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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: A strong economic base for Europe: pursuing effectiveness, efficiency and quality of education and training
- *Policy debate*
(*Public debate in accordance with Article 8(2) of the Council's Rules of Procedure*)
[proposed by the Presidency]

Following consultation of the Education Committee, the Presidency has prepared the attached discussion paper, which is submitted as the basis for the policy debate to take place at the Education, Youth, Culture and Sport Council meeting on 8 November 2019.

A strong economic base for Europe:

pursuing effectiveness, efficiency and quality in education and training

- Presidency Issues Note -

- The aim of this joint meeting is to provide a unique opportunity for finance ministers and education ministers (1) to exchange views on the role of education and training in contributing to long-term sustainable growth, and (2) to share experiences and best practices on policies promoting the quality, efficiency and effectiveness of education and training.

Current state of play

- As countries struggle to respond to globalisation, technological progress and demographic change, human capital has become even more important. The role of education and training is vital for societies in the process of accumulating human capital.
- Recently, the **European Council's** new Strategic Agenda for 2019-2024 has emphasised the positive impact of education and training on both the economy and society as a whole. The strategy calls for investments in people's skills and education to be stepped up, more to be done to foster entrepreneurship and innovation and research efforts to be increased. In addition, the *European Pillar of Social Rights* calls for high-quality and inclusive education, training and lifelong learning.
- Education and training has been part of the EU's agenda for growth and jobs in the Europe 2020 strategy, and there has been special emphasis on education, skills and lifelong learning in the 2019 Country Specific Recommendations. The new Commission also highlighted the role of skills and education in driving Europe's competitiveness and innovation in its Political Guidelines (2019-2024).

- In November 2017, the Eurogroup discussed the importance of investments in human capital and the efficiency of public spending on education.

The role of education and training

- Human capital is essential for boosting productivity and sustainable growth and vital to the resilience of societies. Access to high-quality education and training for all is an effective way to fight poverty and to promote equality. It is the foundation of Europe's welfare society.
- The benefits of education and training to society are sizeable in various ways. On an individual level, the skills acquired from education and training translate into higher employment rates and wages. For example, the employment rate of adults with a tertiary degree is about nine percentage points higher than for those with upper secondary education only, and they earn on average 44% more in EU countries.
- Returns to education are also high for society as a whole since a well-educated labour force contributes to economic and productivity growth and advances innovative capacity. This helps increase the standard of living for the entire population. Equal access to education and training is also one of the most important ways to foster social cohesion and mobility and ensure that societies are perceived to be just and fair.
- Human capital spill-overs imply that, in addition to those who make the investment, the benefits accrue to others. Since both private and social returns are involved, there is a risk of underinvestment. Public provision of education and training corrects for this market failure.

- Although providing education and training is mostly the responsibility of Member States, in the context of the free movement of people, education and training can generate positive spill-over effects within the EU. However, significant and persistent outward migration of a highly educated workforce may have negative effects on some countries' growth potential and public finances.
- Investing in high-quality and inclusive education and training is an issue of strategic importance for the future of Europe. Globalisation, technological progress and demographic change are having a profound impact on labour markets and society. Strengthening both basic and more specialised skills and competences and raising the level of educational attainment is essential. Aging societies in the EU makes it even more important to have most of the working-age population educated and employed.
- In future, digitalisation and technological progress will create an increasing need for continuous learning and updating of skills. Different kinds of mismatches of supply and demand in terms of skills and competences may emerge. Future challenges for education and training systems include (1) building the foundation for high-quality educational outcomes early in life, (2) updating skills and competences to enable further learning and (3) supporting reskilling and the learning of new professions in different industries with different task structures, all of which will facilitate adaptation to structural change in the economy and the labour market. Furthermore, education and training systems should anticipate future needs in terms of skills and competences to ensure a highly educated labour force in the relevant fields. Upskilling and reskilling also improve resilience to economic shocks.

High quality education, cost-efficiency and effectiveness

- Human capital is built mainly through the education system and funded mostly by public money in Europe. Education from primary to tertiary level was on average 87% publicly funded in 21 EU countries¹ that are also members of the OECD in 2016.
- Reinforcing human capital formation is not necessarily about spending more but about spending more cost-efficiently and effectively. At a comparable level of spending, some Member States achieve better results than others. Some Member States face the challenge of providing adequate spending to ensure higher-quality and more equitable outcomes in education. For others, the challenge is to spend more efficiently to improve their education outcomes.
- The efficiency considerations of public spending on education and training should cover an assessment of attainment, quality and inclusiveness.
- Educational attainment has increased in the EU over time. The EU average educational attainment (tertiary education) in the age group 30-34 increased from 31% in 2008 to 41% in 2018. At the same time the percentage of 25-34 year olds without an upper-secondary qualification decreased from 18% to 14%.
- In terms of quality, EU scores in the PISA assessment are at the average level and there is room for improvement. Moreover, there is considerable variation within the EU.
- In terms of inclusiveness, in many Member States more efficient public spending on education and training could also improve integration into the labour market and promote intergenerational social mobility. In the EU, the NEET² rate for young people aged 20-24 stood at 15% and at 17% for those aged 25-29 in 2018.

¹ Data for two EU and OECD countries, Denmark and Greece, are not reported in the OECD Education at a Glance 2019.

² 'Not in Education, Employment, or Training' (NEET)

- To guarantee the optimal mix of outcomes desired by society, spending on high-quality education and training should also be effective. Effective spending enables reaching high-quality and inclusive education and training systems leading to economic growth, productivity and equality.

Issues for discussion

- Which challenges are the most pressing for your country when it comes to the efficiency and effectiveness of education and training?
 - Which policies do you see as most promising when promoting efficiency, effectiveness, inclusiveness and equality in education and training?
 - How can high-quality learning outcomes, high levels of educational attainment and equality be achieved simultaneously?
 - What could be the role of European cooperation in promoting efficiency, effectiveness and high quality of education and training, and how could European societies anticipate future upskilling and reskilling needs?
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