

AN INNOVATIVE MODEL OF FUNDING THE EDUCATION SYSTEM

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Abstract:

This article shows that the effectiveness of the education system can be measured without taking into account the socio-economic environment of students. The use of AVE (Educational added value), which is a measure of the aforementioned effectiveness of the education system, should be accompanied by an analysis of the level of local socio-economic development. These formulations include a certain inconsistency. It stems from the fact that the modelling of AVE using previous educational achievements of students (at the preceding stage) does not take into account the impact of variables modifying these educational achievements. It is assumed that a student's individual family, economic and social situations do not change so rapidly as to affect their educational attainments in the next stage of education. However, research conducted in Poland show that socio-economic variables in areas of local government units strongly modify the AVE. This phenomenon was the reason for proposing the correction in the system of education funding. The proposed model of funding education takes into account the qualitative factors of educational processes. The implementation of such a model should, in the long term, improve the quality of human capital in society.

Keywords: *educational production function, AVE(Educational Added Value), financing model*

JEL codes:: *H52, I21, I22, I29*