



MINISTRY  
FOR NATIONAL ECONOMY

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**Money for something: for the future workforce:  
Pilot project for an interactive CBA calculator  
25 November 2014.**

Introduction of the VET-Support for the **A**pprenticeship  
Take-up: Austria-Hungary-Switzerland  
Erasmus+ KA3-Support for Policy Reform

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## VET-SAT Introduction

**Planning**: Strengthen the companies willingness to engage in contracting apprentices, also: more data on the system

**Doing**: Using the most current empirical data, applying to Hungary

**Controlling**: Facilitating experience from Switzerland and Austria, Also, reflecting on the VET CBA publications,

**Adjusting**: Test phase-also taking account the cost of education, Hungarian Chambers (MKIK,NAK)

***Meets the aims of EU2020, ET2020, Bruges***

## VET-SAT Partnership

- **Austria:** WKÖ (The Austrian Economic Chamber), BFI (VET Institute, Upper Austria), BMWFW (Federal Ministry of Science, Research and Economy)
- **Hungary:** National Labour Office, (NMH), Hungarian Chamber of Commerce and Industry (MKIK), Hungarian Chamber of Agriculture (NAK), Ministry for National Economy (NGM)
- **Switzerland:** Associated partner: Federal Department of Economic Affairs, Education and Research (SERI)

## VET-SAT: 7 workpackages

- **Technical:** Project management, Quality management
- **Policy related:** Needs Analysis, Action Plan, Study visits
- **CBA Tool:** Development of a pilot CBA tool
- **Dissemination**

## CBA: Macro level considerations

- 1. Cost of Education:** There is cost of the increased level of educational services, and also, there is a cost of the lack of such services (Levin, Columbia University 2010, Bertelsmann Stiftung, 2009, EENEE, 2010),
- 2. Costs and Benefits:** **Cost** of Health, Welfare, Crime, Education-next generation/// **Benefit:** Lifetime earnings – lifetime tax
- 3. Cost of „travel“:** *Autobahn*: From Education to employment: **How to remove all the obstacles, traps and misunderstanding** from the critical intersections of the education-to-employment highway? (entry to schools; building effective skills; finding a job). *Exactly*, how high are the costs occurring at the *obstacles, traps, and misunderstanding*? (View on E2E procedure, Mckinsey ).

## Step by Step development of the CBA calculator

1. **Definition** of the applicable CBA methods: Inception Report
2. **Develop** tool for the empirical measurement of cost and benefits based on the latest scientific models in the field, and adapted to the relevant national context.
3. **Generate** national empirical data through a **survey of limited scope** of companies, already offering apprenticeships
4. **Analysis** of the collected data, presenting the results
5. **Fine-tune and finalise** the tool, if feasible, go online
6. **Adjustment** and adaptation of the tool based on the feedback
7. **Further adjustment and finalisation** of the tool, as an interactive calculator permitting self-assessment and testing different cost-benefit scenarios

**Deliverables:** Pilot CBA tool, User Guide (3 languages), Dataset

## The methods behind: CBA surveys

**Lead experts:** Dr. Mirjam Strupler, Stefan C. Wolter:

- **Three waves** of cost-benefits surveys in Switzerland: 2000, 2004, 2009
- In 2009: 2500 host companies, 10 000 companies that do not provide apprenticeships for VET.
- According to the EENEE, 2013 study (Return on investment, Samuel Muelhlemann-Stefan C. Wolter) **there are only two countries** able to provide representative and periodic, coherent data on VET CBA: Germany and Switzerland.
- **Urgent need for more data, data analysis and evaluation! (2013)**

# Measuring the net costs of apprenticeship training

## **Costs of a firm:**

- Wages of apprentices: regular, irregular, compensations, travel, living expenditures
- Costs for training personnel
- Recruitment and administrative costs
- Cost for training infrastructure
- Cost for training supplies
- Other costs: fees, duties, taxes, lying in the licensing procedure of programmes applied by the training provider – either state owned or private and in the evaluations, both internal and external.



## Measuring the net benefits of a firm

### **Benefits:**

- Skilled tasks: Calculated on the difference of having an apprentice on the spot of a skilled worker, based on the wage difference and on the relative productivity of an apprentice
- Unskilled tasks: Calculated on the difference of wage between of an apprentice and an unskilled worker
- Public subsidies to training firms

# Financing work-based VET in Hungary

## **Current situation:**

- Work based practical training contracts: 49 975 apprentices
- Number of firms involved: 7 376

## **Target for the long run:**

- Work based practical training contracts: Increase –aprx. 40%
- Number of firms involved: Increase- aprx. double the number

## **Financing of the work based learning in Hungary:**

- Enterprises are paying a training levy (1.5 % of total labour cost)
- Enterprises can spend this levy on IVET (contracting students)
- Or pay into the National Empl. Fund, which is channelling back this money to VET and AL
- If a company contracted at least 45 apprentices, up to 16.5 % of the levy can be spent in-company training of their own employees

## Further Steps in case of Hungary

- Action Plan for: 2017-2020
- Raise the number and quality of work based apprenticeship contracts
- Reduce the level of the early school leaving
- Use of the CBA calculator: Increase the number of interested companies
- Mainstreaming on EU and Member State level

## Main Conclusions:

1. **CBA Tool:** Based on the best possible method and data
2. **Involve** EU class expertise
3. **Cooperation** within three countries
4. Strong **mainstreaming** potential
5. **Society level costs:** Cost of inadequate education

# Thank you for your Attention

Tamás Jankó  
VET and ALE Department, Hungary, Ministry for  
National Economy  
Senior Advisor  
[tamas.janko@ngm.gov.hu](mailto:tamas.janko@ngm.gov.hu)