

Summary

Specific government grants – A way towards
consistent standards of schooling?
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Audit background

The Swedish National Audit Office (NAO) has audited four specially destined state subsidies for the area of schooleducation concerning whether they contribute to the overall target of equivalence for pupils. The subsidies included in the audit are Lärarlyftet II (Boost for Teachers II), Matematiklyftet (Boost for Mathematics), Karriärsteg (Career Stages) and Arbetsplatsförlagt lärande (Workplace-based learning). The audit has been conducted within the framework of the Swedish NAO's audit strategy of the State's initiatives for schooling.

Since the municipalisation of schools in 1991, school operations have been a municipal area of responsibility. In connection with the municipalisation, the majority of the earmarked state subsidies for schools were removed. The intention was for certain specially destined state subsidies to be retained, as they were considered to be a necessary steering instrument. However, in 1993 when the state subsidy system was reformed in its entirety the targeted sector subsidies for municipalities were eliminated. The reform simply entailed that state subsidies were adapted to the general state subsidy for municipalities combined with an equalization system. General state subsidies entail that the municipalities can decide themselves how the funds should be used.

From the end of the 1990s the State again started to supplement the general state subsidy with specially destined state subsidies to steer schooling in the desired direction. The state grants are often used to influence the priorities of municipalities and individual responsible authorities within municipal areas of responsibility of large national interest.

The total cost of compulsory schools in 2013 was estimated as amounting to approximately SEK 86.5 billion while the total cost of upper secondary schools in 2013 amounted to approximately SEK 36.6 billion. All in all the State injects approximately SEK 61 billion annually to municipalities in the form of general state subsidies. The specially destined state subsidies for the entire school sector amounted in 2013 to approximately SEK 7 billion, including maximum fees to pre-schools which comprise SEK 3.7 billion.

Reasons

During the pre-study by the Swedish NAO a number of problem indications emerged related to the specially destined state subsidies for schooling. Among other things, there is systematic underutilization among small municipalities in sparsely-populated areas and for independent



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education providers in terms of applying for and utilising the specially destined state subsidies. There is neither any coordinated knowledge on how the grants should be allocated on the school level. If the subsidies require co-financing this further aggravates circumstances for the small municipalities as they often have relatively small financial margins. Consequently one risk is that responsible authorities and schools which require extra resources do not utilize the state subsidies. As the subsidies aim to increase the quality of operations, this may entail that all pupils do not get the same conditions for attaining the goals. The interpretation of the Swedish NAO is that efficient use of state subsidies in relation to the overall goal of an equal school is that the subsidies are allotted to schools and responsible authorities with a large need. The specially destined state subsidies which are included in the audit do not aim to increase the equivalence between schools, but according to the Swedish NAO it is reasonable that the state funds are allocated in a compensatory way, in the same manner stated in the Education Act that the municipal funds should be allocated.

Implementation

The audit was conducted with the aid of statistical analyses and qualitative methods. Regulations and provisions which regulate the state subsidies which are a part of the audit have been analysed to see whether they are designed so that they contribute to the target of an equal school. Furthermore, a survey has been made of which responsible authorities and schools utilize the audited state subsidies and the participation was set in relation to the results on school level. In addition to this, interviews have been conducted with a number of authorities responsible for schools, principals and with officials at the Government Offices of Sweden and the Swedish National Agency for Education.

Results of the audit

The overall conclusion of the Swedish NAO is that the system of specially destined state subsidies for schooling does not work adequately efficiently and does not contribute to a sufficiently large extent to equal education for the pupils. As the audited subsidies are designed, they do not favour participation of the responsible authorities and schools which in relative terms best require the initiatives considering the knowledge results. The analysis of the Swedish NAO for comparisons which include results for different grade levels and the different subsidies shows that schools which have low knowledge results in year 9 generally receive state subsidies to a smaller extent than schools with high knowledge results.

The initiatives of the Swedish National Agency for Education can also work more efficiently, taking into consideration that the agency has had the opportunity to conduct in-depth analyses of how the subsidies are allocated on the school level and it has informed the Government of the outcome. This has not occurred, despite the fact that there are vast differences between different schools, both in terms of participation in subsidy investments and the need for resources.



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Furthermore, the agency has been restrictive on targeting its initiatives to certain responsible authorities.

Certain types of responsible authorities and schools are under-represented in subsidy investments

Independent education providers participate to a small extent in the audited subsidy investments compared to the municipal responsible authorities. The difference is largest for 'Mathematics Lift.' Previous reports from the Swedish National Agency for Education show that in general schools in municipalities with a low number of inhabitants receive state subsidies for schooling to the smallest extent.

The Swedish NAO has studied the connection between the participation of schools in the subsidy investments and the target fulfilment of pupils. A study at the national level reveals that schools with a high average merit rating in year 9 have between 4 and 8 percentage point higher probability of utilizing 'Mathematics Lift,' 'Career Ladder,' and 'Lifting the Teachers II' than schools with a low average merit rating. The differences are less when the comparison instead takes place for results in years 3 and 6. For 'Workplace-based learning' (APL) there is no connection between high target fulfilment and participation. An analysis of the pattern within each individual municipality shows that the schools which participate in the subsidy investments have a higher average merit rating in year 9 than those who do not participate in a majority of the municipalities. This applies to both 'Career Ladder' and 'Mathematics Lift,' as well as 'Lifting the Teachers.' APL is not included in the municipal analysis. This may result in that the state investments which aim to increase the knowledge results of pupils risk strengthening the differing conditions for equal education which exist between different groups of responsible authorities and schools.

Subsidies are not targeted to the schools with greatest need

Responsible authorities are both liable for applying for subsidies and deciding on the allocation for their school units. This means that the responsible authority has freedom to allocate the specially destined state subsidies based on the needs it sees in different parts of the operations. However, even if the opportunity exists there are practical reasons for the specially destined state subsidies in practice not always being used for strengthening the parts of the operations with a large need. The size of the responsible authority is an important factor. A municipal responsible authority in a large city can be assumed as having a large scope in its operations in terms of results and need of resources.

Another factor which affects the compensatory effect of subsidies is that the perceived benefit of the subsidy is not adequate in relation to the cost which arises for the responsible authority. For a subsidy investment such as 'Lifting the Teachers II,' the low level of the subsidy may result in the responsible authorities with small financial and administrative resources choosing to refrain. The consequence will then be that schools which have a large need of resources for, for example,



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professional development will still not receive subsidies. Even the issue of the level of drive of principals in terms of applying for subsidies (in collaboration with the responsible authority) plays a role, and may result in that in the first instance schools which already function efficiently receive the subsidies.

The Government and the Swedish National Agency for Education are not doing enough to promote participation in the subsidy investments

The level of the subsidies, requirements for a certain number of participating teachers and administration affects whether a responsible authority chooses to participate. 'Lifting the Teachers II' is an example of when co-financing becomes so large that many responsible authorities choose not to participate. Among other things, this has resulted in that a large share of the subsidy is not used. However, the discussions this has resulted in at the Ministry of Education and Research have not led to any adjustments to the conditions for the grants, while the share of teachers in need of qualifying courses was stated as being large. However, there are no exact statistics on how extensive the need is.

The Swedish National Agency for Education gets the opportunity to provide viewpoints on proposals for investments for the introduction of new subsidy investments, but the extent to which the agency is involved in the preparatory work varies. According to representatives of the Swedish National Agency for Education, the agency would like to have deeper dialogue with the Ministry on the structure of the subsidies. In the interviews it was also revealed that the subsidies often have a very high level of detailing, which results in the Swedish National Agency for Education having narrow frameworks to stick to. The Swedish National Agency for Education also believes that now there are too many and too small specially destined state subsidies and that these cannot be expected to provide any large and long-term effect. The Swedish National Agency for Education has conveyed to the Ministry that the agency requires more sustainable structures and more long-term support which could be provided with greater consideration to the need of development initiatives among the responsible authorities. The Swedish NAO is of the opinion that it is important that the Government seeks the expertise of the Swedish National Agency for Education for the introduction of new subsidies. It is also important that the Swedish National Agency for Education prioritises analysing various investments so that the agency has well-founded knowledge of how the state subsidies function.

The Swedish National Agency for Education is governed by the regulations which regulate the various subsidies and does not have the opportunity to, for example, target the subsidies to various types of responsible authorities. The scope of the Swedish National Agency for Education to influence participation in the various investments is thereby relatively limited. The tools which the agency uses are various information and support initiatives. However, until now the Swedish National Agency for Education has been restrictive with targeting information and support initiatives to various responsible authorities. The Swedish National Agency for Education has



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primarily adopted a broad approach with its initiatives for all responsible authorities as the agency's instructions state that it has a national development commission. However, the Swedish National Agency for Education has started to work in a more targeted manner with its initiatives. There are no obvious incompatibilities between having a national development commission and targeting state initiatives based on an analysis of needs. However, if such an analysis is not conducted there is a risk that state funds will be used less efficiently.

Recommendations of the Swedish NAO

The Swedish NAO provides two recommendations to the Government, and two to the Swedish National Agency for Education.

- The Government should consider whether the specially destined state subsidies should be designed and targeted to the schools and responsible authorities which have a large need for state subsidies.
- As a part of the design of regulations which regulate the specially destined state subsidies, the Government should adapt the conditions so that they do not disfavour the responsible authorities with few administrative and financial resources.
- The Swedish National Agency for Education should monitor and analyze which responsible authorities and schools utilise and do not utilise the specially destined state subsidies.
- The Swedish National Agency for Education should intensify the work on targeting supportive and informative initiatives to responsible authorities and schools which have an identified need of initiatives and which participate in subsidy investments to a smaller extent.

