

# Abstract

The object of this thesis is to evaluate whether it is desirable to implement the new English system of higher education funding in the Czech Republic. The English system based on income contingent loans is the youngest system of higher education funding. Chapters two and three put forward criteria sets to determine suitability of education system. The first set of criteria reflects the unique role of human capital, its levels and quality necessary for sustainable economic growth. Second set of criteria includes requirements for the system to be economically efficient. It is further shown that the current Czech system does not fulfil almost any of the criteria in their entirety, indicating a clear need for reform. Upon its confrontation with the two criteria sets on the other hand, the English system is tested as a candidate to be considered in the Czech reform. Also other countries' experience with income contingent loans is provided in order to find out the options to fulfil all the criteria for case an English system fails to do so.

Although it is shown that the income contingent mechanism meets both criteria sets it is concluded that the English system includes a number of weaknesses, for example it suffers from low adaptability to labour market needs, suboptimal quality of education or inefficient allocation of government resources. These findings make the author warn against poor policy transfer of the English system to the Czech conditions. Advice are provided as a part of the analysis as far as modifications are concerned before potential implementation of the English system in the Czech Republic in order to maximize its positive effect on economic growth. In this context, the suggested changes include abolition of tuition fee cap as well as forgiveness of the rest of the loan after 25 years or implementation of the market interest rate.