



European
Commission



Education and Training Monitor 2014

Hungary

1. Key indicators and benchmarks

	Hungary		Trend	EU28 average		Europe 2020 target /
	2010	2013		2010	2013	Benchmark
<i>Europe 2020 headline target</i>						
1. Early leavers from education and training (age 18-24)	10.5%	11.8%	▲	13.9%	12.0%	EU target: 10% National target : 10%
2. Tertiary educational attainment (age 30-34)	25.7%	31.9%	▲	33.6%	36.9%	EU target: 40% National target: 30.3%

ET 2020 Benchmarks

3. Early childhood education and care (4-years-old until the starting age of compulsory education)	94.8% ⁰⁹	94.5% ¹²	▼	92.1% ⁰⁹	93.9% ¹²	95%	
4. Basic skills	Reading	17.6% ⁰⁹	19.7% ¹²	▲	19.7% ⁰⁹	17.8% ¹²	15%
Low achievers (15 year-olds; Level 1 or lower in PISA study)	Mathematics	22.3% ⁰⁹	28.1% ¹²	▲	22.3% ⁰⁹	22.1% ¹²	15%
	Science	14.1% ⁰⁹	18.0% ¹²	▲	17.8% ⁰⁹	16.6% ¹²	15%
5. Learning mobility	Initial vocational training (IVET)	1.4%	1.4% ¹²	=	0.6%	0.7% ¹²	
	Higher Education	-	1.0% ¹²	:	-	1.2% ¹²	
		a. Students participating in Leonardo da Vinci programmes as a share of vocational students at ISCED 3	4.0%	4.6% ¹²	▲	6.0%	6.9% ¹²
6. Employment rate of recent graduates (age 20-34) having left education 1-3 years before reference year	ISCED 3-6	74.4%	74.7%	▲	77.4%	75.5%	82%
	ISCED 3-4	65.9%	64.9%	▼	72.1%	69.5%	
	ISCED 5-6	82.8%	85.6%	▲	82.7%	80.9%	
7. Adult participation in lifelong learning (age 25-64)	2.8%	3.0%	▲	9.1%	10.5% ^b	15%	

Other ET 2020 Indicators

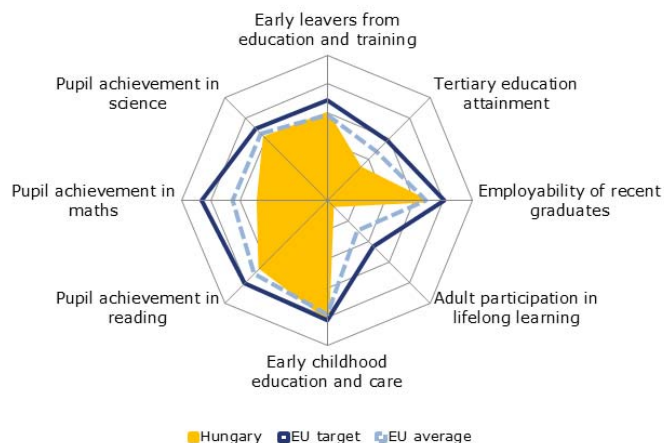
8. Investment in education and training	a. General government expenditure on education (% of GDP)	5.7%	4.8% ¹²	▼	5.5%	5.3% ¹²	
	b. Annual expenditure on public and private educational institutions per pupil/student in € PPS	ISCED 1-2	:	: ¹¹	:	€6,063.74 ^e	€6,297.16 ^{11, e}
		ISCED 3-4	:	: ¹¹	:	€7,022.35 ^e	€6,650.87 ^{11, e}
		ISCED 5-6	:	: ¹¹	:	€9,764.30 ^e	€9,474.80 ^{11, e}
9. Transversal competences	Digital competences	a. Pupils in grade 4 (ISCED 1) using computers at school	42.9% ⁰⁷	78.1% ¹¹	▲	60.7% ⁰⁷	64.7% ¹¹
		b. Individuals aged 16-74 with high computer skills ¹	27.0% ⁰⁹	33.0% ¹²	▲	25.0% ⁰⁹	26.0% ¹²
	Problem solving in technology rich environments	c. Low achievers (no or insuff. computer experience) ²	:	: ¹²	:	:	16.9% ^{12, EU17}
		d. High achievers (PIAAC level 2 and above)	:	: ¹²	:	:	33.2% ^{12, EU13}
	Entrepreneurial competences	e. Individuals aged 18-64 who believe to have the required skills and knowledge to start a business	:	38.0%	:	:	42.3% ^{a, EU18}
	Foreign language skills	f. ISCED 2 students at proficiency level B1 or higher in first foreign language ³	:	: ¹¹	:	:	43.5% ^{11, EU13}
		g. ISCED 2 students learning two or more foreign languages	5.5%	6.0% ¹²	▲	60.6%	63.0% ¹¹
10. Basic skills of adults	Literacy	Low achievers (< PIAAC proficiency level 2)	:	: ¹²	:	:	19.9% ^{12, EU17}
		High achievers (PIAAC proficiency level 3 and >)	:	: ¹²	:	:	43.3% ^{12, EU17}
	Numeracy	Low achievers (< PIAAC proficiency level 2)	:	: ¹²	:	:	23.6% ^{12, EU17}
		High achievers (PIAAC proficiency level 3 and >)	:	: ¹²	:	:	40.9% ^{12, EU17}
11. Skills for future labour market Projected change in employment 2010-2020 in %	High qualification	:	+18.3%	:	:	+12.4%	
	Medium qualification	:	-5.9%	:	:	+2.1%	
	Low qualification	:	-15.5%	:	:	-13.2%	
12. Teachers	a. Teachers aged >50 teaching in public and private at ISCED 2-3 - as % of total teachers teaching in ISCED 2-3 ⁴	31.6%	34.3% ¹²	▲	:	: ¹²	
	b. Percentage of teachers who undertook some professional development activities in the previous 12 months	:	:	:	:	84.6% ^{EU19}	
13. Vocational education and training	Percentage of vocational students at ISCED 3	25.8%	27.3% ¹²	▲	50.1%	50.4% ¹²	

Source: Cedefop: 11 / EAC: 5ab / European Survey on Language Competences (ESLC): 9f / Eurostat (COFOG): 8a / Eurostat (ISS): 9b / Eurostat (LFS): 1, 2, 6, 7 / Eurostat (UOE): 3, 5, 8b, 9g, 12a, 13 / Global Entrepreneurship Monitor: 9e / IEA TIMSS: 9a / OECD (PIAAC): 9cd, 10 / OECD (PISA): 4 / OECD (TALIS): 12b

Notes: ⁰⁷ =2007, ⁰⁸ =2008, ⁰⁹ =2009, ¹⁰ =2010, ¹¹ =2011, ¹² =2012, a= unweighted average, b= break, e= estimate, p= provisional.

¹= having carried out 5-6 specific computer related activities. Caution is advised when interpreting comparability over time, due to developments in the implementation of questions related to computer skills, ²= results cover people who have no computer experience or failed the ICT test, ³= average of skills tested in reading, listening, writing, ⁴= in some Member States, ISCED 3 includes level 4 (CZ, EE, ES, IE, NL, FI, UK), while in others (IT, LU, NL) only public institutions figures are reported.

Figure: Position in relation to highest (outer ring) and lowest performers (centre)



Source: DG Education and Culture calculations, based on data from Eurostat (LFS 2013 and UOE 2012) and OECD (PISA 2012). Note: all scores are set between a maximum (the highest performers visualised by the outer ring) and a minimum (the lowest performers visualised by the centre of the chart).

2. Main challenges

Hungary has reached its national target for tertiary education attainment, an ongoing improvement having been seen over the last ten years. Early childhood education has been made compulsory from age three with the aim of reducing early school leaving. The Hungarian education system still, however, faces significant challenges in all areas of education, and needs to improve the transition from education to the labour market. The tertiary education attainment rate is still far below the European average, and it is important that recent reforms to higher education balance quality and equity. The proportion of students leaving school early has increased, and there is evidence that students' levels of basic skills are declining. The drop-out rate from vocational education is particularly high in disadvantaged areas. Ensuring that students from disadvantaged backgrounds, in particular Roma children, have equal access to high quality, inclusive, mainstream education remains a major challenge. It is essential to monitor the effect of recent reforms introduced to make education more centralised and to strengthen government oversight of the quality, effectiveness and equity of school education. The rate of adult participation in lifelong learning is amongst the lowest in the EU. The challenges faced by Hungary and the recent reforms of its education system must be considered in the context of decreasing government expenditure on education.

The 2014 European Semester country-specific recommendation (CSR)¹ on education and training focused on: (i) implementing a national strategy on early school leaving prevention with a focus on drop-outs from vocational education and training; (ii) putting in place a systematic approach to promote inclusive mainstream education for disadvantaged groups, in particular Roma; (iii) supporting the transition between different stages of education and towards the labour market, and closely monitoring the implementation of the vocational training reform; (iv) implementing a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.

3. Improving resource efficiency and effectiveness

3.1 Investment in education

General government expenditure on education as a percentage of GDP was 4.8% in 2012, a fall of 0.4 percentage points as compared to the previous year.² Public funding for higher education was reduced by 29% between 2008 and 2013,³ but increased by 10% in 2014. In spite of this positive development, higher education remains underfunded.

In January 2013, educational institutions previously owned and run by local municipalities (except preschools) were moved under state maintenance and are now managed directly by the Klebelsberg Institution Management Centre (KLIK) of the Ministry of Human Capacities. As a result, all public budget contributions to education

¹ http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_council_hungary_en.pdf

² Eurostat: general government expenditure by function (according to the OECD's Classification of the functions of government) [gov_a_exp].

³ Source: Hungarian government budget.

services that were allocated to local municipalities (on the basis of the number of pupils) became budget estimates within different parts of the state budget (MHC, M. of the Interior).

The main objective to be achieved with the funding received from the European Social Fund and European Regional Development Fund over the next seven years is to increase investment in human capital and to help people, especially young people, to enter the labour market.⁴ The funds will finance initiatives (i) to improve the quality of education and training systems, in order to ensure that the skills being taught correspond better to labour market demand; (ii) to improve the quality of vocational education and (iii) early childhood education and care; and (iv) projects that help people in difficulty and those from disadvantaged groups of society to integrate into the education system and into society.

3.2 A focus on teachers

Due to the age structure of the teaching population,⁵ there is expected to be increasing demand for qualified teachers in primary and secondary schools. Headteachers report there being a shortage of qualified teachers and/or inadequacies in teachers' competences in particular for maths and science.⁶ The salary of teachers at all levels of education is much lower than (approximately 60% of) the average salary of employees in other sectors holding a university degree⁷.

Teachers' salaries were frozen in 2008 as part of the measures introduced to offset the effects of the economic crisis on public finances. Teachers suffered an additional loss of income as a result of the introduction of a flat personal income tax rate in 2011. In September 2013, teachers received basic salary increase of 35%, to be followed by annual increases of 5% over the coming years. For many teachers, however, this increase is effectively 'cancelled out' by their restructured workload and the removal of certain salary supplements.

Several changes were made to the structure of initial teacher education and a new scholarship targeting future teachers was introduced in 2013, with the aim of ensuring the quality of teaching and improving teachers' proficiency and subject specific knowledge. The main developments were an increase in the duration of and importance attached to practical training, the introduction of an oral aptitude test as part of the admission procedure, and the introduction of an induction period for new teachers. Other significant changes included the gradual evaluation of teachers on the basis of a newly established system for career progression, where various career steps also related to salary grades, the introduction of the inspection system, and the implementation of the rule that teachers have to spend a minimum of 32 hours of their 40-hour working week in school, kindergartens and dormitories. Lastly, the government set up a teachers' chamber, membership of which is mandatory for all teachers working in state and municipality schools. Both trade unions and professional associations have different views on this measure.

4. Increasing employability

4.1 Work-based learning, apprenticeships and adult learning

Participation of upper secondary students in vocational education and training (ISCED level 3) remains well below the EU average (27.3% compared to 50.4% in 2012). Participation in upper secondary (ISCED 3) and post-secondary non-tertiary (ISCED 4) vocational education and training together amount to 35.8%. The employment rate of young people having recently completed upper secondary education⁸ increased by more than three percentage points in 2013 to 64.9%, but is still below the EU average. The youth unemployment rate is above the EU average (27.2% compared to 23.3% in 2013). The drop-out rate in vocational schools remains a challenge particularly high in disadvantaged regions, reaching 30%. Adult participation in lifelong learning is very low in Hungary: 3% compared to an EU average of 10.5% in 2013. There was a small increase of 0.2 percentage points in 2013, attributable to a large-scale one-off training campaign for 100 000 public workers organised on a mandatory basis.

The new law on vocational training came into force in September 2013. The most important changes introduced have been the shift to a 'dual model' of upper secondary vocational education and the reform of the qualification system, which has included reducing the number of vocational qualifications and introducing a new structure of partial and complementary qualifications as well as simplifying the examinations for vocational qualifications.

⁴ See the Partnership Agreement adopted by the Commission on 29 August 2014.

⁵ OECD report *Education at a Glance 2014*.

⁶ http://eacea.ec.europa.eu/education/eurydice/documents/key_data_series/151EN.pdf.

⁷ OECD report *Education at a Glance 2014*.

⁸ People aged 20-34 who left education between one and three years before the reference year.

Vocational education has been shortened to three years; the number of teaching hours devoted to general basic competences (such as maths and reading) was reduced, while training relating directly to the labour market has been given greater importance. Nonetheless, while focusing on training related to the labour market is important in order for students to acquire job-related skills, the reduced curriculum content and the reduction in time devoted to basic competences (such as mathematics and reading) in the shortened school model limits students' chances in terms of further education and future jobs. This is a particular cause of concern for students from disadvantaged backgrounds, who are over-represented in schools offering vocational qualifications. The implementation of the 'dual model' should therefore be closely monitored.⁹

The most important recent policy development in the area of lifelong learning is the implementation of the new law on adult training. Many important implementation measures, for example on career guidance and the recognition of prior learning, that would allow the law to exert its full potential haven't yet however been implemented. A significant increase has been seen in the demand for lifelong learning, but the provision of training is decreasing.¹⁰

Hungary submitted a Youth Guarantee implementation plan in December 2013, an updated version of which was then provided in April 2014. The implementation plan aims to ensure that all 15-24 year olds receive an offer of employment, of a place in further education, of a traineeship or an apprenticeship within four months of registering with the National Employment Service. The plan will not however be fully operational until 2018. A challenge for delivering a Youth Guarantee in Hungary is the improvement of the quality and preventive mechanism in education and training particularly to the very low skilled, including a large share of Roma people.

4.2 Modernising and internationalising higher education

The rate of tertiary education attainment in Hungary is improving and has exceeded the national target rate of 30.3%. It remains, however, below the EU average (31.9% compared to 36.9% in 2013). Labour market demand for young people having completed higher education is high: the employment rate of recent university graduates¹¹ was 85.6% in 2013, compared to an EU average of 80.7%.

The approach to reforming higher education adopted by the government in recent years has mainly focused on achieving quality. Nevertheless, the reduction in the number of state-funded university places, a measure introduced in the 2011 law on higher education, was very controversial. In the academic year 2012/2013, the government reduced the number of fully funded places by 27% (from 53 450 in 2011 and 39 087 in 2012) and increased, more moderately, the number of places 50% funded by the state. This reduction has mainly affected fields of study such as law and economics, with science and technology being better supported. In July 2013, the national rules for setting the number of fully state financed university places changed: to attract the most talented students, the quota system was replaced by minimum score requirements per study programmes (determined by the minister responsible for higher education) that applicants have to achieve and admission also depends on the programme capacities of higher education institutions. In 2013, 57 544 students (74.5 % of all) were admitted to state funded programmes and 56 913 (77% of all¹²) in 2014. The law also stipulated that students who benefit from state funding (referred to as 'state scholarship') must sign a statement in which they commit themselves to being available for the Hungarian labour market for a length of time of equal duration to their study course, commencing upon completion of their studies; if they do not adhere to these terms, they are obliged to pay back the tuition fees ('state scholarship') previously covered by the state.¹³

In the years immediately following the introduction of these reforms, the combined effect of uncertainty around the number of 'state scholarship' university places, the level of self-financing tuition fees, and the declining number of young people in the population, led to a severe drop in the number of university applicants. A total of 106 157 applications were made for the academic year 2014/15, 11 % more than for 2013/2014 (95 447), slightly fewer than for 2012/13 (110616), and a significant fall on the 140954 applications for the year 2011/12.¹⁴ In view of the fact that students from lower socioeconomic backgrounds tend to be more averse to financial risks, the effect of the combined student loan and grant system on the access to higher education of disadvantaged groups needs to continue to be monitored. There are special support measures in place for students from disadvantaged backgrounds (including Roma). At present, only a very small number of students from disadvantaged backgrounds apply for higher education and only one in four completes this level of

⁹ See also Commission Staff Working Document (2014) 418 final.

¹⁰ See additional contextual indicators at: <http://ec.europa.eu/education/monitor>.

¹¹ People aged 20-34 who completed tertiary education between one and three years before the reference year.

¹² http://www.felvi.hu/felveteli/ponthatarok_rangsorok/jelentkezok_es_felvettek/2014A_felvettek

¹³ http://www.infoter.eu/cikk/felsooktatas_2013-tol_uj_allami_tamogatasi_rendszer.

¹⁴ http://www.felvi.hu/felveteli/ponthatarok_rangsorok/friss_statistikak/!FrissStatistikak/friss_statistikak.php?stat=14.

studies.¹⁵ The government has urged higher education institutions to address the issue of students dropping out of courses and encourages students to complete their study programme within a limited timeframe.¹⁶

An important objective in modernising and internationalising higher education is to create vocational training at higher levels. The programmes proposed are at post-secondary level and will be based on regional needs, thus also helping to improve the competitiveness of less-developed regions. Dual pathways' are to be introduced in both higher-level vocational training and at degree (BA/BSc) level. In addition, it is hoped that regional higher education institutions will become drivers for social mobility, by offering programmes that are more easily accessible to applicants from disadvantaged backgrounds. The 2014 country specific recommendation for Hungary indicates that reform of higher education should be designed so as to allow more students to complete tertiary education, particularly students from disadvantaged backgrounds.

4.3 Transversal competences, skills relevance and learning mobility, new ways of teaching and new technologies

The Hungarian population's level of skills in information and communications technology (ICT) is above the EU average, but individuals appear to be less confident than in the EU on average about their entrepreneurship skills. The proportion of students learning two or more foreign languages at ISCED 2 level is the lowest in Europe (6% compared to an EU average of 63%). According to information from Cedefop, employment in high-qualification jobs is forecast to increase faster between 2013 and 2020 in Hungary than in the EU as a whole.

One of the objectives of the action plan for digital literacy is to increase the competitiveness of ICT-intensive sectors in Hungary by training ICT professionals in line with market demand and to high standards. In practice, the policies introduced have mainly focused on the development of IT infrastructure in the education system. In primary schools (grade 4, typically students aged around 9-10), the higher the percentage of students from low-income families, the more online desktop computers tend to be available and vice-versa. There is, however, a significant negative correlation between low income levels and desktop computer provision in vocational schools (grade 11, typically students aged 16-17)¹⁷.

The effectiveness of foreign language teaching, as measured by the number of certificates issued for passing foreign language examinations, is falling, and the same decline in skills in foreign languages is observed in the whole population. A project financed by the European Social Fund aims to improve the population's language skills.¹⁸

The development of the Hungarian national qualifications framework has been delayed due to ongoing changes in the regulatory framework. It is expected that some qualifications will be included in the Hungarian national qualifications framework by the end of 2014, and that this framework will have been referenced to the European Qualifications Framework. The new National Register of Vocational Qualifications is currently being rolled out, and new regulations for the professional and qualification requirements for each profession have already been issued.

5. Tackling inequalities

5.1 Starting strong: improving early childhood education and care and tackling early school leaving

Although Hungary has been successful in reducing the number of early school leavers (aged 18-24) over the last decade, the early school leaving rate has started to rise again in recent years, from 10.5% in 2010 to 11.8% in 2013 (compared to an EU average of 12% in 2013, and a national target set at 10% for 2020). This recent trend in early school leaving has been accompanied by a significant reduction, compared to the EU average, in annual expenditure on state-funded and private education institutions at primary and secondary levels (ISCED levels 1 to 2).¹⁹ Participation in early childhood education and care is around the EU average (94.5% compared to 93.9% in 2012).

The high drop-outs rate is a serious problem in so called 'vocational schools'. According to a Cedefop report, the Hungarian education system has become exceedingly selective and polarised. Students from disadvantaged

¹⁵ From the national strategy on social inclusion (2011).

¹⁶ http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/165EN.pdf.

¹⁷ European Commission's report 'Survey of schools: ICT in Education 2013: <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/KK-31-13-401-EN-N.pdf>

¹⁸ European Social Fund, Social Renewal Operational Programme 2.1.2. Project: improving digital literacy and knowledge of foreign languages in the population, in order to help people improve their employability and, where relevant, return to work from unemployment.

¹⁹ See additional contextual indicators at: <http://ec.europa.eu/education/monitor>

backgrounds are more likely to attend vocational schools, which are not able to give the students the extra support they need, thus leading to high drop-out rates (and hence perpetuating inequalities in society).²⁰ A national strategy on early school leaving has not yet been adopted. Early childhood education is being made compulsory from the age of three (instead of age five, as it is currently), as of 2015, as a 'preventive measure' to reduce early school leaving. The success of this reform will, however, depend on the country's ability to provide the required number of places in early childhood education, in particular in suburban areas of the capital and cities, and on tackling other barriers to access (e.g. distance from nursery schools, transport and financial constraints).

According to the Fundamental Rights Agency survey, the drop-out rate amongst students from Roma families is more than seven times higher than amongst those from the non-Roma population. Fewer than one in five Roma children complete secondary education, whether general or vocational, while a mere 0.5% completes tertiary education. Furthermore, 45% of Roma children attend classes where all or most of the students are also from the Roma population. This indicates that access to inclusive mainstream education has not improved, and that the segregation of Roma students has, in practice, increased during the last decade. As stated in the 2014 national reform programme, all state-funded education institutions, from early childhood to secondary level, have been able to sign up to the programme promoting equal opportunities in state-funded education institutions since 2003. The programme supports integrated education in institutions where at least 15% of students are considered as having multiple 'disadvantages'. Around 25% of schools are currently participating. The measures introduced to reduce the level of segregation, which also form part of the national strategy on social inclusion, have not however been put into practice widely enough. Their effect remains limited, and a more systematic approach is needed.

5.2 Basic skills of students and adults

The performance of 15 year olds in the OECD Programme for International Student Assessment (PISA)²¹ survey worsened between 2009 and 2012 in all three areas tested, and in particular in mathematics and science. Hungary's results are now below the EU average in mathematics, reading and science. The results also show a strong relationship between student's socioeconomic background and their performance. In the study, Trends in International Mathematics and Science Study (TIMSS) fourth grade students in Hungary score very well but performance of students in eighth grade has got worse since 1995.

The government is currently implementing a far-reaching reorganisation of the school system, affecting primary, lower secondary and all strands of upper secondary education. Its aim is to improve the quality of education by centralising the currently fragmented management of the school system²² and restructuring the framework and regulation of schools leading to substantially reduced autonomy. Further reforms being introduced relate to the financing of education, the regulation of the curriculum, the choice of textbooks, systems for quality evaluation, professional services, and all aspects of human resource management. The Klebelsberg Institution Maintenance Centre, which was set up in 2012, has become the sole employer of teachers working in state-funded education and is also responsible for the reorganisation of the pedagogical profile and programme of schools and for the improving the cost effectiveness. The centralisation of the management of education has provoked great debate in Hungary, partly due to the fact that in other, high-performing European Member States, a high level of autonomy and responsibility is given to the schools themselves, to regional government and to local authorities. The ongoing implementation and effect of these measures on quality, equity and efficiency need to be monitored closely.

²⁰ Cedefop, ReferNet Hungary, Vocational education and training in Europe http://libserver.cedefop.europa.eu/vetelib/2011/2011_CR_HU.pdf.

²¹ <http://www.oecd.org/pisa/keyfindings/pisa-2012-results.htm>.

²² Klebelsberg School Maintenance Centre, <http://klik.gov.hu/>.