

The changes of system regulation in school education in Hungary

by Gábor Halász

National Institute of Public Education
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This study has been prepared in the framework of a co-operative project initiated by the Austrian Ministry of Education. It presents an analytical picture of the system of administration and governance of school education in Hungary with the aim of helping the foreign reader in understanding how the system of school education in this country is regulated.¹

When analysing how system-regulation works and what kind of policies are directed to this area we are, in fact, joining the well known debate on *educational decentralisation* that has been characterising a number of European countries for more than two decades. The broader and more abstract term of *changes in system regulation* is used in this study deliberately instead of the term of decentralisation.

1 Policy background

1.1 Basic characteristics and historical background

Centralisation and decentralisation traditions have both influenced the Hungarian education system. From this point of view it is important to make distinction between primary and secondary education. As far as secondary education is concerned the Protestant tradition can be more characterised by the respect of local autonomy while the Catholic tradition more by centralised control. As far as primary education is concerned, although the protestant tradition has played an important role, the catholic influence became stronger in the 18th and 19th centuries. The development of primary (elementary) education, on the contrary, was more influenced by the model of municipal control. When compulsory elementary education was introduced in the second half of the 19th century the responsibility to open and run schools was given to locally elected bodies at the municipal level. Later, partly due to conflicts with national minorities and partly to the demands for modernisation, state control became stronger in the area of primary education as well.

In the 1930s a radical reform of education administration was introduced which established strong central state control. This was, later, further strengthened by the communist rule after World War Two although one of the first measures of the communist power was the establishment of local councils (soviets) with a general responsibility for all major public services. This led to the *integration of education administration into the system of general public (state) administration* which, later, created favourable conditions for decentralisation.

The system of school education in Hungary is today undoubtedly one of the most decentralised ones in Europe. It is important to stress that this is not the result of only the most recent developments, that is the outcome of the radical transformation of the political and societal system after 1989. In fact the decentralisation of school education in this

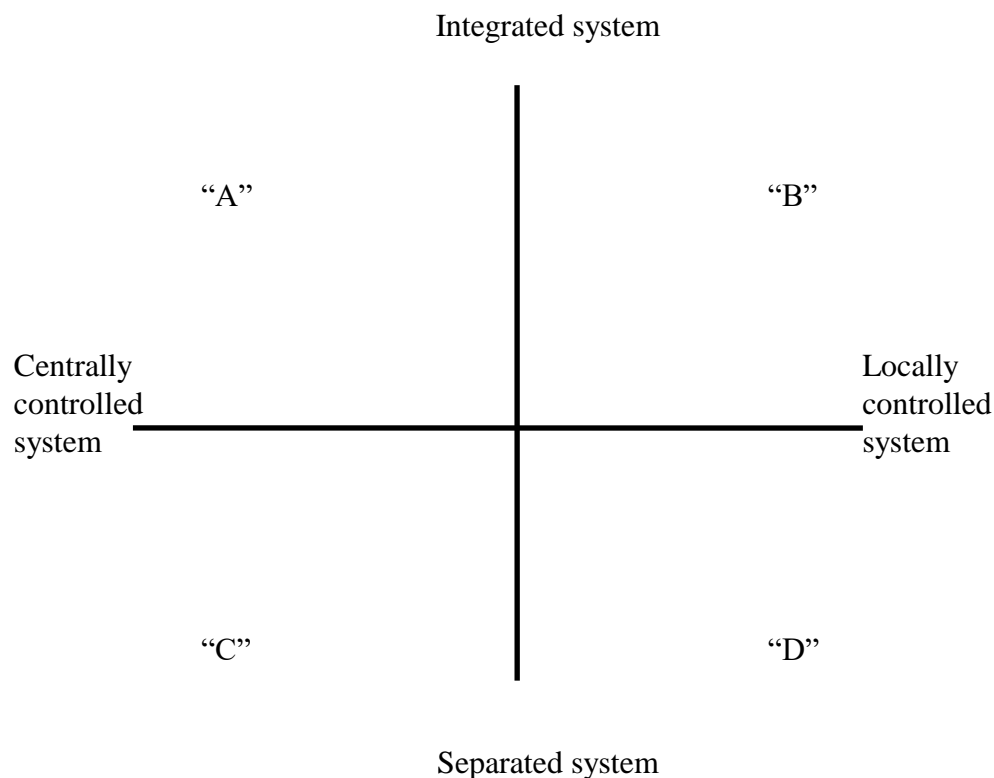
¹ This study relies strongly on the results of a study effected in 1998 in the framework of a research program directed by the Economic Development Institute of the World Bank. This was a comparative research on the question of how the distribution of governmental responsibilities influences the delivery of education services in five East-Central European Countries (see - Balázs-Halász-Imre-Moldován-Nagy, *Inter-governmental Roles in the Delivery of Educational Services in Hungary*, National Institute of Public Education, 1998

country is the result of a longer development which has started already under the communist regime.

During the last fifty years the system of administration changed in two ways. On the one hand, as it was referred to, an *integration process* took place leading to the incorporation of educational administration into the general system of public administration. On the other hand the system shifted from the control by the local units of the central government to the control by locally elected bodies. It is important to stress that integration and decentralisation have been mutually reinforcing each other: more the system was integrated locally, less the central sectorial administration was able to control it directly.

Referring to *Figure 1* the development of the last five can be described as a two stage process: first the system changed from type “C” to type (a shift from separated to integrated system) “A” and, second, from type “A” to type “B” (a shift from centrally controlled to locally controlled system).

Figure 1
A model systems of education administration



The main stages the gradual transformation of the system regulation from separated to integrated and from centrally controlled to locally controlled are presented as follows:

- In the 1950s with the introduction of the so-called council system (soviets) the administration of education - similarly to the other countries of the Soviet bloc - came integrated into the general system of public administration. Local councils, in fact, did not have practically any kind of autonomy and operated under direct central control.

- At the end of the 1960s the so-called double subordination of the local and regional units of educational administration was abolished. Up to this time the county level education department was, for instance, subordinated both to the ministry of education and to the county executive officer. From that time on the higher level sectoral administration could no longer issue direct instructions for the lower levels.
- At the end of the 1960s a unified system of regional infrastructural planning was introduced, which incorporated educational planning as well.
- The so-called Council Act at the beginning of the 1970s empowered the councils with bigger general autonomy, and also gave them wider responsibilities in the maintenance of schools. The formal responsibility for the employment of teachers was shifted to the heads of schools.
- In the mid-70s the responsibility for maintaining secondary technical and vocational schools was shifted from the national to the regional (county) level. By the end of the decade the process went further, most schools were transferred to the larger urban municipal councils.
- At the beginning of the 1980s, the administrative units of the councils responsible for educational (education departments) were merged with units responsible for other (health care, social affairs) fields. This was a major step towards integration.
- In the mid-80s educational inspection was separated from public administration and was reorganised as a support service; and, at the same time, the autonomy of schools was largely extended (the Education Act of 1985).
- In 1989 the former merger of the local and central budgets was ceased, the state support to the local councils was transformed into a lumpsum support based on a normative system of calculation, and the local governments were made interested in raising their own revenues.
- In 1990 the former local councils were replaced by the politically autonomous local self-governments, which became the owners of the previously state-owned schools.
- In 1992 teachers were drawn under the effect of the Act on Public Employees and since then their minimum salaries have been determined by the national salary grades
- In 1993 the Act on Public Education authorised the local governments with wide-ranging powers, and it annulled the tight central curricular regulations.

As the result of this process the basic characteristics of the system regulation in Hungarian school education are today as follows:

- Public educational administration is highly decentralised and the responsibilities are shared between several actors.
- Horizontally, the responsibility at the national level is shared between the ministry directly responsible for education and certain other ministries.
- Vertically, the responsibility is shared between the central (national), the regional, the local² and the institutional levels, that is, there are four administrative levels.
- At the local and institutional levels the administration of education is *integrated* into the general system of public administration, that is, there is no organisationally separate educational administration.

² In this context the term '*local*' refers to the municipal level that is to the level of villages and towns.

- At the local and the regional levels public administration (and educational administration within this) is based on the system of self-governments, that is, it is under the control of politically autonomous, elected bodies. The central government cannot issue direct orders to the local governments.
- The role of the regional level is quite weak, while the scope of responsibilities at the local level is very wide.
- The number of the local authorities (local governments) is very high, while their average size is small.

It is important to remark that due to the changes in the socio-economic setting and to the fast and thorough changes within the education system itself – similarly to other countries of the region –the system regulation of school education in Hungary can be characterised as being still in a phase of transition.

1.2 Regulation policies within the education sector

During the last decades the education did not have a coherent policy for system regulation. The question of how to define responsibilities and where to allocate them has not been in the focus of education policy. In fact, because of the integrated character of the system in Hungary none of the major changes in educational administration can be understood without considering the broader context of general public administration and public financing. The education sector either has reacted with a delay to the changes of the broader administrative environment or followed short term goals in this area. In order to better understand the behaviour of the educational sector in system regulation in Hungary it is worth looking over the major changes of sectoral policy in connection with system regulation.

As shown in the previous part, the first major steps towards redefining administrative responsibilities were made outside the educational sector. Before the eighties the aim of decentralising responsibilities appeared only in a limited and negative form within the central administration of education. In the sixties, for instance, the ministry of education was in favour of shifting the overall responsibility for secondary education from the national to the county level, but this was not more than a kind of power game: the ministry thought to gain control this way over secondary vocational education, a sector which – at that period – was controlled by the different branch ministries. Later on, the attitude of the central educational administrators towards school autonomy was determined by similar forces. For instance, as – following the decentralisation process in the area of the general public (state) administration – the local councils became more and more independent, central educational administrators became more and more positive towards giving more autonomy to the schools controlled by these councils. But what they wanted was simply to weaken this way the dependence of the educational sector from the system of general public administration. Making schools more independent from the local councils meant for the central educational administrators gaining more possibility to influence them directly.

The first major step towards decentralisation and institutional autonomy within the education sector was made in the first half of the eighties. After a decade of considering large scale structural reforms it was in this period that the idea of a major structural reform was rejected. The *1985 Education Act*, instead of launching structural changes or introducing new programs, aimed simply at fixing the legal frameworks of the system.

This Act, although there was no explicit policy of decentralisation behind it, made a radical shift towards school autonomy. The source of this legal creation of school autonomy can be found, in fact, in two different endeavours: on the one hand, in the refusal of the increasing power of local councils by certain educational circles, and, on the other, in the increasing control of general lawyers and other specialists over legislation to the detriment of the traditional educational circles.

The 1985 law defined individual schools as institutions having a certain responsibility to define their own goals and to start locally decided activities. The Act authorised the schools to define "their own educational tasks", to elaborate "their own local educational system" and to devise supplementary curricula. Every school was given the task of preparing its own internal statute and pedagogical program which had to be accepted by the teaching staff after consultation with the representatives of external agencies. Local and regional educational authorities lost their right to interfere in purely professional matters: the only jurisdiction concerning the internal life of schools left with them was to examine whether the statute of the school, the school level pedagogical program and the decisions taken by the staff were contradicting the written law. The law defined the teaching staff as "the most important consultative and decision-making body of the school". Teachers were given considerable power to influence the selection of their directors: between 1986 and 1991, during six years, they could refuse the appointment of a new director by secret vote. In general, *teaching staffs were given the right to decide in all issues related to the organisation and work of the school if this was not contradicting other regulations*. This was a radical break in the education sector with a legal tradition according to which local and institutional actors could do only what the law explicitly allowed.

The 1985 Act radically transformed school inspection. The earlier system of inspection, directly subordinated to the regional and local councils, was suppressed. New regional pedagogical support centres were established and the former inspectors were transferred to them as simple professional advisors who could be invited by those schools if they needed professional advice. To counterbalance the power of teachers school level consultative and advisory bodies (so called school councils) were established – although not on a compulsory basis – in which the social environment of the institution received representation.

The 1985 Act did affect only slightly the area of curriculum regulation. I opened the way for locally initiated curriculum changes by authorising schools to choose between alternative curricula, elaborate supplementary programs, to start pedagogical experimentation or to apply so called "*particular solutions*". Although major local curriculum changes had to be approved by the ministry of education, during the second half of the eighties this approval was given in most cases. As a result the number of initiatives for local curriculum changes rapidly increased. This was encouraged by the creation of a central innovation fund in 1988 which gave an opportunity to innovative schools to obtain supplementary financial support. However, what the 1985 Act did not seriously alter was the existing model of central curriculum control. New alternative programs were offered only in a few fields, and schools had to continue to follow the same detailed central curriculum as before. What became different was that there was no longer any administrative agency to control formally whether they do or not.

All these changes have touched the foundations of the earlier system. Since educational authorities have formally lost their right to interfere in professional matters the

institutional basis of central pedagogical direction has ceased to exist. Pedagogical orientation and legal administration have been separated: the new regional pedagogical institutes, which have been given the responsibility for pedagogical matters, had to act without administrative power, while the administrative units had no more pedagogical responsibilities.

It is important to stress that behind these measures there was no explicit policy. Leading administrators started speaking about the reform of administration only one or two years after the introduction of the 1985 Act. In the public discourse of the time, the Act was not designated as a reform act and the enlargement of school level autonomy was not mentioned as its main objective. In fact, at that time, no generally accepted definition existed for the notion of school autonomy.

The second major step towards decentralisation was made in 1990, this time again outside the educational sector. When, following the political transformation, local communes received the right to establish self-governments, those state owned primary and secondary schools, that had been run earlier by them, became their *property*. The educational sector, in this period, was not only too weak to influence this process but the dominant attitudes towards central or local control also transformed. By the late eighties all major political movements had positive attitudes towards local and school autonomy, and school autonomy became an explicit policy goal. The new local self-governments – which, at the beginning, were rather weak – were not seen any more by the most influential teacher organisations as threatening professional autonomy. In the first years of the nineties, therefore, no policies of centralisation could gain sufficient political and professional support.

As a consequence the first education legislation after the change of regime went – in 1993 – into the direction to *consolidate the already decentralised system*. On the one hand, the 1993 Education Act has defined concretely the responsibilities of the different levels and actors and established this way the legal frames of a *system of shared responsibilities*. The law contains very a detailed description of the duties, rights and the tasks of all the major actors: pupils, parents, teachers, principals, local and territorial self-governments, the minister and the consultative bodies. Rights and responsibilities have been distributed in such a way that made it evident that the system can operate efficiently only if they all co-operate. The 1993 Act, however, contained one important element of *centralisation*: it established eight regional units directly subordinated to the ministry of education with certain evaluation, information gathering and administrative functions (Regional Educational Directorates - RED). The ministry wanted to use REDs to have more control over local processes in schools but because of the constraints of the law on self-governments (which is a two thirds law) no real administrative power could be assigned to them. The RED issue became a political one: after the change of government in 1994 these new units have been dismantled. The Act also contained provisions on the evaluation and professional (pedagogical) control of schools: it has created, for instance, a national list of accredited educational experts with evaluation responsibilities.

On the other hand, the 1993 Act adapted the system of curriculum regulation to the reality of local and school autonomy which was perhaps the most radical step towards decentralisation coming from within the educational sector. The Act introduced the so called *two level system of curriculum regulation* which consist of the two poles of (1) the central curricular frames represented by the National Core Curriculum (NCC) and (2) the more detailed school level programs elaborated by the teacher staff and approved by the

school maintainers. The earlier central curricula – still in force at this time – lost their compulsory character. Since the NCC was issued only in 1995 and – according to the law – it had to be followed by schools only three years after its being issued, during a period of five years schools were operating without a binding central curriculum. Originally the 1993 Act contained a provision on compulsory central curricular programs (called *frame programs*) but this was later removed. In connection with curricular regulation one more element of the 1993 Act has to be mentioned: a national level body with extensive consultative rights, the National Council of Public Education was created.

The 1993 Act was amended in 1995 and 1996. These amendments pushed forward decentralisation, on the one hand, and consolidated the system, on the other. The 1993 amendment contained two decentralising elements: it has abolished the REDs and removed the element of compulsory central programs (frame programs) from the system of curriculum regulation. The two most important contributions of the 1996 amendment of the Education Act to this consolidation was (1) the definition of those parameters of provision that schools have to meet (see the section on the rules of defining the institutional budget in the chapter on financing later on) and (2) the introduction of regional educational planning.

The process of decentralisation in the area of curricula was fundamentally influenced by the NCC issued in 1995. The regulatory power of this document – as one of the most important regulatory elements of the system – is strongly limited by its character: (1) instead of subjects it defines broader curricular area, (2) instead of assigning number of lessons to each area it gives only flexible time limits, (3) instead of defining requirements for every class (year) it defines requirements for longer cycles, (4) instead of school types it defines requirements for age cohorts, and (5) instead of particular knowledge it puts the stress on competence and skill requirements. In fact, local curricula are strongly influenced by centrally developed and disseminated model programs but these are not compulsory.

By the second half of the nineties the decentralised character of the system became a generally recognised reality. Local self-governments under financial pressures were obliged to strengthen financial control over their institutions and to look more seriously into the way schools are organising themselves. They had to revise the existing funding documents for schools or to issue new ones with a detailed description of the tasks the school is assumed to fulfil. By 1998 every school had to prepare its own pedagogical program and – as part of it – its own local curriculum which has been approved by the local self-governments. This process was accompanied by intensive communication (negotiations and budget bargains) between the institutions and their maintainers.

It is also by the second half of the nineties that the typical weaknesses of the decentralised system became more visible. Several surveys and studies demonstrated the increasing inequalities between municipalities and their schools. Since these inequalities appeared not only in the financial conditions of schools but also in the quality of their pedagogical activities, concerns for quality increased. It became evident that measures are needed in order to decrease inequalities and to assure the quality of services and that this may lead to a certain level of limitation of local and school level autonomy. Intensive developmental work has been started in order to devise the appropriate instruments that can solve these problems in the given decentralised context (see also the chapter on regulation policy and the major goals later on).

In the near future all these developments will probably influence the whole system of regulation. Two major changes are expected: on the one hand – according to the

intentions of the government – compulsory central programs (containing subject requirements and defining the number of lessons for every subject and for every year according to each school type) will probably appear. On the other, new regional examination and evaluation units subordinated to the ministry will be established.

2 Main notions

There are some key notions that have to be explained if the Hungarian scene of educational administration and governance is to be correctly understood. These notions are as follows:

Decentralisation and de-concentration: A clear distinction is made between these two terms. The devolution of responsibility is called decentralisation if it is transferred to politically autonomous local units and it is called de-concentration if it is transferred to local unity directly subordinated to the higher level authority.

Educational experts: These are specialists whose name is put on a national list issued by the Ministry of Education. Educational experts work in general on a market basis that is they are contracted by the maintainer or by the school. In certain cases – e.g. when the adoption of local pedagogical program of the school takes place – the maintainer must consult an educational expert.

Evaluation: Evaluation is seen as a function exercised by different actors (teachers, principals, self-governments, central government and educational experts), at different level (pupil, teacher, school, municipality, region, country) according to different areas (learning achievements, school performance, planning efficiency etc.)

Legal vs. professional control: A distinction is made between legal and professional (pedagogical) control. Local self-governments are – for instance – entitled to exercise legal control over schools but they are not entitled to exercise professional control. This distinction may be difficult when professional matters come under legal regulation (e.g. curricular prescriptions).

Levels of administration: As already mentioned administrative responsibility is shared vertically between levels. These levels are the following: the *central* level, the *territorial* (county) level, the *local* (municipal) level and the *institutional* (school) level.

Local pedagogical programs and curricula: Schools are obliged to elaborate a document called local pedagogical program the content of which is regulated by the law. The most important element of the local pedagogical program is the detailed local (in fact school level) curriculum. In this particular case the term *local* refers to the *institutional* and not the *municipal* level.

Maintainers: Maintainers are the owners of the schools who are in most cases local or territorial self-governments but there are also non-public maintainers (churches, private persons, foundations or other non public organisations).

Normative financing: This term designates a mechanism of financing when money is distributed on the basis of *general norms* that is those who hold certain characteristics receive the financial support automatically without further consideration.

Pedagogical services: Pedagogical services – advising, documentation, information, training etc. – are offered by pedagogical service institutions and are used by individual teachers, schools or maintainers of schools.

Per capita financing: This is one particular form of normative financing. Financial support in this case is calculated on the basis of the pupils enrolled.

Professional autonomy: Since the 1985 Education Act schools are declared professionally autonomous that is they can do anything in the professional (pedagogical) field if the law do not contain a prohibition.

Self-governments: At local and territorial level administrative responsibility is exercised by self-governments elected directly by the people. Self-governments consist of elected *assemblies* headed by an elected mayor (or a president in the case of counties) and of an *office* with appointed officials and – in bigger municipalities or counties – with specialised *departments*.

Shared responsibility: The term sharing responsibility is more often used than the term decentralisation. Responsibility is shared *vertically* between the different *levels* and *horizontally* between different administrative or political *agencies* (at both central and territorial level).

3 Education, public administration and public financing

The relationship between educational and general administration as well as the relationship between educational financing and public financing has already been stressed. This will be analysed in more detail in this section.³

3.1 Educational administration and public administration

3.1.1 General characteristics

As already stressed the administration of public education in Hungary is characterised by its *integration with public administration*. This means that educational administration is not separated from the general system of public administration (local and territorial self-government administration), at the local and regional levels. There are no local or regional administrative organs directly subordinated to the central government. The responsibilities for the tasks of public educational administration at the local and the regional levels lie with the *elected bodies of the local self-governments* and with the *notaries*, who are in charge of general public administration. Within the local self-governmental offices there are usually no separate organisational units with responsible only for education: in general the offices responsible for education are responsible also for other areas (e.g. health, social affairs). Integration is expressed also by the system of financing public education (see the next section on financing).

Educational administration is characterised also by shared responsibilities both horizontally and vertically. Horizontally, the responsibility for public education is shared between several governmental organs. Vertically, responsibility is shared between the central governmental organs, the county self-governments, , the local (settlement) self-governments and the institutions. These levels all possess independent administrative rights which limit the rights of the others but which presuppose their active co-operation.

3.1.2 Administrative levels and functions.

When analysing the administrative system of public education we can differentiate between the *levels* of administration and the *administrative or governing functions*. As already mentioned, there are four levels of public educational administration in Hungary:

³ This section is partly based on the text of the report Education in Hungary, 1997 - National Institute of Public Education, 1998

(a) the central or governmental level, (b) the regional or county level, (c) the local or municipal level, and (d) the institutional level. It is a special feature that while there are significant decision-making competencies allocated to the local and institutional levels, the regional level has the smallest influence (see also the Table in chapter 4 on responsibilities and management functions). In the allocation of the decision-making powers there is hardly any difference between the different (primary and secondary) levels of education.

Concerning the typical administrative and governing functions three major types can be distinguished: (a) consultative or political functions, (b) administrative or executive functions, and (c) professional or educational functions. These functions are associated to concrete actors (organisations, institutions, bodies) which have different tasks. Table 1 shows these actors according to the different levels and functions.

Table 1.

Levels, governance functions and actors

Levels	Political, interest-negotiation and consultative functions	Administrative and executive functions	Professional/educational functions
National level	Parliament; The Parliamentary Committee of Education, Science, Youth and Sport; National Public Educational Council; Educational. Policy Council	Ministry of Education other sectoral ministries	national professional services, research and development institutes (OKI, OI, OKSZI, NSZI)*
Regional level	County governments and their educational committees, county organs of regional development and educational planning	head notary, the educational departments of the county governments	public educational institutions of regional functions, maintained by the counties, county pedagogical and service institutes
Local level	local governments and their educational committees	notary the mayor's office at the settlement	pedagogical service institutions of the settlement
Institutional level	school board	school head	teaching staff

Note: In reality the functions cannot always be separated clearly. (E.g. At the institutional level the school head also fulfils professional functions, or, the teaching staff have some functions of interest-negotiation and administration as well.)

* OKI: Országos Köznevelési Intézet (National Institute of Public Education) OI: Oktatáskutató Intézet (Institute of Educational Research) OKSZI: Országos Köznevelési Szolgáltató Iroda (National Institute of Public Educational Services) NSZI: Nemzeti Szakképzési Intézet (National Institute of Vocational Education)

Source: Education in Hungary, 1997 - National Institute of Public Education, 1998

Direct administrative subordination relations between the various levels and actors are very rare. A characteristic feature of this system is that different autonomies are complementing and restricting each-other. There are no relations of subordination or

supremacy whatsoever among the various organs with political interest or negotiation and consultative functions. Among the actors with administrative or executive functions we can observe a direct subordination only between the local (regional) level self-governments and the institutions maintained by them. Even this relationship between the local self-governmental and its school is limited by legal regulations that guarantee the autonomy of the institutions. As already mentioned there are no administrative organs operating at the local and regional levels that are directly subordinated to the central governmental organs. As a result of this, on the one hand, interest-negotiation and partnerships become more appreciated, and on the other hand, *court rulings* play an increasing role. The rulings passed by the *Constitutional Court*, for instance, are of outstanding importance as they exercise an increasing influence on public policies, and within these, on public educational policies. In the past few years the Constitutional Court has dealt with educational matters on several occasions.

3.1.3 Central responsibility

The responsibility for public education within central government is exercised by the Minister of Education. The Education Act determines three main types of the Minister's responsibilities for public education: (a) direct administrative tasks, (b) regulatory tasks, and (c) developmental tasks.

The Act on Public Education lists eleven fields where the minister is entitled, or compelled, to issue legal regulations. The central administration has relatively few direct administrative tasks but the number of regulatory and developmental tasks is very high. With the exception of the organisation of the examinations and some extraordinary events the Minister can exercise his/her responsibility only *via indirect means* and only with regard to the education system as a whole and not with the individual institutions. The way the legislation regulates the Minister's responsibilities practically enforces the Minister to fulfil the role of a strategic developer. The major indirect means the Minister can resort to are the launching of developmental initiatives and the adoption of the general regulations that determine the operation of the institutions.

Education can be governed only through the co-operation of the Ministry of Education and other ministries. Since the administration of public education is integrated into the system of local governmental public administration, and since the state support for education is built into the general financing system of public financing, this co-operation is necessary, for instance, with the Ministry of the Interior who is responsible for the local governmental system and for public administration. The co-operation between the Ministry of Finance and the Ministry of Education is also of growing importance. The necessity for the various fields and ministries to co-operate explains why there are more and more occasions when it is not the ministry but the central government that makes a decision on an educational matter. Such matters have been the adoption of the National Core Curriculum and of the requirements of the school leaving examination, also the adoption of the higher educational training requirements (such as school management training) which have implications for public education as well, and the regulation of the whole system of in-service training.

3.1.4 Local and regional responsibility

One of the decisive features of the system is the large number of local authorities that maintain schools and –what goes with it –the smallness of the average size of these

authorities. There were 3168 local governments operating in Hungary in 1997. 2400 of them maintained a public educational institution, out of which 1818 maintained a general school with at least eight grades. 74% of all local governments maintaining a school, and 55% of the local governments that maintained an at least 8-grade general school, operated in villages with fewer than 2000 inhabitants. Irrespective of their size all 2400 local governments enjoy the same broad local administrative rights, which are laid down in the Public Education Act. This large number is unique in international comparison.

Most decisions concerning school education are taken by *the local self-governments*. There 6 major types of responsibilities local self-governments can exercise in the education sector:

- opening and closing schools, defining their profile, approving their founding document,
- defining the budget of the school
- appointing the directors of the school
- exercising legal and fiscal control over the school
- adopting the basic documents of the schools including the pedagogical program (which contains the local curriculum) and the organisational and operational rules,
- evaluating the school.

An important feature of the system is that the local responsibility for educational provision does not mean the obligation to maintain an educational institution. The local self-governments can freely decide the way they ensure the provision of educational services: they can maintain their own institution or but they also can make an agreement with another maintainer. Another important feature is that the allocation of the obligation for educational provision to certain administrative levels is not exclusive. While, for example, providing secondary education is the task of the counties, towns or villages also have the right to maintain secondary schools. Up till recently the local governments in their decisions on whether to maintain an educational institution were only influenced by economic considerations, i.e. if a local government considered the foundation of a school financially feasible there was nothing to prevent it from doing so. Since 1997, however, the local governments have to take into account the county developmental plans introduced by the 1996 amendment of the Education Act.

It has to be stressed as well that when adopting the schools' pedagogical programmes the local governments can only examine the programmes' legal and financial aspects, they are not allowed to issue an opinion on the professional-pedagogical contents. This can only be carried out by the experts who are listed in the National Experts' Register, and whose opinion the local governments have to ask for.

Due to the large numbers and to the small sizes the professional competencies needed for the fulfilment of the tasks of local public educational administration are hard to develop, or cannot be developed, by the majority of the local governments. In many cases the notary, who controls legality and fulfils administrative tasks, is the only official with a higher educational qualification. An independent organisational unit to deal uniquely with the matters of public education does not always operate even within the local governments of towns. A vast majority of the decisions are passed directly by the elected bodies of representatives. These characteristics of administration are in accordance with the demands of a local democracy but they inevitably contribute to the growing inequalities between the areas.

Due to this situation, understandably, there is a growing attention paid to *the co-operation between the local governments*, to their associations. The central policy has tried to stimulate the associations by various means in the past period. The willingness of communes to associate has, however, remained yet rather weak.

Among the conditions of decentralised administration local decision-making has an important influence on the efficiency of the public education system since the use of the resources at disposal basically depends on the local decisions. The years of 1995 and 1996 meant, for instance, an extremely great challenge for the local administration of public education because –due to the demographic decline – the real value of the central state support granted to the local self-governments for educational purposes seriously decreased. The local governments were forced to ‘x-ray’ their public educational institutions and to deconstruct the superfluous or non-financeable capacities. This rationalisation at the middle of the 1990 was a painful process: it was at this time that the local governments took real possession of the public educational infrastructure which had been formally theirs since 1990 and started to behave as real owners.

The past few years has seen the role of *the regional (county) level* gradually increasing as well. The 1990 Act on the Local Governments assigned the county governments with rights similar to those of the local self-governments, so their actual regional responsibilities became very limited. The 1993 Act on Public Education allocated the rather ‘soft’ rights of regional co-ordination to the county governments but it did not interpret this ruling more precisely. But with the 1996 Amendment to the Public Education Act the county governments were allocated the responsibility of *the regional planning of school education*. In line with the ruling of the 1996 amendment of the Education Act the county governments have to prepare - in co-operation with the local governments on their territory - a regional plan of educational provision, institutional operation and educational development. Though abiding by these plans is not compulsory, they cannot be ignored when certain decisions are made about educational development or re-organisation at the local levels. The county level administration can support the realisation of these plans, and of the regional organisation of educational provision in general, by financial means as well via the county public foundations, which were established following the 1996 Amendment, and which receive direct support from the central budget.

3.1.5 Institutional level responsibility

Autonomy at the institutional level – as already shown – is one of the most salient features of Hungarian system. According to the Education Act teaching staff as a whole can decide on many issues, including the adoption of such strategic documents as the organisational and operational rules and the pedagogical program (including the local curriculum). These documents, however, as mentioned, enter legally into force only after being adopted by the maintainer. The law makes an explicit reference to right of teachers to go to court if the maintainers refuses the adoption of the pedagogical program of the school and they think this was done without sufficient legal basis. Teachers are also legally entitled to form an opinion on the applicants for the head’s post. Teachers are employed by the head of the school who can hire and fire them in the legal framework set by the Law on Public Employees and the budget frame set by the maintainer. Bigger schools have are financially autonomous. Smaller institutions, even if they have financial autonomy, their maintainer is generally closely controlling their expenditures. Schools can raise funds and in many cases they do so.

The greatest challenges educational institutions have recently faced were the demographic decline, the budgetary restrictions, and the preparation of the pedagogical programme of the institution, in line with the National Core Curriculum.

In trying to adapt to the decline in pupil numbers and to the fiscal restrictions the majority of the decisions concerning rationalisation were made within the institutions. As in the Hungarian system the employer of the teachers is the school head, it was the head that had to decide what pedagogical programmes to terminate and which teachers to dismiss. The new situation did not only change the relationship between the institutions and their maintainers, it also affected the internal relations within an institution and the relationship between the school head and the teaching staff. Before the Public Education Act was amended in 1996, the central guidelines did not offer much assistance to the management of the internal resources, so the internal and external bargaining processes did not take place in a regulated way. The new operational parameters determined by the Amendment (number of compulsory lessons, splitting study groups, etc.) have made the local and institutional bargaining processes somewhat more regulated, but they can still be neglected if the resources are available and local agreements are reached. The further adaptation to the new regulations (such as the rise in the compulsory lessons to be taught by teachers) will require institutional decisions that will inevitably bring about further conflicts of interest.

The elaboration of the school pedagogical programmes in line with the National Core Curriculum has meant a big challenge for the institutions, who have had to carry out internal (school level) and external negotiations (with the maintainer). It was an especially difficult task to adopt a timetable that determines the work load of the teachers and the internal division of labour. On the professional front, the institutions faced the hard task of the elaboration of the pedagogical programmes and the preparation, or selection, of the local curricula and their adaptation to the specific school environment. To gain the approval of the local governments the schools had to defend the number of lessons available (so that they do not lose any of the former number), and they had to argue for the importance of the tasks they want to carry out beyond the compulsory ones, because the local governments undertake a long term commitment when they accept the conditions laid down in the local programmes and curricula.

The new tasks concerning the development of educational contents and the implementation of the National Core Curriculum have partly re-structured the responsibilities *within the teaching staff* as well. There is an observable tendency for the weight and importance of the common, staff-level decisions to grow as opposed to individual teacher decisions. Formerly, for example, it was the sole right of the individual teacher to select a textbook. Now, according to the amended legislation, the selected textbooks have to match the local curriculum adopted and the opinion of the teachers' departments has to be asked for. The importance of common decisions can be expected to grow in connection with the in-service training of teachers, since the decisions about the use of the grants earmarked for inset purposes will have to be made at the institutional level.

In the education systems where institutional-level decisions carry a special weight *the quality of institutional level management* is of outstanding importance. This is why special attention is paid to the training, the selection, and the in-service training of school heads. The past few years have brought much more development in the training of school managers than formerly and spectacular advances have been made in the field of school

management training and in-service training. Yet a number of experts argue that the field is still not given the amount of attention due, given its importance. Despite the reforms taking place in public education the influx of new people into the headmasters' profession is a relatively slow. According to a 1997 survey of school heads, two-thirds of the current postholders in public educational institutions were school heads already before 1993, and one-third of them took up the position between 1987 and 1993.

3.2 Educational financing and public financing

The financing of school education, as already stressed, is part of the general system of public financing. Self-governments (like other non public maintainers) finance their school from their own revenues that come from different sources. Although state support is most important source of revenue for self-governments, this is not the only one. The local financing of education depends strongly on the general revenue position of the self-government.

The state support for education is channelled from the central budget to self-governments through the Ministry of Interior as part of the general state support for self-governments. Non-public maintainers get the state support in a similar way. Money transfer from the state budget to the maintainer follows totally different rules than the money transfer from the maintainer to the individual school. While the first is based on a *normative mechanism* (the maintainers receive the state support automatically on a normative basis if they meet the legal conditions) the second is based on a *yearly local budget bargain*. This bargain is determined, however, by many external constraints, as we shall see.

3.2.1 The revenues of self-governments

Local self-governments (municipalities) may have several kinds of incomes of which the state subsidy is the most important significant part. There are two major types of state subsidies: the *normative one* and the *one given for specific goals*. Table 2. shows the division of the different incomes of local municipalities.

Table 2
Division of revenues of local municipalities (%)

Incomes	1994	1995	1996	1997
Own current incomes	16.15	17.98	19.86	20.05
Transferred incomes*	8.37	11.82	11.66	14.41
Capital incomes	9.95	11.18	8.83	8.28
State subsidy	39.77	38.33	35.57	32.59
out of this, on normative basis	30.35	28.60	25.00	no data
Other transfers within the public budget**	17.6	16.93	19.44	19.59
Loans	5.85	2.42	3.55	3.67
Other	2.31	1.34	1.29	1.41
TOTAL	100	100	100	100

Source: Ministry of Finance

Notes:

* A given percentage of personal income tax and other given tax revenues, which are transferred to local municipalities by the state

** More than 90% of this is a transfer from social security serving health care purposes

One group of the normative subsidies is linked with education which is one of the most significant source of income of local municipalities. These are usually related to the number of pupils (e.g. for one student of 1-6th grade local municipalities received 64000 HUF in 1997). Some educational normative subsidies are related to specific tasks (e.g. municipalities having pupils who follow ethnic or nationality programs or those which have less than 3000 inhabitants are entitled to receive extra funding).

Local authorities receive the state subsidy as a lump sum with full freedom of using it. This means that they are not obliged to spend the education related subsidies on education goals. In fact they spend much more on education than the money given for this purpose. The ratio between normative state subsidy and real local municipality public education expenditures is shown in *Table 3*. Besides the normative subsidy there are subsidies for specific goals serving usually high priority development tasks. In 1997 the state spent around 11 billion HUF for such tasks (which was more than 8% of the normative subsidies).

Table 3

*Normative state subsidy of public education and public education expenditures of local municipalities *1991-1996 (in thousand HUF)*

	1991	1992	1993	1994	1995	1996
Normative subsidy of education	72473	86085	97244	95938	94401	130926
Education expenditures of local municipalities	109143	150768	176875	211351	230901	232183
Ratio of normative subsidy compared to all local municipality expenditures (%)	66.4	57.1	55.0	45.4	40.9	56.4

Source: Ministry of Culture and Education, Public Education Planning Department

All state subsidies for local municipalities, including the subsidy for school education, appears in the budget of Ministry of Interior. This shows that the financing of school education is not separated from the financing of other local public services. The role of the Ministry of Education here is to bargain the general rules of normative financing with the Ministry of Finance but it does not play any direct role in distributing and transferring the money to the local level.

3.2.2 The rules of defining the institutional budget

Schools are independent legal entities and most of them have some kind of financial autonomy. As mentioned, the financial connections between the schools and their maintainers are directed by a different logic than that directing the financial connections between the central government and the local self-governments. The maintainer determine

the budget of its institution in a process of *yearly bargain* in the framework of those legal rules that determine teacher salaries and school conditions. The educational tasks that local municipalities maintaining schools have the obligation to finance and the required quality of these tasks is defined by the law on education. Teacher salaries are defined by the law on public employees.

These education law regulates the framework of the budget bargain through the definition of the following parameters:

- the time framework for nursery school care in hours.
- the time frameworks of school education, that this (a) the number of teaching days for a year, (b) the number obligatory teaching lessons per day, and (c) the number of non-obligatory teaching lessons per week.
- the time framework for special kinds of occupation (taking special care of talented students, compensation of handicap) compared to the percentage of obligatory teaching lessons.
- the obligatory teaching lessons for teachers per week.
- the number of obligatorily employed leaders and other employees in the institution compared to the number of students.

These parameters do not make it possible to determine *exactly* the wage costs, therefore the budget bargaining between the schools and their maintainers remains relatively free. For instance, in case of a school where teachers have higher qualifications that is prescribed by the law the actual wage costs will naturally be higher. Furthermore municipalities have the possibility to authorise a bigger time framework than the minimally prescribed, they can allow the provision of extra services and they can pay higher wages than the obligatory ones. It is important to notice that schools can also draw in other sources, for example private money or money coming from economic organisations (especially in vocational training). Economic organisations in Hungary are obliged to pay a certain amount of their wage expenditures as kind of special training tax but they can give part of this directly to schools

The yearly budget bargain follows typically the following scenario:

(1) the local self-government asks the next year's budget proposal from the leader of the institution and at the same time informs him/her on the major frames.

(2) the leader of the school prepares the budget plan and submits it to the municipality,

(3) the municipality analysis the school budget plans together with the plane of the other institutions and those of the other sectors and –on the basis of this – makes up the next year's municipal budget plan (to be approved by the body of the elected representatives).

In general the budget of the school is defined on the basis of the last year's basis but – especially in periods of austerity –local municipalities tend to analyse the budget of their institutions. It is rare that municipalities follow locally a normative principle similarly to what is followed of the distribution of central state subsidies. The national normative system may, however, influence the local practice as a model.

4 Responsibilities and management functions

It is well known that the terms centralisation and decentralisation hold a high degree of simplification. In fact, the degree of centralisation and decentralisation may be very different according to the different functions of the education system. It may happen,

that while, for instance, a system is strongly decentralised in the area of curriculum matters while it is centralised in the area of personnel matters. Similarly: it may happen that centralisation works well in connection with one function while a decentralised operation is more appropriate with another one.

The following functions could be analysed separately:⁴

Personnel management. The management of personnel is partly centralised, partly decentralised. Teachers are public employees (under the regulation of the Law of Public Employment) but they are employed by the principal. Schools and their maintainers can decide freely on the number of teachers to be employed but the number needed by a school is determined by the parameters defined by the education act. Teachers can negotiate their salaries individually with the principal but the minimum salary of the individual is determined by the Law of Public Employment in function of his/her qualification and age. The evaluation of the professional achievement of teachers is done internally, within the school.

In connection with the management of personnel international comparison shows basic efficiency problems: the demographic decline of the early nineties, for instance, was not accompanied by decreasing teacher numbers because of the inertia of the system. Local municipalities were reluctant to close schools and fire teachers even if they had financial difficulties. The experience of the past few years shows that local decisions for more efficient management of the teacher labour force are taken only if the central government uses strong incentives and if it also takes part of the political responsibility. In 1996, for instance, when the central government made it clear for municipalities, that they had to close schools, this process started, although it was much more modest than expected.

Content management. The management of the content (curricula, teaching materials) is very decentralised but the elements of central control are present. Schools create or adapt their own curricula but this is done in a national framework set by the law and the NCC. Schools may create their own local curriculum but the centre publishes model curricula which can be used by the school without any adaptation. Textbooks are produced and distributed on a market basis but the centre decides on whether they are put on the official textbook list.

In connection with contents the most often noticed problem relates to quality. In fact, if a school adopts a bad quality local curriculum, the centre cannot do anything. Still, the centre has much room for manoeuvre: it can have a direct impact on the quality of the central program supply. Another problem often mentioned is that development takes places only if the school and the teachers want it.

The management of school infrastructure and equipment. Planning infrastructure, building schools and buying equipment depend on local decisions. This function is very decentralised since municipalities can open and close schools without consultation with other agencies. However, the room for manoeuvre for the centre is much wider than what it really uses: it can establish a national development plan, it can have a methodical control over regional planning and it can also use central development funds to influence the development behaviour of local decision makers.

A major problem that is observed in connection of this function is the low level willingness of municipalities to co-operate. Still the centre can push them to do so by incentives and legal constraints.

⁴ See Balázs-Halász-Imre-Moldován-Nagy, im.

Managing student flows. This function is also characterised by high level decentralisation but here again there are serious limitations set by the higher administrative levels. Parents can send their children to the school they choose but municipalities also can prescribe to a school to enrol first children from a given area which puts a limit on parental choice. Municipalities can freely decide institutional arrangements and pupil pathways through them but still this has to be done within the national frames. Schools control their own entrance requirements but entrance procedures are regulated centrally. Pupils flows in different orientations (e.g. general and vocational) are not planned but municipalities may have determine the institutional offer.

In connection with this function most observers would mention a transparency problem. The system is very complex: it is difficult for the individual to find his/her own way. The weakening of the structural coherence of the system also makes it more difficult to achieve the goal of equal chances.

Managing quality and evaluation. In the area of quality management and evaluation responsibilities are again shared between different actors and levels. The responsibilities of the different levels and actors for control are defined by the Education Act quite in detail. According to this, teachers have to be evaluated by their heads, schools as institutions by their maintainers (although this has to be done with the involvement of external experts who are nationally accredited). The educational activities of self-governments within a larger region can be evaluated by the ministry of education .

The system is, in fact, characterised by a too low level of evaluation activity. It is a question how far this is linked with decentralisation. In fact the centre could do much more than what it is doing without having more direct administrative power. It could, for instance, improve the selection of national education experts and regulate their work. It could initiate regional level surveys including the evaluation of the quality of education at local and territorial level. It could create new organisational units charged with evaluation tasks. The observed passivity of the centre in this area is probably not linked with the way responsibilities are shared.

Financial administration. Financial administration is also strongly decentralised. As we have seen, local self-governments maintaining schools receive automatically state subvention and they are free in deciding how they spend it. Local decisions, however, are taken also in this are within a regulated national framework. For instance, if they decide to have a school, and they enrol a certain number of pupils, they have to follow those nationally defined organisational and operational parameters that determine budget needs.

The most often mentioned dysfunction in this area relates to efficiency and transparency. If financing is done automatically on a normative basis, there is little possibility to judge concrete cases. The risks of misuse of public resource is also relatively high (e.g. it may happen that schools receive funding on the basis of incorrect statistical declarations).

This functional analysis shows that the system is regulated such a way that strong local decision making power is complemented by extended central regulatory power. To sum up the level of decentralisation can be characterised as represented by *Table 4*.

Table 4

The role of the different administrative levels according to different educational functions.

Function	School level	Local level	Territorial level	National level

<i>Personnel</i>	D (++)	D (+)	-	R (+)
<i>Content</i>	D (++)	D (+)	-	R/D* (++)
<i>School infrastructure and equipment</i>	D (+)	D (++)	R (+)	R (+)
<i>Student flows</i>	D (+)	R (+)	R (+)	R (+)
<i>Quality and evaluation</i>	D (++)	D (+)	-	R/D** (++)
<i>Financial administration</i>	D (+)	D (++)	-	R/D*** (++)

(D = decision; R = regulation/planning; + = has a role; ++ = has a strong role)

* decision on the list of textbooks

** decision on the national list of experts and larger surveys

*** decision on targeted subventions

5 Partners in governing the system

A regulation policy based on sharing responsibilities does not mean only that responsibilities are shared between different *levels* of governance and administration. It also means that social partners are involved in decision making through different consultative and co-decision bodies. This presupposes the existence of professional and civil organisations having a vested interest in education and willing to assert actively this interest.

After the change of regime a high number of professional and civil associations and organisations have emerged In Hungary. If we want to classify them the following main groups can be distinguished:

1. *Teacher organisations.* Teacher organisation have two major types: unions and professional organisations in the proper sense. In school education teachers – whose unionisation is much lower than in the past – are represented by two major unions. Unions are modestly militant. As for professional organisations, the number of those registered by the ministry of education – receiving occasional state support – is higher than one hundred.

2. *Local self-government organisations.* There are seven larger associations representing different categories of self-government. They also have a confederation. Education, in general, is not high on their agenda although in financial terms this is the biggest service they run.

3. *Employer organisations.* There are two major types in this category: the chambers which operate under a special law and a national confederation of employers. They represent interests mainly in vocational training but recently they has been actively voicing their views on general education as well.

4. *Parents.* There are two major national level associations which have general interests and, besides them, there are minor ones representing the interests of particular parent groups with special needs (e.g. dyslexic children). As in most countries parents are more active at school level.

5. *Pupils.* The is one national level organisation for pupils but the school level pupil self-governments – the operation of which is regulated by law – also have a national level confederation.

6. *Ethnic and national minorities.* All minorities have their national level association but, besides this, they also have elected local self-governments which have national level representation as well. These organisations are actively involved in educational issues. Minority organisations have significant consultative rights but they do not run schools directly.

7. *Churches*. The representation of churches in schools maintenance is particularly high in the secondary general sector. The main churches are actively participating in the shaping of education policy and they also have established their own development and training centres which exercise significant professional impact.

8. *Other partners*. Besides those mentioned above a number of other partners can be identified. International organisations, like for instance the World Bank, OECD or the Soros Foundation, have a significant influence and play an important role in development.

The partners are represented in different consultative and co-decision bodies which can be found at different levels and in connection with different functions. The main bodies are the following:

1. *National level*. At national level three major consultative bodies have to be mentioned. The *National Council of Public Education* consisting of the representatives of teacher professional associations, teacher training institutions, the academic sphere and the minister plays a strong role in content matters (curricula, textbook, content regulation). In the *Council of Educational Policy* all the major partners (other government agencies, employers, teachers, churches, self-governments, parents, pupils) are represented. This body deals with all questions of education, including those with regulative or financial implications. In the sphere of vocational training the National Training Council plays a strategic role in connection with both content (programs, qualifications) and regulation or financing issues.

2. *Territorial level*. At territorial level the partners are involved mainly within the structures of territorial planning. In the sphere of vocational training they are involved also through the county level training councils and employment councils. Some room for participation and consultation may be offered through the education committees of the county self-governments.

3. *Municipal level*. At municipal level there are no nationally regulated participation structures. The partners are involved generally through the education committees of the municipal self-governments (where 49% of seats may be left to them) and through occasional consultations

4. *School level*. At school level there are participation structures regulated by law. If a school sets up a school council parents and pupils have to receive one third of the seats. Furthermore, pupils have the right to set up self-government structures within the school.

In general, consultation processes play an important role in the field of school education. In many cases no decisions can be taken without the consent of the partners. This is particularly so in the sphere of vocational training but there are very strong rights also in the area of general education. According to the current legislation the NCC, for instance, can be modified only with the consent of the National Council of Public Education.

6 Regulation policy - and the major goals

The question raised in this section is *how far the current policy of regulation is able to assure the achievement of the major educational and education policy goals*. This presupposes the definition of the major goals, which, inevitably, is the subject of constant discussions.

6.1 The major goals

It is evident that in the frame of this analysis it is not possible to provide a substantial definition of educational and education policy goals. On the basis of the current discussions and for the sake of this analysis, however, the following major goals could be taken into consideration:

1. *Quality and effectiveness*: the system has to operate in way that assures effective education producing good quality outcomes particularly in terms of learning achievements, acquired skills, competencies and behaviour at the level of pupils but also in other terms like economic relevance, teacher job satisfaction, parental involvement, community services provided by schools etc. (This shows that under a goal we may find different “sub-goals”).

2. *Efficiency*: the system has to operate in a way that not only produces good results but also in an efficient way that is using less resources for more output particularly in terms of financial resources.

3. *Equity and equal chances*: the system has to be able to assure equal chances for access to good quality services as much as possible and equity in treatment in all cases.

4. *Transparency and accountability*: the system has to operate in a democratic way that assures transparency for the users and the larger public and accountability in financial and political terms.

5. *Free choice and civilian autonomy*: The system has to assure the possibility for the social actors (individuals, families, communities etc.) to choose between services, programs, institutions etc. according to their needs.

6. *Stability, predictability*: The system has to operate in a stable and predictable way.

7. *Adaptability*: The system has to be able to adapt to changing conditions.

It is well known that these goals are necessarily contradicting each others, that is the achievement of one is necessarily limiting the possibilities to achieve the other. Furthermore, there are inevitable contradictions also *within* most of these goals (e.g. reinforcing the aim of schools providing community services may harm the aim of achieving high learning standards). It also has to be stressed that there is some overlapping between these goals, which makes the analysis somehow difficult (e.g. inequalities in the quality of the service may be seen both as quality problems or as equity problems).

6.2 How are the major goals achieved?

Answering the question in the title of the section requires a detailed analysis of strengths and weaknesses in connection with each of the listed goals (and sub-goals) and also making a balance. In the framework of this analysis it is not possible to do this with a sufficient profoundness but some basic considerations can be made:

1. *Quality and effectiveness*. There are clear evidences, that learning achievements measured by standardised test have been declining since the middle of the eighties. Since the middle of the nineties, however, this declines has stopped as far as national average data are concerned. If one looks behind the average a widening gap can be observed between larger urban and smaller rural schools. While the former group has started improving, the second has continued going down. Learning achievements are only one of the possible indicators of quality and effectiveness. Research evidence shows that schools active in offering local community services. Other indicators – like teacher job satisfaction – are influenced ambiguously by local autonomy: while most teachers are happy with their

professional freedom there are others who would be more happy if their work was more regulated by external rules. It is important to stress that most quality and effectiveness indicators are strongly influenced by other factors than decentralisation (e.g. learning achievement by teacher preparation or job satisfaction by salaries). If the achievement of this goal should be ranked on a three point scale (low, medium, high) the *medium* ranking would be the most appropriate.

2. *Efficiency*. The evaluation of the achievement of this goal is probably the most difficult. On the one hand, it is evident that local maintainers are much cost sensitive than central ones. Local municipal decision makers as the owners of the school who have to achieve many different goals with limited resource are naturally forced to look permanently at costs and to seek ways to decrease them. They are also forced to seek for additional local resources if they want to keep or improve the quality of the service. On the other hand the high number of local units, their small size and their reluctance to co-operate lead also to inefficiencies. The appropriate ranking of the achievement of this goal would perhaps be probably *medium*.

3. *Equity and equal chances*. Decentralisation and local autonomy are almost necessarily reinforcing inequalities. This is the case in the Hungarian system as well. Research data are clearly demonstrating growing inequalities in terms of pupil achievement – as already mentioned –, teaching material, teaching ours, building conditions, equipment, teacher salaries and many other factors. Inequalities appear, in general, within the frames defined by the central regulations (e.g. in teaching ours or teacher salaries). On the other hand local autonomy has also positive impact on equity. Since schools can adapt their working teaching to the needs of their particular clientele, handicapped pupils get often more targeted care than one sees in centralised systems. Because of poor compensation mechanisms the most striking inequality can be observed between richer and poorer municipalities. The realistic ranking of the achievement of this goal would therefore probably be *low*.

4. *Transparency and accountability*. The achievement of this goal also can be seen from two angles. On the one hand, it is evident, that a system under the control of elected local boards which are accountable to their constituency is necessarily highly accountable. This is shown, for instance, by the strong impact of local protest movements when a municipality wants to close a school). On the other hand, local politics is always threatened by monopolisation by a small restricted elite exercising patronage, and, if rules are not defined centrally in an impersonal way, consumers may suffer from local arbitrariness. Transparency and accountability are probably stronger in urban than in rural areas. The achievement of this goal could probably be ranked *medium*.

5. *Free choice and civilian autonomy*: This is the goal which normally is the better achieved in decentralised systems. This is the case in Hungary as well. Things are, however, not perfect from this point of view either since the freedom of choice may be limited by the lack of the availability of good quality services. Nevertheless, the achievement of this goal has certainly be ranked *high*.

6. *Stability, predictability*. Most actors within the Hungarian system would probably say at first that the system has low level stability and predictability. The high number of local alterations, the lack of clear regulations in certain areas and the rapid changes of the rules in the past few years reinforce this perception. But, on the other hand, the decentralised character of the system and the fact that responsibilities are shared among different actors also make the system more stable. Since the introduction of major

system level changes requires the co-operation of too many actors, the probability of very radical shifts is low. The stability and the predictability of the system is also strongly influenced by communication, information sharing and learning. These processes are particularly important in a decentralised context. In general the achievement of this goal could perhaps be ranked *medium*.

7. *Adaptability*. Decentralised systems may be highly adaptive but they can be characterised also by inertia. The experiences of the past few years show that independent local actors tend to react quickly to incentives or penalties. Schools and municipalities are rather open to changes if they are made interested to do so. This is probably the strongest side of the Hungarian system, therefore the achievement of this goal can be ranked high.

As we could see the evaluation of the achievement of the major goals is not self-evident. Strengths and weaknesses are counterbalancing each-other. The analysis can perhaps be helped by *Table 5* which is a tentative summing up of the possible ranking of the achievement of the different goals as described above. It has to be repeated here that centralisation or decentralisation is only one of those factors that determine the achievement of the goals.

Table 5

The level of achievement of the major goals

Major goals	Level of achievement
<i>Quality and effectiveness</i>	Medium
<i>Efficiency</i>	Medium
<i>Equity and equal chances</i>	Low
<i>Transparency and accountability</i>	Medium
<i>Free choice and civilian autonomy</i>	High
<i>Stability, predictability</i>	Medium
<i>Adaptability</i>	High

7 Other key questions

1. *Regulation instruments*. It is clear that in the current circumstances the national government can steer the system only using a rich set of indirect regulation instruments. The behaviour of local actors enjoying autonomy can be modified particularly through legal regulation, financing and other incentives like public pressure, professional-technical support, information or training. Financing is the most influential instrument: the practice shows that local actors react actively to the changes in financial incentives (e.g. the introduction of new norms or the targeted subventions). In the area of educational content, the government can influence local processes also through setting requirements and assessment. During the more than one decade of decentralised development a slow learning process has taken place which led to the enrichment of these indirect tools.

2. *Development and support mechanisms*. Support mechanisms play a particularly important role in the decentralised context. Support institutions at local and territorial level have gained a strategic role through the information they can collect by their position and through the impact of the content of the services they provide. School level autonomy has dramatically increased the need for such services. The developmental role of the central administration is increasing not only because of the growing need for such services but also because development becomes an influential steering tool.

3. *Evaluation and quality assurance.* Evaluation and quality assurance necessarily become strategic issues in the decentralised context. Since the traditional forms of direct administrative control are not present any more, the national government has to create new forms (institutions and procedures) for assuring quality. The typical instruments to be used in such circumstances are like national accreditation of evaluation experts, the regulation of school evaluation, program accreditation, regular evaluations of concrete institutions, publicly discussed analytical reports, the encouragement of pair control and so on. In fact, most of these instruments are still in an embryonic stage although significant efforts have been made to establish them. As consequence, the function of quality assurance is one of the weakest ones in the current system.

4. *Mechanisms of compensation.* Since inequalities are necessarily growing in the current a decentralised system there is a growing need also for mechanisms of compensation. The creation of these mechanisms is rather complicated: it makes it necessary accurate identification of those in need and good targeting of support. Otherwise compensation may lead to wastage with resources (e.g. when – as it is the case – all small villages receive extra subvention even if they are rich).

5. *Communication and learning.* Shared responsibility requires co-operation between different actors which necessitates good communication. The need for communication – both vertically and horizontally – are dramatically increasing in a decentralised context. This is, in fact, still one of the weakest points of the Hungarian system. On the other hand, the adaptation to a changing context needs learning. This was recognised when NCC was introduced in 1997/98 and huge resources were invested into in-service teacher training. however, the learning needs are probably still higher than the possibilities offered.

6. *Information and statistical system.* Gathering reliable information on the behaviour of local actors is a basic condition of steering a decentralised system efficiently. This is probably the weakest point of the Hungarian system at present. Since the transformation of the system of administration and the school system itself, the statistical system has not been reconstructed in terms of data collection design, organisation and financing. The national government does, in fact, not have sufficient information on what happens in the system which leads to expensive periodical data collections connected to particular administrative needs (e.g. in 1995 on financing or in 1998 on local curricula). The adaptation of the information and statistical system to the current context of public administration and school level changes is one of the most urgent tasks of education policy in Hungary.