|  |  |
| --- | --- |
|  | **Schola Europaea**Office of the Secretary-General |

**Ref.: 2014-02-D-34-en-2**

**Orig.: EN**

**Cost Sharing - the Structural Model**

**BOARD OF GOVERNORS OF THE EUROPEAN SCHOOLS**

Meeting in Sofia (Bulgaria) on 8-10 April 2014

**Structural Model – description, implementation and management**

1. **INTRODUCTION**

At the extraordinary meeting of the Board of Governors of 23 September 2013, the Secretary-General received a mandate to produce a more explicit document on cost sharing, and more particularly the ‘Structural Model’.

The new amended version was circulated to the members of the Board of Governors for comment.  Based on the comments of the members of the Board of Governors the final amendments were made and a finalised version of the document was presented to the members of the Budgetary Committee at the meeting of 5 and 6 November.

The Budgetary Committee discussed the proposal and all the members present at the meeting were able to agree on slightly modified cost sharing principles.

Based on the opinion of the Budgetary Committee, the Secretary-General initiated a written procedure with the members of the Board of Governors in order to ascertain whether the Head of Delegations could agree with the new cost sharing principles. The members of the Board of Governors endorsed the proposal and the cost sharing principles were approved on 19 November by means of Written Procedure No 2013/40.

The Board of Governors mandated the Budgetary Committee to develop the cost sharing mechanism further, based on the principles approved, and hence to prepare detailed proposals. The proposals thus completed would be resubmitted to the Board of Governors at its April 2014 meeting.

In the table below, you will find the basic statistics concerning the number of pupils by nationality and the number of seconded staff members in the European Schools for the 2013-2014 school year. Pupils without EU nationality and pupils of the Munich School are calculated in the grand total, but not in the table, in order to facilitate understanding of the cost sharing statistics.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Nationalities / Member States** | **Pupils with EU nationality enrolled** | **Pupils from a Member State as percentage of EU nationals** | **Seconded staff members in post per Member State in 2013-2014** | **Seconded staff from a Member State as percentage of total** | **Difference between the percentages** |
|
|
| AT | 297 | 1.39% | 17 | 1.27% | -0.13% |
| BE  | 2269 | 10.65% | 207 | 15.44% | 4.79% |
| BG | 308 | 1.45% | 4 | 0.30% | -1.15% |
| CZ | 308 | 1.45% | 15 | 1.12% | -0.33% |
| DK | 559 | 2.62% | 29 | 2.16% | -0.46% |
| DE | 2689 | 12.62% | 197 | 14.69% | 2.07% |
| EE | 225 | 1.06% | 6 | 0.45% | -0.61% |
| IE | 428 | 2.01% | 60 | 4.47% | 2.47% |
| EL | 805 | 3.78% | 38 | 2.83% | -0.94% |
| ES | 1978 | 9.28% | 84 | 6.26% | -3.02% |
| FR | 2747 | 12.89% | 180 | 13.42% | 0.53% |
| HR | 48 | 0.23% | 0 | 0.00% | -0.23% |
| IT\* | 2218 | 10.41% | 84 | 6.26% | -4.14% |
| CY | 33 | 0.15% | 0 | 0.00% | -0.15% |
| LV | 217 | 1.02% | 2 | 0.15% | -0.87% |
| LT | 321 | 1.51% | 8 | 0.60% | -0.91% |
| LU | 204 | 0.96% | 18 | 1.34% | 0.39% |
| HU | 357 | 1.67% | 15 | 1.12% | -0.56% |
| MT | 73 | 0.34% | 5 | 0.37% | 0.03% |
| NL | 909 | 4.26% | 77 | 5.74% | 1.48% |
| PL | 532 | 2.50% | 22 | 1.64% | -0.86% |
| PT | 582 | 2.73% | 31 | 2.31% | -0.42% |
| RO | 293 | 1.37% | 2 | 0.15% | -1.23% |
| SI | 126 | 0.59% | 3 | 0.22% | -0.37% |
| SK | 227 | 1.07% | 4 | 0.30% | -0.77% |
| FI | 593 | 2.78% | 31 | 2.31% | -0.47% |
| SE | 552 | 2.59% | 39 | 2.91% | 0.32% |
| UK | 1416 | 6.64% | 163 | 12.16% | 5.51% |
| **TOTAL** | **21314** | 100.00% | **1341** | **100%** | 0.00% |
| Other | 1032 |  |  |  |  |
| TOTAL | 22346 | \*Proportion of the posts for 2013-2014 still pending |  |
| EU 28 incl. Munich pupils | 23333 |  |  |  |  |
| Other incl. Munich pupils | 1134 |  |  |  |  |
| **GRAND TOTAL** | **24467** |  |  |  |  |

1. **STRUCTURAL MODEL**
2. **Description of the Structural Model**
The Structural Model is based on four main elements:
3. the number of pupils by nationality,
4. the number of seconded staff members by nationality,
5. the language section structure of the system,
6. the average annual national salary costs of seconded staff from each EU Member State.

The target level of seconded staff per Member State will be calculated annually based on these four elements. Member States are encouraged to exceed these target levels on a voluntary basis and second more staff.

Implementation of the structural cost sharing model will be scheduled for the financial years 2015-2019. Member States have five years in which to reach their target level, with the objective of reaching 20% of the target level per year by seconding additional teachers or by making a financial contribution in the form of an average national salary.

Member States’ financial contributions will be collected as revenue in the special fund in the budget of the Office of the Secretary-General. In accordance with Article 4 of the Financial Regulation, the revenue will be used to cover expenditure on the creation of cost sharing seconded posts in the first instance.  The remaining funds will be used to refund, proportionately and incrementally, those Member States which ‘oversubscribe’ in terms of seconded posts, the ultimate aim being to achieve true cost sharing by 2020.

At the December Board of Governors’ meeting, the creation of seconded posts for the next school year will be discussed. The Board of Governors will also decide which of these posts are cost sharing posts, which will be refunded to the seconding Member State using the fund.

The evolution of the cost sharing measures should be monitored annually and the Board of Governors should review the situation in 2020.

In the attached table the European School population without the pupils and seconded staff members of the Munich School is presented. The European School, Munich is excluded from implementation of the Cost Sharing Structural Model on account of its special regime, laid down in the Agreement signed in 1977, according to which the Munich School refunds the national salaries of seconded staff members to the seconding Member States.

1. **Data reliability and management**The Structural Model is transparent, predictable and simple. The model is based on data taken from the database of the European Schools. Implementation of the model does not require any additional data collection. All data are available in the information and accounting system of the European Schools. Only a few variables are used and they can easily be verified. Administrative costs are low in terms of management, reporting and monitoring.
2. **(1) Number of pupils**
Allocation of posts and financial contribution are based on the number (share) of pupils of each Member State.

The number of pupils is recorded on 15 October each year. All pupils with EU nationality are taken into account. All pupils, irrespective of the category (1, 2, or 3), are included. Pupils studying in their own language section or pupils without their own language section in any European School are considered in the same way. Pupils with dual nationality or more are calculated as shares (dual nationality as 0.5+0.5, triple nationality as 0.33+0.33+0.33).

**(2) Number of seconded staff**

The target level of seconded staff per Member State is calculated on the basis of the share of pupils in the European School system.

All types of seconded posts, both teaching and managerial posts, are taken into account when defining the allocation of posts and funding.

Based on pupils’ nationalities and the number of seconded staff members, the target level of seconded staff per Member State can be calculated.

**(3) The language section structure of the system**

Language sections are created and closed by decision of the Board of Governors.

The number of language sections ranges at present between 3 (Bergen) and 9 (Brussels II and Luxembourg I) (see <http://www.eursc.eu/index.php?id=202&l=2>).

The language section structure of the schools is relatively stable and it can be used as a balancing element in the cost sharing calculations.

From the Member States’ point of view, there are three different situations:

1. Member States without language sections
2. Member States with language sections in some Schools
3. Member States with language sections in all or nearly all the Schools

Based on this categorisation, the following balancing multiplying correction coefficient has been introduced:

1. 0.8 for Member States without language sections
2. 1.0 for Member States with language sections in some Schools
3. 1.5 for Member States with languages section in all or nearly all the Schools

**(4) Average annual salary of seconded staff**

Total annual salary costs of seconded staff are used to calculate the average annual salary costs of each Member State. Total salary costs are divided by the average number of seconded posts in the respective financial year.

All salary costs of seconded staff will be taken into account when defining the average annual salary of each Member State. National salaries of teachers from BG, CZ, EE, HR, CY, LV, LT, HU, MT, PL, RO, SI, SK are taken from Eurydice Facts and Figures 2012/2013.

1. **Implementation**Implementation of the structural cost sharing model will be scheduled for the financial years 2015-2019. The Member States have five years to reach their target level, with the objective of reaching 20% of the target level per year by seconding additional teachers or by making a financial contribution in the form of an average national salary.

*For example: A Member State with a shortfall of ten posts in December 2014 would be requested to contribute for the 2015 budget either a sum equivalent to two times national average salary, or otherwise it should second two additional teachers.*

 **(1) Calculation of financial contributions for the 2015-2016 school year**

At the December 2014 Board of Governors’ meeting, each Member State is requested to take a position on the creation of new posts. If the Member State prefers to second teachers, it could indicate this at the meeting. If the Member State prefers to top up its secondment with a financial contribution, it should indicate its wish to that effect at the meeting also, so that the possible revenue can be included in the draft 2016 budget proposal. A Member State can also decide to use both measures at the same time.

**(2) Payment of financial contributions**
The total additional financial contribution for the financial year is 20% from the total annual contribution based on the Structural Model.

The initial contributions for the 2015-2016 school year will be confirmed in December 2014. Contributions will be paid in September 2015 (four months of 2015) and January 2016, hence in two instalments.

Final contributions for the year 2015 will be confirmed in December 2015. Initial contributions for 2015 will be taken into account by balancing the difference between initial and final funding. The difference will be taken into account in defining initial contributions for the year 2016.

**(3) Cost sharing mechanism**

At the December Board of Governors’ meeting, the creation and elimination of seconded posts for the next school year will be discussed.

Member States’ financial contributions will be collected as revenue in the special fund kept in the budget of the Office of the Secretary-General. In accordance with Article 4 of the Financial Regulation, the revenue will be used to cover expenditure on the creation of cost sharing seconded posts in the first instance.  The remaining funds will be used to refund, proportionately and incrementally, those Member States which ‘oversubscribe’ in terms of seconded posts, the ultimate aim being to achieve true cost sharing by 2020.

At the December Board of Governors’ meeting, the creation of seconded posts for the next school year will be discussed. The Board of Governors will also decide which of these posts are cost sharing posts, which will be refunded to the seconding Member State using the fund.

The creation of cost sharing seconded posts is subject to the total amount of revenue collected.

The evolution of the cost sharing measures should be monitored annually and the Board of Governors should review the situation in 2020, or earlier, if the Board of Governors so decides.'

1. **PROPOSAL**

The Board of Governors has already accepted the cost sharing principles through Written Procedure No 2013/40.

The Budgetary Committee is now requested to give its opinion regarding the implementation and management of the cost sharing mechanism as presented in this document.

1. OPINION OF THE BUDGETARY COMMITTEE

The Budgetary Committee failed to reach a consensus on application of the correction coefficient based on language sections.

The Budgetary Committee decided to present two calculation models to the Board of Governors: the one which had already been presented to it in December (updated to take account of new secondments) and the one which had been presented to it on the first day of the meeting.

**NEW SIMULATION FOR 2014-2015 (see next page)**

A new simulation for 2014-2015 has been produced, based on the following factors:

* the number of pupils by nationality remains same as in 2013-2014 (the pupil proportions do not really change so easily), and
* the newly created and discontinued seconded posts for September 2014 have been incorporated.

This table will need to be updated in October 2014, in order to take account of the pupil population in the 2014-2015 school year and the real situation with respect to secondments.

The results are rather promising. Secondments increase from 1341 to 1367, so there are 26 secondments more for September 2014 than for the current school year, despite the fact that the UK will not replace its 20 posts.





**Opinion of the Budgetary Committee (meeting of 5 and 6 November 2013)**

The Budgetary Committee expressed a favourable opinion on the following cost sharing proposal principles:

The ‘Structural Model Table’ should be based on four main elements:

1. the number of pupils by nationality,
2. the number of seconded staff members by nationality,
3. the average annual national salary costs of seconded staff from each EU Member State, and
4. the language section structure of the system.

The target level of seconded staff per Member State will be calculated annually based on these four elements. Member States are free to exceed these target levels on a voluntary basis and second more staff.

Implementation of the structural cost sharing model will be scheduled for the financial years 2015-2019. Member States have five years in which to reach their target level, with the objective of reaching 20% of the target level per year by seconding additional teachers or by making a financial contribution in the form of an average national salary.

Member States’ financial contributions will be collected as revenue in the special fund in the budget of the Office of the Secretary-General. In accordance with Article 4 of the Financial Regulation, the revenue will be used to cover expenditure on the creation of cost sharing seconded posts in the first instance.  The remaining funds will be used to refund, proportionately and incrementally, those Member States which ‘oversubscribe’ in terms of seconded posts, the ultimate aim being to achieve true cost sharing by 2020.

At the December Board of Governors’ meeting, the creation of seconded posts for the next school year will be discussed. The Board of Governors will also decide which of these posts are cost sharing posts, which will be refunded to the seconding Member State using the fund.

The evolution of the cost sharing measures should be monitored annually and the Board of Governors should review the situation in 2020.

**The mandate given by the Board of Governors in December 2013**

**B.2. Cost Sharing – the Structural Model (2013-07-D-18-en-5)**

The Board of Governors had already accepted the principles of cost sharing by means of Written Procedure No 2013/40.

The Board of Governors mandated the Budgetary Committee to develop the cost sharing mechanism further, based on the principles approved, and hence to prepare detailed proposals. The proposals thus completed would be resubmitted to the Board of Governors at its April 2014 meeting.