The policies of the Organization for Economic Cooperation and Development (OECD) in financing pre-university education

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Abstract. *In this article, we want to present the comparative report, as well as the results of the Organization for Economic Co-operation and Development policy review to improve the efficiency of the use of educational resources (Review Resources Resources). The Organization for Economic Co-operation and Development report provides analysis and options to assist governments in achieving the goals of education policies, as well as the fair use of financial resources in this area. This report focuses on the more topics of interest, such us: how responsibilities for raising and spending school funds in increasingly complex education systems can be effectively organized, the way in which mechanisms for distributing funding to schools can be designed effectively to support the learning of young people and how planning procedures can support the preparation of education budgets to ensure their long-term sustainability and align them with the priorities of government education policies. At the same time we set out to present the governance of school funding and describes increasing the involvement of different bodies in the management and allocation of school funds in different States as well as how they are organized and interact with each other. The article also contains some examples of sources of education funding in Organization for Economic Co-operation and Development Member States such as Austria, Finland, Germany, Greece, The United Kingdom and the United States of America.*

Keywords: policies, education, resources, planning, budget, governance, funds.

Introduction

The Organization for Economic Cooperation and Development (OECD) is an intergovernmental forum that aims to identify, disseminate and assess the application of optimal public policies to ensure economic growth, prosperity sustainable development among Member States as well as globally.

The OECD is guiding its work in four priority directions:

1. (re)establishing confidence in the market by streamlining and levelling the mechanisms that make it work,

2. improving and strengthening national tax policies,

3. promoting innovation in the economy and

4. harnessing human capital by empowering the workforce.

The OECD is particularly promoting structural reforms through a social agenda focused on combating inequalities and sustainable development. For more than fifty years, the OECD has been an internationally recognized authority in the field of developing analyses, recommendations, comparative data and economic and social statistics.

The 36 OECD members (of which most Europeans - 24) are developed countries, holding more than 70% of global production and trade and 90% of the world's level of foreign direct investment.

The accession of Romania to the OECD is a major objective of Romanian foreign policy. Romania officially submitted its bid for accession to the OECD during previous enlargement exercises, namely in April 2004 and November 2012, and renewed it in 2016 and 2017.

Romania's candidacy was appreciated in 2013 for the opening of the Romanian state to the Black Sea region, the considerable size of the national economy, the ability to implement austerity measures to reduce the effects of the crisis, the growth potential participation in meetings of a significant number of OECD structures. Sensitive issues were also mentioned at the time, such as the unstable economic and political situation, syncope in the fight against corruption.

Currently, the Romania's relationship with the OECD is reflected in participation in OECD working structures as an associate (12), participant (14) or guest (over 30). Romania has the highest rate of participation in OECD structures for a non-member state of the organization. RO also joined 35 OECD legal instruments, including statements or recommendations.

At the same time, Romania's relations with the OECD consist in the start and carry out projects in partnership with the OECD or its Member States. Projects carried out in partnership with the organization involve in particular the conduct of peer review and the financing of studies and programs in specific areas involving Romanian experts. The aim of the programs is to obtain expertise in areas of interest to Romania and to mobilize Romanian specialists in order to integrate and empower them into the organization's know how networks.

Internally, on 1st of September 2016, the Prime Minister's Decision was created by the Inter-ministerial Committee for the Coordination of Romania's relations with the OECD, composed of representatives of all institutions managing cooperation programs with organization (approx. 35, represented at the level of secretary of state). The Committee shall be coordinated by a Secretary of State of the General Secretariat of the Government, an institution which also provides the technical secretariat. The work of the Committee, which is directed as a priority towards preparing the conditions for accepting Romania's bid for the OECD, was particularly favorable assessed by the Secretariat of the Organization and the OECD Member States.

Literature review

In 2019, the OECD produced a report that constitutes the first work in a series of thematic reports aimed at helping to increase resource efficiency to fund schools. This report provides a number of analyses and options to help member governments achieve educational policy objectives through the efficient and efficient use of financial resources.

The report contains an introductory chapter which is of the importance of funding policies for educational establishments. Several thematic areas such as: efficient distribution of responsibilities for collecting and allocating funds necessary to finance increasingly complex education systems, designing mechanisms for efficient and fair distribution of education funding to support pupils in learning as an objective of educational politics, procedures for planning and preparing budgets for education in a close correlation with the priorities of education policies to ensure their sustainability, monitoring, evaluating and reporting the efficiency of education funding.

Methodology

The OECD report highlights the importance of national policies in the field of education funding and describes their major contextual developments. Well-designed national education finance policies contribute to ensuring the quality, fairness and efficiency of education.

Each country's objective is to improve students' performance by providing them with fairer learning opportunities for different groups, with a great focus on ensuring that resources are directed to those areas where learning improvements and learning outcomes.

We continue to present some examples of the level of per-capita funding in several OECD Member States (Table 1, Figure1):

Table 1 Level of per-capita funding (euro) by educational levels

Country	Currency	CHARGE PER CAPITA		
		Primary education	Lower Secondary Education	Upper Secondary Education
AUSTRIA	EURO	12.299,00	16.282,00	16.351,00
FINLANDA	EURO	9.447,00	15.041,00	8.315,00
GERMANIA	EURO	8.960,00	11.159,00	14.094,00
GRECIA	EURO	5.973,00	6.859,00	6.704,00
UNITED KINGDOM	GPB	11.188,00	10.921,00	10.992,00
SUA	USD	12.184,00	13.153,00	14.566,00

Source: <https://stats.oecd.org/>

Figure 1 Level of per-capita funding (euro) by education levels

Source: <https://stats.oecd.org/>

Ensuring a fair distribution of education funding requires state betting and takes into account the horizontal equity involving the allocation of similar levels of resources to ensure similar types of needs and the vertical equity that involves allocating different levels of resources for groups of students with different needs.

We can say that tracking efficiency and fairness are closely gated when it comes to allocating fine resources. This allocation should provide assurance that students with different needs, from different backgrounds, have access to high-quality education from an early age, thus managing to reduce as far as possible the inefficiencies of education systems in different states.

Another chapter of the OECD Report concerns the governance of school funding and describes increasing the involvement of different bodies in the management and allocation of school funds in different States as well as how they are organized and interact with each other.

While the education systems have become increasingly complex and are characterized by a multi-level government, more and more actors are involved in their funding. We refer here to different levels of governance, in our case, in Romania, we refer to the state budget, the budget of the county council, the local council budget and private suppliers that contribute to the financing of schools.

Most of the school funding comes from the level of central administration, but in addition to them come contributions received from other private actors. As funding sources grow more and more diverse a set of school users gain influence over decisions on school funds. In many countries, sub-central governments (in the case of Romania we can talk here about county councils and local councils), have emerged as important actors in allocating and managing funds. Within more centralized systems, there may be a number of central agencies contributing to the management and allocation of funds for education.

In all OECD countries, sub-central governments are responsible for distributing the highest share of public funds for education (almost 60% of all funds allocated for education). They usually complement school funding from their own income, while acting as an intermediate founded of the central administration to schools. The same model is adopted in the case of state schools in Romania.

If sub-central governments are responsible for funding education, largely from their own revenues, there is a risk of different capacities to cover expenses according to the 'degree of wealth' of each sub-government, thereby resulting in inequalities for students from different areas. In such contexts, there may be areas with more disadvantaged students and fewer resources available to meet the needs of students.

After consulting the website <https://stats.oecd.org> where the OECD reports for each Member State in the field of education are presented, financial information was extracted, relevant to the topic addressed such as: allotments for each pupil by education levels (pre-school, primary, lower and higher secondary) but also the degree of involvement at national, State level (Austria, Germany, USA) and local related to the following states: Austria, Finland, Germany, Greece, United Kingdom, United States of America.

Here are some examples of sources of education funding in OECD Member States such as Austria, Finland, Germany, Greece, The United Kingdom and the United States of America:

- Central financing (Table 2, Figure 2,3,4,5,6,7)

Table 2 Amount of central budget funding by education levels

Millions EUR

Country	Currency	Source of funding			
		Central financing			
		Preschool Education	Primary Education	Lower Secondary Education	Upper Secondary Education
AUSTRIA	EURO	71,00	2.214,00	3.254,00	2.761,00
FINLANDA	EURO	716,00	935,00	743,00	1.219,00
GERMANIA	EURO	213,00	17,00	172,00	4.681,00
GRECIA	EURO	473,00	2.138,00	1.208,00	1.257,00
UNITED KINGDOM	GPB	712,00	12.203,00	8.892,00	18.973,00
SUA	USD	14.009,00	25.682,00	13.800,00	14.407,00

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Source: <https://stats.oecd.org/>

- State financing (Table 3, Figure 2,3,4,5,6,7)

Table 3 Amount of state budget funding by education levels

Millions EUR

Country	Currency	Source of funding			
		State financing			
		Preschool Education	Primary Education	Lower Secondary Education	Upper Secondary Education
AUSTRIA	EURO	1.517,00	2.341,00	2.383,00	905,00
FINLANDA	EURO	-	-	-	-
GERMANIA	EURO	8.071,00	15.620,00	30.459,00	16.497,00
GRECIA	EURO	-	-	-	-
UNITED KINGDOM	GPB	-	-	-	-
SUA	USD	143.516,00	143.516,00	77.292,00	80.935,00

Source: <https://stats.oecd.org/>

- Local financing (Table 4, Figure 2,3,4,5,6,7)

Table 4 Amount of local budget funding by educational levels

Millions EUR

Country	Currency	Source of funding			
		Local financing			
		Preschool Education	Primary Education	Lower Secondary Education	Upper Secondary Education
AUSTRIA	EURO	1.105,00	673,00	586,00	89,00
FINLANDA	EURO	2.359,00	2.964,00	296,00	2.581,00
GERMANIA	EURO	19.947,00	4.742,00	7.623,00	6.053,00
GRECIA	EURO	32,00	139,00	68,00	74,00
UNITED KINGDOM	GPB	3.678,00	21.425,00	4.986,00	4.407,00
SUA	USD	52.432,00	267.822,00	148.771,00	155.346,00

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Source: <https://stats.oecd.org/>

Figure 2 Source of funding for education in Austria

Source: <https://stats.oecd.org/>

Figure 3 Source of funding for education in Finland

Source: <https://stats.oecd.org/>

Figure 4 Source of funding for education in Germany

Source: <https://stats.oecd.org/>

Figure 5 Source of funding for education in Greece

Source: <https://stats.oecd.org/>

Figure 6 Source of funding for education in United Kingdom

Source: <https://stats.oecd.org/>

Figure 7 Source of funding for education in United States of America

Source: <https://stats.oecd.org/>

Looking at the above data, we can see that the degree of involvement at central, regional or local level, in the case of the six exemplified States, differs as a consequence of national, regional or local specificity as well as the follow-up of different educational activities.

It can be seen from the data presented that there are states that give maximum impetus to education, with a very high level of funding per student (USA, UK).

In large part of the OECD Member States, central governments continue to provide most of the financial resources for schools. The responsibility for spending these findings is part of several actors. The report contains a number of recommendations aimed at contributing to increasing efficiency and fairness in education such as: ensure that roles and responsibilities in decentralized financing systems are well aligned, ensure the necessary conditions for the efficient management of the school budget and create the appropriate legislative framework for the effectiveness of private schools.

Another section of the Report concerns how school funding is distributed with a focus on the design of effective mechanisms for allocating funding for both current and capital expenditures (investments). The Report specifies that the use of funding formulas is an efficient and transparent means of distributing funding for all categories of expenditure.

The use of coefficients to establish additional funding for certain categories of schools ensures that resource distribution is aligned with national education priorities and ensuring fairness in education.

Regardless of the allocation formula, the method or mechanism used to identify a resource to meet a need, they should be periodically reviewed and based on national research, reliable and transparent data.

Several recommendations are made in this section to state governments, such as: ensure transparent, public stability and system for the allocation of funding to public schools, use a set of

guiding principles when designing the procurement and allocation formulas for public resources and seek effective ways to achieve objectives of ensuring fair funding in education.

Another issue referred to in the OECD Report is the planning of the use of education funding, examining the practices and procedures used in the Member States. From here you can see how, effective planning and budgeting can contribute to resource efficiency and a correlation with the objectives of national education policies.

Preparing education budgets is a very important issue of multiannual planning and helps authorities make well-founded and sustainable budgetary decisions that ensure additional safety when ensuring additional safety when it is long-term investments. The analyses carried out, however, it was found that multiannual budgets are not always well correlated with the strategic priorities and targets of national education policies.

From central to school level resource planning should be based on regular research and evaluations and also take into account the strategic objectives set at national, regional or local level, so that resources are used in maximum efficiency and fair conditions. Planning education budgets should be flexible enough to respond at any time to new priorities and unforeseen circumstances.

The OECD report finally also refers to the assessment of the use of education funding and analyses how the evaluation and monitoring of school funding can serve to empower policy makers as well as transparent, efficient and efficient use of resource.

Practices for assessing how resources are used in education are of an accounting, financial, internal management or external audit of individual management formats. The effectiveness of these activities depends on the quality and reliability of data and information as well as the appropriate system of indicators, comparative evaluation systems.

Education policies and programs should be subject to impact assessments and the results achieved should be used in strategic budgetary planning processes.

Governance systems have a complex responsibility, to transparent and balance responsibilities for funding education at all levels (central, local, school). At local and school level, measures must be put in place to mitigate the administrative burden of decision-makers. By combining vertical responsibilities generated by regular reporting and evaluation, with forms of responsibility horizontally and bottom up, the involvement of stakeholders can be thought of a successful strategy in terms of use of school funding.

In 2019, the OECD also published a report setting out an overview of education in the whole world. It provides data on the structure, finance and performance of education systems in OECD countries and a range of partner economies. The 2019 edition focuses on tertiary education, with new indicators on higher education completion rates, doctoral graduates and labor market results, also includes a chapter dedicated to the sustainable development (SDG4).

Concern for achieving more efficient, fairer and effective governance of education systems, also manifests the European Commission, which, in communication to the European Parliament, the Council, the European Economic and Social Committee, and The Committee of the Regions, talks about the development of schools and the excellent quality of teaching as a premise of a good start in life for students in the Member States.

In the European Commission's view, investment in people and especially young people is a top priority for Europe. A quality education for young people will help Europe achieve its economic and social objectives. At the heart of a society that focuses on inclusion is good quality

education. Education is the starting point for a successful professional career and also a form of protection against unemployment and the salt.

In this context, schools play a key role in lifelong learning¹ and for this reason it is necessary to implement educational policies that contribute to improving quality and performance in education. All Member States of the European Union are currently facing a number of challenges for example: the existence of shortcomings in the development of competences at the level of education, education systems do not always play the full role of promoting social fairness and the pace of technological and digital change strongly affects the economies and societies in which we live, and schools should best respond to these new realities.

Reforms are needed to effectively and with favorable results. This task is for the Member States because the development of education policies is their attribute and solutions may differ from one State to another depending on national, regional or local specificities. In line with the principle of subsidiarity, the EU can play an important role in supporting Member States in re-establishing such policies.

The European Commission considers that three areas where Member States should take action and where there can be support from European level in addressing the above challenges:

1. Developing better and more inclusive schools;
2. Supporting teachers and school principals in order to achieve excellent teaching and learning quality;
3. Achieving more effective, fairer and effective governance of education systems.

For each of the three Directions, the European Commission presents in the Communication from Brussels on 30.05.2017 the actions taken by the EU to support Member States in addressing these challenges.

In order to support Member States in achieving more effective, fairer and effective governance of education systems, the European Commission will take more steps. The first step is concerning to establish technical support agreement, in cooperation with the OECD, whereby and provide support to states seeking assistance on a voluntary basis, with a view to developing and implementing policies leading to major education reforms. The second step is about development of a joint report on the effectiveness and efficiency of expenditure in education involving the competent commissions of the Council of Europe and the competent services of the European Commission. In finally, we can talk about linking guidelines and directions in collaboration with the member states concerned, with a view to developing quality assurance education policies through mutual advice and learning².

If Europe enjoys a wide variety of education systems, cultures and contexts, similar challenges in governance and funding are also coming out. Among these challenges we could mention defining clear responsibilities for financing and adapting the school network to demographic³ change. EU Member States allocate a significant amount of resources, on average 3% of GDP for education⁴.

¹ The challenges referred to in the European Commission's class apply to both the general education system and vocational education

² Counselling between colleagues brings together fellow professionals from national administrations with the aim of providing external advice to a country seeking support for education reform

³ OECD (in cooperation with the European Commission): *School Resources Review*

⁴ General statistics in the field of public finances, Eurostat

PISA studies⁵ show that effective education outcomes cannot be achieved if a minimum level of funding is not ensured. There are states that have not invested enough to achieve good results in the long term⁶. There are states that at a comparable level of expenditure achieve better results than others.

A very important role in this is what the political factor plays. Depending on the governance programs at Member State level, education is positioned at a certain level according to the percentage of GDP allocated to it. Political support tailored to Member States' reforms in the field of education can help improve the governance of education systems and increase effectiveness and fairness.

In order to ensure a high degree of quality of the educational act, the European Commission considers that consideration should be given to interdependence between autonomy and quality assurance⁷. A solid interdependence between school autonomy and responsibility leads to robust and flexible quality assurance systems.

At Member State level, a general trend can be seen in the area of decentralization and increasing school autonomy. Increasing school autonomy in school practices and using financial resources gives them more opportunities to meet the specific needs and local context in which they operate. However, the benefits of school autonomy depend on their ability and managers' experience to plan and manage resources.

Quality assurance mechanisms have major differences in Europe⁸ but also have common points. We may list: meeting objectives and measuring progress in education systems and student learning, designing quality assurance systems for increasingly decentralized and multi-level education systems, encouraging dialogue and a culture of trust between stakeholders in the field of education and prioritizing human and financial resources.

In 2019, the European Commission's strategic framework for vocational education and training (ET2020) presented in the report entitled 'Education and training 2020 - Important points highlighted by the ET 2020 working groups in 2016-2017'.

In 2016-2017, the scale of educational expertise, thematic diversity and results was extensive. Six working groups of more than 400 experts from 28 EU Member States and other participating countries, stakeholders and international organizations have come together to highlight both the opportunities and challenges faced by teachers and pupils.

Results and discussions

The current work cycle (July 2018 - June 2020) is the final cycle of the Strategic Framework for Education and Training (ET 2020). To look forward, it is often necessary to look back. The thematic nature of working groups has evolved to better reflect today's societal challenges, such

⁵ OECD Programs on International Assessment of Students (PISA), 2015 study

⁶ European Commission (2016), *Education and Training Monitor 2016*.

⁷ ET2020, Interim Report of the Working Group on Schools: Quality assurance for school development, April 2017

⁸ European Commission (2015), *Comparative study on quality assurance in EU school education systems: Policies, procedures and practices. Final report*

as digital transformation, polarizing politics, the increase in extremism and the growing importance of lifelong learning.

ET 2020 (GL) working groups, consisting of more than 400 experts from Member State administrations and other stakeholders, are one of the main tools in the Strategic Framework for Education and Training Toolbox (ET 2020). By learning each other and identifying good practices, they provide advice and expertise to the European Commission on the development of legislative proposals and policy initiatives and support Member States in addressing the main challenges of their education and training systems and common priorities agreed at European level. Between 2016 and 2017, six ET 2020 working groups were organized.

The Schools Working Party addressed the broader theme of schools as learning organizations, part of an integrated learning system. The Working Party presented a new package of guiding principles and examples of contemporary policies that examine the capacity for sustainable systemic change, in particular in the following areas: quality assurance; continuity and transitions in student development; teachers and school principals; and networks in school education.

The objective of this Working Group (GL) is to assist countries in improving school education by promoting policy-making based on mutual learning and exchange of best practices. Key themes covered by GL include governance of school education and how systems can address the main challenges in terms of quality and fairness in order to try to achieve better learning outcomes for all young people.

Key themes covered by GL also include promoting the concept of schools as school education organizations as an integrated learning system, based on the belief that policy makers and other stakeholders have the capacity to work better together with a view to achieving common objectives and making positive changes based on evidence, reflection, common practices and ensuring a tradition of policy reform.

The major results of this working group consist of a new package of guiding principles and examples of contemporary policies that examine the capacity for sustainable systemic change, in particular in the following areas: quality assurance; continuity and transitions in student development; teachers and school principals; and networks in school education.

The main ideas are summarized in a final report, "European ideas for better education: governance of pre-university education systems", which describes a general approach to governance that school education systems should target. The group also details the concept of schools as school education organizations as an integrated learning system. This understanding with regard to governance, challenges and opportunities is expressed in the following paragraphs, which policy makers are invited to take into account.

This section contains the research methods used by the author, the main research hypotheses, and the arguments for defining them. The author should explain the qualitative and quantitative methods used and how the research has been designed and performed.

The author should make references to some previous research similar to the present one, if that is the case. Also, the author should mention the software programs used for processing statistical data, if it is the case.

In this section the author presents the main findings of his/her research. It is important to use critical thinking in order to analyze realistically the results obtained, and how the research hypotheses have been validated or not. Also, it is important to compare results of present research with results obtained in similar research, by using the literature in the domain. If the paper

presents a theoretical model or theory, the discussion should be about the way the new conceptual contribution can be applied and how it compares with some similar models or theories.

For a better explanation of the research results the author may use graphical illustrations or tables.

Conclusion

Improved quality of education is a central component of the OECD initiatives but also of the European Commission in terms of youth swearing-in. The quality of schools plays a very important role to train the young generation. A quality education is the starting point in a successful professional path and also ensures the prerequisites for the mobility of young graduates. However, the situation is not a very good one at European level. The information presented from PISA⁹ tests highlights the alarm regarding the share of low-performance students in science that increased from 16.60% in 2012 to 20.60% in 2015.

Education is one of the factors that will increasingly influence the future of Member States' societies and economies¹⁰.

Improving education remains a top priority. One of the tasks of the Member States is to reform educational guidelines and the European Commission and the OECD are willing to provide support by leveraging their own tools and processes.

We can say that both the OECD and the European Commission consistently concerned for better governance of education systems in the Member States as a prerequisite for ensuring more inclusive, fairer, more effective educational systems and more effective.

A conclusion section is required. Conclusions should provide a synthesis of the main contributions of the paper, discussing the importance of the work, and/or suggest possible applications and extensions of the research. Also, the author should indicate some major limitations of the present research.

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¹⁰ Rome Declaration, statement of leaders of 27 Member States and the European Council, the European Parliament and the European Commission, 25 March 2017

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