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

**Ref.: 2013-07-D-18-en-5**

**Orig.: EN**

**Cost Sharing - the Structural Model**

**BOARD OF GOVERNORS**

**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.

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.

The Member States’ comments have been incorporated into this version of the document.

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| **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** | **Seconded staff from a Member State as percentage of total** | **Difference between the percentages** |
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| 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.

The total actual number of seconded staff (without voluntary posts) will be shared between the Member States based on their share of pupils in the European School system. For some Member States the actual number (share) of seconded staff exceeds their share of pupils, for others there is a shortfall in posts compared with their share of pupils in the system. The shortfall in the number of posts of individual Member States compared with their share of pupils and the average annual national salary rates of Member States are used to calculate the total financial contribution which forms the basis for defining the additional financial contribution of those Member States.

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 the Cost Sharing Structural Model implementation 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 data base 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.
**(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. Staff seconded by Member States on a voluntary basis are not taken into account when defining the target level for each Member State.

Based on pupils’ nationalities and the number of seconded staff members, the target level of seconded staff per Member State can be calculated. In this target level definition, staff seconded by Member States on a voluntary basis have not been taken into account. Otherwise the voluntary contribution of some Member States would become a binding contribution for the other Member States, since the overall number of seconded teachers considered would also include ‘voluntary extra secondments’.

For example, CZ:

In the 2013-2014 school year there are 308 CZ pupils (1.4%) pupils and 15 (1.1%) staff members in the European School system. According to the 2009 Cost Sharing decision, the target level for CZ should be 1.4% of seconded staff. In order to calculate what is the right share of seconded staff for each Member State, the total number of seconded posts (N=1341 posts) first needs to be revised. From that the number the posts which have been voluntarily sent by Member States over quota have to be deducted.  The new target level total (N=1105.1 posts) is thus reached. Now the final result for CZ can be calculated: 1.4% share of 1105.1 posts is 16 posts, which is indicated in the ‘Corrected target level 2013/2014’ column of the attached Excel sheet.

**(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 corrector 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. 1.2 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 year 2015**
In December 2013, a decision on the creation of new seconded posts for the 2014-2015 school year will be made. The 2015 budget will be discussed by the Board of Governors at its April 2014 meeting.

At the December 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 2015 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 year 2015 will be confirmed in December 2014. Contributions will be paid in January and in September 2015, thus in two parts.

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.

*For example, it has proved rather difficult to find locally recruited teachers for Anglophone Chemistry posts for Brussels II and Brussels IV. The Board of Governors could decide that if the UK or the Irish delegation will provide seconded Chemistry teachers, the national salaries of those seconded Chemistry teachers will be refunded to the seconding country.*

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.

1. **PROPOSAL**

The Board of Governors has already accepted the cost sharing principles through written procedure WP 2013/40.

The Board of Governors is now re quested to approve the implementation and management of the cost sharing mechanism as presented in this document.



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| Nationalities / Member States | Pupils with EU nationality enrolled | % | Seconded staff in post per Member State | % staff from Member State | Staff share required according to pupils | Seconded staff above the requirement | Seconded staff target level calculation | Corrected target level 2013/2014 | Difference / Balance | Language sections correcting coefficient | Corrected difference/balance |
| No need for explanation | All pupils with EU nationality are taken into account, except the pupils of Munich | % of pupils with each EU nationality, except the pupils of Munich | Staff currently seconded in all European Schools, except Munich, per each nationality to share | % of seconded staff corresponding to each nationality, calculated from the total number of seconded staff with EU nationality | First theoretically calculated number of teachers that each Member State should second: calculation uses total number of teachers seconded as basis and % of pupils | Difference between “Seconded Staff in post per Member State” and “Staff share required according to pupils”, when positive: these numbers represent “voluntary contribution” from some MS | Second theoretically calculated number of teachers that each Member State has seconded: calculation uses total number of teachers seconded by each MS, voluntary contribution deducted | Third theoretically calculated number of teachers that each Member State should second: calculation uses total number of “Seconded staff target level” as basis and % of pupils to shareSo, the total number of seconded teachers, the voluntary contribution deducted, is proportionally (to number of pupils) divided out among MS | Difference between “Staff target level calculation” and “Corrected target level 2013/2014”: this number represents the total number of seconded teachers that the MS should second in order to balance its contribution with the number of pupils with the same nationality | Multiplying corrector coefficient in order to consider countries with no language section, with some language sections, and with language sections in all or nearly all the schools. | Difference between “Staff target level calculation” and “Corrected target level 2013/2014” corrected using the language sections multiplying factor: this number represents the total number of seconded teachers that the MS should second in order to balance its contribution with the number of pupils with the same nationality.  |

**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.