

In-depth review of the non-military budget: Education



What's wrong with the funding of
Ukrainian education, and how to fix it?

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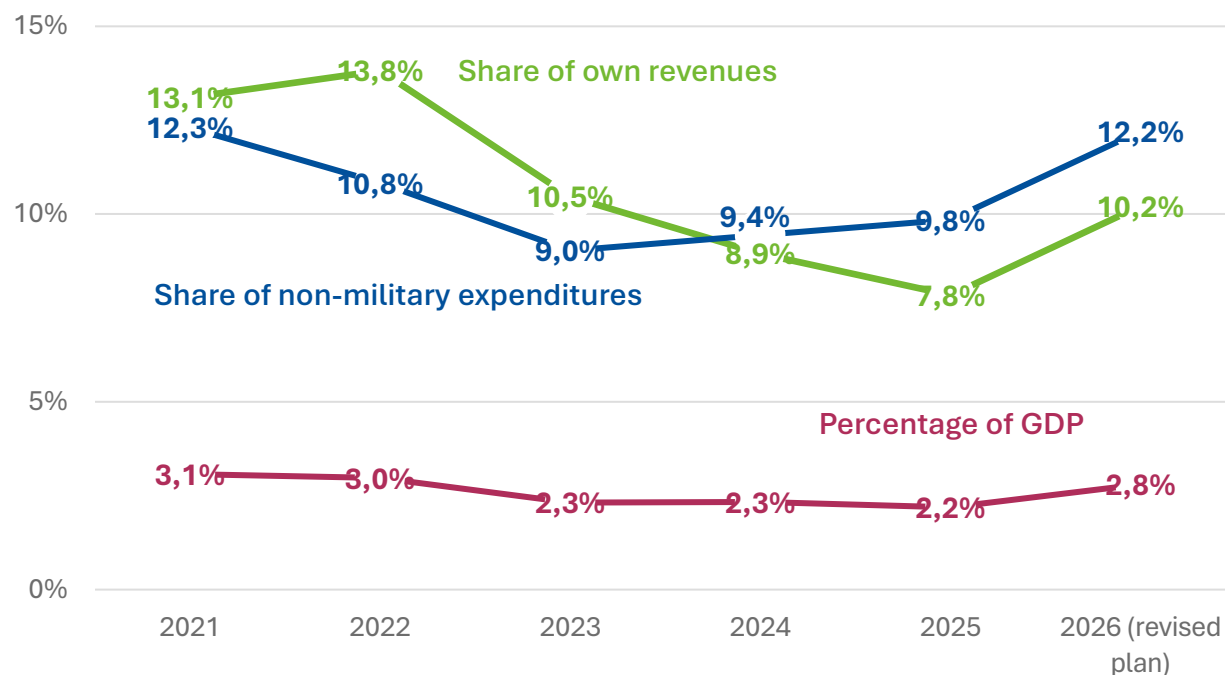


Education in the war budget

Education is among the top five state budget expenditures

However, funding for it has decreased since 2022

Share of state budget expenditures on education (including subventions for educational needs): share of own revenues, share of non-military expenditures, % of GDP



* Note: Data for 2021–2025 is based on actual results; for 2026 is based on plans.

Sources: Ministry of Finance (Open Budget), Draft Law on the State Budget for 2026 (first reading), SSSU, calculations by CES.

Education spending remains one of the main non-military areas of public finance.

Following the start of the full-scale invasion, funding for the sector has been reduced in real terms.

In 2026, a significant increase in spending is planned, reaching 2.8% of GDP (+0.6 percentage points compared to 2025); yet, this level still falls short of the pre-war level of 2021 (3.1% of GDP).

The main area of education, which accounts for about half of all funding, is secondary education. Higher education ranks second.

Therefore, in this analysis, we focus on state budget expenditures on **secondary** and **higher education**.



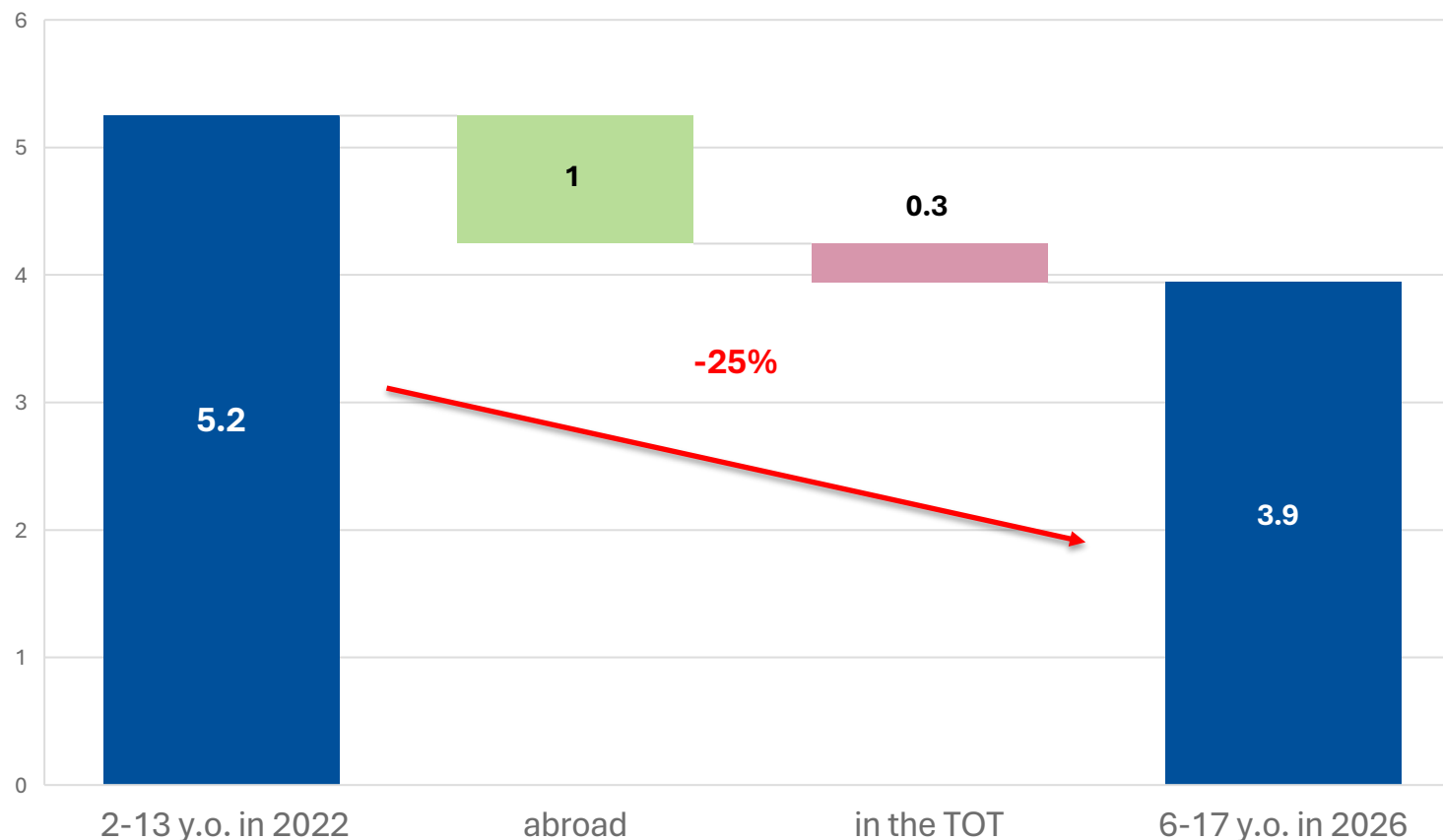
Demographic changes and the future of the school network

The image was created using AI

After 2022, the number of school-age children dropped sharply

A quarter of school-age children have left Ukraine or are now in the temporarily occupied territories (TOT)

Decline in the number of school-age children in Ukraine due to migration and occupation, mln



Since 2022, the number of school-age children in government-controlled territory dropped sharply due to **migration and occupation**.

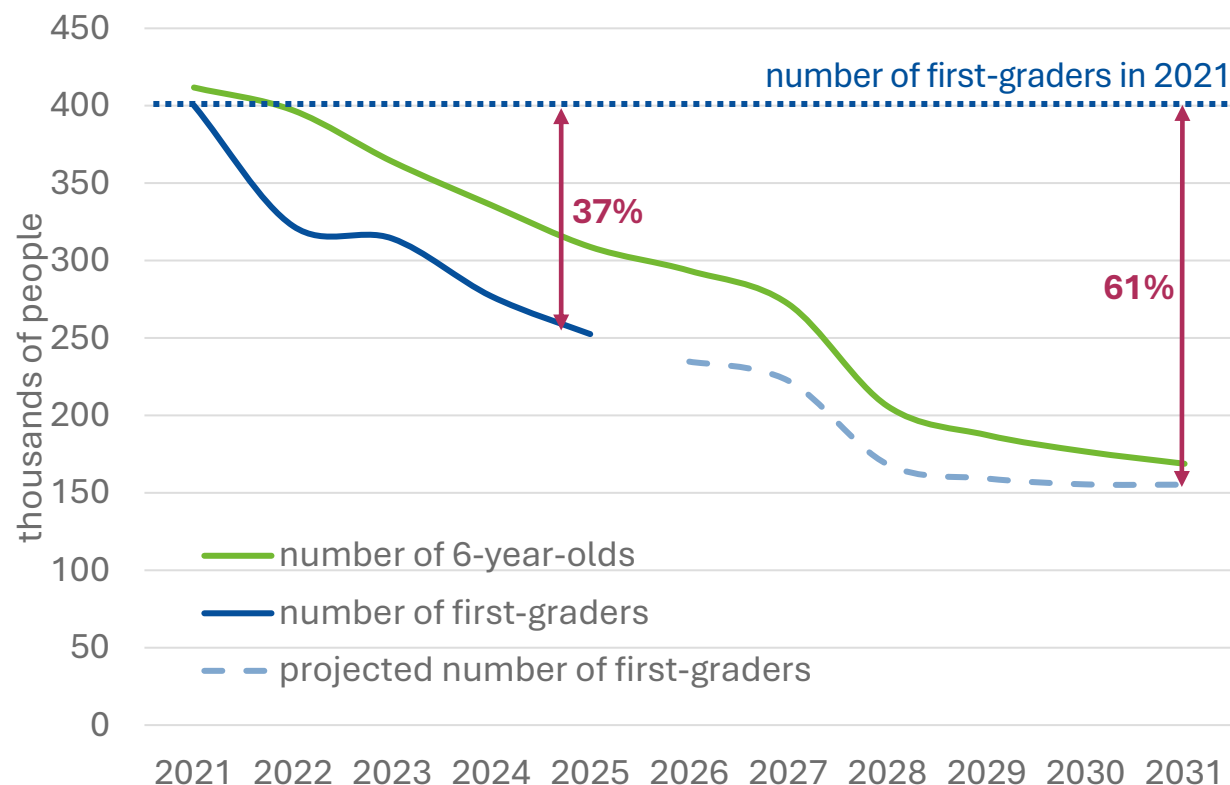
About **1 mln school-age children are currently abroad** (excluding Belarus and Russia).

Another **300 thousand are in the TOT** (excluding Crimea).

There will be fewer pupils due to the demographic decline

By 2031, the number of first-graders will have more than halved compared to 2021

Actual and projected number of 6-year-olds and first-graders



Note: The number of 6-year-olds is equal to the number of children born 6 years ago.

Sources: SSSU, IEA, calculations by CES

The number of births in Ukraine has been **declining since 2013**.

After 2022, the situation deteriorated sharply: in 2023, 30% fewer children were born than in 2022.

The decline has continued after 2023: every year, fewer children are born in Ukraine than the previous year.

This leads to a **decrease in the number of first-graders**.

Demographic changes and migration require the **optimization of the school network**.

There are 25% fewer school-age children and 15% fewer pupils

This is explained by remote studying

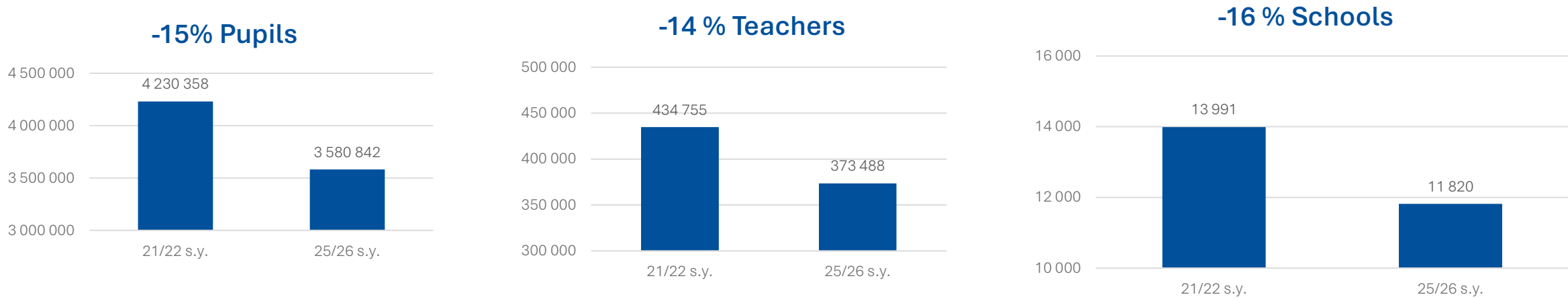
Meanwhile, **numbers of pupils decreased in proportion to number of teachers and schools.**

Some children are abroad and are taking online classes at Ukrainian schools, some are in the TOT and Ukrainian schools, and the rest are in Ukraine but are still studying online.

The pupils tracking system is flawed – there is no accurate data on the number of children in the regions and schools.

A unified pupils registry should be completed and regularly updated (with identification codes for children aged 6, for example).

Dynamics of the number of schools, teachers, and pupils in the 2025/2026 school year compared to 2021/2022

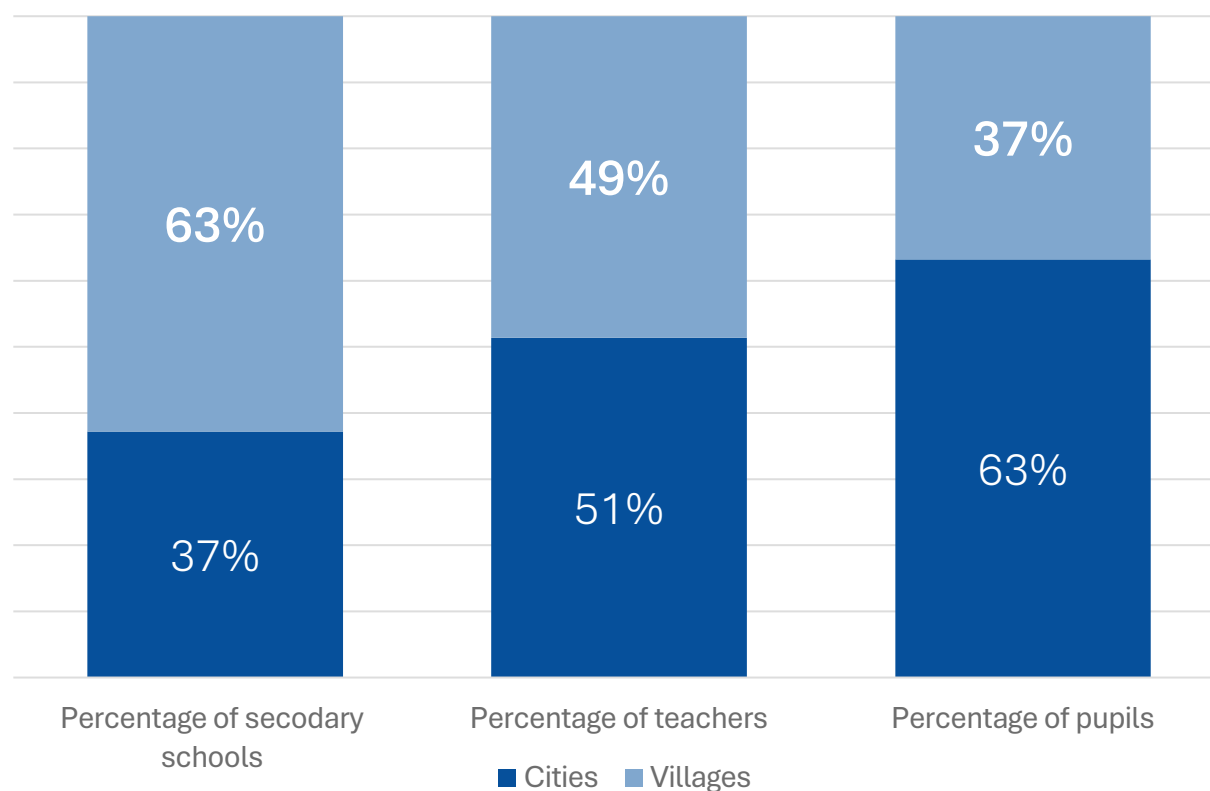


Sources: Institute for Educational Analytics, calculations by CES.

Rural schools have fewer teachers and even fewer pupils

63% of all schools are in rural areas, but only 37% of all pupils attend school there

Distribution of pupils, teachers, and schools between rural and urban educational institutions in the 2025–2026 school year



In rural schools, there are an average of 7 pupils per teacher, compared to 12 pupils in urban schools.

This makes education in rural areas more expensive – on average, the educational subsidy per pupil is:

- 48,700 UAH in a rural school,
- 43,300 UAH in a settlement school,
- 35,300 UAH in an urban school.

The quality of education also suffers – small schools cannot always provide teachers for all subjects.

Demographic decline makes optimization of the school network inevitable

Closing under-enrolled schools provides

- More efficient use of funds
- Better class sizes
- Higher salaries and a smaller teacher shortage
- Better material and technical support

but also

- Reduced access to education
- Population outflow from certain areas
- Connection loss among displaced communities

Keeping under-enrolled schools provides

- Continued access to education
- Support for community vitality
- Support for remote and frontline areas

but also

- High costs per pupil
- Low salaries and a shortage of subject teachers
- Limited resources for school development

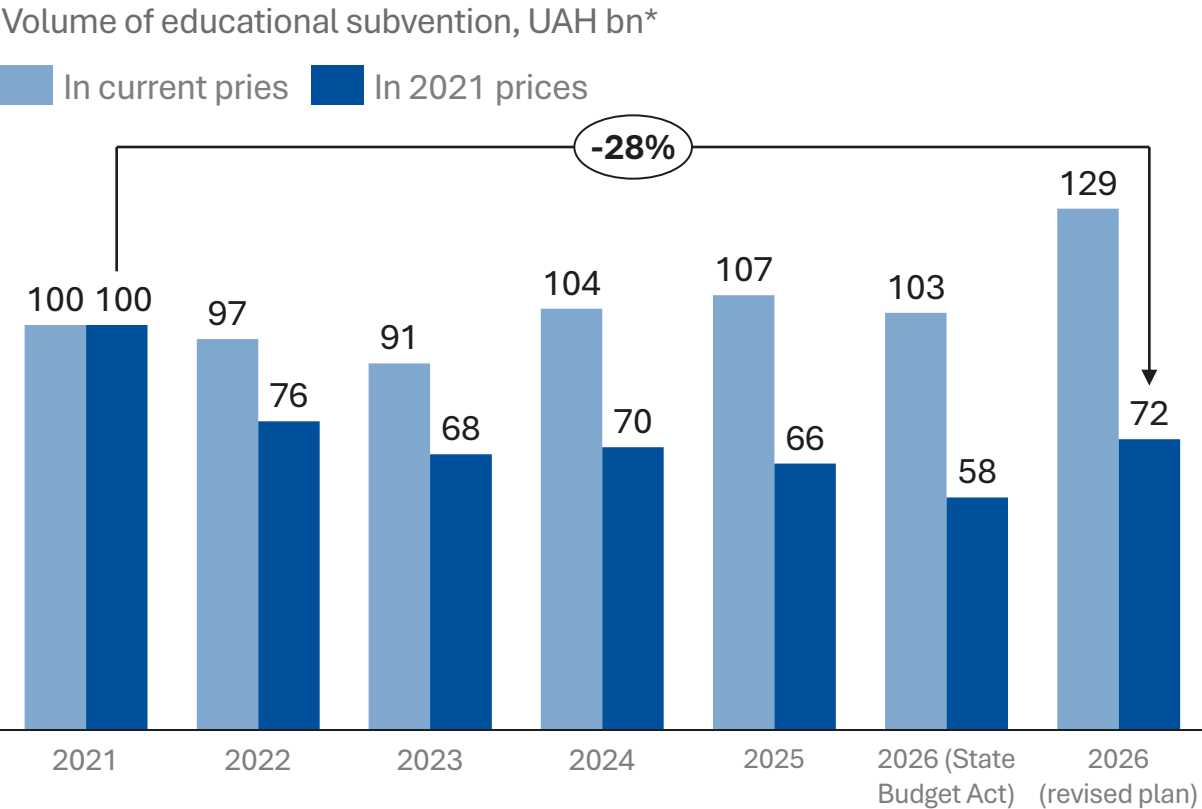
There is no one-size-fits-all solution for all communities. A set of tools is needed to optimize the school network, along with support for their implementation through funding, methodological guidance, and communication with the public.



Salaries crisis

The education subvention is cut, taking inflation into account

And even redirecting funds from the prestige of labour didn't help



* Note: Data for 2021–2025 is based on actual results; for 2026 is based on plans.

Sources: Ministry of Finance (Open Budget), Draft Law on the State Budget for 2026 (first reading), SSSU, calculations by CES.

The education subvention is the largest state budget program in the education sector and a key source of funding for educators’ salaries.

Since 2024, the subvention amount has been nominally “frozen” at ~ UAH 103 bn, but in real terms (adjusted for inflation), it has been declining. This has reduced the funds available for teachers’ salaries.

To fix the situation, there were plans to increase teachers’ salaries by 30% starting in January 2026 and by another 20% starting in September.

To do this, funds from the new “Prestige of employment in education” program were redirected to the education subvention, which reached UAH 129 bn.

This was expected to lead to higher salaries in the education sector.

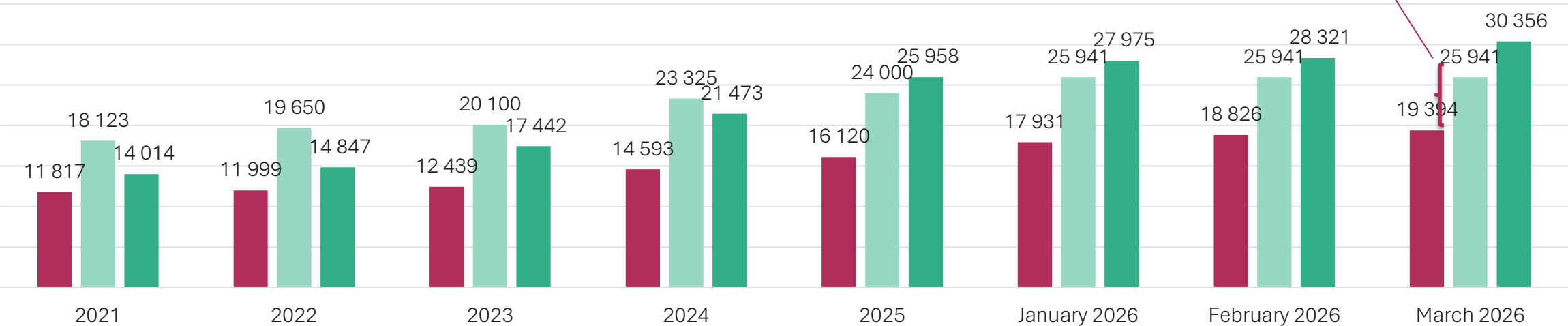
Teachers' salaries lag behind the national average

The salaries gap leads to a shortage of staff in schools

- **In March 2026, salaries in the education sector were 36% lower than the national average** (in 2021, this gap was 16%).
- **The requirement of the Law “On Education” is only met by 2/3** (three times the minimum wage, or about UAH 26,000 in 2026).
- At the start of the 2024–2025 school year, there were 2,117 unfilled teaching positions (with the greatest shortages in English, computer science, and mathematics).
- **43% of teachers are over 50 years old** (17% of whom are pensioners). **Young people under 30 make up only 10%.**

Average salaries in education* compared to legal requirements and the national average, UAH

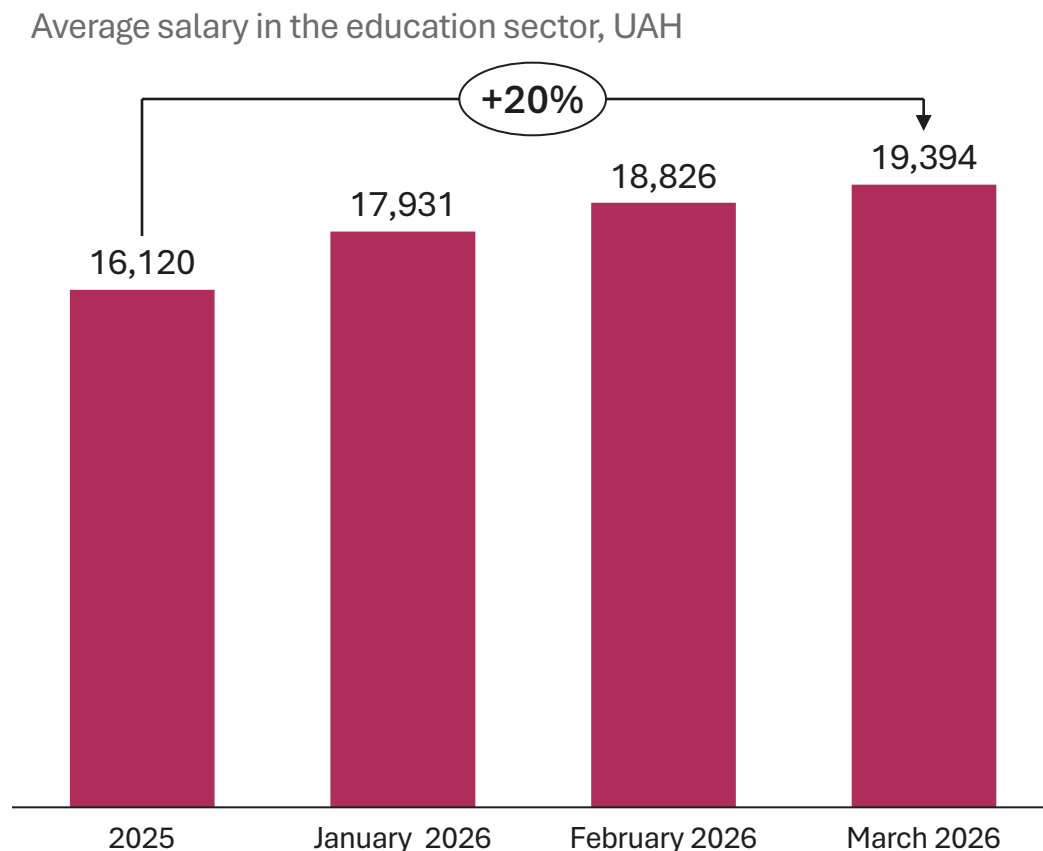
■ Average wage in the education sector ■ Three minimum wages ■ National average



Sources: The Law “On Education,” State Budget Laws, SSSU, calculations by CES.

An attempt to raise teachers' salaries has faced challenges

The 30% pay raise was not fully implemented

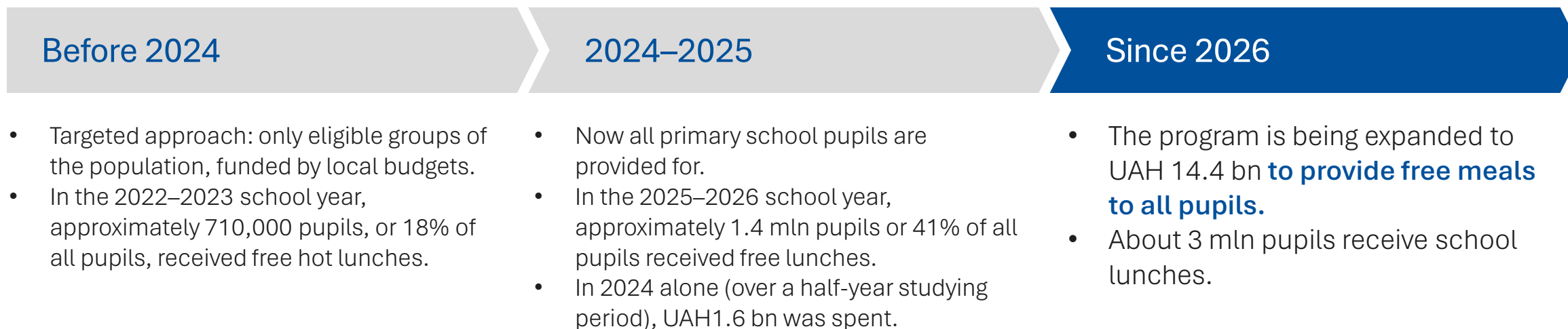


Sources: SSSU.

- 01.** The declared amount of the subvention proved to be insufficient
- 02.** Disparity between centralized decisions and the capacity of local budgets happened
- 03.** Regions raised salaries to varying degrees, as they determined the size of the prestige bonus at their own discretion (ranging from 5% to 30%)

Result: In some communities, local surcharges were eliminated or reduced. In some cases, communities were forced to lower their “prestige” coefficients in order to balance their budgets.

Expanding the program creates systemic risks



However, this initiative has a number of shortcomings.

- The support is not sufficiently targeted** – some families are able to pay on their own.
- Procurement risks** – without proper oversight mechanisms, funds at the local level may be used inefficiently.
- Infrastructure constraints** – increased strain on the food supply chain.
- Policy inconsistency** – parents and communities currently pay for meals in preschool education.

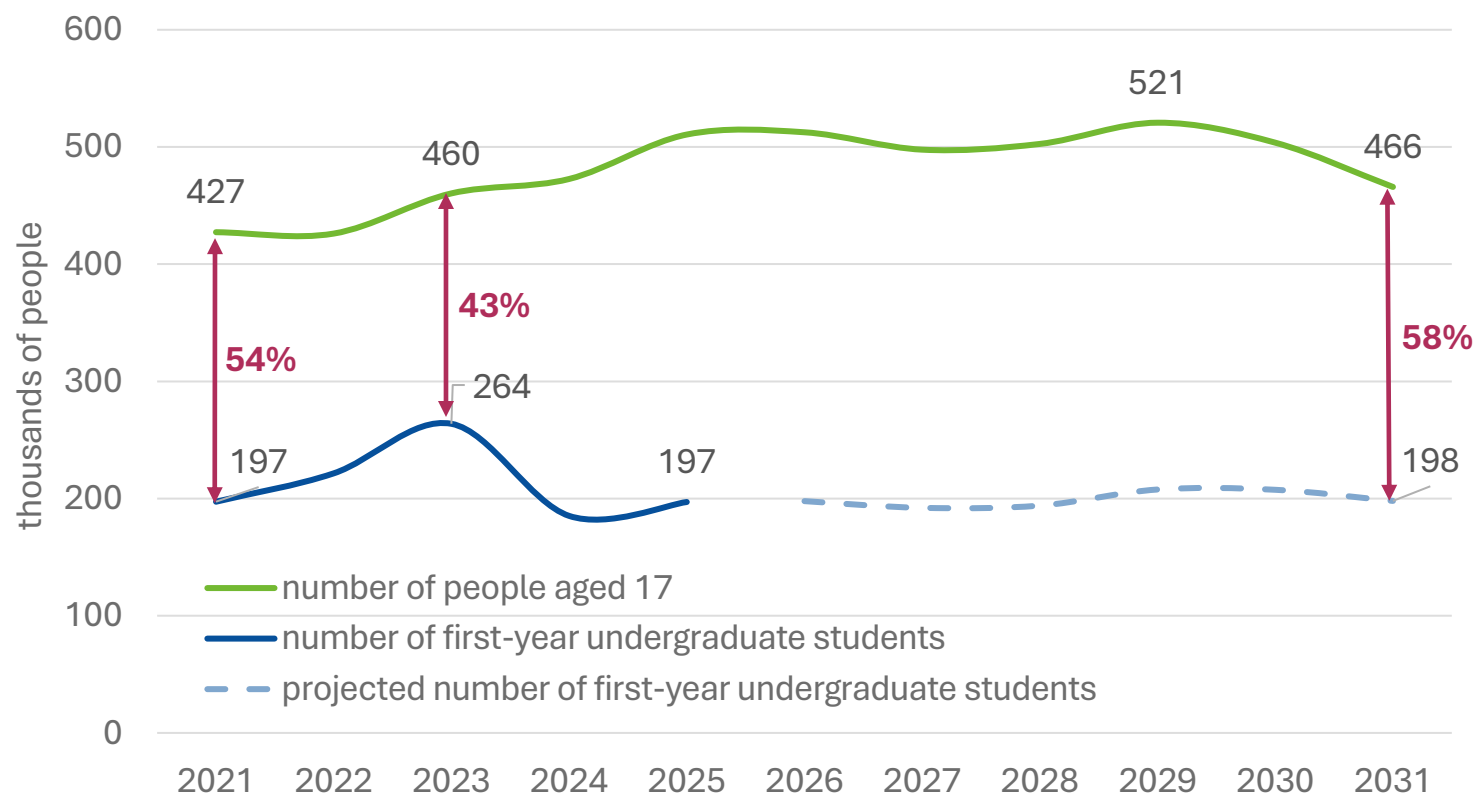


Modernization of the university network

In higher education, demographic decline will be felt later

By 2031, the number of first-year undergraduate students will remain at the same level

Real and projected numbers of 17-year-olds and first-year undergraduate students



By 2030, higher education institutions will be enrolling students from the **generation with the highest birth rate** since Ukraine gained independence.

This will help keep the number of applicants at a relatively stable level.

After 2030, higher education will also face a **decline in the number of students**, a trend already evident in schools today.

Note: The number of 17-year-olds is equal to the number of children born 17 years ago

Sources: SSSU, calculations by CES

The number of young people of university age decreased by 29%

Yet, migration of youth has not led to a proportional decline in number of applicants to universities

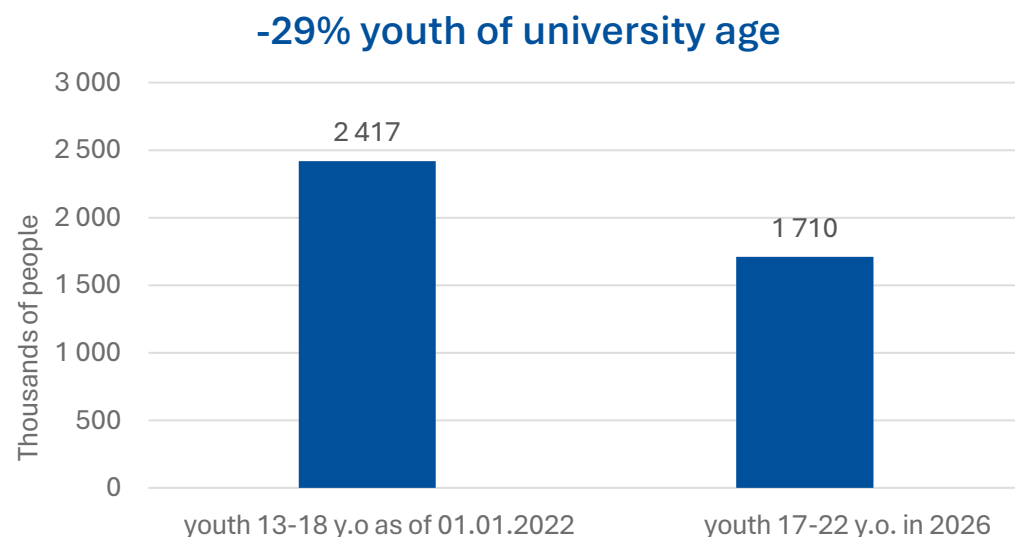
29% of young people aged 17–22 have **moved abroad or are currently in the TOT.**

The decline in number of young people does not mean a corresponding decline in higher educational institutions (HEIs) enrollment.

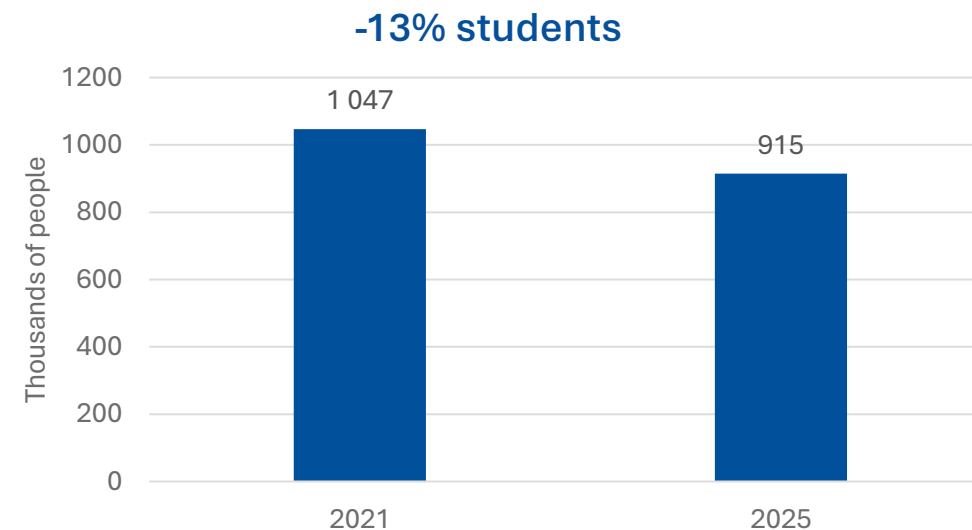
The number of students depends not only on demographics but also on the **demand for higher education.**

In the 2025/26 academic year, the number of students in HEIs will be only 13% lower than in the 2021/22.

About 100,000 students are **studying online from abroad.**



Sources: SSSU, forecast by Ptoukha IDSS

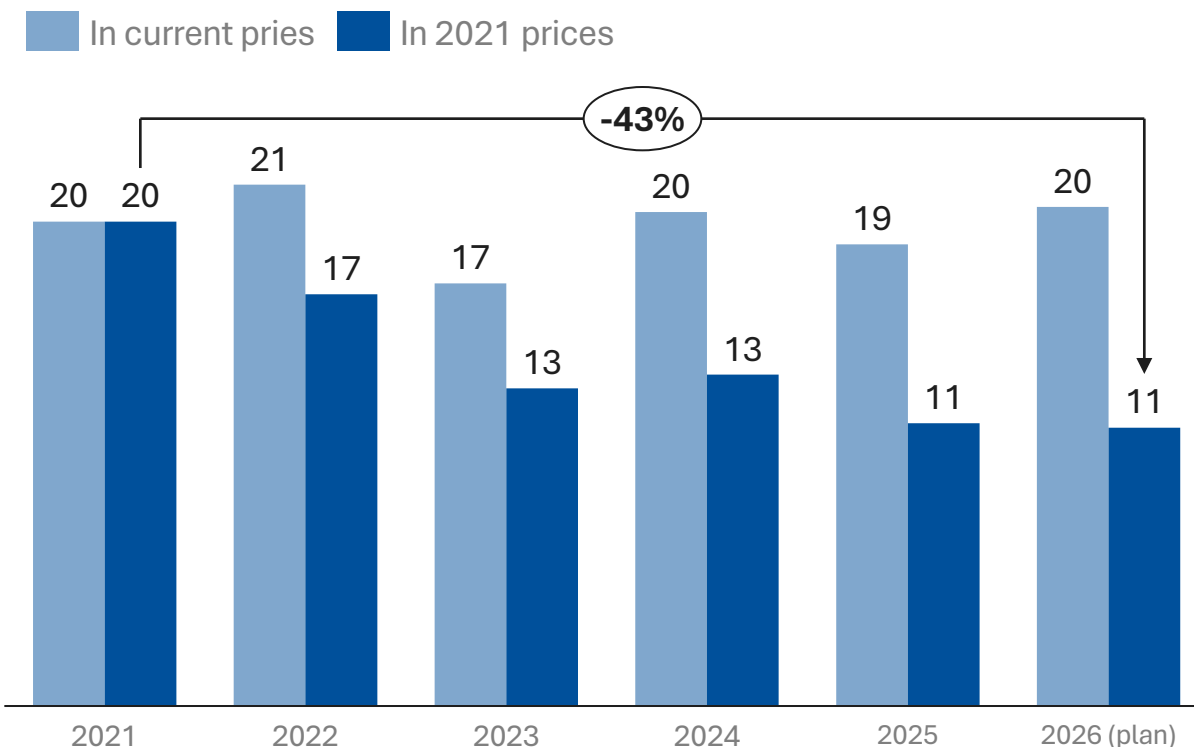


Sources: SSSU

Real funding for higher education has nearly halved

Despite stable number of students, the real state resources for their education decrease

Higher education program expenditures from the general fund of the SB*, UAH bn



Nominal spending on the Ministry of Education and Science's main workforce training program has remained unchanged since 2021 (~ UAH 20 bn). Yet, adjusting for inflation, **real government funding has decreased by 42.5%.**

These funds are allocated to cover tuition for state-funded spots at universities.

Real funding for education is declining much faster than the number of students.

Note: In addition to funding from the general fund of the state budget, this program is also funded by the special fund.

Sources: Program Implementation Report, budget requests to the Ministry of Education and Science of Ukraine, SSSU, calculations by CES

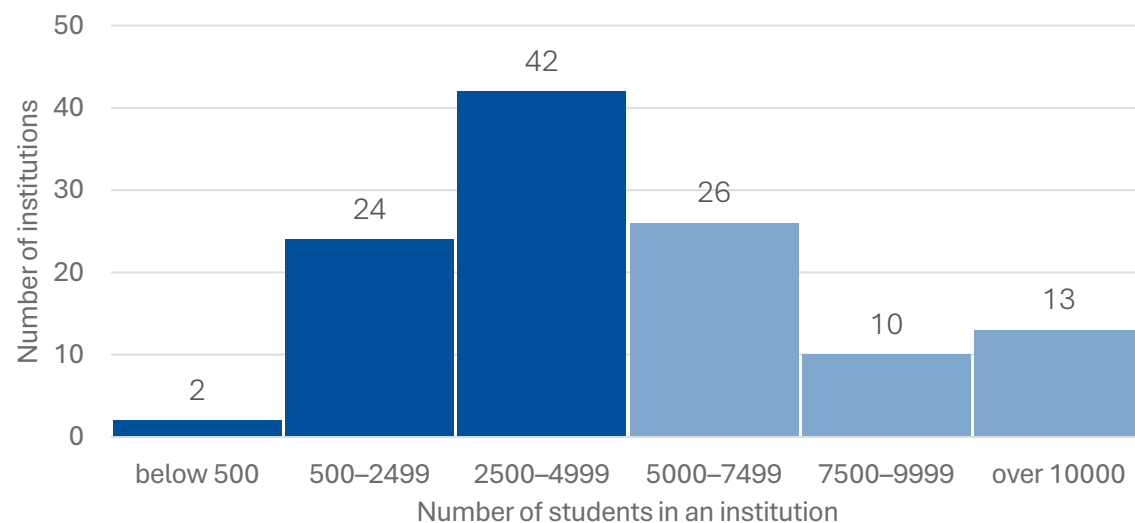
There are too many small universities

Their branches should be modernized in the first place

Over half of the state HEIs under the Ministry of Education and Science (58%) have less than 5,000 students.

There are also regional branches and departments of parent institutions with even fewer students.

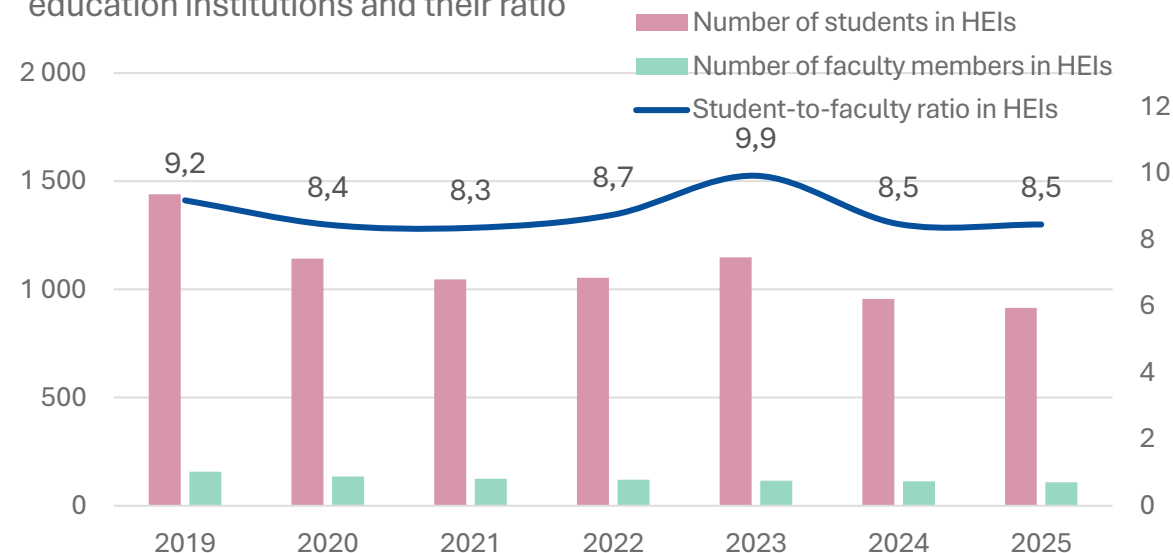
Distribution of public educational institutions under the Ministry of Education and Science by number of students



* Note: As of April 1, 2026, students include those pursuing bachelor's, master's, and specialist degrees.
Source: Unified State Electronic Database on Education, calculations by CES.

In Ukraine, there are an average of 8.8 students per teacher, compared to 14.3 in the EU.

The number of students and faculty members in higher education institutions and their ratio



*Note: The number of teachers is the total number of research, teaching, and research-teaching staff at institutions of higher education.
Source: SSSU, calculations by CES.



Conclusions and recommendations

There is a need for salaries reform and the modernization of educational institutions

1 Salaries reform

The outdated salaries system based on a pay scale with a low base rate and numerous add-ons needs to be reformed.

We recommend clearly defining a mechanism for salaries increases to ensure decent compensation for all education sector employees in the long term.

2 Modernization of educational institutions

The education system still has a significant number of under-enrolled institutions, which often fail to provide adequate quality of education and are costly to maintain.

We recommend continuing the policy of modernizing the school and university network by merging smaller institutions with larger ones.

Additionally, in secondary education:

- Creating the necessary infrastructure (transportation and road connections)
- Providing organizational support to communities

Which should also be addressed

Complete the creation of the pupils registry

To allocate resources effectively in secondary education, it is necessary to accurately assess the number of children and their locations; therefore, a pupils registry should be established (for example, by assigning identification codes to children aged 6 and older) and regularly updated

Continue policy of “Offline School”

This involves further optimization of schools in the TOT and areas of active hostilities that provide only remote education

Review the program on meals

Apply the principle of targeting in the provision of meals funded by the state budget and introduce an assessment of the effectiveness of spending on school meals

Review the management of HEIs

Examine the feasibility of centralizing educational institutions under a single administrator (the Ministry of Education and Science); assess the justification for financing Taras Shevchenko National University of Kyiv through a separate budget program; and implement corporate governance approaches in education

Expand sources of funding for HEIs

Strengthen the “funding follows the student” mechanism, in particular by providing grants and low-interest student loans; also, attract more funding from the private sector and international organizations



Thank you.
