EARLY CHILDHOOD AND GENERAL EDUCATION FUNDING REFORM IN LITHUANIA: FROM 'STUDENT BASKET' TO 'CLASS BASKET'

2020-11-10

In July 2018, the Government of Lithuania has approved a new model for education funding and since 1 September 2018 the *class basket* funding model is applied at schools. This new funding model replaced *student basket* funding model, which was applied since 2001.

The Rules for estimation, distribution and use of education funding were approved at 11 of July 2018 by Lithuanian Government decision No. 679 (further – Rules).

Main principles of 'class basket'. Based on the 'class basket', the funds for schools are allocated according to the optimum number of class sets that is estimated taking into consideration the number of school pupils according to the specified formula. The estimated average number of pupils per class set enables to identify whether a small, medium or large class basket will be allocated.

'Class basket' vs 'student basket'

The 'class basket' enables to provide the financial resources necessary for implementation of the curriculum and provides assumptions to mitigate educational attainment inequality (the 'student basket' resulted in larger differences in school funding and larger inequality).

The 'class basket' guarantees more stable funding of educational needs, if the number of pupils is changing, whereas the 'student basket' funding model, when the number of pupils is changing, resulted in inadequate fluctuations of funding, which did not allow to ensure optimum funding of the educational process (the change in number of class sets was slower compared with the number of pupils but fluctuations of funding were larger – based on the number of pupils).

Competition related to the 'student basket' stimulated stronger schools, however did not help the weaker schools to improve their results (but *vice versa* – they were "punished" by lower financing), and the above resulted in larger mismatch between schools.

'Class basket' leads to optimal number of class sets and optimal class sizes ('student basket' motivated to have oversized classes because of additional funding).

How funds for class basket are calculated?

1. Based on the 'class basket', the funds for schools are allocated according to the **conditional number of class sets**.

$$\text{conditional number of class sets} = \frac{\text{factual number of students in each grade at school}}{\begin{array}{c}\text{basic class size}\\ (24 \text{ in } 1-4 \text{ grades or } 30 \text{ in } 5-12 \text{ grades})\end{array}}$$

If conditional number of class sets isn't integer, then 1 is added.

For instance: if 61/30=2,03, the conditional number of class sets is 3; if 60/30=2, the conditional number of class sets is 2; if 25/30=0,83, the conditional number of class sets is 1.

2. The estimated **conditional average number of students per class set** enables to identify whether a **small, medium or large class basket** will be allocated.

$$\text{conditional average number of students per class set} = \frac{\text{factual number of students in each grade}}{\text{conditional number of class sets}}$$

Small class basket is allocated, when conditional average number of students per class set is 11 or less, **medium** – 12-20 students, **large** – 21 and more students.

For instance: 61/3=20 falls into the range of '12-20 students' and medium class basket is allocated for each class set; 60/2=30 falls into the range of '21 and more students' and large class basket is allocated for each class set; 25/1=25 falls into the range of '21 and more students' and large class basket is allocated for each class set.

3. **Class basket** covers costs of implementation of the curriculum. In general it reflects salaries for teaching staff, because funds for other educational needs are calculated separately and allocated in addition to 'class basket' (for instance: funds for administration of the school, educational support, qualification improvement, et cetera).

The size of class basket (small, medium and large) in each grade depends on number of **curriculum hours**, necessary for class of some particular size (<11, 12-20 or 21< students). These hours vary because of need to split classes in some subjects. Calculation of class basket are based on average hours for individual subjects.
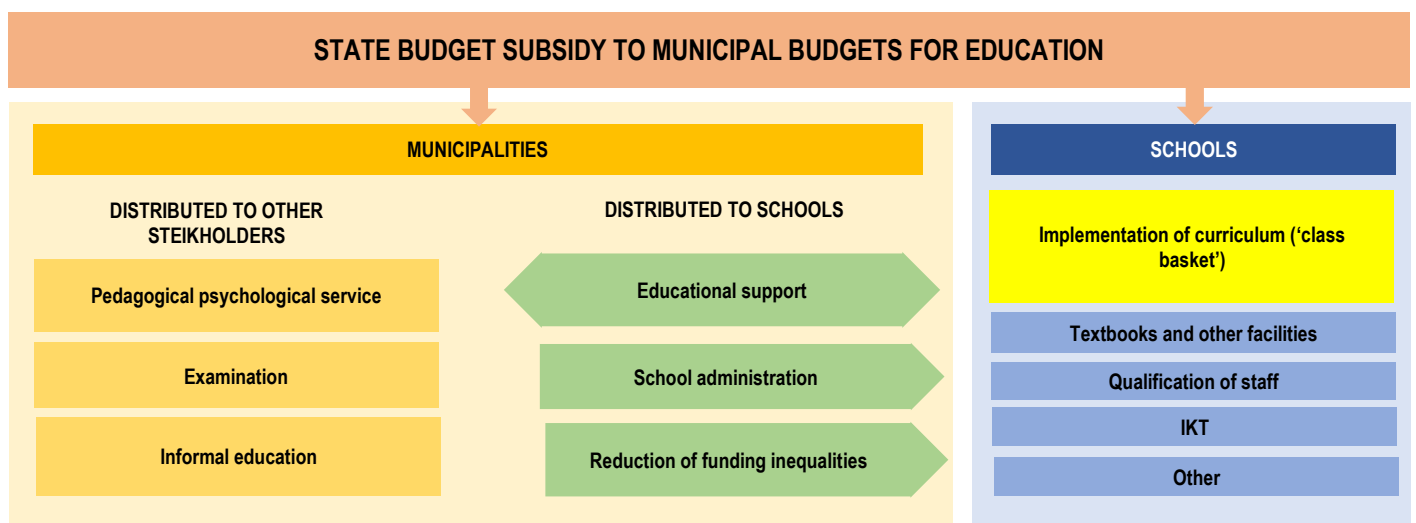
To get **conditional number of teachers**, necessary for 1 school year of particular class, curriculum hours are divided by contact hours for one teacher position.

To get **class basket amount** conditional number of teachers is multiplied by average teacher annual salary (coefficient R is average of coefficients set in the law for Payment of public sector workers with regard to the actual distribution of teachers by their qualifications and work experience). Taxes are included too.

4. In order to prevent from having very small classes (what would be very costly) the **minimum class size** is set: 8 students in 1-10 grades and 12 students in 11-12 grades. When actual student number is less then minimum class size, only part of class basket is assigned (Annex 4 of the Rules). The other part should guaranty the founder of the school (for instance, municipality from its budget recourses).

5. All indicators, necessary for calculation of class basket are set by the **law acts**. Number of students and their individual attributes (grade, learning language, belonging to ethnic minorities, special needs, at cetera) are taken from the **Education information system**.
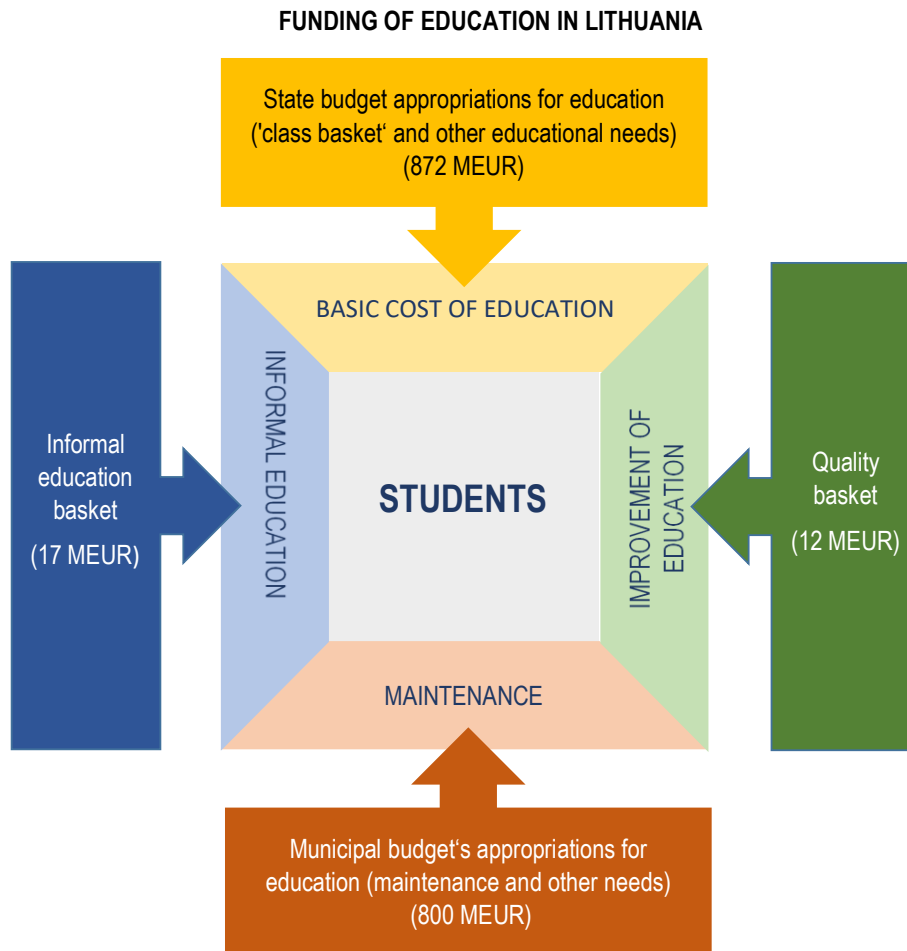
6. **Exceptions** from the general rules are presented in the Annex 5 of the Rules (classes for students with special needs, adult classes, classes in hospitals, learning at home, et cetera).

Implementation of the reform

Implementation of the funding reform went quite slightly, because additional funds were allocated to reduce negative impact of funding losses in some schools (+2,6% of subsidy or 16 MEUR a year).

At the same time other reform of teacher payment system was implemented (payment for working hours was replaced with payment per position). This reform was met much more controversially (with resistance and strikes).

FUNDING OF EDUCATION IN LITHUANIA

State budget appropriations for education
('class basket' and other educational needs)
(872 MEUR)

BASIC COST OF EDUCATION

INFORMAL EDUCATION

Informal education basket (17 MEUR)

STUDENTS

IMPROVEMENT OF EDUCATION

Quality basket (12 MEUR)

MAINTENANCE

Municipal budget's appropriations for education (maintenance and other needs) (800 MEUR)

'Quality basket' – is a new initiative for 2019-2021 year. There is targeted finances for schools to improve educational achievements of students. 180 schools will get additional finances support. Expected that „quality basket" will reduce the part of students who fail to reach the primary level of achievement and increase the part of students reaching a higher level of achievement. The „quality basket" is given for municipalities schools. Finances of „quality basket" are devoted to the improvement of the educational process, consultations, educational environments and tools, learning and educational assistance, research and creative activities of students, qualification of teachers, promotion of school leadership and so on.