

Financing Primary Education in Poland - Challenges and controversies

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Abstract

Since the 1990s Polish education system has been decentralised. In consequence most of the educational tasks were transferred from the central government to the local governments (municipalities, counties and provinces). The aim of this article is to evaluate the current mechanism of financing education in primary schools, established and run by Polish municipalities. Along with conveying educational obligations on municipalities central government provides them with public resources to fulfil these obligations. According to C. Tiebout decentralised system of public goods provision has many advantages over the centralised one because it increases governors' responsibility for public funds management and therefore the efficiency of their allocation. Moreover, the delegation of powers in the management of educational institutions results in a greater involvement of parents and teachers in the learning process of children since local inhabitants know their needs better than governors of the central level. Properly designed educational offer increases the attractiveness of schools, as well as the quality of education. It must be noted, however, that transferring educational tasks and public resources from the central to municipal level has its risks, too. First of all, public grants are insufficient to incur all education expenditures and therefore municipalities must use their own resources to cover them. Moreover, there are some dilemmas concerning the design of fair and appropriate system of distribution of public funds between different kinds of municipalities. Therefore, taking into account all benefits and risks of educational system, central and local governors should always evaluate it and seek for its improvements to even out the disparities in the quality of education provided by different municipalities. It is especially true in the case of rural areas in Poland.

1. Introduction

Pursuant to Art. 166 of the Constitution of the Republic of Poland, public tasks aimed at satisfying the needs of the self-government communities are performed by the territorial self-government units as their own tasks. Such is, for example, the case of primary education, which has been one of the municipalities' (communes') own tasks since the 1990s. This is a consequence of the reform of the public finance sector that was carried out at that time for the purpose of decentralisation of public tasks. The assignment of education-related tasks to local municipalities involved also the need to establish a relevant financing system for them. This system is based mainly on the transfer of public funds from the state budget to municipalities' budgets with the use of instruments such as conditional grants and unconditional grants. Because of the importance of primary education in modern society and the amount of expenses relating to it – these expenses account for the biggest group of municipalities' expenses – other funds are also used for their financing, including municipalities' own revenue and funds from the budget of the European Union. The main aim of this paper is to present the mechanism of financing of primary education in Poland. Because of its complexity and limited efficiency, this mechanism is criticized in literature on public finance and is perceived as controversial by some practitioners and experts on economy and finance. Particular attention will be devoted to

primary instruments used for the financing of education. The paper describes both advantages and shortcomings that should be eliminated for the purpose of better shaping of these instruments. It also points out that the primary education financing mechanism must provide equal educational opportunities to all schoolchildren, particularly those from rural municipalities.

The paper consists of four parts which characterise successively the primary education system in Poland, sources of municipalities' revenue from which educational tasks can be financed, as well as the structure and shortcomings of the educational grant. Empirical analyses of municipalities' revenue, education expenses, etc. was carried out for the years 2004-2015, i.e., from the accession of the Republic of Poland to the European Union.

2. Primary education system in Poland

Within the scope of decentralisation of the Polish education system, educational tasks relating to primary schools and middle schools were assigned to communal self-government units. The decentralisation process was commenced by the passing of a new law on the education system in 1991, which has regulated education-related issues in Poland with later amendments until today (Kowalski, 2000). This law and the Constitution of the Republic of Poland determines the compulsory education duty for children between 7-18 years of age, which is currently fulfilled by attending three types of schools: primary school (6 years), middle school (3 years) and secondary school (2-4 years) (Law on the education system, 1991; the Constitution of the Republic of Poland, 1997). Apart from compulsory schooling for children, the Law on the education system has also imposed the duty of one-year kindergarten preparation for children at the age of 6 since 2004 (Law on the education system, 1991).

Primary education in Poland has undergone many changes over the years. Until 1961, primary education lasted seven years; later, eight-year primary schools were introduced, after which education was continued in secondary school (Kozmian, 2008). These changes contributed to an increase of the enrolment index, but the quality of education was not satisfactory. This was caused by the economic situation in Poland, which resulted in a continuous decrease in the share of education expenses in the gross national product. This in turn contributed to a decrease in salaries for teachers and other employees in the education sector and a decrease in social and health benefits for schoolchildren (Banach, 2001; Szyszka, 2010). These problems justified the need to reform the Polish education system, which was carried out already after the decentralisation process in 1999. From the school year 1999/2000, eight-year primary schools were replaced with six-year primary schools. Another level of compulsory education was also established (middle schools with a three-year period of education upon completion of primary school). Thus, the reform of the education system in the 1990s changed the two-level school system (primary schools and secondary schools) to a three-level system (primary schools, middle schools, secondary schools). The change of the primary and secondary education system was aimed at equalling educational opportunities of children and young people from urban and rural areas and from different environments (Zahorska, 2009). Moreover, the new education system made it possible to implement educational standards applied in Western European countries (Pawlak, 2006).

Apart from the school system itself, changes were also introduced in the age at which children were obliged to begin education in primary school. For many years, this obligation had begun in the calendar year when children were 7 years' old, but many researchers suggested that it should encompass also 6-year-old children. This was justified, for instance, by their adequate mental and physical maturity to begin education in primary school, the scope and type of classes covered by kindergarten education and similar solutions used abroad

(Marciniak, 2011). As a result of the amendment of the Law on the education system, the first six-year-old children began to attend the first year of primary school from the school year 2014/2015. However, due to pressures from various environments and because of the change of the ruling party in Poland, the law introduced in December 2015 restored the former compulsory education duty imposed on children from 7 years of age, which will come into force from the school year 2016/2017. It is also worth emphasising that six-year-old children may begin to attend primary school at their parents' request and upon receipt of a favourable opinion on the child's adequate mental and physical maturity issued by a psychological counselling centre (Law on the education system, 1991). The compulsory education duty can be fulfilled by attending a public primary school run by a municipality or a private primary school run by individuals or by legal entities other than a municipality. The decision on the choice of a school is made by the child's parents, who are entitled to do so on the basis of the provisions of the Constitution of the Republic of Poland (Law on the education system, 1991; the Constitution of the Republic of Poland, 1997).

As has already been indicated, primary education in Poland lasts 6 years and is divided into two stages. The first stage covers the first three years of education and is called early school education or integrated education. During that period, children are usually taught by one teacher with regard to all issues provided for in the core curriculum. In the second education stage of primary school (years 4-6), children are taught by several teachers properly qualified to teach subjects such as: Polish, modern foreign language, music, visual arts, history and society, natural science, mathematics, computer education, technical education, physical education, preparation for family life, ethics and – under specific circumstances – national or ethnic minority language or regional language (Ministry of Education Regulation, 2014a). In order to complete education in primary school, schoolchildren are required to sit a test verifying their achievement. It is an external examination elaborated by the Central Examination Board. This solution makes it possible to compare received results between children attending various schools. Moreover, schoolchildren are enrolled in middle school on the basis of results of this test (Law on the education system, 1991).

Municipalities as legal entities were put under an obligation to establish and run primary schools. They fulfil a series of obligations relating to this that are listed in the Law on the education system. They are responsible, among others, for (Law on the education system, 1991):

- establishment of units obliged to provide economic, administrative and organisational service of schools,
- supervision of proper use of public funds granted to schools,
- activity of public schools,
- issuing of permissions to establish and run primary schools managed by natural persons or legal entities other than territorial self-government units,
- ensuring of proper conditions of functioning of schools, with particular regard to safety and hygienic conditions for the education and upbringing of children,
- carrying out of repairs and investment works,
- equipping of schools with relevant educational aids and teaching materials,
- Establishment of a network of schools enabling equal access to education and the fulfilment of the compulsory education duty by all children.

3. Financing of primary education in Poland

Units responsible for primary education in Poland – municipalities – were provided with funds necessary for the fulfilment of their tasks as part of the decentralisation reform. These tasks are included among municipalities' own tasks that are financed from these units' own

revenue and from the revenue transferred by the state in the form of unconditional grants and conditional grants (Law on Municipal Self-government, 1990). Due to the fact that no legal act enumerates sources of financing of specific educational tasks (Herbst, Herczyński & Levitas, 2009), an analysis of the financing of education in Poland must take account of all potential sources of municipalities' revenue that are listed in the Law on Self-government revenue and the Constitution of the Republic of Poland (Law on Self-government revenue, 2003; the Constitution of the Republic of Poland, 1997). They include:

- own revenue,
- conditional grants from the state budget,
- unconditional grants,
- non-repayable funds from foreign sources,
- funds granted from the budget of the European Union,
- Other funds specified in separate provisions of law.

Municipalities' own revenue means all budget revenue other than conditional grants and unconditional grants. It includes revenue from taxes and local fees and receipts from shares in state revenue from personal income tax and corporate income tax (Piotrowska-Marczak, 2014). A detailed list of sources of own revenue was set forth in the Law on Self-government revenue and includes: (Law on Self-government revenue, 2003):

- receipts from taxes, including real property tax, agricultural tax, forestry tax, tax on means of transport, personal income tax, taxes paid in the form of a tax card, tax on inheritances and gifts and taxes on civil law transactions,
- receipts from the treasury fee, market fee, local fee, resort fee, dog fee, operating fee and other fees,
- revenue of communal budgetary units and payments from communal budgetary institutions,
- revenue from communal property,
- inheritances, bequests and gifts transferred to a municipality,
- revenue from fines,
- 5% of receipts from revenue acquired by the state budget in the case of implementation of governmental administration tasks and other ordered tasks,
- receipts from interest on loans granted by the municipality and on overdue amounts,
- grants transferred by other territorial self-government units,
- Revenue sources specified in other provisions of law.

The statutory share of municipalities in receipts of the state budget from personal income tax and corporate income tax is regulated by law. Each municipality receives a specific percentage of revenue from taxes paid by individuals and legal entities that are residents of the municipality or have a registered office there. The amount of these shares, both during the period preceding the accession of Poland to the European Union (1999-2003) and after accession to the Community, is presented in Table 1.

Type of Tax	1999-2003	2004-2016
Personal income tax	27.60%	39.34%
Corporate income tax	5.00%	6.71%

Table 1. The statutory share of municipalities in revenue from personal income tax and corporate income tax in the years 1999-2014

Source: own elaboration based on

(Law on Self-government revenue, 2003; Jastrzębska, 2012).

Due to the fact that budgetary receipts of municipalities from payments of PIT and CIT as well as other taxes and local fees are dependent on many factors, it must be borne in mind that these receipts are not stable and their share in total revenue may vary from municipality to municipality. They depend on factors such as the wealth of inhabitants and the profitability of enterprises operating in the municipality, the economic situation or the efficiency of the enforcement of tax liabilities carried out by relevant authorities (Alińska, 2011; Hybka, 2010). These differences are shown for different categories of municipalities (urban, rural, urban-rural municipalities) in Figure 1.

Figure 1 presents the average value of own revenue per capita received by different categories of municipality. The Council of Ministers Regulation from 1998 specifies the following three kinds of municipalities: urban, rural and urban-rural municipalities. The urban municipality is a municipality having the status of a town, the rural municipality is a territorial self-government unit that encompasses only rural areas, whereas the urban-rural municipality is a municipality where one of the inhabited places has the status of a town. The data shown in the figure help to reflect disproportions between these municipalities. During the period under analysis, own revenue of urban municipalities (towns) was more than twice as big as in the case of rural municipalities and almost twice as big as revenue of urban-rural municipalities. This results from the higher wealth of the population and from the larger number of enterprises having their offices in urban municipalities than in the case of other two types of municipalities. Although own revenue acquired by municipalities is designated for the performance of educational tasks only when transfers from the state budget is not sufficient to cover all costs of functioning of kindergartens and schools, it is usually necessary for the performance of the educational tasks by these municipalities. It is worth noticing that rural and urban-rural municipalities have a smaller amount of per capita funds in such situation; however, the catalogue of their public tasks is often much more limited (e.g., the lack of the need to introduce public transport services).

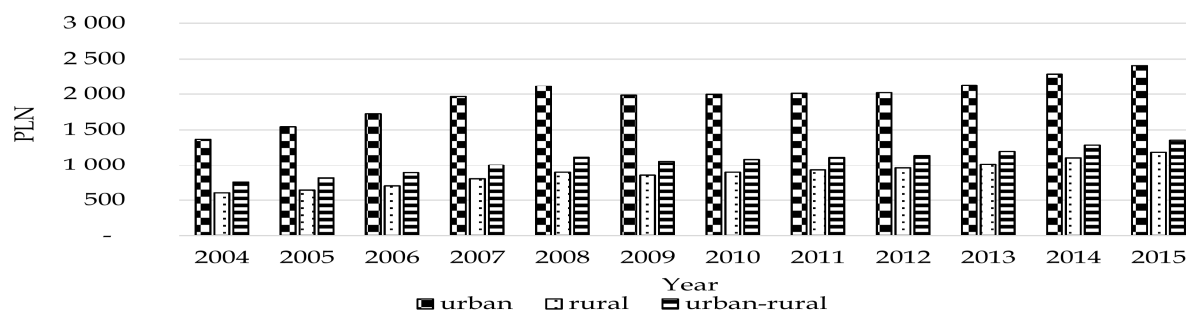


Figure 1. Average own revenue per capita in each type of municipality in 2004-2015 (in PLN, 1 PLN = 0,25 USD on July 2016, fixed prices: base year 2004)
Source: own calculations based on data from Bank Danych Lokalnych.

The second group of revenue used by municipalities for the fulfilment of educational tasks is formed by conditional grants received from the state budget. They are granted for the implementation of specific tasks, and their receipt is conditional upon fulfilment of legal requirements and actually does not depend on the municipalities' wealth (Grześkiewicz, 2014). Tasks that may be implemented with the use of a grant are indicated in the Law on self-government revenue and, according to this Law, they include (Law on Self-government revenue, 2003):

- tasks relating to governmental administration and other tasks ordered by laws,
- tasks that are implemented by territorial self-government units on the basis of agreements concluded with governmental administration bodies,

- elimination of direct risks to safety and public order, consequences of floods, landslides and other natural disasters,
- financing or co-financing of own tasks,
- Implementation of tasks under international agreements in force.

On the basis of a detailed analysis of education-related tasks it should be emphasised that, conditional grants can be transferred for co-financing of the following activities (Law on Self-government revenue, 2003):

- investments in schools and educational institutions – up to 50% of planned expenses for the implementation of the given task,
- support of education in rural areas, including the provision of scholarships and financial aid to young people in rural areas,
- Implementation of a reform of the education system, the equalling of educational opportunities and the provision of practical training.

Conditional grants designated for financial aid and scholarships are particularly important for the reduction of differences in access to education and the support of gifted children from families in a difficult financial situation. This aid is granted in two forms: social financial aid (scholarships and school benefits) and incentive financial aid (scholarships for progress at school or for sports achievements). It is worth stressing that financial aid is available both to public school pupils and to private school pupils (Law on the education system, 1991).

Municipalities receive financial support in the form of conditional grant also for the purchase of equipment for primary schools and middle schools, which is treated as an ordered governmental administration task according to the law. The grant is designated for the purchase of handbooks, exercise materials or educational materials for pupils of public and private primary schools and middle schools. However, entities other than territorial self-government units running a school receive a conditional grant for equipment from the communal budget upon filing of a relevant application (Law on the education system, 1991).

Another source of financing of communal expenses in Poland is the unconditional grant, which is a form of non-repayable financial aid transferring a designated part of funds from the state budget to budgets of territorial self-government units. In contrast to the conditional grant, a municipality does not have to spend funds from an unconditional grant for a specific purpose; it may designate them for any kind of task, depending on the needs (Grzeńkiewicz, 2014). The law specifies four kinds of unconditional grant: balancing, compensatory, offsetting and educational. Balancing and compensatory grants are used for the redistribution of public funds between territorial self-government units, i.e., they are transferred between wealthier and poorer municipalities. They are received by units whose tax revenue per capita is lower than the statutory threshold, when they incur high expenses resulting from social aid or whose population density is lower than the average population density in the country (Law on Self-government revenue, 2003; Jastrzębska, 2012). Disproportions of tax revenue per capita are confirmed by Figure 1. The compensatory part is granted to municipalities on the basis of a separate law on the amendment of the law on special economic zones and some other laws (Hanusz, 2015). From the perspective of implementation of educational tasks, the most important part of the unconditional grant is its educational part; because of its importance, it will be described in the next section of this paper.

Apart from own revenue, conditional grants and unconditional grants, municipalities can receive funds from foreign sources or from the budget of the European Union. The accession of Poland to the European Union allowed Polish local governments to gain an additional source of financing of educational tasks, because the aim of the Community is to provide the equality of educational opportunities and to improve the quality of education by means of aid

programmes (Bonarska-Treit and Rechul, 2011). Depending on the adopted financial perspective, municipalities could obtain additional funds, e.g., for the purchase of equipment for school computer labs, the preparation and implementation of innovative programmes and education methods in the field of mathematical, natural and technical sciences and entrepreneurship, foreign language teaching, additional teaching & compensatory classes, postgraduate studies and training courses for teachers and educational administration employees concerning the organisation, management, financing and monitoring of educational activity and many others (The Ministry of Infrastructure and Development, 2015). Total revenue of municipalities in Poland in the years 2004-2015 and the percentage share of each source in total revenue are shown in Table 2.

Year	Own resources	Unconditional grants		Conditional grants	Other	Total
		Educational part	Other			
2004	53,9%	5,8%	27,0%	13,2%	0,0%	72 062
2005	53,5%	5,4%	24,4%	16,7%	0,0%	80 395
2006	53,0%	5,5%	22,2%	16,0%	3,4%	89 904
2007	55,2%	5,3%	20,8%	14,9%	3,7%	98 276
2008	58,2%	5,6%	21,3%	14,8%	0,0%	101 474
2009	54,9%	6,6%	22,3%	14,4%	1,8%	101 067
2010	52,7%	6,0%	21,4%	15,0%	4,9%	107 900
2011	53,1%	5,5%	21,4%	13,9%	6,1%	108 775
2012	52,9%	5,4%	21,8%	13,0%	6,9%	110 399
2013	54,5%	5,3%	21,3%	13,3%	5,7%	113 023
2014	55,4%	4,7%	20,2%	13,7%	5,9%	119 720
2015	55,8%	4,7%	20,2%	13,7%	5,6%	125 091

Table 2. Polish municipalities' revenue in 2004-2015 (a percentage of total revenue and total revenue in PLN million, 1 PLN = 0,25 USD on July 2016, fixed prices: base year 2004)

Source: own calculations based on data from Bank Danych Lokalnych.

In the years under analysis, own revenue is the most important category of municipalities' budgetary revenue. It accounted for more than one half of their total revenue (54% on the average). Funds received from the state budget in the form of unconditional grants (28% of total revenue on the average) were undoubtedly an important group of municipalities' budgetary revenue; most of them came from the educational part (22% of total revenue on the average), whereas the share of conditional grants in total budgetary revenue of municipalities was smaller (14% on the average). Other sources of revenue accounted for merely 4% of revenue of these municipalities. Taking the value of the gross national product of Poland into account, it must be indicated that the average share of total revenue of all municipalities in GNP was 8.5% in the years 2004-2015.

4. Characteristics and structure of the educational grant

The educational part of the unconditional grant, often called the educational grant, is actually the main source of financing of educational tasks of municipalities relating to primary and middle education (Grześkiewicz, 2014). It is not conditional, which means that the decision on its intended use is made by the local government; thus, in practice, money from the educational grant can be spent on any purpose. In the literature on public finance, this issue is controversial, because education is a very important public task. For this reason, it is sometimes suggested that conditional grants should not take the form of the educational grant, as its

intended use is strictly defined. In international literature, this issue is brought up, among others, by T. Gayer and H. S. Rosen (2008); making use of a microeconomic analysis based on the concept of budget constraint, they illustrated that the choice of the instrument transferring budgetary funds is often insignificant. It occurs when a municipality wishes to provide its inhabitants with such an amount of public good that they want and that is required by the central authority. In such situation, funds transferred in the form of unconditional grant will be spent on the purpose for which they were designated, even though a discretionary decision is being taken by the municipality. The use of conditional grants would be justified and desirable if the municipality did not plan to carry out certain tasks according to the expectations of inhabitants and the central authority. In such situation, a conditional grant would be a form of coercion of local administration into fulfilling a public task. In Poland, however, the education system plays a very important role, and the level of social awareness of the benefits of education is considered to be high. Moreover, there is a strong functional and historical relationship between the financing of educational and upbringing tasks and the educational grant. It manifests itself every year in the determination of the rules of division and the method of construction of an algorithm for the calculation of amounts of educational grant to which territorial self-government units are entitled (Herbst, Herczyński & Levitas, 2009).

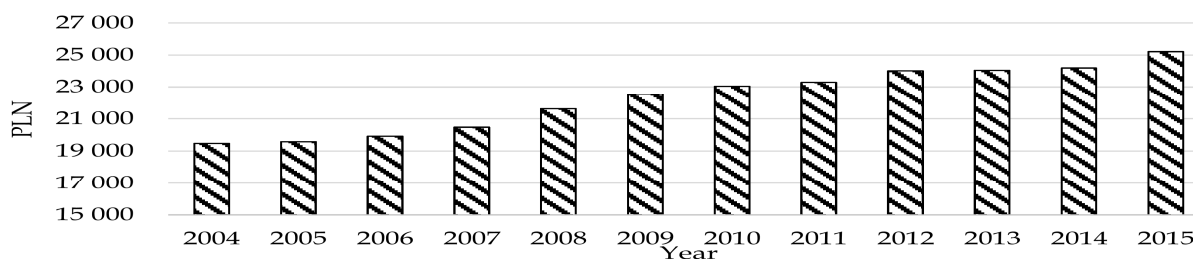


Figure 2. Educational part of the unconditional grants received by Polish municipalities in 2004–2015 (in PLN million, 1 PLN = 0,25 USD on July 2016, fixed prices: base year 2004)
Source: own calculations based on data from Bank Danych Lokalnych.

The amount of educational grant is specified in the budgetary law every year; it must not be smaller than in the previous year, and its amount for each municipality is specified by means of a special algorithm of division of the educational part of the unconditional grant. The total value of the grant in fixed prices that was received by municipalities in Poland in the years 2004–2015 is shown in Figure 2.

In spite of the adjustment of the value of the educational grant received by Polish municipalities, its amount rose by almost 30% in the selected period. This increase resulted, among others, from pay increases for teachers introduced by law and growing material costs (Misiąg and Tomalak, 2010).

As has already been indicated, the value of educational grant received by each municipality is calculated by means of the following algorithm of division of the educational part of the unconditional grant (Ministry of Education Regulation, 2014b):

$$SO = SOA + SOB + SOC$$

where:

- SO is the amount of the educational part of the unconditional grant specified in the budgetary law,
- SOA is the base amount of the educational part of the unconditional grant for school tasks,
- SOB is the supplementary amount of the educational part of the unconditional grant for school tasks,

- SOC is the supplementary amount of the educational part of the unconditional grant for non-school tasks,

It must be explained that, pursuant to the Ministry of Education Regulation (2014b), school tasks of municipalities refer to the running of primary schools and middle schools. In the case of municipalities, non-school tasks mean tasks relating to the running of psychological & educational consulting centres, educational centres, pedagogical libraries, school clubs for schoolchildren and children in care, camps, boarding houses, dormitories, school youth shelters, etc.

The method of calculation of the value of each part of the educational grant is complicated, because it requires determination of the statistically agreed number of schoolchildren in the given municipality, which is then calculated with the use of specially determined weights. These weights reflect, among others, the type and specialisation of the school, the level of professional advancement of teachers, the average value of material expenses and expenses relating to the employment of administration and service personnel, the location of the school, the number of schoolchildren in rural or urban municipalities with maximum 5,000 inhabitants, the total number of schoolchildren in the given municipality and the number of disabled schoolchildren (Ministry of Education Regulation, 2014b). Thus, it must be noted that the statistically agreed number of schoolchildren in the given municipality differs from the actual number of children attending primary schools and middle schools in this municipality. This statistically agreed number of schoolchildren in the given municipality makes it possible to divide the educational grant in consideration of various aspects of functioning of schools. However, it is difficult to determine such number, and applied weights are controversial, which will be shown in the further part of this paper.

5. Controversies concerning the financing of primary education tasks

It is the task of the Ministry of Education to determine the proper method of division of public funds in the form of educational grant for primary education. Because of the diversity of schools, local aspects, schoolchildren, teachers and administrative service of these institutions, the algorithm of division of the educational grant evolves continuously. Until 2001, 21 weights were distinguished, and public funds were divided according to them. During further six years, 20 additional indexes were added, and 6 others followed in subsequent years. These changes resulted both from social pressure and from rising financial needs reported by municipalities. However, due to the large number of weights, the algorithm is not transparent, and frequent changes make it impossible to pursue an optimum educational policy which would increase the possibility of obtaining a larger amount of funds in the next budgetary year (Herbst, Herczyński & Levitas, 2009; Flajszok, Męczyńska and Michna, 2013).

Another controversial aspect of the financing of primary education by means of the algorithm of division of educational grant is the type of weights used in this algorithm. They are cost-related weights, which means that they are dependent, among others, on the total number of schoolchildren, the number of disabled schoolchildren, the number of teachers and their education level, the type of school, etc. This does not mean, however, that municipalities incur expenses in accordance with the purpose for which public funds were designated, because, as has already been indicated, they can act autonomously in this respect. Although in practice local governments designate funds from the educational grant for the performance of educational tasks, it may turn out that, for instance, the co-financing of classes with disabled schoolchildren is different for each local government unit. For this reason, it is considered that the structure of the algorithm is inconsistent with the idea of its functioning and does not provide financial

information about tasks actually being performed in each municipality (Law on the education system, 1991; Herbst, Herczyński & Levitas, 2009).

Special criticism is targeted at the "rural weight" of the educational grant, which is used in the case of primary schools and middle schools located in villages or in small towns with no more than 5,000 inhabitants. Its essential purpose is to increase the amount of funds granted to rural municipalities and small urban municipalities where tutor groups are 30% smaller on the average. Smaller tutor groups and smaller schools generate higher unit costs (Herczyński & Siwińska-Gorzela, 2010), which is confirmed by Figure 3.

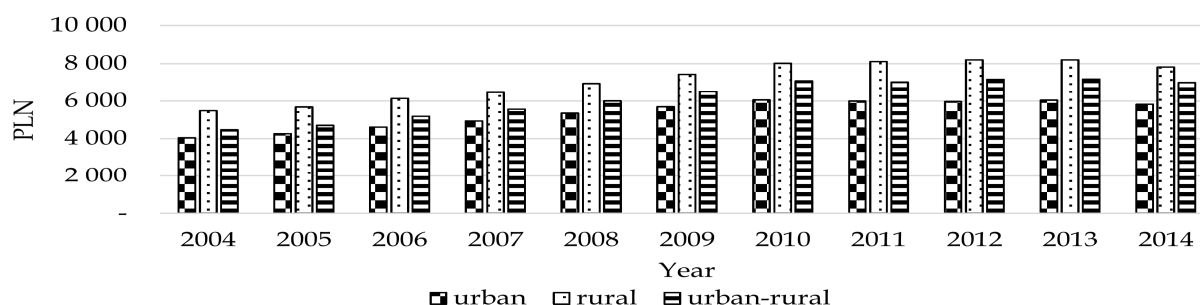


Figure 3. Municipal expenditures per 1 primary school pupil in 2004–2014 (in PLN, 1 PLN = 0,25 USD on July 2016, fixed prices: base year 2004)
Source: own calculations based on data from Bank Danych Lokalnych.

The purpose of the rural weight is also to equal opportunities with regard to the financing of educational tasks from territorial self-government units' own revenue, which are very different for each type of municipality, as has already been shown in Figure 1. Moreover, rural municipalities or urban municipalities with no more than 5,000 inhabitants are legally obliged to grant bonuses to teachers in the minimum amount of 10% of basic remuneration, which means an extra charge for budgets of these municipalities (Teacher Card, 1982). The amount of rural weight concerning primary schools in the years 2000–2015 is shown in Table 3.

Primary school location	2000–2001	2002–2003	2004	2005–2013	2014–2015
Village	0.33	0.35	0.48	0.38	0.40
The small town of 5,000 inhabitants	0.18	0.20	0.25	0.38	0.40

Table 3. „Rural weight” of the educational grant algorithm for primary schools in villages and small towns in 2000–2015

Source: own calculations based on (Herczyński & Siwińska-Gorzela, 2010; Ministry of Education Regulation, 2015).

In the literature, it is considered that the equalling of rural weight for rural schools and schools located in small towns from 2005 was not a good idea, because only the administrative character of schools was taken into account, and their diversity was not considered. Moreover, sub-metropolitan municipalities are wealthier than other rural municipalities or small towns. On the average, their own revenue is 67% higher than in other municipalities (Herbst, Herczyński & Levitas, 2009). For this reason, J. Herczyński i J. Gorzelak-Siwińska (2010) proposed the introduction of a weight based on the population density rather than administrative division, which would help to take specific local characteristics of the given municipality into account.

6. Conclusions

Primary education in Poland has undergone many changes over the years – also from the moment of transferring educational responsibilities to communal self-government units as part of the decentralisation reform in the 1990s. This task is a serious burden for communal budgets, because total expenses relating to primary schools (without considering costs of transport of schoolchildren and administrative service of schools) accounted for as much as 14% of total expenses in the years 2014-2015 (Bank Danych Lokalnych, 2016). For this reason, the determination of the proper financing system for them is difficult both for the central authority and for local authorities.

The most important instruments of financing of primary education are the educational grant and conditional grant. While conditional grants are transferred to municipalities for the performance of specific activities, the autonomy of use of the educational grant may result in discrepancies between local governments on the one hand, but it can also improve their distribution because of the better possibility of recognition of the needs of local community by the municipality on the other hand.

The algorithm of the distribution of public funds in respect of the educational grant is complicated and, in spite of many changes, still considered to be imperfect. Because of the differentiation of municipalities with regard to their type, the number of disabled schoolchildren, the number or wealth of inhabitants and other factors, the number of weights used in the algorithm must be very high. In spite of difficulties in the determination of the fair system of division of the educational grant, the introduced changes reflect the authorities' efforts aimed at equalling educational opportunities of all children regardless of their home environment. The described controversies relating to the cost character of weights or to rural weight allow us to conclude that the algorithm of division of the educational grant requires further changes, which can be introduced only in the case of active co-operation between the local government and the central authority. Municipalities, which are territorial self-government units located closest to their inhabitants, can estimate local needs and problems better than the state government.

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