

## Abstract

### Operating budgets allocated to primary education

*The Court examined the way operating funds were allocated to primary schools. It noticed that the decree governing primary education was unclear as to how the overall operating budgets were allocated to the subsidized and the state funded primary school system. Moreover the decree stipulates a 76/100 ratio but it does not show how this ratio is to be calculated. The breakdown of the overall operating budgets among school institutions though was correct. The Flemish Government said it intended to work out a new regulation regarding the operating funds allocated to primary schools. The Court recommended drawing up a clear, reliable and simple regulation.*

### Background information

Before the department of Education is able to calculate the share of the operating budgets to allocate by school institution it has to split them into two overall operating budgets. One is designed for the subsidized primary education, that is the catholic, municipal and provincial schools, and one is designed for the state funded primary schools, the so-called community schools. The department has also to calculate the operating budget ratio per pupil in the subsidized and in the state funded teaching system. The Court examined whether the 2003-2004 operating funds for primary education were allocated in accordance with the regulation.

### Overall operating budgets: a complicated regulation mechanism

The decree governing primary education is unclear as to the way the overall operating budgets are calculated. The budgets reflect an adjustment of the 1996 operating budgets to the pupil number trends and to the consumerprice index. At a later stage some reductions or additions were implemented. In general the budget results from a complicated regulation mechanism containing unclear elements. Besides, the department of Education has not determined the 2004 overall operating budgets for the subsidized and for the state funded primary schools with great accuracy. Some inaccuracies in the adjustment to the consumer price index and the pupil number trends were noticed so that slight distortions in the budgets could be found.

### Breakdown between the school institutions

The operating budgets for the 2003-2004 school year were calculated and paid correctly in compliance with the decree governing primary education for the catholic, municipal and provincial school institutions. As to the community education the allocation rules are determined not by the decree but by the Community Education Council (Raad van het Gemeenschapsonderwijs). The Council calculates the operating budgets both for the primary and the secondary education. This way of proceeding is at loggerheads with the speciality principle of the budget as well as with the decree governing primary education, whereby an overall budget is designed for the state funded primary schools. The operating budgets for the state funded school groupings though, are calculated and paid correctly with one small exception.

### Ratio between the school systems

According to the decree governing primary education, when one community school receives 100 euros, the other schools should get 76 euros. The decree, however, does not determine how to calculate the operating budget per pupil. The department calculates the operating budget per pupil in the light of the elements used by the decreemaker for the 1996 operating budgets and adds then certain wage costs to the operating funds. For some wage costs it used the 1996 figures and for other wage costs it used the 2004 figures. According to its calculation the 2004 ratio between the subsidized and the state funded education was 64,4/100. In the original 2006 budget the ratio was expected to be 72,3/100.

## **Operating budget per pupil and per school institution**

The Court engaged in a statistical analysis of the 2004 operating budget per pupil allocated to the school institutions without considering the wage cost aspect. In the catholic, municipal and provincial primary schools the average budget per pupil was 419 EUR ; in the community schools it amounted to 488 EUR. For the non-community schools the budget is dependent on the composition of the school system's population. For the community schools it is dependent on the school population, the surface area and the administrative, skilled, semi-skilled and auxiliary staff of the school groupings and special attention is also paid to school groupings in financial difficulties. Within an identical system significant differences between school institutions could be found.

## **The minister's reply**

The minister agreed that the calculation rules for the operating budgets were complicated and ambiguous. He also agreed that the decree governing primary education did not make out how the ratio between the school systems needed to be calculated. He promised that when working out a new funding system much care would be devoted to the transparency, the simplicity and the clarity of the new regulatory provisions.