



# The governance of equity funding schemes for disadvantaged schools: lessons from national case studies

NESET Analytical Report No 3/2019, 2020

## Summary

Equity funding (sometimes also labelled as compensation funding, educational priority funding, formula funding or needs-based school funding) relates to additional funding (per student) which is provided to schools with an above-average representation of students from disadvantaged (mainly low-SES and immigrant) backgrounds. This report examines to what extent improved governance of equity funding schemes can contribute to better results.

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## Context

More than half of EU countries currently provide some kind of **equity funding** to schools serving target groups such as children with a migration background, low-SES (socioeconomic status) children or children in vulnerable family situations. And yet the evidence on the effectiveness of such schemes is mixed. This report examines ways to improve the governance of equity funding, to maximise its effectiveness.

## The report

The report is based on case studies of equity funding in seven selected Member States (or regions) of the EU: Flanders, the Netherlands, France, England, Ireland, Finland and Slovakia. The study briefly presents the national schemes, as well as a cross-sectional analysis of all stages of the policy cycle. The authors draw a number of lessons from this review, which can help to improve the effectiveness of such schemes, including those in other European countries.

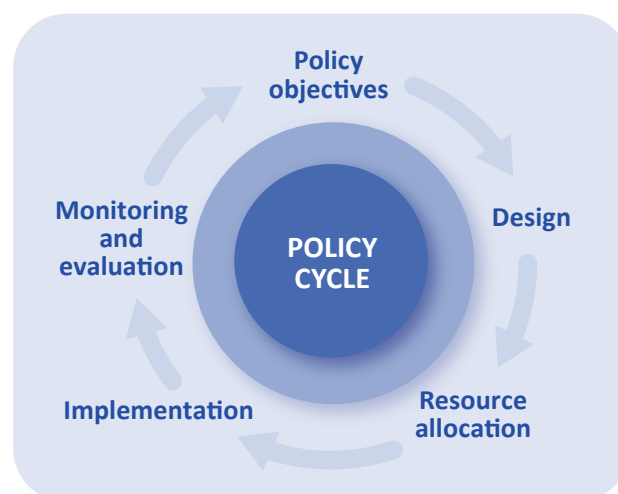
## Recommendations

### Boundary conditions

- **Reform inequitable education systems:** equity funding can be regarded as a ‘plaster on a wooden leg’ if an education system’s overall architecture remains inequitable. Eliminating so-called ‘Matthew effects’ and minimising academic segregation (in the form of grade repetition, early tracking, or separate schools for special education) can be expected to have a greater impact on improving equity than the provision of equity funding alone.
- **Invest in initial and in-service training for all staff:** additional resources can boost educational outcomes only if school teams are able to use them efficiently. Investing in professional training for principals and teachers is therefore more effective than simply raising the teacher-student ratio.

### Governance issues

- **Set clear goal-oriented policy objectives and targets:** objectives should be SMART (Specific, Measurable, Acceptable, Realistic and Time-bound).
- **Target carefully:** a combination of pupil-based and school-based targeting criteria appears to be more effective than other options.
- **Earmark if necessary, but encourage autonomy:** local autonomy yields good results only when local teams are very professional and/or when autonomy is accompanied by appropriate monitoring systems.
- **Monitor to see what works and what doesn’t** – e.g. by linking extra funding to obligations with respect to monitoring and evaluation.



### Strategic issues

- **Distinguish clearly between social disadvantage and disability:** social obstacles are easier to remedy.
- **Avoid stereotypical labels:** some countries have deliberately merged equity funding into the mainstream funding system in order to avoid the stigma of ‘disadvantaged schools’.
- **Use whole-school strategies:** school teams must think beyond individual pupils, and be aware of the potential impact of collective or structural strategies.

The full report and executive summaries in English, French and German are available online, free of charge at [www.nesetweb.eu](http://www.nesetweb.eu). Scan the QR code using your smartphone to access the report or enter the shortened link directly into your web browser: [bit.ly/NESET-AR3-2019](https://bit.ly/NESET-AR3-2019).

