

The impact of the economic crisis on education in CEE

The influence of teacher and
other trade unions on loan negotiations

Hungarian experiences

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PDSZ

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Background

Main financial resources

- central budget (per capita/per class)
- local budget (from personal income tax, and own income)

The agenda of the „changes“ in public education

- The public education in „crisis“ before the world-economical-crisis (2006-2007)
- The crisis arrived (2008)
- 2009-

2006-2007

- The per capita based state-support was decreased - except for preschool educ.- with more than 20 %.
- The maintainer own income decreased.

Outcome

More than 12% of educational institutions were closed or merged

2006-2007

The wage-cost - of all civil servants - were frozen for 2 years (according to the NDP)

40 bn HUF cut of educational expenditures

Increasing of contact hours: 5-10%

Cca. 12 000 teacher status disappeared

cca. 10 000 teacher lost her/his job

hundreds of non-teaching staff lost the job

2 hours/week without payment- for teachers

Union activities

Strike negotiation with all TUC for a mid-term program for increasing wages for civil servants

Agreement

Min +4% from Jan. 2009,

8,3% back to the employee - guaranteed

Union activities - education

Developing of support from the society

Negotiations: consultation in practice

PDSZ-street demonstration and wake up strike

Achievement

The 2 hours/week unpaid work was withdrawn

Having a bit more financial resources from the state

2008

The loans - October 2008

IMF: 12,5 bn Euro

EU: 6,5 bn Euro

Other: cca 1 bn Euro

No loan negotiation with social partners.

No clear description of the situation

Employee side: Feeling being cheated

Government – IMF treaty

Main aims:

- Reduction of state budget needs
- Creating conditions for balanced state budget
- Maintaining of fiscal liquidity
- Strengthen trust in economy

Cut spending at any price

Reducing the state expenditures with 2% of GDP

- 8,3% of wages withdrawn for civil servants
- Wages will be frozen in 2009
- Cutting the pension

Let ILO control on expenditures:

„ leading role is given to ILO”

Union activities

Strike negotiation because of beating the previous strike-agreement

Huge – one and only - street demonstration with all of civil servants' trade union: more than 20 000 employees on the streets.

Achievements

Main achievements – in a written, signed doc.

Wage compensation for those who earn less than average civil servants' salary

Government promises better conditions in employment legislation

- „However, on the expenditure side, the budgeted decline in nominal wage bill is lower than envisaged under the program (¶10, LOI, Country Report No. 08/361), reflecting an ad-hoc allowance that fully offsets the loss of the 13th month salary for about 70 percent of civil servants and provides a partial offset for the remainder.
- The allowance (amounting to 0.4 percent of GDP) will be financed mainly by reducing reserves and by unidentified cuts in defence and education spending.
- Staff expressed concern about the negative signal conveyed by this measure regarding the government’s commitment to the program, noted that the reduction in reserves significantly raised the risk of not achieving the targeted fiscal adjustment, and suggested the need for compensating measures to protect fiscal reserves and reduce fiscal risk.” / Report from ILO expert , Dec. 2008 /

2009

New drops from the „bitter mug”

- Increasing of active years before pension
- Less pension
- Cut the time for maternity leave with 1/3
- Cut the support for illness from 70% to 60% and
- from 60%-to 50% being in hospital

New drops for 2009

Breaking the signed document:

No better legislation

Cutting the compensation for the 2nd half of the year - above the average wages

Compensation only for those who earn 20% less wages than in the doc.

New drops for 2010

- No increasing of wages at all
- The 8,3 % of wages withdrawn
- 3% reduction of state-support for education from Sept. 2009, and more

- CUT the local income with 120 bn HUF
- Larger class sizes – less teacher needed

Main challenges

There is no a real **governmental** policy for balancing the public budget – only defending the maximum rate of the deficit of the state budget

There is no a powerful common union strategy when the government brakes the agreements – different opinions

Main challenges of public education

More responsibilities given to schools

together with:

less number of institutions

less teachers

less paid employees having more duties

less financial resources for maintaining

I wish you not meet
these experiences at home!