

# Pilot Expenditure Review for Education

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**PUBLIC EXPENDITURE REVIEWS: LESSONS  
FROM EXPERIENCE**

2 November 2015, Bratislava



Ministry of Education,  
Science, Research and Sport  
of the Slovak Republic

# Agenda

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- Education sector in nutshell
- Pilot review: proposal
- Conclusions and issues for discussion

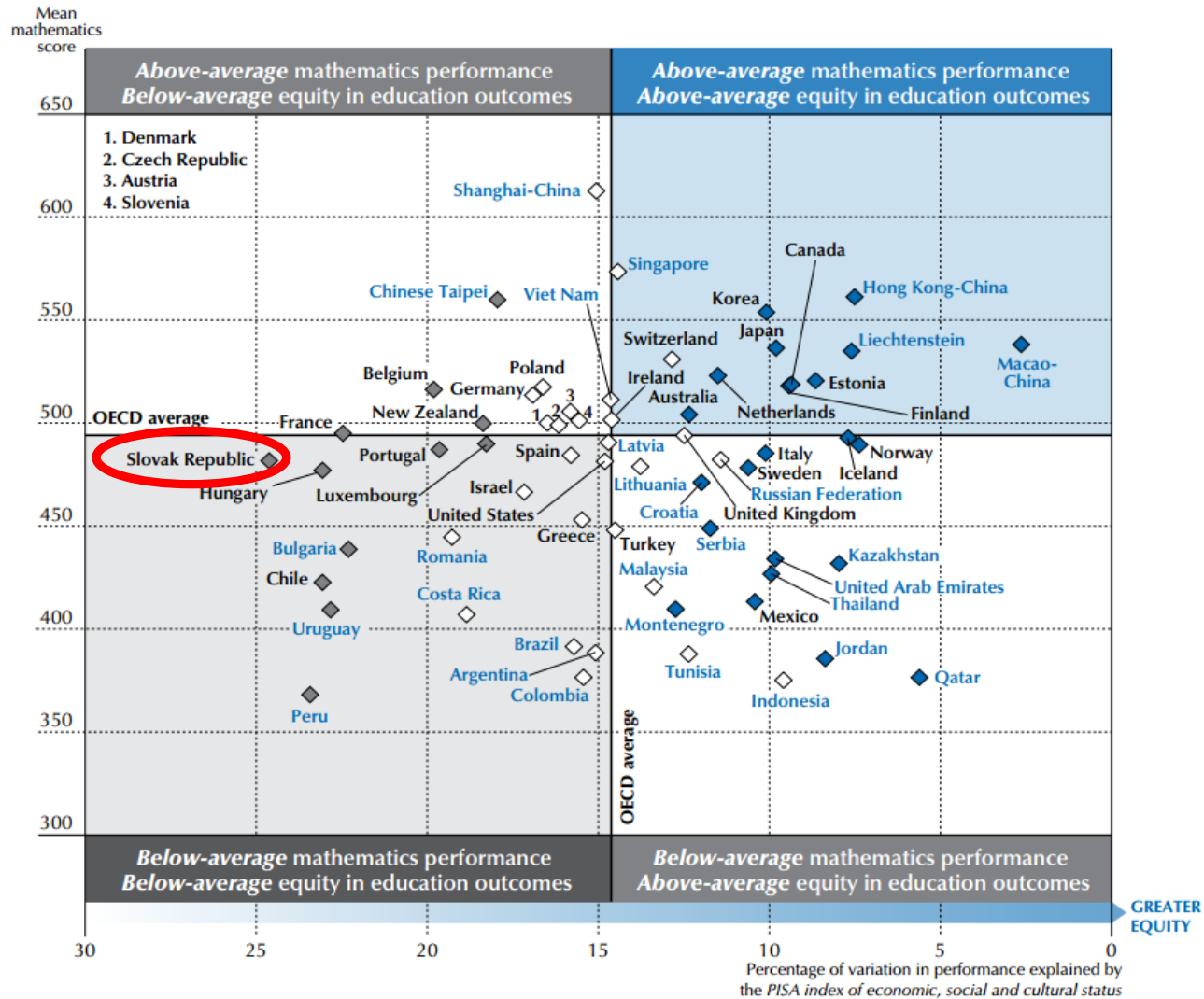
**James Hacker:** „It is very popular with the voters, Humphrey. Gives them at chance to help us to finds ways to stop wasting government money.“

**Sir Humphrey Appleby:** „The public doesn't know anything about wasting government money. We're the experts.“

- Yes, minister, s01e03



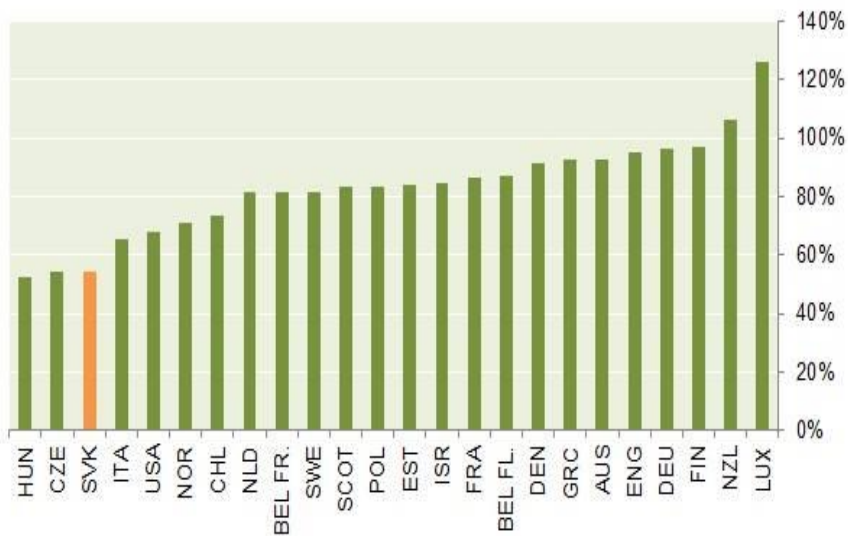
# Education: below-average results, weak equity



Source: OECD

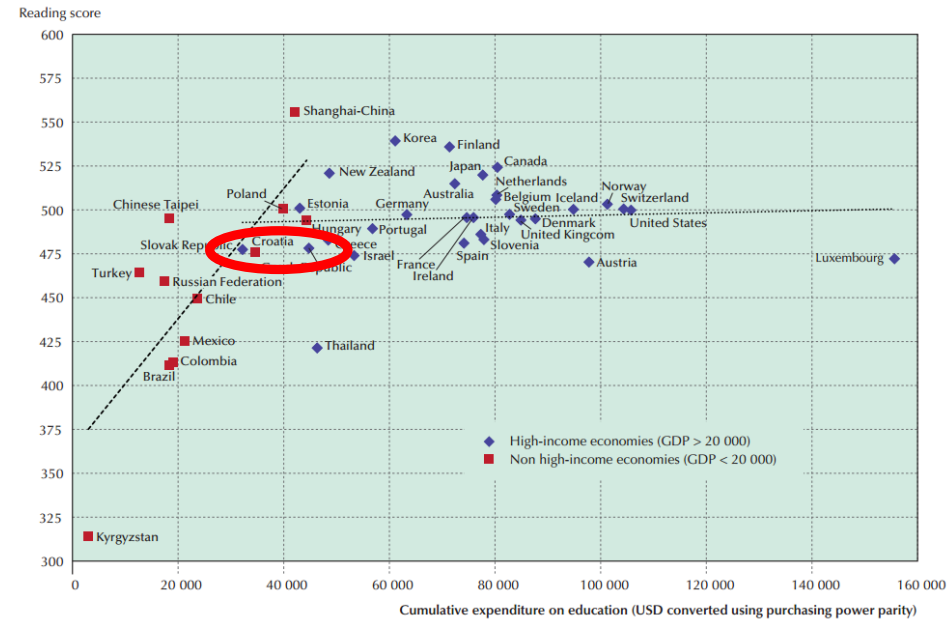
# Teacher salaries not attractive

Teachers' average actual salary (including bonuses and allowances) relative to earnings for full-time, full-year workers with tertiary education (2012)



Source: OECD, MoE estimate for Slovakia

Average reading performance in PISA and average spending per student aged 6 - 15



Source: OECD



# Education sector overview

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## Funding and efficiency

- Expenditures below average.
- Teacher salaries among the lowest in OECD.
- Education not affected by fiscal consolidation (teacher salaries increase).
- Efficiency concerns (due to demographic changes).
  - Student/teacher ratio
  - School size
  - Class size

## Outcomes

- Above the average at the primary level in reading and science (IEA PIRLS).
- Below the average at the lower secondary level in reading, mathematics and science (OECD PISA).
- Equity concerns (especially Roma).



# Pilot review: proposal

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## Criteria

- Data availability
- Methodology (literature, international examples)
- Policy relevance

## Topics

- Operational costs: Benchmarking of School Expenditures
- Policy: Rationalization of school network
- Investment (in cooperation with MoF): New ECEC capacities.
- Regulation: Introduction of minimal class size.



# Benchmarking of School Expenditures (1)

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## Motivation

- Comparison of school expenditures through benchmarking can ensure effective use of resources.

## Content and methodology

- Benchmarking of different types of expenditure among similar types of schools using a range of factors such as size, school type, category of heating intensity or share of socially disadvantaged children.

## Data

- Data on student, class, etc. will be obtained from school reports containing aggregated data on school level.
- Data on expenditures will be obtained from financial reports of schools.

## Data limitations

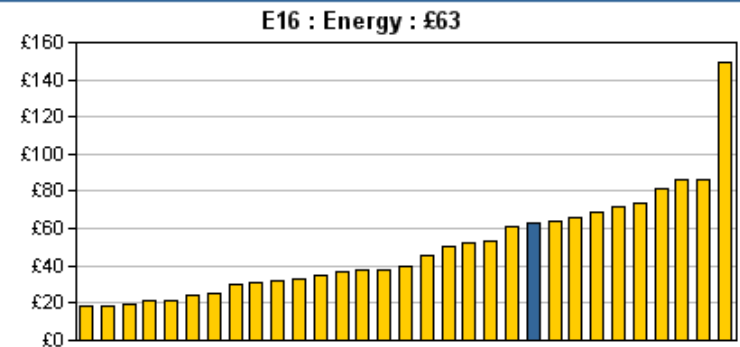
- Broad categories of operational costs (8 different categories).
- Not possible to allocate expenditure by school type for joint schools.
- Unavailable data on school quality (e.g. VA).

# Benchmarking of School Expenditures (2)

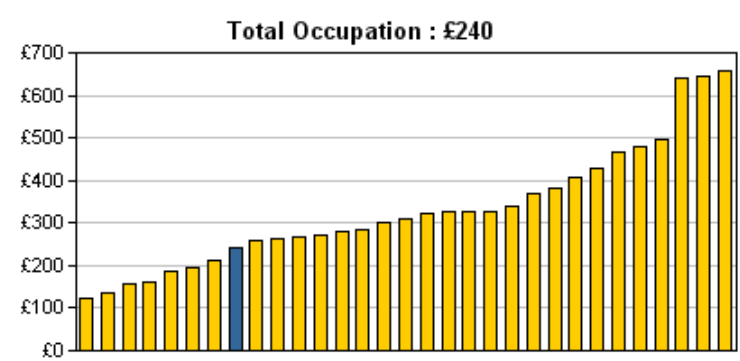
< Print friendly Viewing standard data: London Primary School with Low FSM

View Charts View Multiple Charts

- Revenue Expenditure
  - Staff
  - Premises
  - Occupation
    - Catering (net)
    - Water and Sewerage
    - Energy**
    - Rates
    - Other Occupation Costs
    - Other Insurance Premiums
  - Supplies and Services
  - Cost of Finance
  - Community Expenditure
  - Special Facilities
- Revenue Income
- Revenue Balances
- Capital Expenditure
- Capital Income
- Capital Balances
- Attainment Data
  - Average KS2 Points Score
  - Average GCSE & Equivalent Point Score (Not capped)
  - % with 5 A\*-C grade GCSEs (or equiv) inc Eng. & Maths GCSEs
  - % achieving Level 4 inc English and Maths at KS2



ZOOM

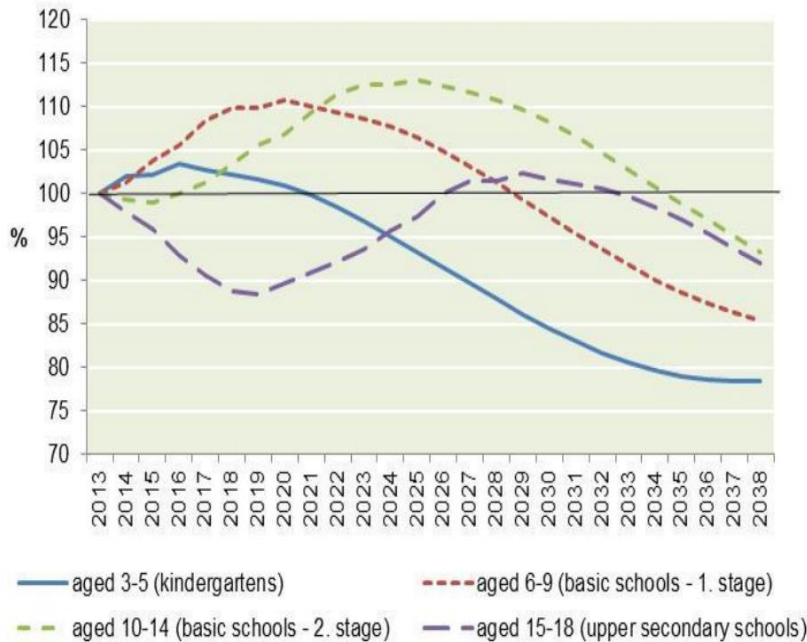




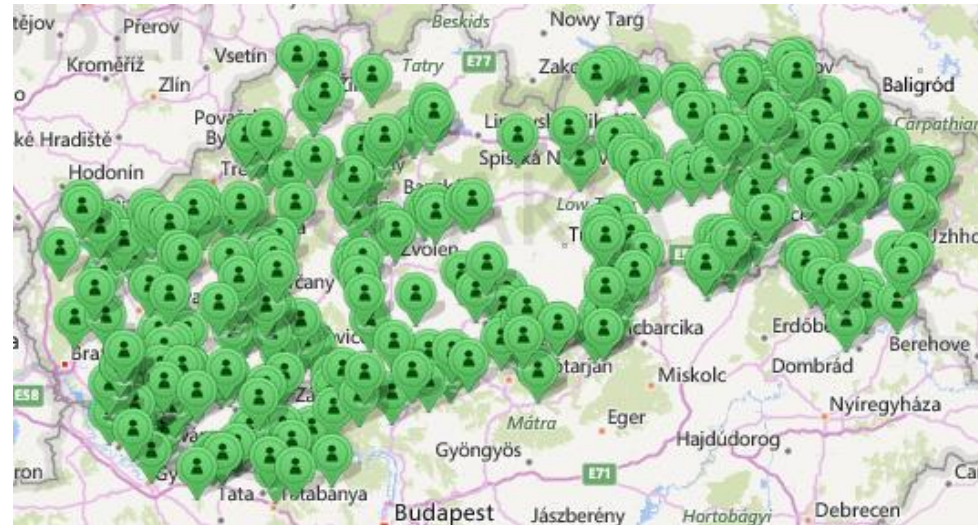


# Policy: Rationalization of school network (1)

Population projections (2013=100%)



Basic school with less than 25 pupils





# Policy: Rationalization of school network (2)

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## Motivation

- Decreasing student population. Only partial adjustments of the school network.

## Content and methodology

- Case study about closure of small basic schools and introduction of school buses in 2 districts.
- CBA
  - Costs: bus rental / bus procurement and transport operation
  - Benefits: savings – lower school normative funding (compensatory allowance and bargaining procedure)

## Data

- Calculation of distances and duration of bus routes with Google maps.

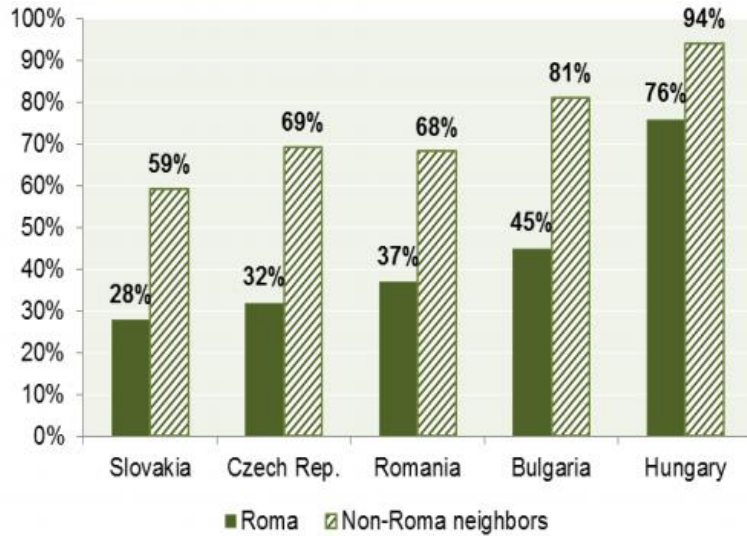
## Limitations

- Some costs/benefits cannot be taken into account (e.g. school clubs for children, joint basic schools with kindergartens; possible additional construction costs).
- There is no forecast of demographic development on municipality level.



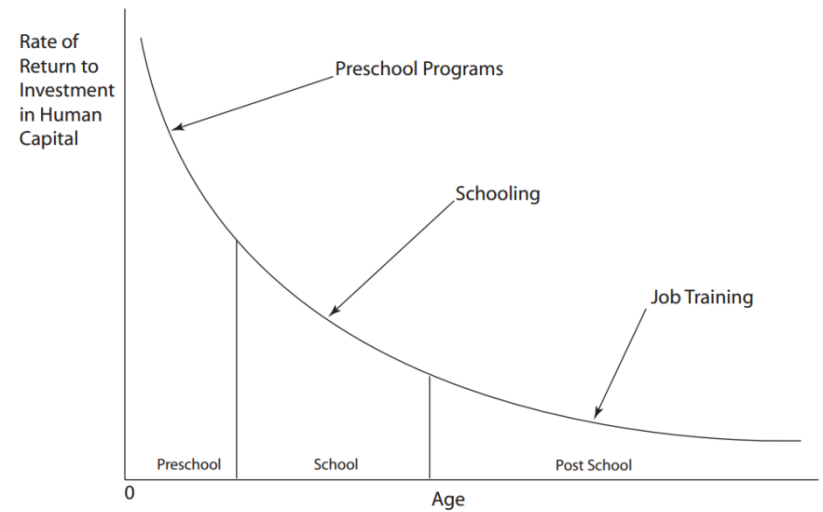
# Investment: New ECEC capacities (1)

Participation of Roma and non-Roma population in ECEC in the same locality (% , aged 3-6 years)



Source: UNDP/WorldBank/ECregional Roman survey (2011)

Rate of return to human capital investment in disadvantaged children



Source: Heckman





# Investment: New ECEC capacities (2)

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## Motivation

- Socially disadvantaged children suffer from low participation in ECEC. Recently, the Government has granted investments in ECEC capacities but, there is need for further investments.

## Content and methodology

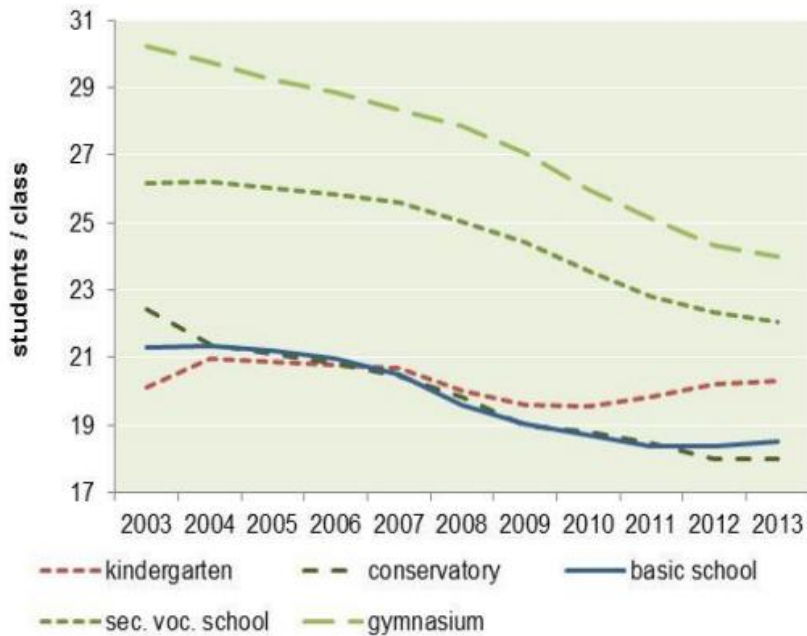
- Identification of costs and benefits of building new pre-school capacities especially with the focus on disadvantaged groups.
- CBA
  - Costs: capital (infrastructure and facilities) and operating costs (teacher salaries,..)
  - Benefits: increased employment of parents and higher household income; better learning outcomes; better labor market performance; crime reduction; positive effect on health; etc.

## Data and limitations

- Absence of pupils tracking, no indicators for ECEC in micro surveys (LFS, SILC). Possible use of return on investment estimated from literature.
- Not taking into account other policies contributing to higher participation in ECEC (e.g. financial incentives, promotion activities among parents, etc.)

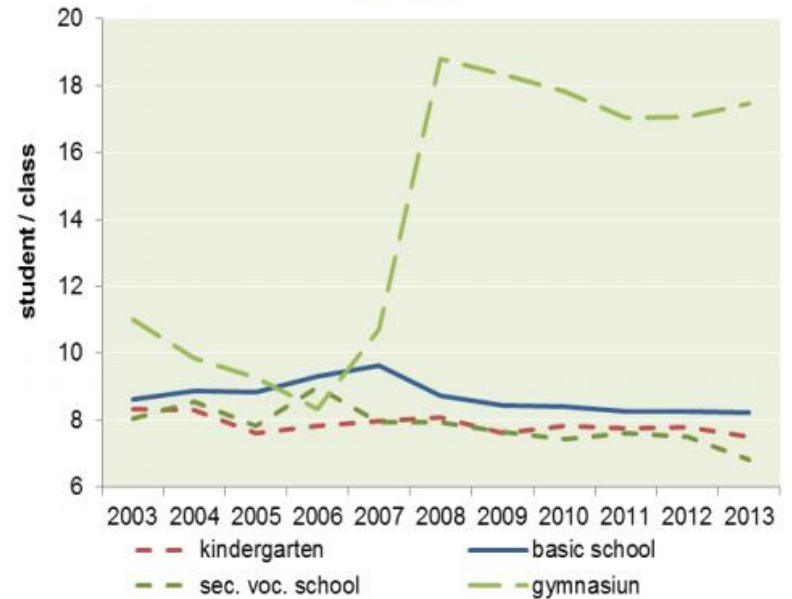
# Regulation: Minimum class size rules (1)

A. Mainstream schools



Source: UIPŠ (2013b)

B. Special schools and special classes in mainstream schools



Source: UIPŠ (2013b)



# Regulation: Minimum class size rules (2)

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## Motivation

- From September 2015, legislation introduces minimum class size rules for grades in primary and secondary education (with specific exceptions) to increase the efficiency in the context of decreasing number of students. Compliance with regulation is not easy to assess due to missing data on individual class size and many exceptions.

## Content and methodology

- Ex-post impact assesment (on behavior of schools) and indirect fiscal impact.
- No specific tool: Estimation of class size distribution (average number of students per class in a grade will be taken to estimate actual class size if there are more classes in grade).
- Due to transition period, the analyses will encompass grade 5 in basic schools (minimum 15 pupils) and grade 1 in secondary schools (minimum 17 pupils).

## Limitations

- There is no record of existing exceptions (i.e. classes with lower threshold), therefore it is not possible to verify whether school (founder) with small classes under the threshold complies with the rules or not.



# Conclusions and issues for discussion

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*"Ask me my three main priorities for government and I tell you education, education, and education." Tony Blair, 2007*

Key questions:

- How to achieve better outcomes with available funds?
- Where to allocate possible additional financial resources?

Data, data, data

Capacities

Political sensitivity (EU funds; investment projects; Government packages)

Selection of topics

How to evaluate spending in other areas (sport; reasearch and development, etc.)



# Thank you for your attention

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