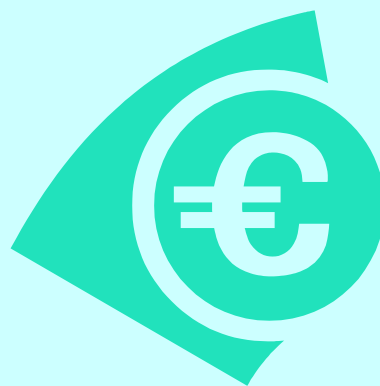


***Financing VET in Hungary:
MAIN COST SHARING SCHEMES***



CEDEFOP conference, Thessaloniki, 15-16 October 2009.

Zsófia Lux

Cost sharing mechanisms and regulatory instruments

	Cost-sharing mechanisms and regulatory instruments		HUNGARY
1.	Tax incentives	Personal income tax deduction	2004-2006 adult ed.+HE
		Corporate income tax deduction	Payroll levy 1.5%
2.	Training funds	National / sectoral training funds	National training fund
3.	Subsidy based mechanisms	Vouchers, individual learning accounts	NO
		Grant schemes	YES
4.	Loans	Conventional loans/income-contingent loans	In higher education
5.	Payback clauses	Payback clauses for individuals and/or next employers	Regulated by Labour Act
6.	Training leave	Paid and/or unpaid training leave	Regulated by Labour Act
7.	Saving schemes		NO

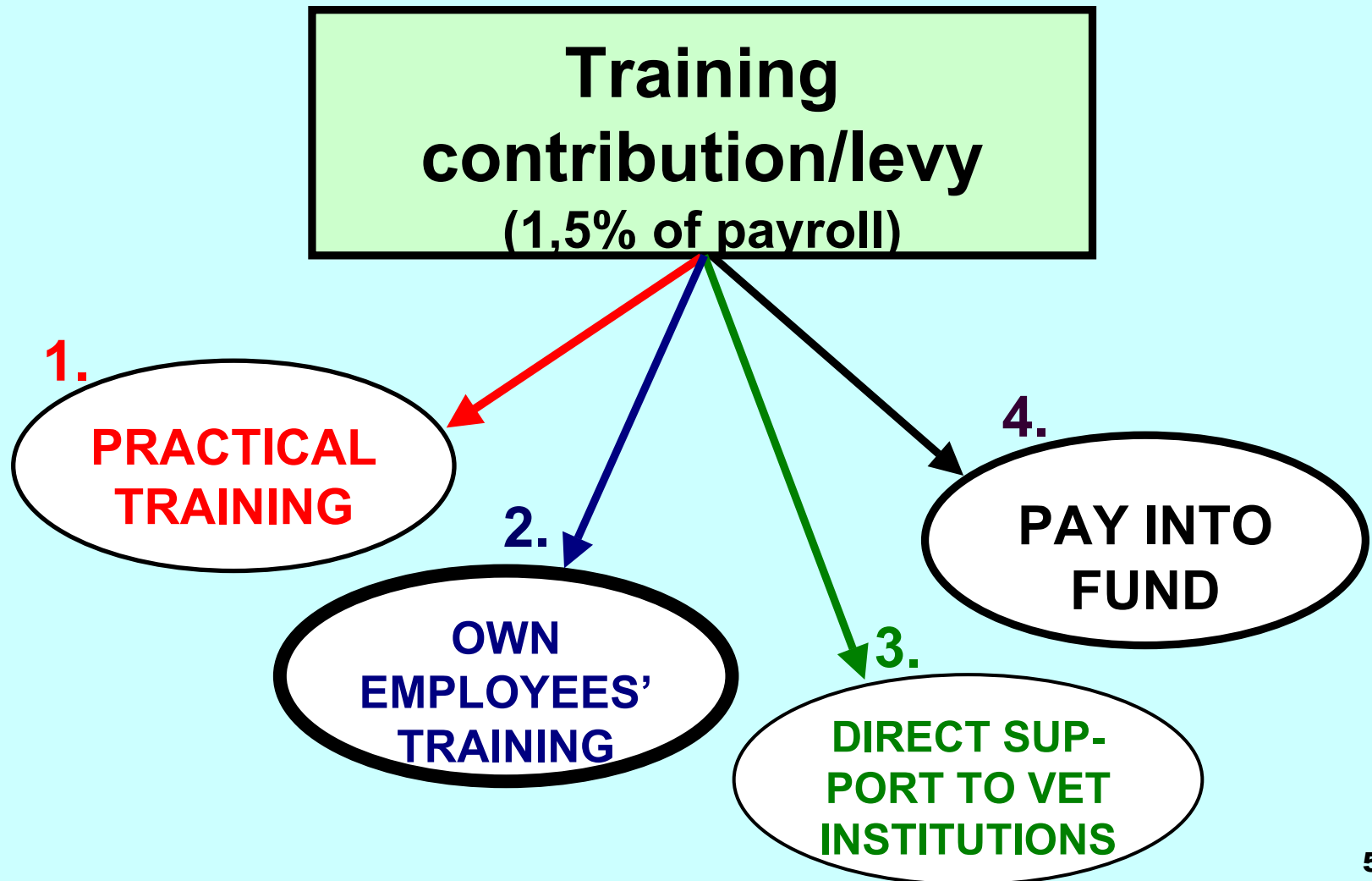
Labour Market Fund sub-funds

- Employment sub-fund
- Solidarity sub-fund (for unemployed people)
- Training sub-fund
- Wage-guarantee sub-fund
- Rehabilitation sub-fund
- Sub-fund for other operational purposes

The Vocational Contribution „Story”

- **1972** – training levy introduced – Apprenticeship Fund
- **1988** – Vocational Training Contribution – Vocational Training Fund
- **1991** - Vocational Training Contribution – Labour Market Fund Vocational Training Sub-fund
- **2001**- Vocational Training Contribution – Labour Market Fund Training Sub-fund

WAYS OF ALLOCATION OF THE TRAINING CONTRIBUTION

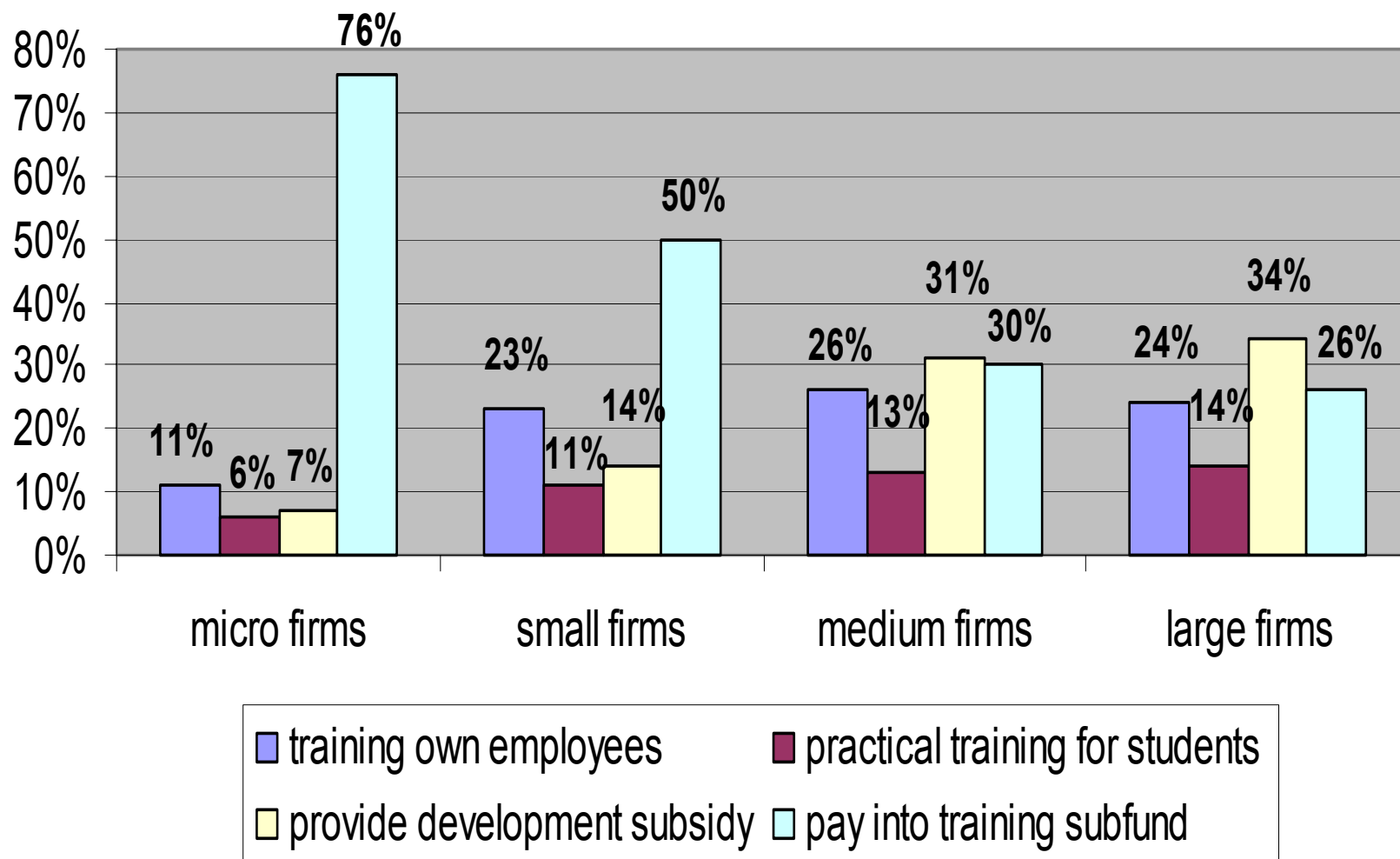


ALLOCATION OF VET CONTRIBUTION

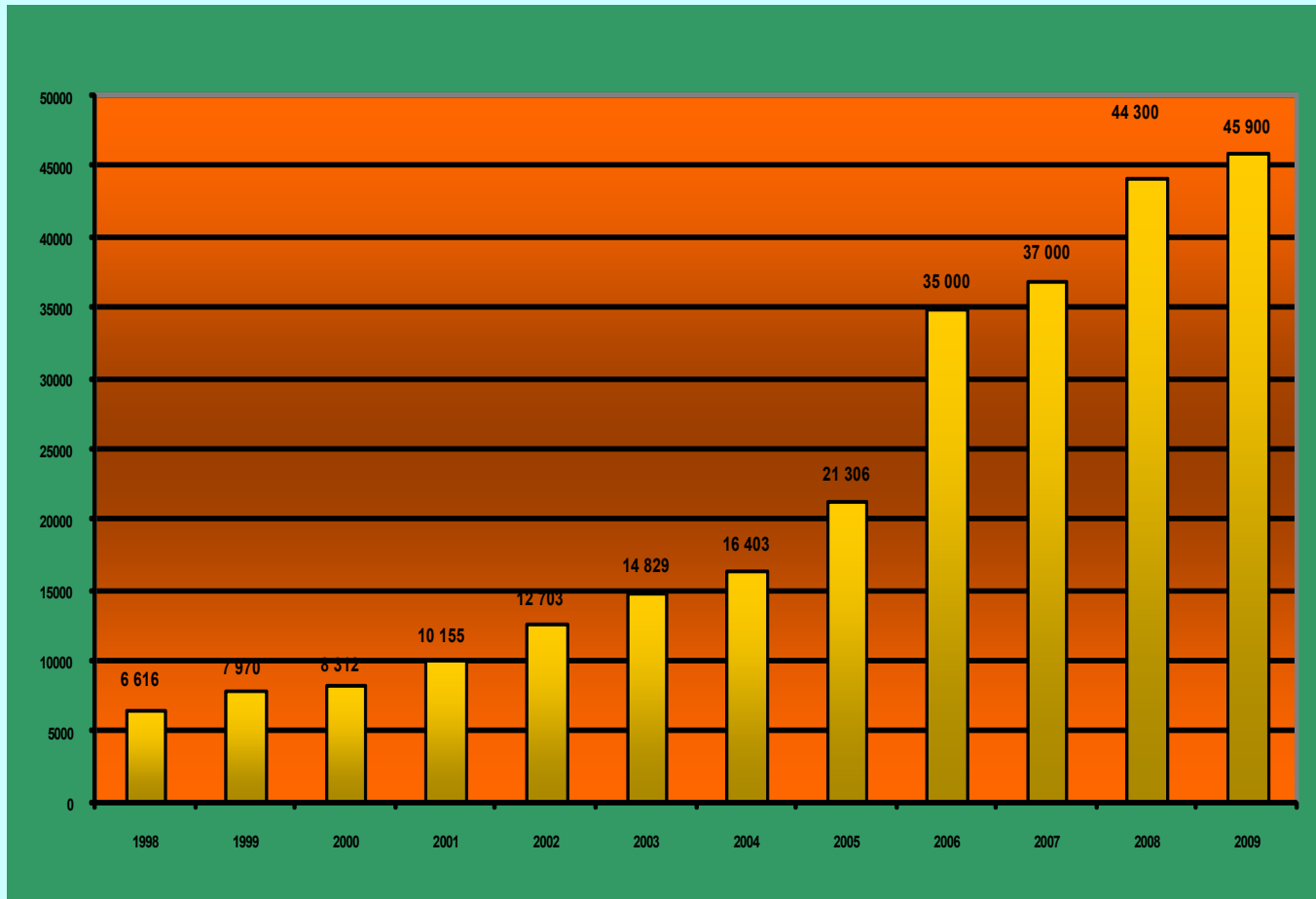
1998-2008 (billion HUF) [HUF 100 HUF=EUR 0.4]

Year	Practical training provision for VET students at enterprises	Development subsidy for		payment into the Training sub-fund of the LMF	Training provision for own employees	Total
		VET schools	higher education institutions			
1998	5.7	n/a	-	8.7	n/a	14.4
2001	6.2	11.9	0.9	16.0	2.4	37.4
2005	9.2	12.8	4.1	28.5	6.98	61.6
2008	16.1	10.7	4.5	42.1	7.8	81.3

How VET contribution was spent in 2008?



Number of student contracts 1998-2009

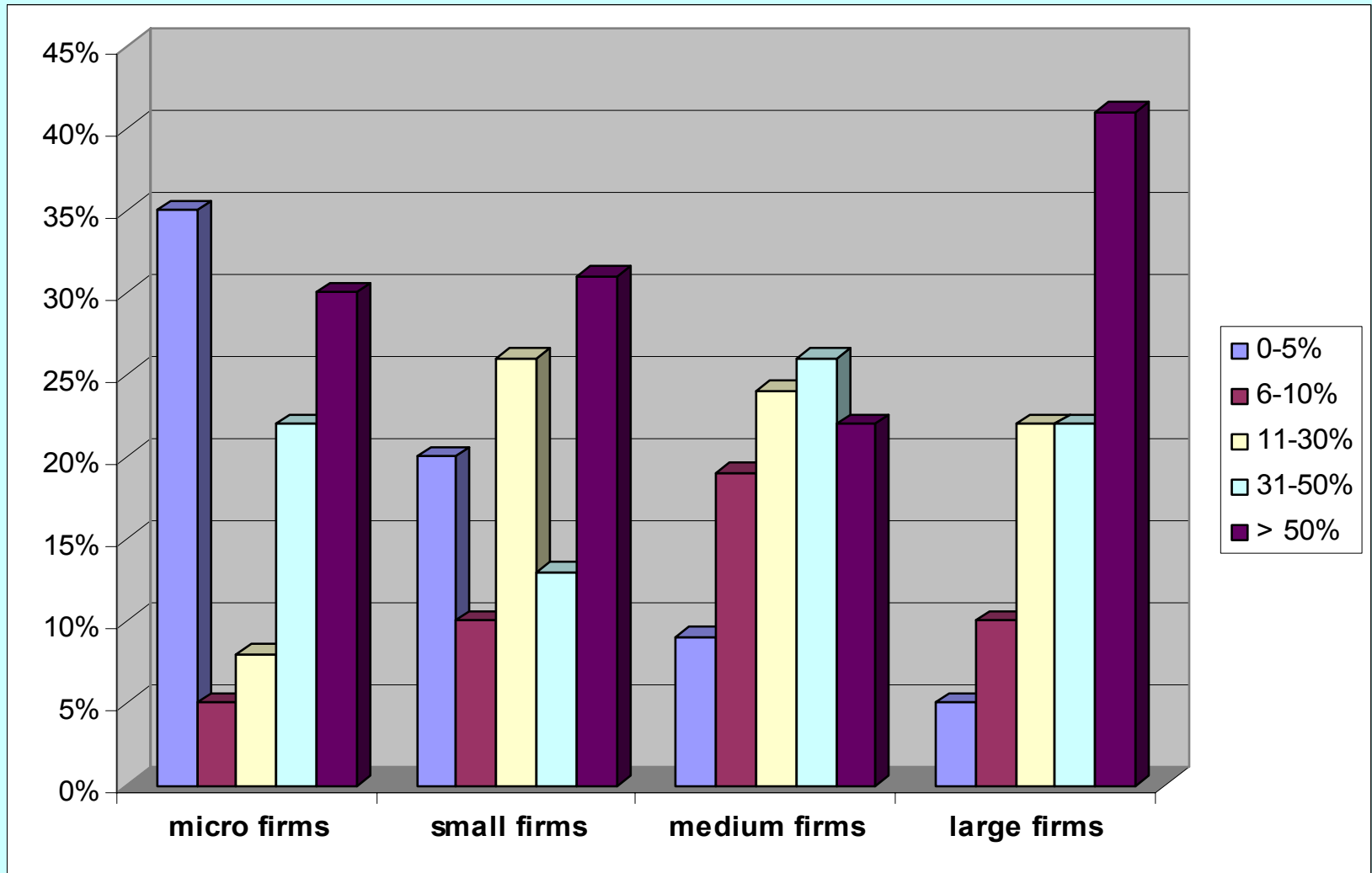


TRAINING OF THE COMPANIES' OWN EMPLOYEES

- 33% of the total contribution, i.e.
0.5% OF THE PAYROLL
- 60% in case of SMEs
- Still small companies hardly use it
(before 2000 only 0.2% of SMEs
used it)



TRAINING OWN EMPLOYEES IN 2008



DIRECT SUPPORT TO VET INSTITUTIONS

- To be used for practical training development purposes
- Up to 75% of VET contribution (for VET schools)
- Up to 37,5% for HE institutions
- Since September 2008 only for maintainers of member-schools of Regional Integrated Vocational Training Centres (TISZKs)

Increase of VET contribution paid into training sub-fund of LMF, 1998-2008

Year	Million EUR	% of 1998
1998	34	100.00
2000	53.2	152.87
2002	74.4	213.79
2004	96	275.86
2006	129.2	371.26
2008	168.4	483.91

Thank you for the attention!



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