THE RENEWAL OF THE HUNGARIAN EDUCATION SYSTEM

MINISTRY OF HUMAN RESOURCES
STATE SECRETARIAT FOR EDUCATION

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PUBLIC EDUCATION

Changes in the public education system

A NEW ACT ON PUBLIC EDUCATION

The most remarkable milestone of the past two years in Hungarian education policy was the adoption of Act CXC of 2011 on National Public Education. On 1 September, 2012, this new law will replace an almost 20 year-old law, amended several times over the years, and therefore difficult to follow, complicated and in many aspects causing overregulation .

An important aspect of the new act is simplicity and its framework law character. This means that it only regulates matters that define the framework of public education policies or those that have to be regulated in an act according to the Hungarian legal system. The detailed rules of specific topics will be regulated by governmental and ministerial decrees. These regulations are currently being developed.

The new act was not only prepared for practical reasons, but it also results in significant changes in principles and in numerous technical modifications. For the above reasons, the new act comes into force progressively.

MAJOR CHANGES

One of the major changes in principles is the redefinition of the roles and responsibilities of the State in public education, with increased state guarantees. This guarantee is mainly based on the common definition of the compulsory minimum curriculum, on the establishment of a national inspectorate, on the introduction of the new teacher career model, a related central funding of salaries and the takeover of schools currently maintained by municipalities.

INSTITUTION MAINTENANCE

Act CXC of 2011 on National Public Education considerably redefines the definition of institution maintenance in case of future state maintained institutions. It makes a distinction between professional management and the operation of institutions, which basically ensures the infrastructural background of professional work. Both have economical aspects, which are obvious in case of operating a school, while in case of professional management it means providing teaching materials and the salary and social security contributions of teachers and teaching support staff.

After the takeover planned for January 2013, municipalities will become operators of schools and the owners of related properties. The professional management of kindergartens will not be taken over by the state; both management and operation will be retained by municipalities.

LARGER STATE SUPPORT	At present, not even half of the total cost of the maintenance of educational institutions is covered by the funding provided by the state. At the same time, salaries and social security contributions constitute more than half of the costs of institutions. Thus the direct state funding of wages and contributions of teachers and teaching support staff means greater state support than today. The support will not be based on the number of children or students. Groups and classes will be set up in accordance with headcounts specified by the Act. Duties to be performed correlate with the number of classes/groups, which determines the number of teachers, which in turn will serve as a basis for financing the institution.
IMLEMENTATION	Under the Act on National Public Education, maintainers have the powers to establish, reorganize, arrange the takeover or close down an institution. As for the future state maintained institutions, these matters will be decided upon by the state after 1 January 2013; however, it is too early to draw conclusions for single institutions. The state as a maintainer will be represented by a government agency (an institution maintenance centre) to be established by the ministry responsible for education. This national centre is planned to have local (county and district-level) units. Their duty will be to support decisions on local matters. Consequently, as it is now, reorganizing or closing down a school will be the maintainer's decision.
GIFTED EDUCATION AND FIGHTING EARLY SCHOOL LEAVING	A primary aim of the new system is to prevent social exclusion and to nurture talents. The former was not satisfactorily solved has in the past years, while latter did not receive enough attention. Remedial teaching will be provided in the so called "Bridge-programs", which cater for early school leavers and those who can't make the same progress as their better-off schoolmates. These programs are to start in September 2013 with a fundamental goal to be integrated in vocational education so that participants can gain knowledge which can be easily used in the labour market. The organizers of the programs will be the government offices, while the providers will be secondary schools. Taking care of young talents will be emphasized in six- and eight-grade grammar schools. At present they often only comply with basic requirements, but later they will be expected to fulfil strict quality criteria.

Funding

FUNDING OF KINDERGARTENS	The financing of institutions will also change in January 2013. In case of kindergartens, funding from the central budget will be provided for municipalities to cover the wages and contributions of kindergarten teachers and support staff (nannies). The funding allocated to a municipality is based on the number of kindergarten staff. The number of employees depends on the actual number of children, the average group and class size and the mandatory weekly working time of the teachers. Acquisition of materials and equipment required for the functioning of kindergartens is also funded by the central budget.
FUNDING OF SCHOOLS	In case of schools, the institution maintenance centre (an agency of the Ministry responsible for education) will finance the wages and contributions of teachers and support staff. In addition, the centre will itself operate certain institutions (formerly county-owned, now state-owned institutions as well as institutions voluntarily offered by municipalities). The operational costs of the rest of schools will be borne by municipalities. Support from the central budget is also allocated to municipalities for school meals and for institutional health care services (e.g. school doctor, health visitor).
FUNDING OF GOVERNMENT-DEPENDENT PRIVATE SCHOOLS	The state funding of institutions maintained by churches or other organisations will be different as well. Wages and contributions of teachers and support staff are covered by the central budget. The state funding is based on the actual number of children and pupils, the average group and class size, the weekly timeframe and the teacher headcount (dependent on the mandatory weekly working time). Under agreements with churches, maintainers of church schools can also receive central funds for operations (calculated on the basis of average educational spending of the state and municipalities) thus receiving the same amount of funding as state maintained schools. Private institutions may also receive such support in case they take over duties of the state.

Evaluation of institutions and teachers

EXTERNAL EVALUATION OF INSTITUTIONS

External professional supervision and evaluation brings a significant change in the life of educational institutes. The new act provides for the establishment of a system in which experienced teachers, acting as experts, supervise and evaluate the professional work of teachers, school heads and institutions under the guidance of an agency of the Ministry responsible for education. This is a novelty, since Hungarian public education has been operating without external supervision for decades.

CAREER PROGRESSION OF TEACHERS

The career progression system of teachers, to be launched on 1 September 2013, will partly be based on the aforementioned evaluation results. This is to solve a dual problem. One is the long-standing problem of the remuneration of teachers. The wages have not been increased significantly for years now, and the last important increase of the wages were not followed by corrective actions either, consequently the wages decreased in real terms. On the one hand this, on the other hand the regrettably negative stereotypes set in the society explain the low social respect of teachers. The new progression system solves these problems at once. It introduces a waging system that grants higher wages right at the beginning and takes into consideration the years spent at work, professional development and the actual minimum wage. This prevents the wages from deprecation; therefore it is not only a salary increase but real wage settlement.

The progression system will be built on a career path ensuring continuous progression, involving mandatory and non-mandatory grades that can be reached based on the results of a certification process examining professional development. The results of the evaluation, in-service training courses and other qualifications acquired will also play role in the new system. The criteria of the evaluations will be unified and public, hence making it clear and obvious what, how and how much a teacher needs to work in order to maintain and improve his or her professional skills so that the level of his/her job will be of high standards and useful for the nation's future.

A New National Core Curriculum

Currently the Hungarian public education does not have central curricular control. The National Core Curriculum specifies the criteria for the improvement of different competence areas in a modern way; however, it does not define specific contents. There are framework curricula, which define contents but they are only for guidance and are not mandatory to use. Schools define in their local curriculum what they teach. They are seemingly free, but in fact traditions and course books define what schools teach in certain subjects. It is only due to the dedication and professionalism and respect for the traditions of teachers that national values and traditions are still passed on. This is why it was necessary to reform the National Core Curriculum, and on its basis, to develop mandatory framework curricula. Even with these framework curricula, schools can keep their freedom in the area of methodology and to a certain extent they are free to define what to include in their curriculum.

The new National Core Curriculum – as opposed to the one published in 2007 – not only defines the key competences and skills to acquire, but through determination of the elements of public education will include what in today's Hungary can be considered as cultural treasure, link between generations, knowledge to be passed on. The definition of the common, mandatory elements of the basic knowledge makes the unity of the education real, and enables transfer between schools. The contents related to the common basic knowledge will be grouped according to the three traditional school phases: grades 1-4, grades 5-8 and grades 9-12.

Defining the common contents of education will result in a shared knowledge, which is supposed to be acquired by every adult citizen and it therefore helps members of society to find a common voice. This "common language" is then to be used in the conversation of generations based on mutual understanding and respect. The National Core Curriculum aims to find a balance between valuable traditions and the new development objectives and contents. It wishes to grant access to every student to all the cultural goods that are taught at school, while schools need to consider each individual student's capabilities and use appropriate pedagogical methodology accordingly.

The curricular regulation will be implemented by providing a unified basis, on which the diverse activities of individual schools, teachers and students may be built. It enables maintainers, parents, students and teachers to represent their interests and it also takes into account local circumstances, conditions and possibilities. Through the framework curricula, sufficient time is provided so that students and schools can process the studies, deepen and extend skills and meet requirements.

By defining development tasks necessary for the development of children and pupils, the National Core Curriculum encourages education that develops the personality of children and pupils. It requires pedagogical work which focuses on improving students' knowledge, abilities and personality and it also acknowledges that education is not only provided by schools, but also acquired at several forums of social life and activities.

HIGHER EDUCATION

Policy framework

	CHALLENGES	PRIORITIES	IMPLEMENTATION
Steering& Planning	- Demogaphic decline - Efficient public spending and accountability - Enhancing employability	**Enhancing employability**	- Alignment of planning with the national economic strategies on the institutional and sector levels - Establishing the Funding Council - Renewal of strategic planning
Funding	- Economic and financial crises - Fundraising capacity of institutions - Unsustainable input-based financing system	**Investment and development imperative in the funding system**	- Financial incentives in the funding of education with guarantees - Funding of excellence and high quality - Strategy funding according to performance agreements
Equity	- Growing disparities - EU2020 to raise completion	**Widening equitable access and raising completion**	- State grants and social allowances - Student loans 1., 2. - Inclusion of disadvantaged groups - Felelősség alapú képzési előmenetel erősítése, lemorzsolódás csökkentése - Dual training system
Labour market	- Compliance with the labour market - Shortage of professions		
Quality	- Inflexible training structure - Growing quality gap - European Standards and Guidelines	**Establishing a culture of quality**	- Curriculum development with practically-oriented focus - Internal and external quality assurance, strict quality control measures - National Programme of Excellence - Improving the nurturing of talent (colleges of advanced learning)
Career	- Ensure academic staff supply - Foster quality and excellence		
Role in R&D	- Competitiveness measures of the economy - Innovation and research needs of economy	**Reinforcing the knowledge triangle**	- Strengthening cooperation links - Joining international networks of excellence - Providing high-level research services to the strategic sectors of economy
Internationalisation	- Integration to the European Higher Education Area - International competitiveness of institutions	**Internationalisation for an open higher education**	- Mobility Funds (Campus Hungary Program) - Adjusting National Qualifications Framework - Raise attractiveness of the Hungarian higher education

Strategic Priorities and Guidelines

PRIORITY ONE	**Enhancing employability**
CHALLENGE	The most important condition for successful economic growth is innovative knowledge. A strategy for the country needs to be adopted which is based on knowledge and innovation. With the help of this strategy countries can redirect their economies to a road of knowledge and innovation-driven development. **Hungarian Plan for Growth (2010-2020):** Higher Education needs to adapt to the vision and break-out points of the national economy improving the competitiveness of Hungary and creating more than 1.000.000 jobs in 10 years. The 7 major break-out points are the following: health-industry, green-economy, housing programme, business-environment development, knowledge-based economy, employment, transit-economy. Creating and applying **'new knowledge'** with the help of the research and innovation sector including the car industry, health-industry, ICT and arts industry (film, design, architecture, handicrafts, IT services). **The key to 'new knowledge' is high quality higher education.** The knowledge-based and competitive sectors are based on highly trained workforce. The 'new knowledge' plays a key role in enhancing the flexibility of the economy and the society. **Restructuring higher education according to the demands of the business sector** in order to ensure the efficient operation of the economy and to enhance employability. **Employability:** Highly qualified people in Hungary have been experiencing better job prospects for decades. Following the global financial crisis there is an unemployment rate of 2% among university graduates whilst people with a general certificate of secondary education are suffering from an unemployment rate of more than 6%.
OBJECTIVES	**The goal is to create a more competitive higher education sector, the programmes on offer need to meet the needs of the labour market, and state funds need to be channelled into competitive training programmes.** It is the task of the state to streamline and restructure higher education so that it can better meet the needs of the economy. The economy can only be provided with the suitable workforce if its needs are properly taken into consideration.
IMPLEMENTATION	❖ **Taking into consideration the needs of the labour market.** State-funded places at universities in ICT, technological and natural science

programmes have been raised by 70% in 2012. This proportion was only 48% in 2011.

- **Cooperation with the business sector.** We aim to harmonize the activities of higher education institutions and the business sector in order to establish a fruitful cooperation with the key industries (ICT, car industry, health industry).
- **Dual training in higher education**. Higher education institutions and companies cooperate in the vocational training of the students. 95-98% of the trainees are employed by the partner company straight after graduation.
- **A new system of planning.**The professional central planning of the education policy is enhanced and aligned with government targets regarding the different sectors and regions. The Founding Council is in charge of coordinating this job with the help of the higher education information systems.
- **Regional cooperation-zones of higher education institutions.** We aim to avoid the isolated development of the institutions therefore we have created the regional cooperation-zones of these institutions.

HIGHLIGHTS

Higher Education and industry hand in hand

- Car industry
  - **Audi has set an example for** such a cooperation by establishing a standalone department at the University of Széchenyi István in Győr where deterioration processes of the internal combustion engines can be measured.
  - The production plant of **Mercedes** in Kecskemét established strategic cooperation in order to launch dual training at college with the aim of providing the plant with professionals.
  - The **MOL Group** established a strategic partnership with 8 Hungarian and 4 Slovakian higher education institutions in order to improve the knowledge of car industry professionals on lubricants. These trainings are practice-oriented and focus on research and innovation.
  - The **Bosch Group** provides its sponsored universites and colleges with development projects and offers internships to students of technological universities.
- ICT industry
  - **Ericsson** founded its first competence-centre in Budapest, which has become one of the most important scientific workshops of the telecommunications research by now. Since its foundation it has produced 30 technological patents, 600 scientific publications and numerous research & innovation programmes, as well as developments. Scientific research is being carried out at the Laboratory of High-Speed Networks. Broadband information transfer and mobile, optical networks are being studied and there are projects to model the architecture of the internet in the future.
- Health industry
  - The **Gedeon Richter Group** of the pharmaceutical sector has

long established firm cooperation with higher education institutions offering pharmaceutical programmes. In the framework of the cooperation it also provides researchers and PhD students with intership placements. The company informs the universities about the demands for professionals and the universities launch their courses to cater for the needs of the company.

- The Hungarian Academy of Sciences, the EGIS Group and other companies have teamed up to establish the Neurobiological Regional University Knowledge Centre in the Southern Great Hungarian Plain, where new, efficient molecules, diagnostics are being developed to cure cerebrospinal diseases (Alzheimer, Parkinson, depression).

PRIORITY TWO

Investment and development imperative in the funding system

CHALLENGE

Rethinking state subsidies. Due to the economic and financial crisis European governments are facing limited state budgets and a slowing economic growth. As a result of this process the functions of the government need to be reviewed. The beneficiaries of higher education have no other option but to share the expenses.

Investment in knowledge. The logic of cost-sharing expects every actor of the higher education sector to heavily invest resources for the sake of the potential future benefits. All stakeholders including students and companies need to consider cost-sharing in the field of education and research as a valuable investment with high returns.

OBJECTIVES

Public benefit. The government must invest in developments, promising projects and competitive qualifications. The higher education system needs to make sure that the costs of education will have a high rate of return.

Development-focused subsidy. State funds are allocated according to the number of students and staff. This kind of approach is out of date. We need to switch to a new mixed funding system that has development-focused subsidies as well.

Improving fundraising capacity. Tight state budgets can prevent the higher education sector from developing into an attractive state-of-the-art system. Improving the fundraising capacity of the higher education institutions is a top priority.

IMPLEMENTATION

- **Efficient financing of higher education.** In order to guarantee the societal benefits of higher education students are expexted to sign a contract. It is to reduce the number of students in state-funded places without graduating in time and to deal with their drop-out rates..
- **Support of the strategy and developments (strategy funding).** The distribution of state funds needs to meet the institutional development plans and they must be based on targets set by the maintaining body (performance agreement).
- **Quality-based financing.** Promoting high quality and excellence is a core component of the funding system. Some of the top institutes get additional funds to further improve their excellence.

HIGHLIGHTS

- **Student loan 2.** Since September 2012 enrolled students have access to loans to finance their studies at college or university. The loans claimed by students are directly paid to the institute.
  - **State-aided interest.** Graduate students are expected to pay an interest rate of 2% per annum.
  - **Redemption is not urgent. Reimbursement must only be started after the termination of the student status.**
  - **Income-based redemption. The size and duration of the**

monthly instalments are based on the earnings.

- **Student contract.** According to the Higher Education Act students are obliged to sign a 'student contract' before starting their studies at any of the state-funded programmes. The state is in charge of financing the student's studies and the student takes on to fullfil his/her obligation.

PRIORITY THREE

Widening the equitable access and raising completion

CHALLENGE

There has been a permanent decline in Hungary's population in recent decades, fewer children are born and fewer people get qualifications in secondary education. **The proportion of graduates falls behind the rates of competitive countries.**

Population with higher education

% of the population that has attained higher education

	Total HE				
age group	25-64	25-34	35-44	45-54	55-64
Hungary	20	25	19	18	16
OECD average	30	37	32	27	22
EU21 average	27	34	29	24	20

Source: Education at a Glance 2011, Table A1.3a.

Inspite of the increase in the population's level of education, **inequalities in education have further increased.** Disadvantaged groups have been left sidelined in the labour market. The level of employability cannot be increased without the social inclusion of the disadvantaged groups through education.

The higher level of education contributes to social welfare and the decrease of inequalities. It helps to spread new technologies through research & innovation and boosts economic growth.

OBJECTIVES

According to the main objectives of the Europe 2020 Strategy **Hungary will significantly increase the proportion of graduates.** We will increase the proportion
of graduates **to 30%** among 30-34 year olds **by 2020.**
Equal access to higher education is not only fair to disadvantaged groups but it is for the benefit of the society: **our nation needs every single talent.**

IMPLEMENTATION

- **Giving a chance**
  - **State grants.** 2/3 of the students are receiving state grants in 2012.
  - **Student loan 1.** As a personal loan it can be used to cover the costs of living and studies.
  - The state ensures that in the framework of Student Loan 2 every new student has access to free higher education.
- **Equity**
  - **Social allowances.** Socially disadvantaged students can be provided with a regular and a one-time cash allowance to cover their expenses.
  - **Carrier services.** We further expand the institutions' services in terms of mentoring, coordinating in order to foster the

	integration of socially disadvantaged students. ○ **Admission (quota system).** The Higher Education Act expects the institutions to favour socially disadvantaged students at the admission process. The rules of this new policy must be laid down accordingly. ❖ **Responsibility.** To further strengthen their motivation and responsibility the state expects the students to finish their studies in due course possibly no later than 1.5 of the regular training time.
HIGHLIGHTS	❖ **Student loan 1.** Since the launch of this loan more than 304.000 stundents have applied for it, about EUR 700 million in total. The programme proved to be successful with a pay-back rate of 97%. The Student Loan system has become a role model in the EU. ❖ **Mentor programme.** The socially disadvantaged students can get assistance from older fellow students doing the same course. As mentors these students have a task to help their fellow students in administrative issues and to prepare them for an autonomus university life. 1100 students applied to become a mentor and 1900 socially disadvantaged students asked for help last year. Finally 1670 stundents have been admitted from the above. **Romaversitas Fund** has helped hundreds of roma students to finish their studies. Students taking part in the programme enjoy a graduation rate of 80%. More than 700 students have been rewarded from the **Roma Education Fund** in the last 5 years.