



What is the Impact of Education Financing Reforms on Equity in Basic Education?

Preliminary findings from a UNICEF regional study

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Education Financing Reforms in CEE/CIS

- Demographic transition and governance reforms have driven demands for reducing inefficiencies and imbalances in education funding systems
- Key reforms: Per Capita Funding and School Network Rationalization
- Education systems in the region continue to exclude children from poor families, ethnic minorities and children with disabilities
- Among the countries with growing inequalities in education, some have completed education financing reforms, others are developing them
- There is little evidence about the impact of education financing reforms on equity in access to, completion and outcomes of basic education

Objectives and Methodology of the Study

Assess whether and how **the demand for efficiency gains in education financing**, through per capita funding and school network rationalization, **may reinforce inequalities in access to and outcomes of basic education** in Bulgaria, Georgia, Lithuania, Moldova, Poland

Draw lessons and recommend good practices to achieve education spending efficiency with greater equity in outcomes and process

- ✓ Qualitative data collection in the countries
- ✓ Quantitative analysis of financial and education data
- ✓ Desk review of existing literature and information

Impact on Efficiency and Education Budgets

- Reforms had **positive impacts on efficiency** in terms of higher student-teacher ratios, class size and energy savings, **and on school autonomy** in budget, infrastructure and personnel management
- However, generated efficiency **savings** have **not been fully reinvested in the education system**
- In several of the examined country, **gradual decrease** in the growth rate **of education spending**, in the share of GDP spent on education, and in per student spending as a share of GDP per capita

Impact on Equity

- **Per capita funding has worsened inequity between schools:** small schools are financially disadvantaged

Most schools with less than 200 students report deficit, insufficient funds to cover basic needs

- **Provisions for additional funding** for disadvantaged, special needs and ethnic minority students **are not included in all countries**

Mainstream schools face difficulties in financing special needs students, school authorities lack incentives to enroll them due to high costs

- Even a well designed per capita formula is not enough to ensure equity: **funding has to reach the targeted students**

Some local governments are not obliged to replicate the formula when allocating funds received from central budgets to schools

Impact on Education Quality

- **School consolidation provided positive opportunities for students** to transfer to schools with better facilities and infrastructure, more competitive student environment, and better qualified and specialized teachers
- **Big schools experience the greatest benefits:** most costs are covered by the formula, with additional funds used for refurbishing, purchasing of new equipment, and attracting better qualified teachers
- The **unequal impact on big and small size schools** may lead to **growing variance in quality of education** between schools

Impact on School Drop-Out and Absenteeism

- The study **does not confirm an increase in drop-out rates** associated with school consolidation
- **School attendance has been negatively affected in all examined countries**, mainly due to transportation maintenance issues, quality of roads and weather conditions

While the State budget covers transportation costs for transferred students in most countries, additional costs for transport repairs are usually the responsibility of municipalities

- Evidence in some countries indicates that **there might be incentives for principals to hide or underestimate absenteeism and drop-out** due to the design of the formula

Conclusions & Lessons Learned

- **Countries showing improvements in education quality have reinvested the efficiency gains in other education reforms, e.g. establishment of strong oversight and monitoring systems and improvements in curricula, teachers' qualifications and assessment programs.**
- **Gradual adjustments in the formulas** have helped to address gaps and accommodate evolving needs, focusing on equity. Additional funds for small schools are crucial.
- **Local governments and schools play an essential role** under per capita financing: **they need to be supported** to ensure resources reach specific students and attendance is properly checked/reported.



Thank you!