Lithuania: The issue of State funding for private schools

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ROMAS LAZUTKA, JEKATERINA NAVICKE AND LAIMA ZALIMIENE – EUROPEAN SOCIAL POLICY NETWORK   MARCH 2020

Discussions on the financing of private schools by the state have raised the important topic of educational inequality in Lithuania. The private education sector is not large in the country, but it has been gradually expanding as a result of financial incentives from the state to set up private schools. This expansion combined with the public disillusionment with the quality of public education may further exacerbate segregation in the sphere of education. The Ministry is considering the possibility of cutting off public funding for for-profit private schools from the beginning of the next academic year. Regulations on tuition fees and admission rules will also need to be addressed.

Description

Lithuania has started discussions on the public financing of private schools. Several members of the Parliament proposed to use the funds allocated to private schools for financing state schools instead. The Minister for Education, Science and Sports is considering withdrawing the funds allocated to private schools. A law is being drafted by the Ministry whereby public funding for for-profit private schools may be cut off from the beginning of the next academic year.

The Law on Education that came into force in 2009, contains provisions on the financing of all types of school in Lithuania. State general education schools are funded from two sources: municipal authorities pay for the upkeep of school facilities (housekeeping) and the central government allocates money per class, the so-called "class baskets" (vouchers). Private traditional religious community schools also receive public funding for general housekeeping. Both types of private schools (religious and not) receive vouchers per student from the central government, on the same grounds as state schools. Hence, all private schools can receive state funding. In addition, they raise funds from parents and/or sponsors. The amount of the tuition fee is set by each private school independently. Private schools are also free to set their own admission rules. Founders of private schools may choose a legal form for the institution: for-profit or non-profit.

The private education sector is not large in Lithuania, but it has been gradually expanding. The number of private general education schools doubled between 2010 and 2018, and now there are 61 such schools, i.e. 5.4% of the total number of general education schools. Over 300,000 students attend general education schools in Lithuania and slightly more than 13,000 of them go to private institutions, i.e. almost 3.9% of all pupils attend non-state schools. Out of €700 million that the Lithuanian government spends on general education, €22 million go to private institutions.

Discussions as to whether to stop public funding for private schools have arisen because of the double financing of these schools. Private schools raise additional funds from parents, often setting high tuition fees, in addition to vouchers they receive from the state budget, which potentially may further exacerbate the segregation in the sphere of education (OECD 2012 and 2017). They can rarely be accessed by children from low-income families. Some politicians and mass media use these arguments to criticise public money transfers to private schools.

On the other hand, opponents of the proposals, e.g. the Association of Non-Public Education Institutions, argue that the right to free education is guaranteed to every child by the Constitution, that is, they have the right to (claim) their part of the state budget. Accordingly, they assert that this funding is not for the private schools themselves, but for children who are entitled to their share of public funding.

Outlook and commentary

The discussion on the public financing of private schools touches upon an important broader issue of equity in education, and on the implications of private sector expansion with regard to segregation and

inequalities related to the socioeconomic background of students.

Proponents of private schools argue that the increasing social and cultural diversity of modern societies calls for greater diversification in the education landscape, including private providers and even commercial firms. They defend the right of parents to send their children to the school of their preference regardless of legal restrictions, financial or geographical barriers.

Critics of private school expansion argue that students from advantaged backgrounds often opt to leave the public system, leading to greater social segregation in the school system. At the macro level, such segregation deprives children of opportunities to learn and communicate with children from different backgrounds. This process, in turn, threatens social cohesion. In the view of the critics, the voucher system diverts public resources as well as best teachers and students to private providers, thereby depriving state schools, which tend to serve large populations, including disadvantaged students, of the resources needed to maintain the quality of the education provided. Moreover, such a system creates incentives for parents to opt for private education, instead of consolidating efforts to improve the existing public education system. This results in a vicious cycle, whereby children attending state schools receive a lower quality education, while parents of children attending private schools over-spend on private school fees through additional out-of-pocket payments.

The criticism of the development of private education is very important for Lithuania due to the large achievement gaps with respect to children's socio-economic background in the country (OECD 2018). In addition, income inequality in general is among the highest in the EU (Gini was 36.9% for Lithuania versus 30.9% for the EU average in 2018 [Eurostat]). Educational inequality and income inequality reproduce and reinforce each other.

The relatively high level of dissatisfaction with the quality of state school education, combined with the financial incentives from the state to set up private schools, could undermine social cohesion. However, what matters is not so much the public funding of private schools, but the regulation of their activities. It is important to reduce the impact of private education expansion on student segregation.

This requires at least two measures already in place in other countries (e.g. in Belgium, the Netherlands and Sweden). First of all, private state-funded schools must be restricted from charging parents in addition to state funding. Secondly, private schools receiving state funding should not be selective. Admission to schools should be organised on a geographical and first apply, first enrol basis. There should be no direct and indirect discrimination against students on the grounds of their socioeconomic background or ability. Private schools which do not comply with these requirements should not receive public funding. If these measures are implemented, the type of school (private or public) financed by public money would not be of any significance.

The COVID-19 crisis has put the discussions on the state funding for private schools (as well as many other political debates) on hold. However, it can be expected that the question will resurface as the issues of educational inequality and double-financing of private schools in Lithuania will need to be satisfactorily addressed.

Further reading

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Author

Romas Lazutka, Jekaterina Navicke and Laima Zalimiene (Vilnius University)