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Means and costs of education

The French Education Account

Principles and methods

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The French Education Account

Principles and methods

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Further to the update on an unpublished document by Serge PÉANO in February 2006

Department of National Education, Youth and Associations
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INTRODUCTION: HISTORY OF THE FRENCH EDUCATION ACCOUNT

There is no shortage of statistical data on the French education system, whether it be numbers of pupils, teachers or training routes. Furthermore, monetary data such as budgetary expenditure or sums paid by companies by way of compulsory expenditure for apprenticeships and continuing vocational training are available.

Answers to specific questions can generally be found in this collection of figures. On the one hand, if a more general picture of the area is sought, requiring the use of data from different sources, problems are soon encountered with regard to the consistency of the diverse sources of information, the inaccuracy of some definitions and the lack of synthetic data from which to construct an overview. From this perspective, determining the cost of the education system is problematic. The idea of compiling an Education account did, in part, arise from this situation and aims to remove these difficulties. The Education account is designed to organise multiple data in a consistent manner and to then compile an exhaustive evaluation of the field of education, based on a single methodology and precise definitions.

On the other hand, the Education account is an important component of the education information system. It offers an overview of all the financial flows occurring in the field of education, bringing together and ensuring the consistency of accounting and statistical data related to educational expenditure, its financing and its production costs. It takes a national approach (metropolitan France + overseas *departments*¹), despite the fact that it is not possible to supply academic or regional results as standard².

It supplements other information system components with regard to educational institutions, pupils or students and human or material resources and so is used for the Department's summary statistical publications. Five of *The State of Education* publication's indicators are a direct result of the Education account.

It is also used for international comparison and forms the basis to provide financial information and indicators on education submitted to international organisations (Unesco, OECD, Eurostat).

It is also an integral part of the national accounts of which it is a satellite part. It is, therefore, tied into the central framework of the national accounts, using identical concepts in terms of economic territory and similar concepts in respect of the classification of economic agents or accounting operations.

Work to prepare final and provisional accounts means that we now have largely uniform statistical series over a long period of time, since the work was started in 1974. The Education account is compiled on an annual basis by the *DEPP* (Evaluation, Prospective and Performance Directorate of the French Department of National Education).

In fact, work on the first Education account dates back to the early Seventies with a preliminary and partial assessment for 1971. This work really culminated in the early Eighties in the assessment of the 1974 to 1981 series which made it possible to construct and stabilise the conceptual and technical basis of the account. The method developed thus far was then presented in the *Education and Trainings* no. 7 (October 1990). This method was used right up until the compilation of the provisional account for 2001 in June 2002.

On time, several changes have occurred that have transformed to Education accounting system including organisation of data, the classifications used and the summary tables, whilst still retaining, as far as possible, consistency with the series created since 1974.

In the first instance, in the field of national accounts, the accounting principles ordered by the national accounts incorporate French overseas *departments* (DOM) in the economic territory. The territorial scope of the Domestic Expenditures on Education complies with the scope used for the Gross Domestic Product (GDP).

Information requirements relating to national and international indicator systems mean that expenditures have to be grouped together differently from the way in which they are readily available in the Education account, which was created at an earlier date. Satisfying these requirements resulted in additional assessment, distribution and aggregation work.

¹ French translation: départements d'outre-mer. *Departments* are territorial units decomposing the whole French territory. There are 100 of them, including 4 overseas *departments*.

² Regional results are available on a standalone basis in the *DEPP* publication entitled *Geography of Education* but the indicators produced therein are not incorporated into the production of the Education account itself.

The account was remodelled between 2000 and 2003. This resulted in the Education account being completely restructured and a full review of the classifications being carried out, together with the sources of information used and their processing. The first final account compiled using the new principles has been published for 1999.

This document constitutes the technical benchmark for evaluations of final and provisional accounts compiled for 1999 and for subsequent years. From 2006, although the general structure of the account had not been modified, the introduction of the *LOLF* (Constitutional Bylaw on Budget Acts) resulted in changes of scope and classification (see, in particular, part 1, chapter 1.3.3).

1. PART ONE: ACCOUNTING METHODOLOGY

1.1. A national satellite account

The central framework of the national accounts provides a description of the economy as a whole, thereby enabling the financial flows occurring in different branches of the economy to be studied.

The central framework of the national accounts failed to meet the requirements of decision-makers, managers or economists interested in particular areas, as with education in our case. And so, for example:

- some educational expenditure is not shown in the same way as it is in the central framework. Corporate in-house continuing training is recorded in the accounts as a production cost of the company's line of business and does not appear as an educational expenditure;
- the central framework does not distinguish between the concepts of financing unit and production unit.

As a result, the French national accounts have developed accounts for specific fields, or satellite accounts, which enable a specific area to be studied in greater detail whilst still being consistent with the central framework of the national accounts. Accounts have, then, been developed, for example, in the fields of healthcare, social protection, housing and tourism.

The Education account is, therefore, defined as a complete system of information on financial flows for the field of education. Its aim is to gather all these flows together within a consistent accounting framework so as to enable the field's economy to be analysed and the financial methods and production costs of activities of which it is comprised to be studied. This internal consistency is coupled with efforts to remain consistent with the central framework of the national accounts of which it is a satellite accounts.

Consistency with the central framework is, in particular, reflected in the use of identical definitions and classifications:

- geographically speaking, the economic territory of the national accounts includes metropolitan France and overseas *departments*. Overseas communities or *COM* (formerly *TOM*) and foreign countries constitute the "rest of the world";
- financing units are grouped together into institutional sectors, public administrations, companies and households, in just the same way as in the central framework. Institutional classification criteria are the same as in the central framework;
- staff wages include, as well as basic pay, employers' social charges and social security contributions corresponding to benefits paid. Generally speaking, the definition of economic operations is identical to that of the central framework.

This link with the national accounts is important. The similarity of the concepts, definitions and classifications makes direct comparisons possible between Education account aggregates and those of the national accounts.

This link requires one thing: thoroughness. The Education account cannot limit itself to public institutions nor to educational institutions overseen by the Department of National Education, Youth and Associations. It covers all educational activities carried out in the economic territory.

This requirement for thoroughness is offset by the fact that the Education account gathers data which is not all processed using procedures that meet the same quality requirements. Simple valuations, in particular, data taken from surveys or trend indices can, in some areas, be found alongside perfectly calculated accounting data (for example, for the Department for National Education).

1.2. The field of education

The Education account is an information system which, whilst constantly endeavouring to ensure thoroughness and consistency, gathers together a large number of financial data, the main objective of which being to measure and analyse the effort that the French nation devotes to acquiring knowledge via its “education system”.

A prerequisite for any initiative of this nature is an accurate determination of the area covered.

When we talk about education, our first thought is of school-type educational teaching activities, the common feature of which being the existence of a programme divided into annual cycles and conducted in specialist institutions i.e. primary schools, lower secondary schools, upper secondary schools and universities or other higher education institutions.

Without a doubt, these teaching activities constitute the education system. They involve a very large number of pupils and students³. Mandatory schooling in France is from 6 to 16 years of age but the school career includes children from the age of 2 upwards. Almost all children aged 3 to 5 attend a nursery class and, equally, 79.5% of children aged 18 are still (2004-2005) in the education system. A young French person can anticipate a school career spanning around 19 years of study. The school system accommodates nearly 15 million students.

The education system is not limited to the school system. Added to this are various forms of training such as continuous education programmes, jobseeker training courses, retraining programmes, evening classes or even distance learning courses.

In short, the effort that the nation puts into acquiring knowledge is not limited to its input in terms of school or out-of-school education activities. It also incorporates, in particular, resources dedicated to the definition of educational content (the definition of courses and programs as well as the effort in educational research), general system administration, school guidance infrastructure, school canteens and residential infrastructures, transport between home and educational institutions.

The scope and complexity of the educational system means that it is necessary to strictly define the areas covered by the Education account.

The field of education, in the sense of the Education account, is constituted by a set of four types of activities: teaching activities, educational attendance-related activities, system organisation activities and attendance support.

1.2.1. Teaching activities

The teaching activities used correspond to the international definition given by the “International Standard Classification of Education (ISCED)” of 1997⁴ published by the UNESCO.

According to this classification:

- the word “education” is taken to mean the organised and sustained communication designed to bring about learning;
- the term “communication” requires a relationship between two or more persons (the master and his students) and does not include simple improvements in skills resulting from practice and experience;
- the term “organised” supposes a fixed order and objectives, i.e. set programmes. It also supposes institutionalised social organisation. Learning simply by means of observation or introduction does not, therefore, fall within the scope of the term, as well as informal training such as that given by parents to their children or training carried out within the scope of working relationships;

³ Thereafter, student will be used as a generic term to define other infants, pupils or students at school.

⁴ The new ISCED has been adopted by the UNESCO General Assembly at the end of 2011.

- the term “sustained” means that the communication must possess qualities of duration and continuity. Participation in isolated seminars or conferences does not, therefore, fall within the scope of this term.

Finally, teaching activities may be conducted within the context of classroom instruction, special classes, training courses, distance learning courses or within the context of other forms of distance learning involving telecommunications tools.

This definition which is, after all, quite general, is well-suited to the school or out-of-school activities mentioned above. Some activities, however, which may appear to satisfy this definition, are excluded from the field of education and it is necessary to clarify certain situations:

- all music and dance classes, whether they are part of the general teaching delivered during primary or secondary education, or whether they are classes taken in music academies, as part of university courses in artistic disciplines, or special classes given by independent teachers, fall within the scope of the field of education;
- on the other hand, training given by driving schools and pilot schools (aviation, etc.), as well as education essentially corresponding to sporting or leisure activities, unless it forms part of a school training programme, are not included within the scope;
- national service is no longer considered to be an activity which falls within the field of education. Military training, both initial and continuing, does however fall within the scope of the Education account;
- some forms of education aimed at special populations are only partially included, with just the part carried out by teachers employed by the Department of National Education being included:
 - a distinction is made between training given in medico-educational institutions and similar to mentally impaired children and healthcare and social action activities,
 - training given in penitentiary institutions is only included where it relates to learning rather than social reintegration initiatives;
- research expenditures are also excluded from the field of education, even if they are carried out by teaching institutions, with the exception of expenditures dedicated to research on education which are classed as teaching system general organisational expenses. Nevertheless, since 2006, operating expenditures and investment in university research have also been taken into consideration (see 1.3.2);
- the remuneration of students or trainees following continuous education programmes is not considered to be an educational expenditure. Remunerations for student civil servants are accompanied by a commitment to work in the public sector for a certain number of years and so are seen as an investment in human capital. This point of view means that the Education account only includes salaries paid to teaching staff in training and that such remuneration is also thought as an education system general educational expenditure.

It is important to note that the definition of educational activities being in use, in incorporating dimensions of organisation and sustainability, invests the whole teaching infrastructure.

The Education account is, therefore, an educational institutions account. Naturally, this aspect is important. It satisfies information requirements relating to education system management. Therefore, it fails to respond to demands aiming to analyse education from more targeted perspectives i.e. school sub-populations or other sectors of the general public undergoing training.

1.2.2. Educational attendance-related activities

The scope of the Education account includes a certain number of activities intended to facilitate or support education system attendance by its beneficiaries.

Catering and residential services

Catering and accommodation services organised by educational or specialist institutions such as the National and Regional Centres for University and School Life (*CNOUS-CROUS*) are not educational activities in the sense of the definition in use, but contribute to educational attendance.

The Education account only incorporates catering and accommodation organised by the education system. *CROUS* university residences are covered by this definition and are included within the scope of educational expenditure although accommodation expenses for students in private apartments are not recorded in the account. This is also a consequence of the institutional nature of the Education account.

Medical services

Expenditures related to school and university medical services are included in the Education account. Other healthcare expenses for young people in education are not included.

School guidance

This type of guidance aims to help individuals navigate their way through the educational activities on offer. This translates into the dissemination of information on education system networks and the jobs market. Guidance activities are mainly carried out by the Information and Guidance Centres (*CIO*) for the school system or by "Missions locales" for out-of-school activities, and by the National Office Providing Information on Education and Careers (*ONISEP*). It is aimed at students and their families. It is implemented in the form of the distribution of written documentation (brochures, etc.), information sessions in institutions and individual consultations. These activities are included in the field of education. In contrast, information activities for school early-leavers (for example, information on job opportunities circulated by an association of former students of a particular school) are not included within the field of education. These are classed as investment activities.

School transport

Transporting pupils or students between their homes and the training venue may be organised by individuals or using collective services. The Education account only records transport organised or financed by public administrations under school transport. Transport costs (including possible partial funding by parents) also include, therefore, transport to, and from, school as well as costs borne by public authorities to subsidise transport for young people in education.

Goods and services linked to educational attendance

Attendance at educational institutions requires the purchase of textbooks and educational supplies, professional materials for some types of training and equipment for physical and sporting activities or for practical work.

Textbooks and educational supplies may be given to pupils free of charge for some levels of education. Families supplement this equipment and, for further levels of education such as higher education, bear the full cost of these expenses.

The Education account takes all these expenses into account, whether they come from teaching institutions, public administrations or directly by families, and includes all levels of education.

This rule reintroduces a functional view of education by including part of the direct expenditures borne by families which do not pass through training institutions.

The Education account thus returns to a functional view of educational institutions.

The list of school attendance-related goods and services is, however, strictly limited to expenditures asked or required by the schooling in question.

The following are, therefore, included:

- purchases of textbooks or books requested by teachers, not including books and dictionaries purchased solely on families' own initiative;
- purchases of educational supplies and professional equipment required by the establishments in question. Computer purchases are not included in expenditures taken into consideration;
- purchases of sporting equipment solely for physical education and sporting activities in educational institutions;
- purchase of workwear for technical training or lab coats for physics and chemistry practical lessons;
- expenditures on school insurance and stamps and envelopes where these were required by educational institutions.

Special lessons funded by families to support their children's education fall within the scope of the Education account. The way that they are classified was, however, changed with the new restructuring of data (applied for the 1999 final account). Special lessons are now considered to be out-of-school training activities as the purchase of services and classed according to the corresponding level of education.

1.2.3. Education system organisational activities

These activities include the management and general administration of the education system, operation of the regulatory and supervisory function, centralised external management of establishments by central, regional or local administrative services of the Department of National Education as well as, for example, by local authority administrative services. Expenditures on these activities are recorded in the Education account.

Initiatives aiming to develop new teaching methods are also included. Educational research is grouped together with the system's general administrative activities.

Earnings of students and trainees following continuing education programmes are not considered to be educational expenditures unless they relate to the training of teaching staff.

Salaries of civil service student training are offset by a commitment to serve central Government for several years. For example, payment of remuneration to treasury students can be analysed as an investment by the tax authority in engaging the services of trained executives and is not included in educational expenditures.

Likewise, remuneration for trainees following continuing education programmes must be considered within the context of social policy and are not included in educational expenditures.

This rule has the effect of taking into account only the remuneration for students and trainees intending to work in the field of education.

1.2.4. Support for educational attendance

Public authorities pay grants which aim to facilitate access to the education system or which are linked to attendance of an educational institution.

Some of these grants, such as scholarships, are clearly part of the education policy and are, in addition, part of the Department of National Education, Youth and Associations budget or of local authority education budgets. These grants are described in the Education account.

The account only describes scholarships and the "back to school allowance" (*ARS*). These expenditures are considered to be transfers between central Government or other subsectors of the General government financing units and households. Scholarships and the *ARS* are, therefore, deducted from initial household financing unit expenditures. This treatment is justified by the existence of a close link between scholarships and educational expenditures.

Other types of support are more closely related to the family policy but are, however, subject to schooling criteria. The maintenance of family allowances for children over 18 who are in education, the reduction in income tax, housing subsidies for students or subsidized travel, all fall within this category. This second type of support was not described in the basic 1974 account. Since then, it has been taken into consideration in some publications (*The State of Higher Education and Research* in France from the 2009 edition onwards) but cannot be considered in the same way as it does not correspond to an offsetting of household expenditures recorded as educational expenditures. For example, apart from accommodation expenses in university residences (or in residential institutions), the account does not measure accommodation expenses incurred by households for students. For the sake of consistency, public subsidies for student accommodation are also not taken into consideration. It is, however, interesting for the field's economy to describe these grants: they are not included in the Domestic Expenditures on Education but they can be added to the educational expenditures of General government.

1.3. The different dimensions of the Education account

The different dimensions of the Education account are the fields which make it possible to take into consideration the diverse aspects of the education system in order to analyse the system's costs and funding. There are five of these dimensions.

Education levels enable expenditures to be listed according to whether they involve primary, secondary or higher education or out-of-school training. More detailed levels within each main level are also taken into consideration.

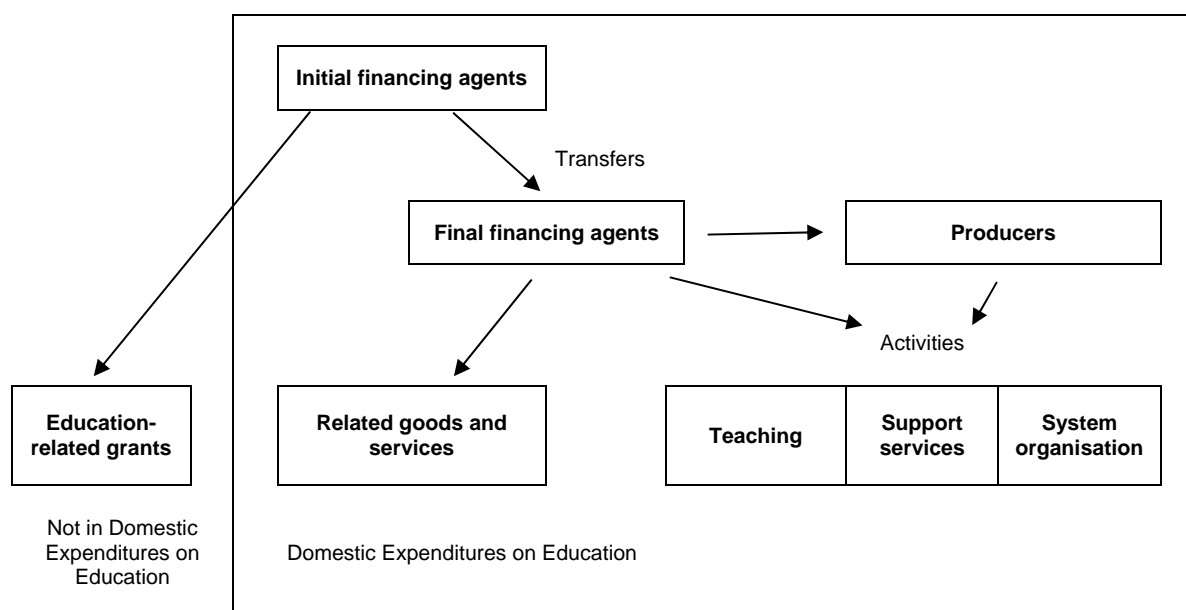
Activities represent the different aspects of the field of education for which the Education account is contributing information. They comprise educational activities, support services, system organisation and related goods and services. The latter are made up of school transport, books and supplies, special lessons, clothing and other goods. Transfers between financing agents are included in this dimension.

Financing units bear the cost of education expenditures. They do not perform educational activities. They are central Government, broken down into Departments or missions since the *LOLF*, local authorities, other public administrations, companies, households and the "rest of the world".

Production units carry out an educational activity or a related activity (catering, accommodation, etc.) and include the resources provided by the financing units.

Economic operations include staff wages, operating costs and investments.

In each of the levels, two categories of economic agents operate in the field of education: financing units or financiers and production units or producers. The diagram below shows the link between the different dimensions or analyses of the Education account.



In theory, the account data can be analyzed at the intersection of these five dimensions. Some overlaps, however, make no sense. For example, teaching at "primary" level cannot be assessed from the perspective of a "university" producer. Likewise, an "administration" producer cannot perform a "teaching" activity. From a practical point of view, other overlaps prove to have little relevance due to a lack of accurate data. For example, overall subsidies for one producer (a type of establishment) do not always make it possible to determine the percentage of expenditures on one activity (catering).

1.3.1. Education levels

Education levels are a means of breaking down the field of education. There are four main levels: primary education, secondary education, higher education and out-of-school education. The 14 more detailed education levels are linked to the ISCED (International Standard Classification of Education)⁵ used for international questionnaires. Every year, the *DEPP* responds to requests for information harmonised by UNESCO, the OECD and Eurostat (known collectively as UOE), within the context of the transmission of data for international comparison purposes, whether this is organised on a recurrent basis or for *ad hoc* or one-off surveys.

Levels (corresponding to ISCED)	
1. Primary education	
11. Pre-primary (ISCED 0)	
12. Primary (ISCED 1)	
13. Primary special needs (ISCED 1)	
2. Secondary education	
21. Lower secondary (ISCED 2)	
22. Secondary special needs (ISCED 2 or 3C)	
23. Upper secondary general and technological (ISCED 3A)	
24. Upper secondary vocational (ISCED 3B and 3C)	
25. Apprenticeship (ISCED 3B and 3C)	
3. Higher education	
31. Post-secondary non-tertiary (ISCED 4)	
32. Tertiary Type B higher education (ISCED 5B)	
33. Tertiary Type A higher education (ISCED 5A and 6)	
34. Higher apprenticeships (ISCED 5A and 5B)	
4. Out-of-school	
41. Continuing vocational training	
42. Other out-of-school training	

Pre-primary education is not included in compulsory schooling. It accommodates children aged between 2 and 5 and prepares them for primary schooling. It is dispensed in nursery schools or pre-primary classes attached to primary schools and sometimes in nursery sections of multi-level classes.

Pre-primary education corresponds to ISCED level 0.

According to the Education account, there are three groups of producers: state nursery and primary schools, private nursery and primary schools under contract (with state subsidies) and private nursery and primary schools not under contract (without state subsidies).

Primary education is included in compulsory schooling. It comprises five years of study and is for children aged between 6 and 11.

At each of its levels, the teaching programme involves 24 hours of teaching a week for students⁶. In addition to basic disciplines, education also includes environmental studies and physical education and sports. Primary education corresponds to ISCED level 1. It is given in primary schools.

For the purpose of the Education account, it is primarily dispensed by four groups of producers: state nursery and primary schools, private nursery and primary schools under contract (with state subsidies) and private

⁵ The International Standard Classification of Education (ISCED) was designed by UNESCO in the early Seventies to serve as "an instrument suitable for assembling, compiling and presenting statistics of education both within individual countries and internationally". This classification was revised in 1997 and a new review has been adopted at the end of 2011.

⁶ 24 hours from the start of the 2008-2009 academic year (order dated 9 June 2008); beforehand, this was 26 hours per week.

nursery and primary schools not under contract (without state subsidies), as well as by the National Centre for Distance Learning (*CNED*).

Primary special needs education is dispensed both in primary schools and in specialist schools.

In primary schools, there are different classes pertaining to educational adjustment and integration (*AIS*): introductory classes for non French-speaking children; special needs classes for children experiencing difficulties in primary education and educational integration classes (*CLIS*) for students with physical, sensory or mental impairments who are able to benefit from special needs education in a mainstream school environment.

It is also dispensed in specialist schools, independent development schools, regional primary-level schools, etc. and in other hospital, medico-educational or medico-social establishments, overseen by the Department of Social Affairs, to sick children or those presenting with the most serious impairments or character and behavioural disorders. In this case, the Education account only includes expenditure on remuneration for teachers, financed by the Department of National Education. Other expenditures are borne by hospitals, social security or social care.

Primary special needs education corresponds to ISCED level 1.

Lower secondary education lasts for four years, from the year 6 to the year 10. It is for students who have completed their primary education. It aims to give all young people the same basic culture and to prepare their educational and vocational career path.

Teaching programmes are standard for all students. However, some students could have had the option, in years 9 and 10, of being taught in preparatory or technological classes (closed at the start of the 2005 academic year) and some other students currently belong to apprenticeship preparatory classes or *CLIPA* (pre-vocational training including classroom work and work experience).

Special needs education such as Adapted General and Vocational Education Programmes (*SEGPA*) or Educational Integration Units (*UPI*) are classed as special needs education, even if they are located in lower secondary schools.

Lower secondary education corresponds to ISCED level 2A.

Classes pertaining to lower secondary education mainly take place in state or private *collèges*. Some programmes may take place in upper secondary vocational training schools. It is the type of education which determines level classification and not the type of establishment.

For the purpose of the Education account, lower secondary education is mainly provided by four groups of producers: state lower and upper secondary schools, private lower and upper secondary schools under contract (with state subsidies) and lower and upper secondary not under contract (without state subsidies), as well as by the National Centre for Distance Learning (*CNED*).

Secondary special needs education is dispensed in regional special needs schools (*EREA*, *SEGPA*, *UPI*), specialist schools overseen by the Department of Social Affairs or in educational institutions overseen by the Department of Justice. According to the circumstances, these classes are for children experiencing major educational or social difficulties (*SEGPA*), sensory or motor impairments (*UPI*), more serious motor or visual disabilities (*EREA* and specialist schools) or young persons who are subject to court orders (reformatory education).

Adapted General and Vocational Education Programmes (*SEGPA*) and Educational Integration Units (*UPI*) are set up in lower secondary schools.

Secondary special needs education corresponds to ISCED level 2 or 3C.

For specialist schools or reformatory education, the Education account only includes educational expenditures related to the working of these structures and do not include medical expenditures, provision of legal aids or expenditures on social integration.

For the purpose of the Education account, it is dispensed by three groups of producers: state lower and upper secondary schools, publicly funded special needs schools and private lower and upper secondary schools under contract (with state subsidies).

Upper secondary general and technological education lasts for three years, from the year 11 to the year 13. It is for students who have completed their lower secondary education and who have chosen to continue with

upper secondary general and technological education. It prepares them for the general or technological *baccalauréat* (exam at the end of the upper secondary school) or for vocational qualification (*brevet de technicien*).

From year 10 onwards, classes are streamed.

Upper secondary general and technological education corresponds to ISCED level 3A.

Classes pertaining to upper secondary general and technological education take place in state or private upper secondary schools. Some establishments may be overseen by authorities other than the Department of National Education (Agriculture, Defence).

For the purpose of the Education account, it is primarily issued from four groups of producers: state lower and upper secondary schools, private lower and upper secondary schools under contract (with state subsidies) and private lower and upper secondary schools not under contract (without state subsidies) as well as by the National Centre for Distance Learning (*CNED*).

Upper secondary vocational education includes education in preparation for vocational diplomas, (*CAP*) and the vocational qualifications (*BEP*), the vocational *baccalauréat* (*baccalauréat professionnel*) and the vocational art diploma (*BMA*). Other types of diploma have existed in the past. It is for students who have completed their lower secondary education for studies lasting between one and four years.

Upper secondary vocational education corresponds to ISCED levels 3B and 3C.

Classes pertaining to upper secondary vocational education take place in state or private vocational upper secondary schools. Some establishments may be overseen by authorities other than the Department of National Education (Agriculture).

For the purpose of the Education account, four groups of producers are primarily included: state lower and upper secondary schools, private lower and upper secondary schools under contract (with state subsidies) and private lower and upper secondary schools not under contract (without state subsidies) as well as the National Centre for Distance Learning (*CNED*).

Secondary-level apprenticeships

Apprentices are students over the school-leaving age (16 years old) who learn a trade in companies to which they are bound by an apprenticeship contract under the responsibility of an apprenticeship supervisor. In-company vocational training is supplemented by classes held at Apprentice Training Centres (*CFA*).

The apprenticeship formula makes it possible to prepare for vocational diplomas at all levels. The *CAP* is still the qualification taken by the majority of apprentices, but the proportion of apprentices taking qualifications at a higher level than the *CAP* has increased in recent years.

Secondary apprenticeships include preparations for secondary education vocational diplomas dispensed in Apprentice Training Centres and in apprenticeship preparatory classes. It does not include workplace training.

Secondary apprenticeships are classed as ISCED level 3C.

Expenditures do not include remuneration for apprentices. Apprentice Training Centres were created by agreements entered into by central Government and management bodies. Since the start of the 1984 academic year, apprenticeships have been overseen by the regions which enter into agreements and pay subsidies which were once recorded in the national budget. Some *CFA* are subject to national agreements by virtue of their particular recruitment (*CFA* for the *SNCF* for example) and continue to be directly overseen by central Government.

CFA management bodies may be communes, chambers of trade and commerce or industry, private organisations, companies or state educational institutions.

For the purpose of the Education account, apprenticeships are implemented by three producers: state *CFAs*, managed by local authorities or state educational institutions, publicly funded private *CFAs*, predominantly managed by chambers of trade and commerce or industry or trade associations and private, and non-subsidized *CFAs*, run by companies.

Post-secondary non-tertiary education

Post-secondary non-tertiary education, classed as ISCED level 4, refers to training not leading to a higher education qualification. It includes preparation for basic legal qualifications, language training, a one year access

course for some *BTS* or even training for some health and social care professions (mainly special needs teachers). Training leading to a higher education qualification, below degree level, classed at ISCED level 5, is classed as Tertiary Type B higher education.

For the purpose of the Education account, this level of education encompass by multiple producers: state upper secondary schools, private, state-subsidized or non state-subsidized, upper secondary schools, state universities, other state higher education establishments, private, state-subsidized higher education establishments and non state-subsidized higher schools (*écoles supérieures*).

Tertiary Type B (TTB) higher education (short programmes)

Tertiary Type B higher education covers training leading to a higher education qualification, below degree level. It mainly comprises training programmes to prepare for higher vocational diploma (*BTS*), university diplomas in technology (*DUT*) or for paramedical training at Bac + 2 level⁷.

Preparatory classes for competitive entry to “*Grandes écoles*” and undergraduate university courses are considered to be long courses and are not classed as belonging to this level.

These training courses correspond to ISCED level 5B.

Producers providing educational services at these levels operate within undergraduate-level programmes in state or private upper secondary schools or for preparation for the *BTS*, in university institutes of technology (*IUT*) attached to state universities or in specialist schools for other training programmes.

Tertiary Type A (TTA) higher education (long programmes)

Tertiary Type A higher education covers training programmes leading to a higher education qualification at bachelor degree level or higher.

Since the introduction of the European Higher Education Area, the three new levels of study which comprise the new architecture i.e. bachelor (Bac + 3), masters (Bac + 5) and doctorate (Bac + 8), have, since 2002, gradually tended to replace former levels. At the start of the 2004 academic year, 75% of adopted this *LMD* system, then 100% at the start of the 2006 academic year.

Preparatory classes for the “*Grandes écoles*” held in upper-secondary education schools are included in this field. Generally speaking, they prepare over a two-year period for the competitive entrance exam for some engineering, business or other specialist schools.

Higher education also comprises all the training programmes at this level provided in state or private higher schools recruiting students either after preparatory classes for the “*Grandes écoles*” or after the *baccalauréat*.

These training programmes correspond to ISCED levels 5A and 6.

Salaries for students attending “*Grandes écoles*” and belonging to the civil service are not considered to be higher education expenditures. For the purpose of the Education account, only payments made to teachers on teacher training courses are considered to be educational expenditures and were recorded under the heading “remuneration for teachers on teacher training courses” until 2005. Since 2006, they have been incorporated into educational expenditures.

For the purpose of the Education account, TTA higher education is provided by seven producers:

- state secondary education institutions for preparatory classes for the “*Grandes écoles*”;
- state universities for all training by these establishments, including engineering training programmes;
- other state higher education institutions. This type of producer covers schools which have the status of state education institutions and benefit from accounting autonomy, as well as training establishments for senior civil servants which do not have the status of state education institutions. The latter were classed as public administration internal training centres in Education account costing prior to 1999;
- private secondary education institutions with state subsidies for preparatory classes for the “*Grandes écoles*” under partnership contracts;

⁷ Then bac + 3 to obtain the state nursing diploma: Decree No. 2009-1540 of 10 December 2009 + Order of 31 July 2009.

- private state-subsidized higher education institutions covering private establishments benefitting from public subsidies such as the “Catholic Institutes” and the “Electricity Higher School”, etc.;
- private non state-subsidized secondary education institutions for preparatory classes for the “*Grandes écoles*”, not under partnership agreements;
- private non state-subsidized higher education establishments not benefiting from public subsidies.

Higher apprenticeships cover preparations for TTB or TTA qualifications within the scope of apprenticeships. Procedures are similar to secondary-level apprenticeships.

Higher apprenticeships are classed as ISCED level 5A or 5B.

The Education account isolates all training carried out within the context of an apprenticeship, even if combined with training within a traditional university framework. The isolated production unit is grouped together with Apprentice Training Centres.

Continuing vocational training covers all training initiatives aimed at the employed or unemployed (out-of-work or youth), including continuing vocational training within public administrations or companies.

Remunerations of staff undergoing continuing training are not taken into consideration in the Education account as a training expenditure, unless it is for teachers on teacher training courses.

Continuing training initiatives are mainly funded by central Government, local authorities (for their own agents and for jobseekers or programmes aimed at young people aged between 18 and 25) and companies. Corporate expenditures may go beyond their fiscal obligation to devote 1.1% of their wage bill to continuing training for their agents.

Other out-of-school type training programmes cover arts education, evening classes, training programmes provided by teachers within the context of self-employment.

The support given by parents for their children’s studies is not recorded in the account since it does not give rise to a financial exchange.

Special lessons or educational support given to a young person in education and relating to the disciplines of the educational programme are classed with the corresponding level of the student’s education.

Activities performed by the National Conservatory of Arts and Crafts (*CNAM*) and related centres have been classed, in their entirety, under this activity. In addition to evening classes, this organisation also offers introductory and continuing training courses. For technical reasons, these activities cannot be separated.

1.3.2. Activities

Activities form the basis of the definition of the field of education. The field of education is thus defined by a list of characteristic activities and related goods and services. These activities are divided into four main categories: teaching activities, support services, system organisation and related goods and services.

Teaching activities, support services and system organisation are provided by educational producers using resources contributed by financing units. The Education account describes their funding and their production for each level of education.

The “related goods and services” are not produced by producers within the field of education. Because of this, only their financing is described at each level.

Related activities are divided into two groups: support services and system organisation. Changes made by the current classification of activities concern related activities: educational research activities (*INRP*⁸) and educational documentation (*CNDP*) [French National Centre for Educational Documentation] are not isolated within the general organisation activity.

⁸ The *INRP* [French National Educational Research Institute] ceased to exist in its original format on 18 April 2011, but is now attached to ENS Lyon and goes by the name of the *Institut français de l'éducation (IFE)* [French Institute of Education].

Special lessons will no longer be considered to be an educational activity, but a household purchase (non-producer) and thus related to expenditures at each level of education.

Activities
A. Production unit activities
Teaching
10. Teaching
11. Research (since 2006)
Support services
21. Catering and residential services
22. Medical services
23. School guidance
System organisation
31. General administration
32. Remuneration for education staff in training
B. Non-production unit expenditure
Purchases of related goods and services
41. School transport
42. Textbooks and supplies
43. Special lessons
44. Clothing and others

Educational activity corresponds to each level of education described above. It refers to day-students and covers the global expenditures incurred. It includes, therefore, administrative and management expenditures localised at the level of educational institutions. This activity encompasses all producers excepting administrative services and public bodies.

Earnings of teaching/research staff are incorporated into the educational activity without being able to be split between teaching and research. Prior to 2006, operating and investment expenditures relating to university research were left out. With the introduction of the *LOLF* in 2006, these expenditures were no longer withdrawn from the account. This led to research activity being added to the classification of the account. Due, however, to the impossibility of isolating research-related investment expenditures, only operating expenditures appear under research activity. Expenditures on staff and research-related investment expenditures are recorded as educational activities.

Support services comprise catering, medical services and school guidance.

The **catering and residential services** activity corresponds to catering and accommodation activities aimed at students provided by educational institutions or by the *CNOUS* and *CROUS* for higher education. It does not include meals taken by pupils and students which are not organised by the establishments in question or by *CROUS*.

Expenditures on catering and residential services include expenditures on remuneration for establishments' administrative or maintenance staff with regard to the proportion of their working hours spent on this activity, as well as other operating and investment expenditures required for facilities to operate smoothly.

The activity of restaurants or canteens intended for administrative personnel is not recorded in the account under the catering and residential services activity, but under general administration.

Most Education account producers have a catering and residential services activity.

The catering and residential services activity provided by the administrative services and public bodies producer corresponds to the *CNOUS* and *CROUS* which operate university restaurants and residences.

The **medical services** activity corresponds to the work of doctors and nurses in schools and higher education establishments in respect of students. It does not include treatment given to students outside this framework. It may be performed within teaching establishments or within administrative services.

The medical services activity is, above all, constituted by the organisation of preventive medical check-ups, by remuneration for doctors and nurses and by the running costs of first-aid rooms. It covers educational healthcare initiatives for pupils or students. Medical expenditures on the work carried out by workplace medical centres for administrative services are recorded under general administration. In practice, it has not been possible to isolate this activity in all production units. The Education account only evaluates the costs of medical services for state secondary, higher and special needs educational institutions.

Medical services provided by local authorities are allocated to the "administrative services and public bodies" producer.

More often than not, investment expenditures cannot be accounted for.

School guidance corresponds to the work of careers advisors and the *ONISEP* (National and Regional Information on Jobs and Training).

This organization aims to inform pupils and families on different training paths and job opportunities. Its activity also includes advisory services set up within the context of continuing vocational training. In the Education account, this activity is provided by the administrative services and public bodies' producer.

General administration covers the activities of central or local administrative services i.e. central administration of the Department of National Education, education authorities, academic inspectorates and various local authority departments whose aim is to organise, manage and regulate education systems. In the Education account, this activity is provided by the administrative services and public bodies producer.

Educational research covers initiatives aimed at developing new teaching methods and stimulating reflection on educational programme contents. This activity, mainly carried out by the National Institute of Educational Research (*INRP*), was isolated in the Education account until 1998. It is now classed with general administrative expenditure.

Likewise, educational documentation was isolated in Education account tables until 1998. It corresponds to the work of the *CNDP* and its regional (*CRDP*) and local (*CDDP*) centres. It is now grouped together with general administration.

Remuneration for education staff while in training corresponds to remuneration paid to teachers in *IUFM* (teacher training institutions) and, more generally speaking, to all education staff undergoing initial or continuing training.

The Education account does not consider remuneration paid to students undergoing initial training or trainees on continuing training courses as educational expenditure. Expenditures on remuneration for student civil servants are combined with the constraint of giving a certain number of years of public service and can thus be interpreted as an investment in human capital. This point of view has resulted in only remuneration paid to education staff in training incorporating an education activity being counted as educational expenditure.

School transport covers all the initiatives implemented by public administrations to subsidise students' transport between their home and the teaching establishment that they attend.

These initiatives may take several forms: organisation of school buses, subsidies for organisations providing transport for students by bus or by train and individual travel grants.

From the start of the 1984 academic year, jurisdiction over school transport was transferred to *departmental* general councils or to the competent authorities for the organisation of urban transport. Expenditures previously appearing in the budget of the Department of National Education have been transferred to the general decentralisation grant.

The Education account does not study the production of school transport activities which is treated as a related service. Transport expenditure is only studied from the perspective of its funding.

Purchases of textbooks and educational supplies are made by both public administrations and families.

Expenditure on textbooks and educational supplies is disbursed by local authorities for primary education. Central Government pays for textbooks for secondary education. Household expenditure corresponds to additional expenditure made by families for primary and secondary pupils i.e. school bags, stationery, miscellaneous supplies, books required or recommended by the teaching institution (dictionaries, short theatre compendium, etc.). Post-secondary education and higher education classes require all expenditures on books and supplies to be

borne by households. Increasingly, however, regional councils are sharing the cost of textbooks for upper secondary students.

Special lessons correspond solely to special classes in support of student learning carried out on the initiative of families in subjects corresponding to the educational programmes being followed.

Music or arts lessons are classed as an out-of-school educational activity.

Expenditure on **clothing and other expenses** relating to school attendance correspond to purchases made at the request of the educational institution i.e. lab coats for practical work, gym kits, participation in leisure activities organised by the school.

This item of expenditure also includes miscellaneous expenses such as envelopes, stamps and school insurance.

1.3.3. Financing units

The **financing units**, or financers, are the economic agents which bear the expenditures for activities with the field of education. They do not perform these activities. Expenditures by financing units are resources for the production units which perform the activities. The classification is identical for all levels but some financing agents cannot operate at all educational levels. The classification is similar to the one used in the 1974 basic account. Inside category of financing unit, the "rest of the world" was added to describe financing from the European Union or overseas (grants). With the introduction of the *LOLF*, since 2006, central Government financing units have no longer been listed by Departments but according to their different missions and programmes.

These financing units are, in addition, consistent with the institutional sectors of the national accounts i.e. public administrations (comprising central Government, local authorities and other public administrations), companies, households and the "rest of the world". The classification used means that the financing can be analysed in slightly greater details.

Financing agents

Until 2005

Department of National Education

- 110 Primary and secondary education
- 119 Related social charges - schools
- 120 Higher education
- 129 Related social charges - higher education

Other Departments

- 201 Agriculture
- 202 Culture
- 203 Defence
- 204 *FFPPS* (French National Centre for the Development of Information on Continuing Training and Social Promotion Funds)
- 205 Health
- 206 Employment
- 207 Foreign affairs
- 208 Infrastructure, Transport
- 209 Industry and Commerce
- 210 Interior
- 211 Youth and Sports
- 212 Justice
- 213 Prime Minister
- 219 Social charges relating to other Departments

Local authorities

- 310 Regions
- 320 *Departments*
- 330 Communes

Other public administrations

- 410 Other PA
- 420 Family allowances fund

Companies and other legal entities

- 500 Companies (apprenticeship tax, training contracts with companies)
- 550 Other financiers (financial income, sale of manufactured products, services) (since the final 2008 account)

Households

- 600 Households

Rest of the world

- 710 European Union
- 720 Foreign countries

Since 2006

Primary and secondary education missions and *MIRES*

- Primary and secondary education mission
- 130 Education Programmes
- 140 Agricultural Training Programme
- MIRES* "Interministerial" Research and Higher Education Mission
- 150 Research and Higher Education Mission
- 160 Higher Education and Agricultural Research Programme

Other missions (according to the 2008 budget proposal*)

- 221 Central Government's External Action Mission
- 222 Central Government's General and territorial administration Mission
- 223 Agriculture, Fishing, Forestry and Rural Affairs Mission
- 224 Official Development Assistance Mission
- 225 Veterans, Memory and Links with the Nation Mission
- 226 Central Government Advice and Monitoring Mission
- 227 Culture Mission
- 228 Defence Mission
- 229 Economic Development and Regulation Mission
- 230 Central Government Action Direction Mission
- 231 Ecology and Sustainable Development Mission
- 232 State Financial Commitments Mission
- 233 Mission for the Management and Oversight of Public Finances
- 234 Justice Mission
- 235 Medias Mission
- 236 Overseas Mission
- 238 Public Authorities Mission
- 239 Provisions Mission
- 240 Social Security and Pension Systems Mission
- 241 Mission on Relations with Local Authorities
- 242 Tax Refunds and Reliefs Mission
- 243 Health Mission
- 244 Security Mission
- 245 Civil Security Mission
- 246 Health Security Mission
- 247 Solidarity and Integration Mission
- 248 Sport, Youth and Community Life Mission
- 249 Economic Strategy and Public Finance Management Mission
- 250 Transport Mission
- 251 Work and Employment Mission
- 252 City and Housing Mission
- 253 Aviation Control and Operation

* Classifications for programmes and missions may vary from year to year so as to respond to the priorities defined for the implementation of the central Government budget.

The economic agents considered here as financing units may themselves produce educational activities. This is the case, for example, with the Department of National Education which itself acts as a general system administrator or with companies which may, themselves, provide training for their own staff. For the purpose of the Education account, it is necessary to make a distinction between the financing unit and the production unit which is internal to it. This distinction means that account analyses can be developed. The Department of National Education is, therefore, a financing unit (*via* its budget) which finances the “administrative services” production unit which performs the general administration activity.

The Departments of National Education and Higher Education, within the scope of the “primary and secondary education” missions and *MIRES*, are the main financers of the field of education. *Via* their budget, they finance, in particular, remuneration for teachers in state establishments and private subsidized schools, non-teachers in state institutions and staff in administrative services. They also pay various subsidies to state or private institutions.

The distinction between primary and secondary education and higher education corresponded until 2005 to the division of the central Government budget into two. This division now consists of two distinct Departments, with their own missions and programmes, to reiterate the terminology of the *LOLF*. In the case of higher education, this new organisation of public finance has made the Education account more complex insofar as certain procedures can no longer be followed. Research expenditures relating to civil service research personnel and operating expenditures on university laboratories which were, prior to the *LOLF*, withdrawn from the Education account, are now incorporated into it (see “Educational activities” above). Likewise, the research parts of expenditures from the central administration of the Department of Higher Education and Research are also recorded in the account as relating to higher education insofar as the breakdown between higher education and research is no longer possible.

Related social charges correspond to the social contributions that the central Government employer pays into the common services budget. They result from the fact that central Government has not created funds into which it would pay employer contributions to administer pension schemes for civil servants or social security benefits.

The civil servants’ pension scheme is not managed by an independent body which would receive, on the one hand, contributions from employees and employers, and on the other, would pay pensions to retired civil servants. Central Government pays civil and military pensions direct from the common services budget and each Department deducts employees’ contributions from the wages of workers paid from its budget⁹. The difference between the amount of pensions paid and employees’ contributions corresponds to central Government’s employer contribution.

From 1999 to 2005, the central Government employers’ contribution amount was calculated for all state civil servants, whether or not they worked in the education sector. The calculation was made by adding together the remunerations paid to working civil servants (salaries, bonuses and benefits, corresponding to D11 national accounts categories) to calculate the employer contribution rate. Since 2006, the creation of the special pensions account has directly incorporated these employer contributions into central Government accounts. These new treatments are, therefore, also taken into consideration by the Education account. It is necessary to note that the creation of the special civil service pensions account (“CAS pensions”) has resulted in a hike in imputed social charges or related social charges, previously estimated on the basis of a lower contribution rate. The financial flows that the Departments pay back in their programme to CAS pensions to balance their civil servants’ pensions were underestimated prior to the changeover to *LOLF*.

Calculation of related social charges makes Education account staff expenditures consistent with the definition used in the national accounts. Staff expenditures include other remunerations paid to employees and social charges paid by employers.

Until 2005, the Education account distinguished between social charges relating to primary and secondary education from those relating to the higher education section of the National Education budget. Social charges relating to other Departments were then aggregated. Since 2006, social charges have been directly incorporated into staff remunerations.

The other Departments *via* “other missions” comprise all central Government administrations disbursing educational expenditures. Some Departments, such as those responsible for agriculture, health or defence, operate training establishments. All make expenditures for their staff’s continuing education.

⁹ The creation of the special civil service pensions account (*CAS* pensions) with the introduction of the *LOLF* changes things from the perspective of central Government accounting, but not for national accounts treatments (cf. imputed contributions mechanism).

Published tables use a simplified classification showing only the Departments with the highest spending on education and grouping the others together in a single category.

Local authorities include regions, *departments* and communes. Local authorities have been given powers in terms of education and training, set by decentralisation laws. And so, for example, the regions finance both upper secondary schools and vocational training centres with, in particular, apprenticeship expenditures. They may also finance activities over and above their mandatory requirements. The Education account shows all of these expenditures.

The communes financing unit comprises communes, groupings and associations of communes, urban communities, as well as the school funds.

State nursery and primary schools have no legal and financial autonomy. They are run by the communes and are included in their accounts. The Education account isolates schools as an individual production unit. Financing for schools activities is isolated within the communes' accounts. Payments made to families for school meals are thus considered to be financing by households of schools and the transfer via the communes' accounts is not shown.

Other public administrations disbursing educational expenditures include consular bodies, chambers of trade, commerce and industry, chambers of agriculture and hospitals as well as social security bodies. The family allowances fund is isolated due to its role in paying the schooling expenses allowance.

The **companies** financing unit comprises public and private companies, the Post and Telecommunication Office Administration (prior to the creation of entities under company status) and professional associations serving companies.

Companies are, in particular, involved in financing apprenticeships (state or private), also financed by the regions. Financing by companies is linked to the apprenticeship tax system¹⁰. The apprenticeship tax is a central Government tax based on the gross wage bill paid by companies. The rate of taxation is 0.5%¹¹, except for the Moselle, Bas-Rhin and Haut-Rhin *departments* where the rate is 0.26%. Companies may deduct some tax-exempt expenditures from the amount payable to the Treasury i.e. part of the wage paid to apprentices, subsidies paid to *CFA* or state or private education institutions dispensing foundation-level technological training, operating expenses, new purchases of equipment, renewal of existing and supplementary equipment for *CFA* or schools set up by companies.

The part of the apprenticeship tax shown in the Education account corresponds to payments made to *CFA* and educational institutions. These subsidies are considered to be direct company expenditures. The transition of sums paid to educational institutions *via* collecting bodies is not shown in the Education account.

The **households** financing unit corresponds to the national accounts definition. Households finance the activities of educational institutions by paying tuition fees, school fees or by contributing to catering costs. They also contribute to out-of-school activities and also make direct purchases of textbooks and educational supplies and buy special lessons services.

The "**rest of the world**" corresponds to financing of educational expenditures on national territory by non-resident economic agents. The European Union, which mainly operates *via* the European Social Fund or the Regional Development Fund, is distinguished from other non-resident financiers.

Transfers between financing units

Some financial flows may pass through an intermediary financing unit prior to reaching the intended production unit. This is, for example, the case for the grants paid by central Government or local authorities to households.

The corresponding financial flow can be attributed to the central Government, the original financier. This is then known as the initial financing agent. The financial flow may be allocated to households. These are then known as the final financing agent.

¹⁰ It should, in fact, be noted that financing by companies paid direct to the Treasury is not considered to be educational expenditure. The same is true for the apprenticeship tax or the mandatory contribution for vocational training which are considered to be direct company expenditures not shown by the Education accounting system due to their fiscal nature.

¹¹ Companies with over 250 employees, less than 3% of whom are young people on sandwich courses, pay an additional 0.1% tax (allocated to *CFA*). Since 2010 (law of 24 November 2009), this additional tax has been replaced by an additional apprenticeship contribution (*CSA*) paid to *FNDMA* (National Fund for the Development and Modernisation of Apprenticeships).

Studying the final financing agent makes it possible to discover the actual destination of the financing. For this reason, the Education account is centrally concerned with the study of end financing.

Transfers between financiers are, however, listed and mean that the actual costs incurred by each initial financier can be established for each level of education.

Transfers relating to decentralisation laws are only isolated when they are allocated to educational expenditures. Equipment grants (*DRES* and *DDEC*)¹², accompanying transfers of competence in terms of investment of lower and upper secondary, are thus considered to be transfers from the initial central Government financier to the final financiers i.e. regions or *departments*. On the other hand, transfers of competence offset by the General Decentralisation Grant (*DGD*) are not described in the account, since the *DGD* constitutes a general transfer of unallocated resources.

1.3.4. Production units

The **production units**, or producers, are the economic agents which perform activities within the field of education using resources provided by financing units.

The classification is identical for all levels of education. In fact, most producers perform activities within a small number of educational levels, indeed often within just one level. Some producers, however, such as state secondary education institutions, may act for several different levels: secondary for lower and upper secondary classes, higher education with preparatory classes for “*Grandes écoles*” and higher technician sections as well as out-of-school training with continuing education under adult education service (*GRETA*).

In addition, production units may be state or private establishments with accounting autonomy or entities linked to structures which may perform activities other than education (for example, state primary schools with the particular role of the communes). The needs of the Education account lead to isolate all entities carrying out educational activities, whether they are autonomous or not. Expenditures on continuing education within administrations or companies are isolated and allocated to production units.

Production unit classification has been significantly modified in relation to the classification used in the basic 1974 account. It is broken down into four main groups of producers¹³, which are state educational institutions, private state-subsidized educational institutions, private non-subsidized institutions and an “administrative services and public bodies” producers, in order to describe expenditure on general system organisation. A more specific concept of producer is also used. This relates to the breakdown of producers into several sub-units which are homogenous from the point of view of the accounting sources used and intended to facilitate arbitrage.

The accounting distinction between independent establishments and in-house training centres has been abandoned. It is, however, useful for processing information sources but is not used in the summary tables.

Production unit classification was significantly reorganised with the restructuring of the Education account in 1999. This change has resulted in consistency with demands for information from international organisations.

The classification no longer uses the criterion of accounting autonomy. This criterion is, however, still useful for making a link with information sources and facilitating data processing. The notion of sub-producer means that groups of producers that are homogenous in terms of the sources of information used can be identified. Some production units are divided into two or more sub-producers.

¹² Since 2007, these grants have been financed by tax allocations and are no longer considered as transfers.

¹³ Educational institutions are classed according to their status in law and whether or not they receive public subsidies.

Producers

1. State education institutions

11 State nursery and primary schools	110 State nursery and primary schools
12 State lower and upper secondary schools	121 State education ministry lower and upper secondary schools
	123 State agricultural ministry lower and upper secondary schools
	124 State Defence ministry lower and upper secondary schools
13 State <i>CFA</i>	131 State non-agricultural <i>CFA</i>
	133 State agricultural <i>CFA</i>
14 State universities	140 Universities (since 2006, including <i>IUT</i>)
	141 State universities (until 2005)
	142 <i>IUT</i> (until 2005)
15 Other state higher education institutions	151 Independent institutions
	152 Public administration internal centres
16 State arts education centres	160 State arts education centres
17 State special needs education centres	171 State <i>MEN</i> special needs education centres
	172 <i>EREA</i>
	175 Health Department state special needs education centres
	176 Justice Department special needs education centres
18 Distance learning bodies	180 <i>CNED</i>
19 Out-of-school education bodies	190 Out-of-school education bodies

2. State-subsidized private establishments

21 Nursery and primary schools under contract	210 Nursery and primary schools under contract
22 Lower and upper secondary schools under contract	222 Lower and upper secondary schools under contract with the Department of Education
	223 Lower and upper secondary schools under contract with the Department of Agriculture
23 Private state-subsidized <i>CFA</i>	231 Non-agricultural, private, state-subsidized <i>CFA</i>
	233 Agricultural, private, state-subsidized <i>CFA</i>
24 Private higher education establishments	241 Independent institutions
	242 Not-for-profit institutions serving households
26 Subsidized out-of-school education bodies	260 Subsidized out-of-school education bodies

3. Private, non state-subsidized, establishments

31 Nursery and primary schools not under contract	310 Nursery and primary schools not under contract
32 Secondary education establishments not under contract	320 Secondary education establishments not under contract
	330 Corporate <i>CFA</i>
33 Corporate <i>CFA</i>	341 Corporate industrial training centres (<i>CFI</i>)
34 Non-subsidized higher schools	342 Consular bodies
	343 Other private higher schools
	361 Private out-of-school bodies - Corporate <i>CFI</i>
36 Private out-of-school education bodies	362 Private out-of-school bodies - Consular bodies
	363 Private out-of-school bodies - BIC

4. Administrative services and public bodies

40 Administrative services and public bodies	400 Administrative services and public bodies
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State nursery and primary schools are all overseen by the Department of National Education.

Their operation is administered by the communes, apart from ten regional primary schools which have been overseen by regional councils since 1986.

State nursery and primary schools produce educational activities at pre-primary and primary levels and primary special needs education. They also produce catering and residential activities.

State nursery and primary schools are essentially financed by the Department of National Education and by the communes. This Department is responsible for expenditures on teaching staff. The communes pay for operating costs including expenditures on non-teaching staff and investment expenditures.

The communes also bear the majority of catering expenditures. Households share in catering expenditures and provide some related revenues for educational activities.

The sources used

Apart from the ten regional primary schools which supply financial accounts, state nursery and primary schools have no accounting autonomy. Their accounting records are included in those of the communes which manage them.

From studying local authorities' administrative accounts, a schools account can be compiled showing costs for the various activities as well as revenues from various origins such as central Government, companies, and households.

Revenues from central Government are treated as transfers between financing units. The financing of communes is evaluated in such a way as to balance incomes and expenditures.

These restated accounts are supplemented by expenditures appearing in the central Government budget.

State lower and upper secondary schools cover state lower and upper secondary schools and vocational upper secondary schools overseen by the Department of National Education or the Department of Agriculture. Some establishments are overseen by the Department of Defence.

On 1 January 1986, the date on which the laws on decentralisation came into force, those of these establishments that were under state management or were nationalised became local state education institutions, with the exception of a dozen or so lower and upper secondary schools which are essentially institutions with international sections, responsibility for which remains entirely with central Government. The *departments* are responsible for lower secondary schools and the regions are responsible for general and vocational upper secondary schools.

State lower and upper secondary schools produce educational activities at different levels of secondary education: lower secondary and upper secondary general and technological, upper secondary vocational and secondary special needs. They also produce educational activities at long higher education level (preparatory classes for the "*Grandes écoles*") or short higher education level (higher technician sections). They also carry out continuing vocational training activities, as well as related activities, catering and residential and medical services.

The Department of National Education is the main financier of state secondary institutions, financing the cost of teaching and non-teaching staff. The *departments* (for lower secondary schools) and the regions (for upper secondary schools) finance investments, pay operating subsidies and, since 2006, manage TOS (technicians and maintenance staff).

Households share in catering and residential expenditures and procure incomes related to educational activities.

The sources used

The state secondary education institution account is compiled from the financial accounts of establishments overseen by National Education, simplified by the *DEPP*. These accounting documents do not contain central Government's direct payment of staff costs and are supplemented by information from the central Government budget.

The agricultural secondary education institution account is compiled from Department of Agriculture budgets.

Information on institutions overseen by the Department of Defence, supplements the aforementioned sources.

The **state apprentice training centres (CFA)** comprise the apprentice training centres run by local authorities or by state education institutions.

State CFA may be overseen by the Department of National Education or by the Department of Agriculture.

Since the start of the 1984 academic year, the institutions have been overseen by the regions which replaced central Government in terms of financing.

State CFA produce an educational activity at secondary or higher level followed by apprentices and by pupils in preparatory classes for apprenticeships annexed to the centres. They also produce a catering service activity. Only internal apprentice training centre expenditures are taken into consideration. Expenditures on apprentices in their host companies are not recorded in the account.

Apprenticeships (state or private) are mainly financed by the regions and by companies. Apprentice training centres may also receive subsidies from other local authorities. Households share in catering expenditures. Corporate financing is linked to the apprenticeship tax system.

The sources used

The state apprenticeship institutions account is compiled from CFA financial statements, simplified by the DEPP then by the CNFPTLV (French National Council for Lifelong Learning) for apprentice training centres overseen by the Department of National Education.

State universities cover 82 universities, the IUFM and internal or related engineering schools. Since 2006, the reforms brought about by the LOLF have meant that it is no longer possible to distinguish IUT expenditures which have been incorporated into universities' expenditures.

They carry out higher-level educational activity (post-secondary, short higher, long higher), continuing vocational training as well as medical service activities. Since 2006, research activities have also been taken into consideration (see 3.2).

Universities are mainly financed by the Department of Higher Education and Research which pays staff wages and operating and investment subsidies. The LRU law (law on the freedoms and responsibilities of universities) of 10 August 2007 does, however, provide for all universities to have budgetary autonomy by 2013, as well as the freedom to manage their human resources (including staff wages) and for them to become owners of their own premises. From then on, a fixed subsidy, to include wage and operating costs, will be paid by central Government to each individual establishment.

They also receive subsidies from local authorities or companies by virtue of the apprenticeship tax scheme.

Households' share of expenditures correspond to tuition fees paid by students as well as other miscellaneous payments e.g. for duplicated lecture notes.

The sources used

The universities account is compiled from the institutions' financial accounts supplemented by staff and investment expenditures paid out of the Department of Higher Education and Research budget.

Other state higher education establishments cover state higher education schools with the status of state institutions and schools not benefiting from accounting autonomy.

Institutions with accounting autonomy are all classed by the national accounts as central administration external bodies (ODAC).

This distinction made on the basis of accounting autonomy concerns training schools for top civil servants. Some schools such as the National School of Administration (ENA) benefit from having the status of state institutions. Other schools (public administration internal training centres) like the National Tax School or the Naval School do not have accounting autonomy and operate as administrative services of central Government Departments.

These institutions carry out educational activities at long higher level, continuing vocational training as well as medical services and catering and residential activities.

The sources used

The other state higher education institutions account is compiled from *ODAC* accounts prepared for the national accounts by the public accounts directorate.

The institutions' accounts are supplemented by staff or investment expenditure appearing in the budgets of the different Departments.

Expenditures on non autonomous establishments are deducted, in full, from the budgets of the departments to which they report.

State art education centres cover art schools and *departmental* or municipal arts conservatories.

The national schools, national conservatories and schools of architecture are considered to be higher education institutions. They are classed with other state higher education institutions by level of education.

Departmental and municipal conservatory accounts are included in local authority accounts. These institutions have been isolated, like all educational institutions run by local authorities. These institutions produce a single activity, arts education, now classed on the level of other out-of-school training.

The sources used

The accounts were compiled from local authority administrative accounts.

State special needs units cover regional primary schools (*ERPD*), *EREA*, state reformatory schools and healthcare establishments.

The *ENP* (National Schools of Development) are state establishments overseen by the Department of National Education. They take students presenting with disabilities or impairments which prevent mainstream schooling. Since 1986, these establishments have become *EREA* and receive their operating subsidies from the regions.

State reformatory institutions are overseen by the Department of Justice. They take young people subject to court orders. The Education account only includes expenditures on these institutions which correspond to education. Expenditures relating to judicial oversight and social integration are not isolated.

The education delivered to young people in the care of reformatory services and placed in national educational institutions is counted together with the educational activity of the host institution.

State special needs units produce an educational activity at the level of primary and secondary special needs education, a catering and residential activity and a medical services activity.

Central Government provides almost all the finance. The regions pay operating subsidies to *EREA* and *ERPD*, companies pay subsidies in the form of the apprenticeship tax and households share in catering and residential costs.

The sources used

The accounts of regional primary schools are simplified by the *DEPP*.

These accounts are supplemented by direct central Government expenditures, i.e. expenditures on staff and investment.

Expenditures on reformatory schools institutions are compiled from the Department of Justice budget.

The **state distance learning centre** producer is the National Centre for Distance Learning (*CNED*).

The *CNED* produces educational activities at all levels of the education system.

The sources used

The main source is constituted by the *CNED*'s financial accounts. Resources and expenses are broken down by level, taking into consideration the numbers enrolled.

The **state out-of-school education bodies** producer covers the Paris National Conservatory of Arts and Crafts (*CNAM*) and all autonomous or non-autonomous centres within public administrations operating continuing vocational training activities.

The Paris *CNAM* mainly organises evening classes. Its activities mainly relate to adult education, even though some of its institutes may, in fact, be foundation-level training establishments. All of the activity produced by the *CNAM* is classed as "other out-of-school type training". *CNAM*-related regional centres are associations governed by private law. They are grouped together with the "Private, state-subsidized out-of-school training institution" producer.

The sources used

The state out-of-school training institution account is compiled from the *CNAM* financial accounts and from local authority administrative accounts for the centres that they manage.

These accounts are supplemented by all internal continuing education expenditure dispensed direct by various administrations.

The **private state subsidized nursery and primary schools** producer is made up of private subsidized_nursery and primary schools under partnership or straightforward contracts.

In less frequent cases where a private state subsidized_school includes both classes benefiting from state subsidies and classes not benefiting from them, only the educational activity corresponding to classes under contract is described for the producer. The educational activity of classes not under contract is assigned to the "Non-state subsidized educational institutions" producer.

The private state subsidized nursery and primary schools carry out educational activities at three levels: pre-primary, primary as well as special needs and catering.

The Department of National Education pays the teaching staff. The communes may pay subsidies to contribute to the day-to-day operation of the schools. These payments are mandatory for classes subject to partnership contracts. Households pay school fees and finance catering activity in full.

The sources used

In the absence of a summary of the institutions' financial accounts, the private, predominantly state-funded, pre-primary and primary institutions account is compiled from the central Government budget, the accounts prepared by the communes and the school fees charged by the schools.

The **private state subsidized lower and upper secondary schools** producer is made up of private lower and upper secondary schools comprising classes under partnership or straightforward contracts. Almost all classes operate under the partnership contract system.

They are overseen by the Department of National Education or the Department of Agriculture.

In less frequent cases where a private school includes both classes benefiting from state subsidies and classes not benefiting from them, only the educational activity corresponding to classes under contract is described for the producer. The educational activity of classes not under contract is assigned to the non-state subsidized educational institutions producer.

Private state subsidized lower and upper secondary schools under contract carry out educational activities at four secondary education levels (lower secondary, special needs, upper secondary general and technological and upper secondary vocational), short higher education (higher technician sections) and long higher education (preparatory classes for the “*Grandes écoles*”). They also carry out continuing training activities and catering and residential activities.

The Department of National Education and the Department of Agriculture pay teaching staff and pay a flat-rate residential fee which varies according to the level. Subsidies may be paid by *departments* for lower secondary schools and regions for upper secondary schools in order to contribute to the day-to-day operating costs of these institutions. These payments are mandatory for classes subject to partnership contracts. Households pay school fees and finance catering activity in full.

The sources used

In the absence of a summary of the establishments' financial accounts, the private state subsidized lower and upper secondary schools account is compiled from the central Government budget, from local authority accounts and from the school fees charged by the schools.

These sources are supplemented by education reports for continuing education initiatives.

Private state-subsidized apprentice training centres (CFA) comprise the apprentice training centres run by consular bodies or associations.

Private, state-subsidized *CFA* may be overseen by the Department of National Education or by the Department of Agriculture.

Since the start of the 1984 academic year, these institutions have been overseen by the regions which replaced central Government in terms of financing.

The *CFA* produce an educational activity at secondary or higher level depending on the training followed by the apprentices and the pupils in preparatory apprenticeship classes annexed to the centres. They also produce a catering activity.

The account only takes into consideration internal apprentice training centre expenditures. Expenditures on apprentices in their host companies are not recorded in the account.

Apprentice training centres are financed by subsidies paid by the regions and by subsidies received from companies in the form of the apprenticeship tax. The centres may also receive subsidies from other local authorities. Households share in catering expenditures.

The sources used

The private state-subsidized apprentice training centres' account is compiled from *CFA* financial statements simplified by the *DEPP*, then by the *CNFPTLV* (French National Council for Lifelong Learning).

The **private state-subsidized higher education institutions** producer includes private higher schools receiving state subsidies.

These institutions are, for the most part, incorporated into the national account under the category of *ODAC* (Central Government Agencies).

They carry out an educational activity at higher level and a continuing vocational training activity. The catering and residential services activity cannot be isolated.

These institutions receive subsidies from public administrations, mostly from the Department of Higher Education and Research but some higher schools receive subsidies from the Department of Agriculture or from other Departments as well.

They also receive subsidies from local authorities as well as companies in the form of the apprenticeship tax. Households share in the financing by paying fees.

The sources used

The private state-subsidized higher education establishments' producer account is compiled from the ODAC accounts prepared by the public accounts directorate.

The **private state-subsidized out-of-school training establishments** producer includes the *AFPA* which carries out a continuing vocational training activity and the regional centres associated with the National Conservatory of Arts and Crafts (*CNAM*) whose activity is classed under "other out-of-school type training". It also includes continuing education bodies operating under a legal status of French association.

The *AFPA* is an association created and financed by central Government to carry out continuing education activities.

The sources used

The private state-subsidized out-of-school training establishments producer account is compiled from the *AFPA-ODAC* accounts supplied by the public accounts directorate and the "education reports" supplied by continuing education centres simplified by the Department of Social Affairs (*DARES*).

The **private nursery and primary education not under contract** producer is made up of private nursery and primary schools comprising classes not operating under the partnership or straightforward contract system.

In less frequent cases where a private school includes both classes benefiting from state subsidies and classes not benefiting from them, only the educational activity corresponding to classes not subsidized is described for this producer. The educational activity of subsidized classes is assigned to the private state-subsidized educational institutions producer.

Private nursery and primary schools carry out educational activities at two foundation levels: pre-primary and primary. It has not been possible to isolate catering activity.

These establishments are financed, in full, by fees paid by families.

The sources used

The accounts are compiled from an estimate of school fees.

The **private lower and upper secondary non state-subsidized schools not under contract** producer is made up of private lower and upper secondary schools comprising classes not operating under the partnership, or straightforward, contract system with the State.

In less frequent cases where a private school includes both classes benefiting from state subsidies and classes not benefiting from them, only the educational activity corresponding to classes not subsidized is described for this producer. The educational activity of subsidized classes is assigned to the private state-subsidized educational institutions producer.

Private lower and upper secondary non state-subsidized schools carry out educational activities at three levels of secondary education (lower secondary, upper secondary general and technological and upper secondary vocational) as well as at various higher education levels.

The establishments are financed entirely by school fees paid by families.

The sources used

The accounts are compiled from an estimate of school fees and apprenticeship tax payments.

Private non-subsidized apprentice training centres comprise apprentice training centres run by companies.

The *CFA* produce an educational activity at secondary level or higher depending on the training followed by the apprentices and the pupils in preparatory apprenticeship classes annexed to the centres. They also produce a catering activity.

The account only takes into consideration internal apprentice training centre expenditures. Expenditures on apprentices in their host companies are not recorded in the account.

Corporate financing of *CFA* takes the form of expenditures exempt from apprenticeship tax.

The sources used

The private subsidized apprentice training centres account is compiled from *CFA* financial statements summarised by the *DEPP* then by the *CNFPTLV*.

The **private non-subsidized higher education establishments'** producer includes private higher schools not receiving state subsidies.

These establishments carry out an educational activity at the higher education level. It has not been possible to isolate the catering and residential services activity.

They may receive subsidies from companies in the form of the apprenticeship tax. Households share in their funding by paying fees.

The sources used

The accounts are compiled from an estimate of fees and apprenticeship tax payments.

The **private non-subsidized out-of-school training establishments'** producer includes training centres with company status as well as in-house company training. It also includes trainers acting under self-employed status.

They carry out continuing vocational training activities financed by companies or out-of-school training activities for activities performed by trainers benefiting from a self-employed status.

The sources used

The private non-subsidized out-of-school training establishments' producer account is compiled from "education reports" produced by continuing education centres simplified by the Department of Social Affairs (*DARES*).

The **Administrative services and public bodies** producer includes all autonomous or internal administration entities which perform activities other than educational activities. It comprises:

- the central administrative services of the Department of National Education, education authorities, academic inspectorates and some divisions of the Department of Agriculture, the Department of Defence or other Departments which perform a general administration activity. These units are financed, in their entirety, by central Government;
- Information and Guidance Centres (*CIO*) run by central Government or local authorities, which perform a careers guidance activity. These centres are, for the most part, financed by central Government and local authorities but they may receive additional financing from companies in the form of the apprenticeship tax that they are allowed to collect;
- local authority services carrying out related activities and which cannot be assigned to educational production units which have been isolated within local authorities, such as general administration;
- state institutions which operate within the field of education but which do not carry out educational activities. These institutions only carry out related activities. This includes the adult education agency *ADEP*, which carries

out a general administration activity, *ONISEP*, which performs careers advice activity, the Research Centre for the Study of Qualifications and Employment (*CEREQ*), the *CNOUS* and *CROUS*, which operate university restaurants and residences and so perform a catering and residential services activity, the former National Institute of Educational Research (*INRP*) which performs an educational research activity, the *CNDP* and the regional educational documentation centres. These establishments all have the status of state institutions and produce financial accounts.

The sources used

Central Government expenditures on general administration and careers guidance are extracted from the analysis of different Departments' expenditures. The assessment of the resources of units producing careers guidance activity is supplemented by an assessment of the contributions made by local authorities taken from the accounts of such local authorities and by assessing the contribution made by companies, assessed on the basis of a statistical survey of the apprenticeship tax.

The major state institutions cited produce financial statements which are used, on an annual basis, to obtain the simplified accounts incorporated into the Education account.

1.3.5. Economic transactions

Economic transactions are described using a simple classification of expenditures: staff expenditures, operating expenses, capital expenditures. A differentiation is made between expenditures on teaching staff and other staff in order to take into consideration the significance of teachers in the production of educational activities. This information is also required by international organisations.

The definitions of these transactions corresponds definitions in use in the national account.

The type of expenditures considered as regards to the economic agent who will disburse the expenditures. For example, in the case of an all-inclusive operating endowment given by the central Government to an educational institution, the transaction will be different weather it involves the resources or their uses. Thus, in financing unit operation tables, the transfer is considered to be another central Government operating expenditures even though it may serve to pay staff wages or to invest. In contrast, in tables showing production unit expenditures, it is how this resources are used that is described and expenditures on staff or investment may appear.

Type
1. Staff remuneration
10. Teachers
11. Other staff
2. Current operating expenditures
20. Other types of operating transactions
3. Investment
30. Capital expenditures

Expenditures on staff remuneration (or compensation of employees) include payment of wages and salaries and also the employer's social contributions. Expenditures on staff disbursed by the different Departments is supplemented by the employer's social charges that the central Government pays out of its common services budget. The social contributions recorded in the account take into consideration the particular nature of the civil servants' pension scheme which, prior to the *LOLF*, was not managed as an organisation receiving, on the one hand, employee and employer contributions and, on the other, paying pensions to retired civil servants. Central Government paid all pensions out of the common services budget and each Department deducted employees' contributions from wages paid to workers¹⁴. The difference between the

¹⁴ The creation of the "*Compte d'affectations spéciales pour les pensions*" (*CAS pensions*) [special account] with the introduction of the *LOLF* changes things from the perspective of Government accounting, but not for national accounts treatments.

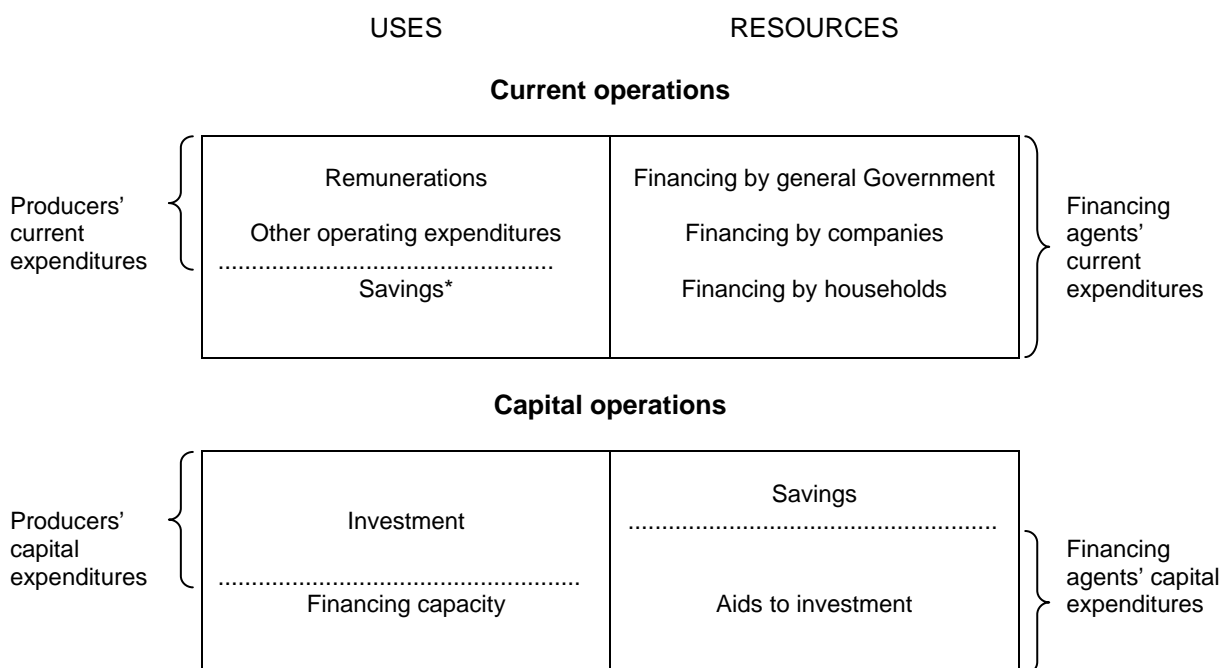
amount of pensions paid and the employees' contributions corresponds to central Government's employer contribution. This contribution is calculated for all civil servants and is added to the sum of the remunerations paid to working civil servants in order to calculate a single employer contribution percentage. This contribution rate is then applied to the remunerations paid by the different Departments to civil servants, employed under permanent contracts to perform an education activity. This contribution, which aims to balance up central Government agent pension schemes, corresponds to the principle of imputed contributions in the national accounts.

Expenditures on remuneration are divided into expenditures on teaching and non-teaching staff.

Other current operating expenditures correspond to non-staff, non-capital expenditures. Current operating expenses incurred by production units (e.g. expenditures on utilities such as heating, electricity and water) and expenditures made by households for goods and services related to school attendance (e.g.: payment for educational supplies or special lessons) or for services paid to the institutions (e.g.: payment of school fees or catering expenses).

Capital (or investment) expenditures correspond to expenditures recorded in the accounts as fixed assets i.e. constructions, major repairs, large equipment. The Education account does not show amortization or depreciation (consumption of fixed capital for the national accounts). The whole of the expenditures are recorded in the year in which it was made. Loans do not appear in the account, interest is considered to be an operating expense.

Diagram: relationship between producers and financing agent expenditures



* Savings: balance between current resources and current expenditures; may be negative.

1.3.6. Transfers

Transfers describe the financial flows between the initial financers who bear the financial cost and the final financers which recompense the producers or make expenditures direct. For the purposes of the account, transfers are not treated as an entirely separate dimension, but are incorporated into the "activities" category.

It would, in fact, appear that some financial flows may pass through an intermediary financing unit prior to reaching the final production unit for which they are intended. This is, for example, the case for equipment grants for lower secondary schools paid by central Government to local public authorities (*départements*) responsible for lower secondary schools investments. The corresponding financial flows may be attributed to central Government, the original financer, known as the initial financing agent. It may be attributed to local public authorities, the final financer, known as the final financing agent.

Studying the final financing agent makes it possible to discover the actual destination of the financing. For this reason, the Education account prioritises the study of end financing.

Transfers between financers are, however, listed and mean that the actual cost incurred by each initial financer can be established for each level of education.

Transfers to households, including scholarships, the “back to school allowance” (*ARS*) and the financing of interest-free loans are isolated from other transfers made.

Transfers

51. Scholarships and transfers to households

52. Other transfers made

53. Transfers received

1.4. The satellite Education account read from the perspective of the national accounts' central framework (or standard framework)

The difficulty of linking the satellite Education account with the national accounts' central framework lies in the fact that they do not have the same conceptual foundations. The basic concept of the satellite account is expenditure whilst the concept of production takes pride of place within the central framework. In the central framework, accounts are recorded by how we collect and use the financial resources, i.e. the idea of expenditure only shows up to describe the functioning of some of the operating costs. That said, the Education account can be read from a central framework perspective.

In the first instance, the production of education can be analysed by introducing the notion of Education Production Unit (*UPE*) which, in the case of education, is an adaptation of the concept of the Unit of Homogenous Production (*UHP*) used by the national accounts. The educational activities used by the Education account may be extensively defined by the specific French Classification of Activities (*NAF*) and Economic Summary Classification (*NES*) entries. In addition, it is possible, with the aid of an adapted classification, to make the transactions appearing in the central framework and in the corresponding Education account. Finally, although the concept of satellite account financing sector cannot be found in these terms in the central framework, a common analysis of financing can, however, be achieved.

At the end of the day, all of the above means that education expenditures and central framework transactions can be fairly closely linked.

1.4.1. Satellite account and central framework: "expenditures" versus "production"

In the satellite Education account, the concept of expenditures is directly linked to the financing unit's function (State, local government, etc.). Expenditures incurred by financing units represent all expenditures in the sense of the satellite account, i.e. they are intended to provide financing for the entire education system. By comparison, the expenditures incurred by production units within the field of education (secondary education establishments or *EPLÉ* [state education establishments overseen by local government] for example) are of a different type. In fact, strictly speaking, they do not serve to finance the education system but are components of the production costs linked to their different activities.

On a more general level, the field of expenditures, the concept used most frequently in satellite accounts, differs from that of production, which is more specific to the central framework. And so, expenditures may comprise, alongside goods and services operations (such as intermediate consumption) in the sense of the central framework, transfers (such as general operating grants or aids to investment) and capital transactions (such as gross fixed capital formation or investment expenditures).

Within the satellite Education account, however, production and expenditures do overlap at points. On the one hand, the production of education services, measured by the sum of the costs in the case of general Government, constitutes, at least in part, a resource for the production units (such as, for example, higher education institutions). On the other hand, the same amount of expenditures is recorded in the account under uses for an education system financing unit and under resources, at least in part, for production units providing, in particular, education on their own behalf.

In the case of the national accounts' central framework, production is not merged with production unit revenue. This observation applies to the case of market output, as much as it applies to the case of non-market output which prevails in the field of education. By way of example, only non-market output will be discussed.

As stated above, the central Government' production and, more generally speaking, that of non-market branches are assessed by the sum of the productions costs, i.e. intermediate consumption, staff wages, production-related taxes, consumption of fixed capital (the latter has not been valued in the Education account).

Under the current account resources of the production unit concerned will be found the share of the current expenditures made by financing units in the field of education and received by this production unit. There is a difference between the content of these two concepts, a difference which corresponds to the balance of the production unit's current account (saving), i.e. before the capital account.

By way of illustration, we will take the current account of state secondary education institutions by 2005 (i.e. prior to the transfer of *TOS* staff from central Government to local government). It is shown as follows:

Uses		Resources	
		Financing agents' current expenditures	
Staff costs	30,350	State	29,849
		Local government	1,633
Other operating costs	3,156	Other local government	342
		Corporations (non-financial or financial)	338
		Households	1,500
Saving	174	Rest of the world	18
Total	33,680	Total	33,680

In millions of Euro. Source: Education account.

To simplify, these institutions' production is not broken down into educational production and catering services production (which results in residual sales of market services)¹⁵.

Then, these institutions' production is measured by the sum of their costs, i.e.:

$$30,350 + 3,156 = 33,506 \text{ million Euros}$$

The share of current expenditures assigned to these production units is measured by the sum of the resources of this account: 33,680 million Euros.

The difference (174 million Euros) represents the gross saving of these production units, or pre-allocation "profit" for any capital expenditures.

1.4.2. Production analysis

The Education account structures the description of the production of "characteristic activities" in the field of education in a similar way to the central framework. This is based on the concept of the unit of homogenous production¹⁶ and defines the "characteristic activity" as the grouping together of these units in the same way that the central framework defines a branch of activity as the grouping together of units of homogenous production. Nevertheless, although identical in principle, the two approaches present differences essentially originating in the definition used for the unit of homogenous production. In fact, the Education account defines a unit of homogenous production specific to it which is designated by the term "Education Production Unit" (*UPE*). This unit has the following characteristics:

- a UPE can be a grouping of units of homogenous production belonging to different institutional units;
- a UPE can be a breakdown of individual units of homogenous production.

These two characteristics have the following consequences:

- the first characteristic means that the field of education can be structured in a more detailed way in the Education account than in the central framework. Nevertheless, a classification corresponds to this structuring which can be linked to that of the central framework;
- the second characteristic means that a more specific definition of the production sector can be given in the Education account, since the production of "internal" training units can be identified and described, whilst the central framework only considers them as they stand.

¹⁵ Residual sales correspond to sales of market goods or services by non-market industries, outside of their main non-market activity

¹⁶ The 1995 SEC gives the following definition of a unit of homogenous production: the distinguishing feature of a unit of homogeneous production is a unique activity which is identified by its inputs, a particular process of production and its outputs. The products which constitute the inputs and outputs are themselves distinguished not only by their physical characteristics and the extent to which they are processed but also by the technique of production used: they can be identified by reference to a classification of products. Groupings of homogenous units are homogenous branches. The 1995 SEC gives the following definition of this term: a homogeneous branch consists of a grouping of units of homogeneous production. The set of activities covered by a homogeneous branch is identified by reference to a product classification. The homogeneous branch produces those goods or services specified in the classification and only those products. Homogeneous branches are units designed for economic analysis. Units of homogeneous production cannot usually be observed directly; data collected from the units used in statistical enquiries have to be re-arranged to form homogeneous branches.

Structuring of the field of education

The difference between the two approaches can be illustrated by two examples:

The case of state primary schools

In the central framework, state schools are not identified as they stand. The educational activity that they dispense appears such that it is broken down into several institutional units. It is included, in part, in the production of the central Government, which pays staff wages and a fraction of the investment expenditures and partly in the production of the local Government which bear the costs of other operating and investment expenditures. In contrast, in the Education account, state primary schools constitute entirely separate Education Production Units (*UPE*), which perform two types of activity: education and catering services. They are, therefore, as they stand, producers in the structuring used by the Education account, irrespective of the institutional organisation by which they are financed.

The case of all catering/accommodation

In the central framework, the catering and residential services activities of the public administration sector are not isolated. They continue to be included in the educational activity with which they are associated. In contrast, the Education account defines a catering and residential services “characteristic activity” which groups together the units of homogenous production which produce these services. Then, since these units are defined within the public administration sector, their production is described as it stands.

The definition of production sector

The second characteristic of the UPE can be illustrated by the example of continuing vocational training.

In fact, in order to do this, some units have an educational activity on their own account. In the central framework, this activity is not described as it stands, i.e. there is no associated education production unit. The corresponding costs are, however, very much taken into account when assessing the units’ production costs.

In the Education account, by breaking down this unit of homogenous production and by creating a *UPE* relating to this educational activity, the latter can be clearly set out. It is qualified as an “ancillary” education activity. Then one can assign an output valued by the sum of costs¹⁷.

Correspondence of classifications

The correspondence between the scope of the educational activities described in the Education account and the scope described in the central framework can be summarised as follows:

The central framework takes as educational activities:

- the market activities included in division 80 of the *NAF* [French Classification of Activities] 2003 (replaced by division 85 in *NAF* 2008);
- non-market activities included in division 80 of the *NAF* 2003 (replaced by division 85 in *NAF* 2008).

This distinction between market and non-market activities is only made in the Summary Classification (*NES*) 118 composed for the national accounts (replaced by the aggregated classification (*NA*) 138 for the 2005 basis of national accounts).

The Education account uses all these activities, apart from class 804.A (driving school) of *NAF* 2003 (replaced by class 85.53Z, driving school services, in *NAF* 2008). Since the *NAF* 2008, companies’ “ancillary” activities in relation to continuing vocational training have been isolated (85.59A: continuing adult education).

N.B.: the purchase, by central Government, of educational supplies intended for distribution free of charge, appears in the central framework as a production cost of the educational institutions’ activity. In the Education account, this is termed as the purchase of related goods, not coming under “characteristic” educational activity costs.

¹⁷ This phenomenon is not peculiar to the Education accounting system. It can be found in other satellite accounting systems. Take, for example, the case of occupational medicine within companies in the Health accounting system. In the central framework, it is recorded by companies within the context of their production activity. It does not, therefore, appear as a healthcare activity, although it is identified in the Health accounting system and treated as an “ancillary” healthcare services activity.

1.4.3. Producers' transactions

Correspondence between classifications of operations (in uses)

Education account	Central framework (or standard framework)
Staff costs	Compensation of employees
Other operating costs	Intermediate consumptions Production-related taxes* Interest paid
Investments	GFCF (gross fixed capital formation) Changes in inventories Net acquisitions of land and intangible assets

* Not consolidated with the subsidies received.

Although, on the one hand, the Education account enables a more detailed analysis to be made of education production than the central framework, on the other, the classification of operations used to describe the producers' activity is simplified in relation to that of the central framework. The two classifications can, however, be linked (*cf. table above*).

1.4.4. Financing analysis

The financing sector, a concept from a satellite account, has no direct equivalent in the central framework. Nevertheless, any financing unit from a satellite account is either a fraction of an institutional unit (Department of National Education, for example) or an entirely separate institutional unit (household for example). It is, therefore, always possible to move from a satellite account's financing sector classification to that of the central framework's institutional sectors. What's more, the fact that a financing unit can be a fraction of an institutional unit means that some flows are described in explicit details in the satellite accounts, whilst they are consolidated in the central framework, since they are internal to the same institutional unit.

As regards the type of operations carried out by the financing units, the link between the central framework and satellite account is more complex. Differences exist, resulting from the satellite account's architecture.

The financing approach taken is peculiar to it since expenditures are measured by the sum of the final financing dispensed by the units in the field of education, whatever the nature and origin of their resources. Then, some financing flows are not recorded under expenditures, as soon as they fail to correspond to a final financing.

A contrario, in the central framework, these flows generally appear:

- in most cases, if one of these flows is established between two institutional units belonging to separate institutional sectors, it is recorded under the resources of the "receiving" unit's account and under uses of the "paying" unit's account;
- the central framework's consolidation rules do, however, mean that if one of these flows is established between two institutional units belonging to a single institutional sector, it cannot be recorded.

In the satellite account, any flow to a unit within the field of education (whether it is a production unit, a beneficiary or a financing unit) is a financing operation:

- if the receiving unit is a production unit or a beneficiary, final financing of the field then takes place and the operation is recorded under expenditures;
- in contrast, if the receiving unit is, itself, a financing unit within the field of education, the flow in question is not a final financing flow. The Education account permits flows between initial and final financers to be described.

It is, therefore, by considering all the financing operations within the field of education, by the units concerned, that it is possible to establish a "link" with the central framework.

It is as if the procedures and rules of consolidation were different in the two sets of accounts. In the central framework, consolidation can only take place between units belonging to the same institutional sector or sub-sectors. In contrast, the satellite Education account authorises consolidation between units belonging to two different institutional sectors.

1.4.5. Link between educational expenditures and central framework operations

As has just been shown by the above, expenditures is the sum of the financing operations carried out by units grouped into a financing sector which is, itself, structured according to a classification which takes into account the central framework classification of institutional sectors. These financing operations correspond to central framework operations, which may be different in nature. It is, therefore, necessary to describe this correspondence, in accordance with financing sector classification of the Education account.

Finally, the specific “link” between educational expenditures and the central framework can be described.

The “link” to national accounts aggregates

This “link” is made as follows:

Current educational expenditure
 = households’ final consumption of educational goods and services
 + general Government’ final consumption of educational goods and services
 + firms’ intermediate consumption of educational goods and services
 + intermediate consumption of “ancillary” education services
 + current transfers and other subsidies on production

Intermediate consumption of “ancillary” education services

This is the contra-entry of the production of activities not listed as educational activities in the central framework. The services are produced by companies’ in-house units (continuing training).

Intermediate consumption of companies

This corresponds to final financing, by companies, of educational activities. Conversely, the final financing, by companies, of activities within the field of education, other than educational activities, is treated, in the central framework as a benefit in kind in employees’ wages and is then a final consumption of households (catering, for example).

Final non-market general Government consumption

Within the central framework, this is assessed using the breakdown of public administration expenditures in accordance with COFOG (Classification of the Functions of Government). In the latter, division 9 expenditures (education) is used in relation to operations which correspond to production costs.

The education function (or division) is broken down into several sub-functions (or groups):

- 9.1: pre-primary and primary education
- 9.2: secondary education
- 9.3: post-secondary non-tertiary education
- 9.4: tertiary education
- 9.5: education not definable by level
- 9.6: subsidiary services to education
- 9.7: R&D education
- 9.8: education *nec* (not classed elsewhere)

Correspondence between the financing of the Education account and the classification of central framework operations

Education account	Central framework
Household expenditures	- Final market and non-market consumption (partial payments) by households of education services, catering, etc.
Firms expenditures	- Intermediate consumption by firms of education and training services (1) - Intermediate consumption of “ancillary” education services
General Government’ current expenditures	- General government’ final consumption - Other subsidies on production - Current transfers (2)
General Government’ capital expenditures	- Gross formation of fixed capital (3)

(1) Including the apprenticeship tax paid direct to market educational institutions.

(2) Not including transfers between public administrations.

(3) Net of saving.

A specific functional coding exists for local government which appertains to the corresponding accounting classifications (for example, M14 for the communes). The Education account uses function 2, education/training, which itself is broken down into several sub-functions:

20: common services

21: primary education

22: secondary education

23: higher education

24: continuing education

25: subsidiary services to education

More specific sub-function divisions are also used.

Household consumption

The remaining current domestic expenditures on education are households' final consumption.

Current transfers

These do not include current transfers between subsectors of the General government, but do include operating subsidies to market educational institutions.

N.B.: in the central framework, the consumption of services rendered by driving schools and pilot schools (class 804.A, driving school, of *NAF* 2003, then class 85.53Z, driving school services, in *NAF* 2008) appears under households' consumption of educational services, whilst it is not within the scope of the satellite Education account.

2. PART TWO: SOURCES, AGGREGATES AND SUMMARY TABLES

2.1. Sources of information used and processing

The assessment of the Education account is based on the series of accounting or statistical data sources that have been possible to incorporate.

The accounting sources may relate to a financing unit activity as, for example, with the different Departments' budget implementation documents or with a production unit activity, as with the financial accounts of state local education institutions or universities.

The information used may also come from institutional accounts already processed for Education account requirements such as the educational institution accounts simplified by the Public Finance Directorate (*DGFIP*, formerly – *Direction générale de la comptabilité publique* - public accounts directorate).

As regards employers' social charges, including contributions which make it possible to balance the pension scheme, the following rates were calculated for 1999. They take into consideration pensions and social security benefits. They were applied until 2005.

For permanent civil service personnel	50.937%
For non-permanent civil service personnel	26.954%
For military personnel	77.026%

These rates are applied to remunerations paid by the different Departments. The amount of related social charges is then calculated from the difference between the amount calculated and the benefits paid out of the Department's budget. Since 2006, employers' social security contributions for civil and military pensions have been calculated direct from the amounts repaid within each mission and programme to CAS pensions.

Other sources of information are of a more statistical nature, as with surveys on household expenditure at the start of the academic year.

The sources of information used are collected under two different categories:

- financing unit data sources describe the expenditures made by the financers. Their processing consists of translating all these expenditures into the account's classification according to level of education, recipient production unit, financial activity and the nature of the economic operation. Processing these sources of information results in the creation of financing tables specific to each financing unit;
- production unit data sources describe the producers' resources and uses. Their processing consists of translating the resources and expenditures into the account's classifications. Resources are classed according to the level of education in question, the original financing unit, the financial activity and the nature of the economic operation from the financer's perspective. Expenditures are classified according to the level of education, the activity financed and the nature of the economic operation of the expenditures made. Processing these sources results in the creation of resources and expenditures tables.

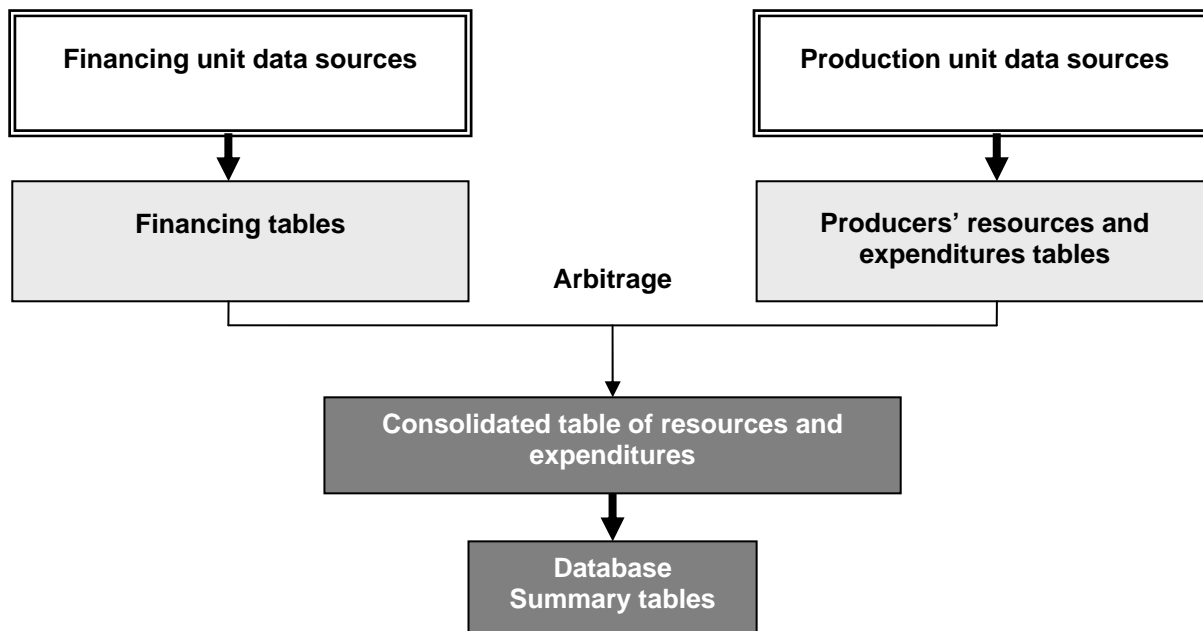
Once all the processing is complete, all the financial flows have been translated into the account's classifications.

All financing table information is repeated in the producers' resources and expenditures tables to make comparison and arbitrage between the valuations arising from the different possible sources, as well as consolidation, in the accounting sense of the word, of financial flows.

State lower and upper secondary schools, for example, benefit from financial autonomy and prepare financial statements on a yearly basis. The staff who work at these establishments are, however, directly paid by central Government or local authorities and do not appear in said establishments' accounts. Information from different sources is consolidated to restore an overview of the financing and costs of the producers' category.

The consolidation and arbitrage phase is essential to ensure the exhaustiveness and consistency of the information. It enables a complete and consistent database to be compiled and also makes it possible to produce summary tables.

2.1.1. General data processing diagram



The data sources used are described in the tables below.

2.1.2. Financing unit data sources

Financing unit	Sources used
Department of Education - Schools - Higher education	- Central Government budget implementation (<i>DGFIP</i>) - Central Government agents' (civil service) continuing training survey
Other Departments	- Central Government budget implementation - Central Government agents' training survey - Department of Defence
Central Government social charges	- Study to assess charge rates (<i>DEPP</i>) (to 2005)
Regions	- Regions' administrative accounts (<i>DGFIP</i> , <i>DGCL</i>)
Departments	- Departments' administrative accounts (<i>DGFIP</i> , <i>DGCL</i>)
Communes	- Communes' administrative accounts, groups of communes, associations and 'caisses des écoles' (<i>DGFIP</i> , <i>DGCL</i>)
Other public administration	- Hospitals' continuing training
Family allowances funds	- <i>CNAF</i> survey
Companies	- Apprenticeship tax survey (<i>DEPP</i>) - Declaration of continuing training expenditure (<i>DARES</i>)
Households	- Survey on expenditure at the start of the academic year (<i>DEPP</i>)

DGFIP: Public Finance Directorate, the Treasury (formerly DGCP: Public Accounts Directorate).

DEPP: Assessment, Prospects and Performance Directorate, Department of National Education,.

DGCL: Local Authorities' Directorate, Department for the Interior.

DARES: Directorate for Research, Studies and Statistics, Department of Employment and Solidarity.

2.1.3. Production unit data sources

Unit of production	Sources used
State nursery and primary schools	- The schools do not have full autonomy. No specific source. The accounts are compiled from financial sources.
State lower and upper secondary schools (Department of Education)	- <i>EPLE</i> financial accounts (<i>DEPP</i>)
State lower and upper secondary schools (Department of Defence)	- Department of Defence survey
State non-agricultural <i>CFA</i>	- Apprentice training centre financial accounts
State universities	- Universities' administrative accounts (Department of Higher Education and Research and <i>DGFIP</i>)
Other state higher education establishments	- <i>ODAC</i> accounts (<i>DGFIP</i>)
State arts education centres	- No particular source - The accounts are compiled from financial sources
State special needs units	- <i>EPLE</i> financial accounts (<i>DEPP</i>)
State distance learning bodies	- <i>CNED</i> financial accounts and business report
State out-of-school training bodies	- Continuing training centres' education reports (<i>DARES</i>) - <i>CNAM</i> accounts
Private institutions under contract with central Government <i>MEN</i>	- Prefecture survey (<i>DEPP</i>)
Apprentice training centre subsidies	- <i>CFA</i> financial accounts (<i>DEPP</i> and <i>CNPTLV</i>)
Private state-subsidized higher education institutions	- <i>ODAC</i> accounts (<i>DGFIP</i>)
Private state-subsidized out-of-school training bodies	- Centres' education reports
Private out-of-school training institutions	- Continuing training centres' education reports (<i>DARES</i>)
Administrative services and public bodies	- <i>CNDP</i> , <i>ONISEP</i> , <i>CEREQ</i> , <i>INRP</i> financial accounts

2.2. The aggregates and ratios in use

2.2.1. Domestic expenditures on education (DEE)

The Domestic expenditures on education is the main aggregate produced by the Education account. For a given level of education, it corresponds to all the expenditures made by financing agents for characteristic activities and purchases of related goods and services.

The Domestic expenditures on education for a given level can be analysed from the perspective of the final financier or the initial financier. Financing of domestic expenditures on education by activity or by producer can only be broken down from the perspective of the final financier.

The Domestic expenditures on education for a given level can also be analysed as the sum of the producers' resources plus purchases of related goods and services.

The Domestic expenditures on education for all levels is the sum of the Domestic expenditures on education for the levels for which details are given.

2.2.2. Average expenditures per pupil or student

The structure of the Education account, into levels of education and units of production, means that a link can be made between financing and expenditures on the one hand and the beneficiaries on the other. For a given category of establishment (producer), the beneficiaries are the pupils and students following the education programme at the given level in the category of institution.

Pupil and student numbers are counted on an annual basis by education census operations carried out by the *DEPP*. Figures may be supplemented by pupil numbers in educational institutions overseen by other Departments.

It is, therefore, possible, for each level of education and each category of establishment, to relate the financing received and the expenditures made for educational activities, related activities or related goods and services, to the numbers of pupils and students.

This results in the calculation of average expenditures per pupil (this concept relates to financing agents' average expenditure per pupil) or in an average cost per pupil (this concept relates more to institutions' expenditures). Average expenditures per pupil are potentially available for every level of education.

Average expenditures per pupil may be broken down by financer and by activity (education, related activities, related goods and services). Average costs per pupil may be broken down by activity and by type of expenditures.

The total average expenditures calculated over a given year makes it possible to calculate theoretical costs for entire school careers. The theoretical calculation takes into consideration a school career of standard length (with, or without, retakes) and assigns them a value by using the average expenditures for the year. And so, the theoretical cost of a school career leading to a general *baccalauréat* will be calculating by adding together the average expenditures for the 3 pre-primary years, 5 years of primary education, 4 years of lower secondary education and 3 years of upper secondary education.

ANNEXES RELATING TO THE PRODUCTION OF ACCOUNTS

A.1. The retropolation of accounts from 1974 to 1998

In the vocabulary of national accounting, the notion of accounting basis relates to a series of concepts, classifications and methods. Changes to the accounting basis make it possible to develop the conceptual framework and methods used. The last national accounts basis dates back to 2005. The next one will be the 2010 basis, the results of which will be published in 2014.

As regards Education account structure and methods, these had not really changed since the first costing for 1974. Classification adjustments had been made, making it possible to describe the levels of education in greater detail, but without any major impact on the organisation of the data or the methods used.

The change introduced since 1999 affects the organisation and structure of the representation of expenditure in the field of education. It also touches on its scope with the inclusion of overseas *departments* in the geographical territory covered.

So as to preserve statistical series which had been consistent over a long period of time, it was necessary to recalibrate the series of education expenditures for the 1974 to 1998 period according to the new coverage and organisation principles established for the costing made since 1999. This retropolation makes it possible to maintain homogenous series for the main education system management indicators gathered together in the *State of Education* publication.

Retropolation did not involve the detail of the Education accounts, only:

- Domestic Expenditures on Education,
- the breakdown of Domestic Expenditures on Education (all levels) by initial financing agent,
- the breakdown of Domestic Expenditures on Education by level and final financing agent.

To carry out the retropolation, the impact of the new accounting basis was measured by costing the Education accounts for 1999 using the two different sets of principles and methods.

The impact of the inclusion of overseas *departments* was isolated because it also affects the value of GDP.

The other main changes involved rates of social charges relating to central Government which have been reassessed, household expenditures for private institutions under contract and on continuing vocational training in consideration of education reports from training centres.

The table below makes it possible to measure the changes in expenditures of different financing agents resulting from the application of the new accounting principles.

Table: Domestic Expenditures on Education (DEE) in 1999

Millions of Euro

Initial financing agent	1999 DEE using 1974 accounting basis	Overseas department effect	Effect of restructuring	1999 DEE using 1999 accounting basis
Schools	34,957	1,485	0	36,442
Related charges	10,605	444	1,928	12,977
Higher education	7,166	44	0	7,210
Related charges	1,633	9	292	1,934
Total National Education	54,361	1,982	2,220	58,563
Other Departments	6,544	186	505	7,235
Other related charges	621	18	51	690
Local authorities	19,948	568	- 406	20,110
Other administrations	1,925	55	157	2,137
Companies	5,648	161	- 394	5,415
Households	6,342	181	1,231	7,754
Total DEE	95,389	3,151	3,364	101,904

The application of new structures and methods results in a 6.5 billion Euro revaluation, breaking down into:

- 3.1 billion Euro for overseas *departments* effect;
- 2.3 billion Euro for central Government social charges;
- 1.1 billion Euro for other changes.

The inclusion of overseas *departments* was recalibrated for earlier years by applying a percentage of the additional expenditures for each financing agent. This correction was applied for every year from 1974 to 1998. It is necessary to note that the inclusion of overseas *departments* effect has a positive impact on Domestic Expenditures on Education as a percentage of GDP. In fact, overseas *departments* effect as a percentage of expenditures on education is higher than as a percentage of GDP.

Other effects, mainly due to the updating of key statistics, were spread, on a gradual basis, over the years 1980 to 1999. The main effect results from the revaluation of central Government's employer social charges, the previous valuation being for 1980.

The revaluation impacts on the indicator relating Domestic Expenditures on Education to Gross Domestic Product. This indicator is, in particular, used for international comparisons between countries. The revaluation amounts to 0.48 GDP points for 1999, breaking down into 0.23 points due to inclusion of overseas *departments* effect and 0.25 points linked to other aspects of the restructuring.

A.2. Provisional accounts

After construction of what is known as the final account, which enables different sources of statistical data to be used and makes an arbitrage phase possible, the provisional account is compiled.

These accounts are known as provisional accounts because all the final data required is not available when they are compiled and therefore the figures are projections using the final account for the previous year.

The different components comprising the provisional accounts are not as reliable as those comprising the final account.

During the course of year n , a report on how the Department of National Education budget has been implemented for year $n-1$, detailed at least in terms of sections, is available.

In contrast, the only data available for local authorities are the original budgets for year $n-1$ which may, on occasions, differ quite significantly from the expenditures made. Expenditures made by other financing agents (in particular, households and companies) are projected using various indices calculated by the *INSEE* (French National Institute of Statistics and Economics): GDP trends, the price of education services, road transport for travellers, meals in school or university canteens, accommodation in residential establishments, books and stationery and trends in gross wages and salaries, etc.

In addition, as a general rule, the final account for year n becomes the benchmark for this year and so replaces the provisional account compiled the previous year on an ongoing basis.

The following accounts were, therefore, compiled:

- in 2004, the year that the restructuring of the account was finalised, a final account for 1999 and provisional accounts for 2000 to 2003;
- in 2005, a final account for 2002 and provisional accounts for 2003 and 2004;
- in 2006, a final account for 2003, a half-final account for 2004 and a provisional account for 2005;
- in 2007, a final account for 2005 and a provisional account for 2006;
- in 2008, a final account for 2006 and a provisional account for 2007;
- in 2009, a final account for 2007 and a provisional account for 2008;
- in 2010, a final account for 2008 and a provisional account for 2009.

In 2006 came the application of the *LOLF* (Constitutional Bylaw on Budget Acts) which caused a second major disruption following the restructuring of the account. The provisional account for 2006 prepared in 2007, is, therefore, significantly different from the final account for 2006 compiled in 2008.

The French Education Account

Principles and methods

The Education Account aims at bringing an accurate measure of the monetary investment that national community devotes to the educative system. It is a satellite account of the French national Account and is therefore an economic account allowing to collect and to organize, in a synthetic way, all the flows related to education expenditure and their financing.

In this context, the Evaluation, Prospective and Performance Directorate (DEPP) drew up a series of homogeneous accounts for the period from 1974 to 1998, according to a method presented in the Education & training review no. 7, published in October 1990.

Considering the evolutions that have occurred in this period, the Education Account was remodelled at the end of the 1990s and at the beginning of the 2000s. A renovated method, coherent with the former ones, has thus been applied from the 1999 account. Since 2006 and the setting up of the LOLF (Constitutional Bylaw on Budget Acts), it has been necessary to adapt the account methodology to this new context.

This document therefore brings together the state of methodological principles used in the production of education accounts in recent years (1999-2009), principles still valid for next the accounts.

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