

Executive summary

Since regaining independence in 1990, Lithuania has clearly stated the importance of education to societal development. The National Education Strategy 2013-22 includes a focus on education as a foundation for the future and a commitment to increase the level of investment from public funds in education to 6% of Gross Domestic Product (GDP) in 2022. However, the international financial crisis hit the Lithuanian economy harder than on average in OECD economies. A far-reaching convergence programme includes a target reduction for educational expenditure from 6.2% to 4.8% of GDP in 2020. Already, public expenditure per student in Lithuania is one of the lowest among European Union countries. There has also been mass emigration since 1990, with around 20% of the 1990s population leaving Lithuania over the following 20 years. The majority of emigrants are of working age and, increasingly, families. This has presented significant efficiency challenges to the school network. Also, international data reveal considerable concerns with the quality of school education in Lithuania, including significant rural-urban disparities.

Lithuania has developed policies to address these significant challenges. Since 2005, the Education Law places responsibilities on municipalities to have in place an optimal network of schools. This required the development and agreement of initial plans within all 60 municipalities and has seen considerable reorganisation of the school network, with the total number of municipal schools reducing from 1 429 to 1 107 between 2005 and 2015. School consolidation initiatives were supported by a set of national documentation providing a rich array of data, analytics and models that was a key resource in negotiating politically difficult times with different municipalities. Also, home to school transport was recognised as integral to the reform, with the purchase of almost 700 buses between 2000 and 2014. In 2001, Lithuania introduced a central funding formula to allocate resources for teaching costs, known as “the student basket”. The implementation of the new financial arrangement indisputably improved the allocation and use of resources in education in many respects: it allocates funds in a very transparent and predictable way; the formula has a simple logic which can be well understood by stakeholders, in spite of the complexity of the exact calculations; it includes weightings to support smaller, rural schools; and it is, in general, accepted by most municipalities and schools as a fair method of allocation. Collectively, these efforts helped to stem the decline in student-teacher ratios.

However, cost-effectiveness remains low in international comparison. In Europe, Lithuania has the second highest concentration of teachers in the active population. In lower secondary education, national data show a steady and continuing decline in average class size between 2005 and 2015, including a clear decline in urban schools, so this cannot be attributed to a rural, small school phenomenon. The high share of teachers above fifty years of age or already retired stands out in international comparison. In 2015, 7.1% of Lithuanian teachers were at the retirement age. This implies that in the medium or long

term Lithuanian schools may encounter sudden teacher shortages. Unfortunately, the current conditions in the teacher labour market do not attract talented young people: there is a small number of vacancies and new recruits are likely to be at or near the minimum salary, which relative to national income (GDP per capita) is one of the lowest in Europe.

This report analyses the use of resources in the Lithuanian school system, with a particular focus on the organisation of the school network, the funding of school education, and the management of the teaching workforce. The following policy priorities were identified to improve the effectiveness of resource use in the Lithuanian school system.

Protect and ensure an adequate level of educational investment

Mass emigration and low birth rates pose a considerable challenge to Lithuania's future societal and economic development. There is a need to understand the key role that education can play in addressing these demographic challenges. Notably, there are compelling arguments to secure stable central funding for early childhood education and care. The higher emigration of young families, the relatively rigid labour market and the varying offer and participation fees for these services across municipalities suggest that a stronger and more accessible supply of early childhood education and care could prove attractive to young families. The relatively high poverty rates among children and youth also underline the importance of a strong supply of early childhood education and care, as this, if high quality, is an efficient way to mitigate socio-economic inequities at earlier ages. The entrenched disparities in educational outcomes between urban and rural areas also call for an examination of the adequacy of funding to provide quality education in different schools. These factors underline the importance of reaffirming the government's commitment to supporting and improving the quality of education, including with a long-term goal to improve the attractiveness of the teaching profession with, among other aspects, a more competitive salary offer. Substantial improvements in education quality are hardly achievable without increasing educational spending and efficiency in resource use that are both lower than in most European countries.

Maintain traction on school network reform and strengthen the focus on quality

While good progress has been made, there is a need to maintain traction on school network reform, providing a greater central challenge where necessary. This is necessary not merely to achieve efficiencies and ensure that public funding invested in education can have maximum impact; but crucially, school network reform must be about enhancing the quality of provision for students. While municipalities are responsible for decisions on school planning, it will be important for the Ministry of Education and Science and its national agencies to monitor progress and, where appropriate, exercise a challenge function to ensure that students and teachers are not disadvantaged by any lack of willingness at municipality level to embrace reform and provide access to a wide and rich curriculum experience. This includes ensuring a robust and consistent implementation of the accreditation procedure for upper secondary provision and also strengthening and securing a more consistent approach to external school evaluation. An authoritative national definition of school quality and set of indicators to evaluate and promote this would heighten the objectivity of school self-evaluation and its alignment with external evaluation. Some schools will develop self-evaluation capacity more quickly than others and external school evaluation can be designed to recognise this, e.g. with less frequent or

intensive visits to schools with a mature and effective self-evaluation culture. The need for external evaluation can also be judged on a set of central indicators of risks to quality (national comparative data, parental complaints, school leadership turnover, etc.). These different approaches aim to free up central resources for external evaluation to conduct evaluations more frequently or with greater intensity in those schools that would benefit most from external feedback.

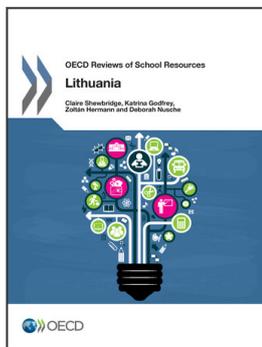
Regularly evaluate the costs and adequacy of school funding

Improving the financial arrangements requires regular and detailed analysis of the adequacy of funding and its effects on the quality of teaching, the efficiency of schools and the equity of education. For example, while improving the funding of small rural schools is high on the education policy agenda, a comprehensive analysis of the current situation based on solid empirical evidence is not available. Another example is the higher cost of education for students with special educational needs, migrant students and national minority language students. The funding scheme assigns additional funding to ensure vertical equity (i.e. providing education of similar quality to different students), while there is no systematic evaluation of the actual costs. Though this component of funding is naturally framed by political preferences as well, comprehensive and compelling analysis and empirical evidence on the exact cost differences would strengthen the basis for policy decisions. Currently, there is a pilot of a “class basket” in five municipalities, i.e. allocating funding as a function of the number of classes. It will be essential, in evaluating the impact of the experimental methodology, to consider how effectively this addresses the challenges for small, rural schools and, importantly, what the full costing implications will be if this is introduced system-wide. Schools would unlikely organise classes larger than prescribed by regulation. Lower average class sizes would involve higher per student expenditures and a decreased level of cost-effectiveness at the macro level. This is in a context where an existing challenge for schooling in Lithuania is an internationally low class size. An alternative could be to establish a separate scheme for small rural schools in the current system that would grant exceptional status to these schools according to criteria like settlement size, population density and the remoteness of the location. These schools could be funded more generously either in the form of a class basket or supplementing the student basket with a fixed amount per school, while preserving the benefits of the student basket scheme for the majority of schools. Also, fiscal pressure on schools could be relieved by taking into account to some extent cost differences due to teacher composition in terms of experience and qualification in the funding formula.

Manage the teacher supply and secure funding in the short-term to attract new talent into teaching

Even if there is currently an oversupply of teachers, it is important for the school system to plan ahead and ensure an adequate rate of teacher renewal. In the long term, teacher salaries should be raised considerably in order to make the teaching profession more attractive for talented young people. As this cannot be achieved from one year to the next, in the short term, salaries for new entrants and teachers in the first years of their career should be increased noticeably. For example, by granting additional pedagogical hours for novice teachers to acknowledge the time consuming effort to prepare for lessons, given that currently these teachers earn smaller salaries in part due to the smaller number of teaching hours allocated to them on average. This would be in parallel with securing

funding to offer attractive redundancy packages to teachers who are teaching beyond the retirement age. There are a number of areas in which teachers made redundant by school consolidation could assume new responsibilities. These include engaging them to help mainstream special needs students in regular schools and classes; using them to implement strategies to individually support students who are falling behind; and involving them in advisory roles within or across schools. In addition, the Lithuanian authorities should consider prioritising national funding for teacher students to subject areas in which the school system is facing shortages. The current policy of funding 400 study places in initial teacher education is helpful, but could be made more efficient by focusing further on key priority areas.



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