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**DIRECTORATE FOR EDUCATION  
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**Network on Early Childhood Education and Care**

**RESPONSES ON FINANCING ECEC SERVICES: HUNGARY**

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## QUESTIONNAIRE FOR THE 7<sup>TH</sup> MEETING OF THE NETWORK ON EARLY CHILDHOOD EDUCATION AND CARE (ECEC): FINANCING ECEC SERVICES

### PART I: Data on ECEC costs and financing and data-related issues

#### 1.1 *General information: types of ECEC services*

1.1.1 This question aims to update the information on childcare and early education services presented for your country. Please review Annex A. If updates need to be made, please provide the necessary information below. If existing information is still accurate, simply indicate “No Change”; you do not need to duplicate.

The following corrections are necessary to the information given for Hungary in Annex A:

- Óvoda (kindergarten) lasts to the age of 6 as a main rule. Attendance in pre-primary education of óvoda (kindergarten) is compulsory from the age of 5.
- Compulsory schooling can start from the age of 6 by law but there is a flexibility in its implementation and in practice many children start schooling at the age of 7.

1.1.2 This question aims to complement Question 1.1.1 and elicit a fuller picture. Which type of ECEC provision is mostly in use or in operation in your country? Please indicate in the table below the proportion of:

- Children registered for each type of ECEC provision as a percentage of the total number of children of the age group; and
- Care services, centres or pre-schools for each type of ECEC provision as a percentage of the total number of such services.

Type of provision	Early Childcare		Pre-primary education		Integrated system	
	% of registered children	% of services, centres, pre-schools	% of registered children	% of services, centres, pre-schools*	% of registered children	% of services, centres, pre-schools
Public provision	93.9	91.7	94.2	91.7		
Private not for profit provision						
Private for profit provision						
Other type of provision: All non-public institutions (most of them non-profit)	6.1	8.3	5.8	8.3		

Source(s): \_\_\_ For Early Childcare: Central Statistical Office data, 2008.

For pre-primary education: Statistical Yearbook of Education 2008/2009 (page 131).

Known data limitations: \* These figures are calculated as % of kindergarten sites (places of service).

There are different figures for % of separate institutions which may have more than one sites (public: 86.5; non-public: 13.5).

#### 1.2 *Public spending on ECEC services*

##### 1.2.1 *Public spending on public and private ECEC services*

This question aims to clarify whether public expenditure on ECEC services is spent *only* on public ECEC provision *or* on a mixture of public and private provision, which is not currently well understood.

Annex B provides the public expenditure data on childcare and early education currently available in the OECD Family Database (those figures are currently being updated through other OECD official channels). The public expenditure does not include cash allowances or tax expenditure such as tax credits, parental leave, etc.; here, you should include only public expenditure spent on ECEC services.

Please indicate in the table below the split in public expenditure between public and private ECEC services in your country, indicating the year the data is from.

	Early childcare		Pre-primary education		Integrated system	
	Public services	Private services	Public services	Private services	Public services	Private services
Public expenditure (as % of GDP)	<b>0.11</b>		<b>0.657</b>	<b>0.025</b>		

Source(s): **\_ For Early Childcare: Central Statistical Office data, 2009**

**For pre-primary education: UOE data for 2007**

Known data limitations: \_\_\_\_\_

### 1.2.2 Public spending on ECEC services at different levels of government

This question aims to clarify funding arrangements between national and sub-national governments. While Annex B provides overall public expenditure data on ECEC services, we do not currently have figures for what is spent by national governments *versus* what is spent at sub-national levels (e.g. regional and/or local).

Please provide the most recent data for public spending for national and sub-national levels of government. Please note that “fiscal transfers” between levels of government should be netted out in order to avoid double-counting. Please also note that the question focuses on direct public spending on ECEC services, excluding cash benefits or tax credits.

Year _____	Early childcare		Pre-primary education		Integrated system	
	Total amount (million HUF)	% of GDP	Total amount (million HUF)	% of GDP	Total amount (local currency)	% of GDP
National/Federal			<b>7 600</b>	<b>0.03</b>		
State/Provincial/ Regional						
Local/Municipal	<b>27 852</b>	<b>0.11</b>	<b>165 686*</b>	<b>0.65</b>		

Source(s): **\_ For Early Childcare: Central Statistical Office data, 2009**

**For pre-primary education: UOE data for 2007**

Known data limitations: **\_ \* Within this amount 78 121 million HUF is transferred from the central government budget for kindergarten services on a normative basis.**

### 1.2.3 What is covered by public spending?

This question aims to understand what the public money is specifically spent on. Please indicate the estimated share, as a percentage of total ECEC public spending, for each category in the table below. The total should add up to 100%.

Service category	% of total public expenditure on		
	Early childcare	Pre-primary education	Integrated system
Infrastructure	<b>5.1</b>	<b>8.5*</b>	
Workforce supply (e.g. salaries, recruitment etc.)	<b>70.2</b>	<b>81.3</b>	
Workforce development (e.g. in-service training, support services for staff, etc.)		<b>X</b>	
Curriculum and pedagogical materials		<b>X</b>	
Ancillary services (transport, meals, etc.)		<b>10.2</b>	
Research on ECEC		<b>X</b>	
Others, please specify <b>Other than salaries current expenditure</b>	<b>23.2</b>	(included in the infrastructure figure)	
Total	100%	100%	100%

Source(s): **\_ For Early Childcare: Central Statistical Office**

**For pre-primary education: UOE data for 2007**

Known data limitations: **\_Pre-primary data here refer to public institutions only. Data for salaries and ancillary services are calculated from UOE figures (X6:G1 and G5b:G1). Data for infrastructure\* is simply calculated by subtracting the former two from 100%. Other items (X) are financed by different public sources which are reported not in the Pre-primary column but probably in the Not allocated column in the Finance 1 table of UOE.**

### 1.3 *Private spending on ECEC services*

This question aims to give a comprehensive picture of private spending relative to public spending, covering both childcare services and early education, which has long been wished for by many countries. The UOE (UNESCO-UIS/OECD/EUROSTAT) has attempted to answer this question with regard to early education (\* in shaded cells) and is in the process of updating the data (See Annex C).

In order to complement what is already known from the UOE data, please provide in the table below figures on private spending for early childcare (please indicate the year the data is from).

If your country has an integrated system, please provide the figures, which have not been asked by the UOE data collection process.

		Total spent, in local currency: million HUF		
		Early childcare	Pre-primary education	Integrated system
Private sources	Household expenditure	m	*	
	Expenditure of other private entities	m	*	
	All private sources	m	* 12 063	
Private: of which subsidised		m	*	
Others, please specify				

Source(s): **\_ For pre-primary education: UOE data for 2007**

Known data limitations: **\_ The figure in the ‘Pre-primary education’ column refers to public institutions only. Private sources are estimated by the income (revenue) of public pre-primary institutions. We do not have the breakdown between households and other private entities. However, the main private source comes from parents for meals in the kindergarten. We do not know the private sources of private institutions.**

### 1.4 *Issues on data collection*

Some network members have expressed their concern that data on ECEC in general are collected based on availability rather than policy needs.

1.4.1 What are the most critical gaps in national data and international comparisons?

**The most critical gaps in our national data set for pre-primary education:**

- **We do not know the private sources of private institutions.**
- **Private sources of public institutions are estimated by their income (revenue) without having the breakdown between households and other private entities.**

**Detailed financial data would be useful for the early childcare sector, too.**

1.4.2 Bearing in mind the possible quality limitations of comparative data, what internationally comparable data on financing ECEC would be most relevant for policy making in your country?

**All that is asked for in this questionnaire would be relevant and important.**

1.4.3 Where quantitative data is not available, what kind of qualitative information – at a national and international level – on financing ECEC would be most useful for policy making in your country?

1.4.4 What are the biggest challenges in collecting data on financial aspects of ECEC services in your country (e.g. low policy priority, jurisdictional, lack of resources and capacity, fragmentation of ECEC services, lack of agreed common definitions of ECEC services within a country, etc.)?

**For the early childcare sector the biggest challenge is to ensure aggregated data and integrated budget figures.**

1.4.5 If you have taken some actions to improve data on financial aspects or ECEC in general, please describe your country experience.

**Actions are being taken to collect information on the private sources of private pre-primary institutions. (Experiences will be available later on.)**

## **Part II. Why invest in ECEC? Research on benefits of ECEC**

This section aims to gather updated information on existing research from network member countries relating to ECEC participation and children's outcomes.

Please provide details of research NOT already included in *Starting Strong II*, which you do not need to duplicate. List relevant references and attach corresponding documents if available. If articles/reports are not in English or French, please provide abstracts in English or French.

**Policy background documents:**

- **Green Book for the Renewal of Public Education in Hungary, ECOSTAT, Budapest, 2008. Chapter 1 "Encouraging early child development" page 39-59 (<http://www.econ.core.hu/file/download/greenbook/titlepages.pdf>, and can be sent as attachment)**
- **Wings and Weights, Proposals for rebuilding the education system of Hungary ..., 'Committee of Wise Men' Foundation, 2009. See: [http://bolcsektanacs.solyomlaszlo.hu/Wings\\_and\\_Weights.pdf](http://bolcsektanacs.solyomlaszlo.hu/Wings_and_Weights.pdf), pages 46-48 and 99-100**

2.1 What research has been carried out in your own country on:

- Net benefits to children, parents and society of public and private investment in ECEC
- Net benefits or evaluations of specific ECEC programmes or initiatives

2.2 What research has been carried out in your country on the relative benefits of public ECEC investment to increase accessibility (*i.e.* children's enrolment) *versus* increasing quality of services (*e.g.* raising staff qualifications, improving staff/ child ratio, etc.)?

## **Part III. Financing mechanisms and funding strategies**

This section aims to elicit:

1. information on overall policy contexts and trade-offs between different policy alternatives;
2. where resources on ECEC come from;
3. how the resources are managed; and
4. other policy issues.

### **3.1 Overall policy contexts**

#### **3.1.1 Policy objectives**

*Starting Strong II* identified 5 main policy objectives for public investment in ECEC:

1. Responding to the rise of the service economy and the influx of women into salaried employment;
2. Reconciling work and family responsibilities in a manner more equitable for women;
3. Managing demographic challenges: falling fertility and continuing immigration;
4. Acting against child poverty and educational disadvantage; Parliamentary decision on a National Strategy 2007-2032
5. Early childhood education and care as a public good.

Please indicate which of the above can explain the current policy objectives, underpinning your country's public investment in ECEC. If there has been a shift of policy focus in recent years, please describe how policy thinking has evolved.

### 3.1.2 Political debate – balance between parental leave benefits and childcare services

Countries often look to find a balance between encouraging parents with young children to stay home to care for their children and encouraging parents, especially mothers, to maintain an attachment to the labour market by providing ECEC services. Policy instruments – which can be used in combination – include:

- Paying parents through “parental leave”, “child-rearing leave” with low flat-rate payment, etc.
- Giving universal child/ family allowances;
- Giving targeted child/ family allowances by income level,
- Giving targeted child/ family allowances by work status, etc.

Regarding public investment in childcare services *versus* parental leave benefits, what are the current challenges and trade-offs in your country? Are these underpinned by specific policy objectives? **Long parental leave with benefits, not enough childcare services, not enough jobs.**

### 3.2 Main sources of financing ECEC – where do resources come from?

#### 3.2.1 Various sources

This question aims to give a fuller picture of the main sources of financing ECEC services in your country to complement your responses in questions under 1.1.2 and 1.3. Six major sources of financial resources have been identified in past research:

1. governments (See question 3.2.2);
2. parents; only for the cost of meals
3. for-profit providers,
4. ECEC as business communities;
5. social organisations, and
6. international organisations EU funds for building and renovating centres

Please indicate which of the above is applicable in your country and describe challenges and advantages associated with the current financing mechanism. Feel free to answer separately for the childcare and early education sectors if more appropriate in countries with the “split systems”. [Maximum 200 words]

#### 3.2.2 Sources from governments

This question aims to identify what kind of public revenue sources are allocated to ECEC services at different levels of governments. Please complete the table below, indicating “x” in the columns applicable in your country.

Types of public finance	Federal/ national	State/ province/ region	Local/ municipal
General tax revenues	x		x
Ear-marked tax revenues for ECEC sector			
Earmarked tax revenues for specific ECEC programmes, type of services or categories of expenditure			
Transfers from other levels of government as part of general block grants			x
Transfers from other levels of government as block grants to ECEC sector			x
Transfers from other levels of government earmarked for specific ECEC programmes, type of services or categories of expenditure			x

Source(s): \_\_\_\_\_

Known data limitations: \_\_\_\_\_

### 3.3 Funding strategy – how to manage financial resources for ECEC

#### 3.3.1 Strategies to increase public spending on ECEC

Has there been an increase in public spending on ECEC services since 2005? If yes, how much increase? What were the driving forces in making a case for increased spending on ECEC? Feel free to answer

separately for the childcare and early education sectors if more appropriate in countries with the “split systems”.

**EU funds used for building new childcare centres has increased the number of public childcare places and spending.**

**There was only a modest increase in spending on public kindergarten services between 2005 and 2009. The total spending on public kindergarten services increased by 6.5%. The spending per student increased by 7.6%. The consumer price index for these years was 24.1%.**

Please share your country experience such as:

- where the increased resources came from; **EU funds**
- strategies or research evidence that helped the argument for the increase; **EU Employment Strategy and Barcelona targets**
- challenges associated with the increase and policy lessons you have learnt in tackling them;
- key political debates among politicians, general public, and the media of the time; **Keep long parental leave or not**
- how the increased budget was spent (e.g. to build more childcare places, increase the number of staff, increase staff salaries, increase participation of low-income families, etc.); etc. **To build more childcare places.**

### 3.3.2 Distribution of public resources to the providers (supply-side subsidies)

Past research categorises supply-side subsidies broadly into two types:

1. government-run and subsidised non-profit private ECEC services; and
2. subsidies to for-profit private providers.

Please fill in the table below with relevant information. Examples are provided in Annex E. Where information is missing, please enter “m”. If your country has the “split system” for childcare and early education sectors, please prepare separate tables; one table for childcare and another for early education.

	Government-run and subsidised non-profit private ECEC services	Subsidies to for-profit private providers	Others (Specify)
Name/ type of scheme	<i>bölcsöde (childcare center)</i>		
Duration of programme <sup>1</sup> - hours per day, days per week, hours per year	<i>full day (12 hours) 5 days a week</i>		
Purpose of subsidies	<i>to increase access</i>		
Universal or targeted (if targeted, specify conditions or eligibility)	<i>universal</i>		
Parents' share (e.g. %, free, set ceiling, etc.)	<i>free (parents pay for the meals only)</i>		
Annual costs of programme per child/family (in local currency, year)	<i>1300000-1500000 HUF (in 2009)</i>		

	Government-run and subsidised non-profit private ECEC services	Subsidies to for-profit private providers	Others (Specify)
Name/ type of scheme	<i>Óvoda (kindergarten)</i>		
Duration of programme <sup>1</sup> - hours per day, days per week, hours per year	<i>Full-day 5 days per week</i>		
Purpose of subsidies	<i>Ensure equity and quality of services</i>		
Universal or targeted (if targeted, specify conditions or eligibility)	<i>universal</i>		
Parents' share (e.g. %, free, set ceiling, etc.)	<i>free (parents pay for the meals only)</i>		
Annual costs of programme per child/family (in local currency, year)	<i>608570 HUF (in 2009)*</i>		

Source(s): *\* Statistical Yearbook of Education 2009/2010 (draft)*

Known data limitations: \_\_\_\_\_

1. Please provide all three measurements, if available.

### **3.4 Other policy issues**

*Market mechanisms to widen access to, and ensure quality of, ECEC services*

3.4.1 How are ECEC services regulated by public authorities? Please detail minimum quality standards. How are these statutory quality standards set? Who polices them and how? How is the quality (e.g. curriculum, staff qualifications, staff-child ratio, space, etc.) of individual services communicated to parents? **All childcare services are regulated by legislation regardless of their legal status. Legislation sets minimum criteria, quality assurance, and names the agencies for carrying out inspections, and describes the relationship and communication with parents.**

**Providing kindergarten services is a legally obligatory task for local governments for children from the age of 3. For parents it is compulsory to send their child to attend pre-primary education from the age of 5. Local governments can provide services by maintaining own institutions, by taking part in associations of municipalities or by contracting with private maintainers. The National Basic Programme of Kindergarten Education is legally binding for all types of maintainers. On this basis individual kindergartens have to create or adapt their own Local Education Programmes (LEPs). LEPs have to be scrutinised by an expert and then approved by the maintainer. Minimum quality standards like compulsory qualification from kindergarten teachers' training college (higher education diploma) and the space and room requirements are regulated by law. Conformity with the statutory quality standards is policed primarily by local governments. They can rely on local pedagogical services but professional inspectorate was abolished many years ago. The LEP is accessible for parents. Parents' forum works in every kindergarten. The quality of services is communicated to parents by several means like parents' and teachers' meetings, wall newspapers, website, family programs and open days.**

3.4.2 Are the for-profit providers eligible for public funding in your country? If yes, besides the financial incentives, what other incentives do you give to stimulate them to provide more and better ECEC services (e.g. regulation or deregulation on the minimum standards)? **Public earmarked funding is available to service providers but its amount is tied to the legal status of providers. Whereas public and nonprofit providers can access 100% of the amount of earmarked funding per child, for profit institutions can access only 30%.**

3.4.3 If your country has any case studies of a provider failure, inspectorate reports, and/or research on low quality of the private ECEC services, please list references and attach relevant documents, if available.  
**No.**

*Financial crisis and ECEC*

3.4.4 Please share your country experience with an increase/ decrease on the budget on ECEC services as a result of, or in response to, the economic crisis. Was there a budget cut on ECEC as a result of the crisis; if yes, how much? Has ECEC been included in the stimulus package; if yes, what was the rationale/policy thinking behind the decision? **As a result of the economic crisis, and the following budgetary restrains, municipalities (which are responsible for childcare and education provision) have smaller budgets and less flexibility to find funding solutions to provide services according to the needs.**