



European
Commission

What is Eurydice

The Eurydice Network's task is to understand and explain how Europe's different education systems are organised and how they work. The network provides descriptions of national education systems, comparative studies devoted to specific topics, indicators and statistics. All Eurydice publications are available free of charge on the Eurydice website or in print upon request. Through its work, Eurydice aims to promote understanding, cooperation, trust and mobility at European and international levels. The network consists of national units located in European countries and is co-ordinated by the EU Education, Audiovisual and Culture Executive Agency. For more information about Eurydice, see <http://eacea.ec.europa.eu/education/eurydice>

The full study

Financing Schools in Europe: Mechanisms, Methods and Criteria in Public Funding can be found in English on the Eurydice website http://eacea.ec.europa.eu/education/eurydice/thematic_reports_en.php

Printed copies of the report

are available upon request at: eacea-eurydice@ec.europa.eu

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Eurydice Highlights

Financing Schools in Europe: Mechanisms, Methods and Criteria in Public Funding



For many years, the European Commission has called on Member States to protect or promote longer term investments in education. Moreover, the efficient and equitable distribution of resources have been high on the political agenda. In today's economic circumstances, these objectives appear more pertinent than ever. This timely report provides a framework for discussing the second objective i.e. the efficient and equitable distribution of resources. It looks at the architecture of funding mechanisms as well as the criteria and methods used when establishing the volume of resource allocations in primary and general secondary education. It covers 27 of the 28 EU Member States as well as Iceland, Liechtenstein, Norway and Turkey.

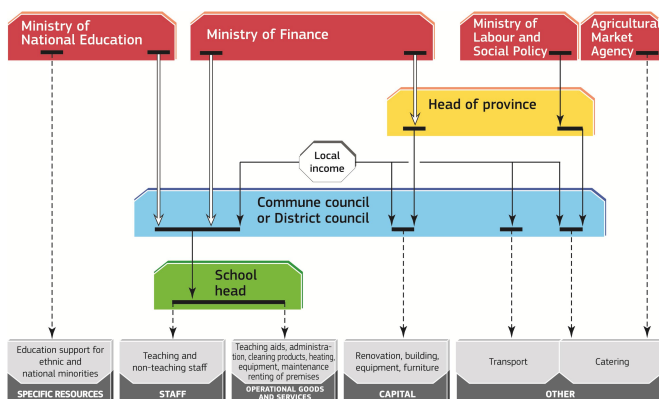
Various levels of administration are involved in transfers, depending on the resource in question

Providing a comprehensive overview of the funding flows and the specific roles of the various public authorities involved is a complex task, arising partly from the idiosyncrasies of the administrative and political landscape of each country and the way funding responsibilities, in general, are shared between authorities. In this report, the levels of authority are divided into central/top (often at national level), regional and local (also known as intermediate) and school level.

Often, more than one level of administration is involved in transfers and this depends on the resource in question (school staff, operational goods and services and capital goods). Expenditure on staff (particularly teaching staff) makes up the largest proportion of expenditure in public schools. In more than a third of countries, the central/top level ministries transfer resources for teaching staff directly to schools (Ireland, Spain, Croatia, Cyprus, the Netherlands, Portugal and Slovenia), or pay teachers' salaries (Belgium, Germany, Italy, Hungary, Malta and Liechtenstein). Conversely, it is more likely

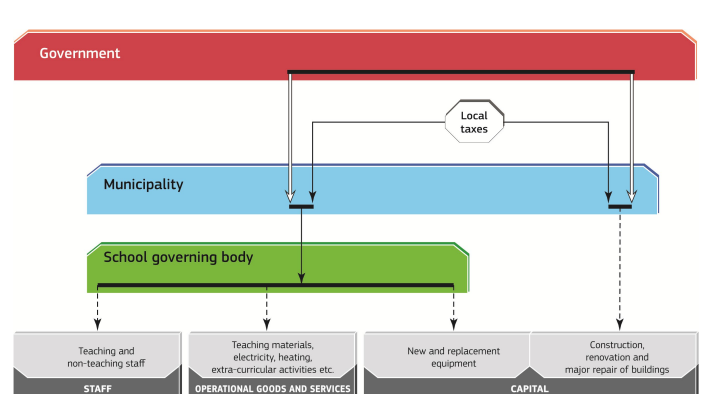
that intermediate authorities (sometimes more than one) are involved in transferring resources for non-teaching staff. Transferring resources for operational goods and services and capital goods involves two or three levels of authority in the majority of countries. There can be huge variation across countries however. The contrasting country diagrams from Poland and Sweden below demonstrate this well. All the way down to school level, more different authorities and budgets are involved in school funding in Poland than in Sweden.

Financial flows for public schools (primary and general secondary schools) – Poland



Source: Eurydice.

Financial flows for public schools (primary and general secondary schools) – Sweden

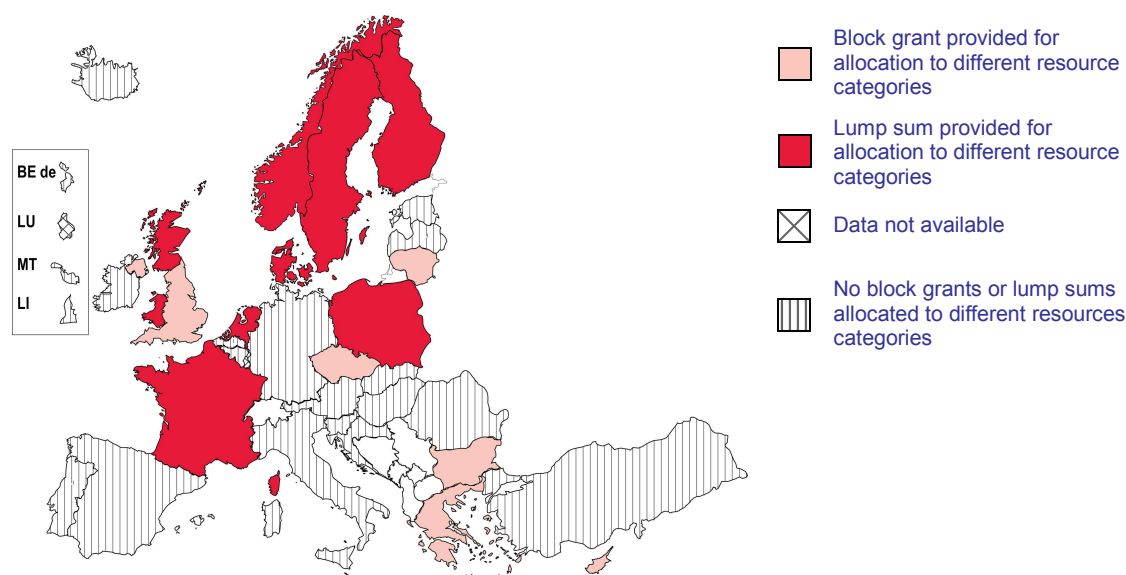


Intermediate authorities make political decisions regarding funding

Sometimes intermediate authorities have responsibility for making political decisions when it comes to distributing funding. The financial flows from central/top level to intermediate authorities may take the form of a lump sum. In this case, the intermediate authorities receive funds for a variety of public services e.g. health, education, recreational facilities and divides the funding accordingly. Given the range of public services that lump sums cover, the amount intermediate authorities earmark for education can vary significantly depending on political priorities, socio-economic and demographic factors in a given region or municipality. They may also receive a block grant for education from central

authorities, which are funds provided to cover costs of at least two or three resources categories within education (e.g. operational goods and services and non-teaching staff) and they have some powers to decide the amounts allocated to the different resource categories. Therefore, whether the funds earmarked for education are spent on such varied resources as textbooks or salaries for an increased number of secretaries for example, is at the discretion of intermediate authorities. While it is not the major theme of this report, it is also important to note that local or regional authorities may contribute to the funding of school education from their own revenue (taxes).

Countries in which intermediate authorities receive a lump sum or block grant and allocate it to different resource categories (staff, operational and capital goods)



Source: Eurydice.

Central/top level authorities determine the level of resources for teaching staff and operational goods and services using funding formula

One of the challenges facing education authorities is to allocate resources according to schools' needs and to do so in an equitable and efficient way. Central/top level education authorities use various methods to determine the amount of resources to award to schools. Often a universally agreed rule applied to pre-defined criteria is used to determine the exact amount of resources schools should receive (formula funding). The level of resources for teaching staff and operational goods and services (or contributing to them) is usually determined this way. Conversely, in the majority of countries, central/top level

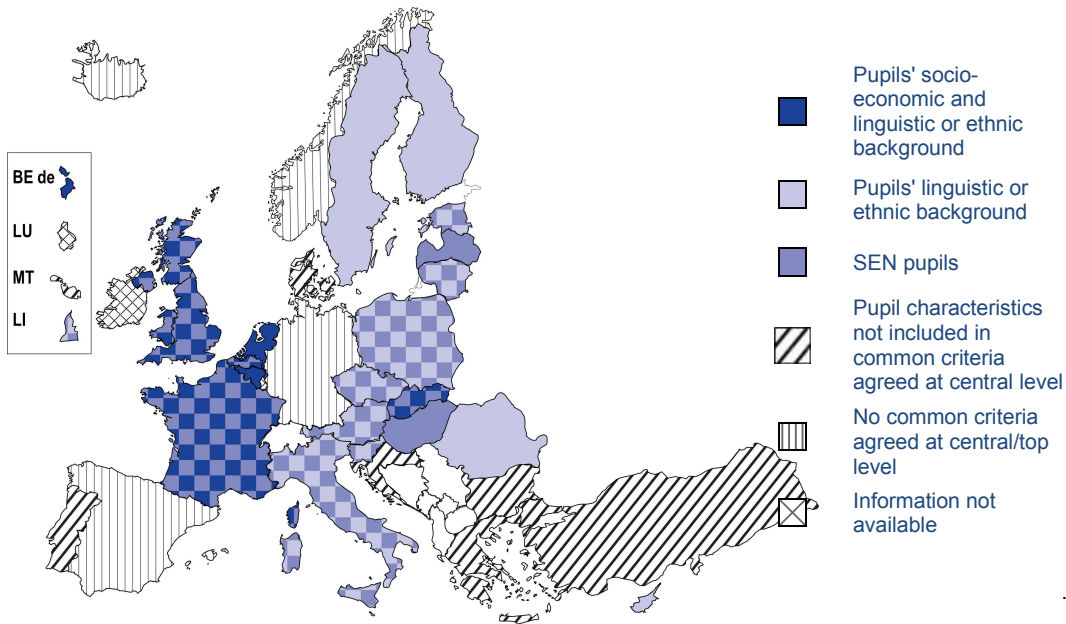
authorities determine the level of resources for capital goods (or contributing to capital goods based) on an estimate of need or according to budgetary processes. The reason for this could be due to the fact that funding needed for these services varies depending on the specific circumstances of the school e.g. a school in dire need of repair/a new school. In addition, as the most recent financial crisis has shown, funds available to schools for such activities also fluctuate with the economic situation of the time.

Around two thirds of countries consider disparities between schools or areas when establishing the amount of staff resources

The report finds that in all countries a set of measureable criteria is used by the central/top level authorities to define the amount of resources allocated to schools or intermediate authorities for staff. In around half of the education systems where intermediate authorities also determine the amount of funds awarded to schools for staffing, a single set of criteria established by the central/top level authority is used. All of these systems look at the number of pupils or staff in a school to determine the amount of resources that schools will receive. In most cases, however, the individual school or pupil characteristics are also considered, allowing for the provision of differentiated funding. Overall, it can be said

that the majority of countries incorporate criteria that help reduce disparities between schools or areas to ensure that equality of opportunity is provided for all pupils. For example, as can be seen in the map below, pupils' linguistic or ethnic background is taken into account in many countries. Besides the award of resources on the basis of common criteria agreed at central level, schools may also be able to apply for specific funds to meet pupils' additional needs. It should be noted that in some systems, intermediate authorities are free to choose which criteria they use and the report does not focus on this latter grouping.

Pupil characteristics taken into account in determining the level of resources contributing to teaching and non-teaching staff, primary and general secondary education, 2013/14



Source: Eurydice.

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For additional information, see:

Funding of Education in Europe 2000-2012: The Impact of the Economic Crisis
http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/147EN.pdf

Teachers and School Heads Salaries and Allowances in Europe, 2012/13
http://eacea.ec.europa.eu/education/eurydice/documents/facts_and_figures/salaries.pdf

National Sheets on Education Budgets in Europe, 2013
http://eacea.ec.europa.eu/education/eurydice/documents/facts_and_figures/National_Budgets.pdf

Focus on: Education budgets at a time of crisis: How much can make a difference?
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