



## Summary

### **of the Audit on the System of Requirements, Effectiveness and Role of Adult Education in Meeting the Workforce Needs of the Economy (1035)**

#### **Objective and scope of the audit**

Due to the often changing workforce needs of the economy, learning cannot end with the mandatory school age. Adult education plays a central role in promoting individual prosperity and in maintaining the competitiveness of employers. The objective of our audit was to evaluate the trends and requirement system of adult education realised with the utilisation of public funds, the participation of vocational training institutions maintained or founded by local governments in adult education, as well as the efficiency and effectiveness of the adult education system.

On-site audits were carried out at the ministry responsible for adult education, the National Employment and Social Office, the National Institute of Vocational and Adult Education, five regional labour centres, seven regional training centres, at local governments of three counties, seven towns with county status and one town, as well as at 13 regional integrated vocational training centres. The audit covered the period 2006-2009.

#### **Main findings**

Adult education, which has become an economic necessity, was regulated by laws, taking into account the strategic objectives of the European Union. However, legal provisions did not formulate the development directions of lifelong learning and the effectiveness and efficiency requirements of the supported training courses. In order to fill in this gap, the Government approved the strategy of lifelong learning.

The legislation is complicated and incomplete. Modifications occasionally hindered the harmonisation of adult education and the workforce needs of the economy, established in the National Development Concept and the strategy of lifelong learning approved by the Government. The regulation did not facilitate properly the inclusion of disadvantaged people in training. For training courses of less than twenty hours per week no training support was available. Due to a legal restriction, students participating in a supported training course could not start another supported training course even if they needed it for a particular job.

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The institutional system is highly fragmented (see Annex). The ministry responsible for adult education managed 18 background institutions. Due to the multilevel management system and the indirect management, the relations of the organisations participating in adult education were complicated. Compared to the needs, a high number of organisations (nearly 9000 training organisations) registered themselves as training institutions. Actual training activity had been performed by slightly more than one eighth of the registered organisations. The management shared between two ministries (Ministry of Social Affairs and Labour and the Ministry of Education and Culture) resulted in a risk of error in the fund management activity of the Labour Market Fund

Multichannel financing is hard to comprehend. The funds available for training were manifold: general government resources (chapter budgets, separated state fund, expenditure of local governments), were complemented by EU subsidies and national co-financing, contribution of enterprises, individual payments and personal income tax allowance. The managing ministry had only a partial overview and influence on the financial resources of adult education.

The tools of adult education did not support the implementation of the requirements of the Act on Adult Education. The resources of adult education did not follow the increase in the number of job seekers. The monthly average number of job seekers increased by 42.8% between 2006 and 2009, but the general government resources used for adult education and the development thereof increased only by 2.1%.

The available funds did not reduce the disparities in development between regions. The general government resource of HUF 102 billion, utilised for adult education in the past four years, was complemented by EU subsidies with national co-financing, amounting to HUF 74.9 billion, but it did not help properly the convergence of underdeveloped regions. In the economically most developed central region several training courses were launched with more students than altogether in all the other regions, as there the enterprises could raise own funds as well apart from the training subsidies. Thus, the existing development gap, instead of disappearing, deepened.

Legal provisions did not help local governments in setting the trends and objectives of adult education. In spite of this, two thirds of the audited local governments determined their most important tasks regarding adult education. The state intended to strengthen the adult education activity of local governments (by introducing simplified accreditation procedure and providing development resources for the modernisation of the training venues of the regional integrated vocational training centres). In practice, the opposite was realised. Through the country, institutions of local governments utilised HUF 1.8

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billion in the first year of the audited period, while after three years, in 2009, only HUF 1.2 billion was utilised for adult education. These expenditures constituted 7.5% in 2006, while only 4.9% in 2009 of the general government resources utilised for the operation and development of adult education. In the training of adults, schools intended basically to make up for the deficiencies of the school system training, instead of meeting the needs of the labour market. (They focused on the training of young people, who left their school, missed their career path, dropped out from regular school.) The value of the assets of central training locations tripled, but the utilisation of the modernised training capacity did not reach 70%. 4.2% of the total training hours was utilised for adult education.

No cooperation developed between the training institutions operated from state resources. There was only a partial contact between regional training centres and regional integrated vocational training centres (e.g. renting of rooms). The Government set the objective of integrating the two vocational training networks performing partially parallel tasks in one system, however, they failed to realise it because of the lack of financial resources.

The structure of the supported training courses met the requirements of the economy only partly. Only slightly more than half of the students, who had finished the training courses with success, found a job. (Regarding the total number of registered job seekers, the proportion of people having found a job is even lower, it was 39.3% in 2006, while 37.3% in 2008). In meeting the requirements of the economy, regional training centres were hindered by the outdated cost standards kept on a low level. Therefore the implementation of high-cost training courses remained in the background.

Based on the effectiveness and efficiency indicators formulated in the framework of the audit programme, the operation of the supported adult education system was evaluated. The objectives and tasks set in the National Development Concept, the Act on Adult Education and the strategy of lifelong learning approved by the Government were realised insufficiently. The adult education system supported from state resources was overall partially effective, because the proportion of people passing the exam and of those having found a job increased. In the meantime, out of the long-term objectives and tasks set by the Government the following were not implemented: the elaboration of an indicator system measuring effectiveness as well, action plan for the training of disadvantaged people, the information system of the whole adult education system, the full implementation of a career follow-up system set also in the Act on Adult Education. Furthermore, the number of training courses launched for disadvantaged people already participating in a course decreased. In the meantime, among the most disadvantaged people (those with low educational

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attainment and those above 50 years of age) the proportion of people participating in supported training courses slightly increased.

The efficiency of the supported training courses decreased, as the subsidy utilised for one student who found a job was two thirds more in 2008 than in 2006.

### **Recommendations**

Based on the audit the SAO recommends the Government to initiate the amendment of the Act on Adult Education, in which the objective and task system of lifelong learning, the restructuring of adult education for the convergence of underdeveloped regions and disadvantaged people, the set of effectiveness and efficiency requirements of the supported adult education and the information system measuring and evaluating them should be included. Furthermore, the SAO recommends the extension of the functions of the minister responsible for adult education in order to assess the resources needed for the operation and development of the adult education system and the funds received.

Annex: The main organisations participating in adult education and its management

Main organisations participating in adult education and its management

