

The Education Policy Autonomy of Lithuanian Local Authorities

Executive Summary

Thanks to the financial support and advising of CERGE-EI and the dedication of a team of research assistants at Vilnius University I feel that much has been achieved during the execution of this project. The primary aim was to better describe the extent of local authority decision-making power over education policy, particularly general schools. This research was undertaken during the first stage of implementation of a new school finance framework in Lithuania and so it was clear from the beginning that understanding the impact of that reform would be central to the project.

Much information has been gathered during the course of this project and the task of sorting it all out can even appear overwhelming. It is clear that the project has opened up a very rich seam of research issues and I shall be able to use the information gathered to write a number of papers. I will here summarise the main work done during the course of the project:

1. Analysis of the legal structure of school finance in Lithuania.
2. Analysis of the school open/close and teacher hiring decisions.
3. Review of the reports and long range plans of the Lithuanian Ministry of Education and National Audit Office.
4. Analysis of the stability of the institutional environment in the educational sphere.
5. Analysis of the constraints on reallocation of funds between the pupil basket grant allocations and for non-basket purposes.
6. Analysis of the role of schools established by national bodies.
7. Analysis of the calculation of pupil basket grants.
8. Survey of municipalities.
9. Analysis of the addition of own-funds to the pupil basket by municipalities.
10. Analysis of decentralization from municipality to school.
11. Analysis of the augmentation of pupil-basket grants compared to the formula.
12. Case studies of the two largest cities' reactions to the pupil basket reform.
13. Excellent working relationship established with the Ministry of Education.
14. A forum of municipal education department directors, NGOs and other involved institutions held at the Ministry of Education in which I discussed the results of the project.

Points 1-12 above are each documented in separate reports detailing the findings of the research on these issues. Overall I can conclude that there is now a much clearer picture of the

extent of municipal decision-making power over general education, although this is clearly an evolving issue in Lithuania.

Many new issues were raised as the research progressed, as was expected. For the first formal paper I decided to focus on what is naturally of first concern to municipalities; their revenue. As the pupil-basket reform did not succeed in establishing a transparent and systematic procedure for allocating revenue to the local authorities I looked in detail at how the allocations were made in 2003. This article, “A Public Choice Model of Grant Allocation Under Conditions of Systemic Transition in School Finance”, is submitted to the *Journal of Public Finance and Public Choice* for publication.

I am particularly pleased that the project has resulted in good cooperation with both many of the municipalities and with the Education Ministry. This has already resulted in greater access to data and information on reforms but I hope it will also lead in time to some policy impact from this research.

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