

The desired goals and actual short-term consequences of the centralisation of public education in Hungary

by

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Centralisation and the problems associated with it in Kornai's oeuvre

Kornai [2013]: **Centralization and market reform**: – An introductory study to Volume III of the life's work series

- Over-centralisation in the Hungarian light industry under socialism
- Reform: a change towards decentralisation in a socialist system
- papers on Mechanism designs



Centralisation in Hungary after 2010

- Centralisation within the capitalist economic system (Kornai [2012]: Centralisation and the capitalist market economy)
- Obsession with centralisation after 2010 (Kornai [2015]: Hungary's U turn)
- Centralisation of local governments (Soós & Dobos [2014]: Against the Trend: ReCentralization of the Local Government System in Hungary)
- Centralisation of public utilities (turning them into state monopolies)
- Centralisation of public services (health care, education)

Re-centralisation in public education in Hungary after 2010

Main steps

- Act CXC of 2011 on **National Public Education**,
- Act CLXXXVIII of 2012 on **taking over the control and funding** of some education institutions **from local governments** by the state ,
- Act LXVI of 2015 on the **amendment of Act CLXXXVII** of 2011 on **Vocational Training** and Act LXXVII of 2013 on **Adult Training** and some other related acts,
- Act LXXX of 2016 on the **amendment of acts** related to the **regulation of education** and some related Acts
- Government Decree 134/2016. (VI. 10.) on the **organisations managing and performing state tasks** in public education and on **Klebelsberg Centre**

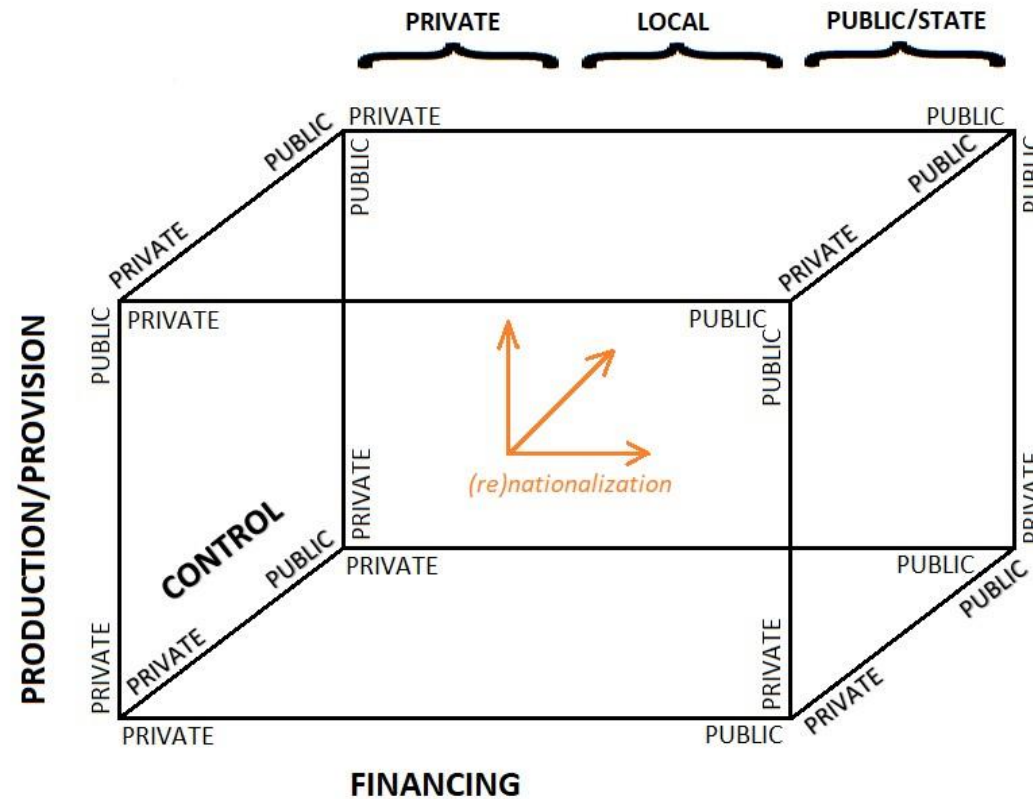
Re-centralisation in public education in Hungary after 2010

Main characteristics

- Educational institutions no longer **managed** by local governments but by **school districts** (beginning of 2013)
- **Vocational education** (voc. schools and voc. sec. schools) transferred to **Ministry of National Economy** and managed by **NSzFH** (since 2015 summer)
- **Number of school districts reduced** from 198 to **58** in 2017
- Local governments kept only **formal ownership** of school buildings
- Decision-making powers of head teachers and teachers diminished

Re-centralisation in public education in Hungary after 2010

Re-centralisation in education interpreted as re-nationalization



The rationale and the explicit objectives of centralisation

Legal documents: the Bill and the Act

The Bill

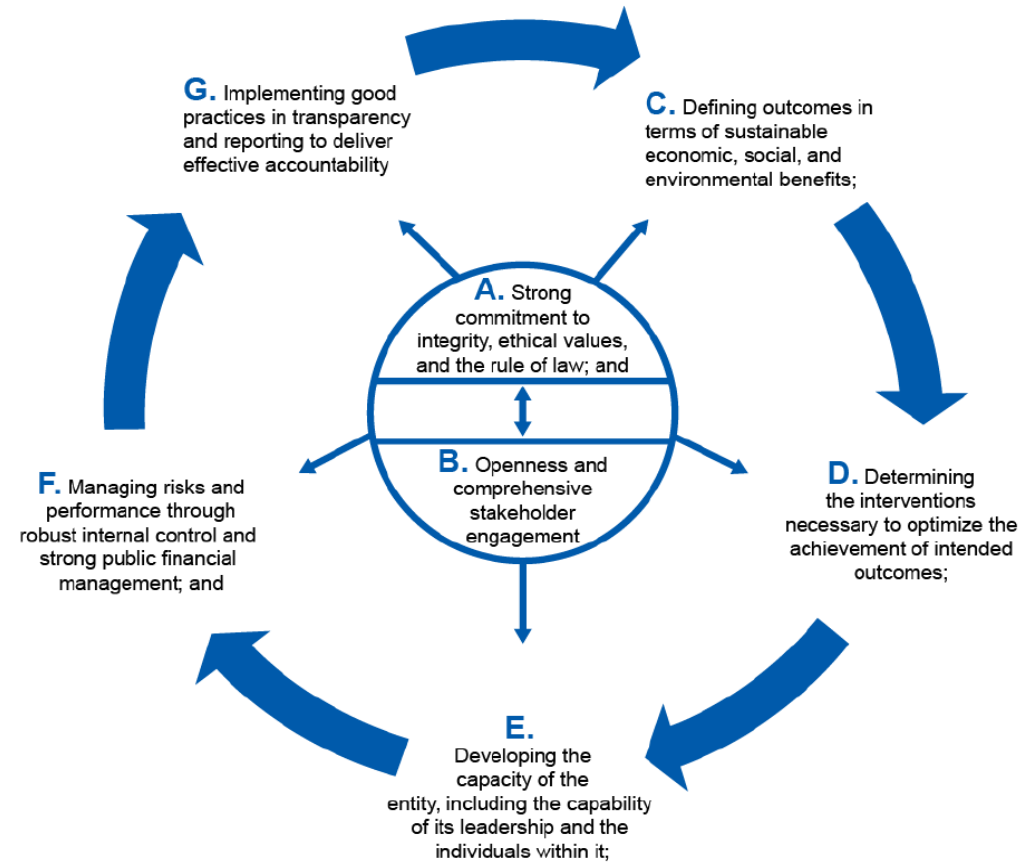
- **facilitating the establishment of the Good State;**
- **creating the operating conditions** of a state that provides public services fully;
- **improving and unifying** the **professional standards** in the provision of public education;
- achieving **more efficient** and **cost-effective** institutional management.

The Act

- **the creation of a public education system that provides equal opportunity to every child**
- creating the operating conditions of a state that provides public services fully;
- **improving and unifying** the **professional standards** in the provision of public education;
- achieving **more efficient** and **cost-effective** institutional management.

Key principles of good government in the public sector

Acting in the Public Interest at all Times



Good government in the public sector – some remarks

- Some principles of good government were not adhered to during reform
 - commitment to ethical values and the rule of law weak ;
 - stakeholder engagement and participation unsatisfactory;
 - defining outcomes in terms of economic and social benefits missing
- Lack of conceptual precision (Rothstein & Teorell, 2012)
- Distinction between „good governance” and „good government” in Hungarian political science literature (G. Fodor & Stumpf, 2017; Kákai, 2013) – words losing their meaning

The rationale and the explicit objectives of centralisation: interviews (2014) with decision-makers and bureaucrats

- Making research interviews with EMMI and KLIK is difficult. In 2014 for an Education Authority assignment we got permission to make interviews – secondary analysis.
- Interviewees included a former state secretary of public education, two **deputy state secretaries** of public education, the **president of KLIK**, and several **heads of school districts**
- **Objectives** of the centralisation reform according to the interviews
 - Providing **equal opportunities** for students
 - **Correcting** the **anomalies** of the previous system
 - Setting **unified standards**
 - **Rationalising expenses**

The rationale and the explicit objectives of centralisation: the implementation process

- Ideologically motivated objective
- Centralisation became the objective, not means
- Consequences not monitored
- Hasty implementation of changes
- Secretive attitude, procedures and outcomes undisclosed
- Rapid changes in top positions

Is centralisation in education evidence-based?

Lessons from theoretical literature and international experience

- Centralised education prevails in some countries even in Europe (e.g. France)
- Some countries with outstanding results in education (international comparisons of student performance) have a centralised system (mostly in Asia)
- **Decentralisation** is the universal trend nearly everywhere in the world for more than 20 years
- Even successful countries with a centralised system and good results started to decentralise
- Hungarian centralisation is not evidence-based

What the data can tell us – some technical remarks

No. of „pure” general (elementary) schools

Year	2012	2013	2014	2015	sample
Nr. of “pure” schools	947	1004	1436	1451	904

Sample Selection – type of schools

- myriad of forms of educational institutions in the Hungarian education system
 - General schools (8-year), secondary schools (8-, 6- or 4-year), vocational schools, vocational secondary schools, basic art and music education institutions, special education schools, etc.
- „pure” and mixed form of schools (general & secondary together, different types of secondary together, general & basic art or music together, etc.) schools and institutions (student hostels, etc.) coexist
- comparing costs and outcomes of different school types impossible/extremely difficult
- our solution: concentrating on „pure” general schools only

Measuring concentration (income, salaries, school revenues/expenses)

Gini coefficient and Lorenz curve

Lorenz curve

Units (people, schools) etc. ranked and then ordered

$$G = 1 - 2 \int_0^1 L(X) dX$$

Gini with reference to the Lorenz curve



$$G = \frac{1}{n} \left(n + 1 - 2 \frac{\sum_{i=1}^n (n + 1 - i) y_i}{\sum_{i=1}^n y_i} \right)$$

Measuring concentration (salaries, incomes, school revenues/subsidies/expenses) in two different ways

Gini coefficient (type A)

standard **Gini for schools**

units (schools) ranked according to

- their revenues, subsidies or expenditures
- or their total outlays on teachers' salaries or income

Gini coefficient (type B)

Gini for students (subsidies & other revenues) or **teachers** (salaries or incomes) based on average per capita (per teacher or per student) values

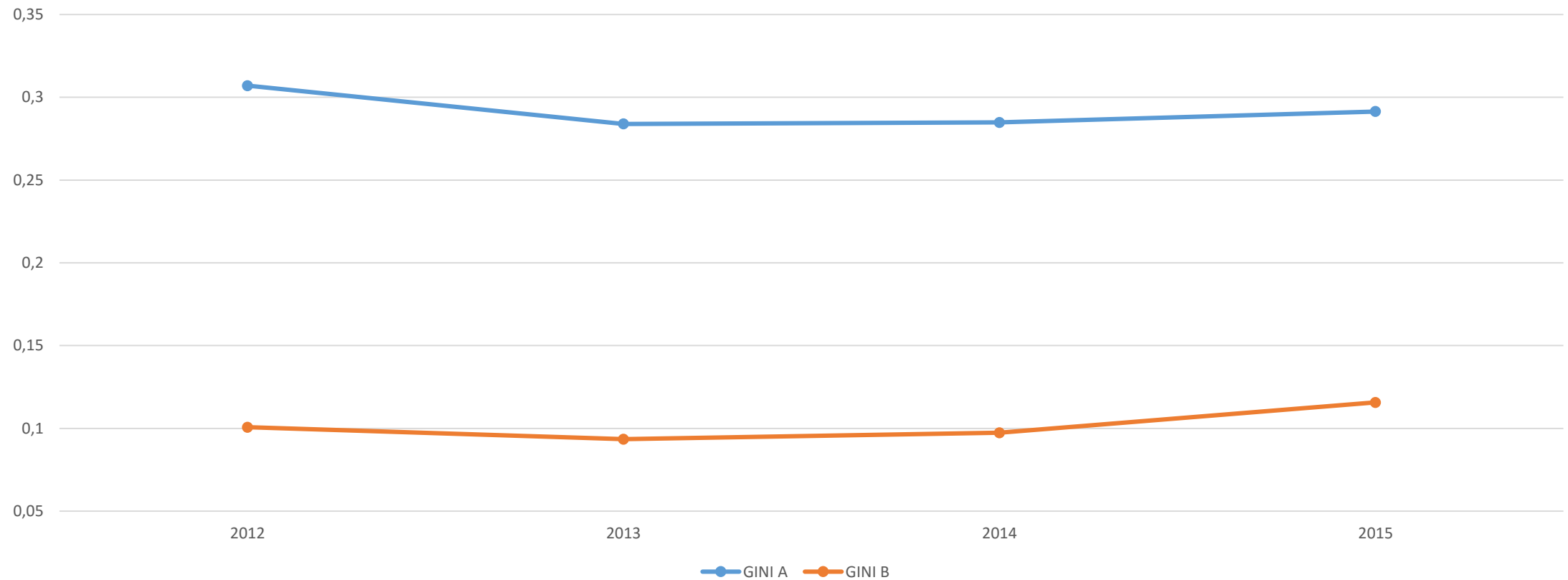
average per capita value in each school is assigned to units (teachers or students) as we don't know

- the actual salaries or incomes of every teacher (but we know the total salaries or incomes in the school and the number of teachers), or
- the actual amount spent on individual students (but we know the total amount spent and the number of students)

Did the centralisation bring about any of its expected and intended benefits? What the data can tell us

Inequality in teacher salaries

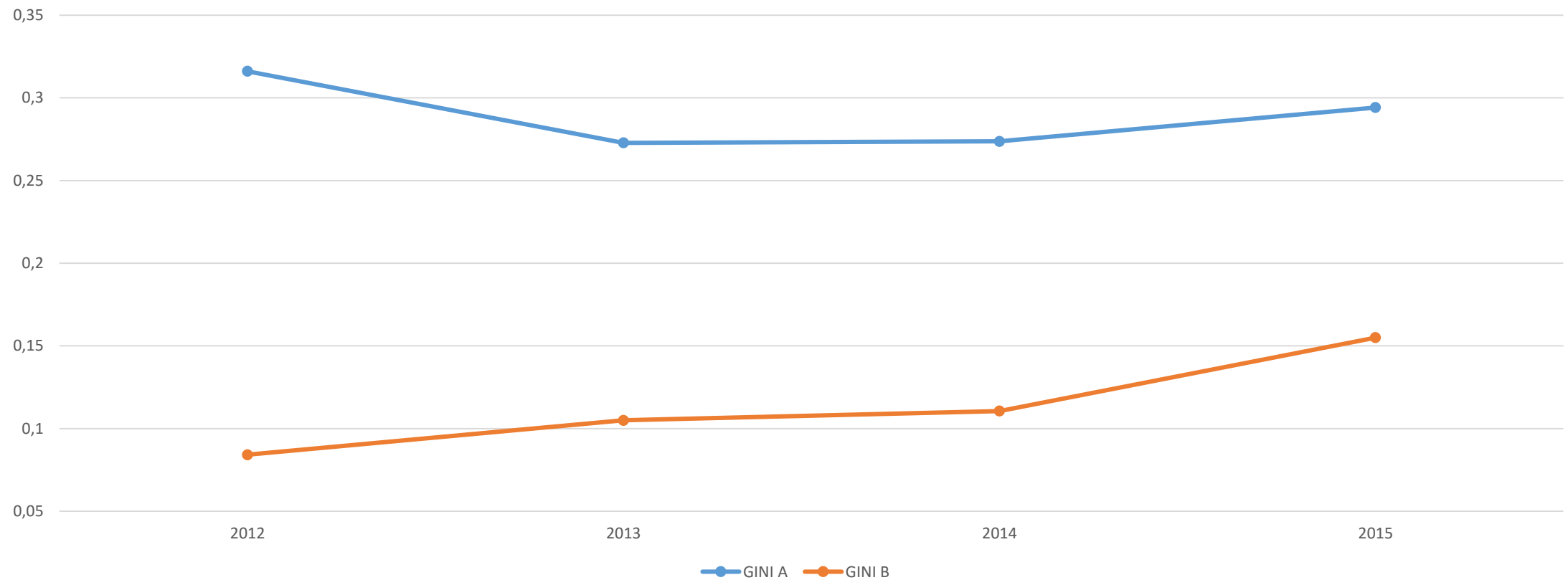
GINI coefficients of teacher salaries



Did the centralisation bring about any of its expected and intended benefits? What the data can tell us

Inequality in school spending

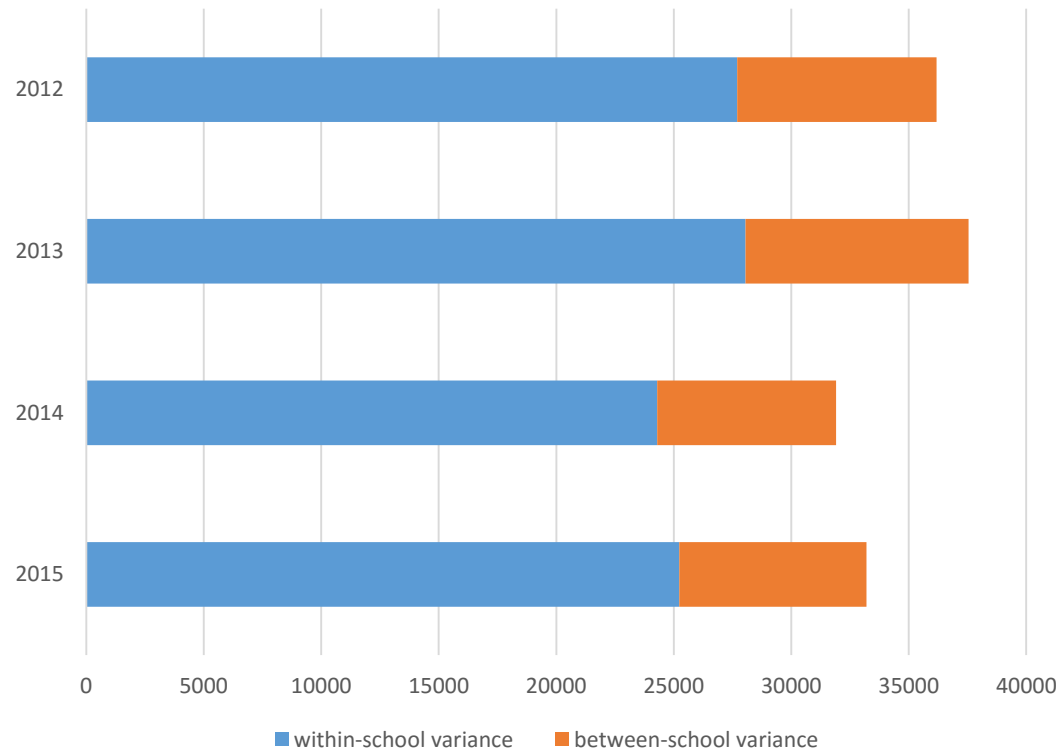
GINI coefficients of school spending



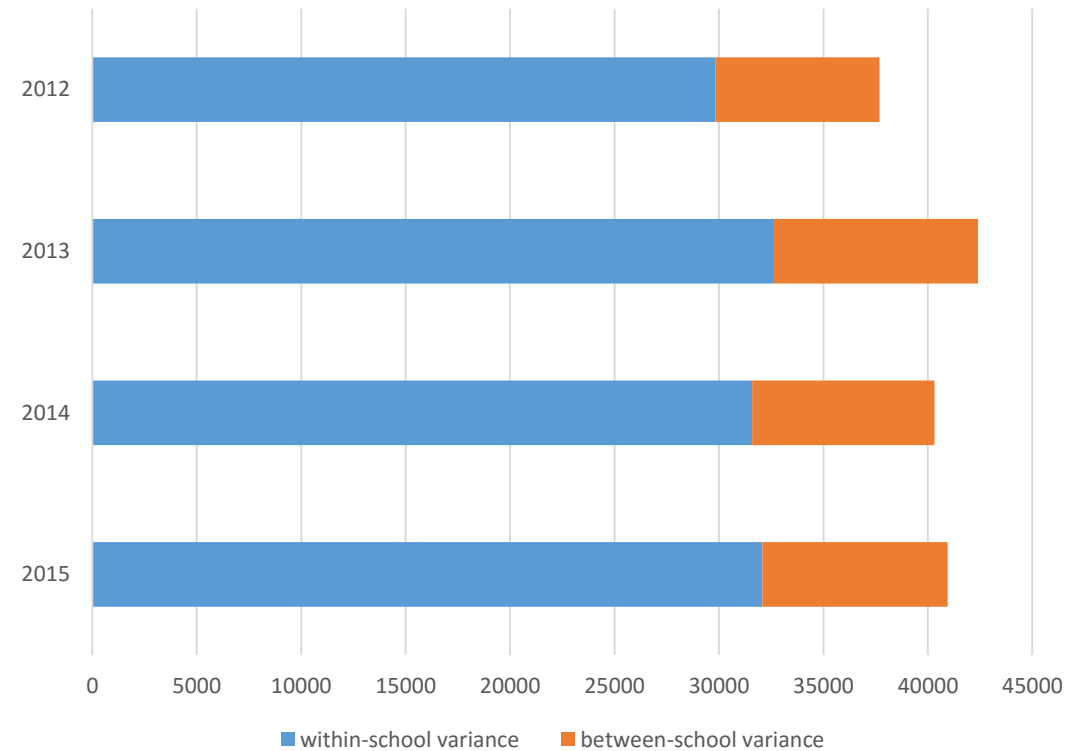
Did the centralisation bring about any of its expected and intended benefits? What the data can tell us

Variations in competence test results – 6th grade, KLIK schools

Within-school and between-school variances, 6th grade mathematics



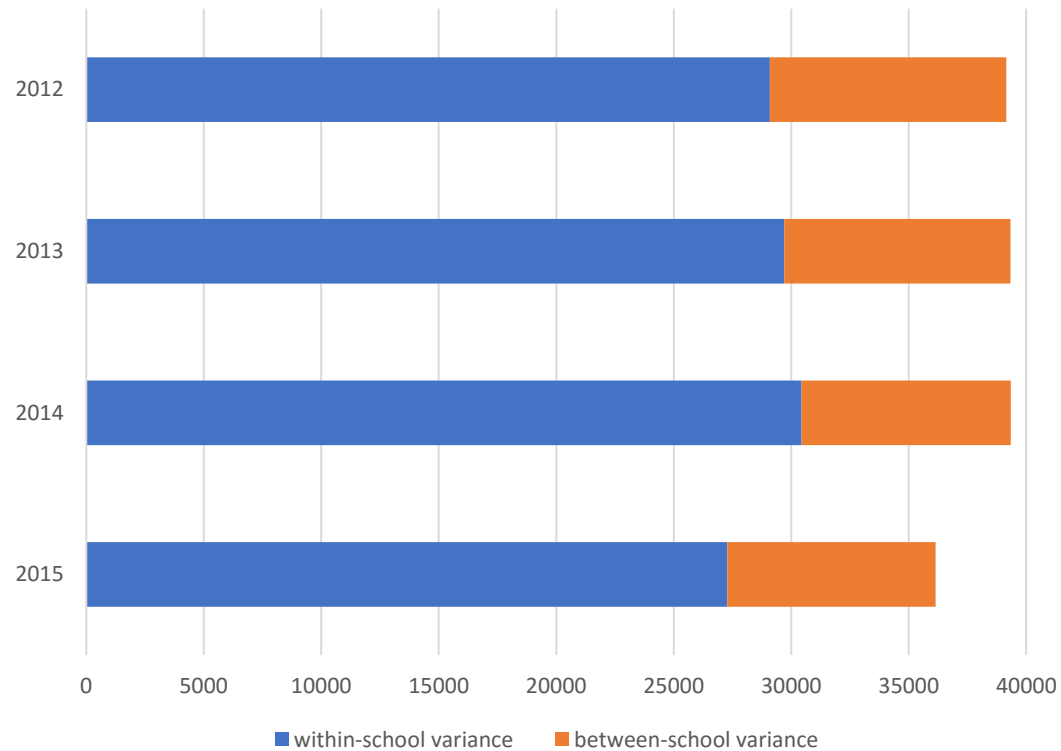
Within-school and between-school variances, 6th grade reading comprehension



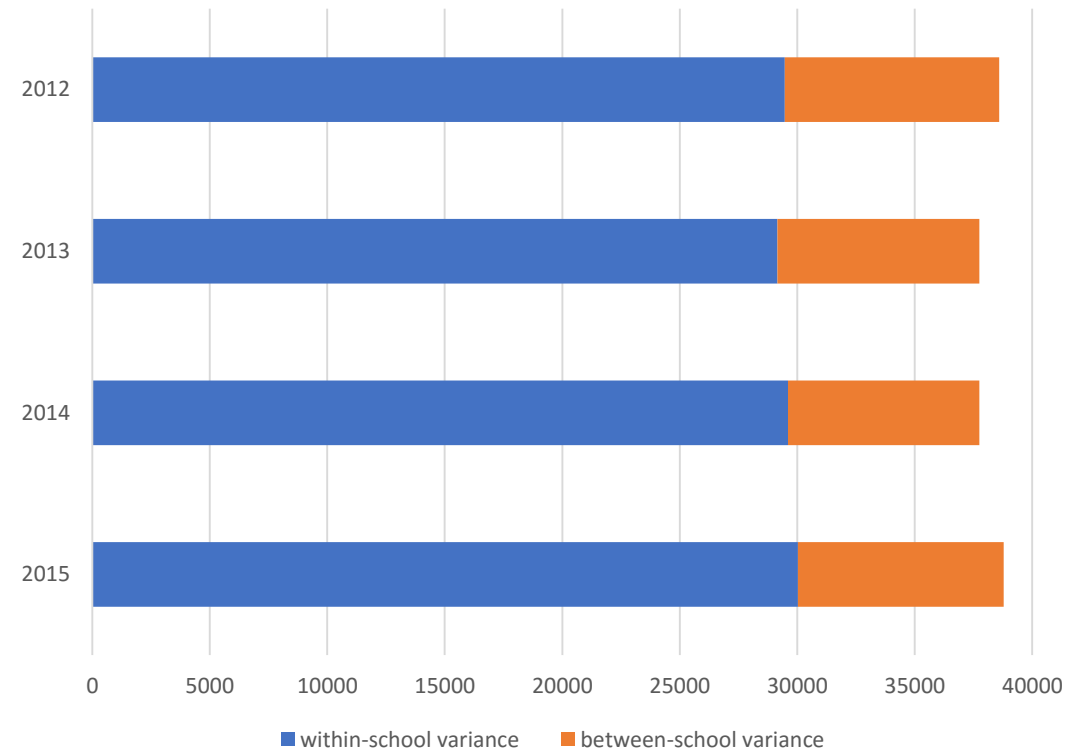
Did the centralisation bring about any of its expected and intended benefits? What the data can tell us

Variations in competence test results - 8th grade, KLIK schools

Within-school and between-school variances, 8th grade mathematics



Within-school and between-school variances, 8th grade reading comprehension



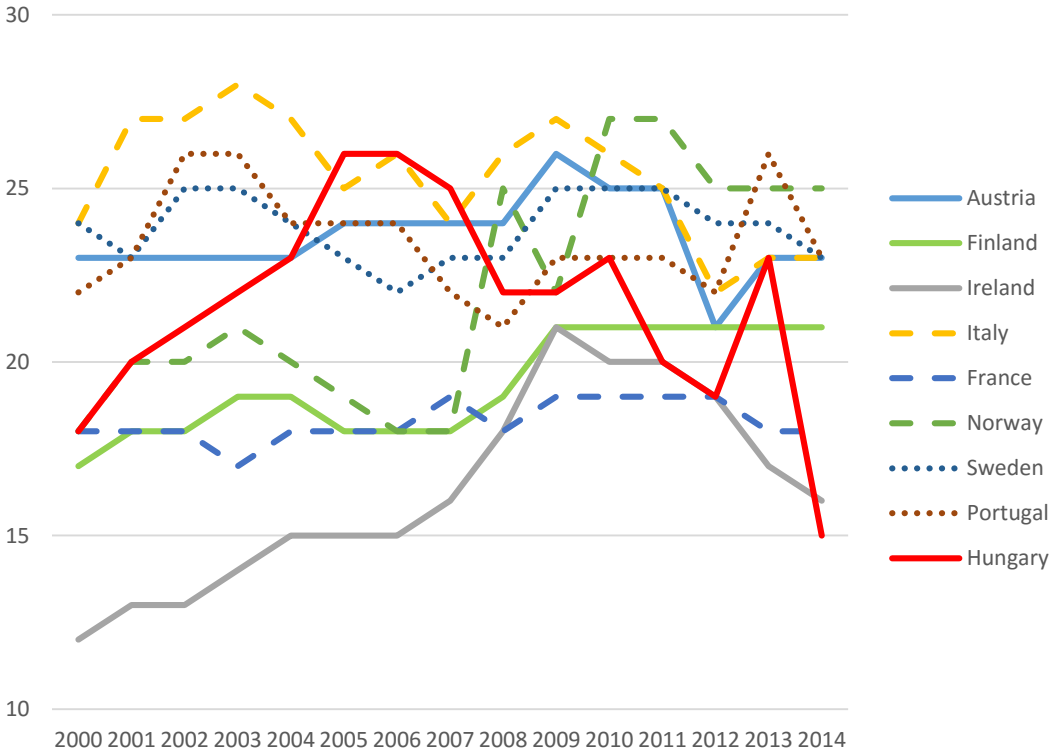
Previous 4 slides based on our own calculations with financial data of schools and national competence test data

The slides below are our own figures based on data published in „A közoktatás indikátorrendszere 2017”, ed. Varga, MTA KRTK/CERS HAS

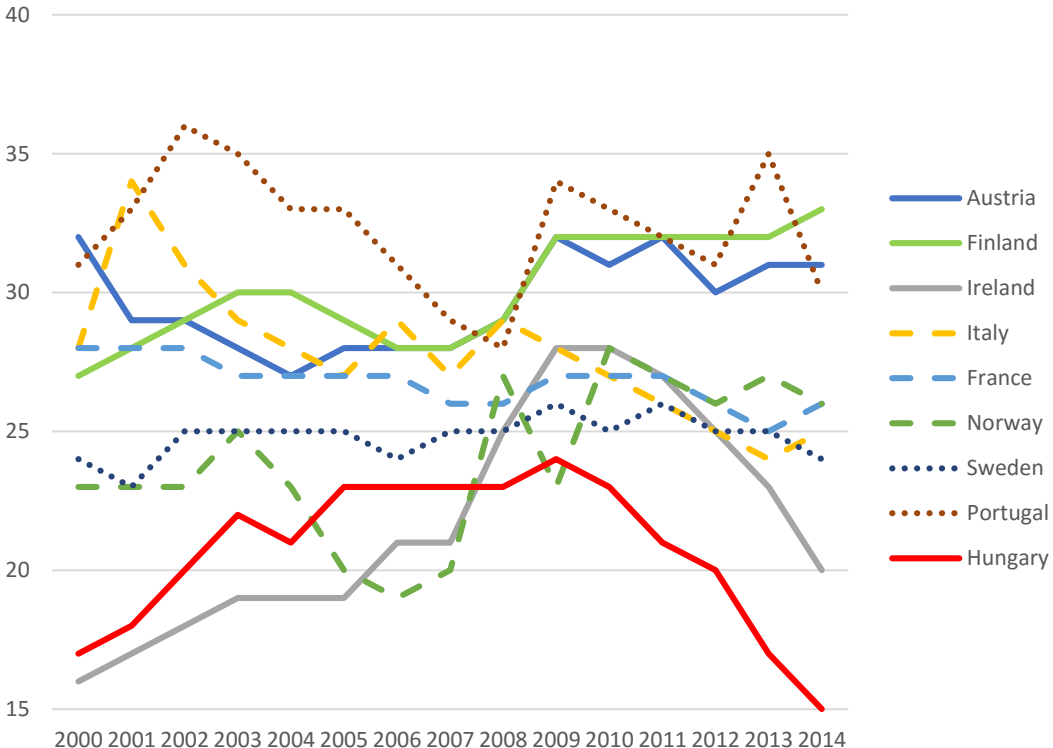
Was there a hidden agenda? Implicit or not intended benefits

Education expenditures in traditional market economies and Hungary

Education expenditures (ISCED1 level) per student as a percent of per capita GDP



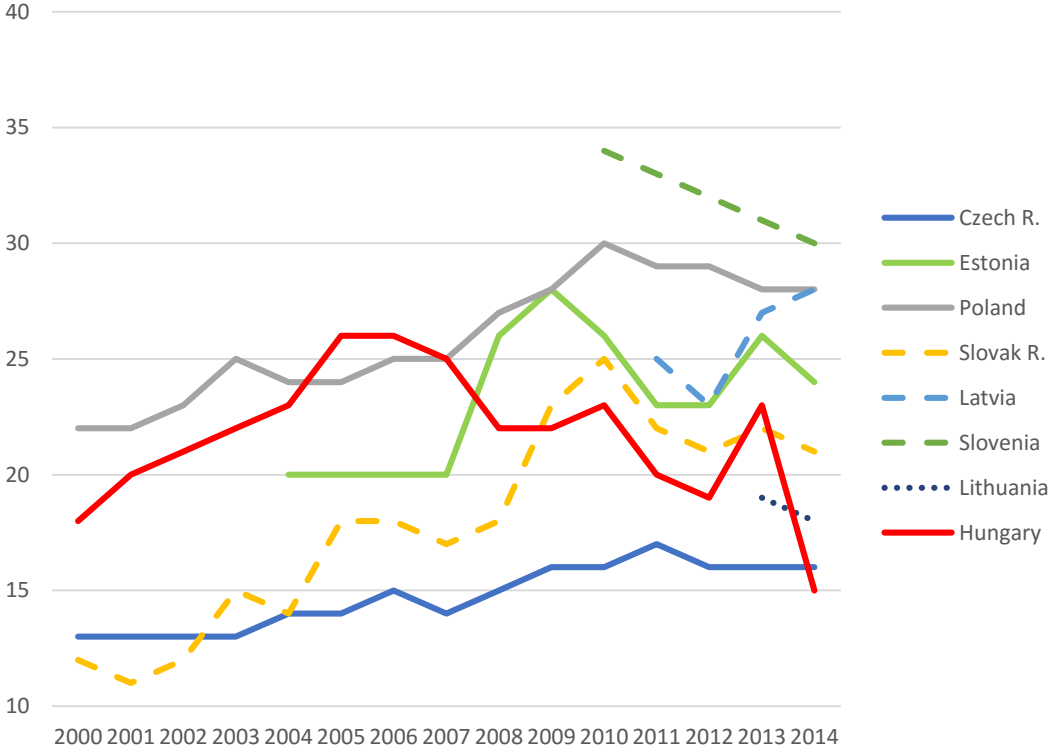
Education expenditures (ISCED2 level) per student as a percent of per capita GDP



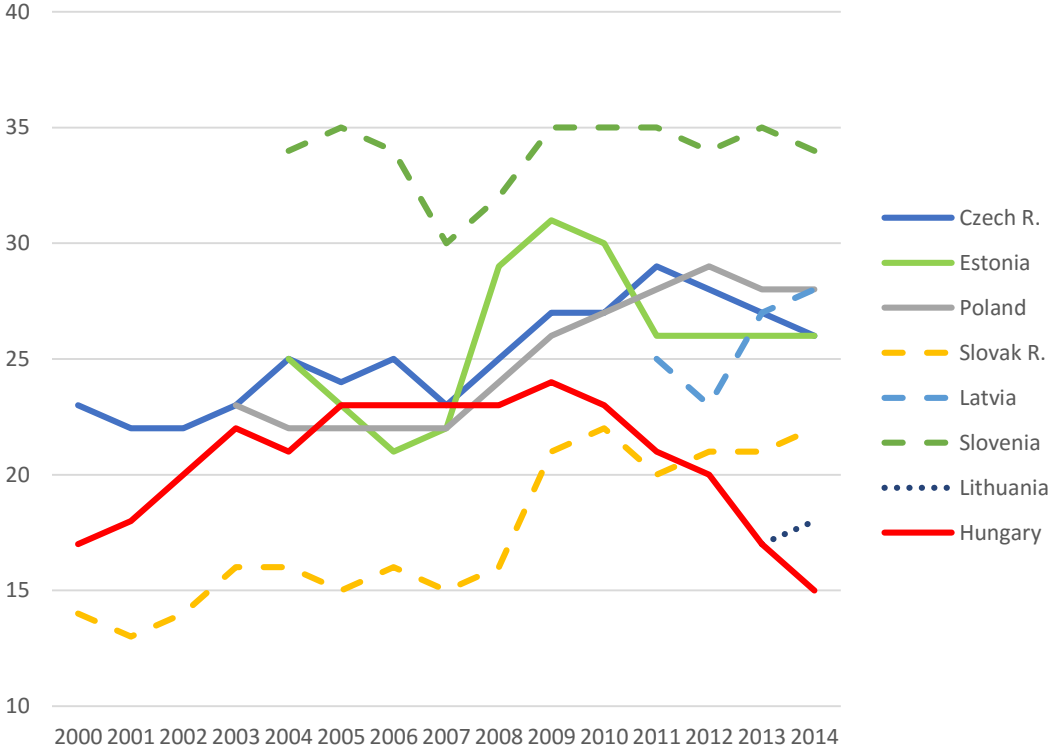
Was there a hidden agenda? Implicit or not intended benefits

Education expenditures in post-communist countries

Education expenditures (ISCED 1 level) per student as a percent of per capita GDP



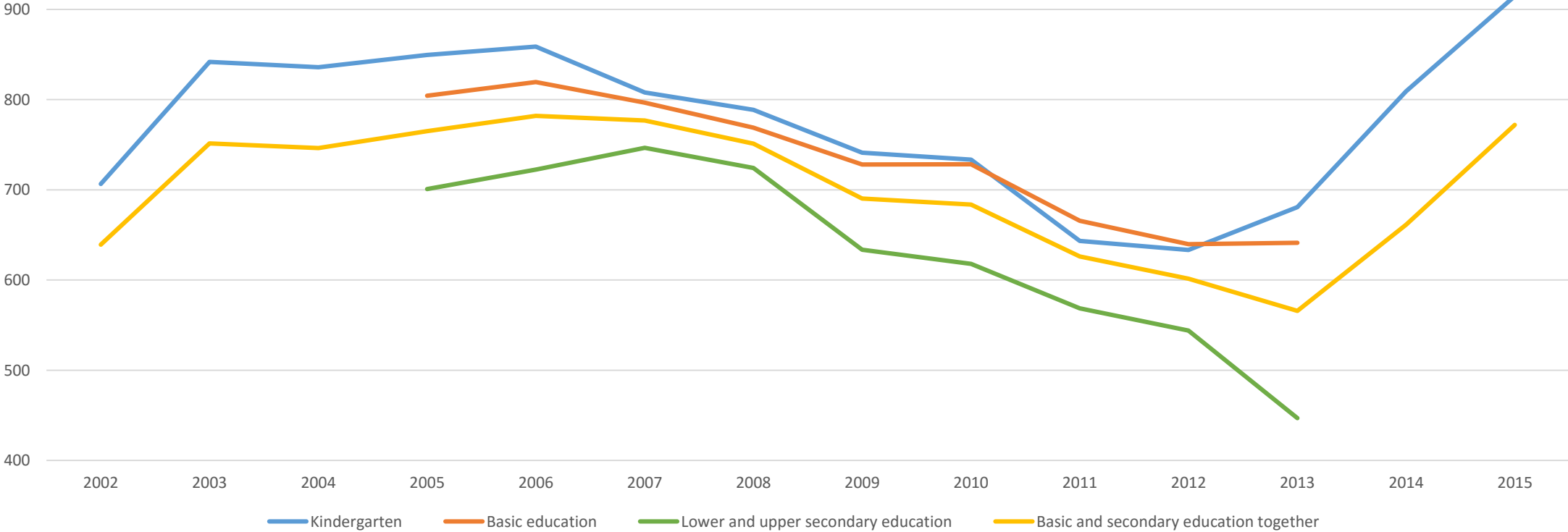
Education expenditures (ISCED 2 level) per student as a percent of per capita GDP



Was there a hidden agenda? Implicit or not intended benefits

Operational education expenditures by level of education, Hungary

Operational expenditures per student, 1000 HUF



Thank you for your attention!