

ICPS newsletter

Decentralisation of education and reform of intergovernmental relations should be co-ordinated

Ukraine has already initiated the reform of intergovernmental relations (this issue is discussed in detail in ICPS Newsletter # 94, 29 January 2001). However, this reform should not be implemented apart from sectors which are directly effected by the transformation of intergovernmental relations. Poland's experience in the decentralisation of education shows that educational reform comes to naught if adequate changes in the public finance system do not take place. On the other hand, efforts to build a democratic society and establish an effective system of public governance will fail if reformers do not think about the quality of education. The following is a summary of a presentation by Jan Herczynski and Tony Levitas from the Research Triangle Institute at an ICPS seminar devoted to Polish experience in the decentralisation of education

Budget decentralisation

As part of its EU accession strategy, Poland implemented budget decentralisation. This large-scale administrative reform in Poland was initiated even before 1990, by the territorial redivision of the country. The first step meant establishing local governments at the lowest level, thus in 1991 2,500 *gminas* were established. In 1999, Poland installed a new administrative-territorial system, including 16 provinces (*województwo*) and 384 counties (*powiats* and *gminas* with *powiat* rights).

In Poland, the main building block of the modified local government finance system is the subsidiarity and clear assignment of responsibilities for public services. For example, *gminas* are responsible for primary education, all utilities, local roads, basic social welfare, and health care functions. *Powiat* functions include the development of secondary education, social protection, some land-use planning, and local labour market policy. *Wojewodeships* are authorized to implement regional policy aimed at improving people's living standards. The national government determines standards of public services and monitors their implementation.

The decentralisation of education

In the educational sphere, budget decentralisation entailed seeking answers for the following questions:

- Who is responsible for hiring, firing, and paying teachers?
- Who is responsible for hiring and firing school directors?
- Is money allocated to local governments on the basis of the historical costs of schools or on some other basis (weighted per-pupil standards)?
- Who is responsible for monitoring the quality and content of education?

The Polish government decision to decentralise the educational system can be explained by the fact that local governments are closer to their schools and can manage them better. Local public servants know local education needs and are able to adjust the education policy to them. The political decision to decentralise the educational system in Poland reflects a conviction of the national government that local governments are the best institutions to rationalise, improve, and transform public schools.

However, when decentralising education sector management Poland had to face

Last week

ICPS disseminates information on conference results. In October 2000, a conference titled "European Integration: Parliamentary Dimension" was held in Kyiv within the framework of ICPS's Ukraine's European Choice (see *ICPS newsletter* # 82, 16 October 2000). The anthology of reports by the conference participants was published last week. This publication was produced with the financial support of the Delegation of the European Commission in Ukraine, Belarus, and Moldova.

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This week

EBRD presents its Transition Report. A presentation of the European Bank of Reconstruction and Development's *Transition Report 2000* on the progress in transition in the countries of Central and Eastern Europe, the Baltics and the CIS will be held on 6 March 2001 at ICPS. The main theme of the 2000 Transition Report is employment. The presentation will cover the following topics:

- cross-country comparisons of the progress in transition;
- macroeconomic aspects, including impact of the US economy slowdown on the region;
- employment issues.

Presenter: Julian Exeter, EBRD senior economist.

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the problems inherited from the past. Education was overloaded with large numbers of archaic technical and professional schools, as well as small rural schools. There were drastically different unit costs in various types of schools and across regions. Salary captured very high share of school budgets (about 80%).

In order to overcome these problems, a decision was made to create a financial standard. **The financial standard** is a per pupil amount transferred to local governments from the national budget, adequate to ensure a similar standard of education for every child and equitable in the sense that it considers objective environmental factors that influence the needs or costs of education in various local jurisdictions. Having estimated a rough financial it is necessary to identify and estimate the additional costs of education that may result from objective conditions such as poverty, handicapped students, low population density, and extreme geographical or climatic conditions.

Polish expert explained why the original

algorithm used to calculate the education subsidy for *gminas* between 1996–1999 was ineffective:

1. Multipliers for pupils in rural schools and pupils in small towns were not clearly justified.
2. *Gminas* were guaranteed 100% of their previous year's subvention independent of declines in enrollment.
3. Multipliers for special students and ethnic minorities were not clearly justified.
4. Multipliers for teachers' qualification were in conflict with the per pupil principle.

Lessons from the Polish experience

Education is managed effectively if local governments are responsible for allocating resources to the schools. This reform envisions the following steps:

- local governments should receive funding on the basis of the number of weighted pupils they serve and not on the basis of the out-of-date budgets of the schools in their jurisdictions;
- public servants also have to have the

managerial power and skills to effect changes in resource allocation;

- local governments also have to learn how analyse and control the relative costs of their schools, and assess and monitor the quality of their schools;
- clear employment standards (teacher-student ratios) should be determined and local officials should have the power and the will to meet those standards (including firing teachers); and
- minimum wages must be set at a level that can be met either out of local government own resources, or through the subvention the receive from the national government. ■

The seminar on "Problem of Financing Secondary Education in Ukraine: Polish Experience in the Decentralisation of Education" was held at the International Centre for Policy Studies on 27 February. The seminar was organised as a part of ICPS's People's Voice Project and Research of Strategic Directions of Reforming Science and Education in Ukraine project, with the support of the International Renaissance Foundation, the World Bank, and Research Triangle Institute.

Role and problems of the Ministry of Education of Poland in the decentralised system

The shift from a centralised to a decentralised education system means that the ownership of the schools and other education facilities is transferred to local governments, and the central education authorities (usually, the Ministry of Education) lose direct managerial power over the schools. Thus, the Ministry is obliged to enter into a dialogue with independent, powerful public entities concerning the structure and evolution of the system. The reform process can be initiated and monitored by the Ministry, but can only be executed by local authorities.

The management of the decentralised education system relies on legal formulations and universal standards. The Ministry has to apply universal standards for all schools of a given type, including standards for staffing, teaching time, and education programs. The Ministry has to impose standards for educational services, define enrolment and employment procedures, and the scope of school monitoring.

An ideal statistical information gathering system would allow the Ministry to monitor access to schools by school level and type, by region, and by sex and age, including minorities and handicapped children. The Ministry also should monitor basic performance-related measures (such as student-teacher ratio, class size, actual teaching load of teachers, teacher qualifications, class attendance, student dropout rates, etc), and expenses per student for different school types.

To achieve these goals, the Ministry and other government and non-government institutions need accurate, reliable, up to date data on: students attending different types of schools across the

country; teachers employed in schools and other facilities; education finances; school performance, including curricular and extra-curricular activities; and technical status of schools.

As Poland moved into democracy and decentralisation, the usefulness of its inherited old statistical collection systems was varied. For example, the data on students are comprehensive but highly non-systematic and differ across school types and levels. The data on teachers are self-contradictory and very difficult to assess and use. There is almost no data on school performance. The technical information concerning school buildings is insufficient for rational allocation of scarce investment funds. Statistical data on teachers are collected by different, self-contradictory systems and are highly unreliable. The removal of the Ministry as the employer of teachers was not followed by appropriate changes in collected statistics relevant in a decentralised environment. Different data-collecting systems give use different definitions of teachers and yield differing teacher numbers, so that it is difficult to monitor employment levels.

The data needs of all the relevant players (ministries of education and finance, local governments, trade unions) have to be determined before any data collection changes are introduced. Data item definitions must be unambiguous and stable, and data supplying institutions need clear instructions and explanations (preferably, in the form of a manual). As experience shows, data quality and consistency need to be independently verified.

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