Winning the future for every child

Coping with the economic reasons for dropping out of school in the Bulgarian elementary school system
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Common abbreviations:

MES - Ministry of education and science
MSA – Ministry of social affairs
NSI – National Statistical Institute
According to the last Bulgarian National Census in 2011, 81 000 people have never attended school. Research into the reasons shows that family poverty and other economic and social reasons most often lead to dropping out of elementary school. The current institutional framework provides mechanisms which prove to be ineffective. This brief reviews and assesses the existing policy options, introducing of child benefits for every child and introducing a differentiated payment of benefits based on the monthly income for the poorest families, evaluating them in terms of effectiveness, efficiency, equity and public support. It presents the position of a leading Bulgarian NGO for consideration by the Ministry of Education and Science and the Ministry of Social Affairs of Bulgaria.

Key words: school drop outs, Bulgaria, economic reasons for dropping out of school

1. Introduction

The results from the last National Census in Bulgaria in 2011 showed quite disturbing data on the number of people who have never attended school: 81,000. For a comparison, the total number of first graders who entered school every year between 2010/2011 and 2014/2015 varied between 61 000 and 66 000. This data clearly shows that our educational system has already lost more than one generation.

According to joint research by UNICEF and MES “each year about 20,000 students, or 3% drop out of school; 17,100 of them being in primary education”. This prevents us of reaching the EU target of less than 10 % dropping rate (Fig.1).

| % | EU28 | BE | BG | CZ | DK | DE | EE | IE | EL | ES | FR | HR | IT | CY | LV | LT | LU |
|---|------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 2009 | 14.2 | 11.1 | 14.7 | 5.4 | 11.3 | 11.1 | 13.5 | 11.7 | 14.2 | 30.9 | 12.2 | 3.9 | 19.2 | 11.7 | 14.3 | 8.7 | 7.7 |
| 2013 | 12.0 | 11.0 | 12.5 | 5.4 | 8.8 | 9.9 | 9.7 | 8.4 | 10.1 | 23.6 | 9.7 | 4.5 | 17.0 | 9.1 | 9.8 | 6.3 | 6.1 |
| Targets | <10 | 5.5 | 11.0 | 5.5 | 10.0 | 10.0 | 9.5 | 8.0 | 9.7 | 15.0 | 9.5 | 4.0 | 16.0 | 10.0 | 10.0 | 9.0 | 9.0 |

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Figure 1: School Dropping Rates, EU-28

Source: Eurostat, EU-LSF, (extracted October 2014)

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1 National Statistical Institute, “Census. Definitive Data”, 2011

The reasons for dropping out of school are various. According to UNICEF the main reasons in Bulgaria are social, economic, educational and ethno-cultural. Educational reasons for dropping out are those associated with the school environment and with the learning process: when the pupils find the school environment unattractive or boring or when there are conflicts arising among students or between students and teachers. Ethno-cultural reasons for dropping out are related to different cultural and ethnic background of students. Very often these are children whose mother tongue is different than the instrumental language used in school which leads to lower grades and dropping out.

The social reasons for dropping out are very much connected to the economic ones and can be considered as either a cause or a consequence of the economic reasons. These might be parental disinterest in school life; conflicts, tensions or crises in the family; functional illiteracy or low education of parents; families with one parent or families where parents are missing, but children are being raised by grandparents or other relatives, and families in which domestic violence is being practiced. At elementary school age pupils are fully dependent on the economic and social status of their parents and thus parents influence most whether their children will drop out of school. In 1974 a report of the US Bureau of Child Development proved the connection between income, social status and school leaving, showing that the energy of parents in poverty is completely aimed at finding the needs to survive and this inevitably has repercussions on children’s education. Therefore we consider the economic and the social reasons as intrinsically-bound.

The current policy brief addresses solely the economic reasons for dropping out as the most pronounced in the Bulgarian elementary school context. This does not mean that the issue is being seen as one-sided. On the contrary, early school leaving is a complex matter caused by many and varied reasons. This requires segmentation of the issue for achieving a better and in-depth analysis of the possible solutions. Therefore, the current recommendations for decreasing the dropout rates in elementary schools will be only effective if combined with measures against ethnic and educational reasons for dropping out of school and especially with measures against social reasons for dropping out, all of which are not tackled in the present policy brief. The current paper presents the position of

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5 Stoyanov, Atanas, “Coping with ethnic reasons for dropping out of school” Policy Brief, September 2014
Center Amalipe – a non-governmental organization working on prevention of the school dropouts across Bulgaria\textsuperscript{6} before MES, MSA and MPs.

2. The economic reasons for dropping out of school

Due to turbulent policy reforms, the unemployment rate in Bulgaria is very high: only 3.2 out of 7.3 million people are economically active according to the census. In 2013 KNSB\textsuperscript{7} stated that 1.6 million Bulgarians live below the poverty line and the country remains the poorest member of the EU\textsuperscript{8} with a minimal monthly wage of 360 BGN for 2015. This increases the immigration which causes a higher number of children dropping out every year. Calculations by NSI show that from 2007 to 2013 the difference between the people who left the country and those who moved to the country by changing their current address is negative: - net loss of 50,000 persons\textsuperscript{9}.

Economic reasons for dropping out include unemployment, low income and standard of living in general, domestic and external migration. According to UNICEF many children stay at home being engaged with their smaller brothers and sisters or being included in safety nets to provide for the family income. All these lead to violation of the students’ participation in the learning process and to early school-leaving.

Using data given by the NSI, we calculate that “socio-economic” reasons are causing the biggest damage to the elementary system: for 14 school years (from 1999/2000 until 2012/13) the number of the dropouts at age between 7 till 14 reached 235,409 students, more than the population of a big city like Burgas for example. These students did not manage to obtain a diploma for elementary education and they remained practically illiterate. This prevents them to find even low-paid jobs. Thus the non-prevention of early school leaving puts the dropouts in a poverty cycle and it is expected to increase the public spending on qualifications and trainings for adults, and unemployment benefits in near future. Looking more closely at the reasons for dropping out, figures show the biggest number of students left school “due to family reasons” that fail in the category of the socio-economic reasons: 104,481 students. The second biggest group, which currently has a tendency to decrease, left due to “reluctance to attend school”, or educational/ethno-cultural reasons: 55,351 students. As a last category we can also observe the increasing number of the migration abroad, also a socio-economic type of reason: 44,173 students left school due to “moving abroad”. There is no

\textsuperscript{6}http://amalipe.com/
\textsuperscript{7}One of the main Bulgarian syndicates, http://www.knsb-bg.org
\textsuperscript{8}"4,6 милиона българи - под границата на бедноста", в-ж Труд, 2013
\textsuperscript{9}NSI, “External migration by age and sex”, 2013
information if these students continued their education there, but for the Bulgarian educational system these are certainly drop-outs (Fig. 2 and Fig.3)

![Graph 1](image1)

**Reasons for dropping out, 1999-2013, I-IV grades**

![Graph 2](image2)

**Reasons for dropping out, 1999-2013, V-VIII grades**

10 The issue of students moving abroad requires international cooperation and it is very much related to factors that MES and MSA cannot influence. Therefore this category is being left out of this brief.
It can be observed from the graphs that the category used by NSI is named “family reasons” for dropping out. This is quite vague and it does not provide information what these reasons precisely are. Another substantial criticism of MES is that there is no updated information on the reasons for dropping out of school. The most comprehensive sociological research on the matter so far, carried out jointly by UNICEF and MES, was made in 2006\(^{11}\). This research covered the opinion of parents, children, teachers and others on what are the reasons for the school dropouts. For the purposes of the brief we show only the five main reasons respectively (Fig.4, 5 and 6)

\[\text{Figure 4: Total percentage exceeds 100 because some of the respondents gave more than one answer}\]

\[\text{Figure 5: Total number exceeds 100 because some of the respondents gave more than one answer}\]

\(11\text{ UNICEF/ME “Reasons for dropping out of school in Bulgaria”, 2006, p. 25-26}\)
5 Main reasons for dropping out of school in I-IV grade in the opinion of teachers in %

- Low initial school readiness level: 21.9%
- Parents do not allow their children to school: 35.9%
- Family problems (divorce, drunkenness, beating): 37.5%
- Family poverty: 49.5%
- Parental desinterest: 54.2%

Figure 6: Total percentage exceeds 100 because some of the respondents gave more than one answer.

Clearly then, according to all the groups the purely financial reasons for dropping out are leading. 76% of the parents in the survey answered that children dropped out of school due to reasons directly connected to the family income. According to the teachers these reasons are much more social, but here the reasons related to family poverty exceed 50% of the cases. Moreover, the different answers of teachers and parents indicate a serious issue: weak communication between the two groups. In the view of the children most of the reasons show that school is unattractive, but still around 30% answered that it was because the lack of finances, and more than 20% reported other social problems related to the family.

3. The current institutional framework

Although the reasons for dropping out are clear, there is still a lack of effective policy mechanisms to prevent the dropouts based on the socio-economic status of the family.

In terms of financial incentives, in the beginning of 2014 the monthly child allowance for families with a single child was 35 BGN, with two children – 85 BGN, and for each following – 35 BGN. Only those families are eligible where the total income per member does not exceed one minimum wage (350 BGN, 2014). These amounts are grossly inadequate, especially for families whose only income is one minimum wage, or who only receive unemployment benefits (minimum 7.2 BGN/day, 2014).

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12 Rules for the implementation of the Law on Family Allowances, 2014
Conditionality is parents to provide social services with a presence note that certifies the absences of the student\textsuperscript{13}. If students have more than 5 absences monthly without valid reasons (medical note or permission by the parent or the principal), the so-called “unexcused” absences, the school administration must report to the local social services for suspension of the monthly children allowance for the given student, for the month in which the violation was found\textsuperscript{14}. If unexcused absences are more than 15, students have to retake the year or to be excluded by signing in another school\textsuperscript{15}.

Another measure introduced through the Law on Education was for parents to be fined between 20 and 100 BGN. If violation repeated, the fine is from 50 to 250 BGN. The penalty should be issued by the mayor of the respective municipality\textsuperscript{16}.

Center Amalipe for the first time we calculated the dropout ratio using data provided by NSI to find out what is the number of students dropping out from the elementary system annually compared to the total number of students for the respective school year (Fig.7).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{dropout_ratio.png}
\caption{School drop-out ratio in \%}
\end{figure}

Figures show that after the school 2009/2010 there is a steady decline in the drop-out ratio, precisely after 2008 when the budgets per capita were introduced. MES cannot state what the real reasons for this decline are until it does not come up with measures that ensure a proper reporting of the school visiting which do not endanger the school budget.

\begin{itemize}
\item \textsuperscript{13}За увеличената месечна помощ за второ дете не се подават допълнителни документи, Mediapool.bg, 13/1/2014, \url{http://www.mediapool.bg/za-uvelichenata-mesechna-pomosht-za-vtoro-dete-ne-se-podavat-doplnitelni-dokumenti-news215531.html}
\item \textsuperscript{14}Rules for the implementation of the Law on Family Allowances, 2012, art. 106, par.4
\item \textsuperscript{15}Rules for Implementation of the Law on Public Education, lastly amended in November, 2009, Art. 136-138
\item \textsuperscript{16}Educationalact, 2003, Art 47,
\end{itemize}
4. Policy options and evaluation

Having analyzed the crucial relationship between family income and dropping out in the elementary school system of Bulgaria, this policy brief reviews and assesses the following policy options for coping with the purely economic reasons for dropping out of school having the criteria of **effectiveness**, **efficiency**, **equity** and **public acceptance**, measured on a scale from one ■ (lowest) to three ■ ■ ■ (highest).

#1: Change nothing and keep the status quo

This suggests that MES and MSA do not make changes in the current mechanisms for incentivizing and sanctioning the school visiting of children (*look at the current institutional framework*). In terms of effectiveness we can expect every 6 out of 100 students in elementary schools to drop out ■. In 2014, 784,652 children were given the allowance and the costs made by MSA amounted more than 556 million leva or 53 % of the total budget of MSA. In terms of equity the money is not being distributed in a way that ensures that those families that are more in need receive more ■. There are many public petitions requiring change but no organized protests ■■. After all these arguments there is obviously a need for a better policy option.

#2: Introduce equal children benefits per child irrespectively of the parental income

Introducing children benefits for all corresponds to the suggestions of one of the parliamentarian groups to introduce a monthly children allowance regardless the family income and it is still being a demand of different political groups and parents associations. The argument is that children allowance is to support and not to fully cover the expenses of the parents while looking after their children. Based on the idea that all children are equal before the state, the state should not differentiate between families. The suggestion is all parents to receive a standardized and increased amount of allowance: 50 BGN/per child with no regard to the income. This might be effective because it will incentivize parents, especially poor ones, to follow if their children are visiting school regularly ■ ■ ■. In terms of efficiency, according to the calculations this

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will cost 844 million leva\(^{19}\). Although the argument here is about equity, since everyone will receive the same amount with no regard to the income, this will not ultimately effect equity \(\text{■■}\). In terms of public acceptance it is expected this change to be welcomed by most of the citizens, if the budget allows \(\text{■■■}\). Although this option will receive a high public support it appears to be the most costly one, meaning almost all the current annual budget of the ministry to go for children benefits. This requires negotiations with the Council of

#3: Increase the current amount of children allowance PLUS differentiated children allowance based on family income

This policy option is based on the fact that the amount of children benefits is generally low and insufficiently motivating and that the monthly income of the families is different. According to the Agency for Social Assistance around 50 000 citizens have the social benefits as only source of income (March, 2014)\(^{20}\). For the poorest families higher amount of children allowance contributes proportionally more to the total family income and thus the incentive for such parents to follow if students visit school regularly is higher. On the other hand these incentives should not incentivize parents with low or no income to rely only on these benefits.

Therefore the proposal is the monthly child benefit for single child to increase only with 10 BGN and to become 45 BGN, and for a second child to be 90 BGN. The mechanism for calculating the amount for three or more children is proposed to be: (number of children x 45 BGN) – (number of children x 5 BGN), e.g. families with three children will receive 120 BGN, with four 160 BGN etc.

As a second part of this policy we also introduce a differentiated children allowance based on the total monthly income per family (not per child). Having stated that the minimum wage for the country in 2015 is 360 BGN we can assume that only one member of a family can be employed on a minimum monthly salary and there is no other source of income. Therefore all the families who receive only this minimum or less as a total family income should be incentivized (based on a percentage from the minimum wage) for their students, as follows:

\(^{19}\) (look (16))

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<th>Total monthly income per family in BGN</th>
<th>Supplement/month in % from 360 BGN</th>
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<tr>
<td>&gt;360</td>
<td>0 = 45 BGN/single child</td>
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<tr>
<td>301-360</td>
<td>+ 5 % (18 BGN/month)</td>
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<tr>
<td>251-300</td>
<td>+ 7 % (25 BGN/month)</td>
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<tr>
<td>200-250</td>
<td>+ 9 % (32 BGN/month)</td>
</tr>
<tr>
<td>&lt;200</td>
<td>+ 11 % (40 BGN/month)</td>
</tr>
</tbody>
</table>

This means that if in a family with 2 students the total income is 320 BGN, the monthly children benefits should be 2 x 45 + 18 or 108 BGN in addition. Calculations show that the children benefits may add to the total budget of the most disadvantaged from 10 to 60% of what they have in a 2-children family model which guarantees that students are in school. Although we do not have the data of the MES and NSI, we can still predict the approximate amount needed for the 10-BGN-increase in the one and second-child benefit model: no more than 100 million leva. Secondly, our supplementary program seeks to benefit only the families in deep poverty. This will affect around 100 000 households and it will cost around 30 to 40 million leva. Thus the total amount that the MSA needs to invest additionally should not exceed 140 000 million leva, provided from the European Social Fund and the National Budget. This model of distribution of children benefits takes into consideration the income inequalities in a much effective way. In terms of public acceptance this additional budget spending might have opponents in some parliamentarian groups, but still these measures will have the greatest effect on the poorest families and students of Bulgaria compensating for the opportunity costs of children labor, literacy courses and unemployment benefits.

After evaluating the three given options the recommended policy option before the government is #3: to slightly increase the children benefits and to introduce a supplement to the children benefits for the poorest families. It is expected this to better the situation of 80% of the households in Bulgaria with 10 BGN and mostly the poorest families where children benefits will become a greater incentive and insurance that children will not be engaged in labor, but in school.
5. **Recommendations:**

The current policy brief aimed to tackle with the economic reasons for dropping out of the elementary school and more precisely looked at the measures for financial stimulation of parents. However, before implementing any changes in this matter the government should ensure the following preconditions:

- **Working sanction mechanism:** in order this to happen we propose the principal, and not the mayor, to have the right to issue warnings and fines towards parents who do not send their children to school. This will make the mechanism easier for implementation.

- **Ensuring that the reporting of student absences is not influenced by the fear of budget cuts:** we propose MES to appoint 28 “secret” inspectors in each territorial district who, on the principle of a “secret client”, to visit schools spontaneously without prior informing of principals or regional educational inspectorates and to check if the number of the children present in class is properly reflected in the daily school documentation. In case of violation found, they are to issue warnings and sanctions to the schools in violation.

- **MSA to require NSI and MES to provide a detailed statistical data on the number of students in elementary school living in deep poverty.**

- **NSI and MES to stop using the category of “family reasons” which proves to be uninformative and to introduce a more detailed list for dropping out that will allow policy maker to address better the issue.**

The effective addressing of the economic reasons for dropping out requires the proposed above measures to be combined with measures against the social, educational and ethno-cultural reasons for dropping out of school. Only then we can win the future for every child.
6. Recommended readings

**Legislation:**

Rules for the implementation of the Law on Family Allowances, 2014
Rules for the implementation of the Law on Family Allowances, 2012, art. 106, par. 4
Educational act, 2003, Art 47,

**Reports:**

National Statistical Institute, “Census. Definitive Data”, 2011
NSI, “External migration by age and sex”, 2013
Stoyanov, Atanas, “Coping with ethnic reasons for dropping out of school” Policy Brief, September 2014

**Online articles:**

“1,6 miliona българи - под границата на бедността”, в-к Труд, 2013
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“Майки искат детски надбавки за всички, без значение от доходите”,