

FINANCIAL MANAGEMENT OF PRIMARY EDUCATION INSTITUTIONS IN TURKEY

RESEARCH BRIEF

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As of 2011-2012, public primary education institutions hosted 65 % of all students in formal K-12 education. In recent years, Turkey has achieved an impressive increase in participation rates in primary education, increasing the net enrollment ratio from 90 % in 2003 to 98 % in 2011. Nonetheless, financing of public primary education institutions remained a challenge. In order to shed light on the causes and effects of this challenge and provide policy recommendations, the Ministry of National Education of Turkey, UNICEF Turkey and Education Reform Initiative have undertaken a collaborative study. This research aims to provide a comprehensive picture about the financial management of primary education institutions, and employs a methodology that includes reviews of the relevant legislation and expenditure data, interviews with a wide range of bureaucrats, interviews with different stakeholders and parent surveys in 15 schools across Turkey.



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The **Financial Management of Primary Education Institutions in Turkey** Research was undertaken in the framework of the Program Cooperation Agreement between UNICEF Turkey and the Education Reform Initiative, and in collaboration with the Directorate-General of Basic Education at the Ministry of National Education. The collaboration of these three institutions encompasses three research projects on the determinants of absenteeism in primary education, the transition from primary to secondary education and financial management of primary education institutions.

The findings and opinions expressed in this publication are solely based on authors' perspectives and do not necessarily reflect the official views of MoNE, UNICEF and ERI.

RESEARCH OBJECTIVES

The most critical and basic reason for the unique importance of financing primary education is that primary education is a universal right to which all persons should have equal access, as emphasized in Article 26 of the Universal Declaration of Human Rights Convention on Human Rights and Article 28 of the UN Convention on the Rights of the Child. Right to free primary education is also guaranteed by other international covenants ratified by Turkey and the Constitution of the Republic of Turkey.

Primary education also has crucial benefits for societies. These benefits fall under three interconnected themes. First, education is an investment in human resources and educated human resources are the essential determinant of greater economic efficiency. Second group of benefits concern the positive effect that basic education yields in reducing social conflicts and boosting social wealth. Lastly, education can facilitate positive social change. Investments made to primary education not only have economic and social returns but they are also positively related to democratization processes.

In order to be able to devise policies to improve the current situation in Turkey, it would be inadequate to analyze only the policies of the central government or the consequences of these policies in schools. There is a need for comprehensive studies that approach the financing system as a whole. Therefore, this study carries out an in-depth inquiry of the financing of primary education, at both micro and macro levels, through a two-dimensional analysis.

At the macro level, the research aims to answer the following questions:

- What is the role of the public sector in financing primary education and how is this role split between different institutions according to existing regulations?
- How does the division of responsibilities among public institutions work in practice?

At the micro level, the following questions are asked:

- How is the process of raising private contributions (cash and in-kind) implemented in primary schools?
- How is the process of spending revenues (cash and in-kind) from private sources implemented in primary schools?
- How do stakeholders perceive financing practices?
- What do stakeholders think and recommend about improving primary education financing?

RESEARCH METHODOLOGY

Relevant legislation was analyzed as part of the macro-level analysis. The income transferred from different public sources for primary education services, the amount of the transfers and what they are used for are examined using the most recent quantitative data. The study also included qualitative data collection through semi-structured interviews with officials from the central government and local authorities in Ankara, İstanbul, Şanlıurfa and Karaman. Thus, it was made possible to collect in-depth data on the implementation aspect of the financing system and to reveal key stakeholders' perceptions.

In order to answer the micro-level questions, structured interviews were conducted with management cadres in schools, teachers, parents, students and leaders of parent-teacher associations (PTAs) in 15 different primary schools in İstanbul, Şanlıurfa and Karaman. In addition, a survey of 11 questions was given to 1306 parents. The research used the content analysis method for qualitative data and SPSS for quantitative data.

The study investigated the financing system at both policy and implementation levels, and evaluated the process as a whole. This perspective will enable policy makers to adopt a broader perspective while formulating policies and strategies. A review of the existing literature reveals that there is no other research that carries out an equally comprehensive analysis of the financial management of primary education institutions in Turkey, thus this study fills a critical gap in the literature.

An issue that is often highlighted as one of the reasons for the failure of education reform efforts in Turkey is policy makers' limited knowledge as regards implementation processes. The research design has taken this factor into consideration and carried out an in-depth analysis of the implementation aspect.

MACRO-LEVEL ANALYSIS: INSTITUTIONS INVOLVED IN FINANCING PRIMARY EDUCATION

In light of the relevant legislation, data analysis and interviews with key players, the main characteristics of the financing mechanisms in Turkey's primary education system are as follows:

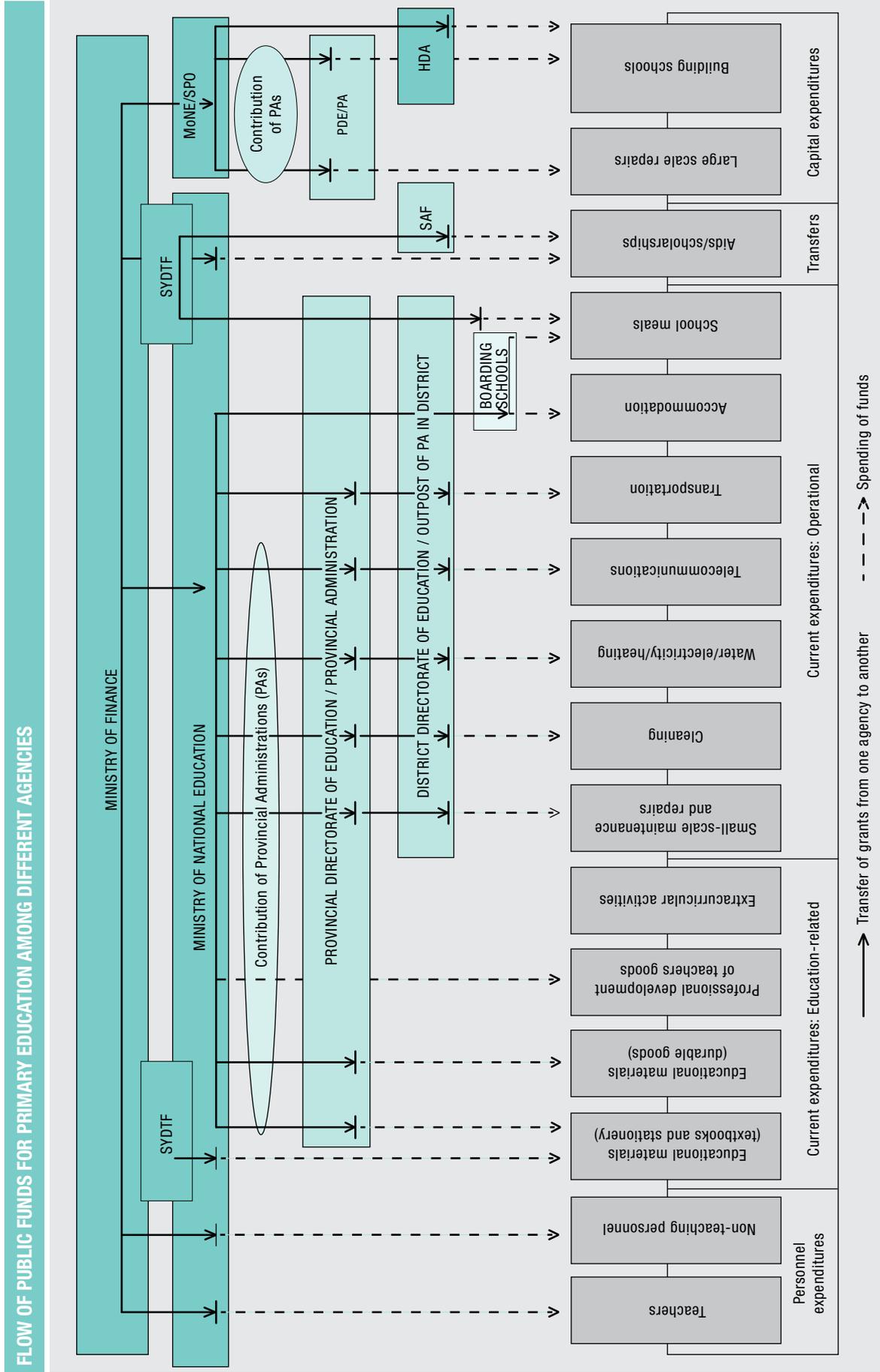
- Private sources play an important role in for primary education spending. Based on the Turkish Statistical Institute's 2002 Survey on Education Expenditures, private resources make up 35 % of the revenues allocated to primary education.
- Both central and local governments make expenditures for primary education services. In 2009, the public sector spent a total of 17.8 billion TL (2010 prices) for primary education. Approximately 497 million TL of this spending has come from local government revenues.
- Teachers are directly hired by the Ministry of National Education (MoNE, central government) and the salary and social security payments of teachers and other personnel in schools are undertaken directly by the central government, without any interference by local governments or provincial MoNE offices. The largest spending item for the public sector is personnel costs (including insurance premiums). In 2009, these costs constituted 88 % of MoNE's total spending for primary schools.
- The grants for non-personnel current expenditures of public primary schools (excluding the regional boarding schools) are transferred by MoNE to provincial administrations of all 81 provinces. Provincial administrations in Turkey are constitutionally established local authorities with elected councils, yet the governors who are responsible for executing the decisions made by the elected councils are appointed by the central government in Ankara. The grants received by provincial administrations from MoNE for non-personnel current expenditures of schools are mainly used to pay for water, electricity, heating and telecommunication bills. Provincial administrations directly make these payments without transferring any funds to schools. The grants transferred by MoNE also include funds for material and equipment purchases, small-scale maintenance and repairs. However, the schools visited for this study reported that they rarely receive such goods or services from provincial administrations. Provincial administration bureaucrats that were interviewed openly stated that undertaking current expenditures of public schools increased their workload and they perceive it as an unnecessary burden. Unlike provincial education directorates, which are MoNE's provincial outposts, they do not see themselves as the "owners" of public schools. Therefore, they do not follow spending decisions on the funds transferred from MoNE, without written requests to the governor by provincial education directorates. As a result, the execution of spending decisions becomes quite complicated.

- The central government has significant authority in deciding how public funds will be spent. The budgets to be spent by the provincial authorities are defined in detail and sent to the provinces earmarked.
- When spending by the central government is calculated per student, it becomes clear that it is not equitably distributed among provinces. A closer look at expenditures made by the central government on the purchase of equipment and services per student shows that the average spending in 2009 was 39 TL, but it varied from 17 TL in İstanbul and up to 165 TL in Tunceli (in 2010 prices). Tools such as a strategic planning or performance programs are not used effectively by either the central government or the local authorities during decision-making processes on the level and distribution of budgets.
- The grants for investment expenditures, mostly used for school buildings, are also transferred by MoNE to provincial administrations. Allocation decisions for investment grants from MoNE to provinces are legally based on the proposals collected from provincial education directorates, however the decisions are mostly made through bargaining behind closed doors, in which MPs may also be involved.
- Provincial administrations seem more comfortable when it comes to spending decisions for the investment expenditure grants. In line with the Law on Primary Education they have to allocate 20 % of their own budget to primary education. Provincial administration bureaucrats stated that they mostly use their own funds for investment expenditures.
- The Social Assistance and Solidarity Fund (SYDTF) is another important source of public funds for primary education, because it mainly provides scholarships and direct aid to students. Among the programs covered through the funds of SYDTF are conditional cash transfers and the aid for educational materials.
- These programs are executed by Social Assistance Foundations established in all provinces and districts of Turkey. SYDTF also supplies the funds to the central organization of MoNE, through which MoNE purchases and distributes textbooks for each public primary school student in Turkey.

PUBLIC SPENDING FOR PRIMARY EDUCATION AND GENERAL EDUCATION SERVICES, 2006-2010 (TL, 2010 PRICES)			2006	2007	2008	2009	2010
Public expenditure for primary education	Central government resources	Personnel costs	9,813,410,494	10,961,316,334	11,297,061,742	12,567,161,603	13,018,929,485
		Social security costs	1,198,845,963	1,322,638,452	1,346,919,327	1,473,798,839	2,242,980,638
		Treatment and funeral costs	615,759,236	698,612,888	573,127,110	677,117,134	163,123,864
		Real costs	337,826,159	340,748,546	345,494,030	395,775,131	731,996,701
		Grants transferred by MoNE to boarding schools	250,188,746	260,522,426	225,111,518	204,563,015	224,922,110
		Transportation costs	424,803,793	429,298,332	435,171,442	497,869,992	488,000,000
		Capital costs	748,174,229	847,936,570	580,460,744	469,342,540	537,800,745
		Capital expenditure transfers	-	-	28,403,318	83,197,165	150,000,000
		Scholarships	39,180,461	47,409,889	49,299,860	66,221,428	75,169,590
	Other	48,790,459	51,979,670	69,457,453	71,670,339	87,676,201	
	SYDTF resources	Education material assistance	54,062,434	71,254,674	87,394,191	157,195,656	73,685,224
		School meals	195,165,388	193,405,544	180,247,455	184,762,535	180,500,000
		Conditional cash transfers	259,792,391	228,480,041	264,166,252	298,262,561	213,690,152
Textbooks		243,336,994	257,012,640	239,869,545	201,474,019	210,161,602	
Local government resources	PAs' and municipalities' Expenditures undertaken by PAs and municipalities resources	261,701,761	314,424,599	399,333,808	496,849,092	399,933,554	
Total public expenditures for primary education			14,491,038,510	16,025,040,606	16,121,517,795	17,845,261,049	18,798,569,865
Total public expenditures for primary education (as % of GDP)			1.41 %	1.49 %	1.49 %	1.73 %	1.70 %
Public expenditure for education	Central government resources	30,031,355,082	32,727,569,243	34,631,406,292	38,638,411,226	41,477,577,334	
	SYDTF resources	945,949,089	886,944,280	918,921,933	1,070,644,004	889,857,645	
	Local government resources	738,894,649	938,082,407	992,632,535	1,352,748,030	1,229,616,554	
Total public expenditure for education			31,716,198,820	34,552,595,929	36,542,960,761	41,061,803,260	43,597,051,532
Total public expenditure for education (as % of GDP)			3.09 %	3.22 %	3.39 %	3.98 %	3.95 %
Per student public expenditure in primary education			1,363	1,480	1,486	1,666	1,687

Sources: Authors' calculations based on Bulletins of Public Accounts available online at the website of Ministry of Finance Directorate General of Public Accounts; Database on Expenditures of Ministry of National Education, 2005-2009 (shared with ERI); Expenditures of MoNE in 2010; Annual Report of Directorate General of Social Assistance 2010; Presentation of the Minister of National Education on 2012 Budget.

Abbreviations: MoNE: Ministry of National Education; SYDTF: Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu [The Social Assistance and Solidarity Fund]; PA: Provincial Administration; HDA: Housing Development Agency; SPO: State Planning Organization; SAF: Social Assistance Foundation; PDE: Provincial Directorate of Education.



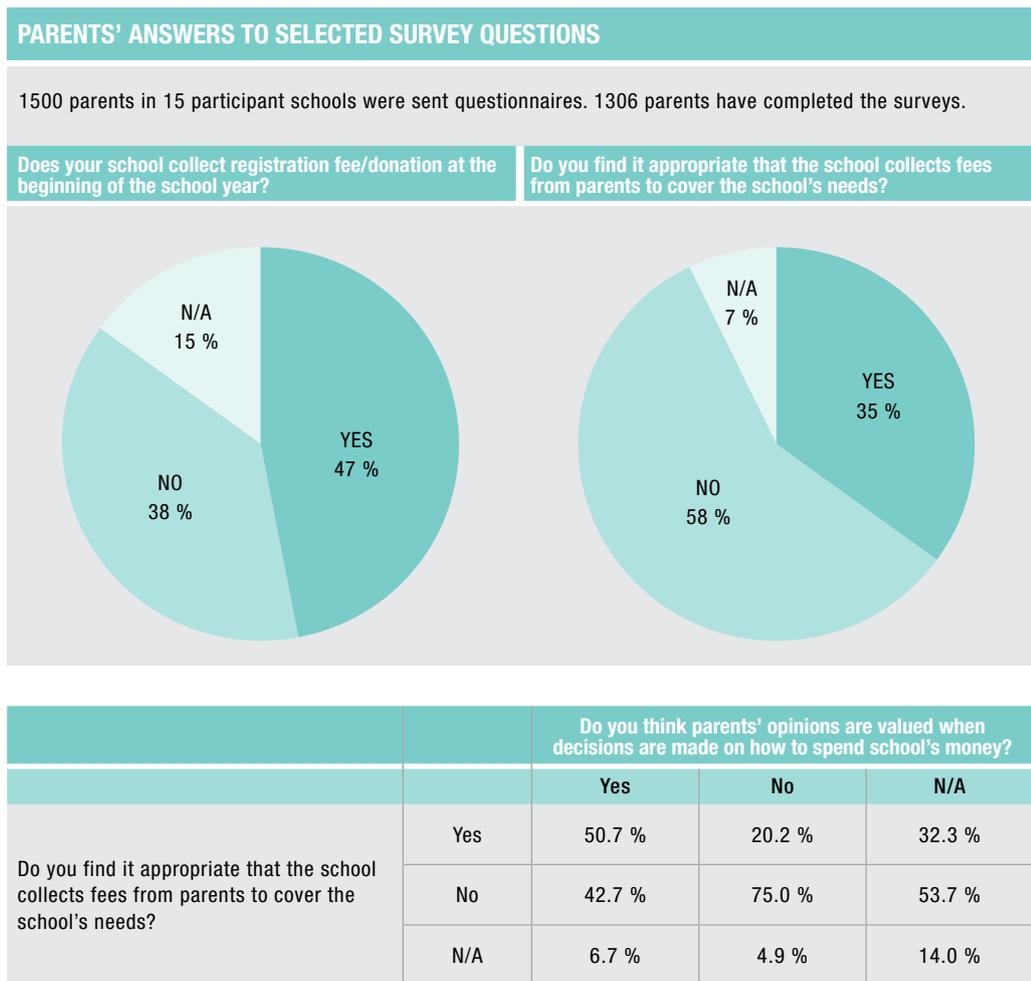
Sources: Authors' findings based on review of legislation and interviews with bureaucrats in public agencies of central and local government. Arrows with dashed line symbolize spending of funds whereas arrows with flat line symbolize transfer of grants from one agency to another.

MICRO-LEVEL ANALYSIS: DYNAMICS OF EDUCATION FINANCING AT SCHOOLS

The school-level findings of the research can be summed up as follows:

- Public resources are inadequate to meet the basic needs of primary schools. Thus, school managements try to collect in-kind and cash contributions from parents both during the registration period and throughout the academic year. The aid is collected under the name of “donations”, however it has become almost compulsory in practice. While raising this kind of revenue, serious difficulties arise for educators, students and parents, especially in schools with lower socioeconomic standing. Sums raised through cash donations and renting out school facilities differ dramatically across schools of lower and higher socioeconomic standing. For instance, one of the schools visited during fieldwork could spend 307 TL per student for the 2010-2011 academic year with the revenues it raised on its own, whereas another had spent 11 TL. This discrepancy is even more striking when one considers that in Turkey, per student public spending was 1,666 TL in 2009 (in 2010 prices).
- Civil society organizations, a variety of local associations and national organizations provide resources to schools. However, it is difficult for such organizations to develop a holistic perspective on the primary education system. Therefore, the aid does not necessarily go to the schools that need it the most, but rather to schools that are close to the donor organization’s vision. Furthermore, collecting donations from such external sources depends on the ability and initiative of school communities.
- PTAs do not function as intended, especially in schools with low socioeconomic standing where difficulties are encountered in establishing PTA executive committees. PTAs in general, in all socioeconomic categories, remain passive when spending decisions are taken. Headmasters have the final say in spending decisions.
- Schools of lower socioeconomic standing are still unable to spend the amount necessary to meet the basic needs of cleaning and repairs or maintenance work. The number of cleaning staff financed by the provincial administrations is inadequate and criteria used to send cleaning personnel to schools are unclear.
- Provincial administrations that are unable to grasp the needs of schools as a whole play a critical role in their financial management. According to key stakeholders, the high level of bureaucratization is not accompanied by tangible benefits at the school level.
- Provincial/district education directorates do not respond in time to the repair and maintenance demands reported by schools. Furthermore, how the directorates prioritize and fulfill such demands is not transparent.

- Municipalities often undertake the maintenance and repair works of school gardens. However, significant regional discrepancies exist as regards the assistance provided to schools by municipalities. Since there is no institutional or official relationship between municipalities and schools, schools use personal contacts to obtain assistance from municipalities. Therefore, the schools that can establish close relations with the municipality have greater opportunities to receive municipality services.
- Village schools cannot benefit from the village budget despite the legislation.
- The strategic plans of schools do not serve their intended aim, schools are unable to plan their budgets in accordance with their strategic aims due to the insufficiency of funds.
- Altogether, there is a consensus among the stakeholders that the financial management of primary education institutions has to be improved. An important finding of the study is the criticism that the existing system is unfair and schools are left alone to face their own fates.



CONCLUSION

To sum up, the amount allocated from the central budget is not adequate, especially for the immediate spending needs of primary schools. Allocation of at least 20 % of provincial authorities' yearly budgets also falls short of solving the problem. The electricity, water, heating, communication, transportation and food costs of the schools are covered in ways that do not cause major problems, however this is not the case for other spending items. The issue is not limited to insufficient resources. Lack of coordination amongst institutions that have a direct role in the distribution of budgets to provinces and districts and their spending, makes implementation difficult and can even result in differences in implementation processes in each province.

In order to meet their basic needs, schools are forced to create their own private sources of income as a result of insufficient funds and challenges in the implementation processes. The unique characteristics of each school determine the amount of private resources they are able to generate. These discrepancies in income sources result in inequality of opportunity and deepen inequalities amongst students.

To conclude, it is necessary to increase the resources allocated to primary education services, and to make the implementation processes more effective. The right to education could be secured only if these steps are taken.

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