

Funding of the Swedish school system

This factsheet describes how education provided in Sweden for preschool children, school children, young people and adults is funded.

1. The public school system

For children and young people education is provided by the public authorities in the form of preschool classes, compulsory and upper secondary school education, as well as equivalent forms of education – namely, schools for pupils with learning disabilities, special schools for pupils who are deaf or have hearing impairments, and Sami schools for children whose parents are Sami. For adults, education is provided in the form of municipal adult education (komvux), education for adults with learning disabilities (sär vux), and Swedish for immigrants (sfi). All of these forms of education together make up the public school system. In addition, education is available to adults outside the public school system, such as supplementary education and advanced vocational education.

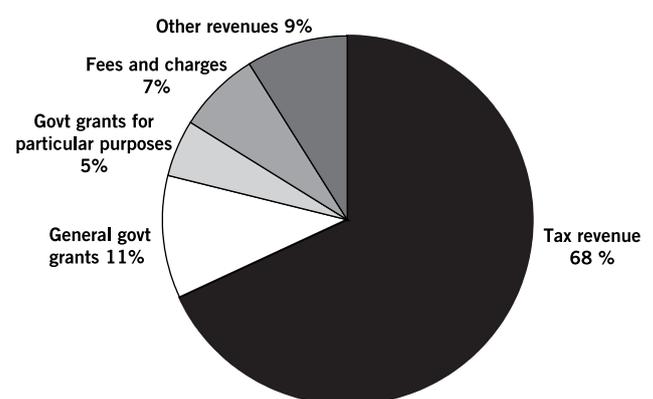
The municipalities are the authorities responsible for preschool classes, compulsory school, upper secondary school, special school, municipal adult education, education for adults with learning disabilities and Swedish for immigrants. For upper secondary school and adult education, the county council may also be the authority responsible. The state is the authority responsible for special school and Sami school. Alongside the forms of education that are provided by the state, there are also independent schools – schools that are run by individual natural or legal persons.

Under the Education Act all children and young people in Sweden, irrespective of gender, place of residence, social or financial situation, shall have equal access to education in the public school system. All children and young people shall be offered a place by their home municipality in the appropriate forms of education, even if pupils are only required by law to attend compulsory school or equivalent forms of education. The public education system for adults shall provide adults with the opportunity to complement previous education; here, primarily those with the lowest level of education shall be given the opportunity to attend. The Education Act also states that the education provided in each respective type of school shall be equal in value, wherever in the country it is provided.

2. Funding system

The costs of a pupil's place in school – for everything from teachers' salaries, premises, school transport, teaching materials, school meals, to pupil welfare services and administration – can vary between schools and municipalities. All education in the public school system is free of charge for pupils/participants and is funded entirely by the public authorities. Funding is provided through resources contributed by the municipalities themselves out of local tax revenues plus a general government grant to municipalities, which is linked to a special equalisation system intended to create equal financial conditions for all municipalities and county councils. In addition to this, there are special funds in the form of targeted grants for special initiatives on the part of the state.

Figure 1 Municipalities' revenues for activities in 2006 (approx. SEK 443 billion in total)



Source: Swedish Association of Local Authorities and Regions, Ekonomirapporten, November 2007.

General government grant

Municipal and central government tax revenue forms the basis of funding for the public school system. At the beginning of the 1990s, the rules for the distribution of public funding were revised so that, instead of there being different government grants for different activities and tasks, these were combined into one general government grant. Each municipality receives an amount that has been calculated specifically for that municipality, and

that it then distributes between its different activities – preschool classes, school, elderly care, social services, technical administration etc. – according to local needs and priorities.

Since 2005, a new system has been in place for the equalisation of municipalities' finances. This system has five different parts – income equalisation, cost equalisation, a structural grant, an implementation grant and an adjustment grant/charge. At the same time, the previous general government grant to municipalities and county councils was ended. Income equalisation and cost equalisation are the two most important of the five parts.

The aim of the equalisation system is to put all municipalities in the country on an equal financial footing to deliver equal levels of services to their residents, irrespective of the income of the municipality's residents and other structural factors.

Income equalisation means that the state essentially finances the equalisation of taxable incomes between municipalities. The income equalisation grant is calculated on the basis of the difference between a municipality's own taxable income and a tax equalisation base, which, for the municipalities, is equivalent to 115 per cent of the average tax capacity in the country. Municipalities whose taxable income exceeds this level pay a fee to the state. In 2008, 14 municipalities will pay this charge and 276 municipalities will receive a grant.

Cost equalisation takes into account structural cost differences which can be of two different types. One of these is that the need for municipal activities can vary. For instance, there is a greater need for childcare in municipalities where a relatively high proportion of the population is made up of children. The other is due to variation in the cost of producing a particular service.

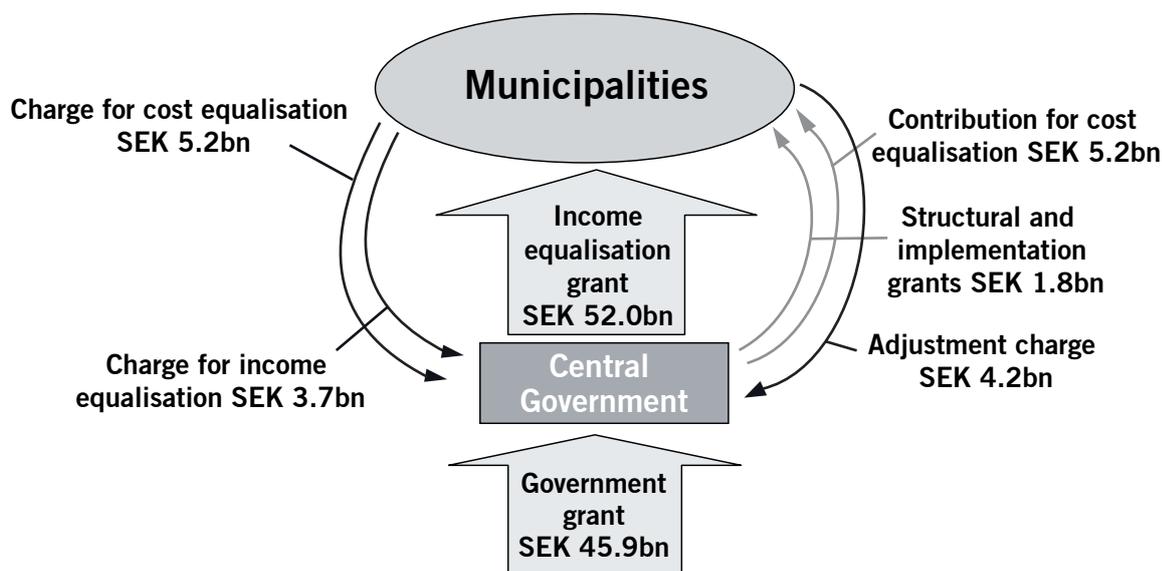
For example, schools cost more in rural municipalities as teaching there may require smaller classes and the pupils often need school transport. Another structural factor that cost equalisation takes into account is the proportion of children and young people with a foreign background who may, for instance, create a greater need for mother tongue development support and mother tongue teachers.

Municipalities with a disadvantageous cost structure receive a grant from the state and those that have a favourable structure pay a charge to the state. In 2008, 140 municipalities will receive higher grants due to their disadvantageous cost structure, and 150 municipalities will see a deduction in their general grant due to their favourable cost structure. Charges and grants are equal in monetary terms, so cost equalisation is financially neutral for central government.

Government grants for particular purposes

Apart from the general government grant, there are also government grants for particular purposes that are paid for a limited period and under their own regulatory frameworks. These grants are paid when the Government and the Riksdag wish to stimulate development in certain areas. One example of this is the government grant for the financing of continued training for teachers which the Government introduced in 2007 as part of the 'Boost for Teachers' initiative. Another example is the government grant for extra staff in schools and out-of-school centres during the period 2001–2006. It can happen that government grants for particular purposes are transferred to the general grant, but without any link to the rules involved in the previous initiative.

Figure 2 Local government financial equalisation 2008



Source: Statistics Sweden, Kommunalekonomisk utjämning för kommuner, utfall utjämningsåret 2008.

3. Funding for independent schools

Independent schools that provide education equivalent to that provided in preschool classes, compulsory school and upper secondary school, and that have been approved by the National Agency for Education, are entitled to grants from their pupils' home municipalities. The amount of the grant – which is determined on the basis of the school's undertaking and the pupil's needs – is to be paid according to the same criteria the municipality applies when distributing resources to the schools within its own organisation.

For independent schools at upper secondary level, the grant for a pupil on a particular study programme is to be equivalent to what that programme would cost the home municipality. If the home municipality does not offer the programme, the independent school is to be compensated with an amount that is determined by the National Agency for Education and that is equivalent to the average national cost of that programme.

4. Financial support for students

In order to enable and encourage participation in education, full-time upper secondary pupils are eligible for financial support up to and including the first half of the calendar year in which they turn 20. This financial support is made up of student grants, extra grants and boarding grants. The student grant, which currently amounts to SEK 1 050 per month, is given to all pupils without the need to submit an application. Pupils' and parents' financial situation is examined to determine whether there is a need for an extra grant. Pupils who attend an independent upper secondary school away from home may, under certain conditions, apply to the National Board of Student Aid for a boarding grant. For pupils who are studying at a municipal upper secondary school away from home and need accommodation support, the municipality generally provides support for accommodation, higher subsistence costs and travel to and from home.

Adult students studying at compulsory school or upper secondary school level are eligible for study support from the second half of the calendar year in which they turn 20. Study support is made up of a grant and a voluntary loan. People who receive study support and have children are eligible for a supplementary grant.

This supplementary grant is intended as extra support and the amount paid depends on how many children the student has. Students can also receive a supplementary loan if they have previously been in gainful employment.

Supplementary loans can also be granted to cover certain additional costs, such as tuition fees and dual residence.

5. Preschool activities and school-age childcare

The municipalities are responsible for offering children between the ages of one and five years preschool activities, and children up to the age of 12 years school-age childcare. Preschool activities and school-age childcare may also be provided by private organisations. The municipalities may charge reasonable fees for these services.

Funding

Since 2002, the municipalities have had the option of applying a maximum fee system for preschool activities and school-age childcare. This system places a ceiling on how much a parent must pay for a place. Municipalities that introduce maximum fee systems are eligible for a special government grant to cover the costs. All municipalities in Sweden have now introduced the maximum fee system.

It is the job of the National Agency for Education to determine, at latest on 31 December every year, how high the government grant for the coming year will be. The fee is calculated based on the household income, where the highest permissible fee for a child is given as a percentage of the household income, though this may not exceed a certain amount. For preschool activities, this means that for the first, second and third child in the household, the monthly fee is a maximum of three, two and one per cent respectively of the monthly household income. In the autumn of 2007 the income ceiling was SEK 42 000 per month.

In addition to this, all children are to be offered preschool education free of charge for at least 525 hours per year from the autumn term of the year in which they turn four (universal preschool). This is funded through the general government grant.

In its Budget Bill for 2008, the Government announced the introduction in the municipalities of a 'childcare voucher system', which parents will be able to use to buy a place at a preschool class run by the municipality or by a private organisation. According to the Government proposal, it will be possible to divide the childcare voucher between public preschool, for example, and other forms of childcare. In order for the childcare voucher system to be introduced, legislative amendments are required.

Table 1: Cost per child, pupil or student for 2006

	Preschool	Compulsory School	Upper Secondary School	Adult Education (for 2005/06)
Number of children/pupils/students for the year 2006/07 ¹	396 231	962 349	376 087	227 682
Total cost 2006, SEK million:	40 947	74 056	31 789	4 289
– proportion of GDP (market price) 2006, in per cent	1,41	2,85	1,23	0,17
– proportion of all municipal-authorities' total consumption 2006, in per cent	7,4	13,4	5,8	0,8
Cost per place/pupil 2006, in SEK				
– total average cost	105 000	75 500	86 200	29 400
– average cost in private/independent care/school	..	71 500	81 700	..
Cost for education per place/pupil 2006, in SEK				
– total average cost ²	80 200	37 700	38 100	15 600
– average cost in private/independent care/school	..	37 900	35 600	..

¹ For adult education, the number of students for the year 2005/06 is given.

² For preschool, staff costs per child are given.

Source: National Agency for Education's official statistics for 2006. Statistics Sweden's Education Costs 2002–2006 (UF 12 SM 0701) and Statistics Sweden's National Accounts – Quarterly GDP 2006:4.



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Printed by Grafisk Service, March 2008. This factsheet was produced by the Ministry of Education and Research. Article no. U08.003