



European
Commission

Financing Schools in Europe

*Mechanisms, Methods and
Criteria in Public Funding*

Eurydice Report



Education and
Training



Financing Schools in Europe:

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Criteria in Public Funding

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and Training*

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CODES

Country codes

EU/EU-27	European Union	HU	Hungary
BE	Belgium	MT	Malta
BE fr	Belgium – French Community	NL	The Netherlands
BE de	Belgium – German-speaking Community	AT	Austria
BE nl	Belgium – Flemish Community	PL	Poland
BG	Bulgaria	PT	Portugal
CZ	Czech Republic	RO	Romania
DK	Denmark	SI	Slovenia
DE	Germany	SK	Slovakia
EE	Estonia	FI	Finland
IE	Ireland	SE	Sweden
EL	Greece	UK	The United Kingdom
ES	Spain	UK-ENG	England
FR	France	UK-WLS	Wales
IT	Italy	UK-NIR	Northern Ireland
HR	Croatia	UK-SCT	Scotland
CY	Cyprus	IS	Iceland
LV	Latvia	LI	Liechtenstein
LT	Lithuania	NO	Norway
LU	Luxembourg	TR	Turkey

Statistical codes

:	Data not available	(-)	Not applicable
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EXECUTIVE SUMMARY

Introduction

Since the onset of the economic crisis in 2008, calls for efficient public spending have intensified. Against this background of tight public finances, the European Commission has called on Member States to protect or promote longer term investments in education ⁽¹⁾. Nevertheless, today's economic circumstances can be regarded as an opportunity to reflect on how to build more efficient and sustainable funding systems for education.

When countries are looking for ways of making reforms, they often look to other countries for inspiration. This report provides a framework for understanding the structure of funding systems for public sector school level education in Europe. It also delivers a short comparative analysis of the authority levels involved, and methods and criteria used for determining the level of resources for financing school education. It is a starting point for dialogue and peer-learning between countries. While the funding arrangements implemented in one country may not necessarily work in another, they may serve as inspiration for reforms, especially for countries sharing similar traditions in public funding and organisation. However, it must be stressed, as will be described below, that there are limitations on how far any model can be applied in other contexts.

This report shows an overall picture of great variety across Europe with respect to funding systems. These systems have developed over many decades to meet the needs of individuals, wider society and the economy. The changing priorities of education systems have also shaped the way in which funding systems have developed. While the complexity of funding systems should not be overstated, it is important to recognise the particular national context when considering policy reforms, as certain types of reform may work differently in different countries.

Chapter 1 examines the authorities involved with school funding, and more specifically to what extent regional and local authorities transfer resources from central/top level to schools, and whether they contribute to the financing of school education using their own revenue, such as local taxes.

Chapter 2 examines what methods central/top-level authorities use for allocating funds, focusing on whether they use common agreed rules (funding formula), or whether they make allocations on the basis of an estimation of needs of schools (budgetary approval/discretionary determination).

Chapter 3 examines the criteria involved when establishing the volume of resource allocations. It analyses both input-based criteria and output- or performance-based criteria.

The report examines the funding of primary and general secondary education and covers 27 of the 28 EU ⁽²⁾ Member States as well as Iceland, Liechtenstein, Norway and Turkey.

Several levels of public authority involved in delivering funding to schools.

Providing a comprehensive overview of the funding process and the specific roles of the various public authorities involved is a complex task. This complexity arises partly from the idiosyncrasies of the political and administrative landscape of each country and the way funding responsibilities, in general, are shared between authorities. Moreover, the resources needed for schools to operate effectively are very different in nature (i.e. staff, capital goods and operational goods and services). This may go

⁽¹⁾ For example: Annual Growth Survey 2014 {SWD(800) final}.

⁽²⁾ Luxembourg did not participate to the data collection for this report.

some way to explain why different levels of authority have assumed responsibility for different types of resources, and why the routes taken to reach schools vary so much.

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). In the remaining countries, the top level ministries share the responsibility for transferring funds and/or paying staff with intermediate authorities⁽³⁾. The situation is similar for non-teaching staff, but it is more common for local or regional authorities to be involved, either on their own or with the central/top level authorities (see Chapter 1).

Local authorities are responsible for transferring funds or buying operational goods and services to deliver directly to schools in almost all countries. These funds generally come partly or entirely from central/top level authorities. There are exceptions, however. In Croatia, for example, they come from cities' or municipalities' own taxes or income in the case of primary and lower secondary schools, and from counties' own income in the case of upper secondary schools (see Chapter 1).

In addition, in most countries, intermediate authorities also contribute to school financing from their own resources. In many Northern European countries (Denmark, Estonia, Finland, Sweden, the United Kingdom (Scotland), Iceland and Norway), and in Bulgaria (municipal schools), all the main resource categories (staff, operational goods and services and capital) are at least partially financed from local authorities' own revenues. Elsewhere, only some of the main resource categories are funded in this way (see Chapter 1).

Complexity of funding methods

Two particular issues make it especially challenging to identify and describe the funding methods and criteria used by the responsible education authorities when allocating school resources. These are the autonomy enjoyed by intermediate authorities, or the top-level authorities such as the *Länder* in Germany and the Autonomous Communities in Spain, and the complexity of the formulae and key variables or indicators used across Europe.

The limited scope of this report called for some simplification. Consequently, three basic funding methods have been identified. The first is 'formula funding', i.e. the allocation of resources based on a universally agreed formula. The second is 'budgetary approval', i.e. the submission of a budget drawn up by schools or any other authorities for approval by the responsible funding authority. The third method has been named the 'discretionary determination of resources', and is where the responsible funding authority has complete discretion in determining the amount of resources to allocate, working case by case on estimates of resource needs.

Central/top level ministries use funding formulae for determining the level of resources for teaching staff in nearly all countries. In half of these countries, many of which are located in Northern Europe, the resources determined by this method are allocated either as part of a block grant, used for at least some categories of educational resource; or as part of a lump sum to cover resources for a range of public services including education. In these latter countries, schools or intermediates authorities receiving the funds enjoy some autonomy in deciding on policy priorities. In the other half of countries, the resources are specifically earmarked for teaching staff (see Chapter 2).

⁽³⁾ By 'intermediate authorities', we mean local authorities, regional authorities and administrative divisions of top level authorities.

Funding formulae are also used by top level authorities for establishing the level of resources for operational goods and services in the majority of countries. In contrast, funding for capital goods is more frequently at the discretion of the responsible ministries to which, in some cases, schools or responsible intermediate authorities submit a capital budget for approval (see Chapter 2).

Both funding formulae and discretionary determination of resources have advantages and disadvantages. Where a formula is applied, the variables used must be carefully chosen. If the variables relate only to student numbers for example (per capita funding), it may be the most transparent way of allocating resources. However, other variables, such as socio-economic characteristics are important in the equation as they allow resources to be targeted where they are needed most. For example in socially deprived areas, additional funding may be needed in order to ensure equity for pupils in different areas. Currently, most countries use these kinds of criteria when allocating funds.

A broad range of input-based criteria determine the level of resource allocated for staffing

The analysis of the criteria used by the responsible authorities for allocating school resources, although limited, still provides some interesting findings. In many countries, it is very common for education authorities at top and intermediate levels to use input-based variables for establishing the level of resources to be allocated for staffing. This category of resource accounts for the largest share of total education expenditure in Europe. Input-based variables focus on the actual needs of schools and the real costs incurred by them.

In some countries, education authorities use a limited number of variables related to the number of existing staff or pupils, usually weighted by the level of education or school year. In the majority of countries though, funding authorities take into consideration a broader range of input-based variables, which enable a more thorough assessment of school needs. These variables relate to criteria such as pupils' socio-economic, linguistic or ethnic background, any special needs they may have, as well as geographical and demographic differences between schools (see Chapter 3).

In the context of higher education, performance-based funding has been recommended in recent years⁽⁴⁾. This kind of recommendation has not been issued in the context of school funding. Nevertheless, in two countries (the Netherlands and England in the United Kingdom), are performance-based criteria used by central authorities in determining the level of block grants covering staff and operational resources. In both cases, these criteria are intended to reduce early school leaving (see Chapter 3).

There are two types of performance-based funding: funding that gives incentives for good results, or funding that penalises bad results. If performance-based funding is to be used, there may be unintended side-effects. For example, if schools are rewarded for good results, it may lead to already good schools becoming better, while disadvantaged schools may find it more difficult to improve. Therefore, the type of output criteria must be carefully considered if performance-based funding is to be introduced. When choosing input and output-indicators, one way of measuring performance would be to measure the progress of a school through examining evolution of results between years, rather than compare absolute results between schools, as the performance of schools in different areas often varies considerably.

⁽⁴⁾ European Economy Occasional Papers 70 October 2010 Efficiency and effectiveness of public expenditure on tertiary education in the EU, Joint Report by the Economic Policy Committee (Quality of Public Finances) and Directorate-General for Economic and Financial Affairs.

Next steps in the research into school funding systems

This report provides descriptive information and a limited cross-country comparison of the authority levels, methods and criteria used in allocating resources to schools. It forms the basis for further investigation, which is necessary if a more comprehensive understanding of funding systems in Europe is to be gained.

The scope of the report did not allow the amount of funds to be quantified either at their source or as they passed through the different authority levels before reaching schools, so there is no indication of the proportion of funding transferred by each level of authority, or how much eventually reaches schools. A pre-condition for more research in this area would, therefore, be the analysis of quantitative data on the proportion of total funds allocated by each authority level so that the relationship between funding policies and the proportion of funds transferred could be analysed.

More information is also needed on the criteria applied when allocating funding or resources, not only in respect of the type of the variables included, but also on the weighting applied. More detailed data in this area would allow a deeper understanding of where the emphasis is placed in school funding, and the extent to which the characteristics of individual students and schools are taken into account.

INTRODUCTION

The funding of school education is the focus of much debate in Europe today. The restrictions on public spending following the financial and economic crisis have raised questions as to how education systems can continue to meet the social and economic challenges placed upon them at this time. Decision-makers at national and European level as well as educationists are seeking ways to ensure that sufficient funding is made available for schools whilst at the same time encouraging the efficient use of public resources. For these reasons, education funding has been pushed to the top of both policy and research agendas.

Rationale for the report: the policy context

In 2000, the Lisbon Strategy clearly acknowledged the crucial role of education and training in the social and economic development of Europe. Over the last decade, the link between European countries' ability to invest in human capital through education and training systems, and their capacity to promote high levels of sustainable and knowledge-based growth, as well as social cohesion, has been repeatedly emphasised in several important EU policy documents. For instance, the Council Resolution on education and training as a key driver of the Lisbon Strategy (2007) highlighted 'the contribution of education and training not only to promoting employment, competitiveness and innovation, but also to fostering social cohesion, active citizenship and personal fulfilment' ⁽⁵⁾.

The financial and economic crisis of 2008 gave a renewed impetus to policy actions and initiatives related to education funding, and more particularly those promoting efficiency. As a result of the crisis, public services in Europe faced significant challenges and were put under great pressure. Education budgets, for instance, were reduced in many European countries, and mostly in those with a large public deficit' ⁽⁶⁾. In these conditions, the need to do more with less was emphasised more than ever. The financial circumstances in Europe today can be regarded as an opportunity to reflect on how to build more efficient and sustainable funding systems for education. The European Commission's Communication 'Rethinking Education: Investing in skills for better socio-economic outcomes (2012)' clearly exposes the double challenge faced by European countries: firstly to 'prioritise public investment in the education and training sector', as it 'is a key to increasing productivity and economic growth'; and secondly to 'find more efficient ways of deploying available financial resources which might call for structural reforms in particular education systems' ⁽⁷⁾.

In the context of Europe 2020 (the EU's growth strategy for the current decade), investment in education is considered a key priority. This notably requires policy actions and initiatives from public authorities, and particularly those in charge of education. The challenge is to frame and adopt smart investment policies to support the development of human capital to improve employability, and more generally promote economic growth and foster social inclusion. In this respect, the Council Conclusions on investing in education and training – a response to 'Rethinking education: Investing in

⁽⁵⁾ Council Resolution on education and training as a key driver of the Lisbon Strategy, OJ C 300, 12.12.2007, p. 1. [pdf] Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:300:0001:0002:EN:PDF> [Accessed 13 January 2014].

⁽⁶⁾ EACEA/Eurydice, 2013. *Funding of Education in Europe 2000-2012. The Impact of the Economic Crisis*. [pdf] Brussels: Eurydice. Available at: http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/147EN.pdf [Accessed 16 January 2014].

⁽⁷⁾ European Commission, 2012. Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. *Rethinking education: Investing in skills for better socio-economic outcomes*, (COM (2012) 699 final) [Online] Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1389776578033&uri=CELEX:52012DC0669> [Accessed 16 January 2014].

skills for better socio-economic outcomes' and the '2013 Annual Growth Survey' invites the Member States to prioritise, and where possible strengthen, investment in education and training, while working to enhance the efficiency of such expenditure and stimulating national debates on sustainable and balanced funding mechanisms, involving a broad range of stakeholders' ⁽⁸⁾.

While the objectives are common to all European countries, the measures necessary to achieve them need to be country-specific. Each country's particular circumstances must be taken into account, i.e. the specific challenges they face and the means at their disposal to respond to them. To this end, this Eurydice report is intended to promote better knowledge and understanding of how financial and other resources reach schools in each country, which authorities or bodies are responsible for allocating resources and which methods are used for determining their level. This report offers basic country specific information on and a comparative description of the general architecture of school funding systems. It will serve as a starting point for any reflection on the structural reforms necessary to create funding systems which are more efficient and equitable in the distribution of resources.

Main issues addressed

The main questions addressed in this report are:

- Which education and/or administrative authorities are responsible for funding school education and to what extent do regional and local authorities contribute to the financing of school education from their own revenues, such as local taxes?
- Are different authorities responsible for funding depending on the type of resource (staff, capital goods, operational goods and services) or the level of education?
- When determining the amount of resources for schools, do the responsible authorities or bodies use a common agreed formula based on pre-defined criteria or do they allocate funding or resources based on an estimate of need?
- Do the methods or criteria used for determining the level of funding or resources for schools change according to the type of resources concerned?
- Are funding criteria based on input-based indicators, or performance-related indicators? Do they include criteria such as socio-economic deprivation or geographical location of schools (rural areas or inner cities)?

Scope of the report and sources of information

The report presents an overview of the main financial flows and the principal methods for determining the level of resources needed to finance school education. The resources in question are divided into broad categories, mainly staffing, operational goods and services and capital goods. The report is limited to the distribution of public funds and resources to public schools by public authorities. Ad-hoc funding allocations, such as those for specific and time-limited education programmes are excluded from the scope. The report does not attempt to quantify the resources allocated.

⁽⁸⁾ Council Conclusions on investing in education and training – a response to 'Rethinking education: Investing in skills for better socio-economic outcomes' and the '2013 Annual Growth Survey', OJ C 64, 5.03.2013, p. 5. [pdf] Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:064:0005:0008:EN:PDF> [Accessed 13 January 2014].

Only public sector schools and grant-aided private schools in the case of Belgium, Ireland, the Netherlands and the United Kingdom (England) (academies) ⁽⁹⁾, are within the scope of the report.

Schools at primary level and general (lower and upper) secondary level are the focus of this report. However, further education colleges in the United Kingdom, which deliver general upper secondary education qualifications, are excluded ⁽¹⁰⁾.

The reference year is 2013/14 ⁽¹¹⁾. The report covers all EU ⁽¹²⁾ Members States (except Luxembourg), as well as Iceland, Liechtenstein, Norway and Turkey.

The information has been collected through questionnaires completed by national experts and/or the national representative of the Eurydice Network. Official documents issued by central/top level education authorities are the prime sources of information.

Structure of the report

The report has three distinct parts: a short comparative analysis, national diagrams and a glossary.

The short comparative analysis has three chapters:

1. Provides a brief overview of the education authorities and other bodies involved in funding school education, with a specific focus on local and regional authorities.
2. Gives basic information on the funding methods used by education authorities, especially at central level, to establish the overall level of resources intended for schools.
3. Analyses the criteria used by educational authorities to determine the amount of funds to be allocated.

The glossary defines all the specific terms used in the report, while the national diagrams illustrate the flows of resources in cash and in kind for financing primary and secondary general education. They show which education authorities or other bodies at central, regional, local and school level are involved in school funding. School resources are divided into five categories:

1. Teaching staff
2. Non-teaching staff
3. Operational goods and services
4. Capital resources (movables and immovables)
5. Specific resources and other resources

A guide to the national diagrams is available.

⁽⁹⁾ The report covers public schools in all countries. Private schools are not included, except for grant-aided private schools in the small number of countries where such schools enrol a large proportion of students, namely Belgium, Ireland, the Netherlands and the United Kingdom (England). Grant-aided private schools are schools where over half of their basic funding is from the public purse.

⁽¹⁰⁾ The purpose of further education colleges includes providing vocationally-oriented education, and their funding mechanisms differ significantly from the general school sector.

⁽¹¹⁾ In the case of Poland, the reference year is 2013.

⁽¹²⁾ Luxembourg did not participate in the data collection for this report.

CHAPTER 1: AUTHORITIES INVOLVED IN FUNDING SCHOOLS

This chapter looks at the different levels of public authority involved in the transfer of funds to schools, focusing in particular on the role of intermediate-level authorities. For this report, the levels of authority have been divided into central, intermediate, and school level. The central level refers to ministries at the highest or top level of administration (in most cases this is the national level⁽¹³⁾). Intermediate-level authorities can include regional or local governments, as well as local school boards operating within municipalities who have responsibilities for school funding (as, for example, in Cyprus), and administrative divisions of central level authorities (as in France).

This chapter addresses three main issues. Firstly, it seeks to identify the public or other education authorities involved in the transfer of resources to schools. Transfers may involve one or more levels of administration but each level does not necessarily have the power to decide the amount of resource to be further transferred. In some cases, financial resources are transferred to pay for staff, operational goods and services or capital goods. In others, the actual resources are provided. The discussion is arranged according to category of resource.

Financial resources may be transferred in the form of a lump sum, block grant or a grant earmarked for a specific purpose. While a distinction between these is not made in the first section, the second section looks specifically at how block grants and lump sums are used by 'intermediate' authorities to provide resources (staff, operational goods and services or capital goods) to schools. The last issue is whether it is common for regional or local authorities to use their own revenue for funding schools. 'Own revenue' is understood here to mean taxes or other funds collected by local or regional authorities.

The transfer of resources for teaching staff involves only central level authorities in more than a third of countries

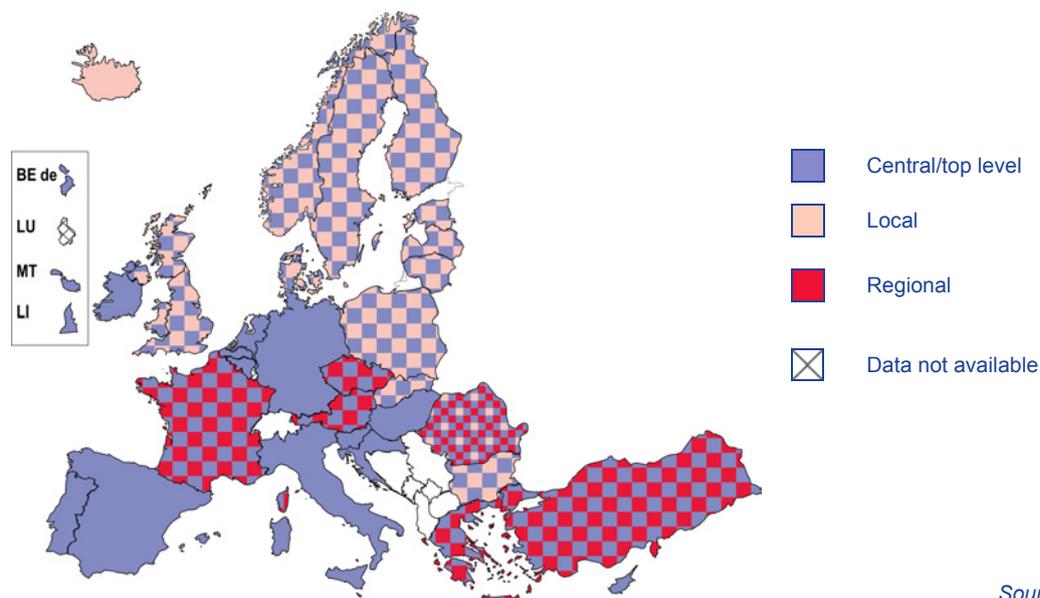
Expenditure on staff represents more than 70 % of total annual education expenditure in the EU-27; it also makes up the largest proportion of expenditure on public schools. Unsurprisingly, spending on teaching staff absorbs the greater amount of resources in this area⁽¹⁴⁾. As shown on the map below (see Figure 1.1), the central or top level education authority is involved in transferring resources for teaching staff in all countries apart from in Iceland (in primary and lower secondary education). In fact, in more than a third of countries, this is the only level of authority involved in the provision of resources for this group of staff.

In northern Europe, the transfer of resources for teaching staff involves both central/top level and intermediate-level authorities. In Finland, Sweden and the United Kingdom (Wales and Scotland), the top level transfers a lump sum to the intermediate level, which is intended to fund a range of public services, not only education. In a few countries (the Czech Republic, France, Greece, Austria and Turkey), the transfer of resources for teaching staff involves both the national administrations (top level) and their regional (intermediate level) authorities. In Romania, central ministries, regional authorities and municipalities are involved in the transfer of resources for teaching staff. Finally, when compared to other resource categories, the transfers for teaching staff involve fewer bodies, and the funds usually reach schools or teachers by a more direct route.

⁽¹³⁾ The top level of authority with responsibility for education in a given country is usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés, Länder, Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

⁽¹⁴⁾ See EACEA/Eurydice, 2012. *Key Data on Education in Europe*, p. 94. [pdf] Brussels: Eurydice. Available at: http://eacea.ec.europa.eu/education/eurydice%20documents/key_data_series/134EN.pdf [Accessed 31 January 2014].

Figure 1.1: Levels of public authority involved in the transfer of resources for teaching staff, primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

Where there are differences between education levels, the notes below explain these and specify which levels are represented on the map.

The financial flows diagrams show complementary information about the bodies involved in transferring funds to schools, and can be used together with the information provided in the comparative analysis to gain a more complete picture of the funding system in each country.

The top level of authority with responsibility for education in a given country is usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés, Länder, Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

Country specific notes

Bulgaria: The map shows the situation for municipal schools.

Denmark and Iceland: The map shows the situation for primary and lower secondary schools. For upper secondary schools, only the central/top level is involved.

Spain: The map shows the top level authorities: the central government administration, and Education Departments of the Autonomous Communities.

Slovakia and Norway: The map shows the situation for primary and lower secondary schools. For upper secondary schools, the transfer of resources for teaching staff involves the top level and the regional level.

Sweden: The central/top level transfers a lump sum to municipalities. This lump sum is very small compared to the municipalities own budget. The municipalities provide schools with resources for teaching and non-teaching staff, operational goods and services and some capital goods.

United Kingdom (ENG/NIR): The map shows the situation for maintained schools (primary and secondary schools) (ENG) and controlled and catholic maintained schools (NIR). In academies (ENG) and voluntary grammar and grant maintained integrated schools (NIR), the transfer of resources for teaching staff only involves the central/top level.

In more than half of countries, the transfer of resources for non-teaching staff involves two or three levels of authority

As shown above, only the central/top level is involved in transferring resources for teaching staff in more than a third of countries. For the majority of these, the situation is the same for non-teaching staff, that is, in Belgium, Ireland, Spain, Croatia, Italy, Malta, the Netherlands, Portugal, Slovenia, and Liechtenstein (see Country specific notes for differences between education levels).

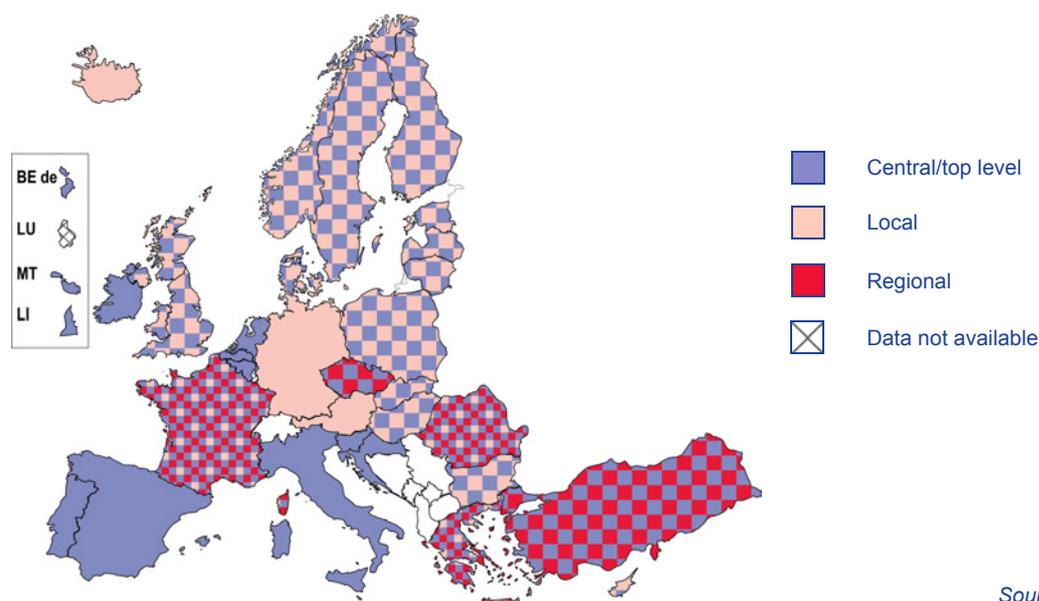
In many countries, for both teaching and non-teaching staff, the top level ministries share the responsibility for transferring funds and/or paying staff with local authorities or with the regional authorities or administrative divisions of top level authorities. However, for non-teaching staff it is more common for local or regional authorities to be involved, either on their own or with the central/top level authorities. In Hungary, the central/top level pays the salaries of teachers and other staff directly

through the state run agency 'Klebersberg Institution Maintenance Centre'. Maintenance staff are financed in the same way but some funding for these staff also comes from the municipalities (if the municipality has a population over 3 000 inhabitants).

As seen above in Figure 1.1, the regional and central/top level are the only two authority levels involved in transferring resources for teaching staff in the Czech Republic, France, Greece, Austria and Turkey. In the Czech Republic and Turkey, the situation is the same for non-teaching staff. In France (secondary schools) and Greece, the transfer of resources for non-teaching staff involves three different authority levels. In France, the transfer of resources to pay administrative staff in secondary schools involves the Ministry of Education and its decentralised services across the country – the regional state directorate for education and the regional state administrative office for education. For technical staff, the Ministry of the Interior transfers resources to the *Départements* (for staff in lower secondary schools), and to the regions (for staff in upper secondary schools); these authorities then pay technical staff directly. In Greece, the funding of non-teaching staff also involves three different authority levels, namely two ministries (Ministry of Education and Religious Affairs and the Ministry of the Interior), the directorates of education as decentralised authorities of the Ministry of Education, Religious Affairs, and the municipalities.

By contrast, in Austria (primary schools, *Hauptschulen* and *Neue Mittelschulen*), the funding of non-teaching staff is different from the funding of teaching staff and only involves the municipalities.

Figure 1.2: Levels of public authority involved in transferring resources for non-teaching staff, primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

For a definition of **non-teaching staff**, see Glossary.

Where there are differences between education levels, the notes below explain these and specify which levels are represented on the map.

The financial flows diagrams show complementary information about the bodies involved in transferring funds to schools, and can be used together with the information provided in the comparative analysis to gain a more complete picture of the funding system in each country.

The top level of authority with responsibility for education in a given country is usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés*, *Länder*, *Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

Country specific notes

Belgium: The map shows the situation in community schools in all three Communities, public and private grant-aided schools in the German-speaking Community and private grant-aided schools in the French and the Flemish Communities. For public grant-aided schools in the French and the Flemish Communities, the central/top level and municipalities/provinces are involved in transferring resources for non-teaching staff.

Bulgaria: The map shows the situation for municipal schools.

Denmark and Iceland: The map shows the situation for primary and lower secondary schools. For upper secondary schools, only the central/top level is involved.

Spain: The map shows both top level authorities: the central government administration, and the Education Departments of the Autonomous Communities. It shows the situation for secondary schools. For primary schools, the central/top level and the local administration are involved.

France: The map shows the situation for secondary schools. For lower secondary schools, the *Département* is the local authority involved. For upper secondary schools, the region is responsible. For primary schools, the central/top level and the municipality level are involved.

Austria: The map shows the situation for primary schools, *Hauptschulen* and *Neue Mittelschulen*. For *allgemeinbildende höhere Schule*, the transfer of resources for non-teaching staff involves the central/top level and the regional level.

Portugal: Schools' clusters pay teaching staff and partially pay non-teaching staff, transferring the funds to them received from the Ministry of Education and Science. In some cases, non-teaching staff is paid by the school with funds transferred from the municipalities (both from their own funds and from the funds received from the ministry).

Slovakia and Norway: The map shows the situation for primary and lower secondary schools. For upper secondary schools, the transfer of resources for non-teaching staff involves the central/top level and regional level.

Sweden: The central/top level transfers a lump sum to municipalities. The lump sum is very small compared to the municipalities own budget. The municipalities provide schools with resources for teaching and non-teaching staff, operational goods and services and some capital goods.

United Kingdom (ENG/NIR): The map shows the situation for maintained schools (ENG) and controlled and catholic maintained schools (NIR). In academies (ENG) and voluntary grammar and grant maintained integrated schools (NIR), the transfer of resources for non-teaching staff only involves the central/top level.

Liechtenstein: The map shows the situation for secondary schools. For primary schools, the central/top level and the local administration are involved.

Transferring resources for operational and capital goods involves two or three levels of authority in the majority of countries

Operational goods and services are those which are used during a given financial year, i.e. goods and services used to deliver educational services on a daily basis such as teaching materials and stationery, electricity, repairs and small scale maintenance. Minor expenditure on items of equipment below a certain cost threshold is also included here.

The transfer or allocation of funds for operational goods often involves more authority levels than resources for teaching and non-teaching staff. Funds usually originate from the central/top level, but are often transferred to regional and/or local authorities before reaching schools. In addition, regional or local authorities in some countries also use local tax revenues to fund not only operational goods, but also other resources (see Figure 1.6).

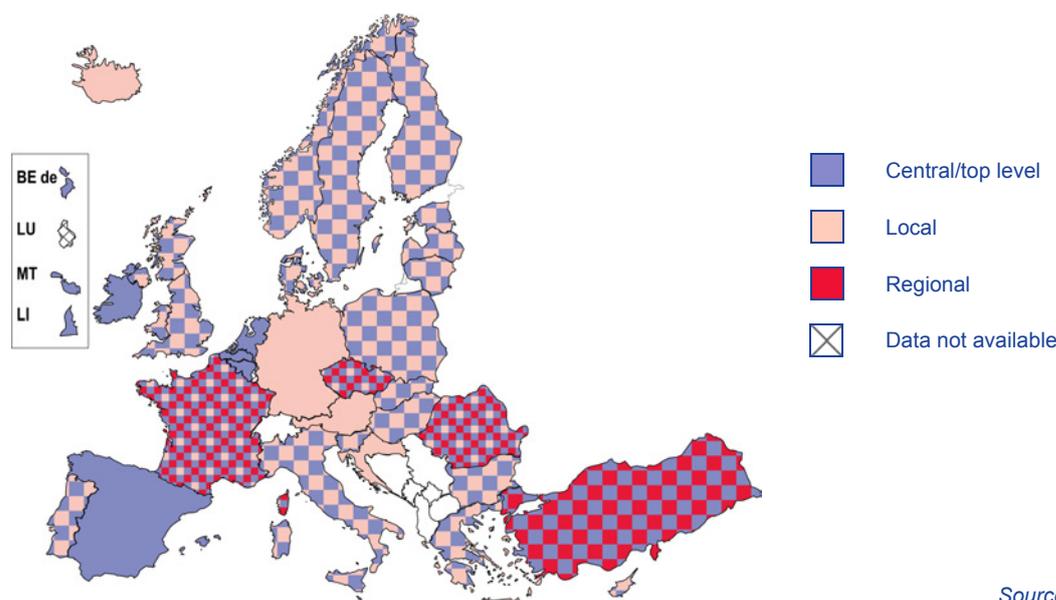
In over two thirds of countries, the funding of operational goods and services involves both central/top level authorities as well as municipalities; and in three countries (the Czech Republic (for primary and lower secondary schools), France (for secondary schools) and Romania), three different levels of authority are involved.

In six countries (Belgium, Ireland, Spain (secondary schools), Malta, the Netherlands and Liechtenstein (secondary schools)), the transfer of funds to schools for operational goods and services involves only the central/top level authorities. Conversely, in Austria (primary schools, *Hauptschulen* and *Neue Mittelschulen*), Croatia and Iceland, only local authorities are involved in transferring funds for these resources to primary and lower secondary schools (see Country specific notes).

When two or three levels of authority are involved, different models of distribution exist. For example, either all levels of authority indicated on the map are involved in transferring resources for all operational goods and services, or different levels of authority are responsible for funding different elements. In the latter case, in most countries, major items such as teaching materials and textbooks are usually funded centrally, while smaller items such as stationery supplies are funded by other levels of authority. In about half of the countries, however, the distribution of responsibilities for funding

various types of operational goods and services is more varied. For example, in Cyprus and Slovenia (primary and lower secondary schools), resources related directly to teaching, such as teaching materials, are allocated directly to schools without the involvement of either regional or local authorities. Other types of spending, however, such as on the maintenance of buildings, also involves local authorities. Some types of operational expenditure do not involve any funding from the central/top level. In Lithuania, for example, only local taxes are used for funding maintenance-related costs and in Romania local taxes are used to fund teaching materials, without additional funding from central/top level.

Figure 1.3: Levels of public authority involved in transferring resources for operational expenditure and services, primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

For a definition of **operational goods and services**, see Glossary.

Where there are differences between education levels, the notes below explain these and specify which level is represented on the map.

The financial flows diagrams show complementary information about the bodies involved in transferring funds to schools, and can be used together with the information provided in the comparative analysis to gain a more complete picture of the funding system in each country.

The top level of authority with responsibility for education in a given country is usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés*, *Länder*, *Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

Country specific notes

Belgium: The map shows the situation in community schools and private grant-aided schools in all three Communities. For public grant-aided schools in all three Communities, the transfer of resources for operational goods and services involves the central/top level and local authorities.

Bulgaria: The map shows the situation for municipal schools.

Czech Republic: The map shows the situation for primary and lower secondary schools. For general upper secondary schools and multi-year general secondary schools, the transfer of resources for operational goods and services involves the central/top level and regional level.

Denmark, Slovenia, Iceland and Turkey: The map shows primary and lower secondary schools. For upper secondary schools, the transfer of resources for operational goods and services only involves the central/top level.

Germany: For some categories of current expenditure (e. g. teaching materials and school transport), school maintaining bodies may receive reimbursements or lump sum allocations from the *Land* budget.

Ireland: The map shows primary schools and about two thirds of secondary schools (about 500). For about a third of secondary schools, the funds go through Education and Training Boards.

Spain: The map includes top level authorities, the central government administration, and Education Departments of Autonomous Communities. It shows the situation for secondary schools. For primary schools, the transfer of resources for operational goods and services involves the central/top level and local administrations.

France: The map shows the situation for secondary schools. For lower secondary schools, the *Département* is the local authority. For upper secondary schools, the region is responsible. For primary schools, the transfer of resources for operational goods and services involves the central/top level and local level.

Croatia: The map shows primary and lower secondary levels. For upper secondary schools, the transfer of resources for operational goods and services involves only the regional level.

Austria: The map shows primary schools, *Hauptschulen* and *Neue Mittelschulen*. For *allgemeinbildende höhere Schule*, the transfer of resources for operational goods and services involves the central/top level and the regional level.

Slovakia and Norway: The map shows primary and lower secondary schools. For upper secondary schools, the transfer of resources for operational goods and services involves the central/top level and the regional level.

Sweden: The central/top level transfers a lump sum to municipalities. This lump sum is very small compared to the municipalities own budget. The municipalities provide schools with resources for teaching and non-teaching staff, operational goods and services and some capital goods.

United Kingdom (ENG, NIR): The map shows the situation for maintained schools (ENG) and controlled and catholic maintained integrated schools (NIR). In academies (ENG) and voluntary grammar and grant maintained integrated schools (NIR), the transfer of resources for operational goods and services involves only the central/top level.

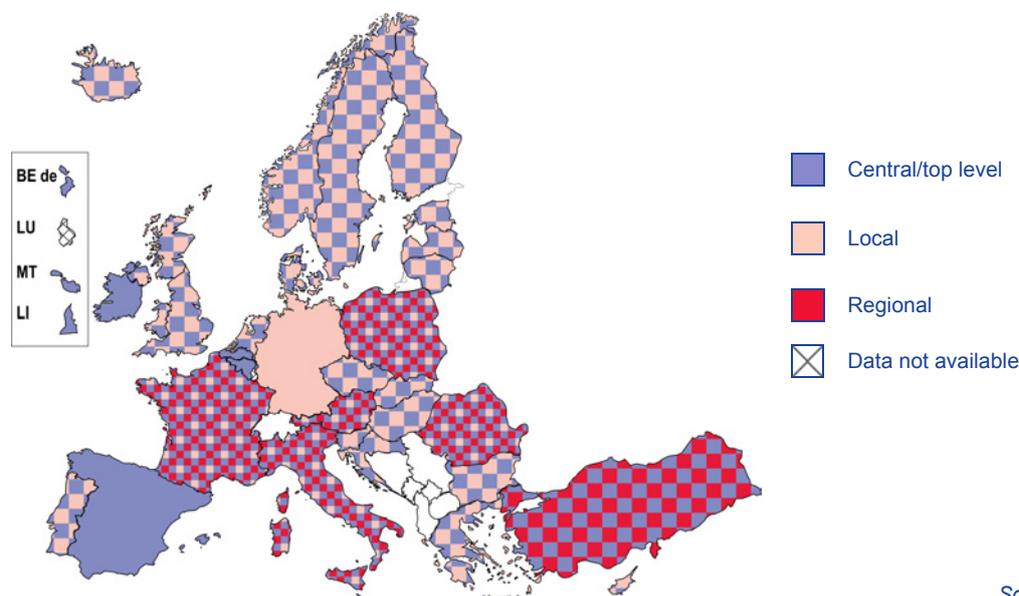
Liechtenstein: The map shows the situation for secondary schools. For primary schools, the transfer of resources for operational goods and services involves the central/top level and local administrations.

As with operational goods and services, the funding of capital goods usually involves two levels of authority, i.e. the central/top level together with either the regions or the local authorities. However, there are exceptions: three authority levels are involved in funding capital goods in five countries: France (secondary schools), Austria (primary schools, *Hauptschulen* and *Neue Mittelschulen*), Italy, Poland and Romania.

There are, however, several countries (Belgium, Ireland, Spain (secondary schools), Malta and Liechtenstein (secondary schools)) where the central/top level authority is solely responsible for funding capital goods. With the exception of the Netherlands, this is the same group of countries which also gives sole responsibility to the central/top level authority for funding operational goods and services.

Again, as with operational goods, there are some differences in how different types of capital expenditure are funded. In general, major capital investment, such as constructing buildings or buying land, is more centralised than the purchase of teaching equipment (see Diagrams) with two exceptions. In Austria (for primary schools, *Hauptschulen* and *Neue Mittelschulen*) funding for constructing school buildings comes from regional and local income, whereas the central/top level supplies books directly to schools. In Croatia, school construction and renovation is funded from either regional (upper secondary) or local (primary and lower secondary) taxes; whereas expenditure on ICT and other teaching equipment is funded from both central and local budgets.

Figure 1.4: Levels of public authority involved in transferring resources for capital goods to primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

For a definition of **capital goods**, see Glossary.

Where there are differences between education levels, the notes below explain these and specify which levels are represented on the map.

The financial flows diagrams show complementary information about the bodies involved in transferring funds to schools, and can be used together with the information provided in the comparative analysis to gain a more complete picture of the funding system in each country.

The top level of authority with responsibility for education in a given country is usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés, Länder, Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

Country specific notes

Belgium: The map shows the situation for community schools and private grant-aided schools in all three Communities. For public grant-aided schools in all three Communities, the transfer of resources for capital goods involves central and local authorities.

Bulgaria: The map shows the situation for municipal schools.

Czech Republic: The map shows the situation for primary and lower secondary schools. For general upper secondary schools and multi-year general secondary school, the transfer of resources for capital goods involves the central/top level and regional level.

Denmark, Slovenia, Iceland and Turkey: The map shows the situation for primary and lower secondary schools. For upper secondary schools, the transfer of resources for capital goods only involves the ministry level.

Germany: The school maintaining body (*Schulträger*) finances capital goods but in the majority of *Länder*, local authorities may receive financial support from the *Land* for construction work, the purchase of buildings, renovations, etc.

Spain: The map includes both top level authorities: central government administration and the Education Departments of the Autonomous Communities. The map shows the situation for secondary schools. For primary schools, the transfer of resources for capital goods involves the central/top level and local administration.

France: The map shows the situation for secondary schools. For lower secondary schools, the *Département* is the local authority. For upper secondary schools, the region is the authority involved. For primary schools, the transfer of resources for capital goods involves central and municipality level.

Croatia, Slovakia and Norway: The map shows the situation for primary and lower secondary schools. For upper secondary schools, the transfer of resources for capital goods involves the central/top level and the regional level.

Austria: The map shows the situation for primary schools, *Hauptschulen* and *Neue Mittelschulen*. For *allgemeinbildende höhere Schule*, the transfer of resources for capital goods only involves the central/top level.

Sweden: Capital goods are the direct responsibility of municipalities (even though a small proportion comes from the central/top level through a lump sum).

United Kingdom (ENG/NIR): The map shows the situation for maintained schools (ENG) and controlled and catholic maintained schools (NIR). In academies (ENG) and voluntary grammar and grant maintained integrated schools (NIR), the transfer of resources for capital goods only involves the central/top level.

Liechtenstein: The map shows the situation for secondary schools. For primary schools, the transfer of resources for capital goods involves the central/top level and local administration.

To summarise, the transfer of funds for teaching staff is the area which involves the least number of authority levels, with funds transferred from the central/top level directly to schools in a third of countries. In the remaining countries, the top level ministries share the responsibility for transferring funds and/or paying staff with local authorities (especially in the Nordic countries), or with the regional authorities or administrative divisions of top level authorities. The situation is similar for non-teaching staff, but it is more common for local or regional authorities to be involved, either on their own or with the central/top level authorities. The transfer of resources for operational and capital goods very often involves two or three authority levels. Consequently, it can be said that, in general, for all major resource categories (staff, operational and capital goods) more than one level of authority is involved in transferring resources to schools.

However, in a few countries, only the central/top level is involved in transferring resources to schools for all resource categories (staff, operational and capital goods) namely, Belgium (for community and private grant-aided schools), Ireland, Spain (see Country specific notes for these three countries) and Malta. In the Netherlands, all resource categories apart from capital goods involve only the top level authority. In Germany, the transfer of resources for non-teaching staff, operational goods and services and capital goods is delivered via the school's 'maintaining' body (*Schulträger*), and in Iceland (for primary and secondary schools), the municipality is responsible for the transfer of resources for staff and operational goods.

In around half of the countries, an intermediate authority receives either a block grant or a lump sum and distributes it between the various resource categories

Intermediate authorities are, as the name suggests, in an 'intermediate' position in the education funding chain. They generally receive their funds from the central/top level, but can also, in many countries, raise their own revenue through, for example, collecting local taxes. Moreover, intermediate authorities sometimes have the power to decide the amount to be allocated to the different categories of resources (breaking down the block grant or lump sum). In some countries, however, their role may be restricted to that of transferring the funds they receive. In this report, the term intermediate authority does not imply any powers, but serves only to describe the position of these authorities between central/top level and school level.

The responsibilities of intermediate authorities also depend on the mechanisms or techniques used to allocate resources. Chapters 2 and 3 will deal with the issues of funding methods and criteria in more detail. While school autonomy is not examined in this report, it is important to note that the regional or local authorities may also often allow schools autonomy in making decisions about resource allocation.

For the purposes of this report, a 'block grant' is defined as an amount of funds provided to intermediate authorities, which is intended to cover at least two of the three resource categories (staff, operational and capital goods). A 'lump sum' is defined as an amount of funds allocated to local or regional authorities, which is intended to cover a range of public services including education. The intermediate authorities determine the amount of funds to be allocated to education, taking into account the needs of other public services, and any limits set down in legislation or regulations.

In the case of block grants, the amount for education is usually determined by central/top-level authorities, and intermediate authorities may only have the power to determine the distribution of the funds between different types of resources. Although intermediate authorities may have more room for manoeuvre when allocating funds from a lump sum, they must also balance the competing demands of education with those of other public services. In practice, however, intermediate authorities do not often have complete autonomy in deciding the amount to be spent on education.

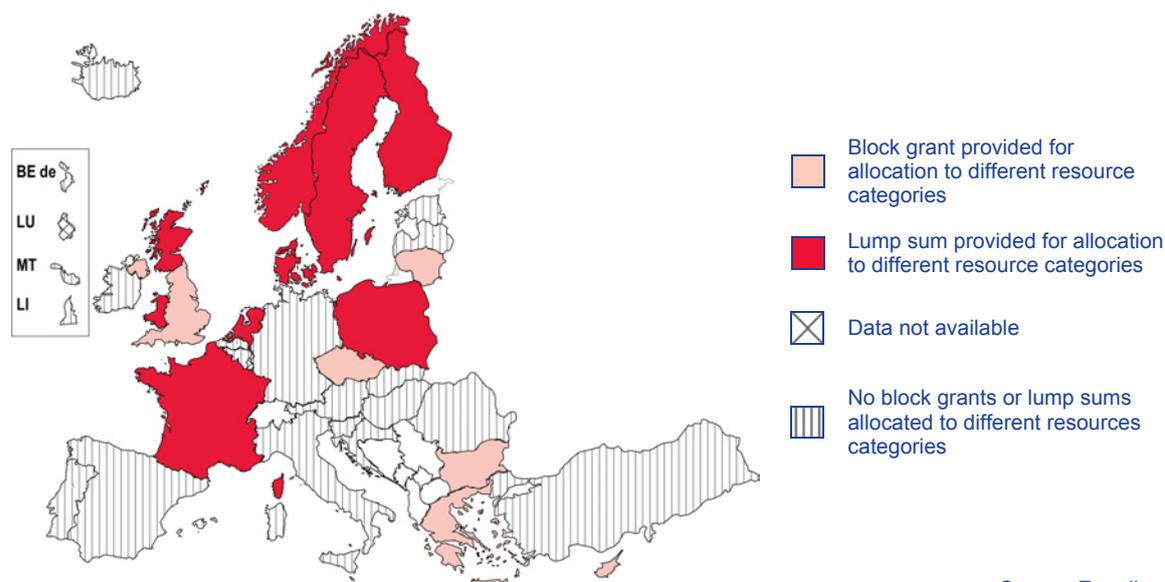
There are also differences between countries in whether the lump sum or block grant is intended to cover all categories of resource, or is restricted to specific categories. Where all categories of resources are included, there may be more autonomy for intermediate authorities to decide how to target resources, again this depends on the conditions attached and any criteria they are obliged to use in distributing the resources (see Chapters 2 and 3).

In about one quarter of the countries, especially in northern Europe, regional or local authorities receive a lump sum from the central/top level, which the authorities then distribute further. However, there are sometimes differences, even within countries, in the way this is done. In Finland, for example, a large proportion of school funding is given as a lump sum to municipalities. However, it depends on the municipality, whether it allocates a budget to schools, which the schools are then free to manage as they see fit to meet their own priorities.

In Greece, the municipalities break down their block grant and allocate funds for non-teaching staff and operational goods. In Cyprus, the school board responsible for all schools within a municipality receives a block grant from the Ministry of Education and Culture, which they then distribute between all categories of resources except teaching staff.

In around half of the countries, the funds for different resource categories are either earmarked (for example in Italy and Latvia) for a particular resource, or the local or regional authorities transfer the block grants directly to schools without breaking them down (as, for example, in Estonia).

Figure 1.5: 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.

Explanatory note

For definition of **lump sum** and **block grant**, see Glossary. Where there are differences between education levels, the notes below explain the variations and indicate which levels are shown on the map.

Country specific notes

Belgium: The map shows the situation in community and private grant-aided schools. For public grant-aided schools, the organising body is a local level authority, i.e. municipalities, provinces or cities. For public grant-aided schools, municipalities receive and distribute a block grant to different resources. For private grant-aided schools, the 'organising body' is an individual or a body governed by private law, which runs one or more schools.

Bulgaria: The map shows the situation for municipal schools.

Denmark: The map shows the situation for primary and lower secondary schools. No intermediate authorities are involved in the funding of upper secondary schools.

Greece: Block grant is distributed by the municipalities.

Portugal: The map shows the situation for primary and lower secondary schools. A block grant is provided by the Ministry of Finance to municipalities for primary schools to cover operational and capital resources.

Slovenia: The map shows the situation for primary and lower secondary schools. Local authorities do not fund upper secondary schools.

Sweden: The lump sum awarded by the government to municipalities is very small compared to the municipalities' own budget.

United Kingdom (ENG/NIR): The map shows the situation for maintained schools (ENG) and controlled and catholic maintained schools (NIR). No intermediate authorities are involved in funding academies (ENG) and voluntary grammar and grant maintained integrated schools (NIR).

Iceland: The map shows the situation for primary and lower secondary schools. No intermediate authorities are involved in funding upper secondary schools.

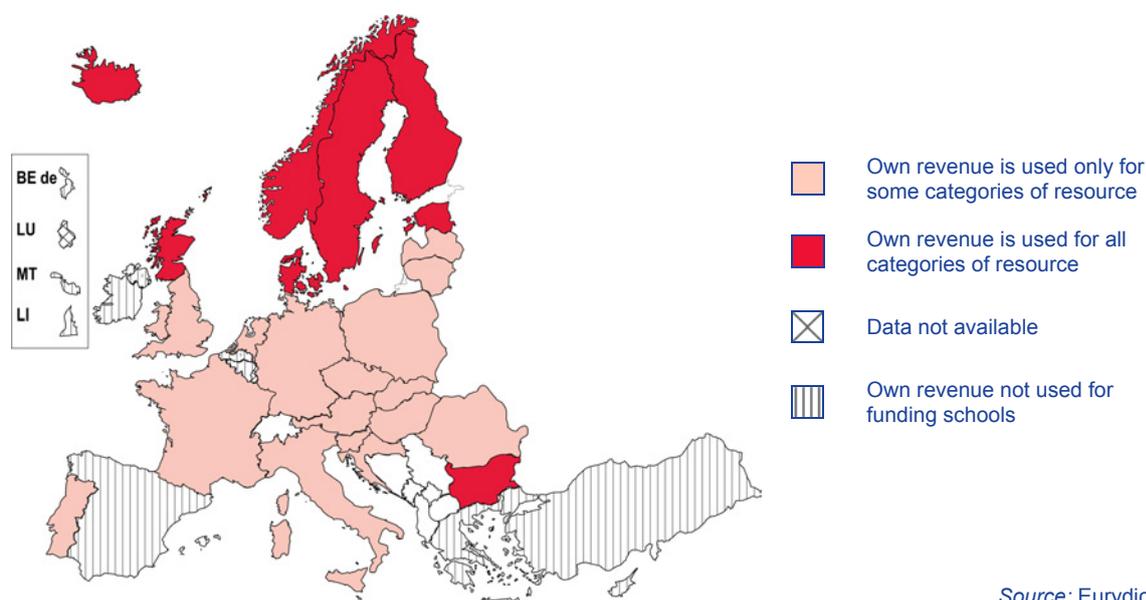
Liechtenstein: The map shows the situation for secondary schools. No block grant transferred for primary schools.

Local or regional authorities contribute to the funding of school-level education from their own revenue in over two thirds of countries

Local or regional authorities' 'own revenue' refers, in most cases, to taxes collected by these authorities from local residents/businesses. Local taxes are, of course, also used for purposes other than education, so the amount that goes to education very often depends on the needs of other public services as well as on the political priorities of the regional or local authority concerned. Whether this type of revenue is used for all categories of education resource, or is targeted at particular resources varies between countries.

Regional or local authorities use their own revenue for funding schools in 27 countries. In the Nordic countries, Bulgaria (municipal schools), Estonia and the United Kingdom (Scotland), this type of revenue is used for all categories of resource. In 17 countries, it is limited to some resources only. For example, in Lithuania and Romania, local/regional revenue is used for operational and capital goods. In Poland, while local authorities have the freedom to allocate their own revenue as they see fit, they use it mainly for funding teaching staff (in the form of salary allowances), capital goods (to provide their own contribution when required to apply for specific grants) and for transport. In Croatia and the Netherlands, intermediate authorities' own revenue is used to fund capital goods. Finally, while in almost all countries intermediate authorities use their own revenue for funding at least one type of resource, only about half of these countries use it for funding teaching staff.

Figure 1.6: Countries in which intermediate authorities use their own revenue to provide funding for school resources (teaching staff, non-teaching staff, operational and capital goods)



Source: Eurydice.

Explanatory note

Own revenue means taxes or other income collected by local or regional authorities to fund public services. Where there are differences between education levels, the notes below explain the variations and specify which levels are represented on the map.

Country specific notes

Belgium (BE fr): The map shows the situation in community and private grant-aided schools. For public grant-aided schools, local authorities use their own revenue for technical and maintenance staff, operational goods and capital goods.

Belgium (BE de): The map shows the situation in community schools and private grant-aided schools. For public grant-aided schools, municipalities use their own revenue for operational and capital goods.

Belgium (BE nl): The map shows the situation in community and private grant-aided schools. For public grant-aided schools municipalities may use their own resources covering about 30 to 40 per cent of capital resources.

Bulgaria: The map shows the situation for municipal schools.

Denmark and Iceland: The map shows the situation for primary and lower secondary schools. Own revenue is not used for funding upper secondary schools.

Spain: The map shows the situation for secondary schools. Local authorities may fund primary schools from their own revenue. The Autonomous Communities collect their own taxes, which go to the 'Basic Services Guarantee Fund' in the central government administration, which is a lump sum for all public services. This is then redistributed to Autonomous Communities, who can use the funds for education or other public services.

Slovenia: The map shows the situation for primary and lower secondary schools. Local authorities do not fund upper secondary schools.

United Kingdom (ENG): Information in the figure applies to maintained schools only; intermediate authorities (LAs) have no role in the funding of academies.

United Kingdom (SCT): It is the responsibility of each local authority to allocate the total financial resources available to it (lump sum and council tax income and other income), on the basis of local needs and priorities.

CHAPTER 2: METHODS USED TO ESTABLISH THE LEVEL OF RESOURCES NEEDED

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. This section sets out to identify the methods used by education authorities to determine the amount of resources to award schools. It will look at whether there is a relationship between the type of resource (for teaching staff, operational goods and services or capital goods) and the method of allocation used. It will also consider whether the methods differ depending on the authority level involved (central, regional or local).

Two main models can be identified. The first uses an agreed procedure based on pre-defined criteria for determining the exact amount of resources schools should receive. In contrast, the other commonly used model is based on an estimate of schools' needs, which may, but does not necessarily take into account any pre-defined criteria. Under the latter model, the responsible education authorities have more autonomy in deciding the level of resources to be allocated.

Within these two models, three funding methods can be identified.

1. Formula funding is usually associated with the first model. It uses defined criteria and applies a universally agreed rule to these criteria to set the amount of resources to which each school is entitled.
2. Budgetary approval is a method usually associated with the second model. It involves awarding resources to authorities/schools in line with a budget they have drawn up themselves for approval by the responsible public authority.
3. Discretionary determination of resources is also associated with the second model. Under this system, the amount of resources is determined by the authority concerned. It is fixed without having to refer to any other authority, meaning that there is no set funding formula to calculate the amounts awarded, and that an estimate of needs and the corresponding allocation take place on a case-by-case basis

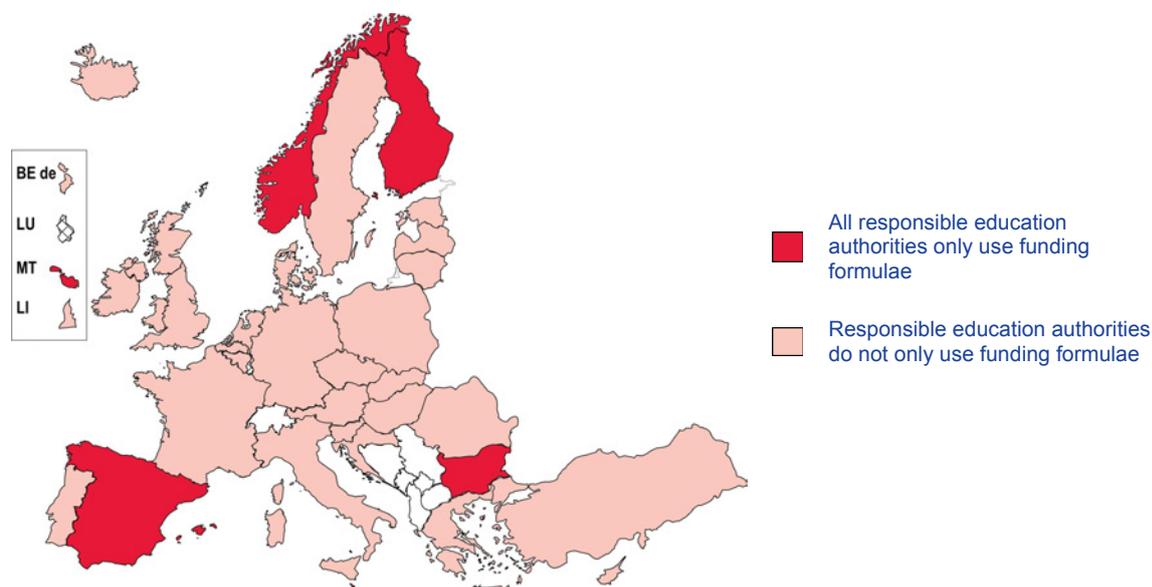
The following analysis is based on the financial flows shown in the national diagrams, which do not quantify the actual financial contribution made by the responsible authorities for staffing, current or capital expenditure. Consequently, this chapter describes the methods used to determine the level of resources regardless of whether the amounts allocated are large or small. The types of funding considered are grants earmarked for a specific resource, block grants (intended to fund more than one category of resource) and lump sums (intended to fund a range of public services).

In five education systems, all responsible education authorities use only formula funding to determine the level of resources needed for staff, current and capital expenditure

In Bulgaria (municipal schools), both the Ministry of Finance and the Ministry of Education and Science award a block grant to municipal councils or local authorities, using a funding formula. These councils/authorities either provide the goods to schools themselves or they transfer funds to school level authorities, also using a funding formula. In Spain, the Spanish Government allocates a lump sum to the ministries of each Autonomous Community, based on an agreed formula for determining the amount of funds needed. The responsible ministries of the Autonomous Communities also use an agreed formula to grant funds to schools. In both these countries, the formula used by intermediate authorities may vary between authorities.

The Ministry for Education and Employment in Malta provides schools with two grants – one earmarked for staff, and the other for current and capital costs. The grants are calculated according to a funding formula.

Figure 2.1: Use of funding formulae to determine the level of resource for staff, operational goods and services, and capital goods in primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

This map shows whether a funding formula is used by all education authorities/bodies responsible for determining the level of resources for staff, operational costs and services, and capital goods. Where the decision rests with regional and local authorities/bodies, the method most commonly used is reported.

For a definition of **capital goods, operational goods and services, funding formula**, see Glossary.

Country specific note

Bulgaria: The map shows the situation for municipal schools.

In Finland and Norway, a funding formula is also applied systematically by the responsible ministries in order to determine the lump sums awarded to municipalities to finance not only education, but also other public services for which municipalities are responsible. In turn, many municipalities also use a funding formula to allocate funds to schools from the lump sum they receive and the taxes they collect. The formula may differ between municipalities.

The most common methods for establishing the level of staff, current and capital resources are either budgetary approval or discretionary determination in three countries

Budgetary approval is the method used by the responsible ministries in Greece for granting resource allocations to the intermediate authorities involved in funding schools. Municipalities then estimate schools' needs and provide them with the appropriate resources (i.e. using the discretionary determination of resources method). In addition, state run agencies, which receive funding from the responsible ministries, provide schools with goods and services. The DIOFANTOS (Computer Technology and Press Institute) prints books and distributes them to schools, while the Ktiriakes Ypodomes S.A. (Buildings Infrastructure S.A.) purchases other types of capital goods and services (e.g. equipment, repair and maintenance services, site acquisition, and construction of new buildings).

In Hungary too, a state run agency, the Klebelsberg (Institutions Maintenance Centre) receives grants from the Ministry of Human Resources to pay staff, buy some operational goods and services directly as well as paying for some capital costs. School districts (local units of the Klebelsberg) responsible for several schools submit their budgets to Klebelsberg for approval.

In Portugal, the responsible ministries do not use a commonly agreed rule for determining the level of funding for municipalities, school clusters or individual schools. Funds for capital costs tend to be freely determined by the responsible ministries on a case by case basis, without referring to any set formula or pre-defined criteria. Municipalities, school clusters or individual schools submit their own budget for non-teaching staff and operational costs to the responsible ministries for approval.

In 28 education systems, the central/top level ministries use a funding formula to determine the level of resources for teaching staff

Across Europe, the most common way for central/top level ministries to establish the level of resources for teaching staff is to use a funding formula. The 28 education systems using this method can be divided into two broad categories: first, those systems where funds for teaching staff are part of a lump sum or block grant awarded either to school level authorities or to intermediate authorities; second, those systems where ministries award either a grant earmarked for teaching staff costs to the relevant bodies or authorities, or where ministries pay teachers directly. Countries in the north of Europe usually belong to the first category. The number in each category is the same.

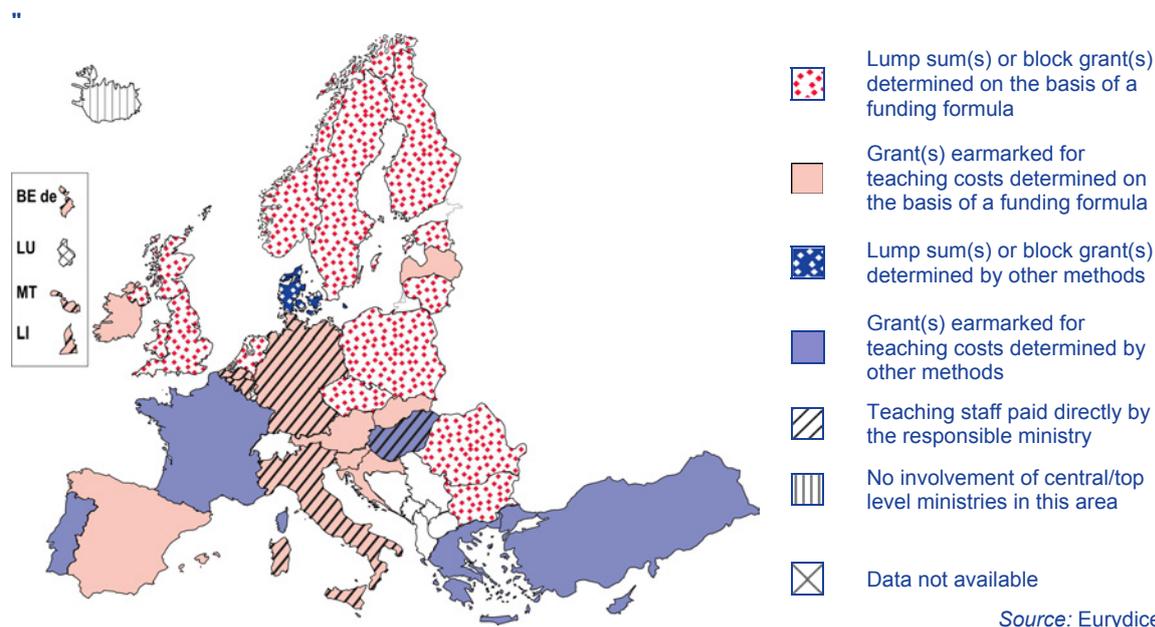
In Poland, Finland, Sweden and the United Kingdom (Wales and Scotland) and Norway, local authorities, which have significant autonomy in the management of public services – including education, are awarded a lump sum on the basis of a funding formula. This lump sum, which may be a small amount in some countries, is used for buying or allocating the resources needed for the running of public services under their remit.

In Bulgaria (municipal schools), the Ministry of Finance allocates a block grant to municipal councils and local authorities, which, in turn, allocate another block grant to schools to pay teaching staff. In Estonia, a block grant is awarded to local governments to fund staff and capital expenditure as well as part of the expenditure on operational goods and services. In Lithuania, the Ministry of Education provides a block grant to the municipalities. These grants are further allocated to schools which pay their teachers directly and purchase some books and other teaching related resources. In the Netherlands, the Education Executive Agency, receives funding from the Ministry of Education, Culture and Science and allocates block grants to school authorities to cover staff and current expenditure. In Romania, the Ministry of Public Finances provides a block grant to the General Department of county public finances, which transfers it to the County School Inspectorates. This is in turn transferred to local councils and then finally to the school management boards. This grant is used to cover staff salaries, in-service training and part of operational and capital expenditure. A block grant for all resources except capital goods is also awarded to local authorities by the responsible ministries in the United Kingdom (England and Northern Ireland): this only applies to maintained schools in England and controlled and maintained schools in Northern Ireland. In Denmark and Slovenia, the responsible ministries provide upper secondary school heads/boards with a block grant for all categories of resource in the case of Denmark, and for expenditure on staff and operational goods and services in the case of Slovenia.

Where no common procedure is used for establishing the level of resources for teaching staff, the responsible authorities provide grants earmarked for this purpose in all countries, except Denmark (for primary and lower secondary schools). In Denmark, funds for this purpose are part of a lump sum allocated to municipalities.

Teachers are paid directly by the responsible ministry in eight education systems. A funding formula is used to establish the level of resources needed for this category of expenditure in all countries except Hungary and Portugal.

Figure 2.2: Methods of funding used by central/top level ministries to calculate the amount of resource earmarked for or contributing to teaching staff costs primary and general secondary education, 2013/14



Explanatory note

For a definition of **teaching staff, block grant, lump sum, funding formula**, see Glossary.

This figure gives information on:

- the method used by central/top level ministries to determine the level of funding to cover, either in full or in part, teaching staff costs;
- the type of funding awarded – lump sum, block grant or grant earmarked for staffing.

Country specific notes

Bulgaria: The map shows the situation for municipal schools.

Denmark: The map shows the situation in primary and lower secondary schools. For schools at upper secondary level, the ministry of education uses a funding formula and distributes funds as activity-level determined grants (taximeter) supplemented by basic grants, targeted research and development funds, and multi-year agreement models. Funds are generally provided as part of a block grant.

Germany: Funding formulae are used to project staff costs. These projected costs become part of the *Land* budget proposal.

Spain: Autonomous Communities receive a lump sum from the central government.

Slovenia: The map shows the situation for schools providing compulsory education. For schools at upper secondary level, the Ministry of Education, Science and Sport provides a block grant to cover staff and current costs, using a formula to determine the amount of the block grant.

Sweden: Central education authorities have practically no involvement in the funding of teaching staff as the lump sum contributes very little to municipalities' education budgets.

Iceland: The budget for staff teaching at primary and lower secondary level comes from municipalities' own taxes. For schools at upper secondary level, a block grant, which notably covers teaching staff costs, is awarded to school heads/boards by the Ministry of Education, which uses a funding formula to establish the amount of the block grant.

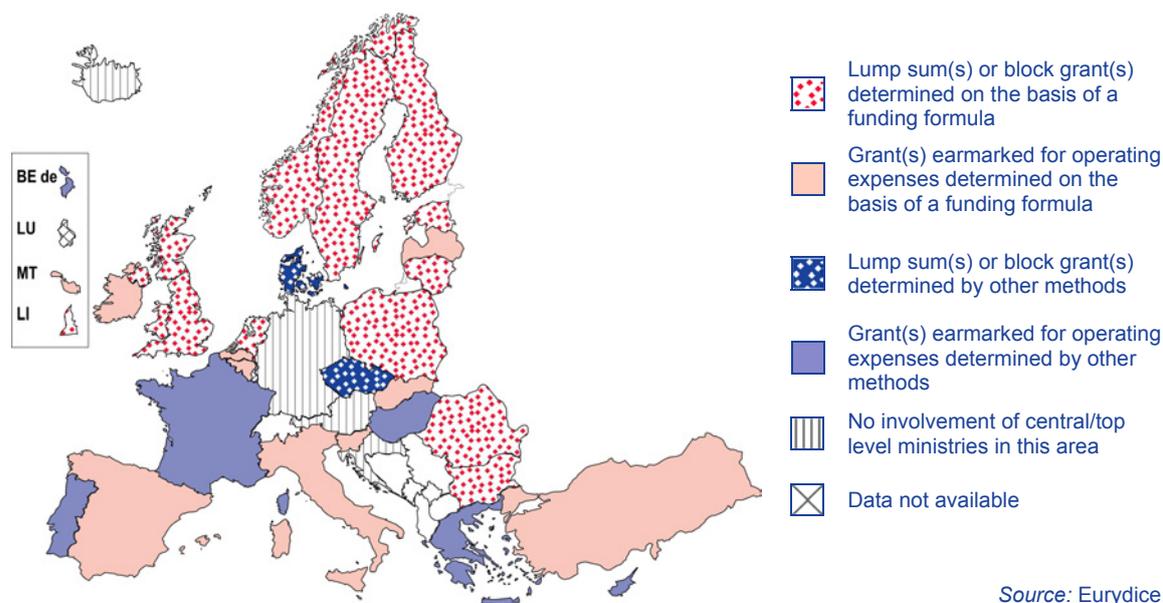
In a majority of countries, central/top level ministries use a funding formula to establish the level of resources for operational goods and services

As is the case for teaching staff, a funding formula is the method most commonly used by the responsible ministries to determine the level of resources for operational goods and services, regardless of the type of funding (grants or lumps sums) and whether it is intended to cover all or only some of the costs involved.

Only three countries use a method different to the one used for determining the level of teaching staff resources. In Belgium (German-speaking Community), a formula is not used to calculate the resource needed to cover operational goods and services for Community schools. The same applies in the Czech Republic with respect to the majority of funding provided for operational goods and services, but budgets for teaching equipment and school development are determined according to a formula. In Turkey, a funding formula is used for establishing the level of funding for this type of resource.

In Germany, the *Länder* are not involved in determining the level of resources dedicated to operational goods and services. In Croatia and Austria (*Volksschulen*, *Hauptschulen* and *Neue Mittelschulen*), operational goods and services are financed by local income only, while resources for teaching staff are determined by the responsible central/top level ministries using a funding formula.

Figure 2.3: Funding methods used by central/top level ministries to determine the level of resources earmarked for or contributing to operational goods and services expenditure, primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

For a definition of **operational goods and services**, **block grant**, **lump sum**, **funding formula**, see Glossary.

This figure gives information on:

- the mechanism used by top level ministries to determine the level of funding to cover, either in full or in part, operational expenditure;
- the type of funding awarded – lump sum, block grant or grant earmarked for operational goods and services.

Country specific notes

Belgium (BE de): Information relates to community schools, except for funds dedicated to educational purposes. Resources for operational goods and services are determined by a formula in the case of private and public grant-aided schools.

Bulgaria: The map shows the situation for municipal schools

Czech Republic: Formula used to determine only a small proportion of the sum for operational goods and services (for teaching materials and school development).

Denmark: The map shows the situation at primary and lower secondary level. For schools at upper secondary level, the ministry of education uses a funding formula and allocates funds as activity-level determined grants (taximeter) supplemented by basic grants, targeted research and development funds, and multi-year agreement models. Funds are generally provided within block grants.

Spain: Autonomous Communities receive a lump sum from central government.

Croatia: Only local taxes (either from cities/municipalities or counties depending on the educational level of the school) are used to finance current spending.

Cyprus: In addition to the grant earmarked for current spending, funds allocated to school boards as a block grant, are also used to cover some of the costs of operational goods and services.

Austria: The map shows the situation for the *Volksschulen*, *Hauptschulen* and the *Neue Mittelschulen* whose budget for current spending comes from the municipalities' own income. As for the *allgemeinbildende höhere Schulen*, the Federal Ministry of Education and Women's Affairs uses a funding formula to determine the amount of grant it pays to the Regional Education Boards.

Slovenia: The map shows the situation for schools providing compulsory education. For schools at upper secondary level, the Ministry of Education, Science and Sport provides a block grant to cover staff and current spending, using a funding formula to determine the amount of the block grant.

Sweden: Central education authorities have practically no involvement in the funding of operational goods and services as the lump sum contributes very little to municipalities' education budgets.

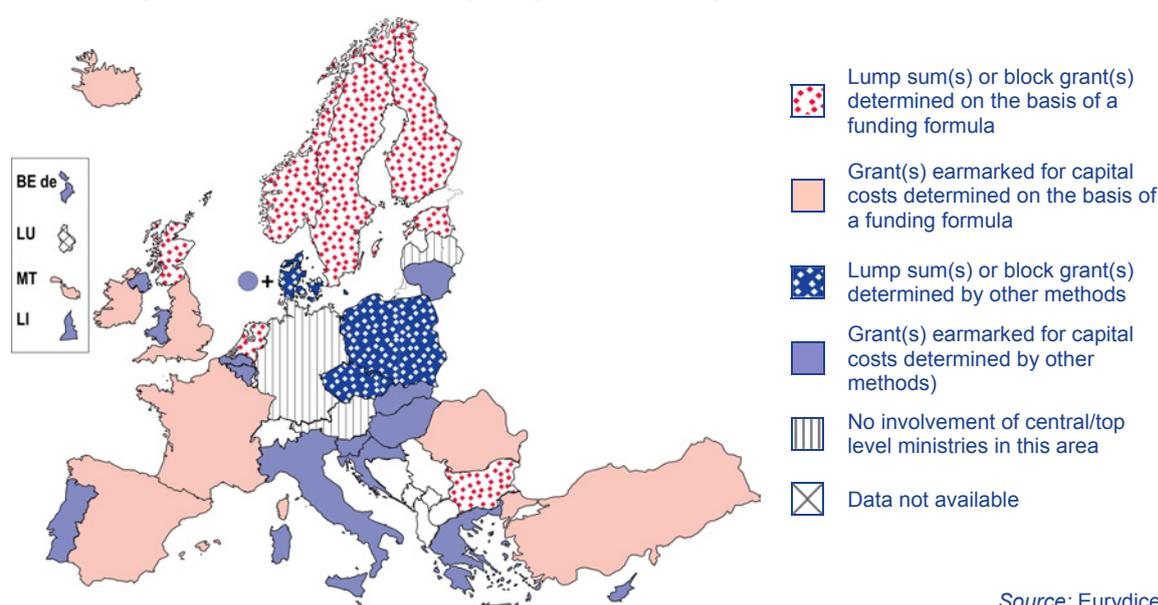
Iceland: The map shows the situation at primary and lower secondary level where the budget for operational goods and services only comes from the municipalities' own taxes. For schools at upper secondary level, a grant earmarked for operational costs is awarded by the Ministry of Education, which is free to determine the level of resources.

Liechtenstein: Secondary schools may also request additional resources for operational goods on a needs basis.

In the majority of countries, central/top level ministries determine the level of resources for capital goods based on an estimate of need

The majority of countries use a more case by case approach to establishing the level of resource needed for capital goods. In order to determine the amount of resource to grant, the responsible ministries across Europe usually estimate schools' needs, or the needs of the intermediate authorities to which they allocate capital funds. In other words, in contrast to the other two major types of expenditure, decisions in relation to capital goods are more frequently made at the discretion of the responsible ministries to which, in some cases, schools or intermediate authorities submit a capital budget for approval.

Figure 2.4: Funding methods used by central /top level ministries to determine the level of resource earmarked for or contributing to capital expenditure, primary and general secondary education, 2013/14



Explanatory note

For a definition of capital expenditure, block grant, lump sum, funding formula, discretionary determination of resources and budgetary approval, see Glossary.

This figure gives information on:

- the mechanism used by central/top level ministries to determine the level of funding to cover, either in full or in part, capital goods;
- the type of funding – lump sum, block grant or grants earmarked for capital goods.

Country specific notes

Bulgaria: The map shows the situation for municipal schools.

Denmark: The map shows the situation in primary and lower secondary schools. For schools at upper secondary level, the ministry of education uses a funding formula to calculate activity-level determined grants (taximeter) supplemented by basic grants, targeted research and development funds, and multi-year agreement models. Funds are generally provided as part of block grants.

Germany: In the majority of *Länder*, local authorities may receive financial support (e.g. one-off grants) from the *Land* for construction work, the purchase of buildings, renovations, etc.

Spain: Autonomous Communities receive a lump sum from central government.

Italy: As a direct effect of Law 104/2013 passed in the autumn of 2013, regional and local governments, under the supervision of the Ministry of Economy and Finance and the Ministry of Education, can have easier access to long term loans in order to maintain, renovate and improve the safety of school buildings, or to build new ones, on the condition that they have started a spending review process.

Cyprus: In addition to the grant earmarked for capital costs, funds allocated to school boards as block grants are also used to cover some capital costs.

Latvia: Local taxes finance capital costs.

Austria: The map shows the situation for *Volksschulen*, *Hauptschulen* and *Neue Mittelschulen* where funding for capital costs comes from the income of the *Länder* and the municipalities. As for the *allgemeinbildende höhere Schulen*, the Federal Ministry of Education and Women's Affairs estimates the amount of resource needed for capital goods (construction, renovation of schools). The necessary textbooks are provided free of charge to all pupils by the Federal Ministry of Families and Youth.

Sweden: Central education authorities have practically no involvement in the funding of capital goods as the lump sum contributes very little to municipalities' education budgets

United Kingdom (ENG): Academies have access to further capital funding, the Academies Capital Maintenance Fund which is allocated by discretionary determination.

United Kingdom (SCT): Some funds for capital expenditure (rebuilding and refurbishment) are also available through the competitive application process 'Scotland's schools for the future'.

Iceland: The map shows the situation in primary and lower secondary schools. The Ministry of Education is free to determine the level of resource to allocate to each school offering upper secondary education for capital goods, without using a commonly agreed formula.

Liechtenstein: The map shows the situation at secondary level. For primary level, municipal taxes on income and assets finance capital expenditure. In addition, the government determines a lump sum for the municipalities, using a commonly agreed formula, which is partly used to cover capital expenditure.

As the fixed assets (immovables) may vary considerably from school to school, estimating the need for resources on a case by case basis might be a more flexible and effective way to ensure that all schools have the basic infrastructure to operate safely and efficiently. For instance, taking account of the actual state of school buildings in calculating the budget allocation might allow the responsible authorities more flexibility to deliver comparable standards in terms of security, sanitation and other facilities to all schools.

In Denmark (schools providing primary and lower secondary education), the municipalities receive grants earmarked for capital goods from the Ministry of Education in addition to the lump sum they obtain from the Ministry of Economic Affairs and the Interior to finance the capital expenditure needed for all public services.

In Latvia, capital goods are financed by local taxes only, and in Austria (*Volksschulen*, *Hauptschulen* and *Neue Mittelschulen*), they are financed by income from the *Länder* and the municipalities. In Germany, in the majority of *Länder*, local authorities may receive financial support (e.g. one-off grants) from the *Land* for construction work, the purchase of buildings, renovation, etc.

Specific funding programmes are used when allocating resources for the construction of new schools. This is for example the case in Belgium (Flemish and German-speaking Communities) and in the United Kingdom (England and Wales).

In Belgium (German-speaking Community), a public private partnership project (PPP) was launched in December 2010, which provides for the renovation and construction of eight education institutions (community schools) and the maintenance of these schools over the next 25 years. The new schools are currently under construction. In the Flemish Community of Belgium, there is also an alternative source of funding for financing school infrastructure: a participatory DBFM company (design, build, finance, maintain). It is a public-private partnership, responsible for the construction of around 200 schools, namely the Public Limited Company (plc.) 'DBFM Schools of Tomorrow'. The Flemish government has a stake of 25 % + 1 of the shares of the plc. 'DBFM Schools of Tomorrow'.

In the United Kingdom (Wales), the '21st Century Schools Capital Programme is a long term, strategic capital investment plan which aims to rebuild or refurbish every school to a 21st century school standard'⁽¹⁵⁾. It is collaborative scheme between the Welsh Government, the Welsh Local Government Association and the local authorities. The investment plan is to be aligned with strategic school reorganisation and post-16 transformation proposals. The implementation of the plan will involve significant change, in the allocation of capital funding, with a move away from a formula based process to a strategic investment plan that is targeted to need.

⁽¹⁵⁾ <http://21stcenturyschools.org/?lang=en>

Discretionary determination of resources and budgetary approval are the funding methods most often used by intermediate authorities

As Chapter 1 clearly shows, in the great majority of countries, intermediate authorities (at local or regional level) play an important role in the funding of schools. They transfer to school level authorities the resources allocated to them by the responsible ministries, they buy some goods or services themselves for school use and, in some countries, they use some of their own tax revenue to partly finance school education.

Although the methods used by intermediate authorities to allocate funds to school level may vary, it seems more common for these authorities either to use their own discretion in determining the amount of funds to transfer, or to base the allocation on costings and budgets submitted for approval by school authorities.

CHAPTER 3: CRITERIA TAKEN INTO ACCOUNT IN DETERMINING THE LEVEL OF SCHOOL RESOURCES

This chapter complements the previous one by continuing to explore the issue of how education authorities seek to distribute resources between intermediate authorities and schools, according to school needs and in an equitable and efficient way. After discussing the methods used for resource allocation in Chapter 2, this chapter focuses on the criteria taken into account by the various authorities involved in school funding (see Chapter 1) in determining the amount of resources to be allocated directly to each school. It also analyses the criteria considered by central/top level authorities when determining the level of funds transferred to intermediate authorities which contribute to the total resources provided for schools. These transfers include grants earmarked for a specific resource, block grants and lump sums. However, only education-related criteria are considered. Generic indicators used for determining the amount of lump sums given to municipalities such as the number of inhabitants in an area are beyond the scope of this chapter.

This chapter is limited to situations where the responsible authorities use funding methods based on common criteria agreed at the central/top level. It thus focuses largely on formulae based on given variables such as the number of pupils, and where each pupil is associated with a given value, which may be a monetary value or a unit of resource (material or human). However, other funding methods which have centrally defined variables, but no centrally defined formulae to determine the exact amount of resources to which each school or intermediate authority is entitled, are also considered. Excluded from the scope of this chapter is any discussion of the allocation of resources when it is at the discretion of the responsible authority and decided case by case, according to an estimate of need. As this is often the case with capital goods (see Chapter 2), this type of resource is not discussed here.

The criteria taken into account in determining the amount of resource for staff are examined first, followed by those used for determining operational resources. For each category of resource, the chapter provides a general picture of whether authorities use a single set of measurable criteria. It then provides information on the range of these criteria, with a particular focus on the specific characteristics of schools or pupils that influence the level of funds allocated to schools or intermediate authorities. This chapter also presents the rare cases where performance-based criteria are taken into account in school funding.

In the vast majority of countries, the level of resource for staff is based on criteria defined by central/top level authorities

In all countries, a set of measurable criteria is used by the central/top level authorities to define the amount of resource allocated to schools or intermediate authorities for staff. However, in Germany and Spain, the criteria used for establishing the level of staff resources are determined by the 16 *Länder* and the 17 Autonomous Communities; these criteria are not analysed here.

In less than half of the education systems where intermediate authorities determine the amount of funds allocated to cover staff costs (block grants or other grants earmarked for staff), a single set of criteria established by the central/top level ministry is used. This is the case in Belgium (French and Flemish Communities for public grant-aided schools), the Czech Republic, Greece, Austria, Slovakia, the United Kingdom (Northern Ireland) and Turkey. By contrast, in 13 other education systems⁽¹⁶⁾,

⁽¹⁶⁾ Bulgaria (municipal schools), Denmark, Estonia, France, Latvia, Lithuania, Poland, Romania, Finland, Sweden and the United Kingdom (England, Wales and Scotland).

intermediate authorities are free to choose which criteria they use and therefore these criteria are not discussed in this chapter. In the United Kingdom (England and Wales), it is worth mentioning that the autonomy of local authorities is only partial.

In England, each local authority can choose from a centrally established list of 12 factors to develop its own formula for allocating revenue funding (covering staff and operational resources) to schools. Two factors are mandatory – a basic per pupil entitlement and a deprivation factor. To address equity issues in the current funding system, a new national funding formula that all local authorities will have to use will be introduced in 2015.

In Wales, local authorities determine their own formula for awarding block grants to cover staff and operational resources for schools. However, 70 per cent of the funding must be distributed on the basis of pupil numbers which can be weighted according to a set of five factors. Local authorities have discretion to distribute the remaining 30 per cent on the basis of a range of factors allowed by the regulations, e.g. the size and condition of buildings and grounds, rates, cleaning, school meals and milk, salaries, etc.

In all countries, the criteria taken into account in determining the level of resource for staff are input-based

All central/top level and intermediate authorities using centrally established criteria for determining the level of staff resources in individual schools, or the amount of funds transferred intended to contribute towards staff costs, take input-based criteria into account (see Figure 3.1). In other words, these criteria are based on the actual needs of schools and the real costs incurred by them.

The techniques used for making the necessary calculations vary in complexity, depending on the number of indicators considered. In this respect, two main categories can be distinguished. In the first, central/top level or intermediate authorities consider a limited range of criteria related to the number of pupils or the number of staff. In the second, which is the larger, the relevant authorities consider a broader range of input-based criteria. For instance, they take individual school or pupil characteristics into account and thus undertake a more thorough assessment of each school's needs.

In five countries, the responsible ministries or regional authorities use only a limited number of criteria related to the number of existing staff or pupils, which are usually weighted according to the level of education or school year. In Croatia, the grant awarded to schools for staff remuneration by central level authorities is largely determined on the basis of the number of existing staff. In Cyprus (primary schools), Malta and Iceland (upper secondary schools), the level of staff resources or block grants covering staff resources allocated to each school is mainly based on the number of pupils. This is also the case in Bulgaria, for the amount of the block grant intended to cover all categories of resource allocated by the Ministry of Finance to municipalities. However, the municipalities may decide each year which additional components they include in the formula they use for the funding of municipal schools.

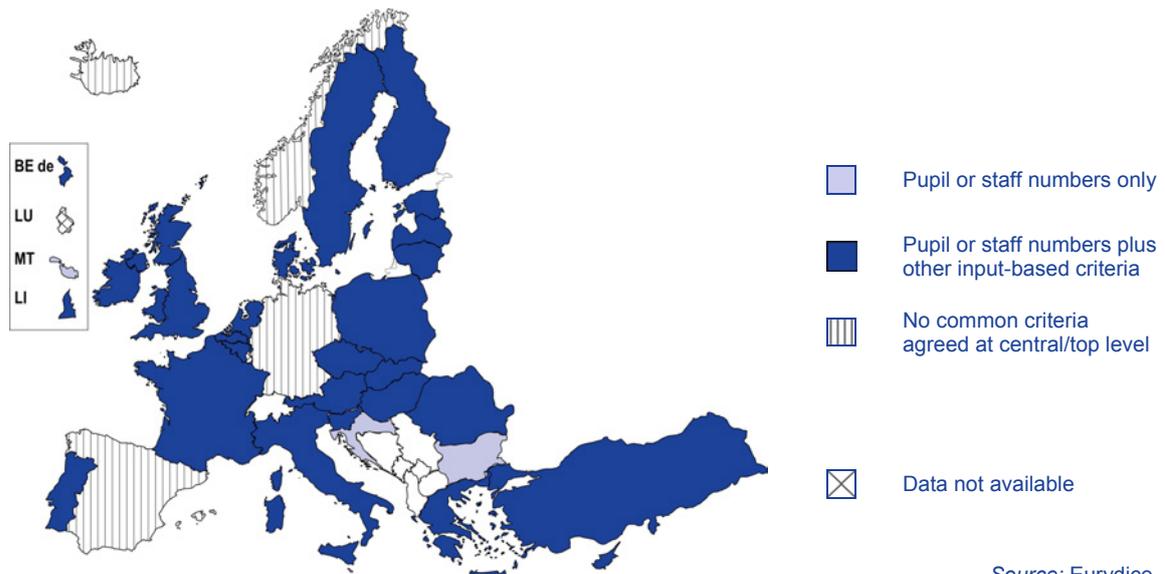
In a majority of countries, the criteria used for determining the level of staff resources, or the amounts transferred which contribute to the costs of staff, not only include the number of pupils or existing staff, but also other criteria that enable a more thorough assessment of school needs and, consequently, allow for the provision of differentiated funding.

Some criteria are used by only a limited number of countries. In Belgium, Denmark, Lithuania, Latvia, Slovakia and the United Kingdom (Scotland and Northern Ireland), small schools or local authorities with small schools receive extra resources as part of their funding to compensate for their higher unit

costs. In Poland and Slovakia, criteria that reflect the higher costs of particular age groups or specific courses provided (art, sport, etc.) are taken into account.

The majority of countries incorporate criteria to help eliminate disparities between schools or areas and ensure that equality of opportunity is provided for all pupils. These criteria are linked to the school's geographical location, to the level of social or economic disadvantage and any pupil characteristics which indicate additional needs.

Figure 3.1: Input-based criteria taken into account in determining the level of resources contributing to teaching and non-teaching staff costs, primary and general secondary education, 2013/14



Source: Eurydice.

Explanatory note

For definitions of teaching and non-teaching staff, see Glossary.

The figure covers input-based criteria used in the determining the amount of resource for staff by:

- central/top level authorities in allocating staff resources to schools or intermediate authorities;
- intermediate authorities in certain countries when determining the amount of funds allocated to cover staff costs' (Belgium (French and Flemish Communities for public grant-aided schools), the Czech Republic, Greece, Austria, Slovakia, the United Kingdom (Northern Ireland) and Turkey).

In both cases, the type of transfer includes grants earmarked solely for staff as well as block grants/lump sums which are intended to cover staff costs in full or in part.

Only education-related criteria are considered, generic indicators such as the number of residents in an area that may determine the amount of the lump sum transferred to intermediate authorities are excluded.

'Other input-based indicators' include pupil characteristics such as social background and specific educational needs, and school characteristics such as geographical location (e.g. urban or rural environment, a socially disadvantaged area, a region with a particular climate), the type of school, its existing facilities, etc.

Country specific notes

Belgium (BE_{de}): The map shows the criteria for establishing the level of teaching staff resources allocated to schools. For non-teaching staff resources, only pupil number are considered.

Bulgaria: The map shows the situation for municipal schools.

Germany and Spain: The criteria used for establishing the level of staff resources allocated to each school vary as they are chosen by each of the 16 *Länder* and 17 Autonomous Communities respectively.

France: The map focuses on the criteria used for establishing the level of teaching staff resources awarded by the Ministry of Education to administrative divisions of the State, i.e. the regional state directorate for education.

Cyprus: The map shows the situation for secondary schools. For primary schools, the Ministry of Education and Culture defines the level of teaching staff resources only on the basis of the number of classes.

Latvia: The map focuses on the criteria used by the Ministry of Education and Science for establishing the amount of grants for teaching staff salaries allocated to municipalities. Municipalities have autonomy in choosing the criteria they apply for determining the amount of grants awarded to schools for non-teaching staff salaries.

Hungary: The map shows the situation for teaching staff and some non-teaching staff (leisure time organisers). The Klebelsberg centre establishes the level of maintenance staff allocated to each school in villages with less than 3 000 inhabitants on the basis of pupil numbers. In larger communities, the municipality defines the criteria for the level of maintenance staff allocated to each school.

Austria: The map shows the criteria used by the Federal and regional authorities to establish the level of teaching staff resources awarded to schools, as well as the amount of resources for non-teaching staff awarded to *Allgemeinbildende höhere Schulen*. For primary schools, *Hauptschulen* and *Neue Mittelschulen*, municipalities determine the criteria they use for defining the amount of resources awarded to schools for non-teaching staff.

Sweden: The map shows the criteria used by the central government to establish the level of the lump sum awarded to municipalities, which contributes very little to municipalities' education budgets.

Iceland: The map shows the situation for schools providing compulsory education. For upper secondary schools, the Ministry of Education awards a block grant for all categories of resource calculated on the basis of pupil number.

Norway: Central government does not consider education-related criteria for determining the amount of the lump sum awarded to counties or municipalities and which are used for school funding.

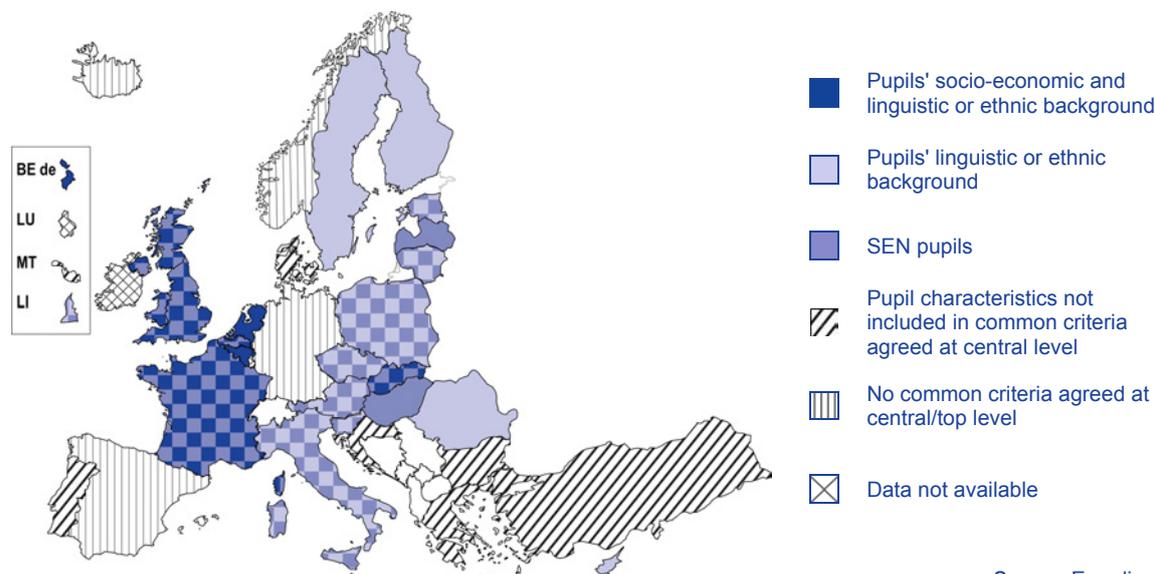
Around two thirds of countries consider disparities between schools or areas when establishing the amount of staff resources

In around ten countries, central/top level authorities take geographical or demographic disparities into account when determining the level of resource for staff (including grants earmarked for staff costs and block grants/lump sums intended to cover staff costs in full or in part). This is the case in Belgium, Estonia, France, Latvia, Lithuania, Finland and the United Kingdom (Wales and Scotland). Indeed, in these countries, central/top level authorities consider the population density of the local area and whether the school is located in a rural or urban district. In Denmark, Poland and Finland, central/top level authorities award more resources per student to local authorities and/or schools in remote areas. In Romania, the rural or urban nature of the area in which a school is located is taken into account, as well as the different weather conditions in different areas. In Greece, the fact of working in inaccessible, remote or problematic areas, as well as distances between schools are considered by the Ministry of Education and Religious Affairs and its decentralised regional services when determining the amount of resource dedicated to staff.

In more than half of countries, the amount of resource allocated to intermediate authorities or schools to cover staff costs (either in full or in part) takes account of additional learning needs pupils might have. Pupils' mother tongue or ethnic background is considered in 17 countries. In Estonia, Italy, Slovakia, Poland, Romania and Finland, it is the provision of specific classes in their mother tongue or schools for non-native speakers, rather than individual pupil characteristics which determines whether schools or local authorities are given additional resources. The socio-economic background of students is taken into account less often. This occurs only in Belgium, France, the Netherlands, Slovakia, and across all four parts of the United Kingdom. Finally, in 14 countries or regions, education systems, schools or local authorities receive extra resources for pupils with special educational needs (SEN) enrolled in mainstream schools. These additional resources might be interpreted as evidence of an inclusive policy towards SEN pupils.

In around ten countries, common criteria agreed at central level to cover staff costs (either in full or in part) do not include pupil characteristics. However, this does not necessarily mean that pupil characteristics are not considered at all in the funding of schools. Indeed, other methods of allocating funding, which are not explored here, such as through a process of application for specific funds, might address the requirement for extra funding to meet pupils' additional needs. However, where this is the case, there might be a risk that these additional needs may be overlooked when political priorities change or funding is restricted.

Figure 3.2: 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.

Explanatory note

For definitions of teaching and non-teaching staff, see Glossary.

The figure covers the pupil characteristics-related criteria used in determining the amount of resource for staff by:

- central/top level authorities in allocating staff resources to schools or intermediate authorities;
- intermediate authorities (in certain countries) for determining the amount of resource allocated to schools (Belgium (French and Flemish Communities for public grant-aided schools), the Czech Republic, Greece, Austria, Slovakia, the United Kingdom (Northern Ireland) and Turkey).

In both cases, the type of transfer includes grants earmarked solely for staffing as well as block grants/lump sums which are intended to cover staff costs in full or in part.

Only education-related criteria are considered, generic indicators such as the number of residents in an area that may determine the amount of the lump sum transferred to intermediate authorities are excluded.

Country specific notes

Belgium (BEnl): The map shows the criteria establishing the level of teaching staff resources received by schools. For defining the amount of non-teaching staff resources, only pupils numbers are considered.

Bulgaria: The map shows the situation for municipal schools.

Germany and Spain: The criteria used for establishing the level of staff resources allocated to each school vary as they are chosen by each of the 16 *Länder* and the 17 Autonomous Communities respectively.

Cyprus: Pupil characteristics (i.e. the lack of fluency in the language of instruction) are among the criteria used in determining the amount of resource for staffing only in secondary schools.

Latvia: The map focuses on the criteria used by the Ministry of Education and Science for establishing the amount of grants allocated to municipalities for teaching staff salaries. Municipalities have autonomy in choosing the criteria they apply for determining the amount of grants awarded to schools for non-teaching staff salaries.

Hungary: The map shows the situation for teaching staff. For the level of resource for some non-teaching staff (leisure time organisers), the Klebelsberg institute considers the number of socio-economically disadvantaged students. For maintenance staff, see note to Figure 3.1.

Austria: The map shows the situation for the standard criteria used by the *Land* Government when determining the amount of teaching staff resources allocated to primary schools, *Hauptschulen* and *Neue Mittelschulen*.

Sweden: The map shows the criteria used by the central government to establish the level of the lump sum awarded to municipalities, which contributes very little to municipalities' education budgets.

Iceland: Information only applies to schools providing compulsory education. The Ministry of Education does not consider pupil characteristics in determining the amount of block grants awarded to upper secondary schools.

Norway: Central government does not consider education-related criteria for determining the amount of the lump sum awarded to counties or municipalities and which are used for school funding.

In the United Kingdom (England) and the Netherlands, standard performance-based criteria are used for determining the amount of staff resources

Two countries only include a performance-based element in their standard criteria in calculating the level of block grants intended to cover staff costs. Performance-based elements are related to actual or intended results by a school over a certain period. Different types of results, such as retention rates for instance, may be considered ⁽¹⁷⁾.

In the Netherlands, performance-based methods used for school funding include incentives to reduce early school leaving. Indeed, the Executive Education Agency awards schools extra funding as part of the block grant for staff and operational goods and services for each potential early leaver who stays at school.

In the United Kingdom (England), the new formula used by the Education Funding Agency introduced in 2013/14 for calculating the revenue (recurrent) funding allocated to local authorities and schools for pupils aged between 16 and 19 years attending maintained schools and academies includes a weighting for student retention. In other words, funding will be reduced if a student enrolled in post-compulsory education does not stay on the programme of study until the end of the academic year.

It should be noted that other funding methods, which are out of the scope of this section because they do not rely on criteria established at central level, might also include performance-based components.

Criteria for defining the amount of operational goods and services are less wide-ranging than for staff resources

The amounts allocated for operational resources are not determined by a single centrally determined set of criteria as often as resources for staff. Indeed, intermediate authorities are more often involved in the funding of operational goods and services than the funding of staff (see Chapter 1) and in most cases they have autonomy in choosing both the funding method and the criteria they apply. In over two thirds of countries, intermediate authorities receive and transfer resources for operational goods and services to schools, or they fund operational goods and services either in part ⁽¹⁸⁾ or in full ⁽¹⁹⁾ through their local revenues. Regional or local authorities use a single set of criteria determined at the central/top level only in Belgium, the Czech Republic (for a few elements only), Slovakia, the United Kingdom (Northern Ireland) and Turkey. Furthermore, fewer central/top level authorities use standardised criteria in determining the level of resource for operational goods and services than for staff. Indeed, in Greece and Cyprus, the relevant ministries define the amounts allocated for operational goods and services allocated as part of block grants to municipalities and schools respectively on the basis of past costs. Whereas in Belgium (German-speaking Community for community schools) and Liechtenstein, central/top level authorities have discretionary powers in determining the level of resource for (some) operational goods and services allocated as part of the block grants or lump sums to schools and municipalities respectively.

Where centrally defined common criteria are used for defining the volume of block grants ⁽²⁰⁾ or lump sums ⁽²¹⁾ to cover staff as well as operational and goods and services, a single set of criteria is usually

⁽¹⁷⁾ For more information on performance-based funding, see EACEA/Eurydice, 2011. *Modernisation of Higher Education in Europe: Funding and the Social Dimension*. Brussels: Eurydice.

⁽¹⁸⁾ The Czech Republic, Spain (primary schools), Italy, Latvia, Lithuania, Hungary and Romania.

⁽¹⁹⁾ Croatia, Austria (primary schools, *Hauptschulen* and *Neue Mittelschulen*) and Iceland (compulsory education).

⁽²⁰⁾ The Czech Republic (minor part of operational goods and services), Estonia, Lithuania, the Netherlands, Portugal (secondary education), Romania, the United Kingdom (England and Northern Ireland), Iceland (upper secondary education).

used to determine the amounts allocated for all these categories of resource. The Netherlands present a different model, since the amount of the block grant awarded to schools by the Education Executive Agency is subdivided into three components: two distinct budgets for staff costs and a third budget for operational goods and services. Each of the three components is calculated according to specific criteria. The budget for operating costs is established according to the expected cost of resources.

When standard criteria are used for awarding allocations earmarked for operational goods and services to intermediate authorities or schools ⁽²²⁾, they are usually more limited in number than those used to allocate resources for staffing. Indeed, in these cases, the criteria mostly focus on pupil numbers or infrastructure-related criteria, such as the number of square meters, the number of classrooms, the type of school, etc. However, in Belgium (French and Flemish Communities), geographical location and/or additional needs of individual pupils are also included in the criteria to determine the amount of resource for operational goods and services.

⁽²¹⁾ Denmark, Poland, Finland, the United Kingdom (Wales and Scotland).

⁽²²⁾ Belgium (French and Flemish Communities), Bulgaria (municipal schools), the Czech Republic, Italy, Latvia (teaching materials), Slovakia and Malta.

NATIONAL DIAGRAMS ON FINANCIAL FLOWS

1. Guide

These diagrams aim to provide an overview of the transfer of public resources awarded in cash or in kind to schools providing primary and general secondary education in each country. The diagrams contain information related to two main questions:

1. Do schools acquire resources themselves from funds allocated to them, or are these resources supplied directly by the responsible public authorities?
2. Which levels of public authority (in a given country) are involved in school funding?

Ideally, information should be read from the bottom of the diagram up, starting from the resources, and following the flow back to the sources.

The different types of resources used by schools are illustrated at the bottom of the diagram. Resources are grouped into five broad categories: staff (teaching and non-teaching), operational goods and services, capital goods (movables and immovables), specific resources and other resources.

The bodies/authorities involved in acquiring these resources can be identified by moving up the dotted arrows. They could be the schools themselves (school heads or school governing bodies), or local, regional or central authorities. Schools can be represented at two levels. They are always shown at the bottom of the diagram as bodies using resources; they can also be shown as actors involved in the financial transfer when they remunerate staff or acquire the resources themselves.

Resources received by public authorities or other bodies in order to fund schools, are shown by arrows. These arrows can be dotted or continuous, to indicate whether the resource transferred is in cash or in kind. Two types of transfers in cash can be distinguished: lump sums intended to finance several types of public services provided by a given public authority (continuous white arrows) and grants earmarked for education only (continuous black arrows). The contribution of regional or local level authorities to school funding with their own resources is represented as a white octagon.

Budgets are represented as thick black horizontal lines. The number of budgets represented at each level of public authority down to schools corresponds to the number of sets of resources transferred to the authority or school for particular purposes. In the case of central authorities, the number of budgets corresponds to the number of sets of resources that these authorities earmark for particular purposes. The purpose of a budget is shown by the arrow(s) coming out of it. For instance, if schools receive only one global allocation (block grant) which they distribute across the different categories of resources as they wish, the budget is shown as one thick black horizontal line.

When the school funding system is not uniform across the country because of local authority autonomy, the notes specify the status of the information shown in the diagram and/or other possible situations. The notes also provide complementary information to what is shown on the diagram, in order to enable the reader to better understand the situation in each country.

The diagrams provide key information about the financing of primary and general secondary schools, but readers should bear in mind their limitations in order to avoid misinterpretations. The following information is not contained in the diagrams:

1. Parental contributions and other non-public resources that schools may collect
2. Financial support to families or individual students
3. In the case of lump sum transfers, resource allocations to public services other than schools

KEYS



Central level authority involved in the transfer of school resources



Regional level authority/administrative division of the state involved in the transfer of school resources



Local level authority involved in the transfer of school resources



School body or staff member involved in the transfer of school resources



Lump sum transfers from a public authority that provides the resources to the public authority that uses them



Education resources transferred in kind from a public authority that provides the resources to the body that uses them



Education resources transferred in cash from a public authority that provides the resources to the body that uses them



Budget used by the body involved in the transfer of school resources



Categories of resources used by schools



Own resources used by a regional level authority/administrative division of the state or local authority transferring school resources

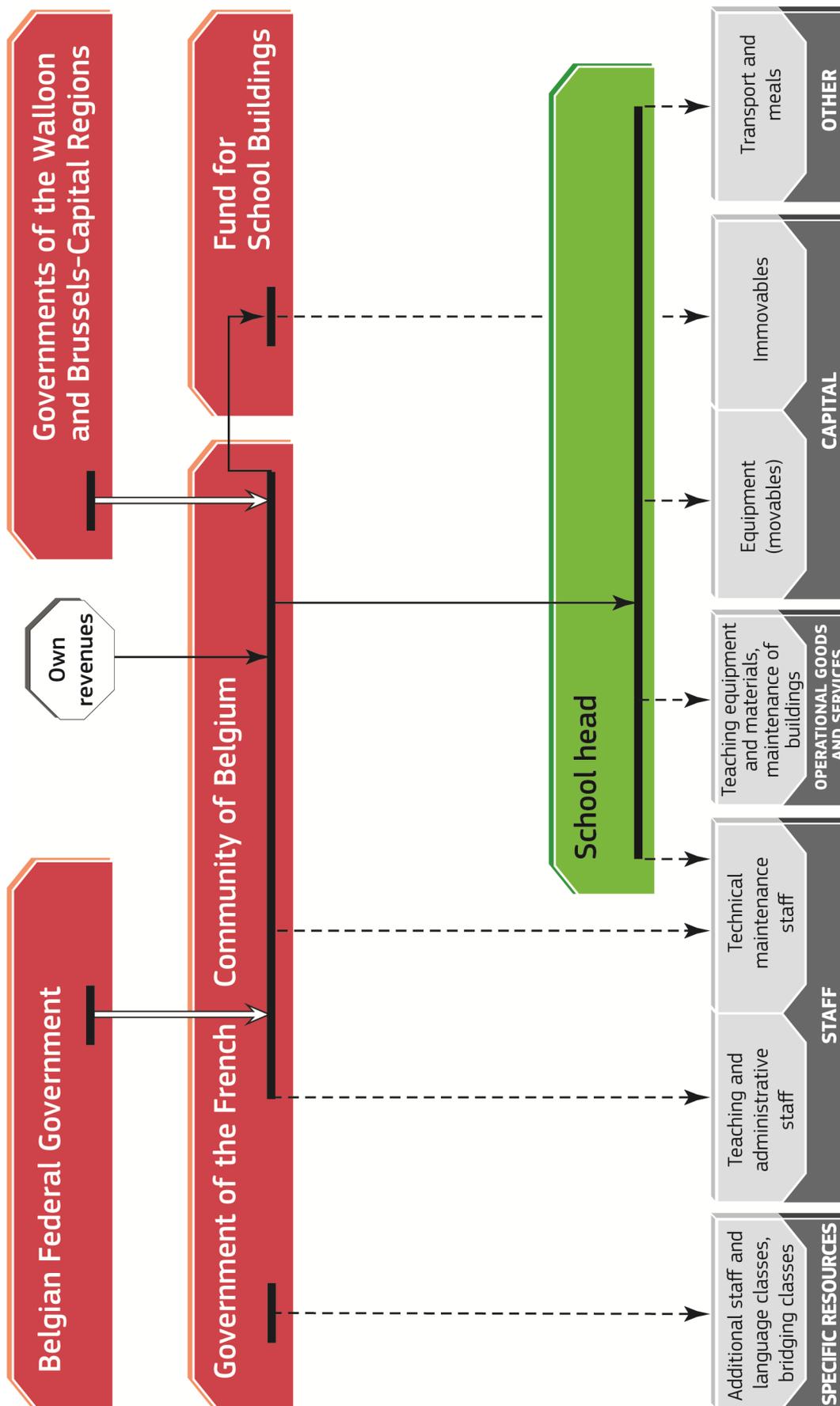
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BELGIUM – FRENCH COMMUNITY

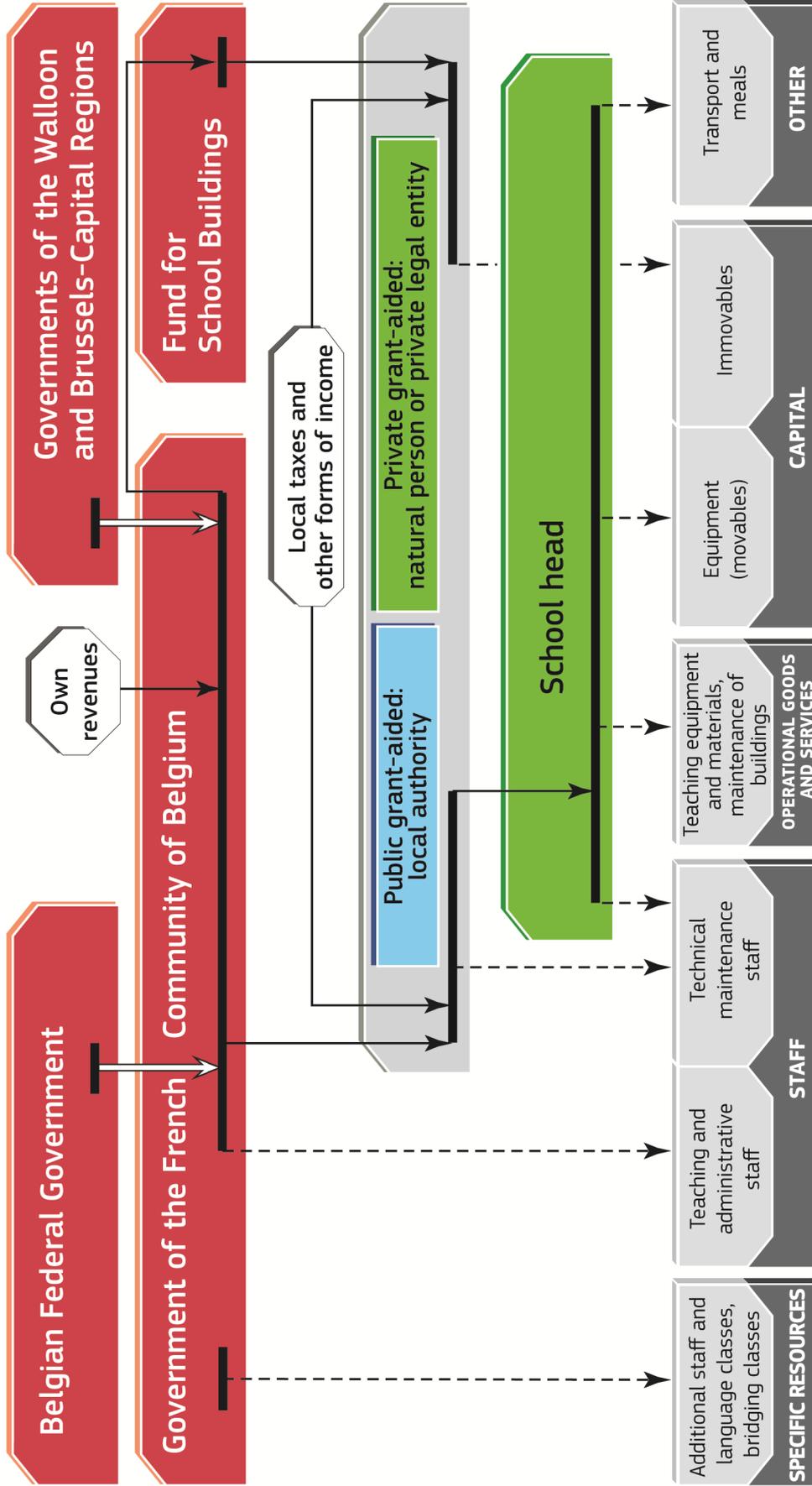
Primary and general secondary schools (community education system)



The lump sum transferred by the Governments of the Walloon and Brussels-Capital Regions to the Government of the French Community of Belgium consists of television and radio taxes. Additionally, the respective public service bodies for vocational training and employment in the Walloon and Brussels-Capital Regions (Forem&Actiris) transfer various contributions to the Government of the French Community of Belgium.

BELGIUM – FRENCH COMMUNITY

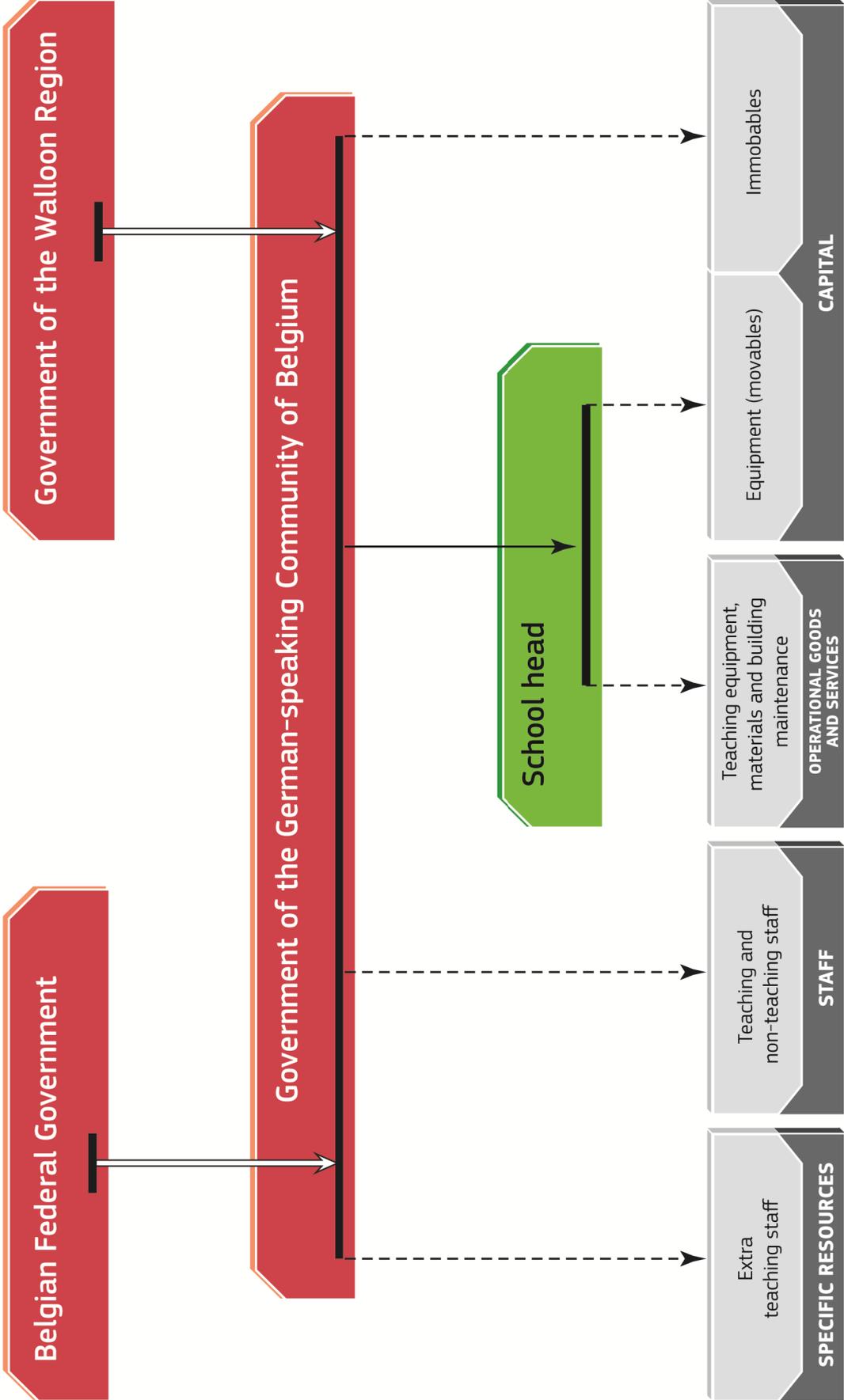
Primary and general secondary schools (grant-aided schools)



For public grant-aided schools, the organising body is a local level authority, i.e. municipalities, provinces or cities. For private grant-aided schools, the 'organising body' is a natural person or an entity governed by private law, which runs one or, more rarely, several schools. The organising bodies have to contribute to the capital expenditures of schools they administer (with local taxes in the case of public grant-aided schools and own private income in the case of private grant-aided schools). The lump sum transferred by the Governments of Regional authorities from Brussels and Wallonia to the Government of the French Community of Belgium consists of television and radio taxes. Additionally, the respective public service bodies for vocational training and employment in the Walloon and Brussels-Capital Regions (Forem&Actiris) transfer various contributions to the Government of the French Community of Belgium. Local authorities which grant social benefits (services subsidiary to the school's primary responsibility for education such as canteens or day care) to public grant-aided schools are required to grant similar services to private grant-aided schools in their territory.

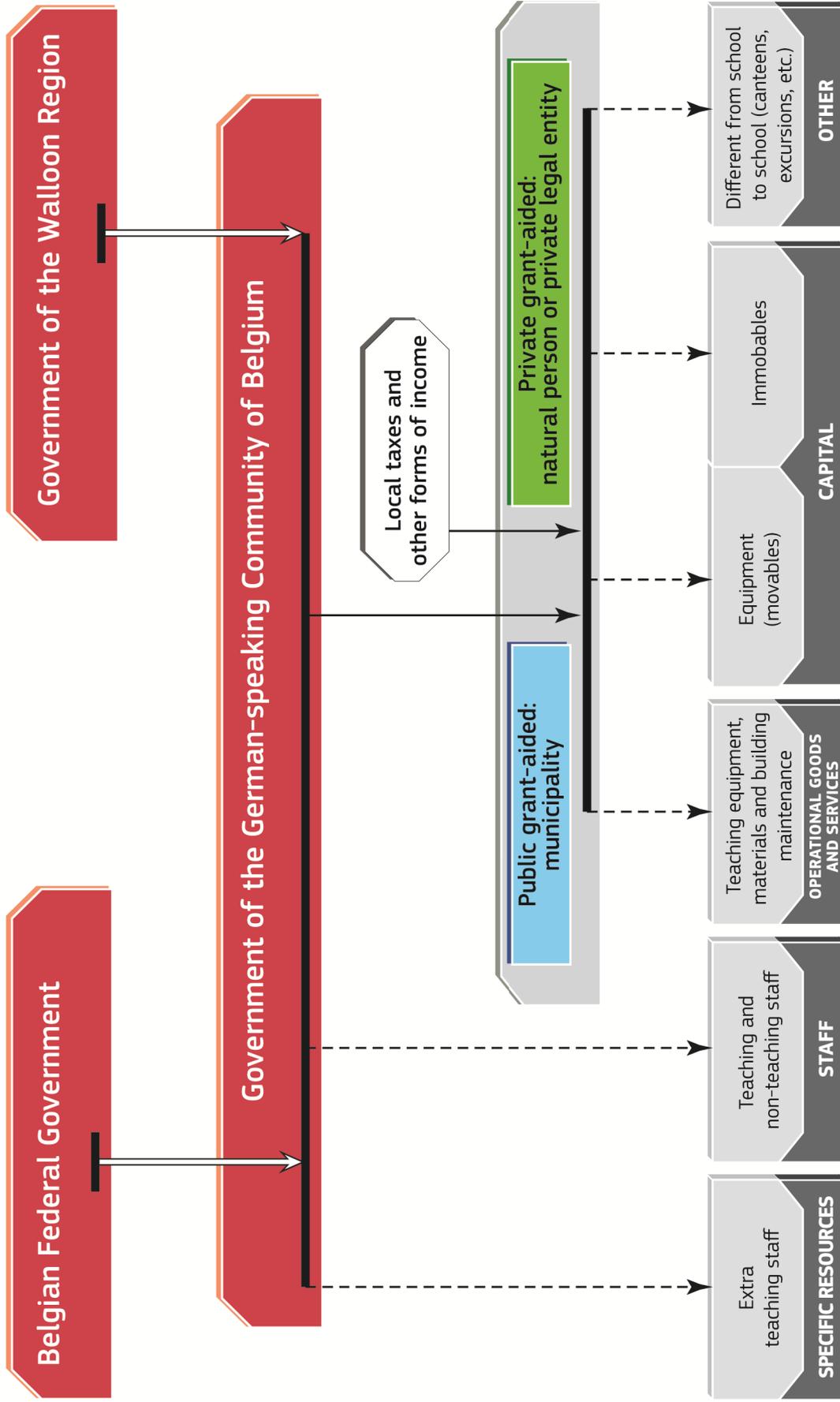
BELGIUM – GERMAN SPEAKING COMMUNITY

Primary and general secondary schools (community education system)



BELGIUM – GERMAN-SPEAKING COMMUNITY

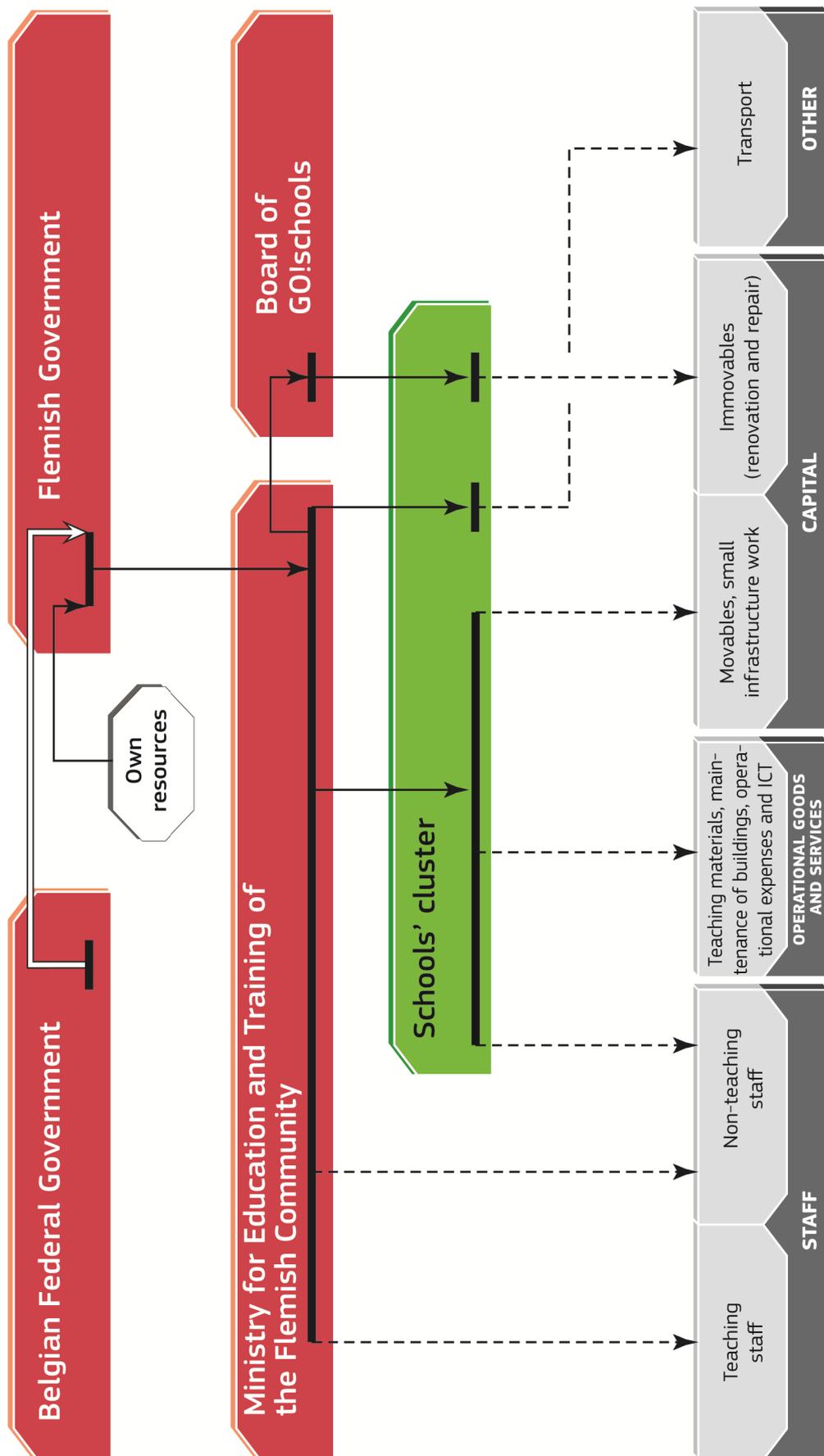
Primary and general secondary schools (grant-aided schools)



For public grant-aided schools, the 'organising body' is a municipality. For private grant-aided schools, the organising body is a natural person or body governed by private law. These schools (and organising bodies) have to contribute 40 % for movables and 20 % for immovables (capital expenditure).

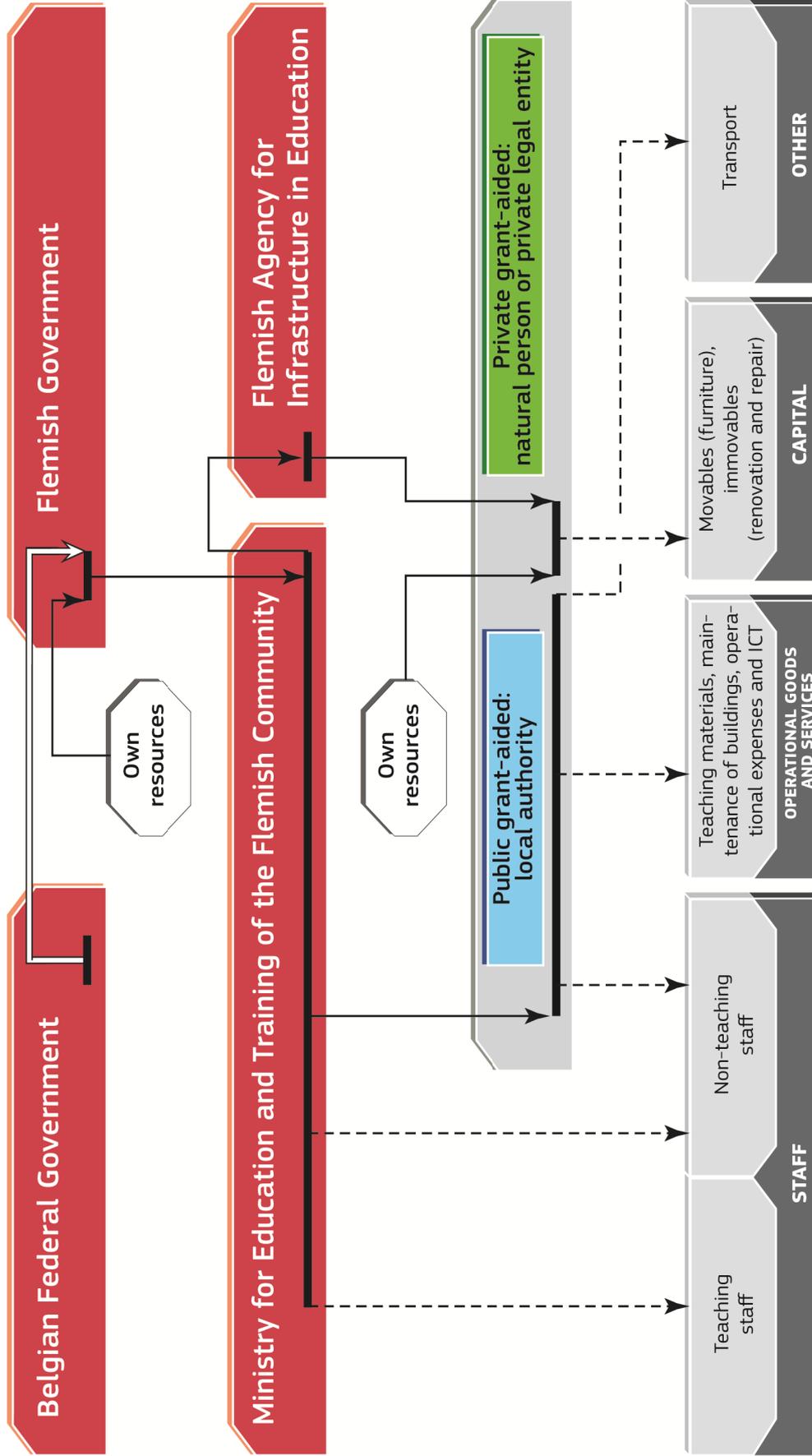
BELGIUM – FLEMISH COMMUNITY

Primary and general secondary schools (community education system)



Schools are gathered in clusters entitled *scholengroepen*, which are in charge of their financial management. The financial autonomy of individual schools varies across the *scholengroepen*. In some cases, the latter acquire operational goods and services for a number of schools in order to benefit from buying on a larger scale. In other cases, the *scholengroep* undertakes the acquisition of operational goods and services but the school determines both the amount and the nature of the resources concerned. The board of GO!schools is a general board dealing with the financing of schools organised by the Flemish Community. By way of very specific budgets coming from the Ministry for Education and Training of the Flemish Community, *scholengroepen* can sometimes directly cover some expenditure on immovables and repairs.

BELGIUM – FLEMISH COMMUNITY
Primary and general secondary schools (grant-aided schools)

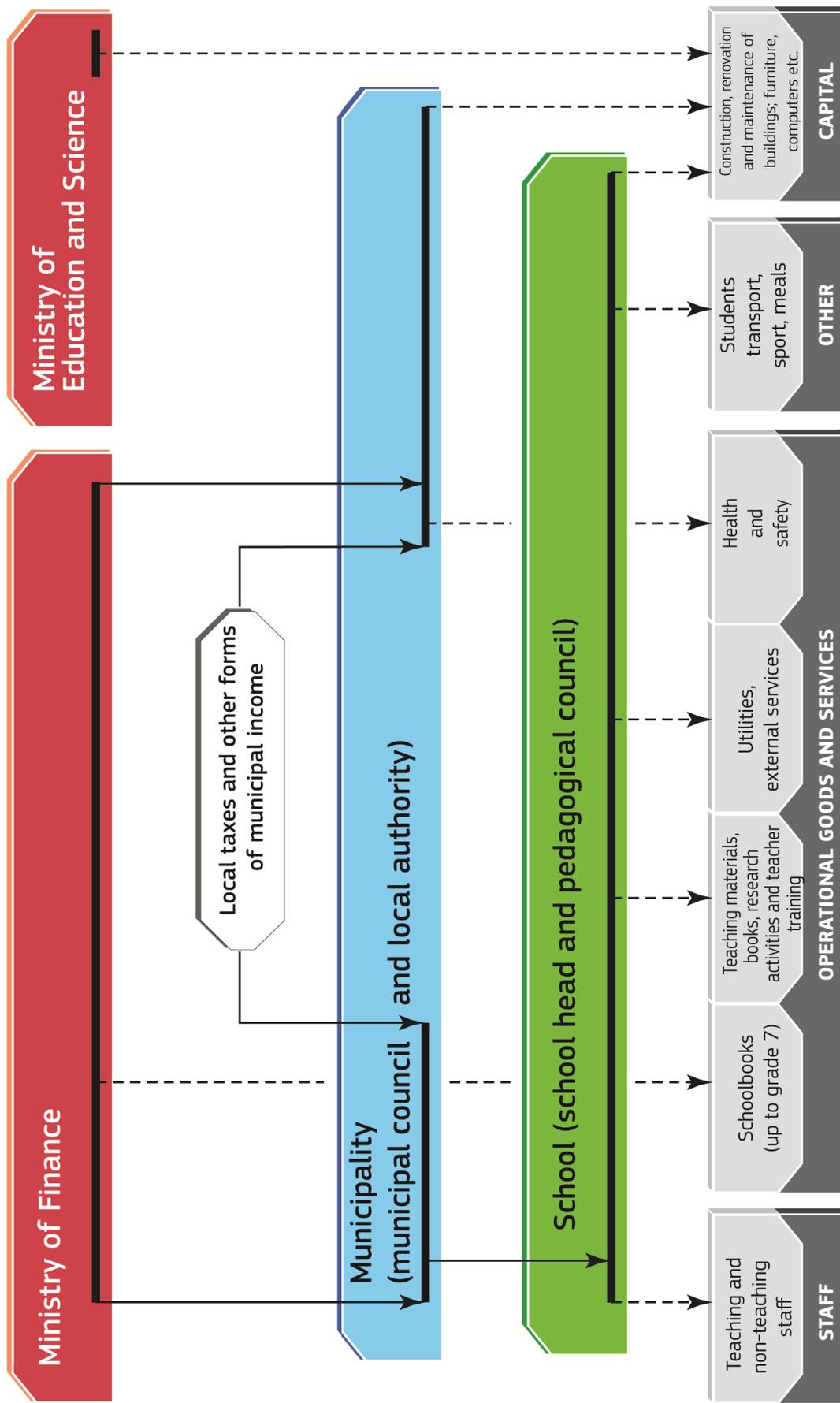


For public grant-aided schools, the 'organising body' is a local level authority, i.e. municipalities, provinces or cities. For private grant-aided schools, the organising body is a natural person or an entity governed by private law, which runs one or several schools. Local authorities have to contribute to 30 or 40 % to public grant-aided schools' capital expenditure and use therefore local taxes. The organising bodies of private grant-aided schools have to contribute to 30 or 40 % to the capital expenditure of the schools they administer and use therefore their own resources.

Local authorities which grant social benefits (services subsidiary to the school's primary responsibility for education such as transport or after-school care) to public grant-aided schools are required to grant similar services to private grant-aided schools in their territory.

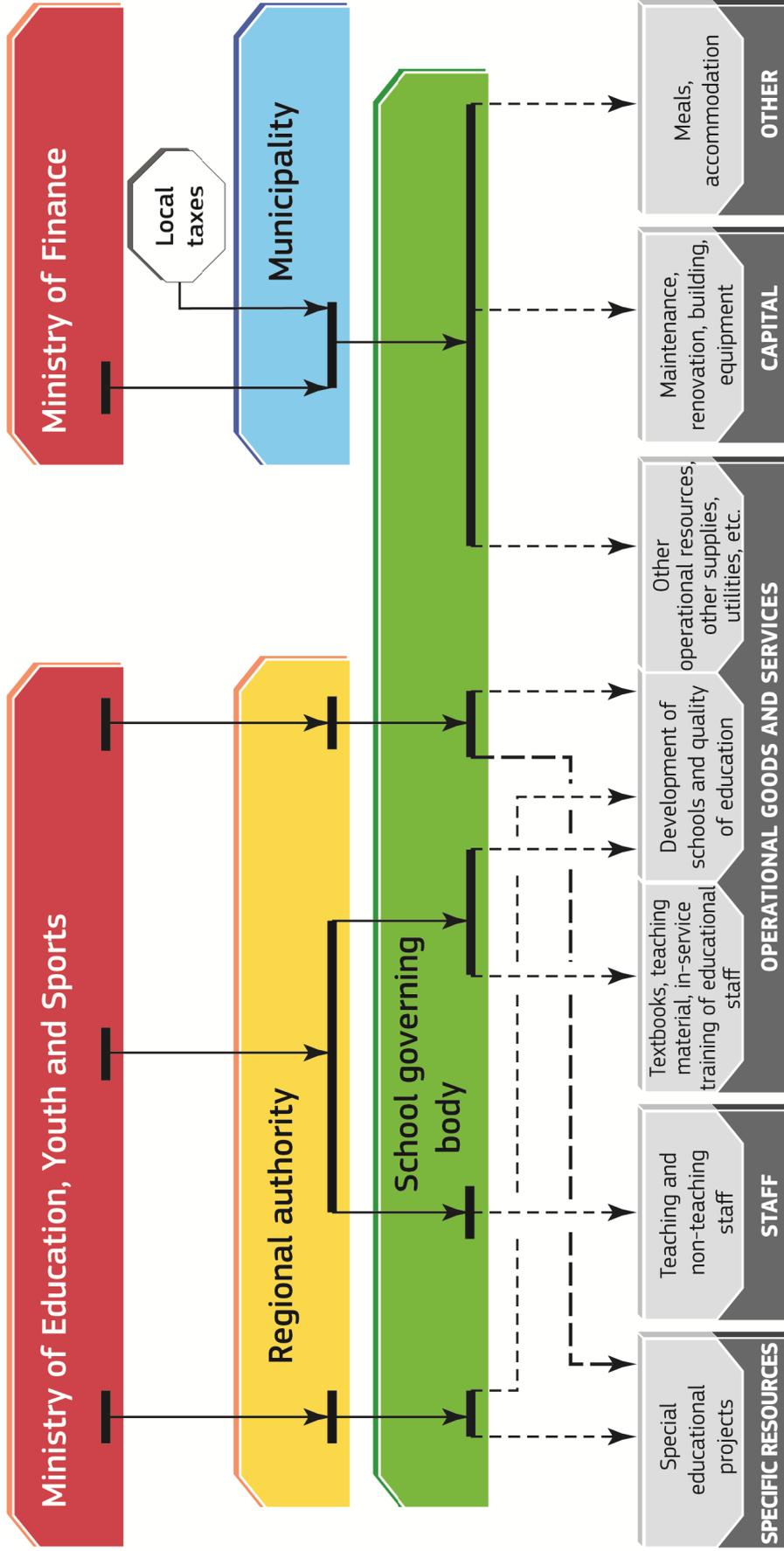
BULGARIA

Primary and general secondary schools (municipal schools)



State schools are directly financed by the ministry of education and science. They represent 16 % of all schools. Every year, additional resources are budgeted for national programmes for the development of school education. These programmes (10 in 2013) are available for state and municipal schools. They concern various school issues such as ICT in schools, modernisation of vocation education, languages, etc.

CZECH REPUBLIC
Primary and lower secondary schools

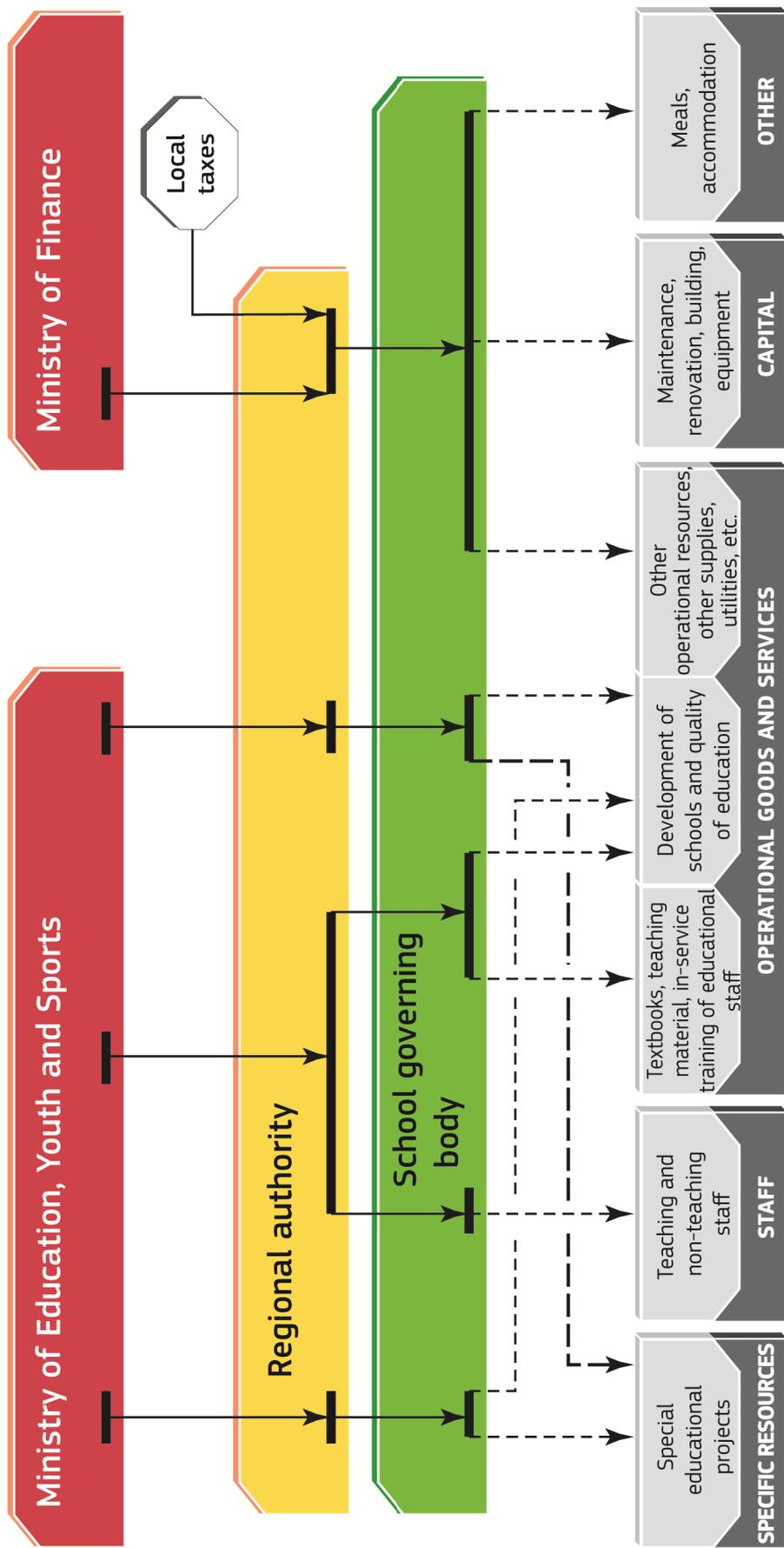


The founder of primary and lower secondary schools is usually a municipality. It is responsible for current expenditure (the running costs, e.g. energy) and capital expenditure. The school founder can contribute to other resources but this depends on the means of the particular founder.

The funds from the municipal taxes (local taxes) can be redistributed by municipal authorities as they see fit.

CZECH REPUBLIC

***Gymnázium* and *gymnázium víceleté* (general upper secondary schools and multi-year general secondary schools)**

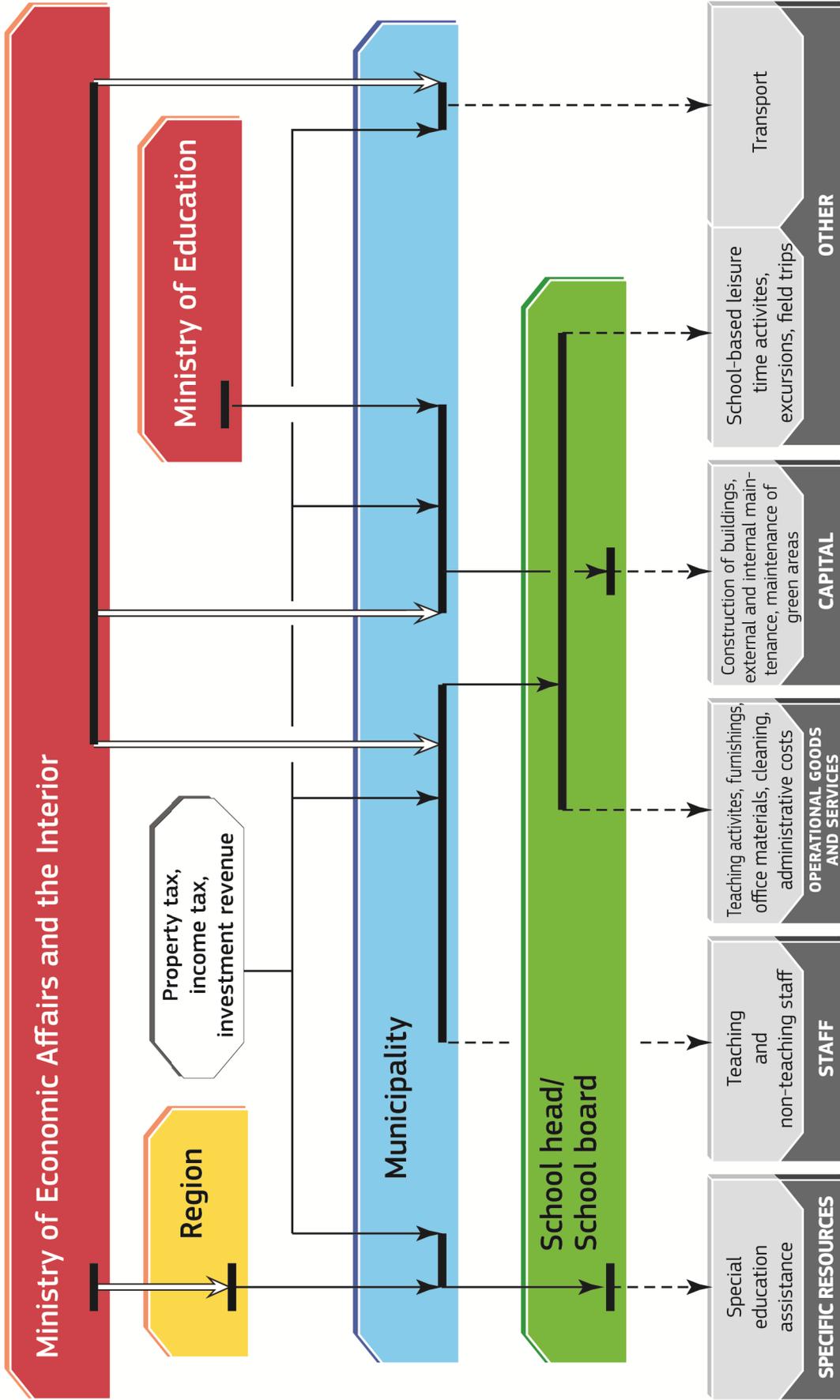


The diagram includes *gymnázium* (general upper secondary school) and *víceleté gymnázium* (multi-year general secondary school) where both lower years of compulsory education and upper secondary education are included.

The founder of these schools is usually a region.

DENMARK

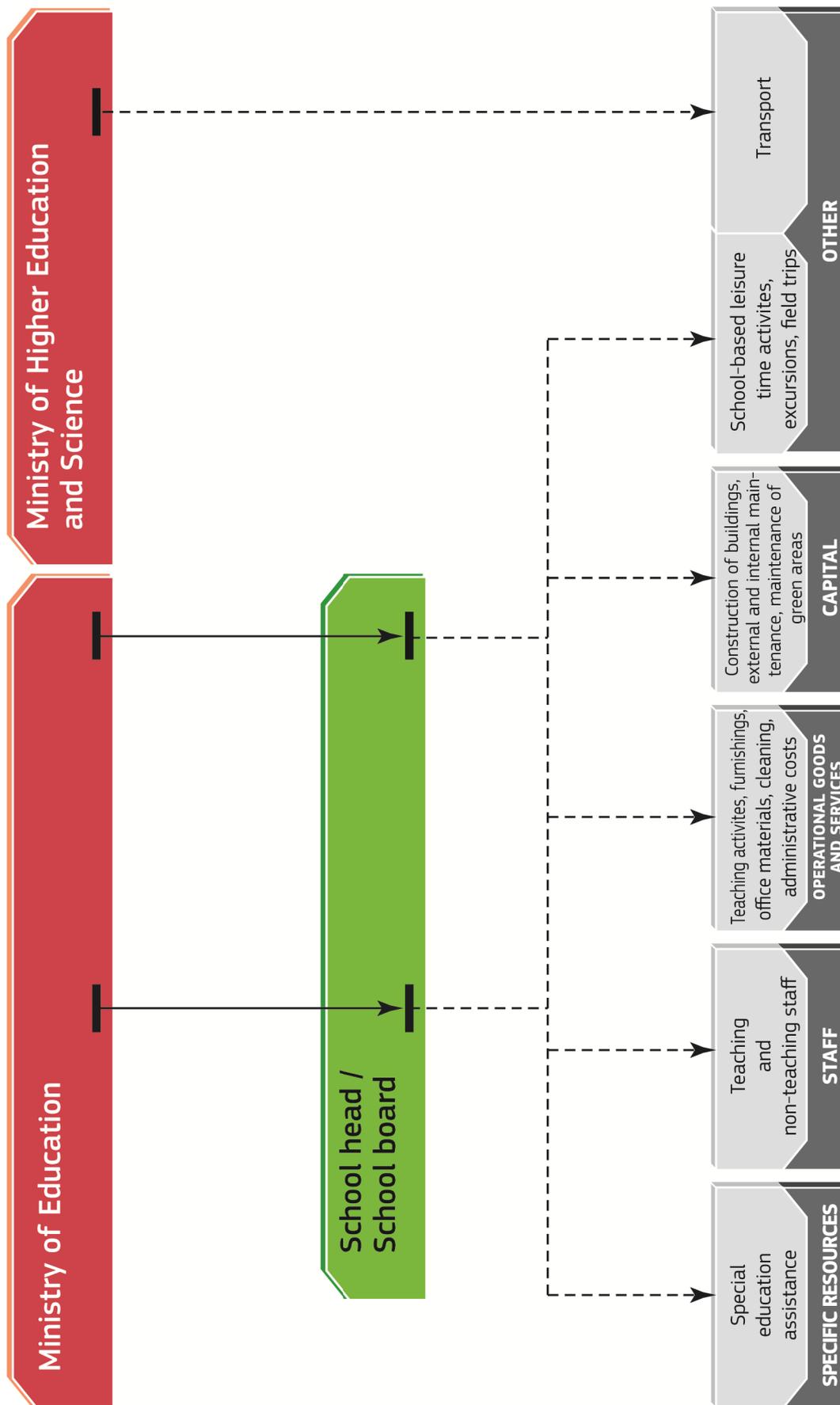
Folkeskolen (primary and lower secondary schools)



The municipalities can decide if they want to use their revenue to finance any of the school budgets.

DENMARK

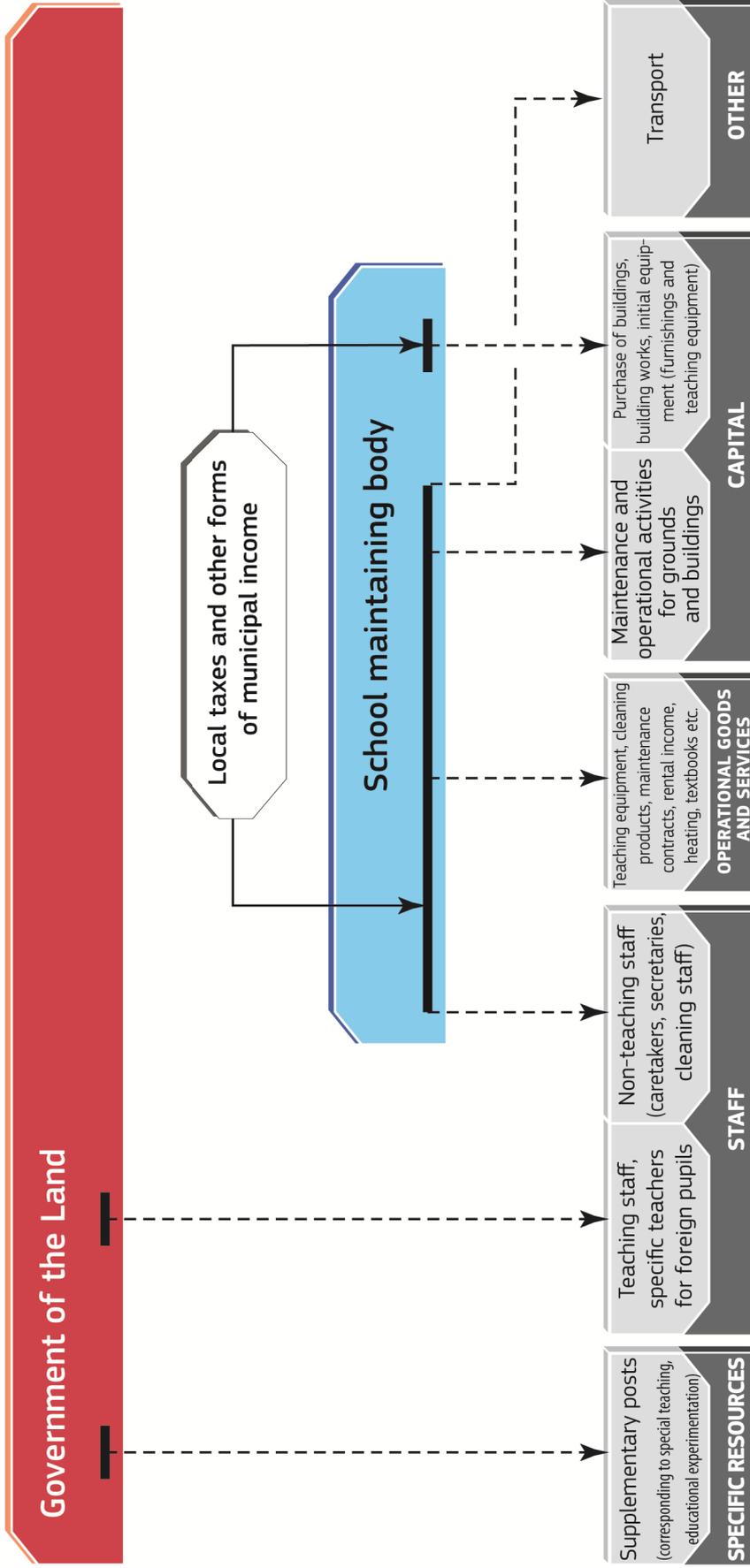
Gymnasium (general upper secondary schools)



The budgets allocated by the Ministry of Education and the Ministry of Higher Education and Science come for the Ministry of Economic Affairs and the Interior. The Ministry of Education allocates 'taximeter' grants to schools heads or boards as well as other grants earmarked for particular projects. These grants can potentially be used to buy any type of resource.

GERMANY

Primary and general secondary schools



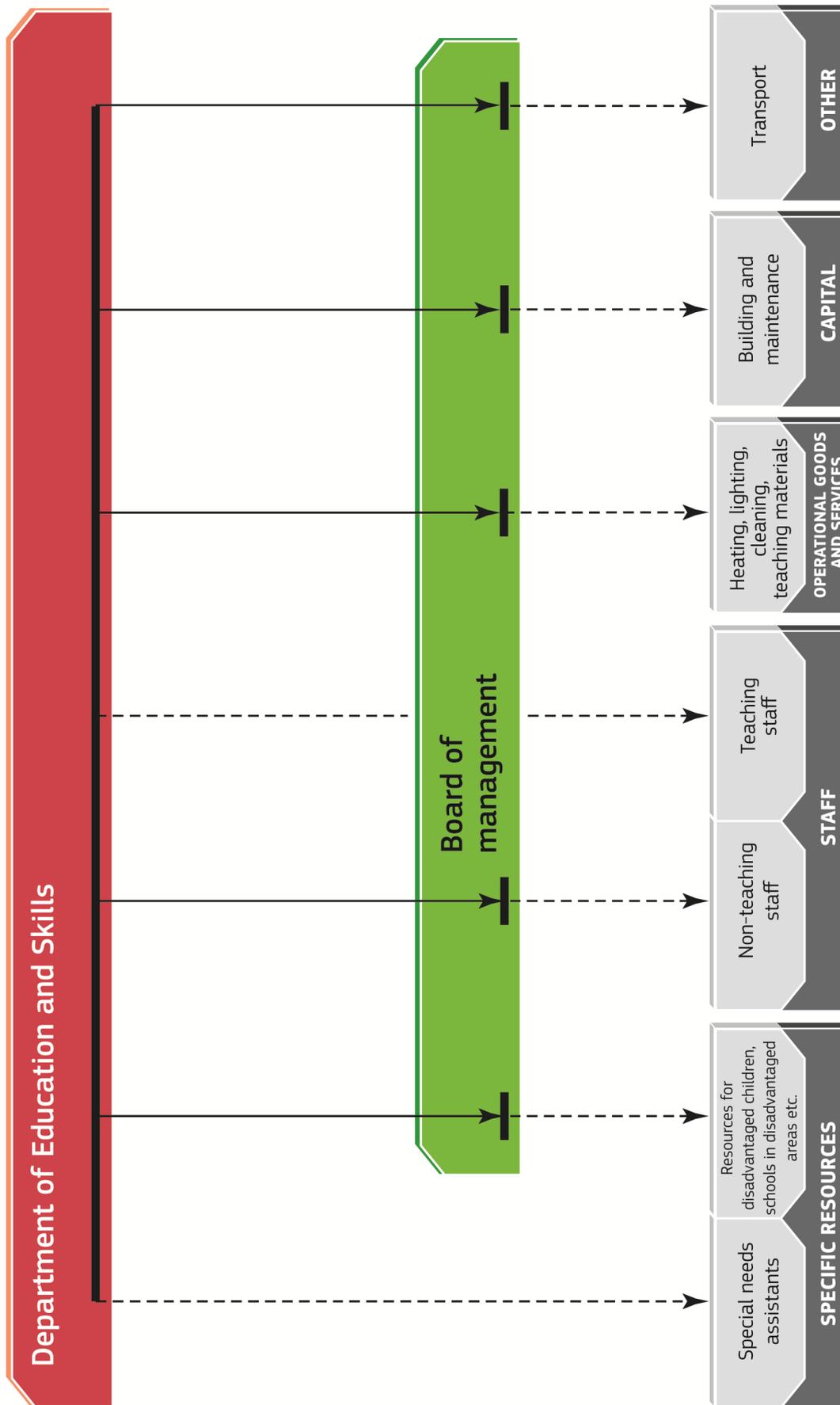
The public-sector school system is financed on the basis of a division of responsibilities between the *Länder* and local authorities. The school maintaining body (*Schulträger*) is usually one or several municipalities. The federal level is not involved in the regular funding of schools.

In some *Länder*, general grants which are calculated on the basis of projected pupil numbers and earmarked for the current expenditure of schools are provided to local authorities. For some categories of current expenditure (e.g. teaching aids, school transport), the local authorities may, under certain circumstances, receive specific grants from the *Land* government, usually in the form of a lump-sum.

In the majority of *Länder*, local authorities may receive financial support from the *Land* for construction work, the purchase of buildings, renovations, etc.

The possibility of schools managing their own budgets has increased in recent years following amendments to school legislation. In the majority of *Länder*, schools are already able to determine their own use of resources for one or several types of expenses (e.g. learning and teaching aids) within the budget allocated by the maintaining body. Initial moves are also in place for schools to determine their own use of human resources such as staff costs.

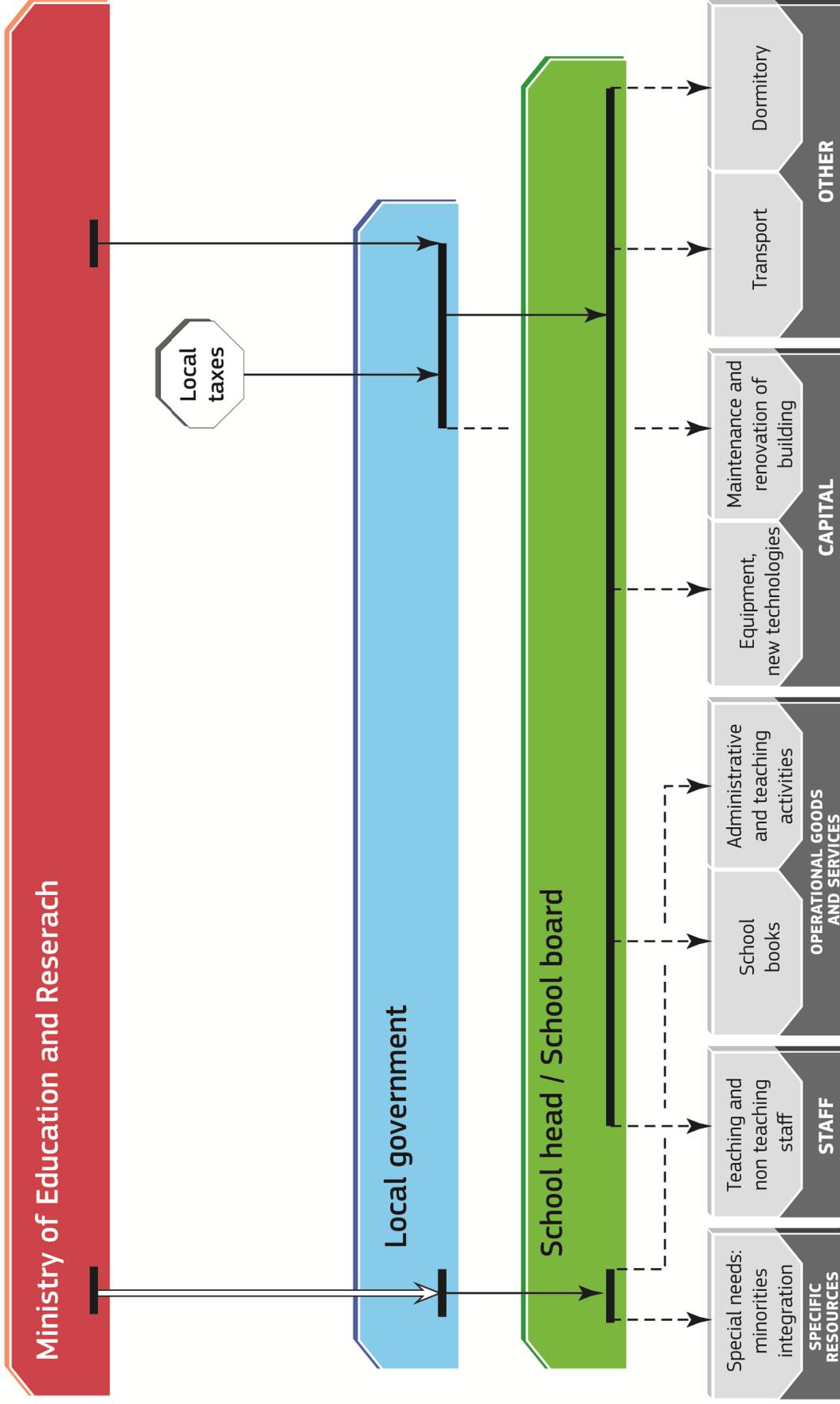
IRELAND



The diagram shows the situation in primary schools and about two thirds of secondary schools (about 500). For about one third of secondary schools, the funds go through Education and Training Boards (intermediate authority).

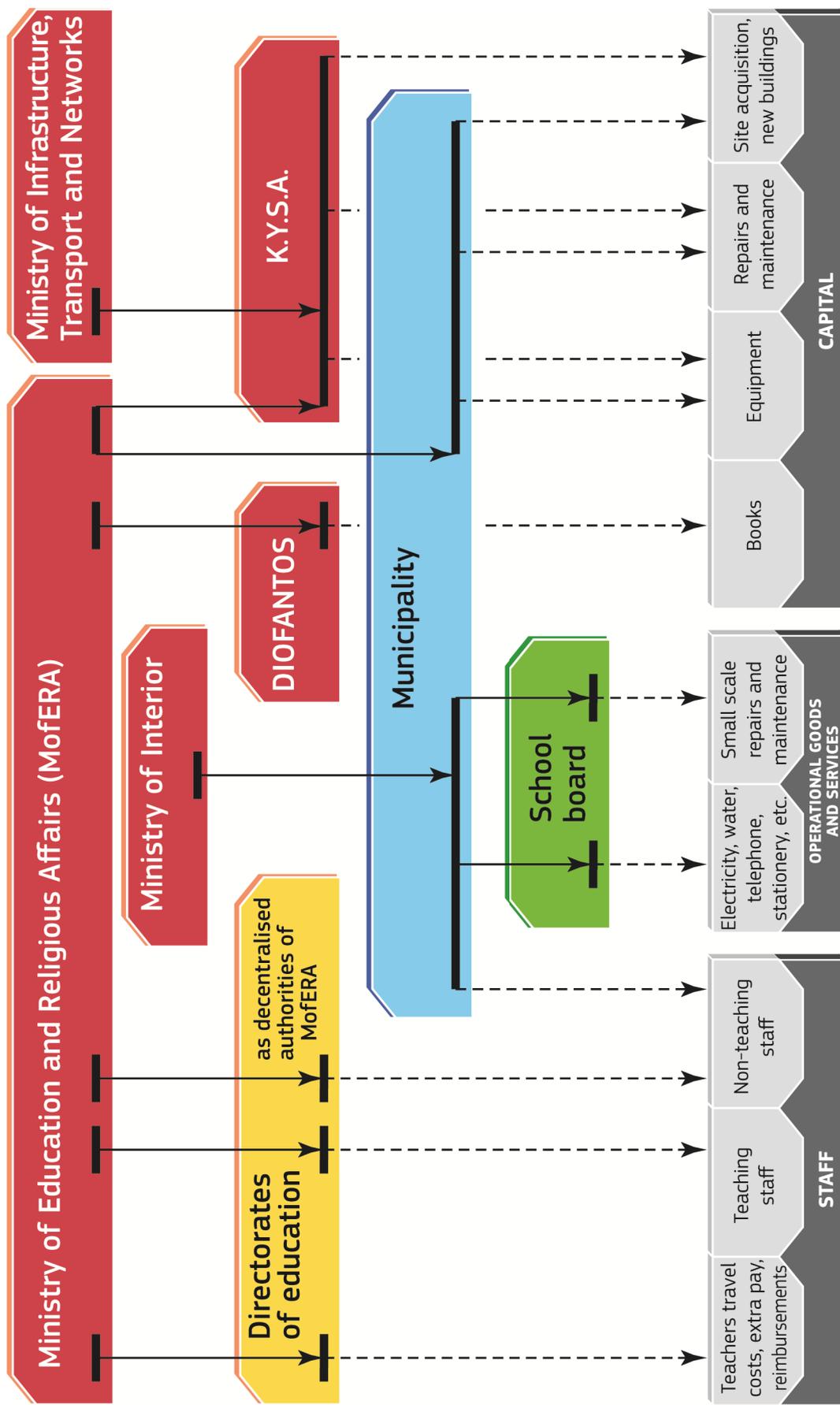
ESTONIA

Primary and general secondary schools



GREECE

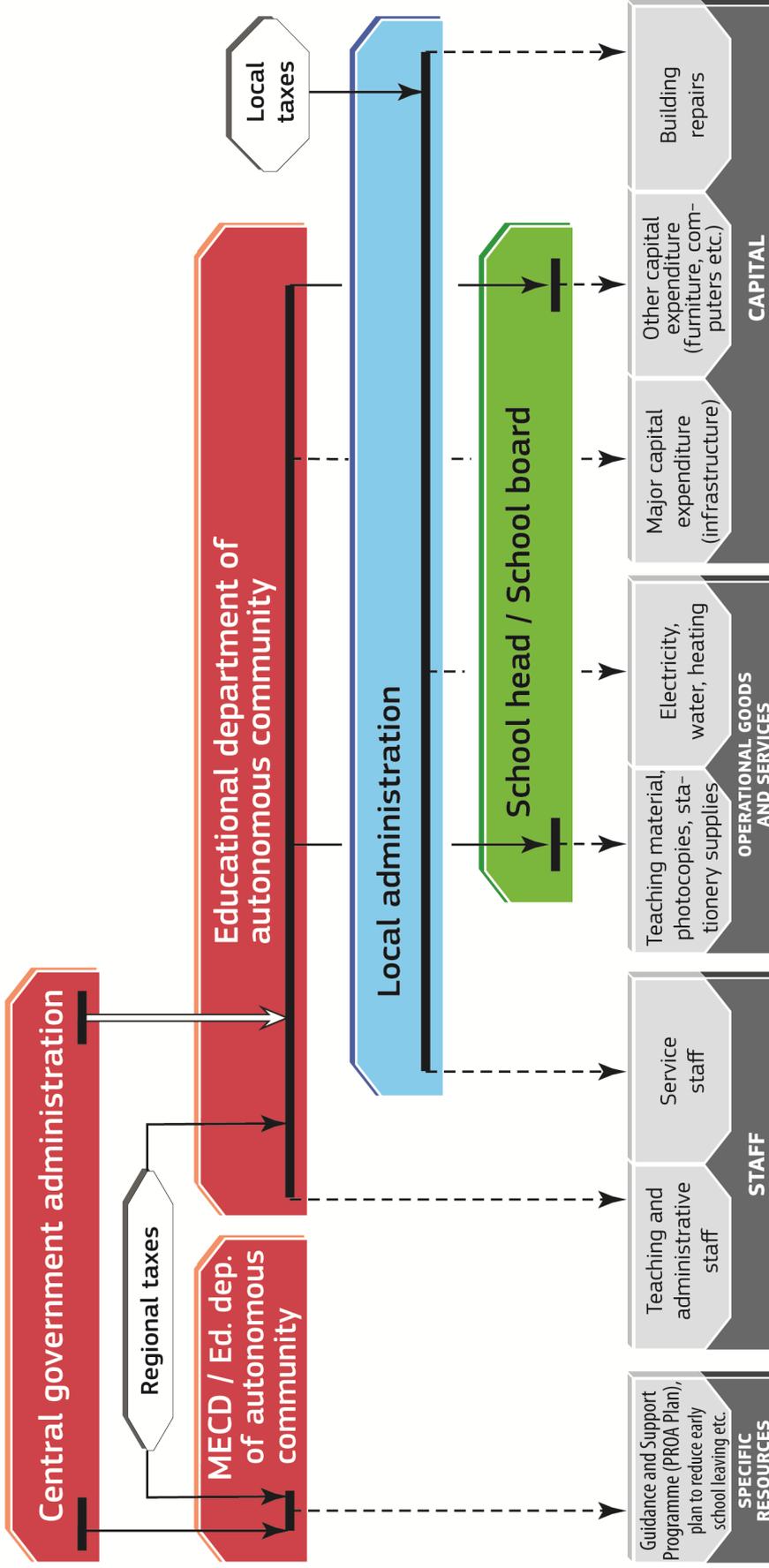
Primary and general secondary schools



The diagram does not cover the limited number of church schools that exist in Greece.

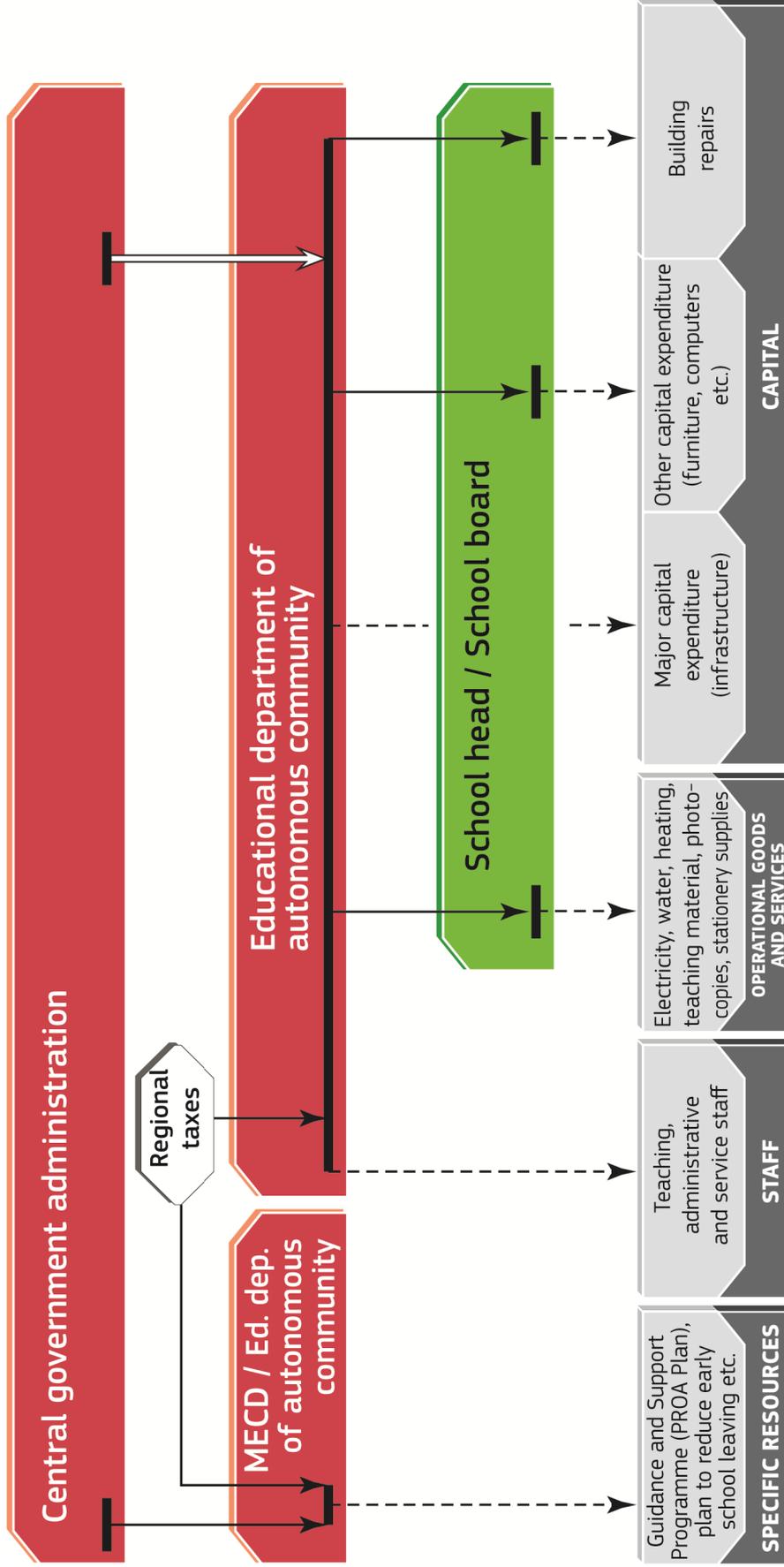
K.Y.S.A. (for building infrastructure) is responsible for land and building acquisitions, maintenance and repairs, and equipment. The funds it receives from the Ministry of Infrastructure, Transport and Networks are only used for repairs, maintenance, and land and building acquisitions. The funds for equipment come only from the Ministry of Education.

SPAIN
Primary schools



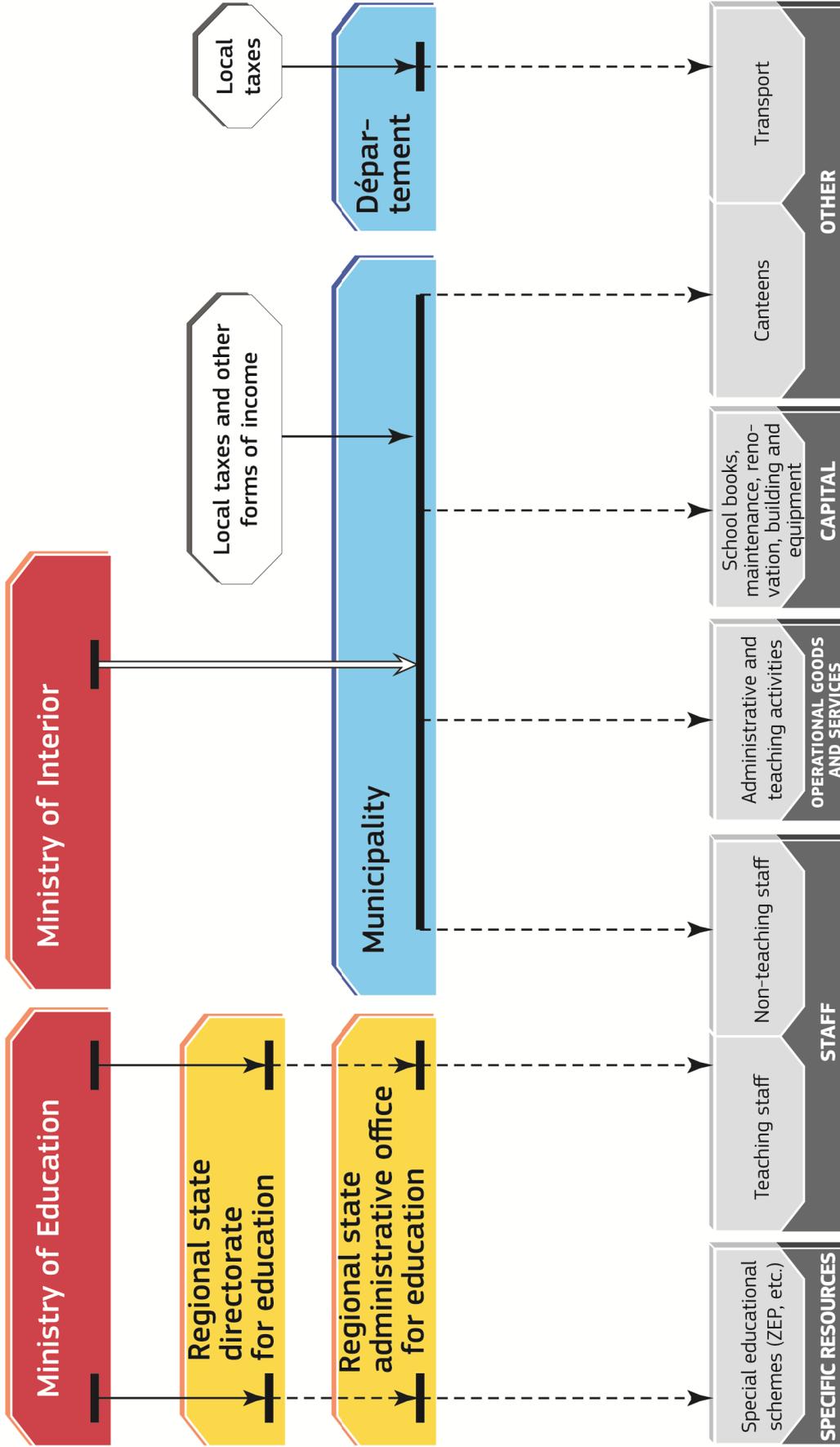
The diagram shows the most common situation since the Autonomous Communities are entitled to delegate competences to local authorities. 15 out of the 17 Autonomous Communities contribute along with the State to a common 'Basic Public Services Guarantee Fund'. This fund ensures that all Autonomous Communities receive the same resources per inhabitant, in terms of corrected population or unit of need, for education, health and social services. The two other Communities, the Basque Country and Navarre, manage and fund their own education, health and social services, and make a contribution to the State to cover common costs. The Ministry of Education, Culture and Sport (MECD), manages the public funds for schools in the Autonomous Cities of Ceuta and Melilla as well as educational institutions abroad. The resources of local authorities come mainly from their own taxes. Nevertheless, they can use funds transferred from the Autonomous Communities or the State to cover part of their expenses. Regional taxes go to 'Basic Services Guarantee Fund' in the Central government administration, which is a lump sum for all public services. This is then redistributed as a lump sum to autonomous communities, who can use the funds for education or other public services.

SPAIN
General secondary schools



The diagram shows the most common situation since the Autonomous Communities are entitled to delegate competences to the local authorities. 15 out of the 17 Autonomous Communities contribute along with the State to a common 'Basic Public Services Guarantee Fund'. This fund ensures that all Autonomous Communities receive the same resources per inhabitant, in terms of corrected population or unit of need, for education, health and social services. The two other Communities, the Basque Country and Navarre, manage and fund their own education, health and social services, and make a contribution to the State to cover common costs. The Ministry of Education, Culture and Sport (MECD), manages the public funds for schools in the Autonomous Cities of Ceuta and Melilla as well as educational institutions abroad. Regional taxes go to 'Basic Services Guarantee Fund' in the Central government administration, which is a lump sum for all public services. This is then redistributed as a lump sum to autonomous communities, who can use the funds for education or other public services.

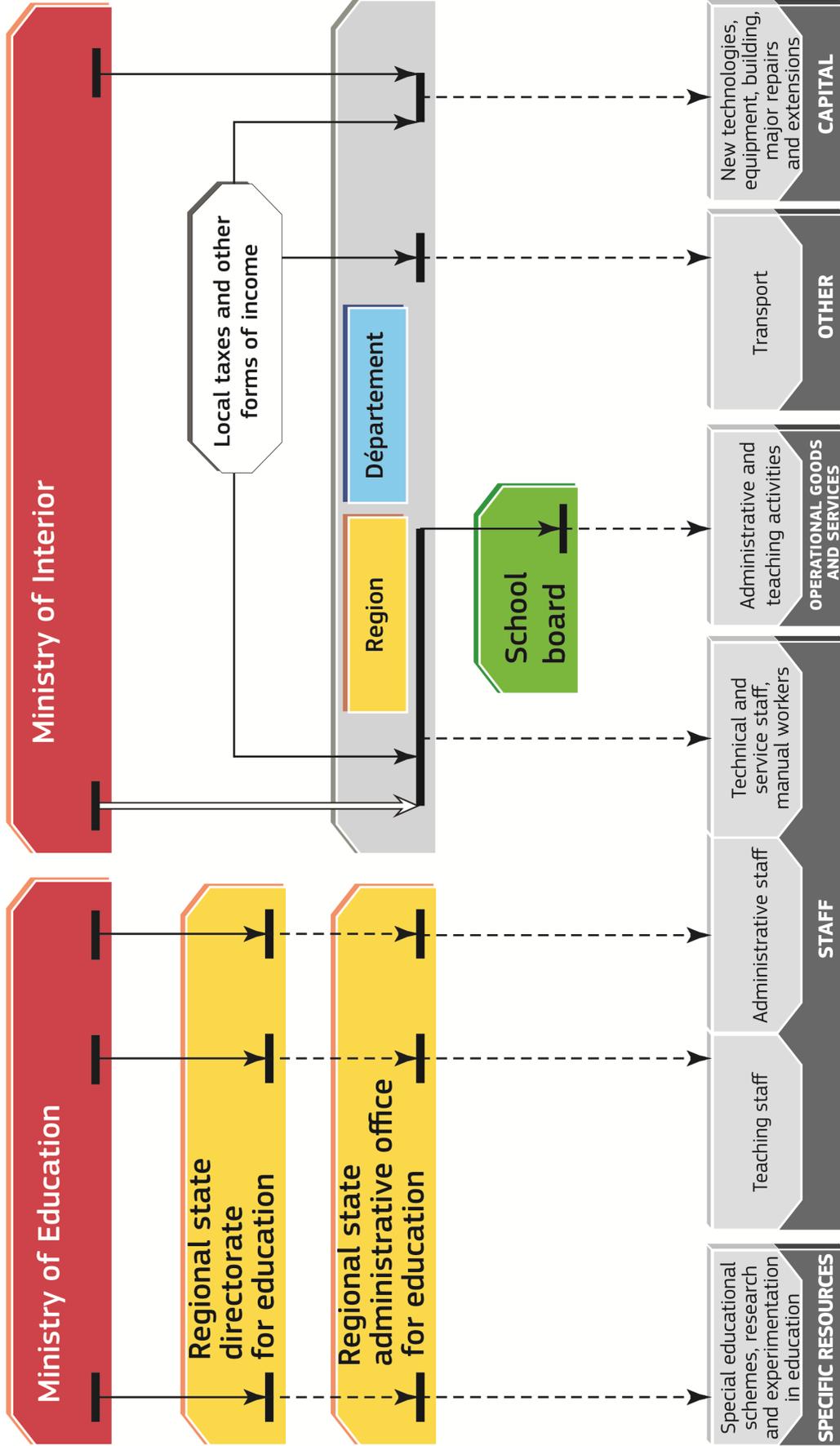
FRANCE
Primary schools



ZEP (*Zones d'éducation prioritaire*) = Education action zones.
 The State implements its education policy at the regional level through Regional Directorates for Education (*Rectorat*) and Regional Administrative Offices for Education (*Inspection d'Académie*), which both operate within the limits of administrative districts known as *Académies*. The latter correspond, in most cases, to a region's territory. There are 30 *Académies* in France, covering 26 regions.

FRANCE

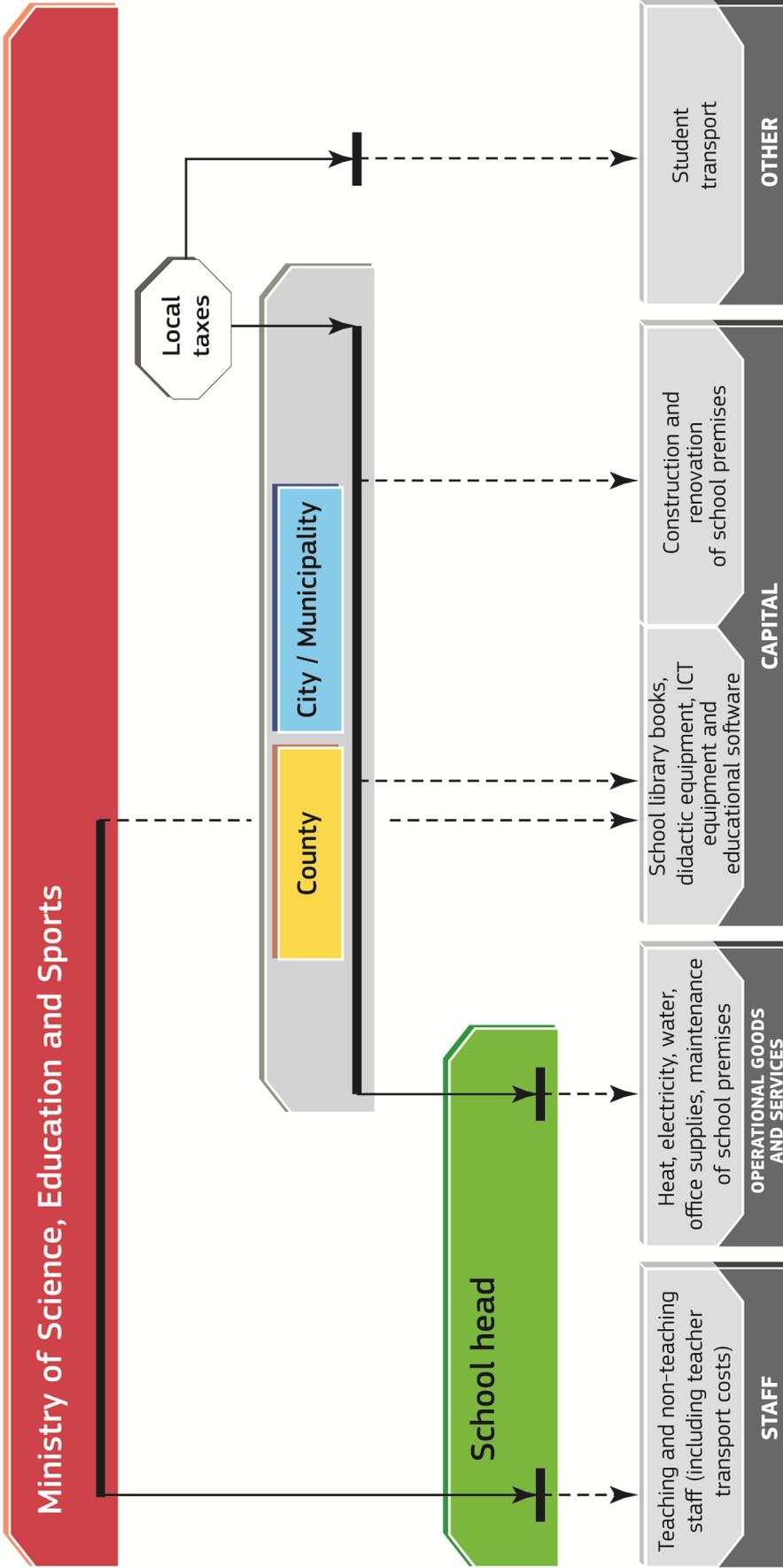
General secondary schools



The State implements its education policy on the regional level through Regional Directorates for Education (*Rectorat*) and Regional Administrative Offices for Education (*Inspection d'Académie*), which both operate within the limits of administrative districts known as *Académies*. The latter correspond, in most cases, to a region's territory. There are 30 *Académies* in France, covering 26 regions. For ISCED level 2 schools, it is the *Département*, and more specifically the General Council, which allocates the budget for operational goods and services, and directly covers technical staff salaries, capital expenditure as well as transport costs. For ISCED level 3 schools, the Region plays the same role as the *Département* for ISCED 2 schools, with the exception of the transport costs, which are covered by the *Département*.

CROATIA

Primary and general secondary schools

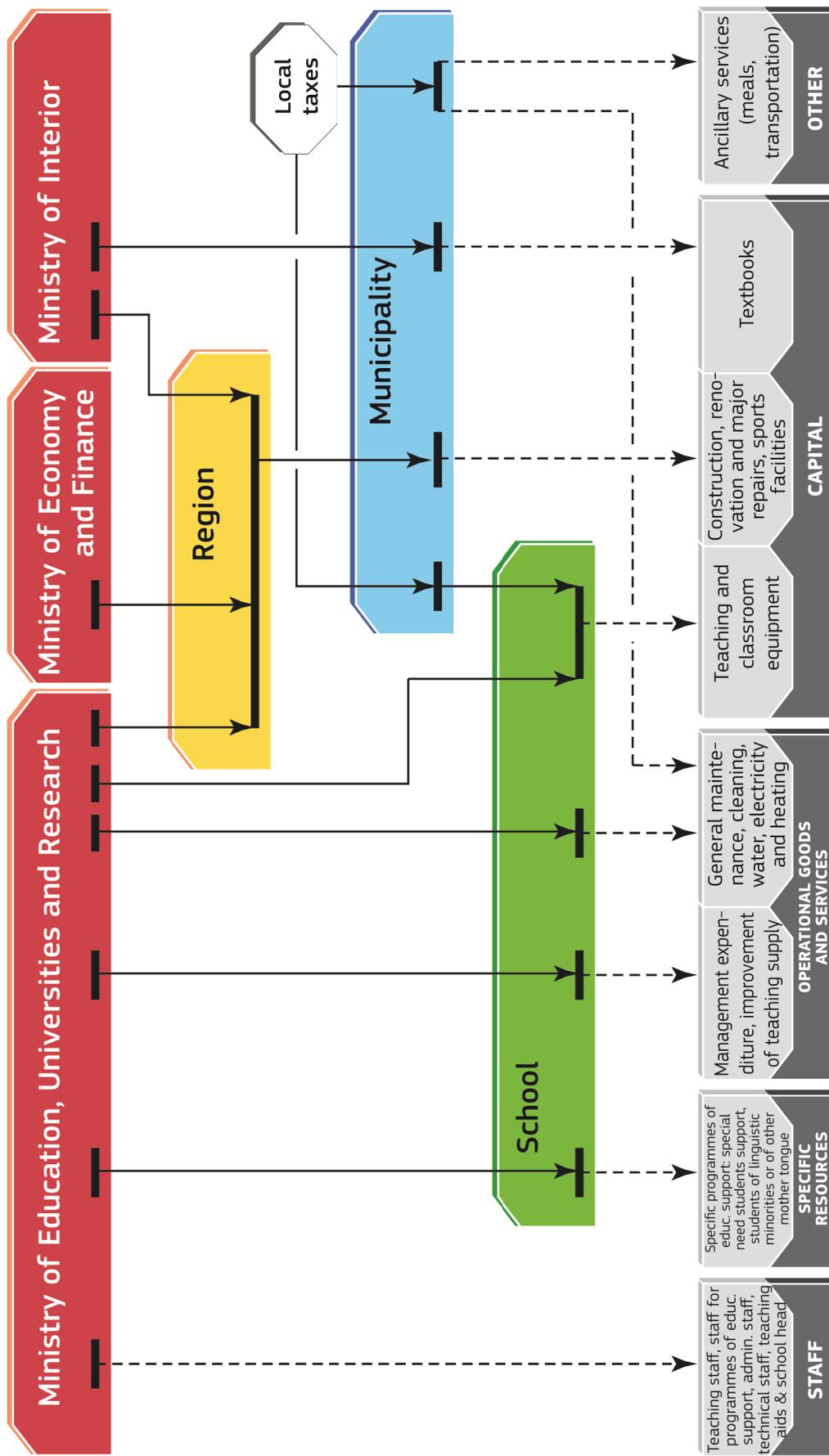


The local or regional authorities responsible for transferring resources to schools are cities or municipalities in the case of primary and lower secondary schools, and counties in the case of upper secondary schools.

School library books and teaching equipment are provided to schools on an ad-hoc basis, depending on the funds available in the central, regional and local budgets. However, an alternative system to the one shown, a specific budget can be allocated to schools by central, local or regional authorities, in order to buy library books and teaching equipment. In addition to information shown on the diagram, municipalities/cities or counties may transfer a cash allocation to schools in order to employ teaching staff who will support students with disabilities, depending on political priorities and funds available. For primary and lower secondary schools, cities/municipalities may also transfer a cash allocation to schools in order to employ staff dedicated to afternoon daycare.

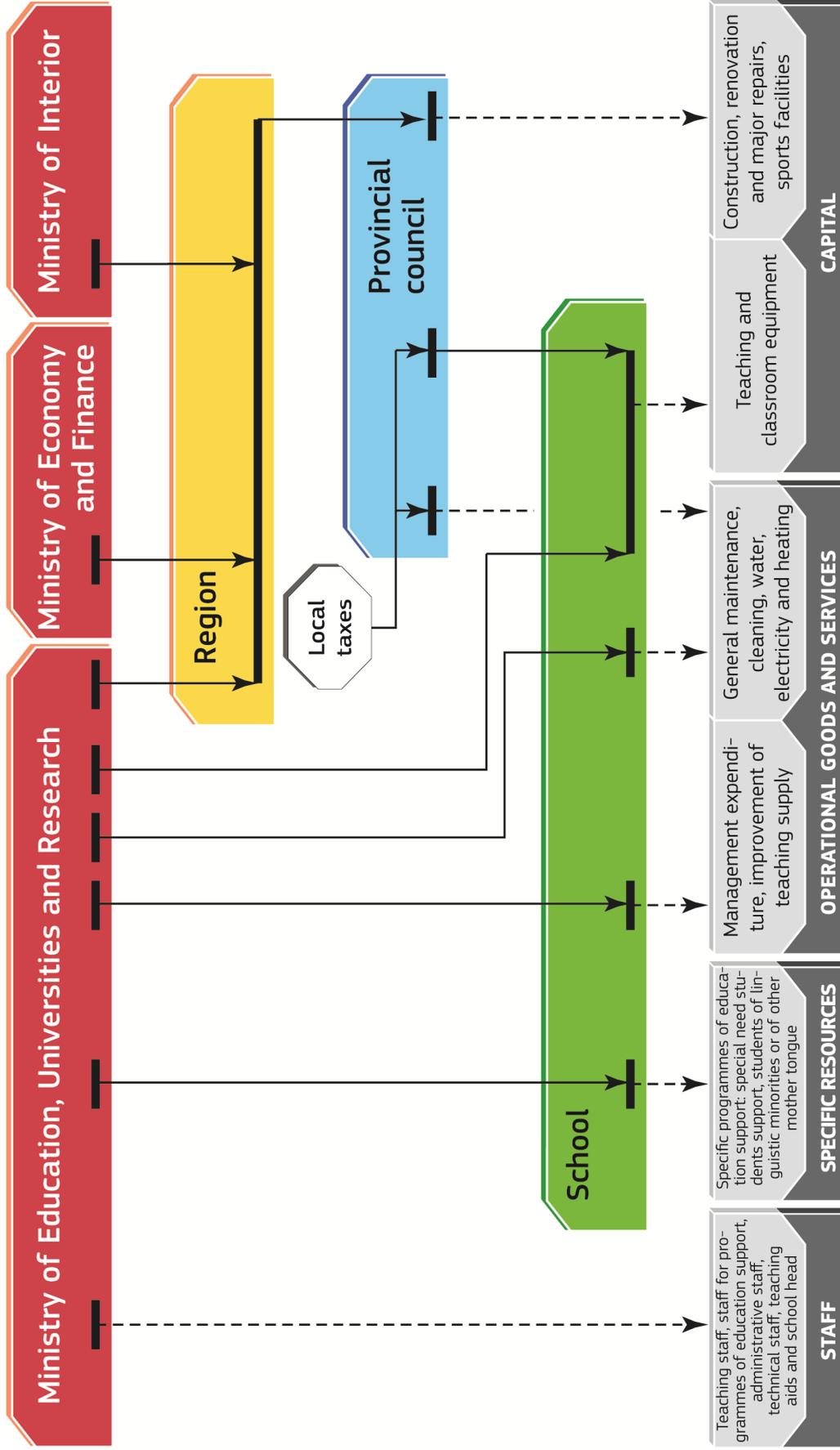
As far as student and teacher transport costs are concerned, the diagram only represents the situation for primary and lower secondary schools. Student transport costs for upper secondary schools are paid to transport service providers by the regional authorities (Counties), which therefore receive an earmarked allocation from the Ministry of Science, Education and Sports.

ITALY
Primary and lower secondary schools



Municipalities, though the regional governments receive some special funds from the Ministry of the Interior in order to keep textbooks free or partially free at compulsory education level. At primary level, books are totally free. The funds received by the municipalities are transferred to schools in the form of coupons to buy textbooks. The schools give the coupons to families, and municipalities refund the bookshops. As for general maintenance, the Ministry of Education gives funds to all schools that are not fully staffed for cleaning tasks, in order to purchase cleaning services. Other maintenance costs are covered by transfers in kind from local governments (provincial councils for upper secondary level) and from municipalities (for primary and lower secondary level) who pay all the maintenance bills.

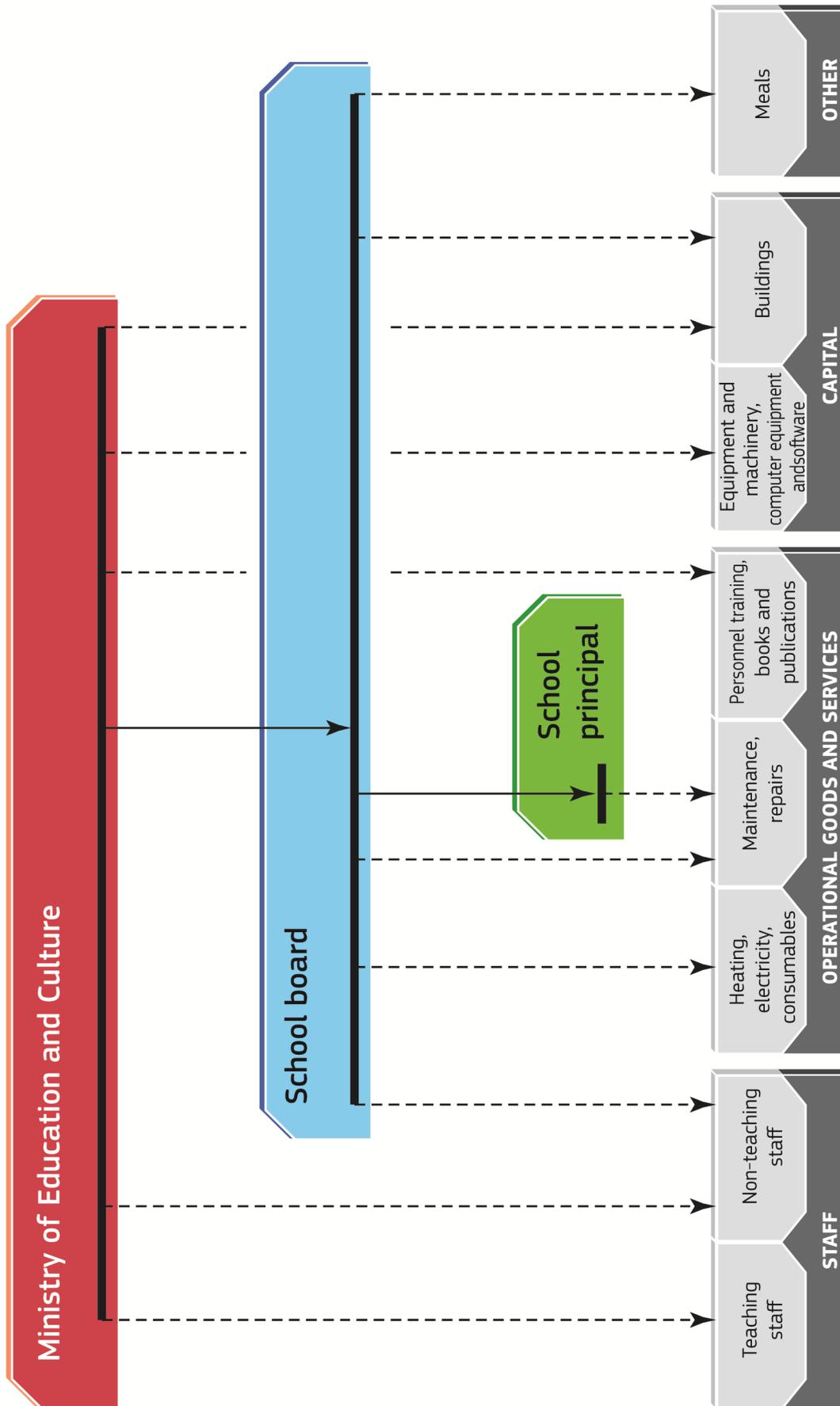
ITALY
General upper secondary schools



Municipalities through the regional governments receive some special funds from the Ministry of the Interior in order to keep textbooks free or partially free in the first two years of upper secondary level (compulsory education) for families below a certain level of household income. As for general maintenance, the Ministry of education gives fund to all schools that are not fully staffed for cleaning tasks, in order to purchase cleaning services. Other maintenance costs are covered by transfer in kind from local governments (provincial councils for upper secondary level) and from municipalities (for primary and lower secondary level) who pay all the maintenance bills.

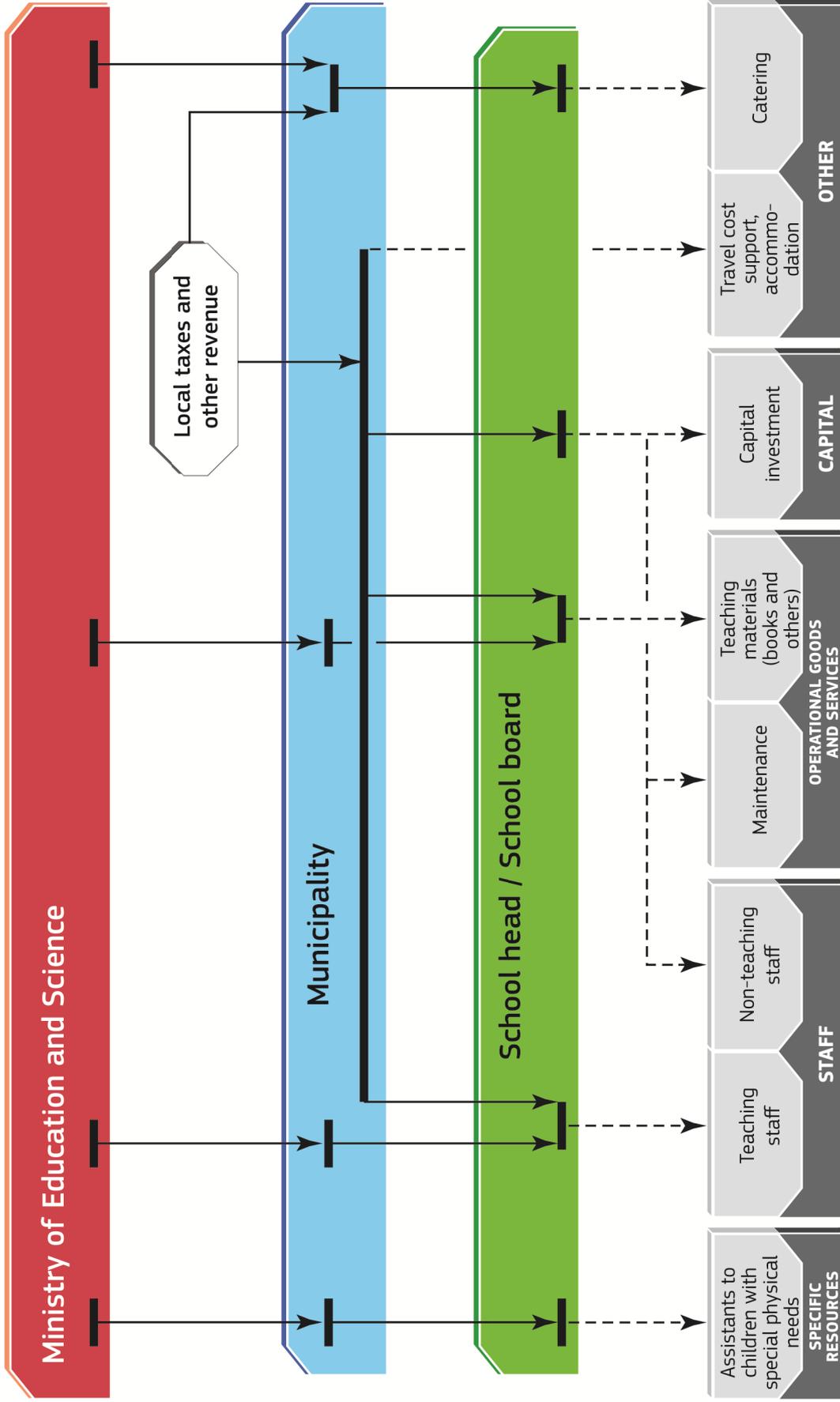
CYPRUS

Primary and general secondary schools



LATVIA

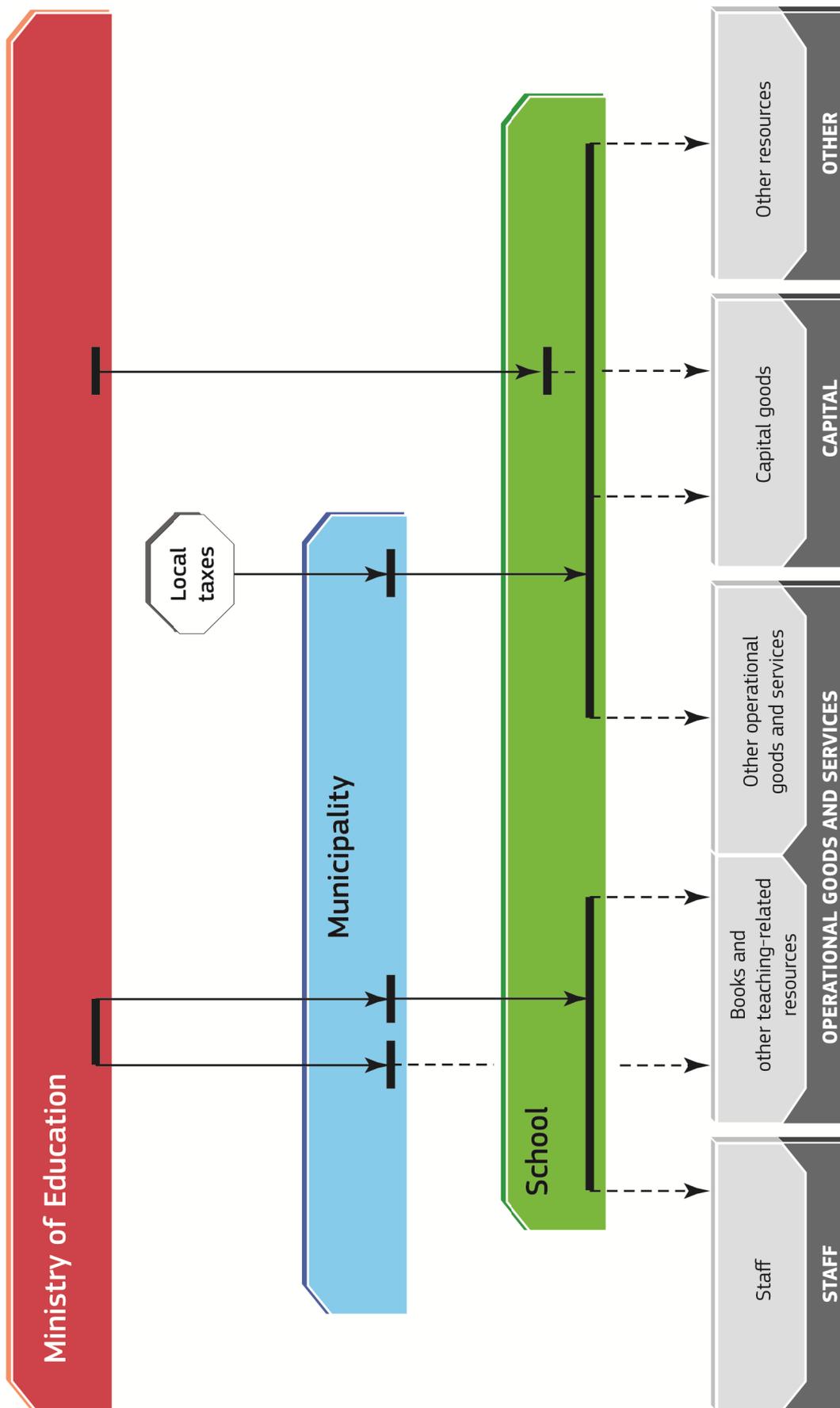
Primary and general secondary schools



The diagram represents the financial flows for general schools without boarding facilities. There is also a small number of general and specialised boarding schools (about 5 % of all schools). For these schools, teaching staff are allocated in the same way, but there are some differences in the allocation of operational and capital goods.

LITHUANIA

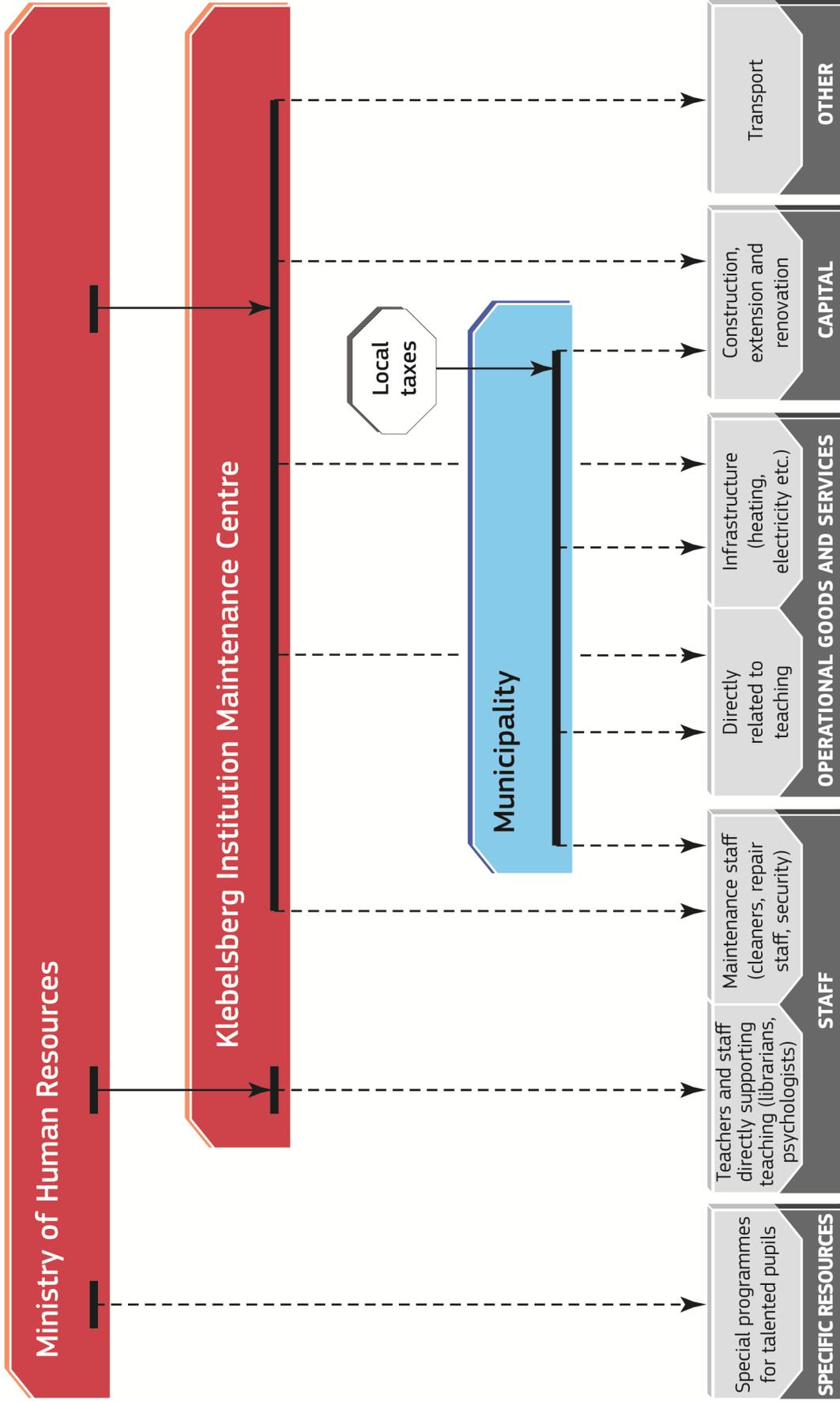
Primary and general secondary schools



Depending on the municipality, 94 or 95 % of the resources for staff and teaching-related resources ('pupils basket') is distributed at school level (transfer in kind), while 5 or 6 % is distributed at municipal level (transfer in kind).

HUNGARY

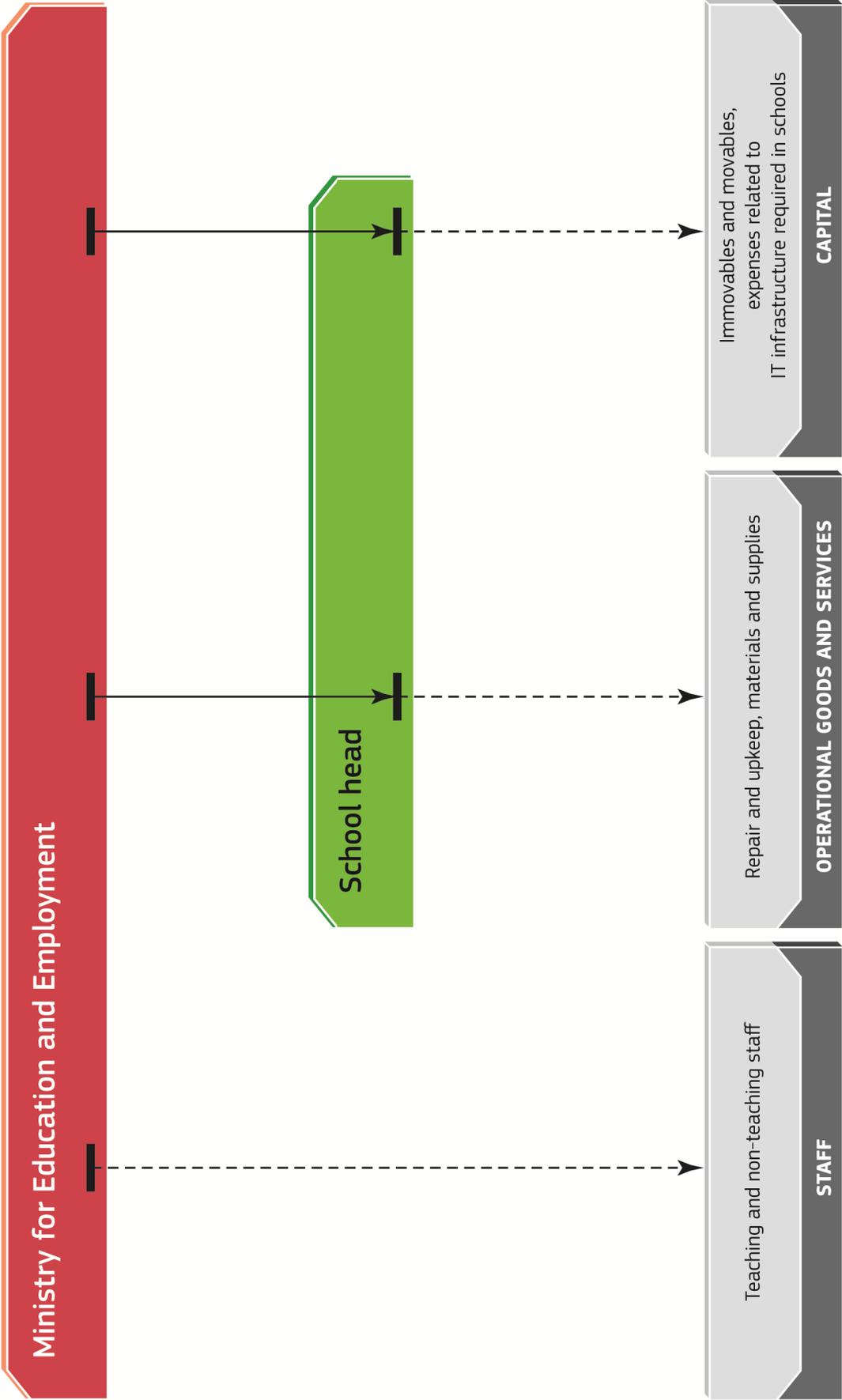
Primary and general secondary schools



Funding for schools in smaller municipalities (with a population below 3 000) comes only from the state budget through the Klebelsberg Institution Maintenance Centre – except for a few cases where municipalities finance school infrastructure. Schools in larger municipalities receive funding both from the state budget through Klebelsberg Institution Maintenance Centre and from municipalities – except where municipalities have given over the operation of their schools to the state.

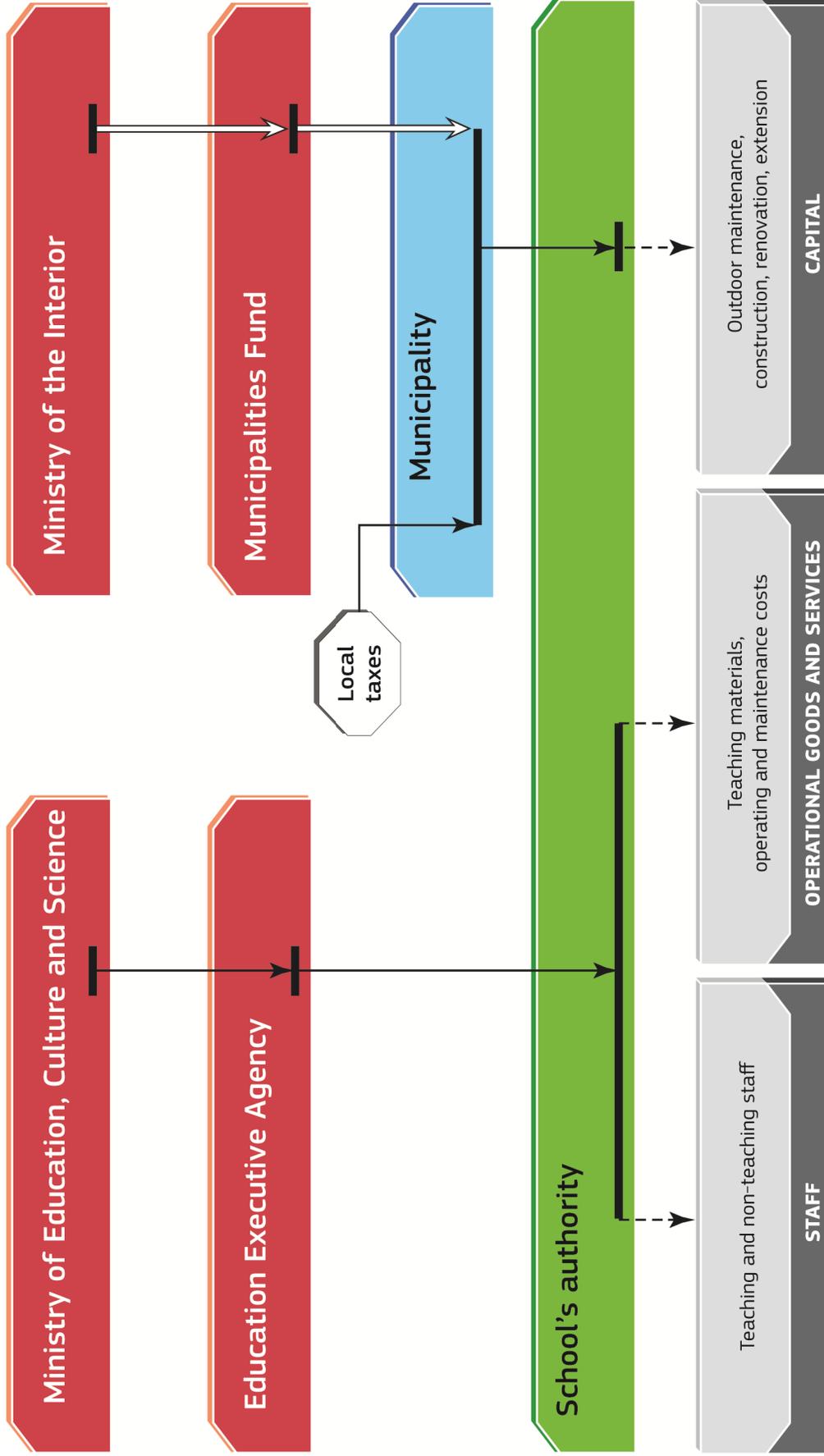
MALTA

Primary and general secondary schools



THE NETHERLANDS

Primary, lower and upper general secondary schools (VMBO, HAVO, VWO)



The school authority is the recognised competent authority administering the school or schools for which it is responsible. The school authority can be the municipal executive, another type of body governed by public law or a private-law body. Some of its powers may be delegated to the school head, but responsibility continues to lie with the competent authority.

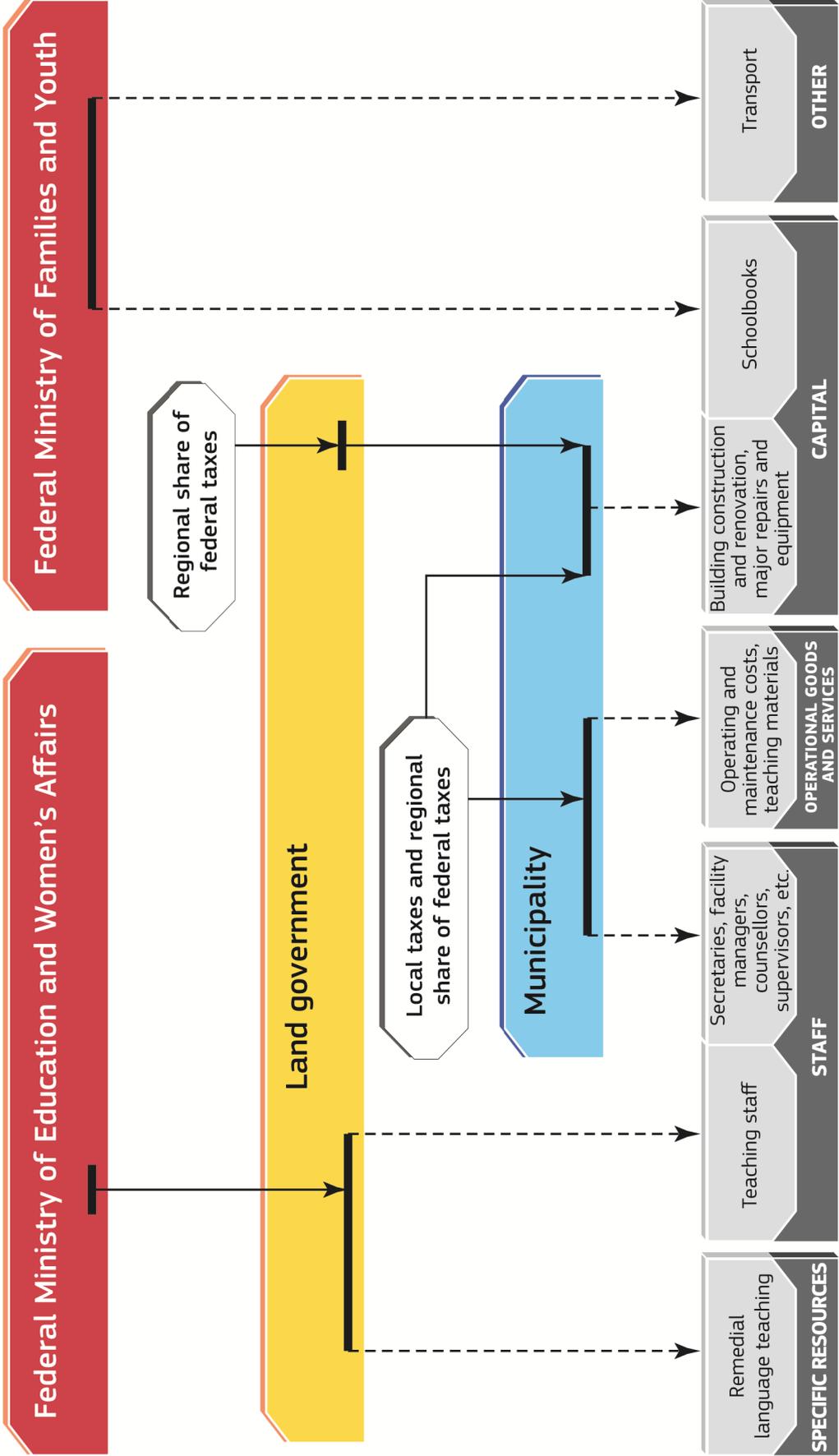
VMBO = *Voorbereidend Middelbaar Beroepsonderwijs* (preparatory vocational education)

HAVO = *Hoger Algemeen Voortgezet Onderwijs* (general pre-higher education)

VWO = *Voorbereidend Wetenschappelijk Onderwijs* (scientific pre-higher education)

AUSTRIA

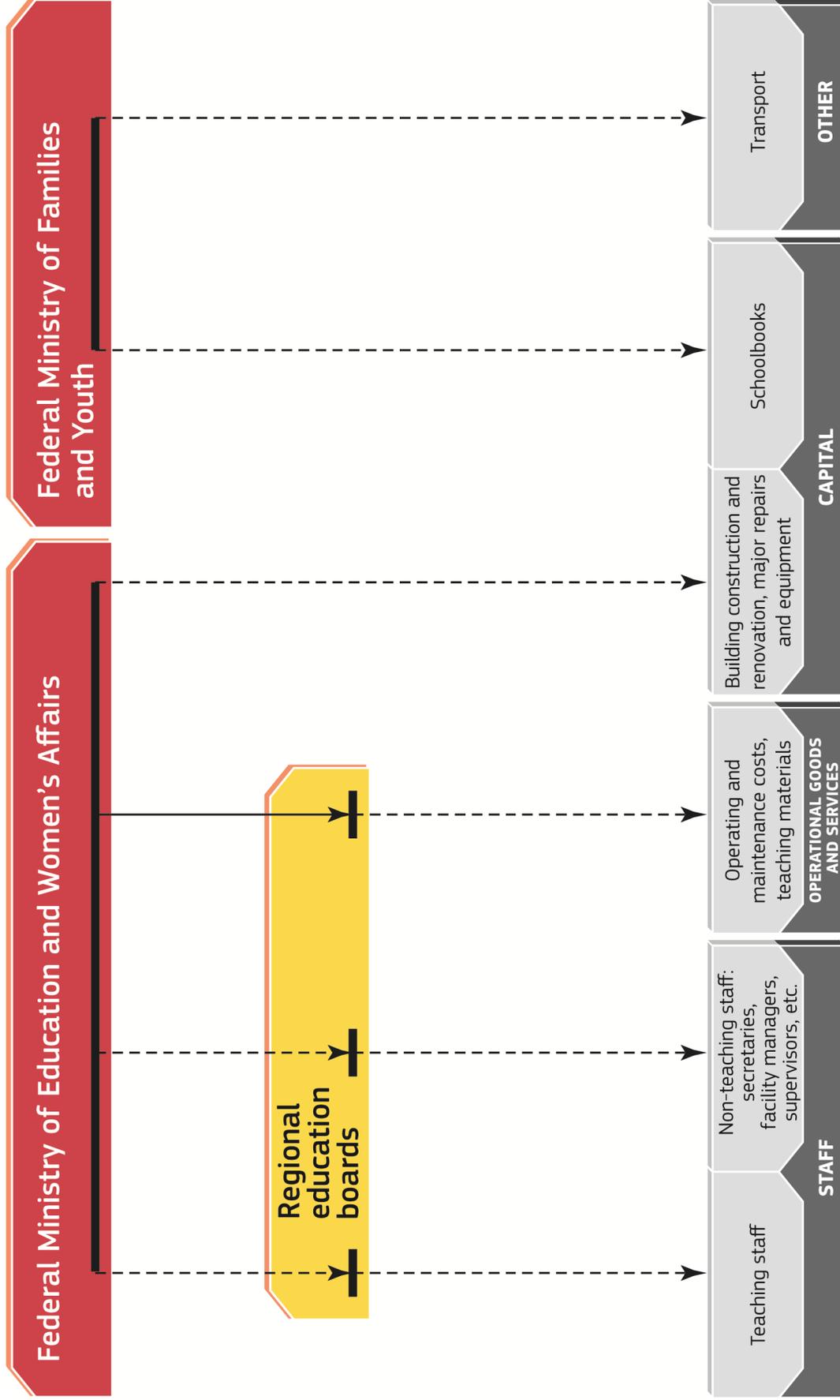
Primary and general secondary schools (Hauptschulen and Neue Mittelschulen)



New secondary schools (*Neue Mittelschulen*) differ in some respects from what is shown on the diagram since a small fraction of the teachers are directly remunerated by the Ministry of Education. In addition to what is shown on the diagram regarding the funding of non-teaching staff, the Ministry of Education remunerates school psychologists. Municipalities receive a specific allocation from the *Land* government to remunerate supervisors working out of instruction time. A small portion of funding allocated to schools by the *Land* government is earmarked according to education policy initiatives and objectives. For example, additional funds have been made available for delivering remedial language teaching.

AUSTRIA

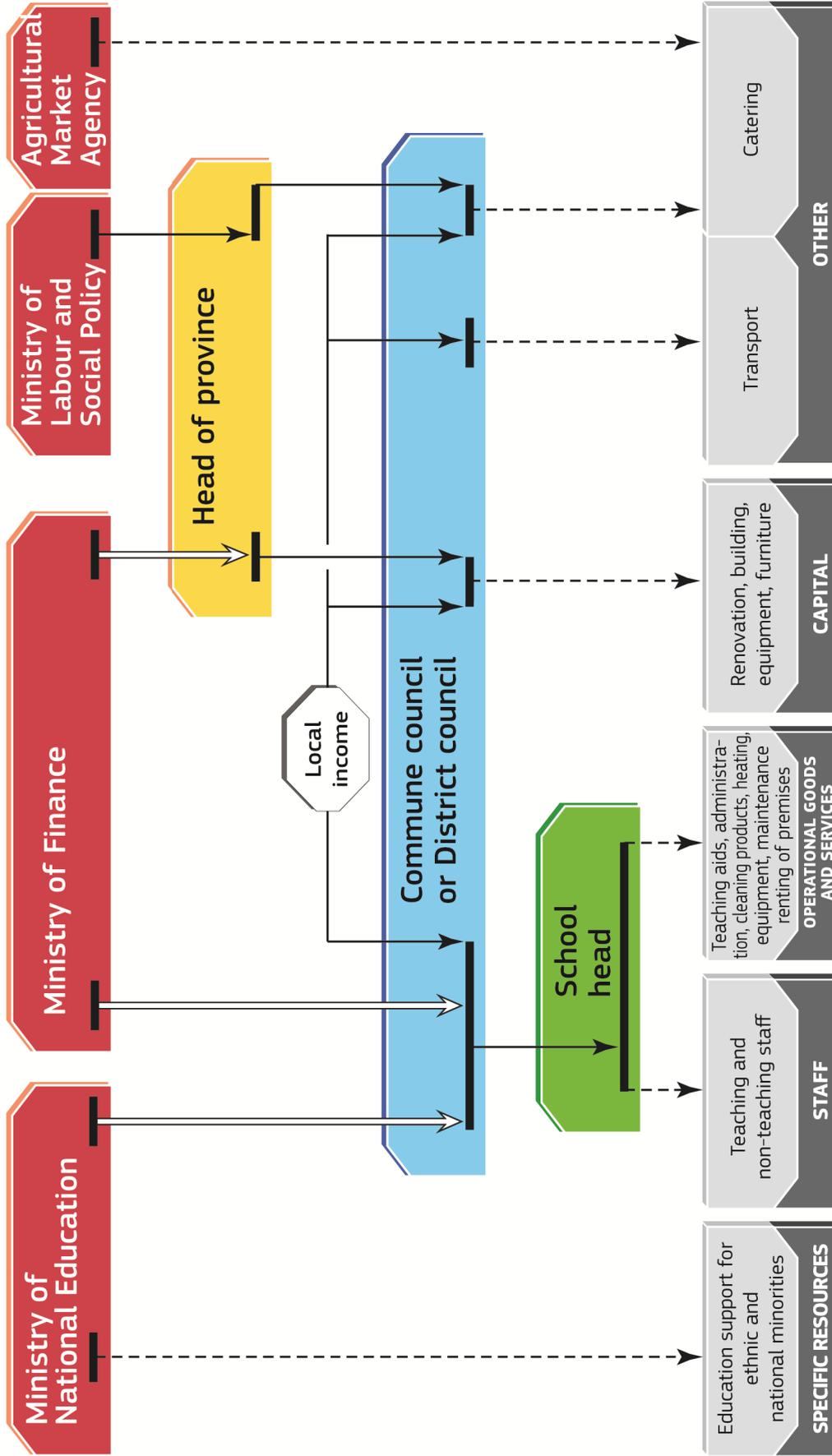
Secondary schools (*allgemeinbildende höhere Schulen*)



Regional Education Boards are administrative divisions of the Federal Ministry of Education and Women's Affairs. They assign teaching and non-teaching staff to schools, but it is the Ministry that remunerates them.

POLAND

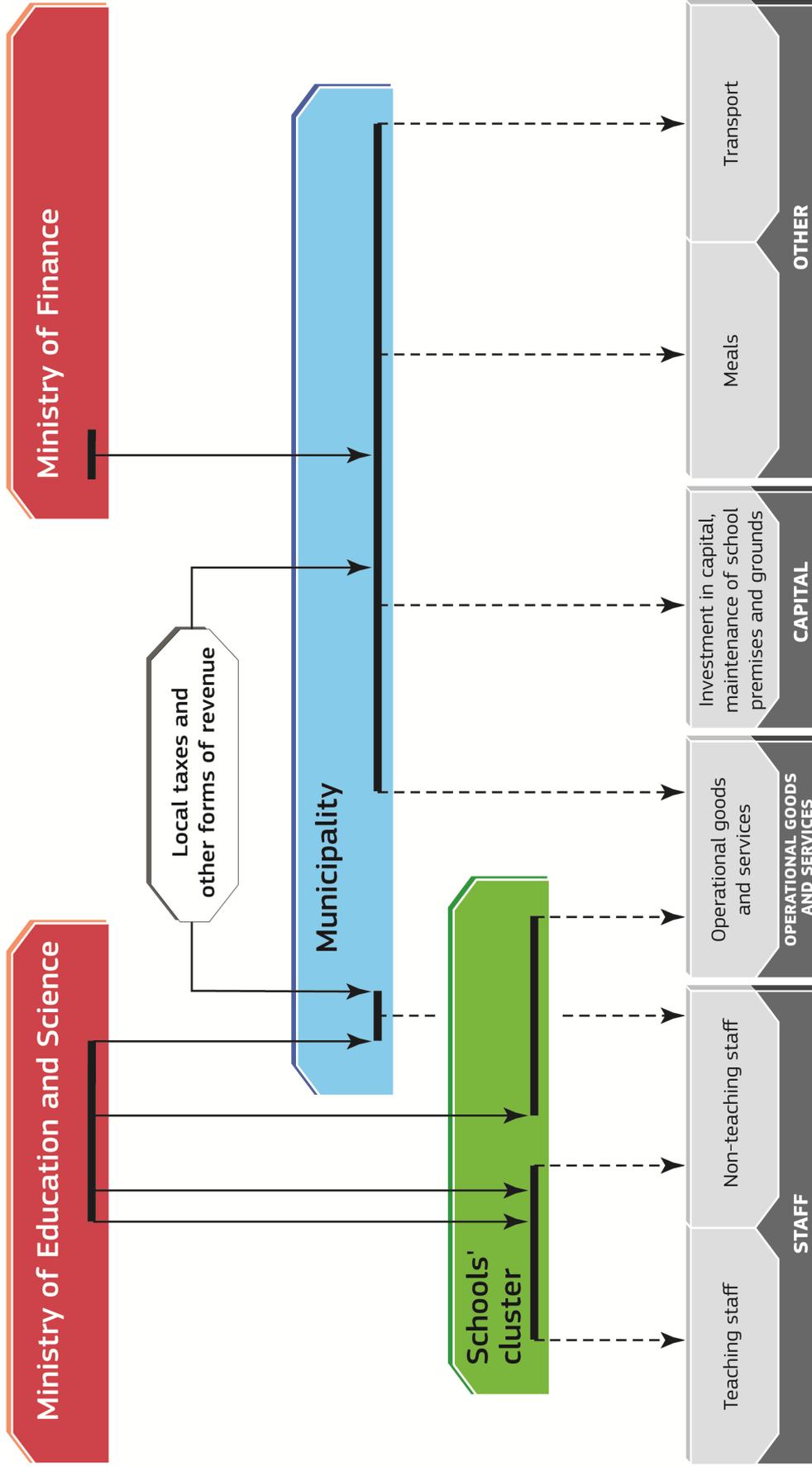
Primary and general secondary schools



The diagram shows the financial flows for public schools run by the communes or districts only. The reference year is 2013. There are some specific funds not included directly in the diagram ascribed by the ministry of national education, provinces, districts and communes for teacher's professional development. Funds for textbooks distributed by the ministry of national education were excluded from the diagram. Depending on the level of the autonomy local authorities give to schools, specific grants related to capital expenditure may reach schools as a financial transfer or as a transfer in kind. Education for ethnic and national minorities is not only financed by the Ministry of National Education, but also by the Ministry of Administration and Digitalisation.

PORTUGAL

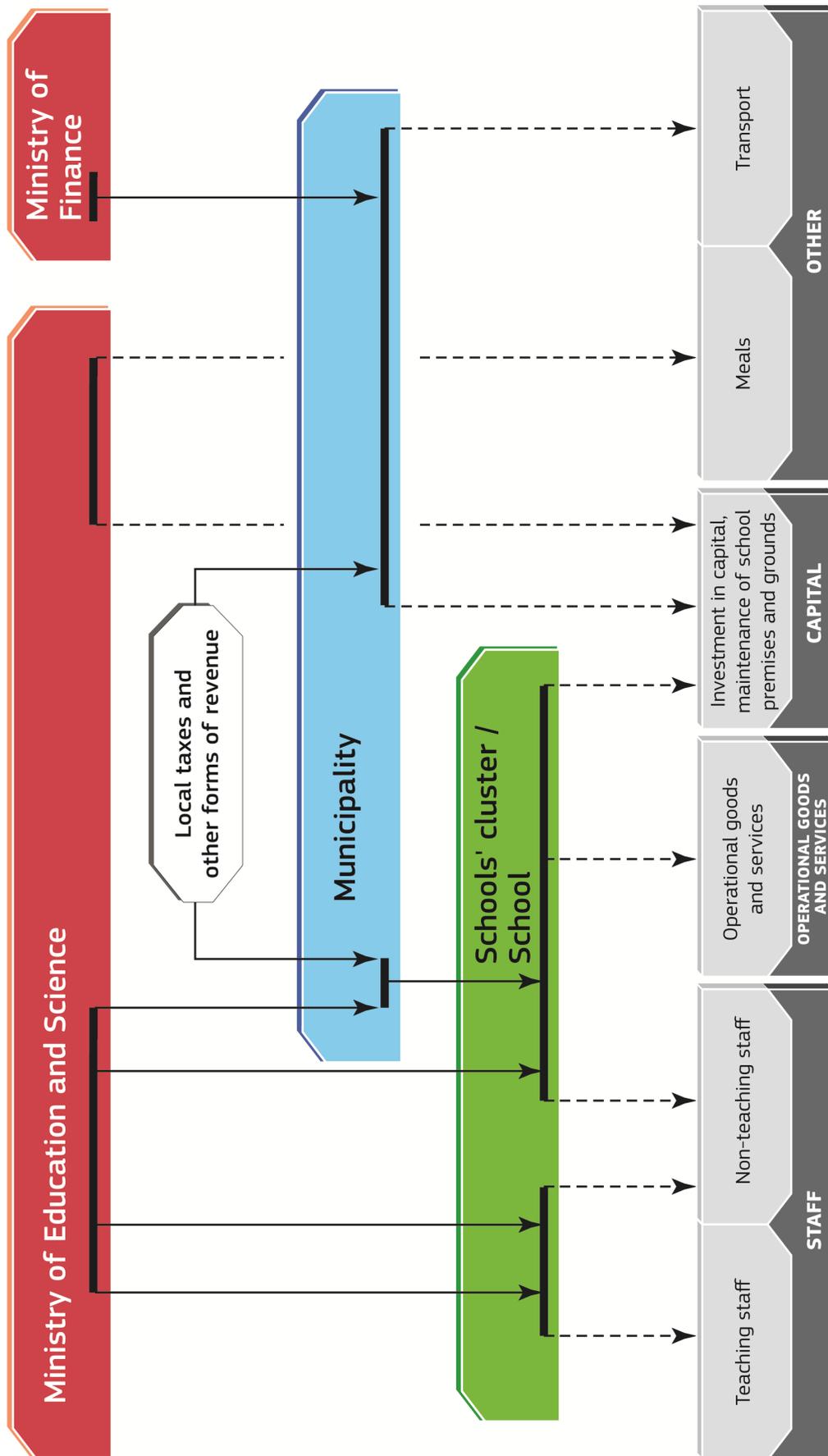
First cycle of *Ensino basico*



Schools offering the 1st cycle of basic education never have responsibilities for their own management nor do they have their own budgets. Their administrative, budgetary and pedagogic management is carried out by the board of the cluster of schools to which they belong. Clusters' head offices are located in upper secondary schools or in schools offering the 2nd and 3rd cycles of basic education. These schools and schools providing upper secondary education programmes are either managing their own budget or are members of a school cluster. Schools' clusters pay teaching staff and pay partly for non-teaching staff, transferring the funds to them received from the Ministry of Education and Science. In some cases, non-teaching staff is paid by the school with funds transferred from the municipalities (both from their own funds and from the funds received from the ministry).

Municipalities' own income provides a small percentage of the total budget to fund schools.

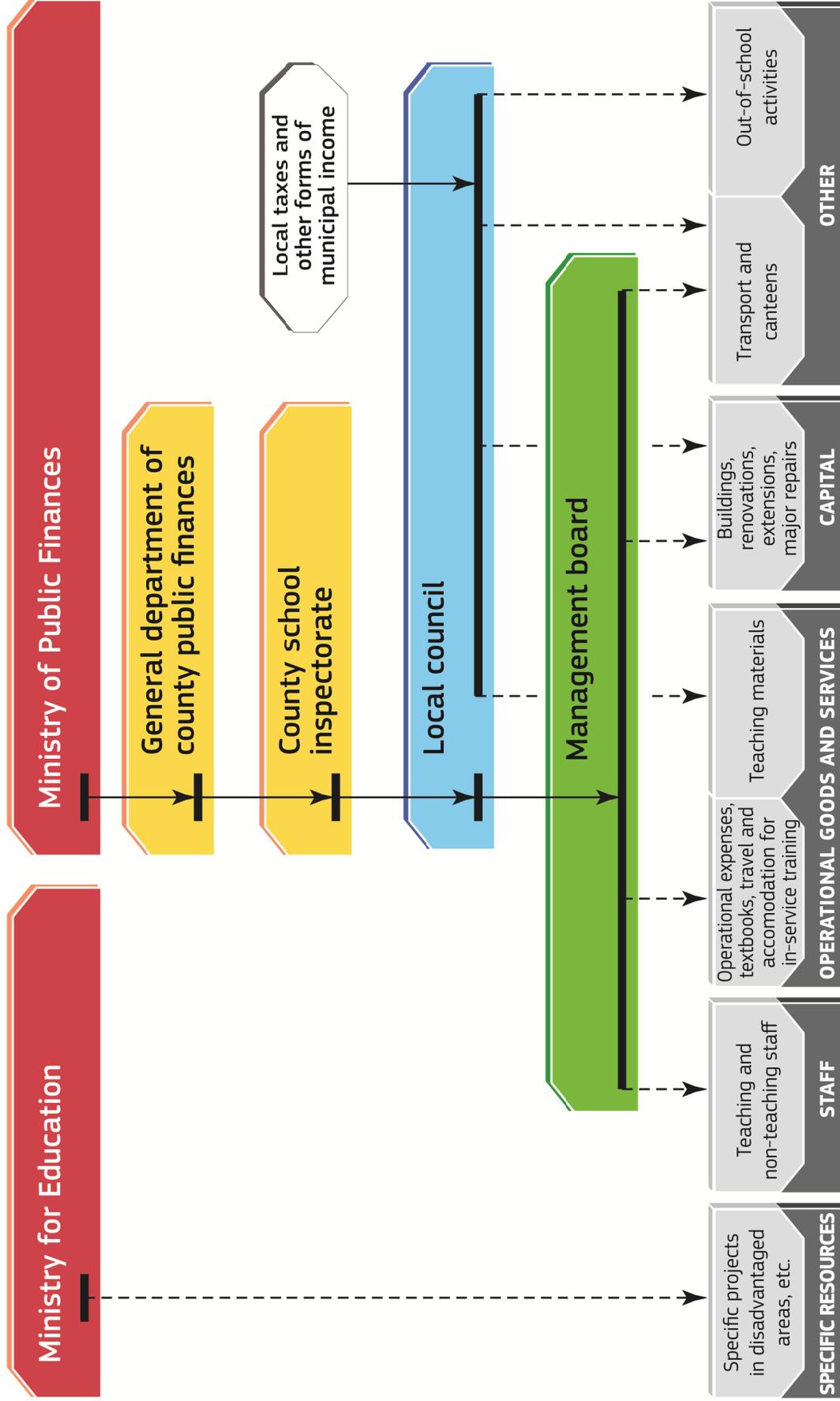
PORTUGAL
Second and third cycle of *Ensino básico* and general secondary schools



Schools offering the 1st cycle of basic education never have management responsibilities nor do they have their own budgets. Their administrative, budgetary and pedagogic management is carried out by the board of the cluster of schools to which they belong. Clusters' head offices are located in upper secondary schools or in schools offering the 2nd and 3rd cycles of basic education. These schools and schools providing upper secondary education programmes are either managing their own budget or are members of a school cluster. Schools' clusters pay teaching staff and pay partly for non-teaching staff, transferring the funds to them received from the Ministry of Education and Science. In some cases, non-teaching staff is paid by the school with funds transferred from the municipalities (both from their own funds and from the funds received from the ministry). Municipalities' own income provides a small percentage of their total budget to fund schools.

ROMANIA

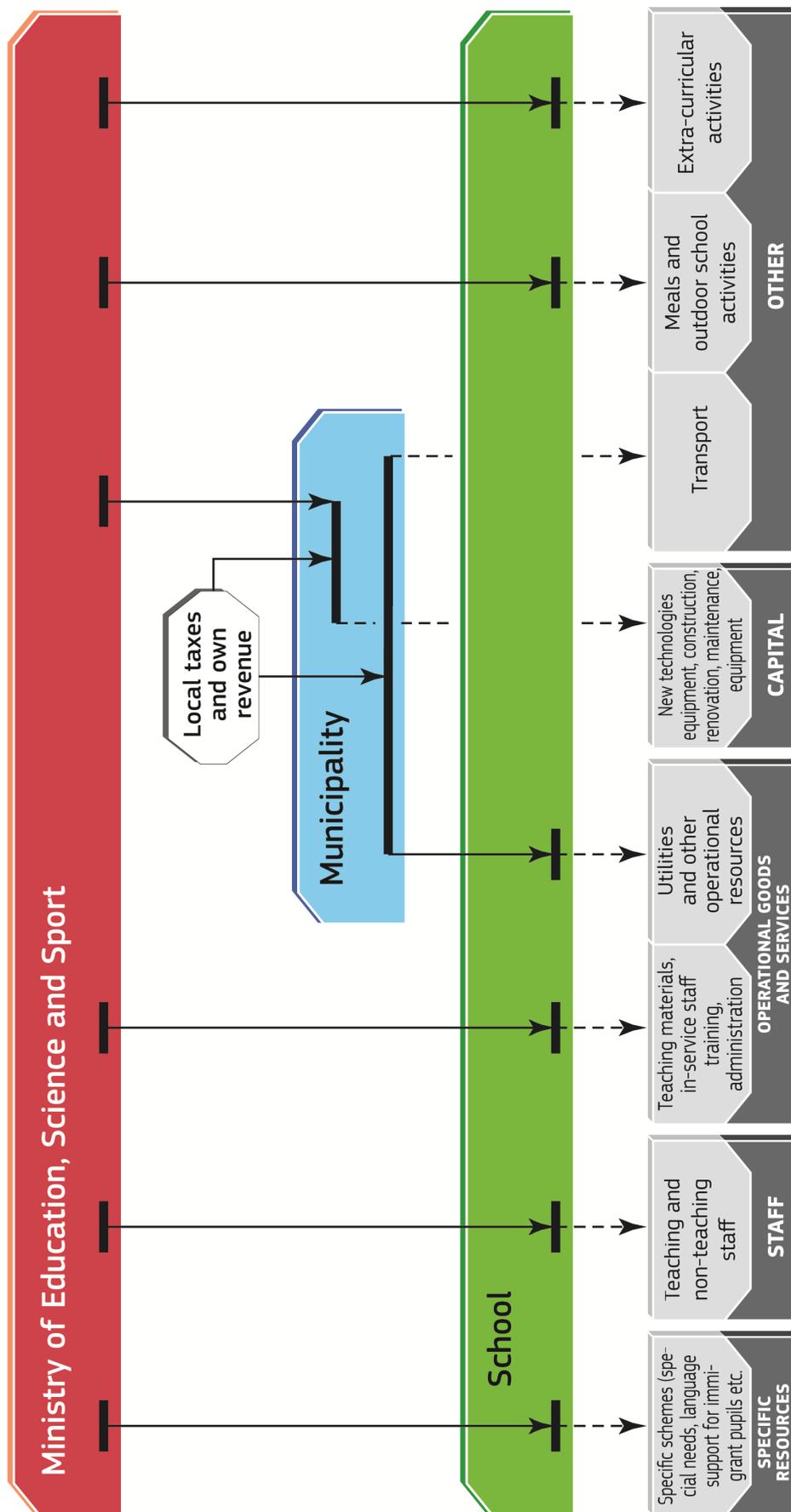
Primary and general secondary schools



The territories for which local councils are responsible vary across the country. They can be, for example, municipalities, cities or Bucharest sectors.

SLOVENIA

Osnovne šole (primary and lower secondary schools)



Schools may offer non-compulsory courses and extra-curricular activities for which additional staff (for instance teachers, counselling specialists, cooks, caretakers, etc.) or operational goods might be needed. Such additional posts or costs are approved and financed by the municipality.

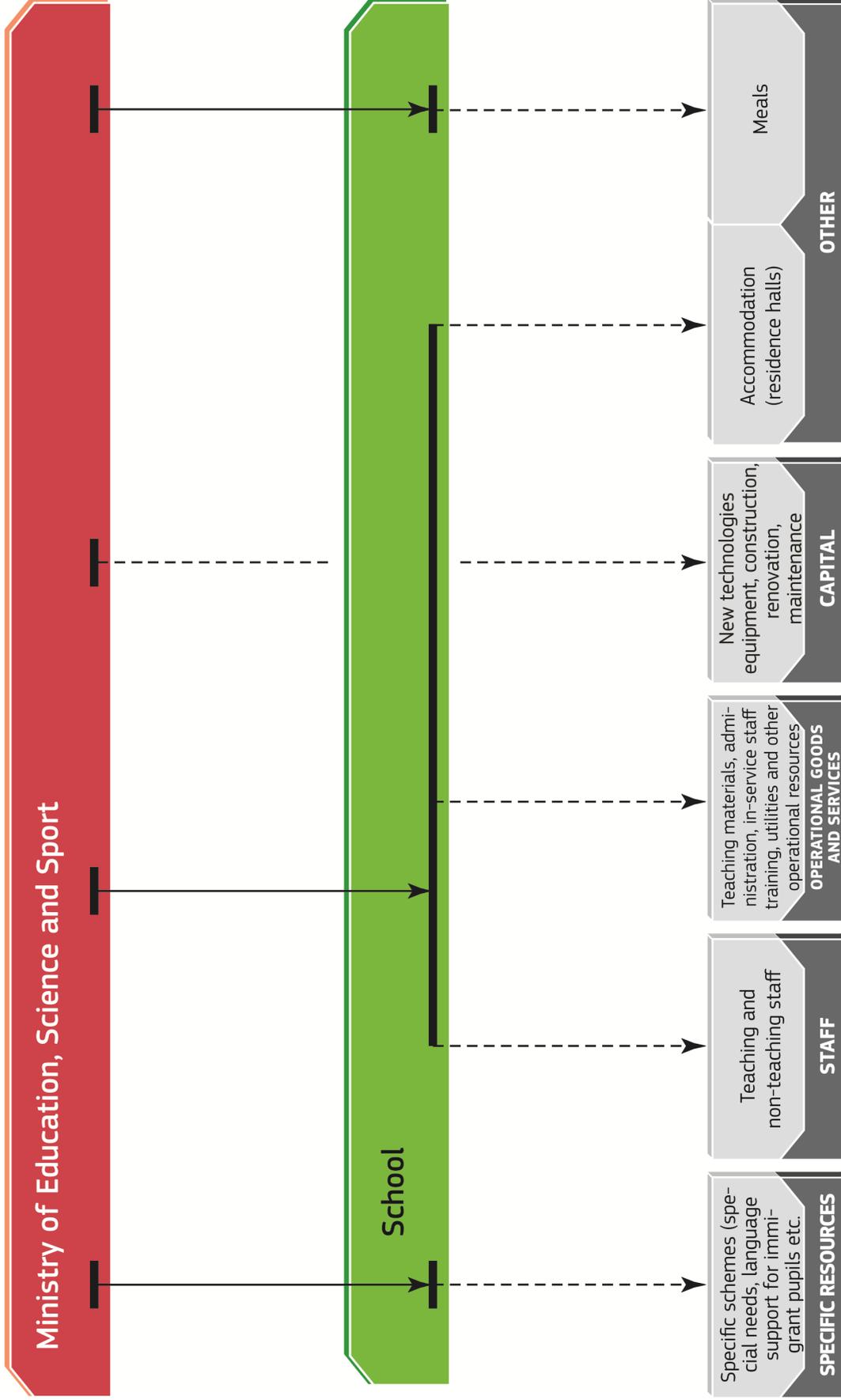
Transport covers transportation for children living far away from their school and is covered by local taxes. In addition to what is shown in the diagram, eligible municipalities receive additional funds from the Ministry of Education, Science and Sport for transport of children due to wildlife threats.

Alternatively to what is shown in the diagram, the Ministry of Education, Science and Sport may buy new technology equipment (capital goods) directly for schools.

Municipalities, which are not able to perform fully their constitutional and legal functions from their own source of revenues, are eligible to receive additional financial assistance from the state in the form of a lump sum, from the budget of the Ministry of Finance under the 'financial equalisation measure'.

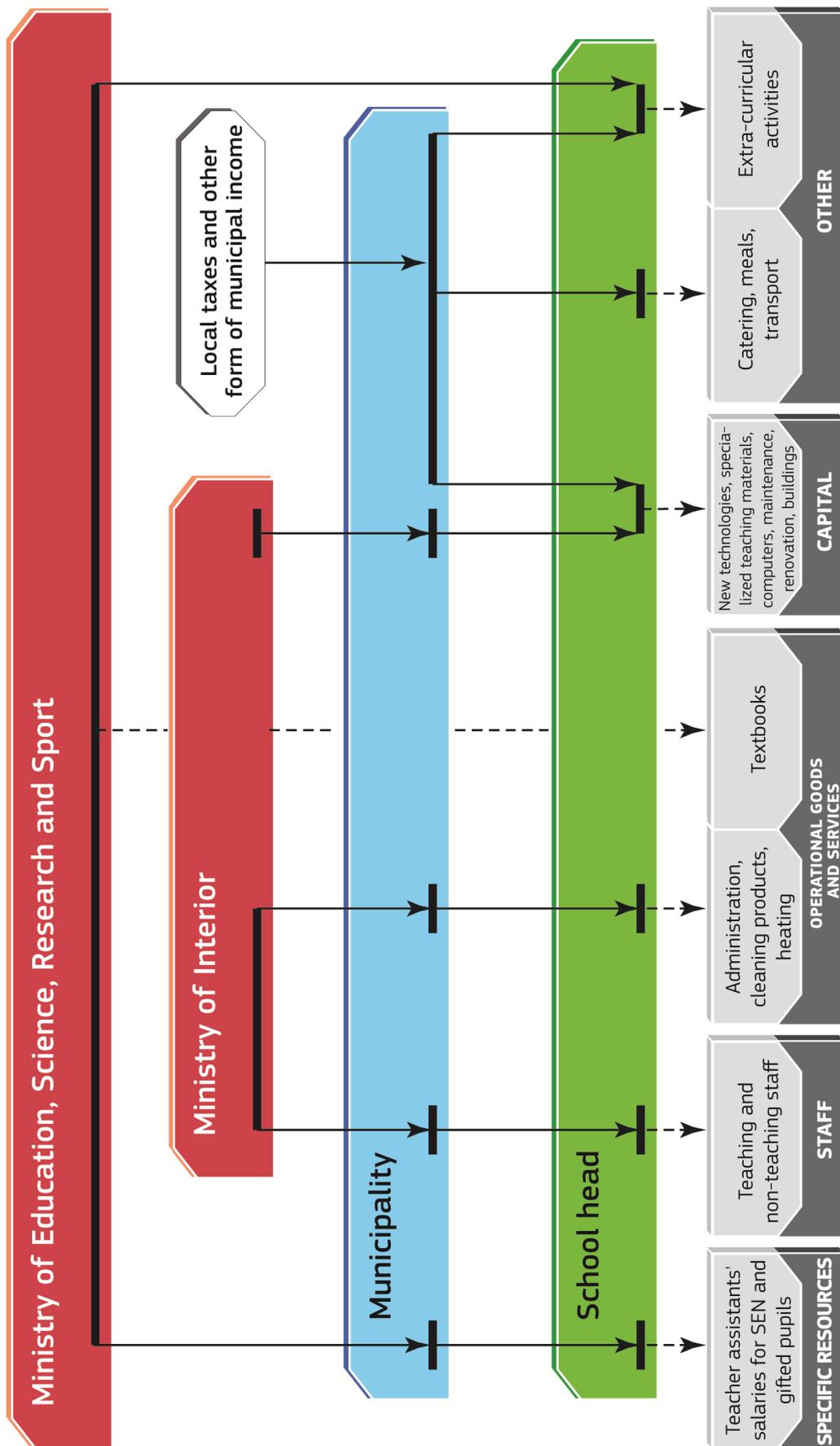
SLOVENIA

Gimnazije (general upper secondary schools)



The diagram applies to schools with accommodation (residence halls) for students.

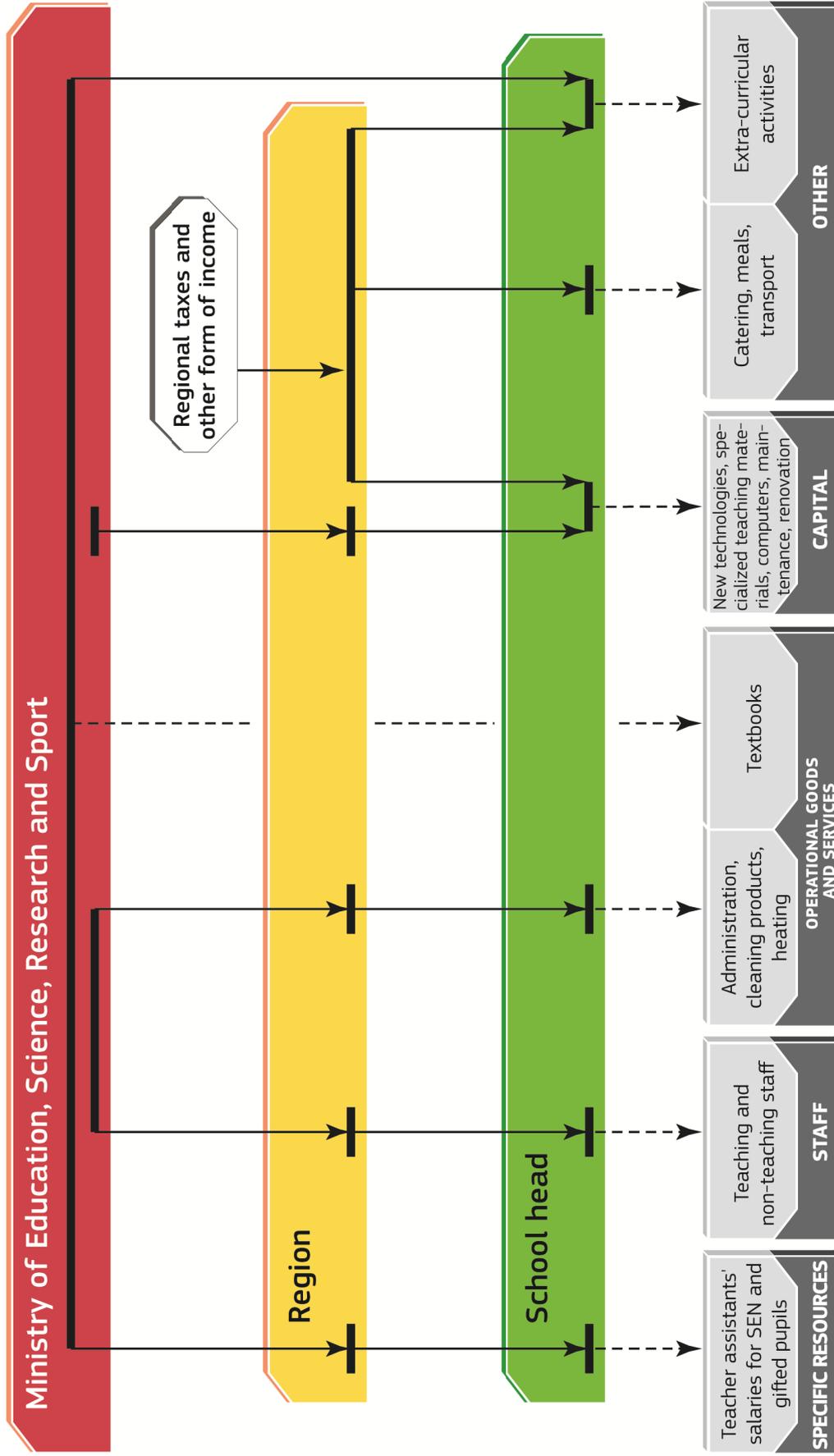
SLOVAKIA
Primary and lower secondary schools



The diagram shows the situation of the 74 % of primary and lower secondary schools that have the status of a 'legal body'. For primary and lower secondary schools without this status, funding goes directly to schools from the municipality and not to the school head as shown in the diagram. Alternatively to what is shown in the diagram, the Ministry of Education, Science, Research and Sport can distribute funding for specific resources directly to schools instead of allocating it through the municipality.

SLOVAKIA

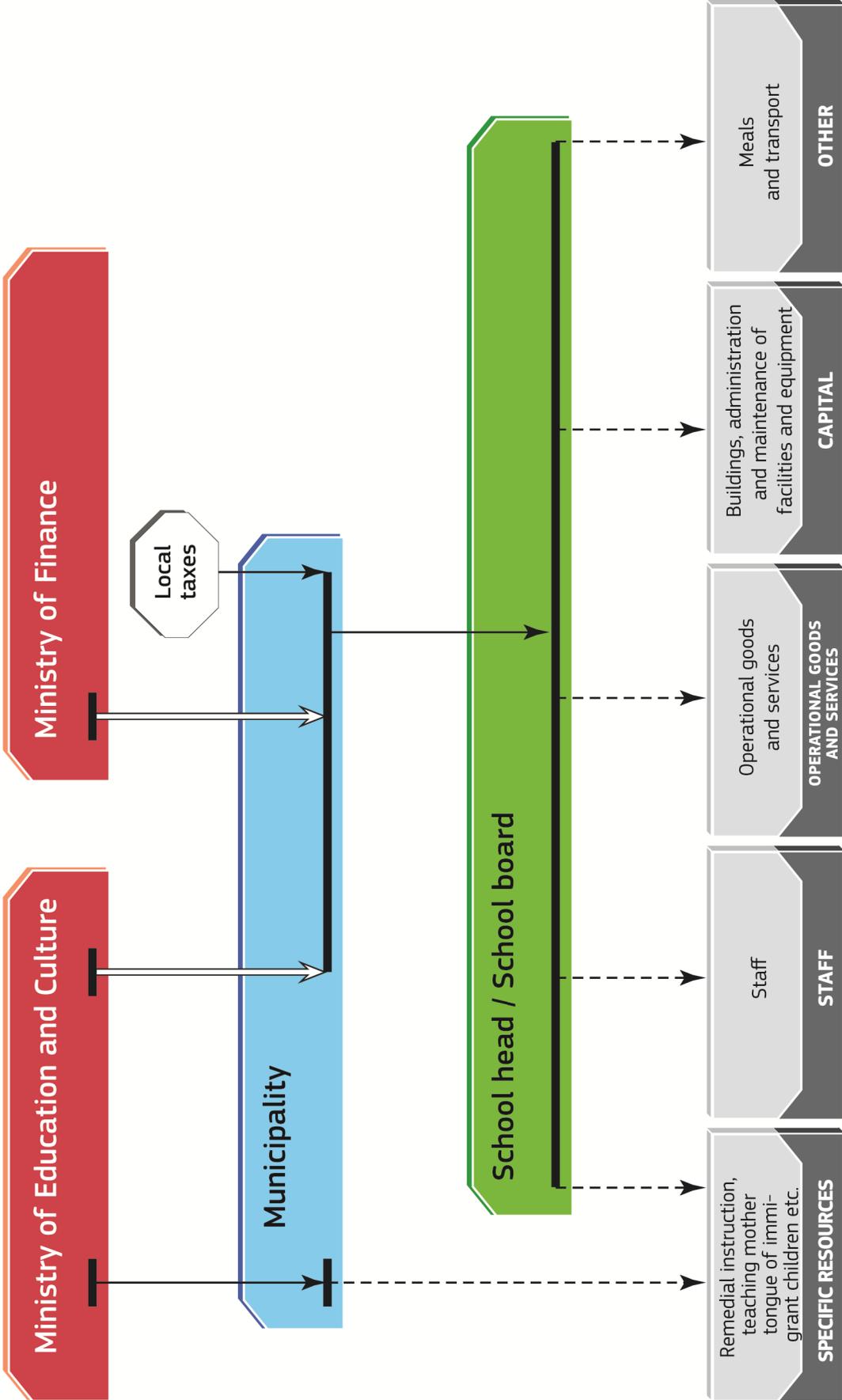
Gymnázia (general upper secondary schools)



All upper secondary schools have the status of a 'legal body'. Alternatively to what is shown in the diagram, the Ministry of Education, Science, Research and Sport can distribute funding for specific resources directly to schools instead of allocating it through the region.

FINLAND

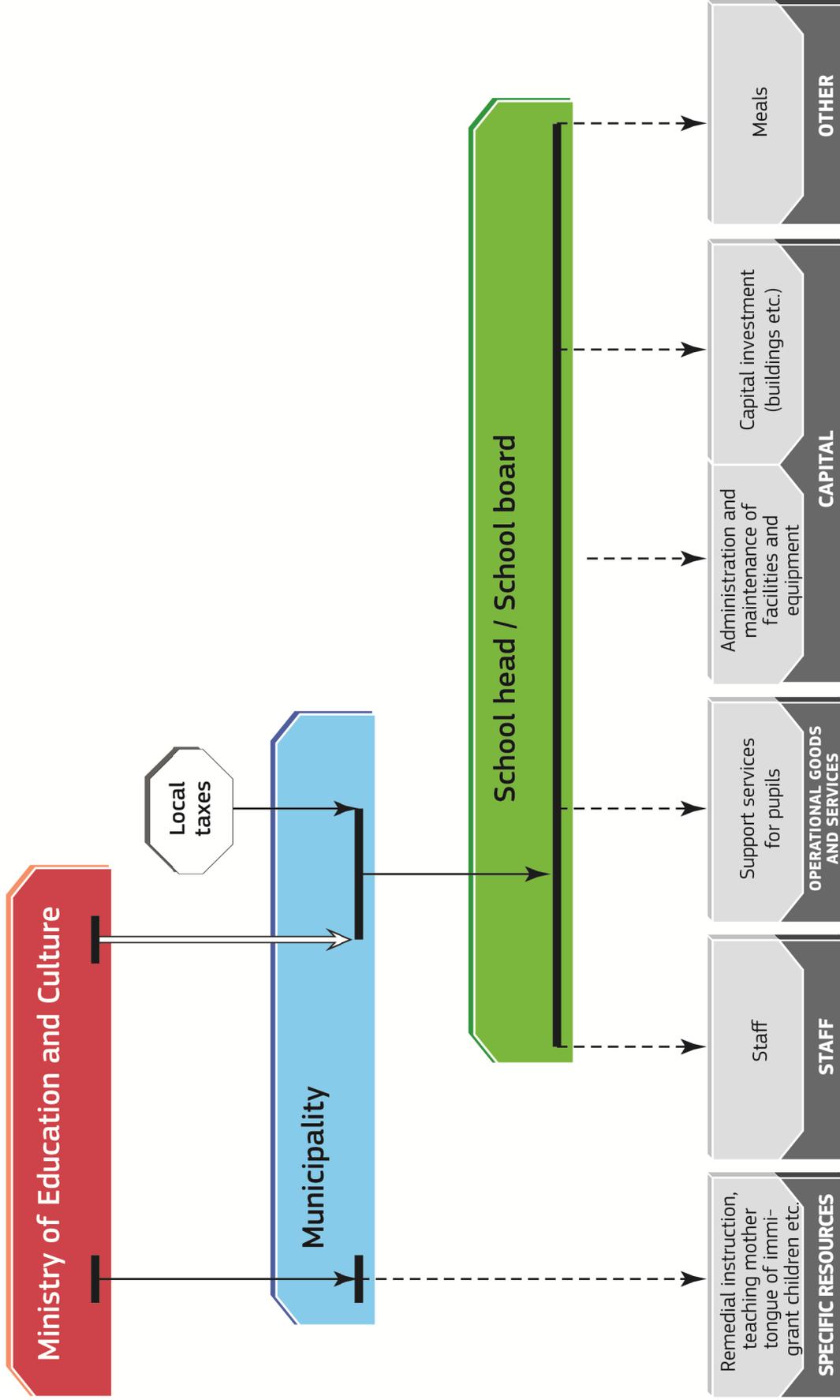
Primary and general lower secondary schools



The level of autonomy municipalities give to schools in allocating the resources differs depending on the municipality. Specific resources are allocated on the basis of the needs of each municipality. The Ministry of Education and Culture decides the amount of the lump sum on the basis of educational need, but the municipalities may use it for other public services as well.

FINLAND

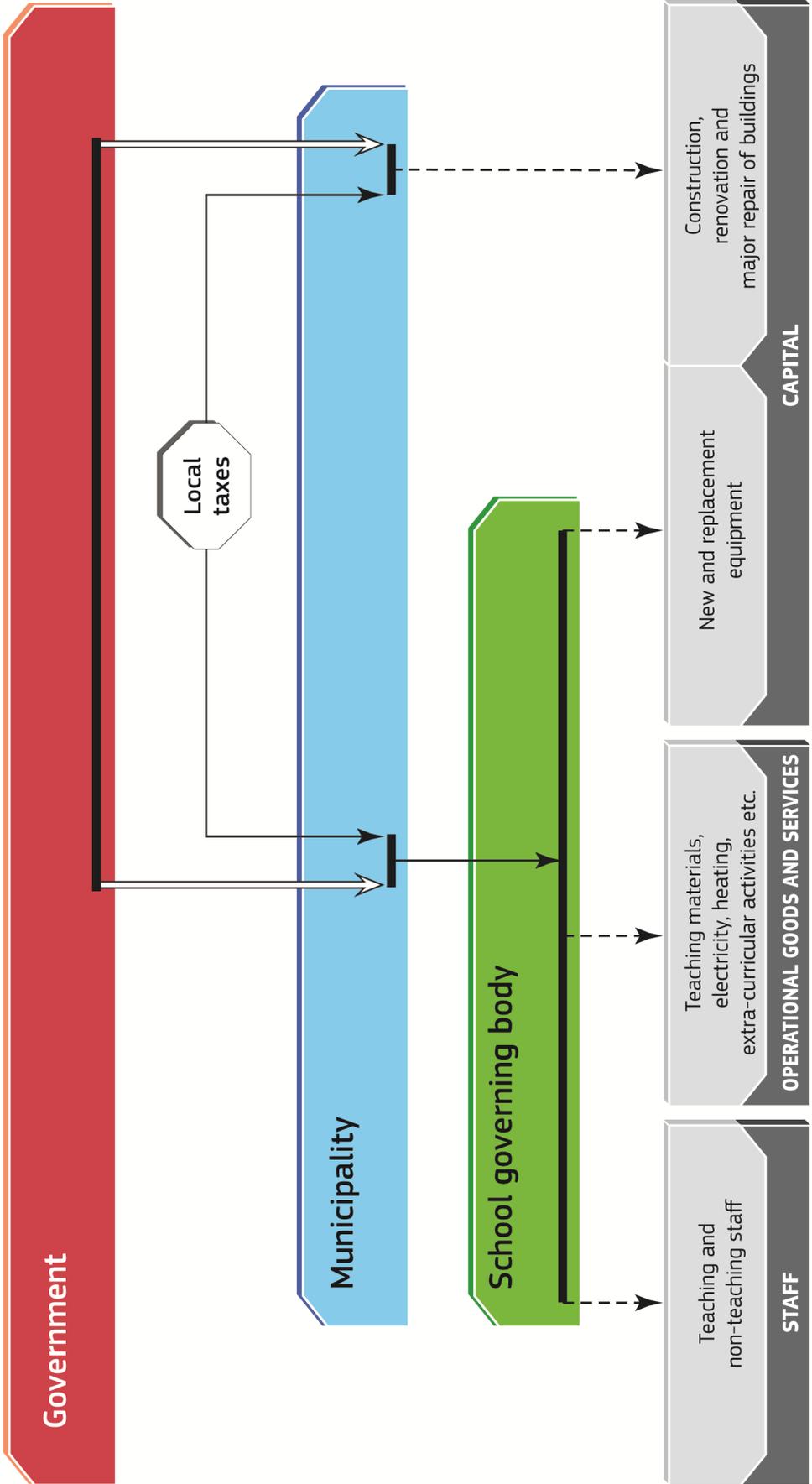
General upper secondary schools



The level of autonomy municipalities give to schools in allocating the resources differs depending on the municipality. The Ministry of Education and Culture decides the amount of lump sum on the basis of educational need but the municipalities may use it for other public services as well.

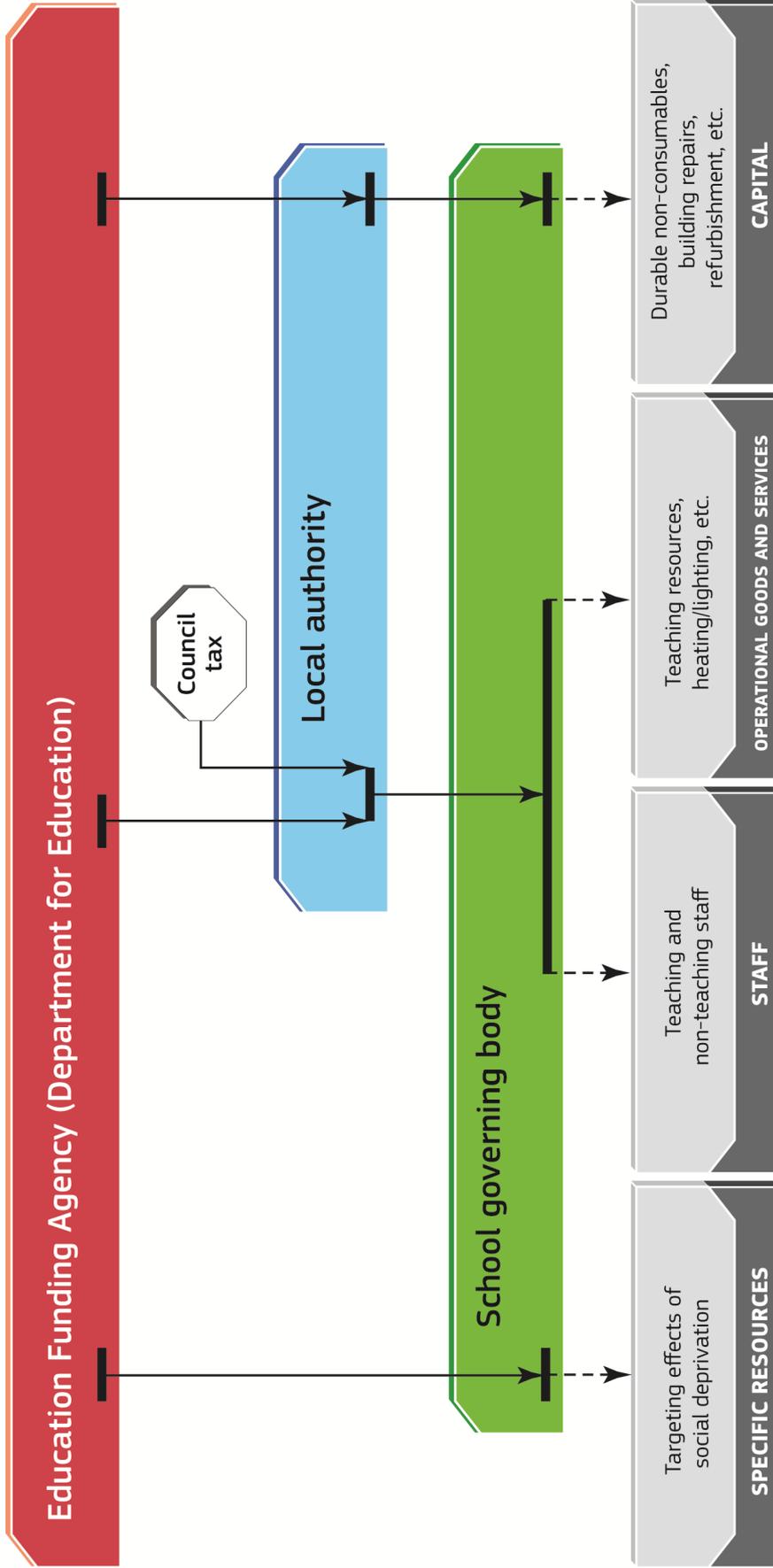
SWEDEN

Primary and general secondary schools



The majority of school funding comes from municipal tax revenues but some also comes from state grants (about 15 %). General grants can be used by the municipality on the basis of local conditions. There are also targeted grants which must be used to finance specific activities, i.e. teachers' training, sometimes over a specific period of time. Targeted state grants vary from year to year according to specific central government initiatives, reforms, etc.

UNITED KINGDOM – ENGLAND
Maintained schools (primary and general secondary education)

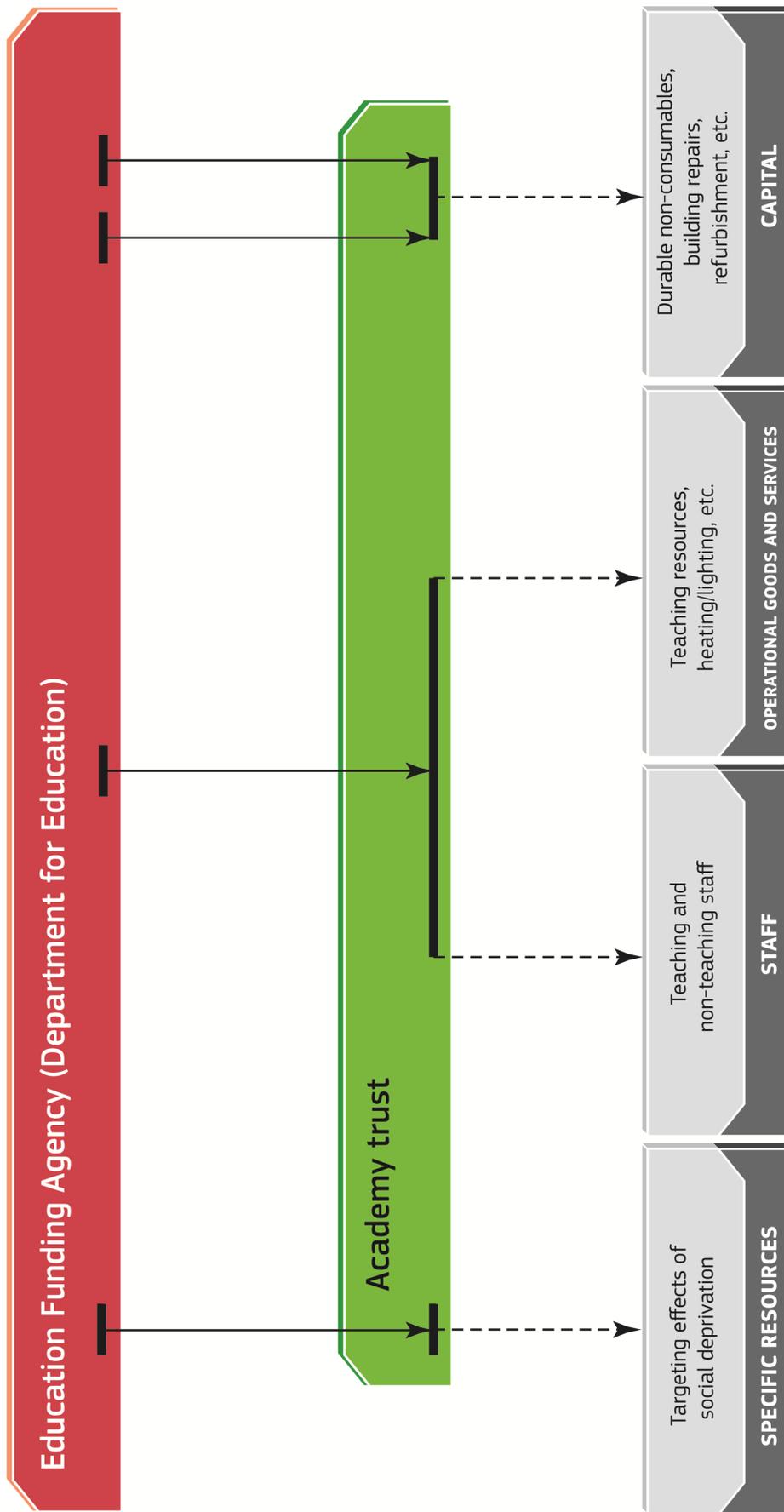


Maintained schools are those that are funded via the local authority and include different legal categories, such as community schools, foundation schools, trust schools, voluntary controlled and voluntary aided schools. The flows in this figure represent the mechanisms for funding pre-16 education (the Dedicated Schools Grant, Pupil Premium, Devolved Capital Funding, and, depending on the category of school, either Local Authority Capital Maintenance or Local Authority Coordinated Voluntary Aided Programme) and post-16 education (the 16-19 funding formula Devolved Capital Funding, and, depending on the category of school, either Local Authority Capital Maintenance or Local Authority Coordinated Voluntary Aided Programme).

Maintained schools are responsible for managing their own recurrent funds (individual school budget share of the Dedicated Schools Grant). There are no set amounts which have to be spent on the base categories. The subcategories indicated represent the kinds of goods and services schools may choose to spend this funding on but are not exhaustive. Pupil Premium funds (which should be used to target the effects of social deprivation) are shown as directly transferred by the Education Funding Agency to schools. However, they are in fact distributed to schools via the local authority who must pass it on in its entirety.

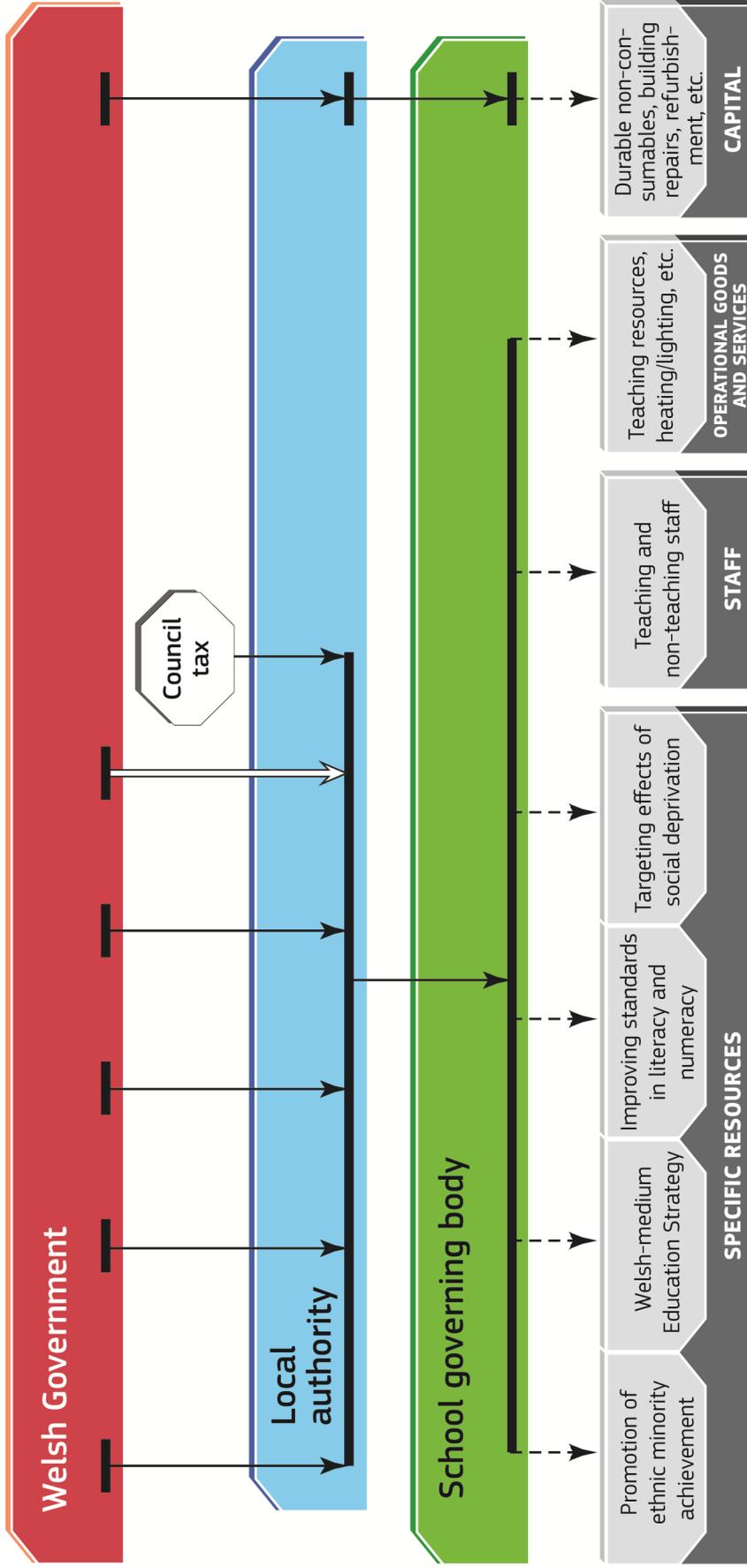
Regarding capital expenditure, the diagram focuses on on-going funding allocation (devolved capital funding and maintenance funding). In addition, the Education Funding Agency (EFA) may transfer a Basic Need Allocation to LAs to support the capital requirement for providing new pupil places in new or expanded maintained schools.

UNITED KINGDOM – ENGLAND
Academies (primary and general secondary education)



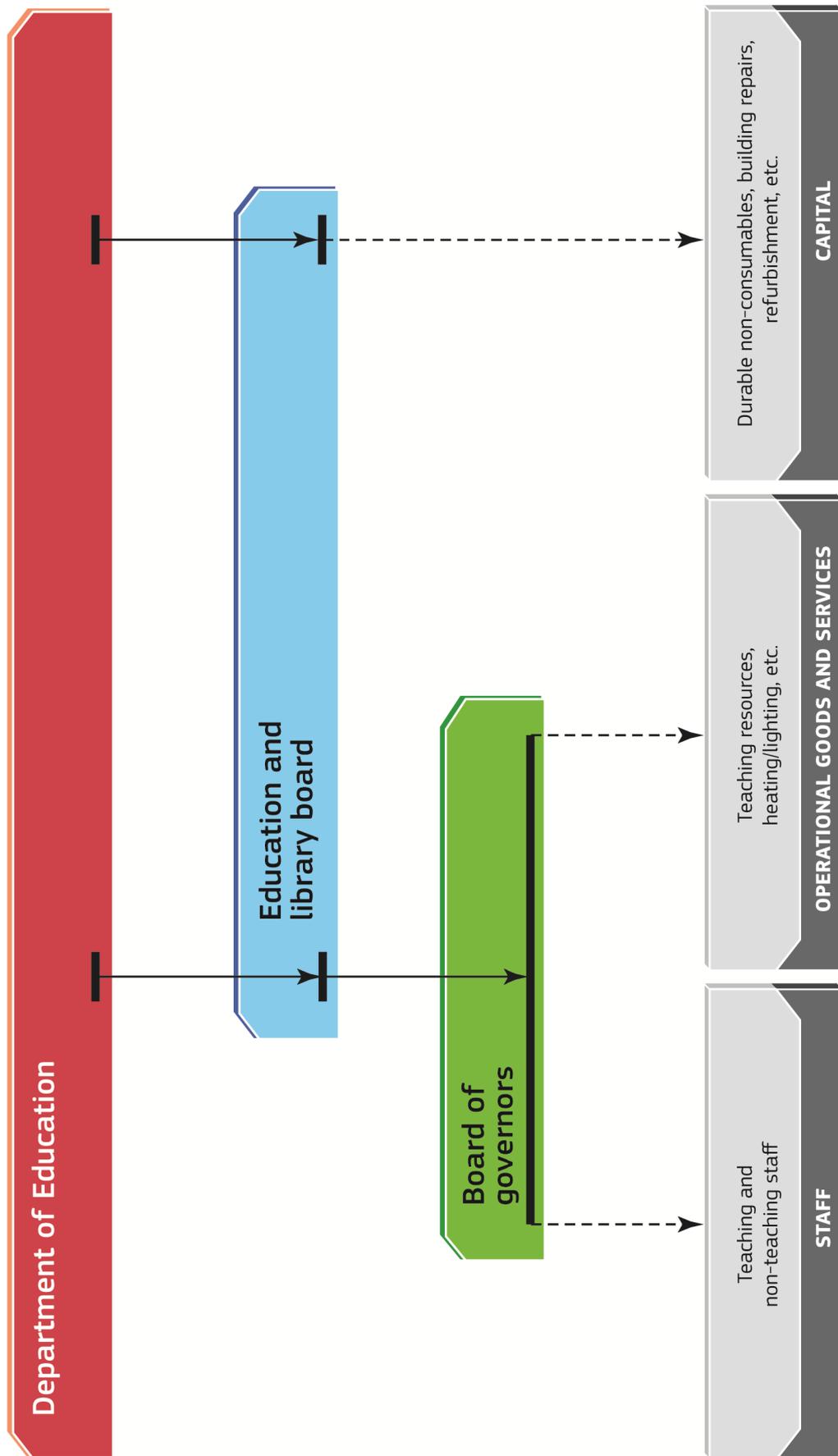
Academies are publicly-funded independent schools which have individual funding arrangements directly with the Secretary of State and enjoy freedoms relating to organisation and the curriculum. Academies include free schools, university technical colleges and studio schools. The flows in this figure represent the mechanisms for funding pre-16 education (General Annual Grant, Pupil Premium, Devolved Capital Funding and the Academies Capital Maintenance Fund) and post-16 education (the 16-19 funding formula, the project development fund, college capital investment fund and targeted capital allocations). Academies are responsible for managing their own recurrent funds (General Annual Grant – GAG). There are no set amounts which have to be spent on the base categories. The subcategories indicated represent the kinds of goods and services schools may choose to spend this funding on but it is not exhaustive. Regarding capital expenditure, the diagram focuses on on-going funding allocations (devolved capital funding – DCF) and the Academies Capital Maintenance Fund (ACMF). Academies may also access other funding to fulfil the capital requirement for providing new pupil places in new or expanded schools.

UNITED KINGDOM – WALES
Maintained schools (primary and general secondary)



Maintained schools are funded via the local authority and include different legal categories, i.e. community schools, foundation schools, voluntary controlled schools and voluntary aided schools. The flows in the diagram represent the mechanisms for funding pre-16 education (Revenue Support Grant, the Pupil Deprivation Grant, the School Effectiveness Grant and School Buildings Improvement Grant/21st Century Schools capital grants and, for voluntary-aided schools, the Schools Capital Grant Programme); and post 16 education (revenue funds and 21st Century Schools capital grants). The Minority Ethnic Achievement Grant and the Welsh in Education Grant cover pupils aged 3 to 19. Maintained schools are responsible for managing their own recurrent funds (individual school budget share of the revenue support grant – RSG). There are no set amounts which have to be spent on the base categories. The subcategories indicated represent the kinds of goods and services schools may choose to spend this funding on but it is not exhaustive. Also included in a school's block grant are funds from the four specific grants which the Welsh Government awards to local authorities in order to support its priorities: the Minority Ethnic Achievement Grant, the Welsh in Education Grant, the Pupil Deprivation Grant and the School Effectiveness Grant (SEG). The SEG is aimed at improving standards in literacy and numeracy and reducing the impact of poverty of educational attainment. Local authorities must match funds allocated under the SEG from their own resources.

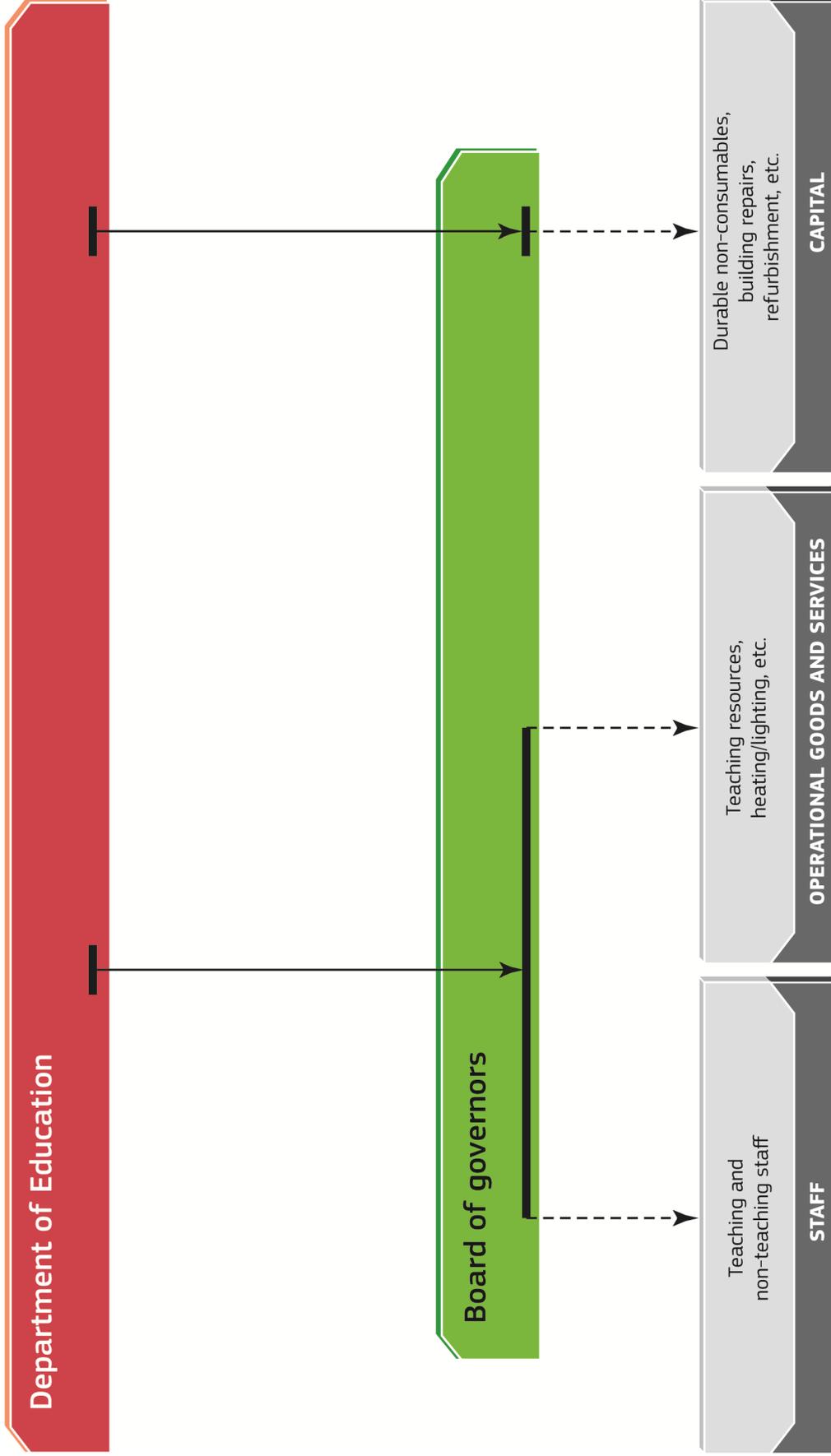
THE UNITED KINGDOM – NORTHERN IRELAND
Controlled and Catholic maintained schools (primary and general secondary education)



Controlled and controlled integrated schools are owned by Education and Library Board (ELBs), which also funds them for capital and revenue expenditure. Catholic-maintained schools are owned mainly by the Catholic Church and are fully funded for revenue expenditure by the ELBs, but also may receive capital funding direct from the Department of Education. The flows in the diagram represent the mechanisms (general schools budget and capital funding programmes) for funding both pre- and post-16 education. Schools are responsible for managing their own recurrent funds (the individual school budget share of the general schools budget). There are no set amounts which have to be spent on the base categories. The subcategories indicated represent the kinds of goods and services schools may choose to spend this funding on but it is not exhaustive.

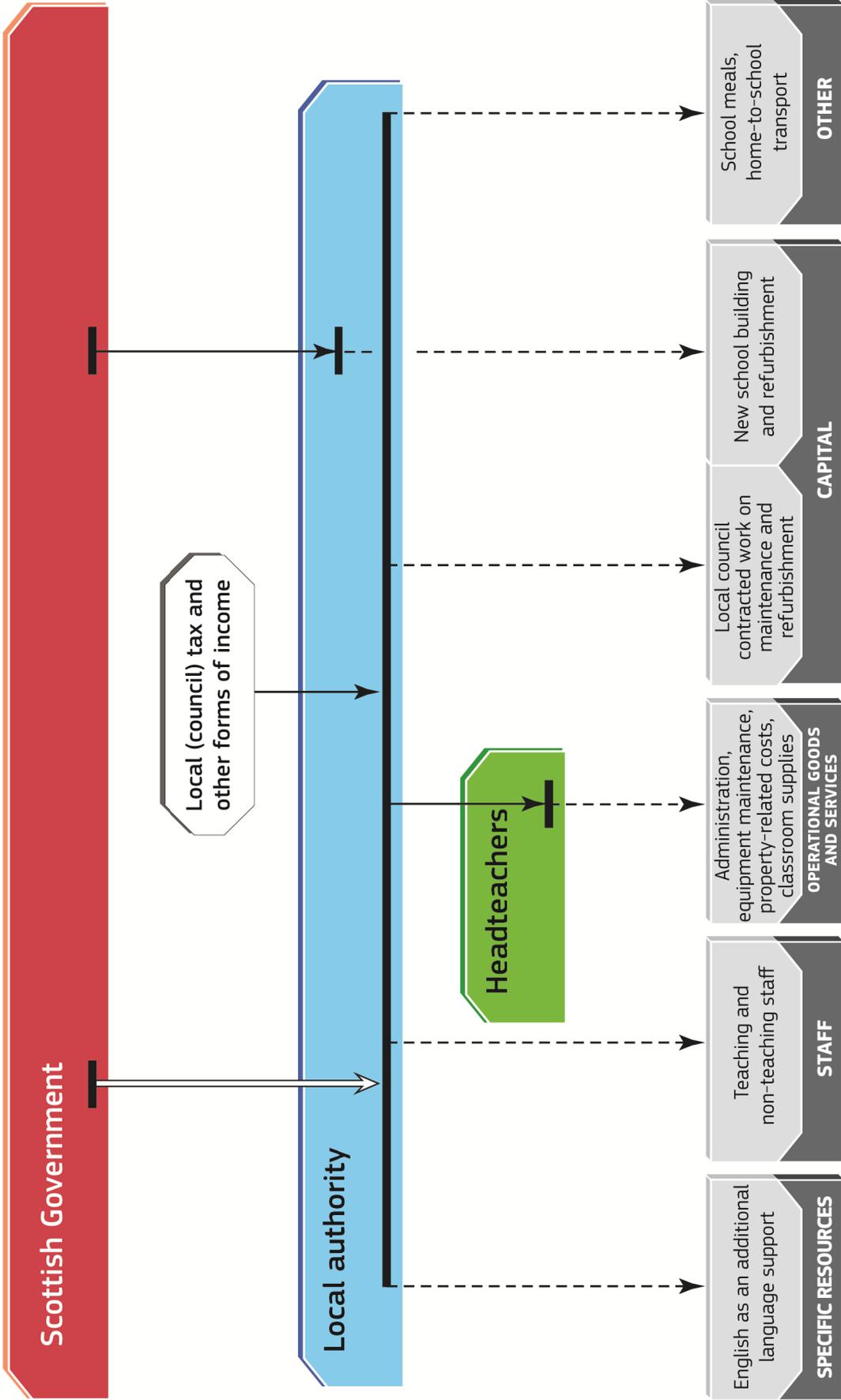
THE UNITED KINGDOM – NORTHERN IRELAND

Voluntary grammar and grant-maintained integrated schools (primary and general secondary education)



Voluntary grammar and grant-maintained integrated schools are owned by trustees or by the school board of governors. They are fully funded for both recurrent and capital expenditure by the Department of Education. Some voluntary grammar schools contribute to their capital costs. The flows in figure represent the mechanisms (aggregated schools budget and capital funding programmes) for funding both pre- and post-16 education. Schools are responsible for managing their own recurrent funds (the aggregated schools budget). There are no set amounts which have to be spent on the base categories. The subcategories indicated represent the kinds of goods and services schools may choose to spend this funding on but it is not exhaustive.

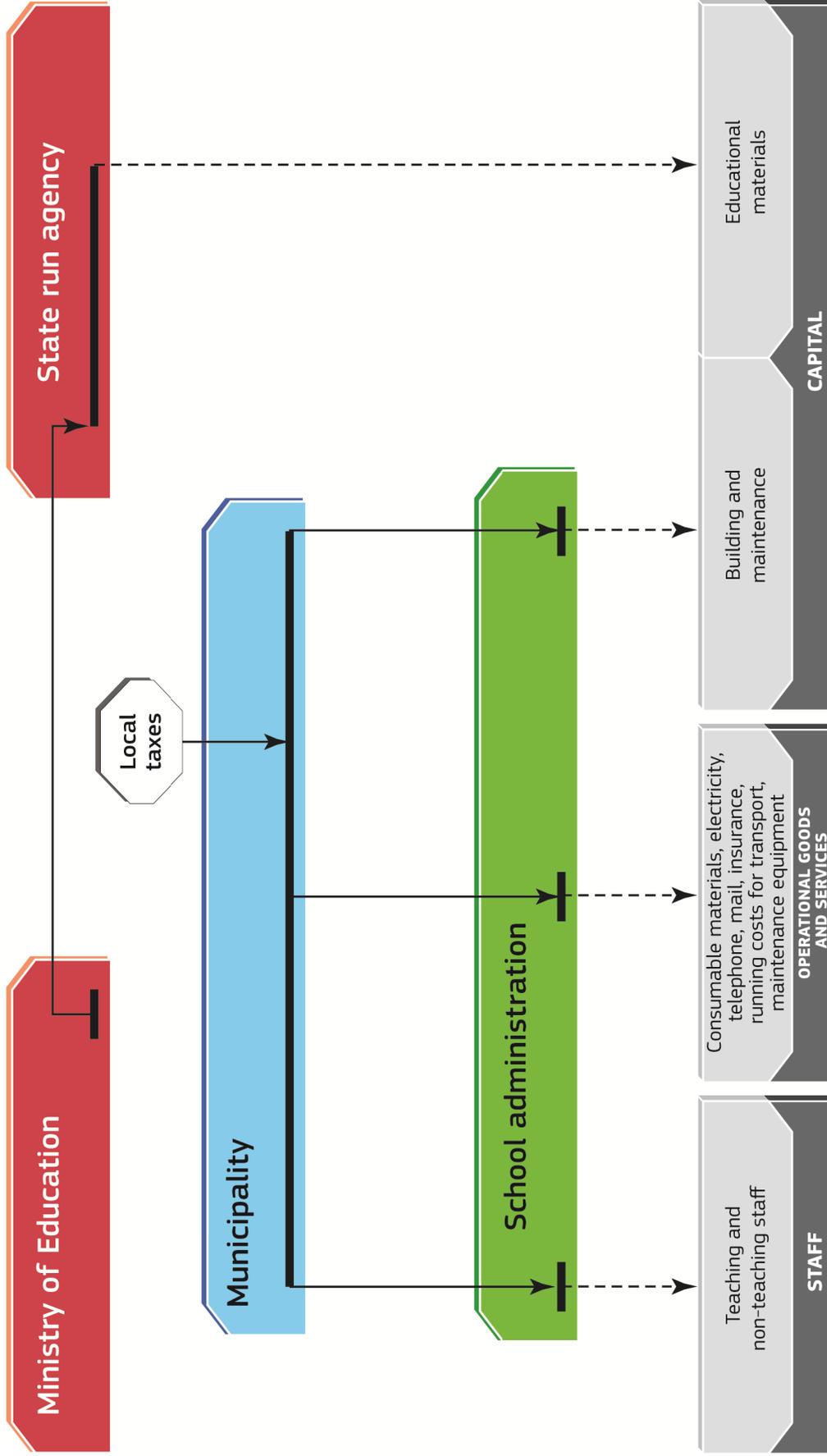
THE UNITED KINGDOM – SCOTLAND
Primary and general secondary schools



Expenditure related to: school meals, student transport, maintenance and refurbishment, as well as 'English as an additional language support' are shown as covered by local authorities as they are generally not considered suitable for devolution to schools. However, local authorities could devolve part or all of the expenditure in these categories to head teachers if this is sensible and practical given their own local circumstances.

ICELAND

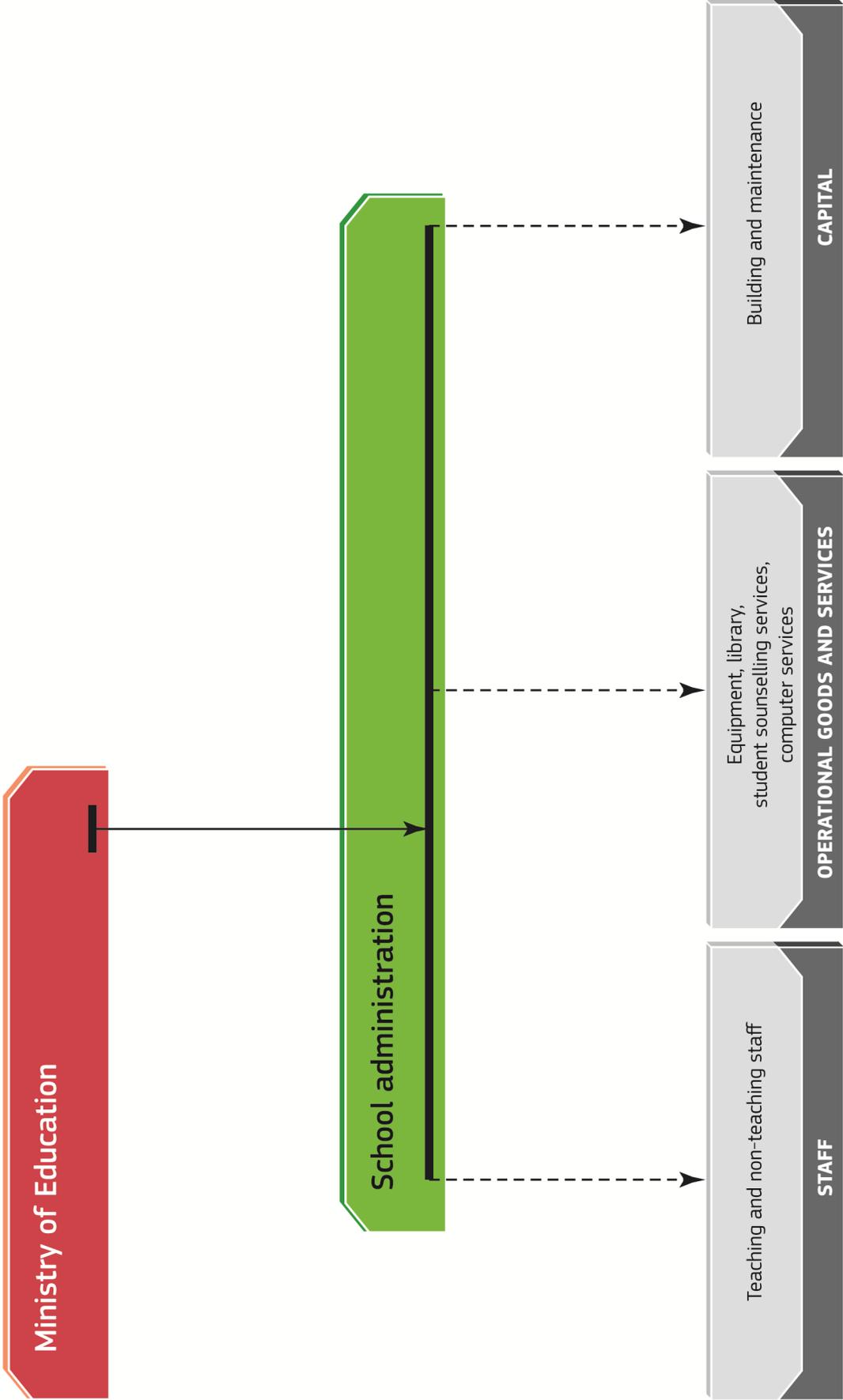
Primary and lower secondary schools



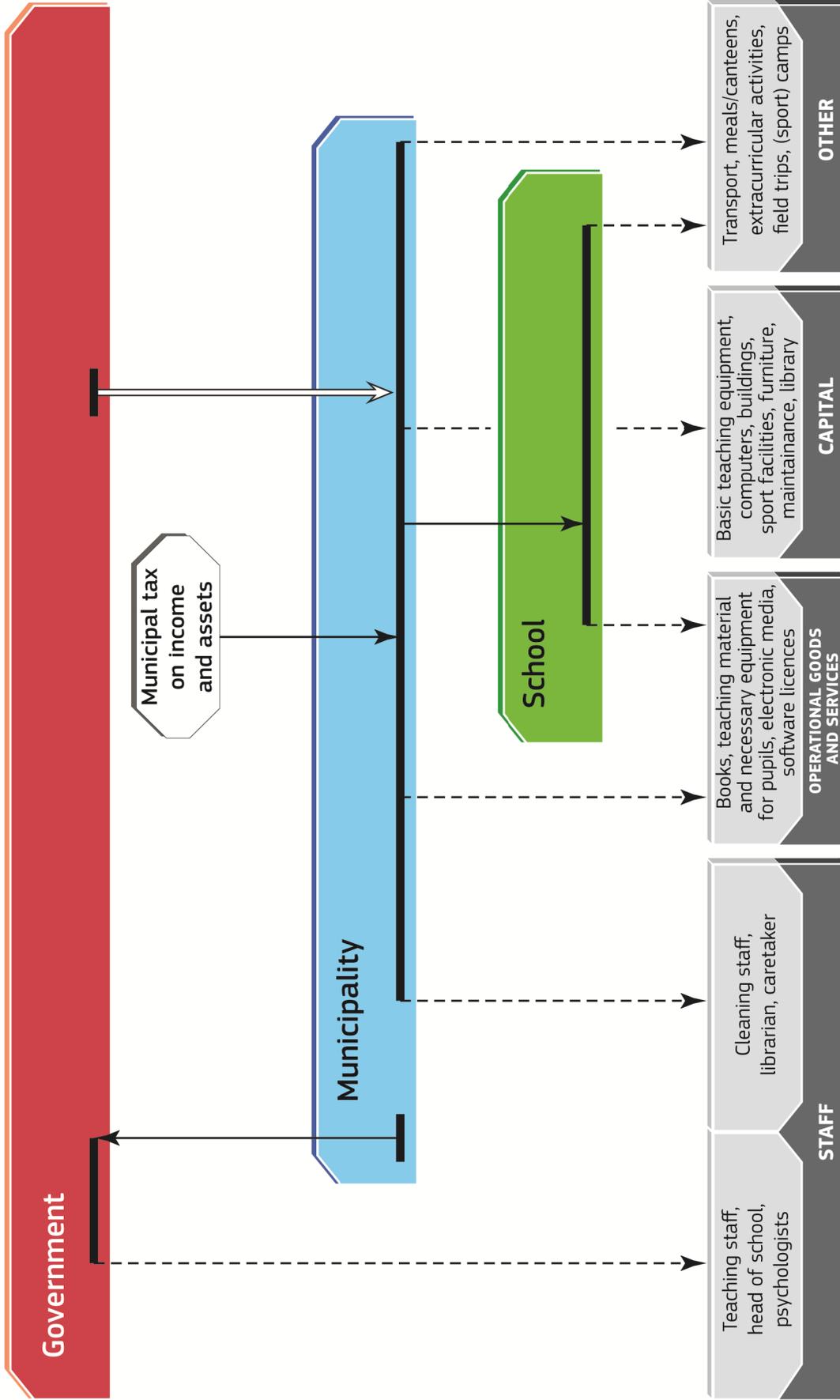
There are no direct funds from the Ministry of Education to the municipalities with the exception of less than 0.8 % of the total cost which is allocated to the municipalities from the state and has the means to compensate for the cost of special education carried out within the schools. Each municipality must apply independently to the Ministry of the Interior each year as this is not considered a part of regular educational budgets. The funds go to the municipality itself and not to its schools' financial department.

Schools have to give financial compensation to the state-run agency for the educational materials that are delivered to them in kind.

ICELAND
General upper secondary schools

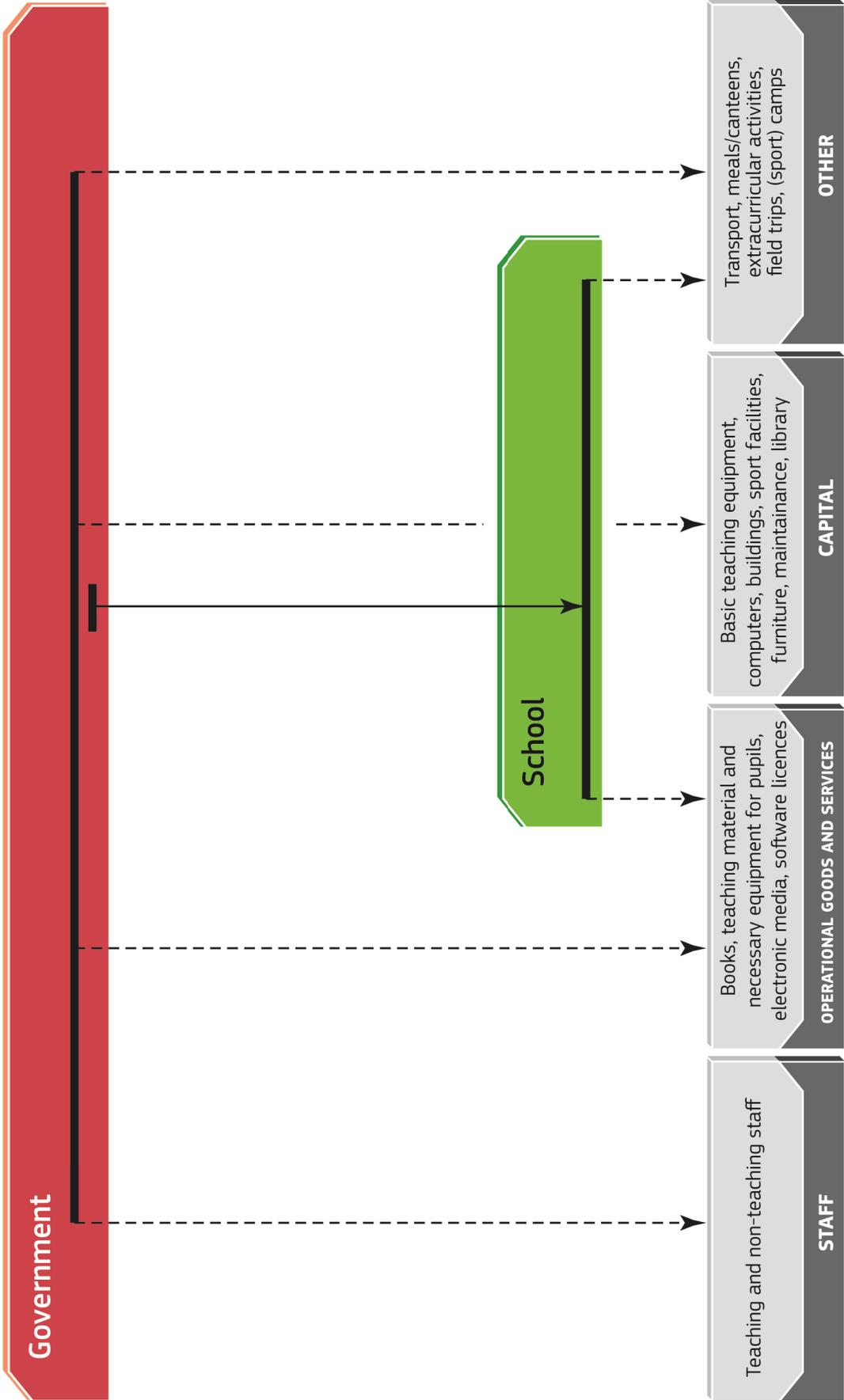


LIECHTENSTEIN
Primary schools

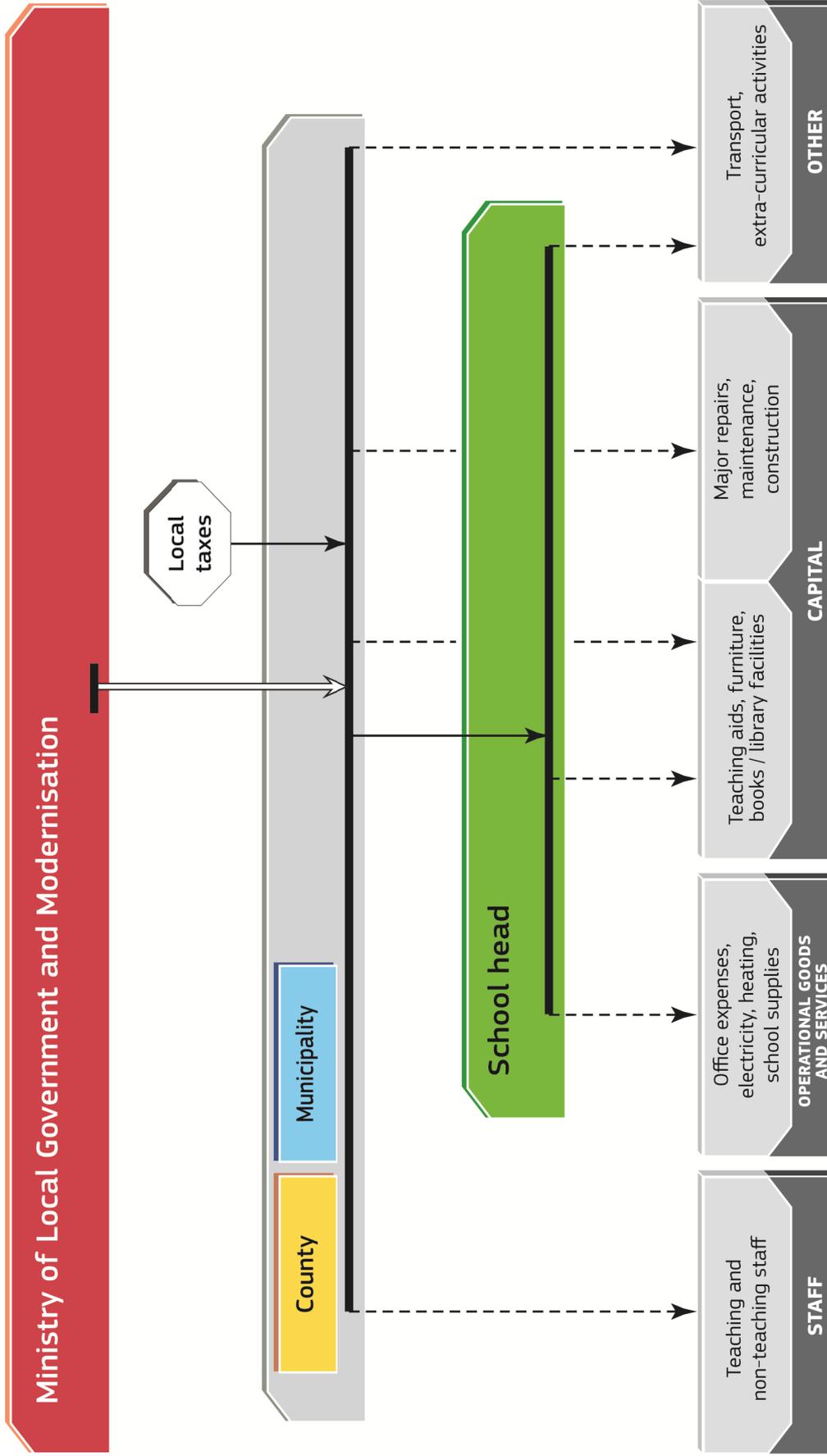


Teaching staff and heads of schools are employed by the state but the municipalities contribute 50 % towards salaries. External services such as speech therapists etc. which are not permanent services can also be funded by the municipalities.

LIECHTENSTEIN
General secondary schools



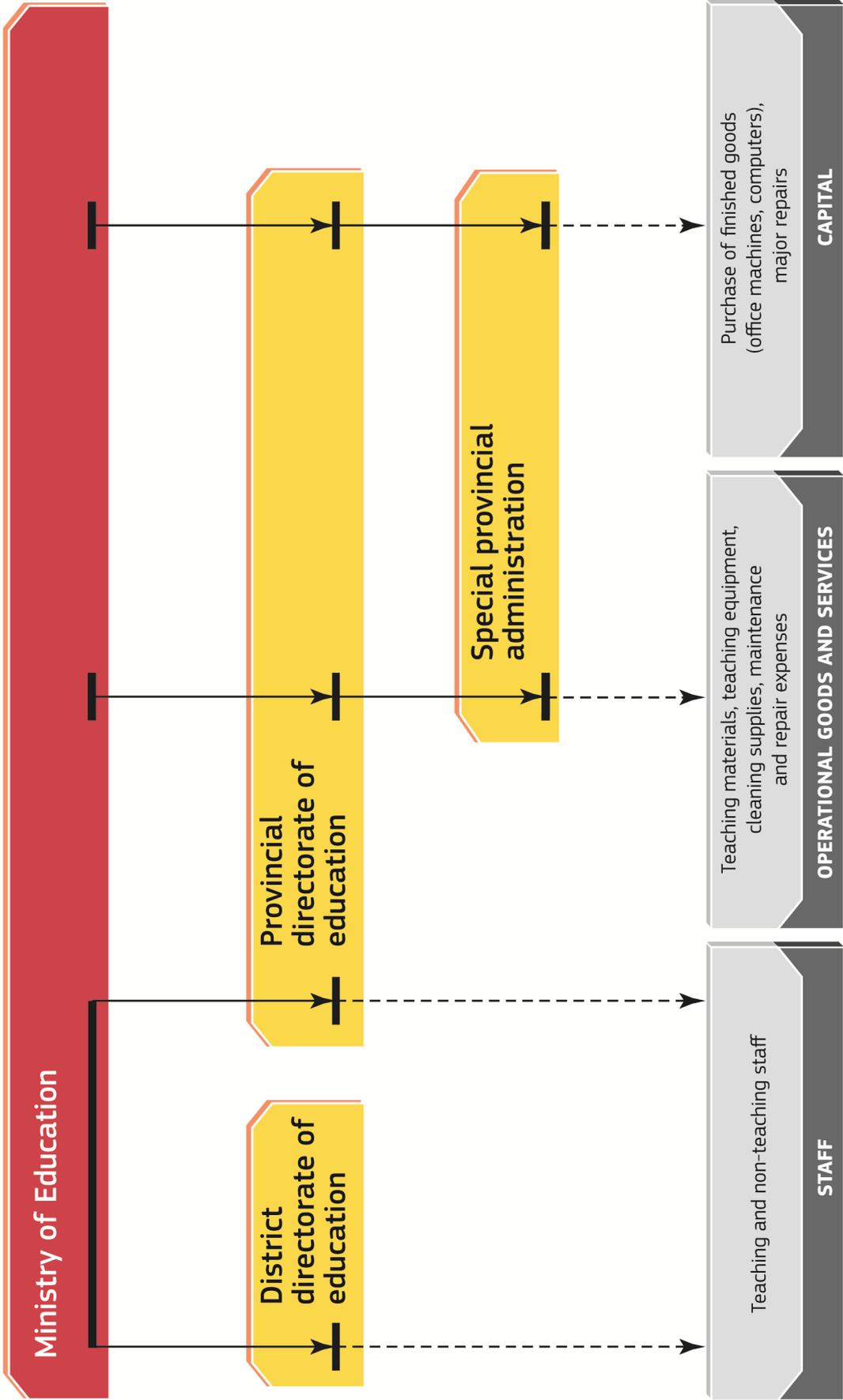
NORWAY
Primary and general secondary schools



Primary and lower secondary education is administered by the municipalities and upper secondary education by the counties. The level of autonomy municipalities/counties give to schools in allocating the resources differs depending on the municipality/county.

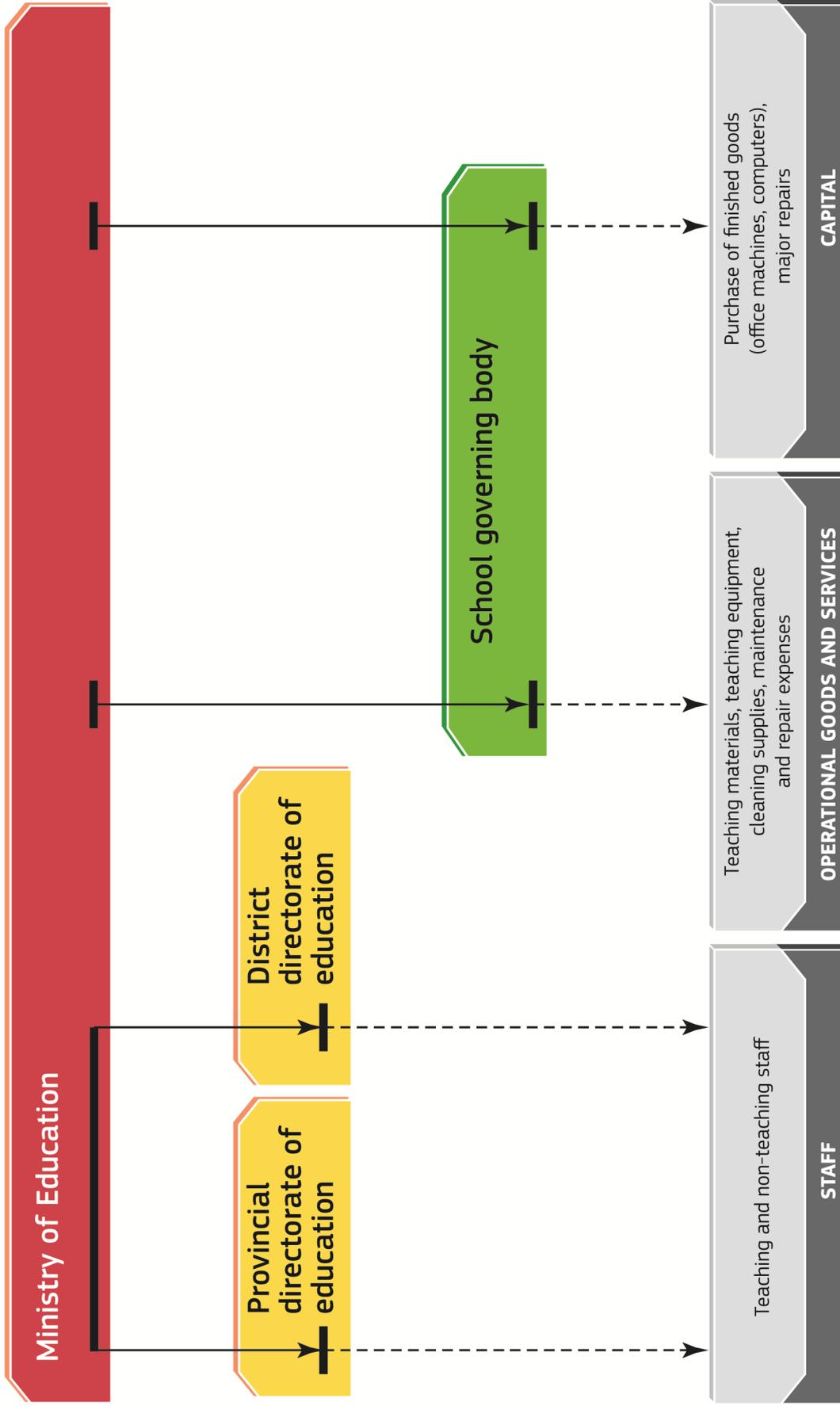
In addition to information shown in the diagram, the Ministry of Education and Research allocates limited earmarked resources to some counties and municipalities or directly to schools following an application process, for example, for school developments projects.

TURKEY
Primary and lower secondary schools



TURKEY

General upper secondary schools



GLOSSARY

Block grant: Financial resources provided to a body that allocates these funds for the purposes of its choice, using guidelines ranging from very general to more restrictive. In the context of the report, the allocation of the block grant covers two or more categories of education expenditure (i.e. teaching staff, non-teaching staff, current and capital expenditure).

Budget: An amount of funds that may be made up of different sources of public financing (central, regional or local level authorities). A budget may be dedicated to a single purpose or type of expenditure or it may be expected to cover a range of purposes, as determined by the public authorities or school level bodies responsible for its management.

Budgetary approval: involves awarding resources to authorities/schools in line with a budget they have drawn up themselves for approval by the responsible public authority.

Capital expenditure: refers to spending on assets that last longer than one year. It includes spending on construction, renovation and major repair of buildings as well spending on new or replacement equipment. (It is understood that most countries report small outlays for equipment, below a certain cost threshold, as current rather than capital spending.)

Capital goods: Property-based infrastructure and durable equipment (buildings and premises, playing fields, furniture, computers etc.) used by schools for their core activities. They include both fixed assets (immovable) and movables.

Central authority: The top level of authority with responsibility for education in a given country, usually located at national (state) level. However, in Belgium, Germany, Spain and the United Kingdom, the 'regions' (*Communautés, Länder, Comunidades Autónomas* and devolved administrations respectively) are responsible for all or most areas relating to education and are therefore considered as the top level of authority.

Current expenditure: refers to expenditure on goods and services consumed within the current financial year, i.e. expenditure that is made recurrently in order to continue providing educational services. Expenditure on small items of equipment, below a certain cost threshold, is also reported as current spending.

Discretionary determination of resources: The amount of resources is determined by the authority concerned. It is fixed without having to refer to any other authority, meaning that there is no set funding formula to calculate the amounts awarded, and that an estimate of needs and the corresponding allocation take place on a case-by-case basis.

Funding formulae: Funding method using defined criteria and applying a universally agreed rule to these criteria to set the amount of resources to which each school is entitled.

Intermediate authority: In this report, this term refers to any authority, which is politically and/or administratively situated between central level authorities and school level bodies. In most cases, they are regional or local authorities. They can also include administrative divisions of central level authorities and local school boards that have responsibilities for education within municipalities.

Local authority: Authorities responsible for territorial units below regional level. Local authorities may comprise elected representatives or they may be administrative divisions of central authorities.

Lump sum: A total amount of funds transferred from central to regional or local level authorities to cover a range of public services including education.

Non-teaching staff: includes, in addition to head teachers in some countries and other school administrators, supervisors, counsellors, school psychologists, school health personnel, librarians or educational media specialists, curriculum developers, clerical personnel, building operations and maintenance staff, security personnel, transportation workers, food service workers, etc.

Operational goods and services: are consumed within the current financial year, i.e. spending that needs to be made recurrently in order to sustain the production of educational services. Operational goods and services include, for example, books, stationary, teaching materials as well as items of equipment below a certain cost threshold. In terms of expenditure, 'current' is equivalent to 'operational'.

Other resources: Those used by schools to provide services subsidiary to their prime responsibility for education (such as school transport and catering, or even accommodation for pupils and extra-curricular activities).

Regional authorities: Authorities responsible for territorial units between the central and local levels. Regional authorities can be composed of elected representatives or administrative divisions of central level authorities.

Specific resources: are usually awarded through grants allocated within the framework of a positive discrimination programme intended to reduce educational disadvantage resulting from geographic, social, linguistic or other differences. Programmes might include, for example, education action zones, the teaching of minority languages, and special programmes to support children with disabilities.

Teaching staff: Personnel who participate directly in the instruction of students.

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

This report provides a framework for understanding the structure of funding systems of primary and general secondary education. It delivers an analysis of authority levels involved and the methods and criteria used for determining the level of resources for financing school education. It covers 27 of the 28 EU Member States as well as Iceland, Liechtenstein, Norway and Turkey. The authority levels involved in the transfers and provision of school funding is inextricably linked to the political and administrative set-up in individual countries themselves. With the help of national diagrams on funding flows, the report explains the different mechanisms, methods and priorities when it comes to funding staff, operational goods and services and capital goods.

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