

Task Force on Satellite Accounts for Education and Training

Progress report

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“And because we currently understand more about the economic pay-back from investing in our infrastructure than we do about investment in our people, I have asked the ONS (Office for National Statistics) to work with us on developing a more sophisticated measure of human capital, so that future investment can be better targeted.”

Spring Statement of Mr. Philip Hammond, UK Chancellor of the Exchequer to the House of Commons

Guide on Measuring Human Capital

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- Guide on Measuring Human Capital (2016) – recommendations on estimating human capital in line with national accounts concepts
- “Cost-based approach” vs “lifetime income approach” for estimating human capital stock
- Two satellite accounts:
 - Satellite Account on Human Capital – beyond SNA, treats expenditure of education and training (including own time spent) as cost for the creation of HC
 - Satellite Account on Education and Training (SAE) – narrow approach, further detail to the data available in core NA + own account production of training by enterprises

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- Established by the CES in 2017, final report to be delivered in June 2019
- Objectives
 - Pilot testing of SAE in different countries
 - Develop compilation guidance
- Tasks:
 - Framework for constructing SAE, including breakdowns
 - Recommend classifications, key variables, main and supplementary tables
 - Test the methodology, data availability and quality
 - Recommend best practices, improvements to methods and data sources
 - Develop compilation guide on SAE

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- Members: Belarus, Canada, France, Germany, Israel, Italy, Norway (Chair), Russian Federation, United Kingdom, Eurostat, UNECE, UNESCO, UNSD and Wittgenstein Centre for Demography and Global Human Capital
- Programme for the pilot testing
 - Use as framework chapter 5 of the Human Capital Guide:
 - Take national Supply and Use tables as starting point
 - Link to UNESCO National Education Accounts and UNESCO/OECD/Eurostat Manual on concepts, definitions and classifications (UOE Manual)

Main Results

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- Country pilots
 - Canada, Israel, Norway and UK
- Mapping UNESCO National Education Accounts to SAE
 - France, Italy
- Linking SAE to UOE data collection
 - Eurostat reconciliation exercise, Germany, Norway, UK
- Analysis of additional data sources
- Draft chapters of the compilation guide

Methodological and Measurement Challenges



- Links to UOE data collection - UOE provides coherent internationally comparable data set but a number of differences need be addressed:
 - Coverage: UOE includes only formal education and expenditures on domestic territory
 - Add informal education – which adult training courses to include e.g. hobbies? driving schools? sport or dance classes?
 - Account for imports (domestic students abroad) and exports (foreign students in the country)
 - Subsidies, scholarships, other grants and student loans are part of education expenditures in UOE

Methodological and Measurement Challenges



- Ancillary expenditures
 - UOE data cover student welfare services (meals, school health services, transportation, etc.), services for the general public (museums, radio and TV broadcasting, sports, recreational or cultural programmes), school uniforms, books, etc.
 - Human Capital Guide includes textbooks and equipment directly used in education but excludes health services, school uniforms, services for the general public, etc.
 - Should SAE adapt to the broader definition of UOE?
 - Ancillary expenditures should be allocated to relevant ISCED groups
 - How to estimate and allocate household's out of pocket money?

Methodological and Measurement Challenges

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- Internships:
 - only when part of an education programme and not (or low) paid.
 - but how to deal with institutional differences and lack of data?
 - Exclude internships from education costs?
- In-house training by enterprises
 - Which indicators and data sources to use?
- Capital Expenditure: possible double counting of consumptions of fixed capital
- Military expenditure and training
 - Include professional training within Defense Ministries?

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- Your views on the presented methodological and measurement issues?
- Any other questions or comments?

Thank you!