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OECD REVIEWS OF SCHOOL RESOURCES: LITHUANIA

SUMMARY

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The executive summary and assessment and recommendations are drawn from:


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Since regaining independence in 1990, Lithuania has clearly stated the importance of education to societal development. The National Education Strategy 2013-2022 includes a focus on education as a foundation for the future and a commitment to increase the level of investment from public funds in education to 6% of Gross Domestic Product (GDP) in 2022. However, the international financial crisis hit the Lithuanian economy harder than on average in OECD economies. A far-reaching convergence programme includes a target reduction for educational expenditure from 6.2% to 4.8% of GDP in 2020. Already, public expenditure per student in Lithuania is one of the lowest among European Union countries. There has also been mass emigration since 1990, with around 20% of the 1990s population leaving Lithuania over the following 20 years. The majority of emigrants are of working age and, increasingly, families. This has presented significant efficiency challenges to the school network. Also, international data reveal considerable concerns with the quality of school education in Lithuania, including significant rural-urban disparities.

Lithuania has developed policies to address these significant challenges. Since 2005, the Education Law places responsibilities on municipalities to have in place an optimal network of schools. This required the development and agreement of initial plans within all 60 municipalities and has seen considerable reorganisation of the school network, with the total number of municipal schools reducing from 1,429 to 1,107 between 2005 and 2015. School consolidation initiatives were supported by a set of national documentation providing a rich array of data, analytics and models that was a key resource in negotiating politically difficult times with different municipalities. Also, home to school transport was recognised as integral to the reform, with the purchase of almost 700 buses between 2000 and 2014. In 2001, Lithuania introduced a central funding formula to allocate resources for teaching costs, known as "the student basket". The implementation of the new financial arrangement indisputably improved the allocation and use of resources in education in many respects: it allocates funds in a very transparent and predictable way; the formula has a simple logic which can be well understood by stakeholders, in spite of the complexity of the exact calculations; it includes weightings to support smaller, rural schools; and it is, in general, accepted by most municipalities and schools as a fair method of allocation. Collectively, these efforts helped to stem the decline in student-teacher ratios.

However, cost-effectiveness remains low in international comparison. In Europe, Lithuania has the second highest concentration of teachers in the active population. In lower secondary education, national data show a steady and continuing decline in average class size between 2005 and 2015, including a clear decline in urban schools, so this cannot be attributed to a rural, small school phenomenon. The high share of teachers above fifty years of age or already retired stands out in international comparison. In 2015, 7.1% of Lithuanian teachers were at the retirement age. This implies that in the medium or long term Lithuanian schools may encounter sudden teacher shortages. Unfortunately, the current conditions in the teacher labour market do not attract talented young people: there is a small number of vacancies and new recruits are likely to be at or near the minimum salary, which relative to national income (GDP per capita) is one of the lowest in Europe.

This report analyses the use of resources in the Lithuanian school system, with a particular focus on the organisation of the school network, the funding of school education, and the management of the
teaching workforce. The following policy priorities were identified to improve the effectiveness of resource use in the Lithuanian school system.

**Protect and ensure an adequate level of educational investment**

Mass emigration and low birth rates pose a considerable challenge to Lithuania's future societal and economic development. There is a need to understand the key role that education can play in addressing these demographic challenges. Notably, there are compelling arguments to secure stable central funding for early childhood education and care. The higher emigration of young families, the relatively rigid labour market and the varying offer and participation fees for these services across municipalities suggest that a stronger and more accessible supply of early childhood education and care could prove attractive to young families. The relatively high poverty rates among children and youth also underline the importance of a strong supply of early childhood education and care, as this, if high quality, is an efficient way to mitigate socio-economic inequities at earlier ages. The entrenched disparities in educational outcomes between urban and rural areas also call for an examination of the adequacy of funding to provide quality education in different schools. These factors underline the importance of reaffirming the government's commitment to supporting and improving the quality of education, including with a long-term goal to improve the attractiveness of the teaching profession with, among other aspects, a more competitive salary offer.

Substantial improvements in education quality are hardly achievable without increasing educational spending and efficiency in resource use that are both lower than in most European countries.

**Maintain traction on school network reform and strengthen the focus on quality**

While good progress has been made, there is a need to maintain traction on school network reform, providing a greater central challenge where necessary. This is necessary not merely to achieve efficiencies and ensure that public funding invested in education can have maximum impact; but crucially, school network reform must be about enhancing the quality of provision for students. While municipalities are responsible for decisions on school planning, it will be important for the Ministry of Education and Science and its national agencies to monitor progress and, where appropriate, exercise a challenge function to ensure that students and teachers are not disadvantaged by any lack of willingness at municipality level to embrace reform and provide access to a wide and rich curriculum experience. This includes ensuring a robust and consistent implementation of the accreditation procedure for upper secondary provision and also strengthening and securing a more consistent approach to external school evaluation. An authoritative national definition of school quality and set of indicators to evaluate and promote this would heighten the objectivity of school self-evaluation and its alignment with external evaluation. Some schools will develop self-evaluation capacity more quickly than others and external school evaluation can be designed to recognise this, e.g. with less frequent or intensive visits to schools with a mature and effective self-evaluation culture. The need for external evaluation can also be judged on a set of central indicators of risks to quality (national comparative data, parental complaints, school leadership turnover, etc.). These different approaches aim to free up central resources for external evaluation to conduct evaluations more frequently or with greater intensity in those schools that would benefit most from external feedback.

**Regularly evaluate the costs and adequacy of school funding**

Improving the financial arrangements requires regular and detailed analysis of the adequacy of funding and its effects on the quality of teaching, the efficiency of schools and the equity of education. For example, while improving the funding of small rural schools is high on the education policy agenda, a comprehensive analysis of the current situation based on solid empirical evidence is not available.
Another example is the higher cost of education for students with special educational needs, migrant students and national minority language students. The funding scheme assigns additional funding to ensure vertical equity (i.e. providing education of similar quality to different students), while there is no systematic evaluation of the actual costs. Though this component of funding is naturally framed by political preferences as well, comprehensive and compelling analysis and empirical evidence on the exact cost differences would strengthen the basis for policy decisions. Currently, there is a pilot of a "class basket" in five municipalities, i.e. allocating funding as a function of the number of classes. It will be essential, in evaluating the impact of the experimental methodology, to consider how effectively this addresses the challenges for small, rural schools and, importantly, what the full costing implications will be if this is introduced system-wide. Schools would unlikely organise classes larger than prescribed by regulation. Lower average class sizes would involve higher per student expenditures and a decreased level of cost-effectiveness at the macro level. This is in a context where an existing challenge for schooling in Lithuania is an internationally low class size. An alternative could be to establish a separate scheme for small rural schools in the current system that would grant exceptional status to these schools according to criteria like settlement size, population density and the remoteness of the location. These schools could be funded more generously either in the form of a class basket or supplementing the student basket with a fixed amount per school, while preserving the benefits of the student basket scheme for the majority of schools. Also, fiscal pressure on schools could be relieved by taking into account to some extent cost differences due to teacher composition in terms of experience and qualification in the funding formula.

**Manage the teacher supply and secure funding in the short-term to attract new talent into teaching**

Even if there is currently an oversupply of teachers, it is important for the school system to plan ahead and ensure an adequate rate of teacher renewal. In the long term, teacher salaries should be raised considerably in order to make the teaching profession more attractive for talented young people. As this cannot be achieved from one year to the next, in the short term, salaries for new entrants and teachers in the first years of their career should be increased noticeably. For example, by granting additional pedagogical hours for novice teachers to acknowledge the time consuming effort to prepare for lessons, given that currently these teachers earn smaller salaries in part due to the smaller number of teaching hours allocated to them on average. This would be in parallel with securing funding to offer attractive redundancy packages to teachers who are teaching beyond the retirement age. There are a number of areas in which teachers made redundant by school consolidation could assume new responsibilities. These include engaging them to help mainstream special needs students in regular schools and classes; using them to implement strategies to individually support students who are falling behind; and involving them in advisory roles within or across schools. In addition, the Lithuanian authorities should consider prioritising national funding for teacher students to subject areas in which the school system is facing shortages. The current policy of funding 400 study places in initial teacher education is helpful, but could be made more efficient by focusing further on key priority areas.
ASSESSMENT AND RECOMMENDATIONS

Education system context

Economic vulnerability and extensive emigration have further increased pressure on already tight education budgets

The international financial crisis hit the Lithuanian economy harder than on average in OECD economies. Its continued vulnerability to adverse developments in the international economy has seen the introduction of a far-reaching convergence programme aiming to reduce public expenditure from 42.2% of GDP in 2010 to 30.9% of GDP in 2020. This includes a target reduction for educational expenditure from 6.2% to 4.8% of GDP. These economic difficulties have had significant social impact: At 10.9%, the unemployment rate remains twice as high as in 2008, with greater risk for youths aged 15-24; and 30.8% of the Lithuanian population is at risk of poverty or social exclusion. There has also been mass emigration since 1990, with around 20% of the 1990s population leaving Lithuania over the following 20 years. Emigration continues and between 2011 and 2014 the population further decreased from 3 to 2.9 million. The majority of emigrants are of working age and, increasingly, families. This has presented significant efficiency challenges to the school network. Lithuania is the fastest ageing population in Europe, which will put further pressure on public budgets. Already, public expenditure per student in Lithuania is one of the lowest among European Union (EU) countries.

The public school sector dominates and is mainly managed by municipalities

Compulsory education comprises primary education (ages 7-10) and basic education (first stage: ages 11-14; second stage ages 15-16). The vast majority of Lithuanian children follow compulsory education in a public school (96.8% of general education students in 2015/16). General education schools are run mainly by the 60 municipalities. The State runs vocational education schools, but only 0.6% of students in compulsory education attend these. Most Lithuanian youths continue on to upper secondary education (only 5.9% chose not to in 2014) and in 2014 16.1% were in vocational education. Municipalities also run 43 of 47 special education schools in Lithuania (attended by 1.1% of the school population in 2015).

Concerns with the quality of compulsory education and evidence of entrenched rural/urban disparities

Between 1995 and 2003, Lithuania was one of the countries showing greatest improvement in the International Association for the Evaluation of Educational Achievement (IEA) Trends in International Mathematics and Science Study, but has since stagnated. In OECD Programme for International Student Assessment (PISA), measuring performance near the end of compulsory education, Lithuanian students perform far below average and less well than students in neighbouring countries. There are quality concerns among both the lower and higher performing students. Both national and international evidence points to deeply entrenched disparities in educational outcomes between children in rural and urban areas. In PISA, the rural/urban performance and average class size differences stand out internationally. Participation rates in early childhood education and care are also much lower in rural areas. Strong points for equity include low rates of school year repetition and one
of the lowest rates of early school leavers in Europe (in 2013, 6%, compared to 12% in the European Union).

Strengths and challenges

Commitment to improve adequacy of resource allocation in several areas, but tight fiscal climate

There is a clear recognition of the importance of early childhood development, including the plan to introduce a compulsory year of pre-primary education for 6-year-olds in 2016. Pre-primary education is provided free of charge to 6-year-olds in the year before they reach compulsory school age and has a high enrolment rate (93.4% of eligible 6-year-olds in 2014). However, there are persistent inequities in access to early childhood provision between rural and urban areas, with many urban areas over subscribed. The 2015 national budget provided an uplift of 10% in the salaries for pre-school and pre-primary teachers in recognition of the importance of having highly skilled and motivated professionals delivering early years education. Also, there has been considerable investment in support structures for students with special educational needs, notably funding allocated as part of the EU Operational Programme for Promotion of Cohesion 2007-2013. In 2013, 4,259 pedagogical support staff were employed in general education schools. However, support structures are not yet universal and in 2014, primary schools in nine municipalities did not have access to specialist support staff despite having students with special educational needs integrated in their schools. A National Audit Office report drew attention to widespread inadequacies in material resources and the education environment in non-formal education. Following a pilot in four municipalities, a new funding mechanism was implemented in October 2015 and is expected to support a strengthened supply of non-formal education activities.

Structural reform to the school network has limited the decline in cost-effectiveness

The OECD review team received numerous examples at national and local level of how shifting demographic changes and the requirement to deliver the best possible quality within constrained financial resources were driving reform of the school network. The number of municipal schools has reduced from 1,429 in 2005 to 1,107 in 2015. In light of the significant demographic challenges with 39% fewer students in 2015 than in 2005, the reform efforts have helped to limit the inefficiencies of running a system with too many empty school places. For example, the relative decline in average class size has been slower than the relative decline in number of students. A set of national documentation provides a rich array of data, analytics and models that support school consolidation initiatives and was a key resource in negotiating politically difficult times with different municipalities and defending the need to stick to the municipal school network reform plans. Also, home to school transport was recognised as integral to the reform. Between 2000 and 2014 a fleet of almost 700 buses was purchased and it was clear that this investment had done much to ease the transitions that result from school network reform and to improve access for young people, not only to school but also to extracurricular activities.

Continued pressures to reform the school network, especially lower secondary provision

Student-teacher ratios were stabilised at a relatively low level and cost-effectiveness remains low in international comparison. In Europe, Lithuania has the second highest concentration of teachers in the active population. In lower secondary education, national data show a steady and continuing decline in average class size between 2005 and 2015, including a clear decline in urban schools, so this cannot be attributed to a rural, small school phenomenon. International data reveal that the student-teacher ratio lags behind other European countries due to the high number of lower secondary teachers per class. Lithuanian schools employ 2.64 lower secondary teachers per class on average.
(compared to 1.74 on average in the OECD). This implies that there is considerable scope to improve the cost-effectiveness of lower secondary education – this level of education being currently provided in basic schools, pre-gymnasia, gymnasia or secondary schools – and underlines the need to fully implement the school reform. A fundamental challenge moving forward will be to maintain the strategic leadership needed at both national and municipal level and to encourage an appetite for continued rationalisation of the school network. This includes a rigorous system for accreditation to become a gymnasium. At the same time, there is a need to improve the attractiveness of vocational education and training (VET) programmes in secondary education: Lithuania is one of four European systems with less than 30% of upper secondary students enrolled in VET programmes – this compares to 50% on average in the European Union.

Emerging culture of school evaluation for improvement, but external evaluation is under resourced

At a strategic level, there is a good understanding of the importance of evaluation in informing improvements in education. The 2011 Education Law makes clear the role of self-evaluation and external evaluation in helping to improve education quality and places particular responsibility on schools to ensure that self-evaluation takes place. Certainly, school leader reports in PISA 2012 indicate that: virtually all participating Lithuanian schools had self-evaluation in place and systematically recorded key data and used this to monitor the school’s progress; and classroom observation is a broadly established feature in Lithuanian schools, whether conducted by the school leader or senior staff. The current model of external school evaluation is based on all schools being evaluated on a seven-year cycle with the goal of promoting good quality self-evaluation in schools. Schools receive feedback on both strengths and areas for improvement and are expected to take responsibility for acting on the findings from the evaluation. Importantly, students’ interests are protected through the annual follow up that takes place if external evaluation assesses quality in any of the five areas of focus as being less than satisfactory. However, the number of schools benefiting from external evaluation is falling and there is patchy coverage across different municipalities. Over the seven-year period from 2007 to 2013, 459 schools were evaluated. It would, therefore, require a significant increase in central capacity for external school evaluation to meet the ambition to evaluate each school in Lithuania every seven years. Inconsistency in the frequency of, or accessibility to, external evaluation therefore presents a real risk that schools that stand most to benefit from it will not be included in the external evaluation programme.

A central funding formula supports public debate and transparent resource allocation

The 2001 education finance reform introduced a central funding formula to allocate resources for teaching costs, known as “the student basket”. Although the reform’s ambitious goals were not met fully, the implementation of the new financial arrangement indisputably improved the allocation and use of resources in education in many respects. The student basket scheme allocates funds in a very transparent and predictable way. The formula has a simple logic which can be well understood by stakeholders, in spite of the complexity of the exact calculations and is in general accepted by most of the municipalities and schools as a fair method of allocation. The transparency of the formula has a beneficial impact on policy debates at the national level providing a clear framework for debates on the sufficiency and proper allocation of funding. While annual changes to the amount in the student basket are driven by changes in average teacher salary, some aspects of the formula can be adjusted as a result of a balance between fiscal considerations, pressure from teachers’ unions, local governments and schools, and policy considerations of the Ministry of Education and Science.
The funding scheme promotes fiscal discipline and efficiency, but allocation varies among municipalities

At the national level, once the amount of the student basket is approved, total expenditures cannot increase unpredictably within the fiscal year. Increasing the budget from one year to another requires an explicit and publicly discussed decision. In general there are clear incentives for schools to increase class size and to attract more students and for municipalities to adjust the school network in order to increase school size, and thus exploit economies of scale. These incentives, accompanied by the autonomy and flexibility provided for schools in resource use, played an important role in the adjustment to the dramatic decline in the student population and improved the cost-effectiveness of education. The sharp separation between the student basket funding for teaching costs and the municipal funding for school maintenance is a necessary condition for these incentives to work. In the absence of such separation, municipal funding could mitigate or even overwrite the incentives set by the formula. Maintenance funding for schools with more students could be decreased, forcing the school to use the student basket funding for school maintenance. There appears to be marked differences among municipalities both in the level of funding, the methods used for allocating these funds and in the cost-effectiveness of funding. As local governments have accrued large debts, improving the efficiency of municipal service provision is of prime importance. Also, there is evidence of great variation among municipalities in the amount spent on pedagogical services and in-service teacher training.

The central funding formula addresses horizontal equity, but does not ensure adequate funding for small rural schools

Essentially, the central funding formula is designed to ensure horizontal equity of funding across schools, i.e. similar schools receive similar funding. Additionally, the student basket scheme promotes equity in an indirect way by funding average salaries, as this impedes extreme differences in teacher qualification across schools. In particular, it recognises the additional funding needs of small rural schools and in this way aims to enhance equity in the access to education. The funding of small schools is probably the most recurrent debate, which has potentially significant ramifications including weaker incentives for school consolidation and for school competition and a lower overall level of efficiency. Municipalities and school leaders shared the view that, in general, teaching costs in small schools are more difficult to accommodate to student basket revenues. Data suggest that the student-teacher ratio increases sharply up to the point of 250-300 students in a school (except primary schools) and that the small school problem is not limited to a handful of schools in remote areas. However, rural schools face more difficulty attracting teachers and accommodate, on average, children from less advantaged socio-economic backgrounds – challenges that are compounded by lower levels of student basket funding. Despite this hot debate, there is no empirical evidence on the adequacy of the actual funding level in schools of different size, type and location.

There are serious concerns related to the supply and demography of teachers

An ageing teaching workforce is more of a concern in Lithuania than in OECD countries on average: 43% of lower secondary education teachers were aged 50 years or older in 2013; compared to an OECD average of 34% in 2012. The ongoing ageing process of the teacher workforce brings a number of challenges to the school system. There is no specific document regulating statutory dismissal of pedagogical staff once they have reached the official retirement age. In 2015, 7.1% of Lithuanian teachers are at the retirement age. At the other end of the age pyramid, there is evidence that a significant proportion of graduates from initial teacher education end up not entering the teaching profession – according to official sources, this concerns a proportion as high as 85% of entrants into initial teacher education. This raises concerns about a potential future undersupply of
teachers, as there is likely to be a retirement wave of teachers within the next five to ten years. Shortages are likely to be concentrated in specific subject areas, particularly in mathematics, science and technology. Also, a stagnant professional body is likely to perpetuate teaching traditions that Lithuania may wish to reform, and may hinder the introduction of innovations and other initiatives. The Lithuanian authorities are well aware of this challenge and the OECD review team noted a commitment to policy experimentation in designing strategies to i) address the current surplus of teachers and ii) maintain the focus on preparing high-quality teachers for future generations.

Low wages, especially for new teachers, but a need to attract new talent into teaching

The ageing teacher workforce and the difficulties of attracting talent into the teaching profession emerge as a key problem in the medium and long term. Though these are not problems of education finance per se, they are deeply rooted in the financial arrangements and should be addressed also by budgetary changes. The high share of teachers above fifty years of age or already retired stands out in international comparison. This implies that in the medium or long term Lithuanian schools may encounter sudden teacher shortages, especially given the low number of new entrants to the profession. Unfortunately, the current conditions in the teacher labour market rather deter than attract talented young people into the teaching profession. Due to the small number of vacancies, employment prospects as a teacher are not reassuring in the short term. New recruits to teaching are likely to be at or near the minimum salary, which relative to national income (GDP per capita) is one of the lowest in Europe. Low wages are aggravated by the uncertainty generated by salaries set on the basis of the actual workload, accompanied by the practice that young teachers are on average allocated fewer contact and pedagogical hours than their more experienced colleagues. In the short term, the fiscal climate means it is unlikely that the education budget will be increased, which underlines the need to adjust the use of resources in order to reach higher student-teacher ratios.

A teacher competency framework is being developed, but there is insufficient strategic vision for teaching

A professional profile or competency framework for teachers can help provide a common basis to organise the key elements of the teaching profession such as initial teacher education, teacher appraisal, certification, professional development and career advancement. The Education Development Centre (EDC) has been working on the development of a new competency framework for teachers that could be more closely embedded with teachers' initial preparation and continuous learning. The competency framework develops the three groups of competencies that are important for teachers’ professional development: general (or key) competencies, didactical competencies, and subject-related competencies. A number of positive aspects include that the competency framework is: informed by evidence from international research on key aspects of effective teaching standards; embedded and aligned with other aspects of the teaching profession such as initial teacher education, career development and appraisal; aligned with the Lithuanian Qualification Framework; associating competencies to different levels of performance with gradually increasing demands on teacher competencies; being developed with a public consultation process. At the time of the OECD review visit there appeared to be little debate or common understanding across the system regarding what constitutes "good teaching". While both the National Agency for School Evaluation (NASE) and the EDC were developing initiatives that have a bearing on the teaching profession, there appeared to be a lack of strategic oversight at the level of the Ministry of Education and Science.

Professional development is valued, but teachers are not adequately prepared

Teachers are legally obliged to undertake professional development and are entitled to five professional development days annually. For this purpose, schools receive regular funding through the
student basket. In 2008, 95.5% of Lithuanian teachers reported that they had undertaken some professional development in the previous 18 months. The importance attached to teacher professional development is also reflected in the professional development requirements that are part of the teacher certification and promotion processes. However, the provision of professional development appears fragmented. The amount of money allocated for teacher qualification development differs by more than a factor of three among Lithuanian municipalities. There is no strategic approach to needs analysis, which would help target the professional development offer to emerging and evolving priority areas nationally. And at the school level, there appears limited co-ordination of individual professional development with the school's strategic priorities. Also, there are concerns that initial teacher education does not sufficiently prepare the next generation for teaching, with the main focus on traditional subject matter and the content of the curriculum, and limited focus on the actual teaching process. It appeared necessary to connect initial teacher education more closely to real-life classrooms and ongoing professional development, which would ensure coherent teacher learning all through their career.

Policy recommendations

**Reaffirm commitment to the strategic importance of education for societal and economic development**

Mass emigration and low birth rates pose a considerable challenge to Lithuania's future societal and economic development. There is a need to understand the key role that education can play in addressing these demographic challenges. Research has pointed to significant challenges for the education system to address the needs of the Lithuanian labour market. Young people aged 20 to 34 years have made up more than half the emigrants over recent years and they have been most impacted by increased unemployment following the financial crisis. Also, the low average probability of a second child in Lithuania may be attributed to institutional barriers, such as policies on parental leave or child care. European survey data indicate that Lithuanian families reported among the lowest usage of formal child care. While the OECD review team notes the complexity of understanding the demand for early childhood and care, the higher emigration of young families, the relatively rigid labour market and the varying offer and participation fees for these services across municipalities suggest that a stronger and more accessible supply could prove attractive to young families. The relatively high poverty rates among children and youth also underline the importance of a strong supply of early childhood education and care, as this, if high quality, is an efficient way to mitigate socio-economic inequities at earlier ages. These factors underline the importance of reaffirming the government's commitment to supporting and improving the quality of education. Within the context of fiscal consolidation in the public sector, there is a need to protect and ensure an adequate level of educational investment.

**Provide a greater central challenge to maintain traction on school network reform**

While good progress has been made, the OECD review team underlines the need to maintain traction on school network reform, providing a greater central challenge where necessary. This is necessary not merely to achieve efficiencies and ensure that public funding invested in education can have maximum impact; but crucially, school network reform must be about enhancing the quality of provision for students. While municipalities are responsible for decisions on school planning, it will be important for the Ministry of Education and Science and its national agencies to monitor progress and, where appropriate, exercise a challenge function to ensure that students and teachers are not disadvantaged by any lack of willingness at municipality level to embrace reform and provide access to a wide and rich curriculum experience. At the same time, municipalities should look at the opportunities for collaboration and partnership between schools, including through clustering and joint
management arrangements. Particularly in more sparsely populated areas, this should also include collaboration and partnership between municipalities and with vocational and special schools. It is worth noting that 12 of the 60 municipalities have fewer than 10 schools.

This includes ensuring a robust and consistent implementation of the accreditation procedure for upper secondary provision. There are several important indicators that support the importance of the national focus on the quality of the upper secondary curriculum and the associated accreditation procedure. First, evidence on outcomes indicates underlying differences in the quality of upper secondary provision, with on average weaker performance in small and rural schools. Second, student representatives report on the limitations in terms of subject choices, careers education and different teaching and learning styles in some upper secondary provision. Third, there is an established "shadow education system", suggesting that private tuition complements or makes up for short falls in the quality or breadth of the teaching and learning students received at school. While there will be an element of private tuition in almost all systems where there are high stakes examinations, it is important that the reasons for its apparent prevalence in Lithuania are explored and the equity issues fully considered.

**Strengthen and secure a more consistent approach to external school evaluation**

External school evaluation is a key element in Lithuania's strategy for quality assurance. The high level of school autonomy also underlines the importance of having a balanced accountability system to ensure the quality of educational experiences for children and the effective use of public investment. It is recognised that external evaluation can be seen as a resource intensive process. However, there is national evidence that external evaluation is effective in helping schools build on strengths and address areas for improvement. There are compelling arguments to secure resources to ensure a regular cycle of external school evaluation. Some schools will develop self-evaluation capacity more quickly than others and external school evaluation can be designed to recognise this. For example, external school evaluators may visit schools with a mature and effective self-evaluation culture less frequently (on a longer cycle) or spend less time at these schools (a lighter evaluation of only key elements of the school quality framework or a validation of the school's self-evaluation results). The need for external evaluation can also be judged on a set of central indicators of risks to quality (national comparative data, parental complaints, school leadership turnover, etc.). These different approaches aim to free up central resources for external evaluation to conduct evaluations more frequently or with greater intensity in those schools that would benefit most from external feedback.

The OECD underlines the need to ensure a sufficient degree of challenge to school self-evaluation processes, through the use of objective and comparable benchmark data and/or the scrutiny of the procedures and/or results of school self-evaluation by external professionals or peers, for example, other school leaders. One way to heighten the objectivity of self-evaluation is to ensure that the criteria used in both self-evaluation and external evaluation are sufficiently similar. This calls for an authoritative national definition of school quality and set of indicators to evaluate and promote this. Another strategy is for external evaluation to put a strong focus on how the school is undertaking its self-evaluation and using the results to improve students’ learning. External evaluators could also collaborate with schools to validate the results of self-evaluation and also the school plans for improvement and steps to implement these.

**Regularly evaluate the costs and adequacy of funding**

Improving the financial arrangements requires regular and detailed analysis of the adequacy of funding and its effects on the quality of teaching, the efficiency of schools and the equity of education. For example, while improving the funding of small rural schools is high on the education policy...
agenda, a comprehensive analysis of the current situation based on solid empirical evidence is not available. Another example is the higher cost of education for students with special educational needs, migrant students and national minority language students. The funding scheme assigns additional funding to ensure vertical equity (i.e. providing education of similar quality to different students), while there is no systematic evaluation of the actual costs. Though this component of funding is naturally framed by political preferences as well, comprehensive and compelling analysis and empirical evidence on the exact cost differences would strengthen the basis for policy decisions. Reliable and detailed evidence should be gathered on the costs and adequacy of funding in general. For example, an important feature of the general funding formula is that the overall allocation is based on a regular student in a class of 25 students. In 2015, the average class size in urban schools is 20.6 students and in rural schools is 11.4 students. The last comprehensive report by the National Audit Office was published in 2008 and called attention to inefficiencies in education finance and the need for further optimisation of the school network.

**Promote efficiency in municipal funding of school maintenance**

While the central government cannot directly influence the allocation and use of school maintenance costs, more attention should be devoted to improving efficiency in this field. Regular evaluation of resource use and the promotion of best practices in allocating municipal funding would be useful. Also, the National Audit Office has underlined the need for the Ministry of Education and Science in collaboration with municipalities to evaluate and review the implementation of state investment projects. In general, greater oversight of investments is required to ensure a more efficient and effective use of public funds.

**Avoid introducing a universal class basket funding scheme**

Subsequent to the OECD review, the government approved, in November 2015, an experimental methodology to calculate and allocate education resources. This pilots a model of a "class basket" in five municipalities, i.e. allocating funding as a function of the number of classes. This approach is appealing since it acknowledges that the cost of teaching is determined much more by the number of classes than by total enrolment and it can smooth the imbalances created by per student funding.

The OECD review team raises a note of caution that the introduction of a class basket scheme could risk reintroducing some of the basic problems that the 2002 education finance reform was intended to solve, including that municipalities used to fund a large number of unnecessarily small classes. While a universal class basket scheme could help smaller schools, it would undermine incentives for efficiency and presumably would result in smaller class size on average. This trade-off should be evaluated thoroughly. It will be essential, in evaluating the impact of the experimental methodology of the class basket, to consider how effectively this addresses the challenges for small, rural schools and, importantly, what the full costing implications will be if this is introduced system-wide. Schools would unlikely organise classes larger than prescribed by regulation. Lower average class sizes would involve higher per student expenditures and a decreased level of cost-effectiveness at the macro level. This is in a context where an existing challenge for schooling in Lithuania is an internationally low class size.

It is important to note that these side effects would be stronger if a class basket scheme were built on the actual as opposed to an expected number of classes. Moreover, funding tied to the actual classes requires a meticulous regulation of class size with a regular monitoring of compliance. These rules could be difficult to enforce and schools could gain substantial extra revenue by small manipulations of the data. Hence, if a class basket scheme is to be introduced, it should be built on a formula of the
expected number of classes as a function of total enrolment per year. Normative class sizes should be set carefully in order to minimise the decrease in average class size.

**Manage the teacher supply**

While it is important to ensure the continuous entry of new talent into the teaching profession, there is no need to increase the overall size of the teaching workforce in Lithuania. On the contrary, the continuing decline of the student population is likely to result in further school consolidation and teacher redundancy. This makes it necessary to continue developing strategies for reallocating, redeploying and retiring teachers currently employed in schools which will be affected by school (or class) consolidation. One option to address the current oversupply of teachers would be through legal changes regarding the conditions under which retired teachers can continue to teach. However, any policy which institutionalises incentives or pressure for teachers to leave the profession needs to carefully consider projected demographic fluctuations. Based on current population projections, teacher shortages are likely to occur in the mid-2020s. Hence it might be more effective to focus on developing a short-term incentive policy, making it voluntary and attractive for experienced teachers to plan for their own succession and leave the profession while transmitting their accumulated knowledge and coaching others. In this context, it is important to note that there are a number of areas in which teachers made redundant by school consolidation could assume new responsibilities. These include engaging them to help mainstream special needs students in regular schools and classes; using them to implement strategies to individually support students who are falling behind; and involving them in advisory roles within or across schools.

**Secure funding in the short-term to help attract and retain new talent into teaching**

Substantial improvements in education quality are hardly achievable without increasing educational spending and efficiency in resource use that are both lower than in most European countries. In particular, in the long term, teacher salaries should be raised considerably in order to make the teaching profession more attractive for talented young people. As this cannot be achieved from one year to the next, in the short term, salaries for new entrants and teachers in the first years of their career should be increased noticeably. Even if there is currently an oversupply of teachers, it is important for the school system to plan ahead and ensure an adequate rate of teacher renewal. It is also important that newly educated teachers are not lost for the profession by moving into other career pathways. One way to increase salaries could be to grant additional pedagogical hours for novice teachers acknowledging the time consuming effort to prepare for lessons, given that currently these teachers earn smaller salaries in part due to the smaller number of teaching hours allocated to them on average. This would be in parallel with securing funding to offer attractive packages to teachers who are teaching beyond the retirement age. In addition, the Lithuanian authorities should consider prioritising national funding for teacher students to subject areas in which the school system is facing shortages. The current policy of funding 400 study places in initial teacher education is helpful, but could be made more efficient by focusing further on key priority areas.

**Create a more coherent teacher career pathway for teachers**

Although career steps exist in Lithuania, there is room to further develop the teacher career in order to recognise and reward teaching excellence and allow teachers to diversify their career pathways. An important policy objective should be to match the career structure for teachers with the different types and levels of expertise described in the draft teacher competency framework. The current draft describes four stages of teacher development, which could be easily matched to the existing career steps of teacher, senior teacher, teacher-methodologist and teacher-expert. This would reinforce the matching between teachers’ competencies and the roles that need to be performed in
schools to improve student learning. The first two to three years on the job should be seen as an important first career phase, during which new teachers need to be systematically supported to develop their skills. In particular, ensuring that new teachers work in a well-supported environment and receive frequent feedback and mentoring. There could be requirements that graduates from initial teacher education apply to be ‘provisionally certified’ in order to seek employment as a teacher. Provisionally certified teachers could then apply for full certification upon completion of an induction period, based on an appraisal in relation to the teacher competency requirements.

It is a strength of the Lithuanian system that different qualification levels exist in the teaching profession and that access to higher qualification levels is granted through a voluntary application process. However, those teachers who do not apply for a higher qualification level should be required to renew their qualification status after a specific period of time, such as every five to seven years. Teachers at all career levels need to continue to learn and update their practice. Even methodologists and experts will need coaching/mentoring to stay up to date with pedagogical developments. There could be more focus on teacher leadership in whole-school improvement. Experts and methodologists could be designated to support the school leader with specific aspects of leadership such as the co-ordination of professional development for the school, classroom observations, teacher performance evaluations, co-ordination of student assessment approaches, and so forth. The task of mentoring beginning teachers should also be a key responsibility for methodologists and experts.

**Develop a strategic approach to teacher education and professional learning**

Initial teacher education should not only provide sound basic training in subject-matter knowledge, pedagogy related to subjects, and general pedagogical knowledge; it also needs to develop the skills for reflective practice and research on the job. The design of initial teacher education needs to be regularly reviewed, taking into consideration the views of current school leaders and teachers. The stages of initial teacher education, induction and professional development need to be better interconnected in order to create a more coherent learning and development experience for teachers. The introduction of more systematic induction and feedback systems for new teachers would support teachers in the transition from initial education to actual work in schools. Mentors will need to be carefully selected, well prepared for their tasks and given adequate time to carry out their mentoring role. A requirement for school leaders to implement regular formative teacher appraisal processes would support continuous improvement of teaching practices. This should be an internal process carried out by line managers, senior peers and the school leader with a focus on teachers’ practices in the classroom. It can be low-key and low-cost and include a mix of methods appropriate to the school. Some of the elements should be individual goal-setting linked to school goals, self-appraisal, peer appraisal, classroom observation, structured conversations with the school principal and peers.

Teacher appraisal can be better linked to professional development and school improvement. At the system level, the offer of professional development should be informed by the competency requirements outlined in the teacher competency framework, and thereby address concerns about the fragmentation of professional development provision. This could be achieved by the Ministry of Education and Science and/or the Education Development Centre by reviewing professional development offers, and, developing guidance documents on the extent to which existing professional development relates to the teacher competency framework. At the school level, teachers’ individual choices of professional development should be more strongly influenced by a) their own appraisal results and identification of areas for improvement, and b) priorities of the school development plan. Effective teacher appraisal should give teachers a choice from a wide range of possible professional learning activities that meet their individual needs in relation to the priorities of the school’s overall development plan. Conversely, the appraisal results of individual teachers should also be aggregated to inform school development plans.
The effective use of school resources is a policy priority across OECD countries. The OECD Reviews of School Resources explore how resources can be governed, distributed, utilised and managed to improve the quality, equity and efficiency of school education.

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