

Performance-based financing in Vocational Education and Training in Estonia



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VET in Estonia

- VET is part of public education and under the Ministry of Education and Research's jurisdiction
- There are 36 VET schools: 30 public schools, 3 municipality schools and 3 private VET providers
- The number of VET students have been the same for more than 3 years (around 25 000)
- According to the Vocational Education Institution Act, the schools may be financed from the state budget, municipality budget or income received from economic activities, revenue and donations for specific purposes and other funds.
- VET in Estonia consists of IVET, CVET and apprenticeship training
- The age of compulsory education will be raised up to 18 next school year.

Funding of VET in Estonia

- In 2018, a new model for financing VET was introduced in Estonia and the funding of vocational educational institutions through state-commissioned education was replaced by the allocation of activity support. The new model was applied in 2020.
- Activity support is a support allocated to a school for the organisation of high-quality vocational training and implementation of the development plan.
- The components of activity support are basic financing, performance-based financing and ensuring of availability.
- The ratio of basic financing and performance-based financing components is at least 80 per cent basic financing and up to 20 per cent performance-based financing.

Basic financing considers the number of learners, the areas taught, the salary rates of teachers, the specific features of specialties, students with special needs, the need for support specialists, and the buildings used by the school. Basic financing is fixed for 3 years and guarantees the funds required for the main activities of the schools.

Performance-based financing, which values the outstanding achievements of schools, is based on performance indicators, which comply with the strategic goals important to the State. One of the ideas behind performance financing is to guarantee that vocational schools have the funds they need for cooperating with companies and general education schools.

Performance-based financing indicators

- ***The quality indicators** of the provision of vocational training*, including the indicators of graduating the school with a vocational examination (10%) and the indicators of workplace-based study (10%);
- ***the performance indicators** of the provision of vocational training*, including the indicators of completion of vocational secondary (20%) and vocational education curricula (20%);
- ***the indicators of supporting the development of society***, including the indicators of participation in employment and continuation of studies (20%), the indicators of cooperation with the social partners and general education institutions (10%) and provision of continuous education courses (10%)

Performance-based financing is based on

- evidence based reliable transparent data (www.haridussilm.ee)
- intention of treating schools equally - the proportions of performance-based funding should be in correlation with the school size and basic funding budget
- additional funding from state budget

The performance-based funding was first implemented in 2023 and the average % of max 20% varied around 6-8 %.

What should have been done differently - regulated differently than with law which makes in very rigid and difficult to be changed.