

Amending the financing principles of VET (until 2022)

POLICY DEVELOPMENT**REGULATION/LEGISLATION** **ESTONIA**

Timeline

2019 Approved/Agreed**2020 Implementation****2021 Implementation****2022 Completed****ID number 35333**

Background

Until 2019, vocational education institutions were financed based on the number of State-financed study places. The disadvantage of the system was the dependence of the budget on changes in student numbers. Also, the financing system did not involve any funding component based on performance.

Objectives

To increase the responsiveness of VET schools to changes in the regional labour market, and to establish better preconditions for cooperation between VET schools, employers and local governments. For learners, the amendments aim to broaden their choices and improve the regional accessibility and quality of VET.

Description

The financing model for VET has been renewed and amendments to the Vocational Education Institutions Act were adopted in 2018. They came into force in 2019. Financing principles were changed to increase VET institutions' motivation and autonomy. The system of State-commissioned study places was abolished and replaced by the number of training places in areas of national importance being negotiated separately with each school and school council, based on OSKA's recommendations and regional needs.

According to the amended system, the operating costs of schools are covered from the State budget. Up to 20% of the school's operating costs is performance-based. The level of funding is determined by study outcomes and a range of indicators: the quality indicators of the provision of VET, which include graduating with a vocational examination and completion of workplace-based study; the performance indicators of the provision of VET, which include completion of vocational secondary education curricula; and indicators of supporting the development of society, which include graduates' participation in employment and continuation of studies and cooperation with the social partners and education institutions. It is also possible to provide targeted support to the school.

In 2019, a regulation of the Minister for Education and Research was enforced to establish the principles of operating support for VET institutions and conditions and procedures for their implementation. Operating support enables the VET institution to organise high-quality vocational training and carry out its development plan.

2020 Implementation

VET institutions' budgets and provision of training for 2020 were based on the new principles of operating support, but due to the lack of funds performance-based funding has not been implemented.

2021 Implementation

The financing model continued to be implemented regarding VET institutions' operating support and funding based on training places. Performance-based funding has still not been implemented due to the lack of funds. However, it is considered a priority that is expected to be funded starting from the next budget period. To increase stakeholder involvement, the VET Council (an advisory body consisting of social partners) has been involved in the planning of VET training places.

2022 Completed

In 2022, regulation on updating the principles of operating support of VET institutions was prepared to align operational and performance indicators. State funding of VET was increased to launch the performance-based financing system from 2023.

For progress as of 2023, see related policy developments.

Bodies responsible

- Ministry of Education and Research
- VET Council

Target group

Entities providing VET

VET providers (all kinds)

Thematic categories

Governance of VET and lifelong learning

Optimising VET funding

Subsystem

IVET CVET

Further reading

[Regulation on the principles of operating support of a VET institution and conditions and procedure for their implementation](#)

Related policy developments

2025 Implementation

Developing VET excellence and cooperation

The following measures are foreseen:

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Type of development

Practical
measure/Initiative

Subsystem

IVET CVET

2021 Completed

Increased financial support to VET learners

In 2015, the study allowance for VET students was increased to prevent dropout for economic reasons. The terms and conditions for travel allowances were changed to remedy previous unequal access to this benefit.

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Type of development

Regulation/Legislation

Subsystem

IVET CVET

“ ... ” Cite as

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<https://www.cedefop.europa.eu/en/tools/timeline-vet-policies-europe/search/35333>