most of the themes approached within each science with the others listed above. This bringing to a common denominator will have the effect of eliminating internal contradictions, at least at the level of analysis, of identifying and correcting inaccuracies between the models used, the conclusions and recommendations of the measures taken, the policies pursued and the actions taken. The link between ideologies, doctrines and the allocation of resources for education is inseparable. How to achieve the financial support of a societal subsystem that is either implicitly or explicitly assigned or delegated to the role of preserving values in society and transferring it to younger generations is explained by local, regional or national traditions and history.

Understanding the education funding system is achieved by highlighting the link between the fiscal or taxation system of the country and the degree of autonomy of local authorities, the management freedom of the management of schools or the administration of schools in a particular region. It has been found that the decision-making power of local authorities is greater where there is a system of financing of public services supported predominantly by local taxes and less transfers between administrative units, and those regions prove to be richer.

There has been the question of choosing some school principals and administrators and making decisions within the elected councils or specialized bodies of local councils on the effort that the community needs to do for school units, what major resource orientations should be addressed, the problem of determining the content of activities carried out in schools. In the case of a strong national state or a strong structured state, in the case of poor regions, the tax decision was redistributive, resulting in a low degree of financial freedom and decision-making.

This has been reduced for the local authority and for the community, receiving the largest part of the funding from the center, and with it the basic legislation, rules and recommendations with a high degree of commitment to the process of education, curriculum in general (curriculum national).

We will still describe some aspects that highlight all these influences:

- the principles that appeared in official state documents (strategies and doctrines, public policy documents, separated or incorporated into legislation);
- economic, social or political theories that have had an influence on exposures of principles or statements;
- the determinant institutions that play a role in the changes that have occurred, determining and influencing them significantly;
- presenting the evolution of the respective financing system in recent history (trends that have been or shall be changed).

The principle of equity has been best presented and represented in most of the tax reforms and funding systems of education worldwide. In all European countries, the importance of spending on education was much more high compared to other types of expenditure, at different levels of administrative aggregation, education being seen as a vehicle of social mobility, in some cases education and schooling being considered decisive factors in determining citizens' quality of life.

Next, we will summarize the principles of education funding (Murray & Evans, 1998, p. 789-812), mentioning that they are described as systems, the degree of detailing their exposure being different:

General principles outlined in the New School Act (Wilkinson, 1986, 12 (4)): access to quality education, equity, flexibility, responsiveness and accountability.

It is noted that these principles are common to any public service being very general. The principles of funding for education and resource allocation have been developed on the basis of these general principles and cannot be separated from the general principles of justice and distribution justice.

Principles of education funding set forth by trade union organizations of teachers (British Columbia Teachers' Federation, 2001): increasing allocations for operational expenditure per pupil to cover inflation; the full funding of the increase in school numbers; the full reflection of the specific needs and conditions identified in funding for them; ensuring through this funding fair and reasonable wage increases for teachers; adequate funding of policies to report on student progress and preparation of individual training plans, changes in curriculum or adaptation of policy requirements to existing funding; the adoption of monitoring and public accountability measures to ensure the use of budgets for education, not for administration; the funding of private schools will not be made from tax money; education funding formulas will produce fair allocations for all districts.

The principle of investment in educational excellence has the following characteristics: In order to increase the chances of later achieving the minimum standards of compulsory education by each pupil, it is essential to invest in early education; recruiting and retaining the best teachers is done through proper wage financing; quality student education can be achieved by recruiting and retaining high-quality teachers and administrators; preventing the elimination of equal opportunities for students for both curricular and extra curricular activities by applying the funding schemes proposed by the state and local governments; allocating adequate resources to meet the quality requirements imposed by the national standards systems; the need to ensure stable and predictable state funding for education to identify and support investment in excellence; the taxation system is a leverage by which all citizens contribute to ensuring excellence in education as its benefits are public, as well as maintaining service provision at an acceptable level;

➤ **Principles found in educational policies in the Anglo-Saxon countries:**

Principle of adequacy of education: In US States legislation there are clauses on adequacy of education. A famous decision of the Supreme Court of Justice in 1954 states that "in a democratic society, all citizens must be well educated" (Heise, 2005, p. 132). In this context, responsibility lies with the state, the educational district, the community, the family and the individual, sharing them in different proportions (the principle of shared responsibility).

The principle of need-based funding supposes the free access of each student to an education that meets his or her needs. However, because of the differences in conditions between students, schools, local authorities, states, education costs are different to meet this principle.

The principle of adequate funding for education implies maintaining a high quality of education through stable, appropriate and correct funding.

The "value for money" principle (British Columbia Teachers' Federation, 2001). The expenditures made by individuals and the community for education have to be found in the provision of services and added value for those who have expended. In this respect, it is necessary to define, measure and publish some indicators;

Other principles in the same category are: the principle of investment in educational excellence; the principle of equal chances; the principle of liability; the principle of local control.

➤ **Principles of financial management**

The economy is defined by avoiding waste, responsible use of resources and good management involving avoidance of reasonable or speculative expenses (eg: repairing equipment rather than making new purchases, reducing costs and amounts on the bill careful consideration of the market and negotiations to obtain additional facilities when purchasing equipment, effective arrangements for keeping the goods and avoiding losses). Since it only refers to expenses not taking into account their outcome, this concept is familiar but limited in consequence.

By fulfilling as much as possible the specific objectives or standards, while respecting the lowest possible cost / benefit ratio, we can define efficiency.

Cost effectiveness is achieved when it is at the same cost or at low cost. This can be exemplified by the description of a modern heating system that ensures the same heating with lower fuel costs; it is possible to obtain savings and results that far exceed the salary costs of the person concerned by employing a competent administrator; preventing large expenditures with medium and long-term repairs by providing regular maintenance of buildings; gaining multiple benefits in exploitation by purchasing quality equipment that is more expensive than similar models on the market.

Efficiency is the achievement of the targets and purposes of the school institution as accurately as possible.

We continue to describe the parameters adopted in the assets and services sector:

Although it is not a specific term for the field of education, productivity is the concept of increasing the results for each unit of input (eg: money unit, hours / teacher, hours / student). At this moment, we are facing the lack of endowment, funding, staff time etc., which shows that there is no possibility of measuring productivity in education or its oscillations, although it is a very important parameter that will probably become more important in the future.

Lower costs are required for the same level of education. Cutting costs is very important because it is considered an advantage to lower costs without reducing service quality. If this process costs more than it should, it can block the opportunity of other additional spending. Thus, there is a way to improve results for the same consumption by offering better education at the same cost, giving more content units at the same cost, freeing up time that can be used for additional activities or additional content units or curriculum add-ons.

As a concept closely related to productivity, there is the added value. Based on the experience and concepts learned by pupils at school under the conditions of developing multi-criteria analysis of pupils' results in tests and exams, the added value can be determined.

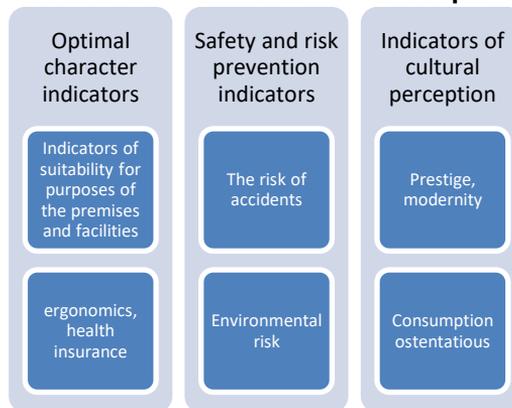
The Psychological Principle of Purchase Value: This principle is widely used in everyday life of each of us. Removing unrealistic and harmful attitudes in our behavior can be accomplished by asking ourselves the following questions: How much does it cost? Did I spend my money properly? In compulsory education, interest groups (education ministry, finance ministry, school inspectorates, school directors, economic agents, NGOs, parents, pupils) are very different if we take into account the level of awareness, accountability, budget involvement or financial management.

According to the principle of utility, actions that lead to increased happiness / satisfaction are beneficial and acceptable. In Bentham's view "happiness is public and has an altruistic dominance" (Bentham, 2000, p. 134).

The material resources used in the teaching process are of two kinds: with an environmental role or a clearly established didactic role.

Because of the measurable properties of educational, playground, recreation facilities, etc., things that are set by legislation, environmental resources are usually easily correlated with optimal activities - very often, "deviation from the law can be seen as a deviation from optimum " (Lueder & Berg, 2008, p. 156). In our analysis, we present a list of classes of environmental resource quality indicators:

Figure 2.2. List of classes of environmental resource quality indicators



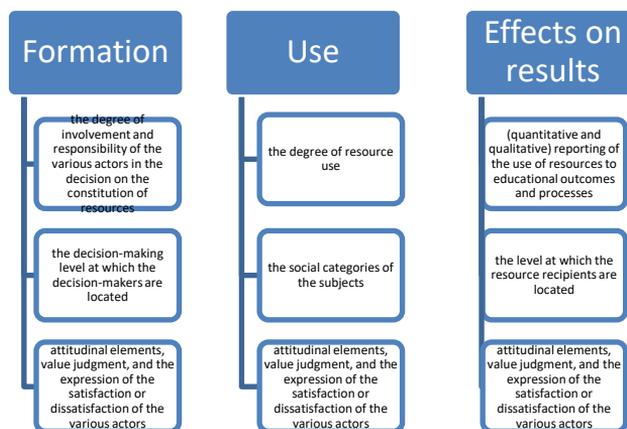
Source: Lueder & Berg, 2008, p. 156

Figure 2.2. shows us through that classification that some of the resources can be considered as having an optimal character, the quality is a characteristic of it. Another part of the resources is saturation. With the increase in the supply of a required feature or its demand (for example, the expansion of recreational spaces), the satisfaction or necessity of the beneficiary does not necessarily represent an increase in satisfaction to the same extent.

Regarding costs, structuring them is very important because they need to be carefully prioritized to find the most effective way of building the budget without necessarily finding optimality. The utility of material resources for the consumer is divided into: non-objective utility at present, future utility and marginal utility. The latter materializes by increasing the utility of each physical unit in the resource used. It is closely aligned with the added value, describing in the subjectivity of the beneficiary the added value of a product unit made.

➤ **The pragmatic aspect of organizational culture analysis in the field of education funding**

The way resources are allocated according to "the resources follow the student" principle will be determined by a careful analysis of these resources as well as what they represent for educational decision-makers on how to access them. It is known that there is a possibility that at a low cost an important effect can be obtained on the way in which the process of collective or individual education takes place. The existence of decision-makers uninterested in the importance and value of purchased assets can generate high risks. Purchased assets, as well as money for such purposes, represent the financial and material resources of the school and the family. Their acquisition and money spending following standard, transparent procedures are subjected to an assessment / judgment of the subjects (Figure 2.3):

Figure 2.3. Scheme for the analysis of the impact of different types of resources

Source: contribution of the authors

Correlations that are not usually done in asset management have been highlighted by arrows, the final link being considered sporadically and at high aggregation levels only if some studies insist on this. "The satisfaction aspect of the ultimate beneficiary in the educational environment (student, child) about the material resources at its disposal can be an important predictor of the quality of its life and learning capacity" (Măntăluță & Rukhadze, 2008, p. 352). By analyzing these situations, the head of the educational institution / financial consultant may conduct research based on socio-educational principles, which will rather represent a socio-economic research of the education process and its outcomes.

The role of this research is to understand exactly how to generate and use material resources within an educational group represented by school, authority, parents. It will also highlight the impact that selective access and capitalization of resources have on equality of opportunity and equity in access to education. The resources invested in the education of the child by the school, the authorities, the family are extremely important in terms of the child's evolution and results. These can be assessed by following his / her school behavior, school outcomes and, particularly, long-term follow-up of social behavior, attitudes towards education and culture etc. Explanatory patterns thus revealed, with costs and expenses of particular significance for the actors, will be relevant to the scientific explanation. The "definition - hypothesis - experiment - Measurement - Analysis - conclusions" chain will lead the scientific point of view to shaping a course of implementation, the stage design, synthesis, establishing indicators, design, structuring the budget, tracking progress, setting efficiency, performance.

From a cultural point of view, regarding material and financial resources, we talk about the expected utility, the presence of various social categories involved in the process, information, attitudes and behaviors related to schooling and education in general. The way of structuring the resources for the educational process approved by the family is determined by the attitude of the latter towards the process in general and the importance it attaches to education as a factor of development in society, thus accessing a social status. Access to the attitude of the different social categories of parents regarding the availability of investment in the education of children results in knowing how these categories understand to allocate resources for the education of their children.

Although the participation of parents in decision-making in schools as members on boards is specified in the legislation, there is insufficient involvement in school life, lack of interest and participation in decision due to lack of adherence to the values of the school. Also, the application of the principle of equal opportunities and equal access to educational resources is only stated at the declarative level, as it is only found in educational policy documents, legislation and regulations. These rights are differentiated due to different attitudes towards education and associated behaviors, although resources are available to each student in the community. "The organizational culture of the school is conditioned by the contextual effects, which concern certain aspects of the social environment - neighborhood, community of belonging" (Duru, 2008, p. 123). The conclusions of researches in the United States are related to access to and use of educational resources.

This explains why two school units with the same resources and the same type of management achieve very different school results. The conclusion was that differences in results have social and cultural origins.

Although, through legislation, financial - accounting rules and regulations in the field, uniformity and predictability are imposed on schools as public institutions in terms of economic and financial activity, we cannot ignore the fact that there are still differences between schools of the same type.

3. Conclusions

Concerning the financing of the educational process, the most important directions have tended towards achieving autonomy, decentralization. In this sense, there have been discussions and exchanges of ideas for a long time in Romania. The most important discussions have revolved around the standard cost, setting the allocation, how budgets are being built at different levels (targeting however the cost center that is the educational institution), decisions on the use of funds and institutional roles, excluding resources seen as a source for school learning.

In general, the researches focused on the analysis of current expenditures and efficiency indicators (didactic / pupils / administrative staff ratio). In addition, they only focused on school budgeting processes, being implemented at system level.

Ensuring the functioning and improvement of the education funding system is achieved by addressing the problem through multidisciplinary, taking into account at the same time economic, educational, legal, political, philosophical, sociological, demographic, public administration, religious, ethnic etc. The hypothesis of the analysis of the field of financing of education through multidisciplinary highlights the necessity of a corpus of principles common to most of the themes approached within each science with the others listed above. This bringing to a common denominator will have the effect of eliminating internal contradictions, at least at the level of analysis, of identifying and correcting inaccuracies between the models used, the conclusions and recommendations of the measures taken, the policies pursued and the actions taken. The link between ideologies, doctrines and the allocation of resources for education is inseparable. How to achieve the financial support of a societal subsystem that is either implicitly or explicitly assigned or delegated to the role of preserving values in society and transferring them to younger generations is explained by local, regional or national traditions and history.

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