PROVIDING EDUCATION FOR THE 2020S

Current situation and outlook of the municipal structure, network of educational institutions and steering

SUMMARY

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Previously published reviews from the Finnish National Board of Education


Providing education for the 2020s

Current situation and outlook of the municipal structure, network of educational institutions and steering

Issues and related frameworks that affect the provision of education have changed considerably throughout the 2000s. The municipal structure is reforming and new models of action are being sought for the municipal service structure. Likewise, the network of educational providers and institutions has decreased at the same time as arrangements based on models of cooperation and networking have increased. The economic requirements for providing education will be more challenging as the population continues to age, the costs of healthcare and social welfare increase and global financial instability continues. The steering of education has also changed. There has been a shift from steering with norms to steering with information while, at the same time, the role of financial steering has become less significant, especially in basic education.

This review examines the development of factors involved with providing education in addition to reflecting on the changes caused by the municipal structure. The aim is to also bring out alternative models of providing education that can be used in steering the development towards the 2020s.

Education providers in Finland

In Finland education providers are most often municipalities, municipal consortiaums as well as private associations. Licenses to provide education are decided upon by the Government or the Ministry of Education and Culture. According to Statistics Finland, at the end of 2011, there were 786 education providers in Finland, of whom some provide education in more than one form. The number of

The number of education providers has decreased throughout the 2000s in all forms of education.
education providers has been in steady decline throughout the entire 2000s. According to information from 2011, 47 per cent of education providers are municipalities or municipal consortiums, 44 per cent are private associations and 7 per cent are state-controlled units.

**Development of pupil and student numbers in the 2000s**

The number of basic education pupils has clearly decreased in the 2000s. In 2002 there were 600 000 pupils in basic education grades 1-9. Since 2003 the number began to decrease and in 2011 there were only approximately 541 000 basic education pupils. The trend for general upper secondary students has been similar. In 2002 there were almost 125 000 upper secondary school students and in 2011 there were only 110 000 (of whom 10 per cent are adult students).

At the same time the number of students in vocational education has clearly increased. In 2004 there were 148 000 students and in 2011 there were already 172 500. These figures include curriculum-based as well as competence-based vocational upper secondary education, of whom there were 37 000 in 2011.


The number of students in basic education and general upper secondary education has decreased throughout the 2000s. At the same time the number of students in vocational upper secondary education has increased.
Development of the educational institution network

The number of educational institutions in all forms of education has decreased throughout the 2000s. In 2002 there were 3,626 basic education schools. In 2011 this number had decreased to 2,719. In relative terms this means a 25 per cent reduction between 2002 and 2011. The number of basic education schools is estimated to further decrease at around 100 schools per year.

The number of basic education schools decreased in all municipalities between 1998 and 2009. The smallest reduction (-4.5 %) was in Uusimaa and the largest (-51.2 %) in Lapland. One out of four schools, however, still has less than 50 students and almost a fifth are schools with 50-99 students. In 2009 however, schools with less than one hundred students composed only 12 per cent of the total number of students.

There were 442 general upper secondary schools in 2002 but in 2011 there were only 388. The number of general upper secondary schools decreased by 12.2 per cent which is relatively less than the number of basic education schools. In vocational education the reduction in educational institutions has been the biggest relatively speaking. There were still 196 vocational institutions in 2002 and only 129 in 2011. The reduction in the examined period is thus 34.2 per cent.


- The number of basic education schools has reduced by a fourth between 2002 and 2011. The number of upper secondary schools in the corresponding time period has decreased more moderately (12 %).
- One out of four basic education school is small, with less than 50 students.
- In vocational education and training the number of educational institutions has decreased approximately by a third.
In general it can be said that the network of basic education schools has diminished quite sharply throughout the 2000s. The reduction has centered especially on small schools in Eastern and Northern Finland. This in turn means that the main reasons behind school closures are related to demographic development. The school network has been decreased but village schools have not completely disappeared. At the same time the average size of schools has grown: in 1999 there were on average 141 pupils in a basic education school but in 2010 there were already 189 students.

The network of general upper secondary schools has, on the other hand, stayed largely the same and the average size of general upper secondary schools has even decreased throughout the 2000s. In 2010 there was an average of 236 students studying in a general upper secondary school. Also, the reduction in municipalities has not been reflected in the number of general upper secondary schools. The number of vocational education institutions has been reduced, according to the vocational college strategy that aims for larger units. Furthermore, with the increase in attractiveness of vocational training it is reasonable to predict that the decrease in vocational education institutions will slowly level out.

**Development of student and pupil age groups from 2009–2025**

The total number of children that will begin their basic education will begin to rise as we move through the 2010s, and this growth is expected to increase until the 2030s. In 2020 it is estimated that there will be 557 000 pupils and in 2025 there will already be 572 000 basic education pupils. The biggest growth will take place between 2016 and 2021 when the number of basic education pupils will increase annually by about 4 000–6 000 students. After this the rate of growth will slow down slightly.

In 2009 there were 201 000 16–18 year olds. This number will decrease until 2018 when there will be about 175 000 of them. After this the number will start to rise: in 2020 there will be 180 000 youths and in 2025 there will already be 187 000.

At the same time geographical differences in population development are increasing sharply. Large cities and the largest regional centres are still strengthen-
ing and the population in rural areas and smaller regional centres is decreasing. As diagram 4 shows, based on population predictions the student growth will be distributed very unevenly. The strongest growth will take place in the regions of Pirkanmaa and Pohjois-Pohjanmaa. In relative terms the number of basic education pupils will decrease most strongly in the regions of Kymenlaakso and Etelä-Savo. Furthermore, variation between different sub-regions is large. The number of basic education pupils is expected to decrease most strongly in already sparsely populated areas in Northern and Eastern Finland as well as in industrial localities going through recession. The biggest reduction in basic education pupils is 35.5 per cent (Tornionlaakso) and the biggest increase is 22.5 per cent (Oulu sub-region) and these are expected to take place by 2025.

Diagram 4. The development of children of basic education age (%) according to municipality 2008–2025 (source: Statistics Finland, Finnish National Board of Education).

- Although the overall number of pupils in basic education will continue to grow, the number of pupils will decrease in every other region.
Economy of education

The development of the economy on a global, national and local level will, of course, reflect on the provision of education. The total costs of education have grown throughout the 2000s in real terms; however the costs of basic education and general upper secondary education have decreased slightly in recent years.

In 2009 some 11 billion euro were spent on education in Finland. The largest expenditure, all in all 3.9 billion euro, consists of the costs of basic education. The expenditures of higher education were 2.9 billion euro, vocational education accounted for 1.7 billion euro and general upper secondary education accounted for 0.7 billion euro. Between the years 2005 and 2009 the costs of basic education and general upper secondary education have been decreasing slightly while the expenditure developments of other forms of education have been increasing. In 2008 the total expenditure of education was slightly under six per cent of the gross national product, which is average for OECD-countries.

In 2009 basic education the cost per student was on average 7 236 euro, with instruction expenditures corresponding to about two thirds of total costs.

The allocation of funding has largely stayed the same in recent years. The costs of general upper secondary education were 6 258 euro and the costs of

(million euro, real development; source: Statistics Finland)

- The total allocation for instruction out of all expenditures is highest in general upper secondary education and lowest in vocational education.
- The optimum size of schools appears to be larger than the current average school size.
Providing Education for the 2020s

Summary

The total costs of vocational education were 10 604 euro per student, out of which instruction accounted for around half (52.6%).

The pupil and student-based costs of school providers can differ quite significantly. As a simplification it can be said that the further north and east we look, the more expensive it is to provide education. In vocational education and training there are also cost differences between fields. The calculatory productivity of education can vary depending on both education provider and the forms of education; however the range is somewhat smaller than in the costs.

The Government Institute for Economic Research has examined differences in productivity between municipalities in 2007. From the point of view of basic education costs, the optimal size of a municipality was determined at that time to be 24 000–37 000 inhabitants depending on the year being examined. In municipalities larger than this costs start to slightly increase. Furthermore, it appears that increasing the size of schools produces savings. Costs lower noticeably when the average school sizes of municipalities grow from less than 100 students to about 300 students. After this practically no remarkable additional savings are made. In any case the optimum school size appears to be larger than the contemporary national average school size. In general upper secondary education when shifting from schools with 100 students to schools with 200 students the costs become significantly lower. After this the change slows down and when the average size goes over the 400 limit, costs go down very little anymore.

At municipal level the costs of education are largely determined by circumstances and population structure. This can be seen, for example, when examining basic education expenditures as a part of the general municipal economy: the larger the number of students from the whole municipal population, the larger the relative size of basic education expenditures from the total expenditures of the municipality. The playing field of municipalities in regulating basic education expenditures is thus quite limited. On the other hand there are also “overemphasising municipalities” where the investment in basic education is more than average. Usually behind this phenomenon is the good general situation of the municipality’s economy which is reflected in smaller than average group and school sizes.

- The age structure of a municipality is strongly related to the resourcing of basic education. The larger the portion of the student age groups out of the population, the greater the portion of basic education expenditure from the total municipal expenditures.

- On the other hand in some municipalities relatively more than average is invested in basic education, especially if the municipality’s financial situation is satisfactory.
Provision of education and the PARAS project

The development outlook of providing education are strongly linked to changes in the municipal field. The objective of the Reform in Local Government Structures (PARAS project) has been to strengthen local government structures as well as to develop the models of producing and providing services. In the centre is the population baseline demand in which in the provision of social and healthcare is 20 000 in the provision of vocational education and training is 50 000 residents. On the part of vocational education carrying out this objective has been furthered by a project in the same vein as the vocational college strategy, where a provider network has been assembled to make for larger entities. In this way the majority of vocational education providers already meet the population baseline demands of the PARAS project.

However, in terms of basic education and general upper secondary education the effects of the PARAS project have been quite limited. On the other hand there are numerous kinds of networking inquiries taking place in general upper secondary education and actual networks have been set up especially in sparsely populated areas. In general, however, general upper secondary education is often viewed as a municipal basic service.

The progress of the reform in local government structure is still open as this review is being made. In February 2012 in accordance with the plan of action of the national government, the Municipal Government Structure – workgroup proposed 64 municipal area division inquiries for the purpose of forming new municipalities.

Alternative organisational models of education

Basic education is provided in almost all municipalities and basic education is also a basic service that municipalities are responsible for providing. As the municipal structure changes in the near future it is worth considering if educational services could be provided in some other way.

In this review six different alternatives emerged: 1) the current municipal structure and a regional administration model that supports it, 2) the joint activity areas and minimum population baseline demands also for providing basic education and/or general upper secondary education according to the PARAS project, 3) merging of municipalities into large entities as proposed by the Municipal Government Structure-
workgroup in February 2012 that provide basic services in their areas, 4) a district model where basic education is provided in the same way as current healthcare districts as activity sectors separate from other basic services provided by municipalities, 5) a regional or sub-regional administration model as well as 6) government provider model, where the government takes responsibility for providing basic education in municipalities that are sparsely populated or have other exceptional circumstances.

Changes in the education steering system

The provision of education is steered through norms, funding and information. The basis of norms is different decrees such as, for example, the national core curriculum. The basis of finance-steering is steering through the distribution of resources and information-steering in turn is based on relaying information and on a kind of persuasion. Norm-based steering is still the most central and the role of finance-based steering has in turn declined.

In regards to basic education, the functionality of norm-based steering is generally considered to be fairly satisfactory, and no demands for major changes are made. There are still some who think that there are too many decrees and that these are too specific – there should be more room for leverage at local level.

There has been an increase in the number of information-based steering in recent years, but there is still little knowledge about its effects. Different assessments are a central part of information-based steering. In the majority of municipalities evaluations are utilised regularly as a part of the administration’s annual cycle, in some they are used less often or not at all. Furthermore, different development projects are a tool of information-based steering. Their effectiveness as a whole is difficult to assess. On a general level there criticism has been voiced about, amongst other things, that the good practices discovered in projects have not sustained after the projects have ended.

In regards to basic education the most clearly explained phenomenon in the general development of steering appears to be the decline of financial steering, that the shift from a “one track” financial model and decline in government transfers has strengthened. From an extreme point of view, it can even be considered whether it is possible to even talk about finance-based steering at all anymore. Financial steering has become more a part of information-based steering, where it is central to using cost-related information in educational decision-making on a national and local level.

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