European Commission

Education and Training Monitor 2013

Hungary

Education and Training

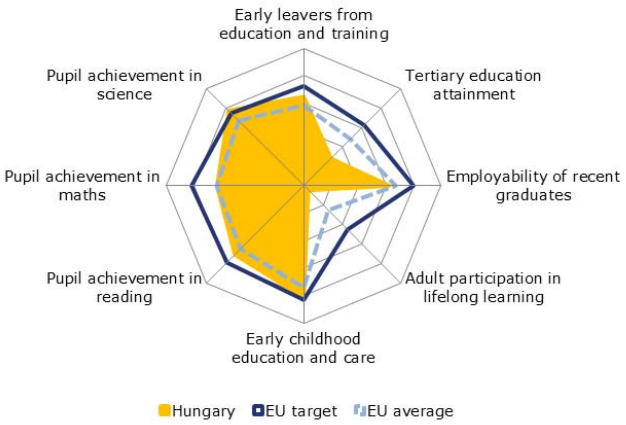
1. Key indicators and benchmarks

Europe 2020 headline targets			Hungary 2009	Hungary 2012	EU average 2009	EU average 2012	Europe 2020 target / Benchmark
1. Early leavers from education and training (age 18-24)			11.2%	11.5%	14.2% EU28	12.7% EU28	**EU target: 10%** National target : 10%
2. Tertiary educational attainment (age 30-34)			23.9%	29.9%	32.1% EU28	35.7% EU28	**EU target: 40%** National target: 30.3%
ET 2020 Benchmarks							
3. Early childhood education and care (4 years old - year before start of compulsory primary)			94.8%	94.5% 11	91.7%	93.2% 11	**95%**
4. Basic skills Low achievers (15 year-olds; Level 1 or lower in PISA study)	Reading		17.7%	:	19.6%	:	**15%**
	Mathematics		22.3%	:	22.2%	:	**15%**
	Science		14.1%	:	17.7%	:	**15%**
5. Learning mobility	Initial vocational training (IVET)	**a.** Students participating in Leonardo da Vinci programs as a share of vocational students at ISCED 3	1.6%	0.3% 11	0.6%	0.7% 11	
	Higher Education	**b.** Erasmus inbound students as % of student population in host country		0.8% 11		1.1% 11	
		c. Inbound degree mobile students as % of student population in the host country		4.3% 11		7.0% 11	
6. Employment rate of graduates (age 20-34) having left education 1-3 years before reference year			75.6%	73.4%	78.3%	75.7%	**82%**
7. Adult participation in lifelong learning (age 25-64)			2.7%	2.8%	9.3%	9.0%	**15%**
Proposed ET 2020 benchmark							
8. Foreign languages skills	**a.** ISCED 2 students at proficiency level B1 or higher in first foreign language[1]		:	:	:	43.5% 11	
	b. ISCED 2 students learning two or more foreign languages		6.2%	5.9% 11	58.6%	60.8% 10	
Other ET 2020 Indicators							
9. Investment in education and training	**a.** General government expenditure on education (% of GDP)		5.3%	5.2% 11	5.5%	5.3% 11	
	b. Annual expenditure on public and private educational institutions per pupil/student in € PPS	ISCED 1-2	: 08	: 10	€ 5,732 08	€ 6,021 10	
		ISCED 3-4	: 08	: 10	€ 6,964 08	€ 7,123 10	
		ISCED 5-6	: 08	: 10	€ 9,309 08	€ 9,168 10	
10. Digital competences	**a.** Pupils in grade 4 (ISCED 1) using computers at school		42.9% 07	78.1% 11	60.7% 07	64.7% 11	
	b. Individuals aged 16-74 with high computer skills[2]		27.0%	33.0%	25.0%	26.0%	
11. Entrepreneurial competences	Individuals aged 18-64 who believe to have the required skills and knowledge to start a business		41.0%	40.0%	42.3% a	42.0% a	
12. Vocational education and training	Share of vocational students at ISCED 3		24.5%	26.2% 11	49.6%	50.3% 11	
13. Skills for future labour markets Projected change in employment 2010-2020 in %	High qualification		:	27.3%	:	19.1% EU28	
	Medium qualification		:	-5.4%	:	4.6% EU28	
	Low qualification		:	-20.5%	:	-20.2% EU28	
14. Low-skilled adults	Literacy		:	:	:	19.9% EU17	
	Numeracy		:	:	:	23.6% EU17	
	Problem solving in technology rich environments[3]		:	:	:	26.9% EU13	

Source: Cedefop: 13 / EAC: 10a,b / European Survey on Language Competences (ESLC): 8a / Eurostat (Government finance statistics): 9a / Eurostat (LFS): 1, 2, 6, 7 / Eurostat (ISS): 10b / Eurostat (UOE): 3, 8b, 9b, 10c, 12 / IEA TIMSS: 10a / Global Entrepreneurship Monitor: 11 / OECD (PIAAC): 14 / OECD (PISA): 4

Notes: 07 =2007, 08 =2008, 09 =2009, 10 =2010, 11 =2011, e= estimate, a= unweighted average b= break, p= provisional
Number of countries included in EU average: PISA=25, Entrepreneurship=18, Language skills=13, ICT/Computers at school=13, others: EU27
[1]= average of skills tested in reading, listening, writing, [2]= having carried out 5-6 specific computer related activities, [3]= Results cover people with scores below level 1 as well as people who have no computer experience or failed the ICT test

Figure 1. Position in relation to highest (outer ring) and lowest performers (centre)



Source: DG EAC calculations on the basis of data from Eurostat (LFS 2012 and UOE 2011) and OECD (PISA 2009). *Note:* all scores are set between a maximum (the highest performers visualised by the outer ring) and a minimum (the lowest performers visualised by the centre of the chart).

2. Main challenges

Following a positive trend in the last decade, the early school leaving rate has started to increase again from a low of 10.5% in 2010 to 11.5% in 2012. Furthermore, while learning outcomes in compulsory school as measured by international student assessments have mostly improved in recent years[1], there are significant differences between the performance of different schools, including disparities according to geographical regions and parents' socio-economic background[2]. Roma children are over-represented among children with multiple disadvantages and face particular challenges in terms of educational attainment.[3] Therefore, the challenge Hungary faces in school education is to reduce inequalities and to improve access to inclusive mainstream education, in particular for the Roma.

While participation rates in higher education have been increasing in recent years, the level of tertiary educational attainment is still significantly below the European average (29.9% vs. 35.7% in 2012). The challenge is to implement a higher education reform that enables greater tertiary attainment, particularly by improving access for disadvantaged students. The system should also support an improved transition between different stages of education and towards the labour market.

Hungary also has one of the lowest rates of adult participation in lifelong learning in Europe (2.8% vs. the EU average of 9 % in 2012), which is particularly challenging in view of a need to maintain and develop new skills and to adapt to structural changes and technical developments.

Consequently, the 2013 European Semester country-specific recommendation (CSR) on education focused on the following: implementing a national strategy on early school leaving; ensuring that the education system provides all young people with labour market relevant skills, competences and qualifications; improving access to mainstream education, for those with disadvantages, in particular for the Roma; supporting the transition between the different stages of education and towards the labour market, implement a higher education reform that enables greater tertiary attainment levels, particularly amongst disadvantaged students; and boosting participation in lifelong learning.

3. Investing in skills and qualifications

<u>Investment in education and training in times of crisis</u>

As for Hungarian education spending, the actual government expenditure on education expressed in Euro decreased by 2.1% between 2008 and 2010 and decreased further by 4.7% between 2010 and 2011. As regards expenditure as % of GDP, 5.2% was spent on education in 2011 in Hungary (5.3% on average at EU level): the lowest share in the last 10 years[4]. Hungary also showed a decrease in expenditure per primary, secondary and post-secondary non-tertiary student between 2005 and 2010. In the past two years, cuts in the education budget of more than 5% were observed in Hungary[5]. In addition to the economic crisis which began in

1 15-year olds' performance on PISA tests is better than the EU average in reading and science, however the share of low achievers in mathematics is slightly higher than the EU average and worsened between 2006 and 2009.

2 http://timss.bc.edu/
http://www.oktatas.hu/pub_bin/dload/kozoktatas/nemzetkozi_meresek/pirls/PIRLS_TIMSS_2011_osszefoglalo_jelentes_4evf_eredmenyeirol.pdf;
http://www.oktatas.hu/pub_bin/dload/kozoktatas/nemzetkozi_meresek/timss/TIMSS_2011_Osszefoglalo_jelentes_8evf_eredmenyeirol.pdf

3 National Social Inclusion Strategy – Extreme Poverty, Child Poverty, The Roma – (2011–2020): Only 15% of Roma pupils complete secondary school successfully while the national average is over 80%. 2% of young Roma begin their study in higher education and 0.5% obtain a degree. http://ec.europa.eu/justice/discrimination/files/roma_hungary_strategy_en.pdf

4 Eurostat.

5 Source: Eurydice (2012), http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/147EN.pdf.

2008/2009, the demographic decline experienced in Hungary may be another explanatory factor for a reduction in education expenditure.

As regards funding of higher education, the Government will re-allocate EUR 13.56 million (4 billion HUF) from the 2013 central budget to address the financing problems of higher education institutions[6]. Moreover, the Government seeks to introduce a new funding model, according to which some of the funding will depend on the institutions' development capacity and the evaluation of their strategic objectives.[7]

As for teachers, the pressure to cut back on government spending in order to reduce national debt in wake of the 2008 economic crisis has significantly affected teachers' salaries in Hungary. Recently the Government announced that the salaries of 150,000 teachers will increase by 34 per cent on average as of September 2013 and that as part of the new career model, wages will rise every year until 2017.

Skills

15-year olds' performance on PISA tests is better than the EU average in reading and science, however the share of low achievers in mathematics is slightly higher than the EU average and worsened between 2006 and 2009. Hungary has a low number of graduates in science, mathematics and technology in EU comparison. The average number of foreign languages learned per pupils at ISCED 2 level is the lowest in Europe.

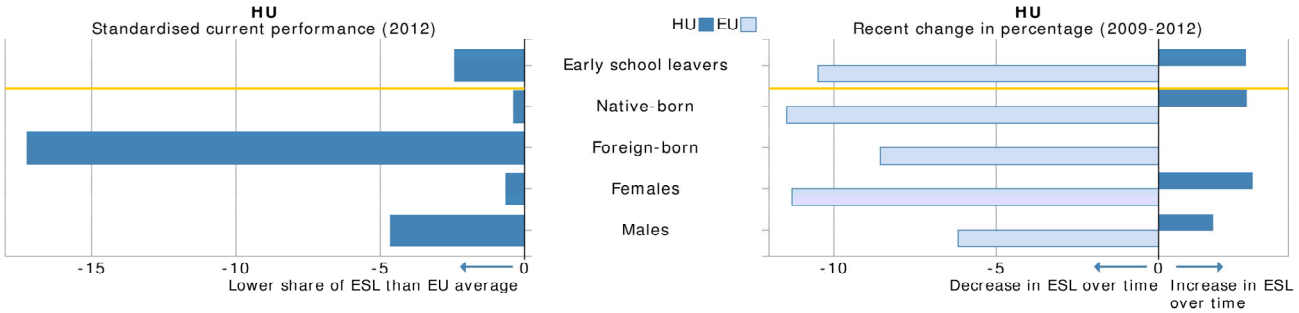
Hungary has a national ICT strategy for education. It covers the areas of e-Learning, digital and media literacy and e-Inclusion. However, the percentages of students currently at schools which are highly digitally equipped is very low and significantly below the EU average. Only 34% of students of vocational schools are attending highly digitally equipped schools, which is 16% below the EU average[8].

A comprehensive National Qualifications Framework (NQF) for lifelong learning was adopted in July 2012 by a government decree. However the NQF is not operating yet, since the linking of qualifications is still in progress. It will embrace all national qualifications that can be acquired in general and higher education and those vocational qualifications registered in the national qualifications register.

4. Tackling early school leaving and raising the bar in school education

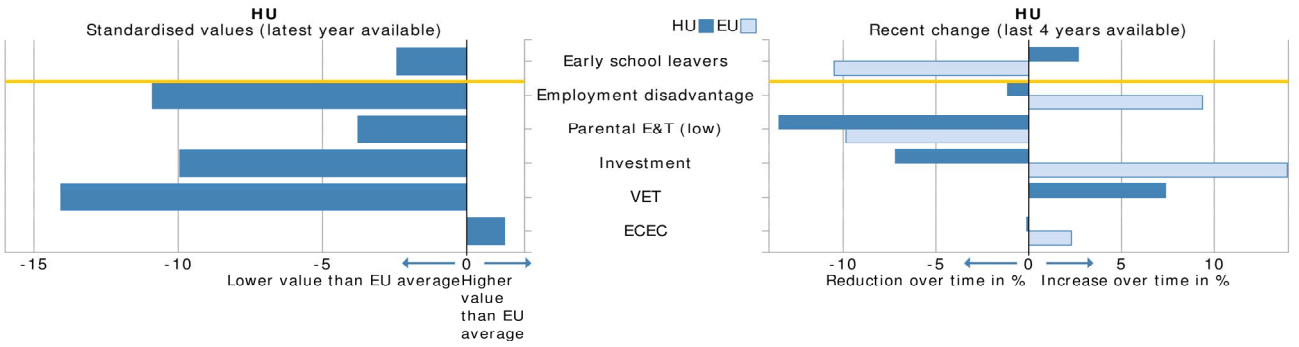
Although Hungary succeeded in reducing the number of early school leavers (aged 18-24) in the last decade, since 2010 (10.5%), the early school leaving rate has once again risen and stood at 11.5% in 2012 (compared to an EU average of 12.7% in 2012 and a national target set at 10% for 2020).

Figure 2. Early leavers from education and training: sub-groups



Source: JRC-CRELL. *Note:* ESL = early school leaving. See Annex 2 for further information.

Figure 3. Early leavers from education and training: sub-indicators



Source: JRC-CRELL. *Note:* see Annex 2 for an explanation of the sub-indicators.

6 Decision published in the Hungarian Official Journal on 11/07/2013

7 Eurypedia:Headline Targets for Education and Training, investment

8 European Commission's report "Survey of schools: ICT in Education : ANNEX 3: Country Sheets on the Provision of Digital Resources and ICT in Education in the Member States. At primary schools there are only 15% of students at such schools. At lower secondary level even fewer, only 4% are at highly digitally equipped schools. At upper secondary the statistic is better with 40% of students at such schools. However, this is still 15% below the EU average.

A national strategy on early school-leaving has not yet been adopted. The 2013 National Reform Programme (NRP) reports that it is under development.

A number of policy measures aim at improving the school success rate and preventing early school leaving of those with disadvantages and multiple disadvantages (in particular Roma).

As a prevention measure, the attendance of kindergarten/early childhood education will be compulsory from the age of 3 (instead of the age of 5), as of September 2014. However, success will depend on providing the required kindergarten places, as well as on tackling other barriers to access (e.g. distance, transportation and financial ones).

One of the programmes under the 'Sure Start' programme serves the early fostering of skills of young children with multiple disadvantages. One of the three Arany Janos programmes supports vocational training for students with multiple disadvantages providing examination certificates, the scholarships 'Útravaló' (Provisions) promote equal opportunities for disadvantages students by supporting talented students. Finally, as from September 2013 trainings will be provided for those who are below the compulsory schooling age limit and have not been admitted to secondary education (Bridge I and II). The Bridge I programme supplements the missing fundamental skills and competences that are necessary for the continuation of studies. The Bridge II programme is preparation for beginning of vocational training. The training provided in the Bridge II programme motivates learning and develops the skills necessary for the acquisition of a profession.

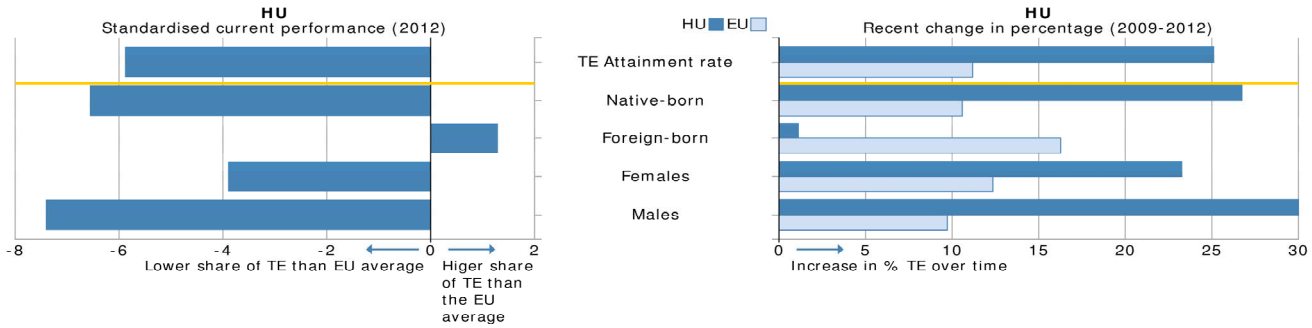
However, at the same time, the lowering of the compulsory school age from 18 to 16 might lead to an increased number of young people leaving education without secondary level qualifications.

5. Encouraging participation in tertiary education and modernising higher education

Tertiary education attainment among those aged 30 to 34 reached 29.9% in 2012. Hungary's national target for 2020 is set at 30.3%. Further efforts are needed to close the gap to the EU average (35.7%), and in particular to improve access for disadvantaged students. Moreover, Hungary has a very low completion rate at tertiary level: in 2011, only 53% of students graduated from the programme they entered, in comparison with the OECD average of 68%[9]. As the supply of upper-secondary graduates is decreasing (see graph below), this is a worrying development in terms of increasing the tertiary attainment rate. This does not take into account those studying in the 3,5-4 bachelor degree programme and another reason for the prolongation of higher education studies is the lack of language examination certificates.

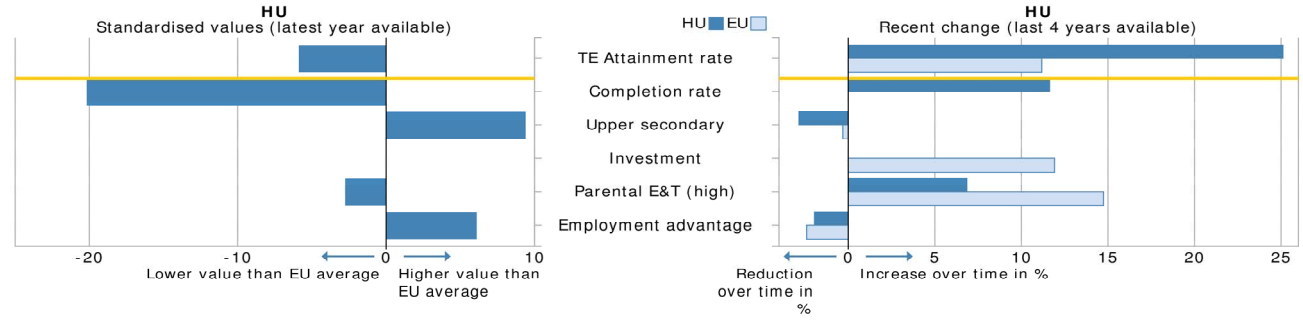
At the same time, to be educated to tertiary level makes a significant difference to an individual's wage in Hungary. Adults aged 25-64 with tertiary education can expect to earn more than double (107% more) the salary that their counterparts with only upper secondary and post-secondary non-tertiary education earn.

Figure 4. Tertiary education attainment: sub-groups



Source: JRC-CRELL. *Note:* TE = tertiary education. See Annex 2 for further information.

Figure 5. Tertiary education attainment: sub-indicators



Source: JRC-CRELL. *Note:* see Annex 2 for an explanation of the sub-indicators.

[9] OECD Education at a glance 2013: Hungary country note

The admission of students to higher education and the system determining the financial contribution of the state and of students to the cost of university studies has undergone significant changes since 2012. The objective was to improve efficiency at the level of institutions and of individual study choices by steering more students to areas where a need had been identified for the economy and the labour market. Since then, students fall into one of three categories: they finance their studies bearing the full tuition fees, they receive a state scholarship which covers half of the costs, or they receive a state scholarship which covers the full costs of studies. The tuition fees for fee-paying places are determined by the higher education institutions, in accordance with a legal framework.

Full state scholarships are granted to the applicants who performed best in their preceding studies. Students who performed slightly worse can still receive a state scholarship covering 50% of the tuition fee. These students may take up a student loan with low interest rate. Student loans are also available to students who need to bear the full costs of their studies. Finally, special grants are available for disadvantaged students[10].

In 2013 the Government discontinued the practice of previous years when the state decided each year on the number of places available in individual study areas and these were (fully or partly) financed by the state. The 2013 system foresees that admission to higher education institutions is determined by the score achieved by candidates and the capacity of higher education institutions, but not an overall enrolment quota or absolute maximum of available places set by the state. For training in the field of economic sciences, law and administration and for three further BA/Bsc programs, the minister has however defined above average admission scores to be achieved.

During its first years, the recent reforms and uncertainty on the number of state-financed scholarships as well as of the level of tuition fees and the demographic decline, resulted in a severe drop in the number of applicants. The number of applications for the 2013/2014 academic year is 95.433 while in 2012 it was at 111.000 and in 2011 at 141.000[11]. As students from lower socio-economic backgrounds tend to be more averse to financial risks, the effect of the combined student loan/grant system on the access to higher education of disadvantaged groups needs to be further monitored.

6. Facilitating the transition from education to work and reshaping vocational training

Youth unemployment (under the age of 25) is worrying, having increased from 11.9% in 2001 to 28.1% in 2012; far above the 22.8% EU average. The transition from school to work in Hungary is challenging and increasingly difficult for young adults, particularly for those leaving education without completing upper secondary education.

The new Act on Vocational Training adopted in 2011 laid the foundations for a new vocational training system by changing the rules on the content and length of vocational school education, strengthening the vocational element in vocational secondary school training, introducing a new type of vocational certificate and prescribing minimum training times (in hours) for adult vocational training. The system strengthens dual training elements, the increased role of Chambers of Commerce will enable for the representation of economic interests, and professional and examination requirements and thus the content of training will follow labour market needs more closely. The full launch of the new system is planned as from September 2013, and the measures taken are expected to improve the quality of trainings and the employability of participants.

Furthermore, in September 2013, vocational training in higher education will be introduced. Knowledge gained in vocational training in higher education (represented by credits) may be transferred towards specialized studies aimed at acquiring a higher education qualification and vocational qualification; vice versa, studies in basic training programmes may be considered as a part of vocational training in higher education.

7. Upgrading skills through lifelong learning

Adult participation in lifelong learning is still one of the lowest in the EU. Low participation in training and professional qualification limits the Hungarian workforce's mobility, the promotion of active ageing and leads to low adaptability to change and labour market needs. Hungary is among the countries with a low percentage of enterprises providing training (49% compared to 66% EU average) and also one of the countries with the lowest proportions of employees (27%) in large enterprises who participate in training[12].

As part of the modernization of adult training, a new Act on Adult Education is approved in June 2013. The new Act will primarily focus on non-school-based vocational training, language teaching and the regulation of training programmes supported by the state or the EU. The new Act will prioritize training programmes that are capable of meeting labour market needs. There will be guarantees built into the Act and decrees on implementation in order to ensure that those who finish supported training programmes receive high-quality training, comparable in level with the vocational qualifications acquired within the school system[13].

[10] Eurypedia: Higher Education Funding Financial support for students
[11] http://www.felvi.hu/felveteli/ponthatarok_rangsorok/friss_statisztikak/!FrissStatisztikak/friss_statisztikak.php?stat=14
[12] Continuing vocational training News release: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-11062013-AP/EN/3-11062013-AP-EN.PDF
[13] NRP 2013 of Hungary page 20,21