

PUBLIC ADMINISTRATION IN THE EDUCATION SECTOR: BOON OR BANE FOR WESTERN EUROPE?

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ABSTRACT

Education is one of the most important services provided by public governments in almost every country worldwide. However, the most important cross-country observations about education – like the PISA report by the OECD or the TIMSS by the IEA – focus only on international benchmarks to compare the knowledge capacity of pupils. This article provides a general overview of the different forms of education providers in ten European countries. We observe the educational system in Austria, Belgium, Denmark, France, Germany, Italy, Spain, Sweden, Switzerland and the United Kingdom and point out the similarities and national distinctions in the allocation mechanism for primary and secondary schools as well as universities.

INTRODUCTION

Education is one of the most important services provided by public governments in almost every country worldwide. However, education and its indirectly linked expenditure – like for example school meals or the cost of school transportation – can be provided by public governments as well as private companies or households. Moreover, the expenditure for education is not only spent in the educational institutions themselves, because the agency and Ministry, which support the education process by developing curricula or generating further vocational training for teachers, are also cost-intensive. The following table 1 provides a general overview of the different types of educational expenditure:

Table 1: Classification of educational expenditure

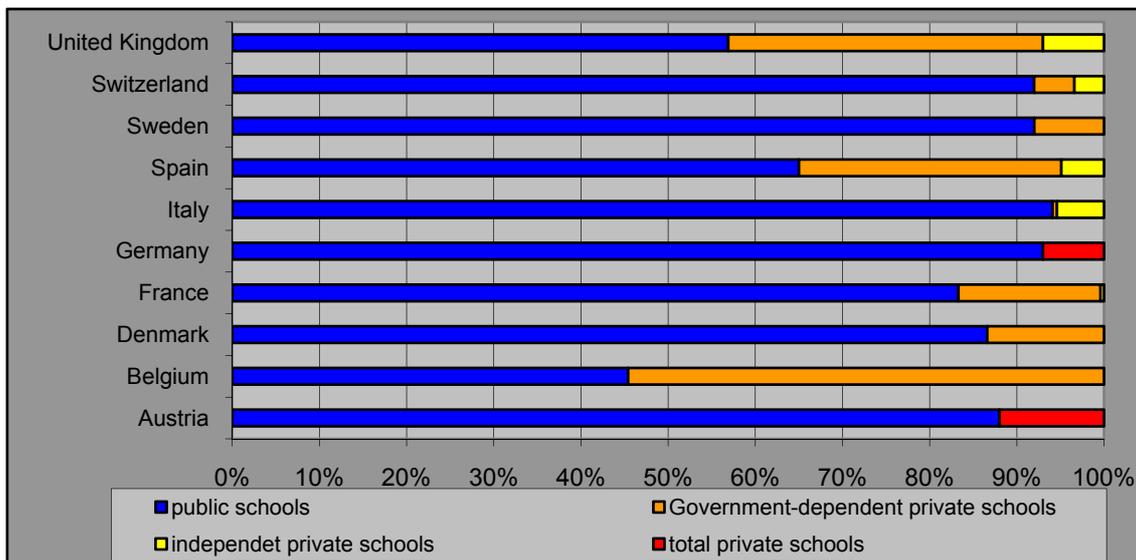
	Expenditure at schools and universities	Expenditure at public and private institution
Education	Public schools	Curricula developed by the Ministry of Education
	Private schools without any subsidies by public governments	Further vocational training of teachers financed by private foundations
	Private schools financed by fees and public governments	Evaluation, which grads the teaching ability of professors, financed by public and private institutions
Research	University research funded by public governments	Research to strengthen the teaching ability by the Ministry of Education
	University research funded by companies or private foundations	Research to optimise the class schedule by private companies

	University research funded by public and private institution	Research to ease the integration of foreign children founded by public and private institutions
Miscellaneous	Maintenance of school buildings by public governments	Voluntary school meals offered by public governments
	Sports activities or ancillary services provided by private clubs	Student grants for apartments and further living costs founded by private foundations
	Public-Private-Partnerships at the new building of schools	School transportation organized by private companies, which were paid by public governments

Source: own illustration

In the United States of America or Canada private institutions are a major source to finance educational expenditure. In Europe the impact of private institutions on the education sector is lower compared to the USA and Canada. In the majority of all European countries the pupils attend public schools, except in Belgium, where over 54 % of all pupils in the primary and secondary schools go to private schools. However, all private Belgian schools are also mainly funded by the government. The following figure 1 presents a summary of the school landscape – as a distribution between private and public schools - in ten European countries in the school year of 2006 / 2007:

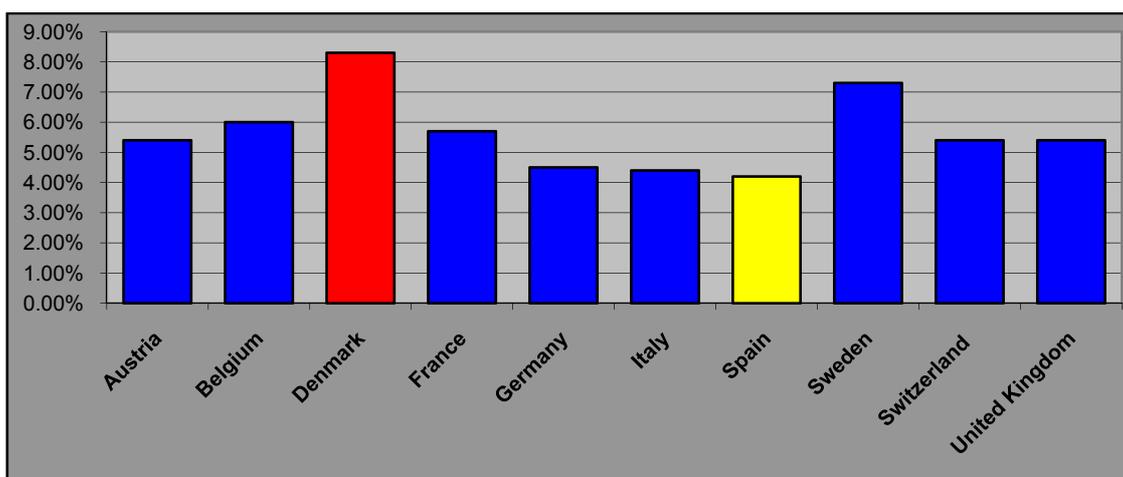
Figure 1: Distribution of pupils in the secondary and primary schools according to the institution type, who attended school in the school year of 2006 /2007



Source: own calculation based on various data from Eurydice and the national Federal Statistical Offices

The total public expenditure on education related to the Gross Domestic Product (GDP), which can be observed in the following figure 2, varies between 4.2 % in Spain and 8.3 % in Denmark:

Figure 2: Total public expenditure on education as a percentage of GDP in 2005



Source: own illustration based on OECD, 2008, page 226.

A number of professionals in the public administrations or politically interested groups opine quite often that a higher educational output can only be received by means of a higher concentration of expenditure on the education system. However, the empirical observations do not underline such an absolute argumentation, because additional funds available to an existing education system of a country have not improved the pupil performance in a sustainable manner (see Gundlach, Gmelin and Wößmann, 2001; Hanushek, 2003; Krueger, 2003; Wößmann and West, 2006). Furthermore, pupils from a country with a significantly higher level of educational expenditure or smaller class sizes than other countries are not necessarily in a better condition in an international comparison (see Wößmann, 2003). In fact, the actual research suggests that about two-thirds of the variation in student achievement is the product of home environments, not schools. Therefore, the following table 2 summarizes some of the empirical research about the factors that affected the education output:

Table 2: Survey of some empirical research results of factors, which affect the education output

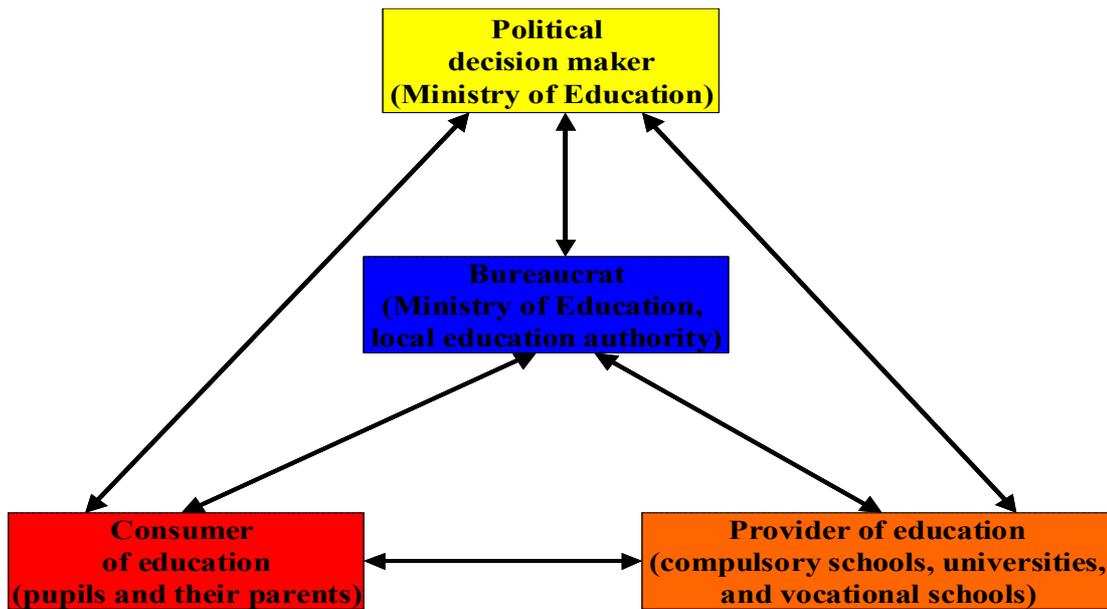
Factor	Empirical result	Literature
<i>Personal situation of the pupil:</i>		
Socio-economic background of the pupil	Pupils with academic parents and high number of available books at home reach better performance than pupils from blue collar families and a lower number of books	Entwistle, Alexander and Olson, 1997; Cameron / Heckmann, 2001; Albouy / Waneck, 2003, Plug, 2004; Schütz, Ursprung and Wößmann, 2008; Schütz / Wößmann, 2005
Pupils from immigrants	Pupil with a migration background perform badly, however the main reason for this circumstance can be found in their socio-economic background	Entorf / Minoiu, 2005

Factor	Empirical result	Literature
Gender of the pupil	Female pupils have a better reading performance than male pupils, while male pupils in general perform better in Mathematic and Natural Science than female pupils	Fuchs / Wößmann, 2007
<i>Equipment and personal resources of the school</i>		
Total expenditure per pupil	No significant effects on the pupil performance	Hanushek, 2003
Class sizes	No significant effects on the pupil performance	Meuret, 2001; Hanushek, 2003; Wößmann, 2003
Class sizes and teacher salaries as well as teacher qualifications	Positive effects on the pupil performance	Hedges et al, 1994; Sutton and Soderstrom 1999; McNeal, 1997
Ratio of computers per pupil	No significant effects on the pupil performance	Fuchs / Wößmann, 2004
General teaching materials	Textbooks and construction materials have the highest impact of all education utilities on pupils' performance	Pritchett / Filmer, 1999; Fuchs / Wößmann, 2007
<i>Institutional environment</i>		
Infantile education / preschool	Positive effect on the pupil performance, especially on pupils with a migration background	Currie, 2001; Cunha, Heckman, Lochner and Masterov, 2005
Ratio of trade union members per total number of teachers	Negative effect on the pupil performance	Hoxby, 1996
Competition between private and public, state run schools	Positive effect on the pupil performance	Neal, 2002; Hoxby, 2003

Source: Own illustration

For this reason, the education system of a country can be improved not only by the additional allocation of finances, but rather the accountability in the educational sector is one of the key factors. However, accountability in the framework of education is a highly intricate concept and we try to simplify the different interactions and players in the following figure 3 in which the consumers provide their preferences of elected and non-elected institutions. These institutions try to reproduce the wishes to the providers of the education and “constrict” the work of the providers of education by regulation and financial sources:

Figure 3: Accountability in (public) education



Source: Author, 2009.

EDUCATIONAL EXPENDITURE ASSIGNMENTS BETWEEN THE DIFFERENT TIERS OF GOVERNMENT

Decentralisation of education is one possibility to strengthen the accountability and to produce some positive incentives for all actors in the education process. Education decentralisation can be classified as follows:²

- *Education deconcentration*, Deconcentration describes the situation in which the central ministry of education shifts some responsibility to their own regional or local offices, but these offices are still a part of the central administration. In Germany the states are the major decision-makers for primary and secondary schools and every state has its own regulation concerning the maximum number of pupils for a class. However, the final decision of whether an additional class will be offered at a school belongs to the local educational administration (*staatliche Schulämter*) and the school itself can only file an application for a further class.
- *Education devolution*, Devolution includes the transfer of responsibility from the central government to an independent and elected tier of government like states and provinces or even local authorities. This form of educational decentralisation can be observed in Belgium and Spain, where the central government has shifted major responsibility in the secondary and primary system to the Belgian language communities and the Spanish Autonomous Communities.
- *Education delegation*, Delegation means that one tier of government has shifted the decision-making responsibility to the school, but de jure this responsibility still belongs to this tier of government. A practical example is the Danish primary school system where some municipalities have delegated the responsibility to their respective schools, but the Danish municipalities can reclaim their rights in this respect at any time.

A huge number of possible educational functions and areas exists, which can be decentralized like teacher hiring and dismissal, teacher salary specification, school

construction and maintenance, the evaluation of the performance of the schools as well as universities, examination and degree of supervision of a school head, faculty dean or university president and finally the structure and organisation of the schools and universities itself. Moreover, in some European countries, like Belgium, Spain or Switzerland, the question of the official teaching languages is a very hot “political potato”, while in Denmark and Italy with their small German-speaking minorities as well as the Danish minority in the northern German state of Schleswig-Holstein, the teaching language plays only minor role. In Europe, the curriculum and the teaching methods are in mainly fixed by the central ministry of Education and their respective regional offices and only the subnational governments of Belgium, Germany and Spain possess an independent in this area. Finally, as a matter of fact it is also possible to decentralise the financing of education from the central government to the subnational and local authorities. Under the goal of strengthening the accountability, decentralisation of the financing of the educational expenditure is reasonable, because on the one hand the school providers have to consider the preferences of the citizens and clients and on the other hand the educational providers are not influenced by the central government and can make their decisions quite independently. Nevertheless, “over-decentralisation” also has negative impacts (see Werner, Guihéry and Djukic, 2006) and especially universities generate huge education spill-over, which are not redundant.

In many Western European countries, local authorities play a significant part in the provision of compulsory education. This participation is the result of different levels of autonomy in every country and the different kinds of schools considered.

A group of certain local authorities – mainly in the Nordic countries and in the United Kingdom – themselves undertake the funding of schools and determine the amount of funds, which are used for education. These local authorities use their own tax revenues as well as vertical government transfers to provide primary and secondary education. In other countries, the educational expenditure is fixed at a higher government level, but the local authority may – or must – supplement it with its own resources. In a third group, the budget volume for education is determined and financed completely by higher tiers of government, but the local governments can decide how this fixed budget is distributed between the different forms of schools as well as between equal school forms. These three forms of classification can be observed in the field of teacher salaries, in the maintenance and construction of new schools as well as in the necessary equipment for schools.

A further classification, based on the level of autonomy and the highest level of government which participates in the education system, can also be used to characterise the European education landscape. While the British and Scandinavian local authorities consider about huge autonomy, the local authorities in Germany, Spain, France, Italy and Austria are only responsible for the operational resources and the school buildings. However, in this second group of these five European countries the local authorities are not responsible for the salaries of the teachers, and in Italy and Spain are the local authorities are not completely responsible for the equipment and the operational resources in the schools.

Belgium and Switzerland can be placed into a third group, because on the one hand the complete education finances of the primary and secondary schools are shifted from the central government to the respective regional governments.³ However, the 26 Swiss cantons and the three Belgian (speaking) communities empower their local authorities with different forms of autonomy and therefore both countries can be described as a huge “tangled web”. For example, the Canton of Schwyz claims a tuition fee for

secondary schools, while the parents in the canton of Zurich do not have to pay such a school fee. Moreover, the municipalities in the Canton of Schwyz are able to pay higher salaries at the primary schools to attract highly qualified teachers, whereas in the canton of Zurich such a “salary competition” does not exist.

The following tables 3 and 4 summarise the different education assignments and financial responsibilities for the universities, the secondary schools and primary schools regarding the teacher salaries, the maintenance and the construction of new educational institutions as well as the necessary equipment for education between the respective tiers of government:

Table 3: Financial responsibility of education between the different tiers of government

	Universities			Secondary schools			Primary schools		
	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment
Austria⁴									
central	X	X	X	X	X	X			
regional							X		
local								X	X
Belgium⁵									
central									
regional	X	X	X	X			X		
upper-local					X			X	
lower-local					X	X		X	X
Denmark⁶									
central	X	X	X						
upper-local									
lower-local				X	X	X	X	X	X
France									
central	X	X	X	X			X		

	Universities			Secondary schools			Primary schools		
	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment
upper-local					X	X			
lower-local								X	X
Germany ⁷									
central		X	X						
regional	X	X	X	X		X	X		X
upper-local					X			X	
lower-local									
Italy ⁸									
central	X	X	X	X			X		
regional						X			
upper-local					X			X	X
lower-local									
Spain									
central	X	X	X						
regional	X	X	X	X	X	X	X	X	
upper-local									
lower-local									X
Sweden									
central	X	X	X						
upper-local									
lower-local				X	X	X	X	X	X

	Universities			Secondary schools			Primary schools		
	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment	Salaries	Build-ings	Equip-ment
Switzerland									
central	X	X	X						
regional				X	X	X	X		
local					X	X	X	X	X
UK									
central	X	X	X						
upper-local									
lower-local				X	X	X	X	X	X

Source: own illustration

Table 4: Content and administration responsibility for schools between the different tiers of government

	Curri-culum	Text-books selection	Teacher salary scale	Teacher pay out	Teacher pro-motion	Teacher & school evalu-ation	Additional classrooms
Austria							
National MoE	X	X	X				
Regional MoE				X	X	X	
Local education a.					(X)	(X)	X
School (board)		(X)					(X)
Belgium							
National MoE							

	Curriculum	Text-books selection	Teacher salary scale	Teacher pay out	Teacher promotion	Teacher & school evaluation	Additional classrooms
Regional MoE	X		X	X	X	X	X
Local education a.							
School (board)		X					
Denmark							
National MoE	X		(X)			EVA ⁹	
Regional MoE							
Local education a.			X				X
School (board)		X	X	X	X		X
France							
National MoE	X		X	X	X	académie 10	
Regional MoE							
Local education a.							X
School (board)		X					
Germany							
National MoE			X				
Regional MoE	X	(X)		X	X	X	(X)
Local education a.						X	X
School (board)		X					(X)
Italy							
National MoE	X	X	X	X	(X)	INVALSI 11	

	Curriculum	Text-books selection	Teacher salary scale	Teacher pay out	Teacher promotion	Teacher & school evaluation	Additional classrooms
Regional MoE							
Local education a.					X		X
School (board)							
Spain							
National MoE	(X)		X			X	
Regional MoE	X			X	X	X	X
Local education a.							
School (board)		X					X
Sweden							
National MoE	X					NAE ¹²	
Regional MoE							
Local education a.						(X)	
School (board)		X	X	X	X	X	X
Switzerland							
National MoE							
Regional MoE	X	X	X	X	X		(X)
Local education a.						X	X
School (board)		(X)					(X)
UK							
National MoE	X		X			Ofsted ¹³	
Regional MoE							

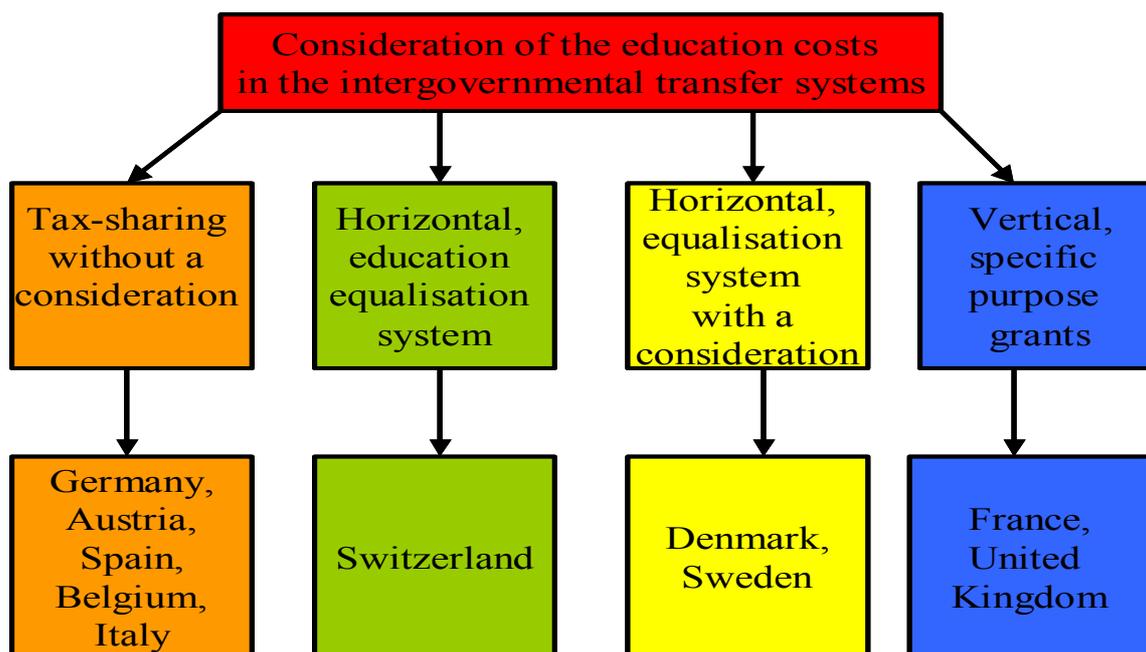
	Curriculum	Text-books selection	Teacher salary scale	Teacher pay out	Teacher promotion	Teacher & school evaluation	Additional classrooms
Local education a.					X	(X)	
School (board)	(X)	X		X			X

MoE = Ministry of Education ; a. = administration; Source: own illustration

THE FINANCING OF EDUCATION PROVIDERS AND THE DIFFERENT ALLOCATION MECHANISMS

Grants and transfers from national to subnational governments or from subnational governments to local authorities exist in federal as well as unitary countries. However, the characteristics of these conceptions differ between the countries and are mainly influenced by the geographical, cultural and political circumstances. The following figure 4 summarises the different considerations of educational costs in the ten European countries:

Figure 4: Consideration of educational costs in the respective intergovernmental transfer system



Source: own illustration

The expenditures for education are not only spent in the educational institutions for recurrent expenses, capital investments, specific purposes and research, because the respective national education ministry and its regional and local administration bodies are also cost-intensive. Additionally, the indirect costs of education like the funding provided to students or their families by means of tax benefits, scholarships and subsidised loans to defray or delay the cost of tuition fees or living costs are also not redundant. However, in this section we only describe the different forms of allocation mechanisms for universities and highlight some similarities and differences for education providers at primary and secondary schools.

The political decision-makers have the following options to finance the universities:

- *Earmarked grant based funding*, The ministry of education shifts earmarked funds to a small number of universities or just even one university for a specific purpose. A handicap of grants for special purposes or earmarked grants is that they excluded per definition some universities and the grant receiving university is limited in its autonomy, because the university is only able to spend the fund on projects with are covered by the goal of the grant. In Italy the central government and the province of Bozen-Southern Tyrol have arranged special treatments for the University of Bozen, because it is a trilingual university and the province is dominated by a German-speaking majority.
- *Block grant based funding*, The ministry of education transfers to each university or to an assembly of all universities a single block grant. A huge advantage of this form of funding is that the universities receive more flexibility and autonomy to launch their “own” funds, but if the amount of the block grant is not determined by a transparent formula but rather by political goals, the danger of political pork barreling is omnipresent. An interesting solution to avoid such political pork barreling exists in England with the Higher Education Funding Council for England (HEFCE). The HEFCE was founded in 1992 and is not part of the central government or one of its departments. Therefore the HEFCE works within a policy framework set by the Secretary of State for Education and Skills, but is not part of the Department for Education and Skills (DfES). After receiving a block grant from the central government the HEFCE distributes by its independent decision the funds to 87 universities and 45 specialist institutions and general colleges in England.
- *Formula based funding*, The ministry of education allocates the funds to the university based on a general formula. The factors of these formulas can be input-orientated – like the number of enrolled students at the universities, the number of employed staff at the universities or the salary amount of the university staff – or output-orientated, e.g. the number of students who are completing a university degree or the number of research publications in referred journals. In Switzerland, the central government uses input-orientated factors for its formula to determine its basic subsidies to the universities as well as the horizontal, inter-cantonal education equalisation system. The respective formulas mainly consider the number of enrolled students for the legal duration of their studies at each university and weigh the academic disciplines differently, e.g. a PhD student has more weight than a bachelor student and a physics student has more weight than a business administration student. An output-orientated formula based funding can be found in Denmark. In 1994 the taximeter model was used for the university for the first time and the Danish tertiary education institutions do not receive any funds for students who do not take exams or who fail their exams.¹⁴ Using such an allocation

mechanism, the taximeter model creates such positive incentives for the universities to reduce the duration of study and the dropout rates of the students. But on the other hand, a strict teaching quality control is necessary, because for a faculty or university it is now attractive to lower the work effort or to shift the failed student just to the lowest mark for passing the exam.

- *Contract based funding*, The ministry of education distributes the funds to the universities based on a contract. The contract includes general goals and a very detailed description for the universities and can be input or output-orientated. Moreover, in contracts with a medium or long term duration it is possible to incorporate some penalties if one of the contract party does not comply with the contract; e.g. the central government can hold back or even cut the funds in a three-year contract, if the university does not uphold the contract. A perennial contract based funding provides the universities with planning reliability and fund autonomy as long as they receive the goals and on the other hand the ministry of education is able to control and, if necessary, to punish the universities. In France the ministry of education accredits all degree programmes of the universities. Since 1989 the universities have had to renew their accreditation every four years and the ministry of education uses this procedure to evaluate the university and conclude individual contracts with each university. Indeed the funds of the contracts from the central government are not that important like the salary of university staff or the subsidies for the maintenance of the buildings, but the French universities take these reaccreditations very seriously. In Austria the central government concludes with every university an individual performance agreement (*Leistungsvertrag*) for a term of three years. The university develops the draft of the performance agreement, which can be negotiated between the university and the ministry of education. Compared to France, the Austrian contract funding is very embarrassing, because with the new three year period starting in 2007 nearly 80 % of the transfers from the central government to the university are determined by the contract. Furthermore, the Austrian ministry of education has implemented a strict funds reduction if the universities default.
- *Competitive funds (mainly for research expenditure) based funding*, The ministry of education announces a tender of funds and the universities submit their proposal for receiving the funds. The competitive element of this allocative mechanism is that not every proposal of the university can be fulfilled and based on the evaluated ranking – this ranking can be arranged by the ministry of education itself or an independent evaluation institution – only a minority of universities or even one university receive the funds. Competitive funds are mainly used for funds regarding the research of universities in Europe. Since 1951 in Germany the German Research Foundation (DFG – *Deutsche Forschungsgemeinschaft*) has existed and it is funded by the central government and 16 states.¹⁵ Every university, faculty or even an academic person can submit their proposal for research funding to the DFG and the DFG rejects or approves the proposal. The politicians of the central government and the states are represented in all decision-making bodies, whereas scientists and academics hold the majority on the DFG boards. Fairly similar institutions to the German DFG are the Austrian Science Fund (*FWF*), the Swiss National Science Foundation (*SNF*), the Belgian National Fund for Scientific Research (*FNRS*), the Spanish Office for Science and Technology (*OCYT*), the Italian National Research Council (*CNR*), the French National Scientific Research Centre (*CNRS*), the Danish National Research Foundation (*Grundforskningsfonden*) and the Swedish Research

Council (*Vetenskapsrådet*). In the United Kingdom no single institution exists which includes research funding of all relevant scientific disciplines; rather, a number of different public research funding institutions can be found and the most important are the Economic and Social Research Council (*ESRC*), the Engineering and Physical Sciences Research Council (*EPSRC*) and the Medical Research Council (*MRC*).

- *Registration fee based funding*, A further option for the ministry of finance is that universities obtain the permission to ask the students for a registration fee or even general tuition fees. In Europe a tuition fees free study is a “holy cow”, because in some countries – namely in France and in the Scandinavian countries – free education access is the goal of the politicians as well the majority of the voters. The supporters of the idea to avoid tuition fees believe that education is a public good and tuition fees will prevent potential students from blue-collar families from embarking on a university career and only students from rich families will be able to go into higher education. It is undoubtedly true that tertiary education has a positive impact on a nation’s economy and therefore a complete private university system is not reasonable. However, the policy of banning tuition fees, which was practised in Germany and France over decades, has not generated a higher portion of students from blue-collar families in the universities compared to countries with tuition fees. The United Kingdom introduced tuition fees in 1998 and Austria, Spain and Italy and Portugal have since followed suit. In Germany with the strong position of the 16 states in all education affairs the situation exists that some states have recently introduced tuition fees while the majority of the states still forbid the universities to use such a revenue source from the direct education consumer.

Additionally to the different financing systems of the universities in Europe we present some good samples of the administration and funding of the primary and secondary schools. Since 1814 the right of a seven-year education has existed in Denmark and the institution of a comprehensive school (*Folkeskole*) is therefore even older than the first Danish constitution of 1849. Today the *Folkeskole* is a municipal matter and the central ministry of education fixes only the minimum number of teaching hours per pupil or the general goal of the curriculum and publishes curriculum guidelines for the individual subjects. The published curriculum guidelines are recommendations and as such are not mandatory as long as the general goals of the curriculum are not undermined. For this reason each Danish municipality is responsible for all elements of the *Folkeskole* like planning and the establishment of the school, hire and fire of the teachers as well as the school head, the size of a class and the number of teaching hours. The municipalities themselves are able to delegate some of the decisions or even all decisions regarding the local *Folkeskole* to elected school boards (*Skolebestyrelse*). The school boards are elected bodies consisting of the pupil, the parents of the pupils and the school head. The pupils are elected for one school year and the parents, who have the majority of seats of the school board, have a legislative period of four years. The school board decides about the textbooks, the distribution of the school budget funded by a block grant by the municipalities and, if the municipalities have delegated this right, about the class size, number of teaching hours and the teacher selection as well as the teacher salary.

Furthermore, in Denmark a transparent regulation of funding of primary and secondary private schools exists. Parents are free to decide to send their children instead of a public *Folkeskole* to a private school and the state will cover 80-85 % of the total current expenditure cost of the school and the remaining 15-20 % of the current

education cost has to be paid by the parents themselves. The private school has to be non-profit orientated and not linked to other private schools. Private schools have to generate their own “starting school budget” and construct their school building without any public financial support and receive the public funds after the first school year. The private schools have to create, like the Folkeskole, school boards on which the parents also have the majority of the seats. The majority of the Danish private schools are Christian religious schools, Rudolf Steiner schools, German minority schools or Muslim¹⁶ religious schools.

In England compulsory education from the age of 5 to 16 exists and the majority of the primary and secondary schools are comprehensive schools, however in a small number of areas a grammar school system also exists. A uniform curriculum, which is divided into four “Key Stages”, four nationwide pupils tests, which are externally set and marked, and final uniform examinations tests (General Certificate of Secondary Education) are further features of the English education system. Due to the standardised national examinations it is possible to receive a good measurement of the education output in England as well as of each individual school. Especially the school performance – since 1992 published by the so-called “League tables” – are a well known indicator for the parents to compare the school of their children and for the teacher to compare their effort and results with similar schools.

The Education Reform Act of 1988 introduced a “*market type mechanism*” (Glennerster, 1991, page 1268), because – besides the introduction of the uniform examination test and the establishment of a new type of school¹⁷ – the parents receive an increasing choice of the schools to which the parents can send their children. The reform process was concluded by the fact that the schools were funded mainly by the number of enrolled pupils, the school has to accept new pupils until they receive the capacity limit and the school boards receive more responsibility from the local authorities.

Under the aspect of strengthening accountability, the Education Reform Act of 1988 is reasonable, because the consumers of education are able to make their decision on the basis of better information, the providers of education have an incentive to attract more consumers and the bureaucrats and the politicians have decentralised the daily business of the school to a school board and can develop general goals for a uniform curriculum.

CONCLUSIONS

During the last few years, countless studies have looked at decentralisation trends worldwide and at the practical implementation for the public sector. Many studies have analysed the impact of fiscal federalism on the size of government (for a good overview see Feld, Kirchgässner and Schaltegger, 2003) or observed the impact of decentralization on economic growth (see, e.g., Davoodi / Zou, 1998) and stability (for example, Fukasaku and de Mello (1998) and Prud’homme, 1995). Recent studies have also investigated the relationship between decentralisation of government activities and corruption (Treisman, 2000; Tanzi, 2000; Fisman and Gatti, 2002), democratic participation (Huther / Shah, 1998) or tax morale (Torgler / Werner, 2005). However, in many areas the empirical evidence is mixed, which indicates the relevance to present more empirical results.

The goal of this article was to provide a brief overview of different forms and arrangements of public administration in the education sector in ten European countries and how the educational costs are considered in the respective transfer and grant system. Moreover, the article has tried to classify the different conceptions and regulations, present the current reform process in every country and point out the strengths and weaknesses education system.

However, the author does not suggest that any of the ten European systems is the “unique golden example” for other industrialised or developing countries at all, because it is obvious that the phrases “one size fits all” is quite redundant. For example, a developing county the benefits of a detailed expenditure needs equalisation system like in the Nordic countries could be lower if the intensive cost to provide and prepare the necessary statistical data is borne in mind. Also, the reasonable horizontal education equalisation system between the Swiss cantons in University financing (see Werner, 2008) to reduce the spillover effect can develop its full successful impact only in a country which has a high subnational tax sovereignty and direct democracy options. Furthermore, a university building planning commission like for example in Germany needs a political background, which is described by Spahn and Franz quite skilfully as “*Consensus Democracy and Interjurisdictional Fiscal Solidarity*” (Spahn / Franz, 2002, page 122).

Nevertheless, the presented European transfer systems and their impact on the education system can be used as a spin-off for various sectors of fiscal reforms. Therefore, it will be interesting to observe whether fiscal federalism reform tendencies in the mentioned ten European countries will have an impact on education in Europe in the future.

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NOTES

¹ Jan Werner, Institute of Local Public Finance, Schumannstraße 29, 63225 Langen, Germany, email: jan.werner@ilpf.de. The findings, interpretations, and conclusions expressed in this paper are entirely those of the author. They do not necessarily represent the view of the ILPF or the BITS Iserlohn. An earlier and broader version of this paper exists as ILPF working paper 02-2006.

² The classification is mainly adapted by Winkler, 1989 page 5-11; Winkler 1994, page 19 as well as Gersherg and Winkler, 2003, page 2-7.

³ Spain can be placed into this group as well, because the delivery of educational services is mainly the responsibility of the seventeen Autonomous Communities. The Autonomous Communities also regulate school programmes beyond the minimum structure and content determined by the State. However, how important such minimum structure could be politically developed, can be observed in the bilingual education in Catalan and Spanish in the Autonomous Community of Catalonia, which is one example of the famous pork barreling politics in Spain. Moreover, the university education in Spain is regulated by the State through the Ministry of Education and Culture and therefore we have decided Spain should not be put into the same class as Switzerland and Belgium.

⁴ In Austria the salaries of the teachers for the primary schools, for one wing of the secondary schools (*Hauptschule*) and for the polytechnic institutes (*Polytechnischen Schulen*) are completely financed by the central government.

⁵ In Belgium some differences exist between the French, the Flemish and the German (speaking) communities. In Belgium the investments in school buildings are financed by the upper-local authorities (provinces) or directly by the school, which is itself mainly financed by the municipalities.

⁶ In Denmark the costs of primary and secondary schools are borne by the municipalities or directly by the respective school, which has a global budget financed by the municipalities.

⁷ In some German states the municipalities instead of the upper-local authorities (*Landkreise*) are responsible for the maintenance and construction of new primary schools.

⁸ In Italy the teachers of the primary and secondary schools are civil servants of the central government and the level of the teacher salaries is mostly equal in Italy. However, in some tiers of government with a highly autonomous status, like the province of Bozen-Southern Tyrol, the administration of the teachers is enforced by upper-local administrations. Moreover, the province of Bozen-Southern Tyrol, with its own laws and different salary brackets, can offer its teachers higher salaries. These higher salary brackets are necessary, because the pupils are sometimes educated in a trilingual manner (German, Italian and Ladin). Furthermore, the central government and the province of Bozen-Southern Tyrol have also arranged special treatments for the University of Bozen.

⁹ The Danish Evaluation Institute (EVA) evaluates the teachers as well as the schools at all levels of the education system. EVA is a self-governing institution, which conducts evaluations both on its own initiative and upon request from the central ministry of education, local authorities or the school boards.

¹⁰ In France exists 30 *académies* each headed by a rector, which is fully responsible on behalf of the central minister of education. A single *académie* observes the schools of several *département*.

¹¹ The National Institute for the Evaluation of the Education and Training System (INVALSI) conduct the nationwide evaluation of the school and the respective pupils performance of the schools.

¹² The National Agency for Education (NAE) evaluate s and supervises the public school system in Sweden. Every year, the National Agency for Education presents a current overview of the school system to the central government as well as to the Swedish parliament. These reports are the basic of a national development plan for schools. The NAE ensures that the provisions of the Education Act are being complied with and that the rights of the individual student are respected.

¹³ Ofsted conducts the evaluation of the schools in England and is a non-ministerial government department accountable to Parliament. The counterpart of Ofsted is in Wales the Estyn and in Northern Irland the ETI.

¹⁴ However, it has to be borne in mind that this feature is only one of the four components of the complete taximeter model.

¹⁵ In 2007 the DFG has a budget of € 1.7321billion and is funded by 62 % by the central government and by 36 % by the 16 federal states.

¹⁶ The majority of the Moslem immigrants – mainly from Turkey – prefer to attend the public comprehensive schools and the immigrants in Denmark are included in the daily school lives more than in France or Germany.

¹⁷ A detailed description of the Grant Maintained schools can be found in Clark, 2005.

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