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Director General Budget and Administration



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Acting Director General

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**NOTE FOR DECISION**

**Subject: Education allowances: reimbursement of excess costs**

On the basis of the outcome of the Senior EUDEL meeting of 17 February 2016 and the subsequent discussions at working level between the EEAS and Commission services, including at the working level EUDEL meeting of 10 March, the package of measures contained in annex regarding educational allowances has been agreed between the relevant services.

The Senior EUDEL meeting stressed in particular that reimbursement of excess costs should be considered exceptional, as foreseen in the Staff Regulations, and trusts that the criteria developed will achieve that requirement.

The Commission regrets that unfortunately it has not been possible to perform a case-by-case or delegation-based evaluation of exceptions, given the limited resources available to analyse the requests and the limited knowledge on the local schooling market in delegations. In the medium and long-term, the criteria for granting school allowances in excess of the applicable ceilings may be refined as the knowledge base builds up by means of, inter alia, regular updates of the post reports and a possible "survey" among staff in delegations with children attending schools in the place of posting. DG HR (Commission) considers that the proposed measures are compatible with the provisions of the Staff Regulations.

In view of the upward trend in prices at many international schools, and in recognition of the importance this issue has for staff members serving in delegations, this package provides the basis according to which reimbursement may be made to staff members in delegations of costs incurred in excess of the statutory amounts. The new package aims to continue to provide support to staff members whilst reducing costs overall, taking into account the difficult budgetary situation.

The new system will apply to colleagues taking up duty as from September 2016 for the next academic year (2016-17 northern hemisphere/ 2017 southern hemisphere), with some transitional measures for colleagues already serving in delegations.

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## ANNEX

### Education allowances: reimbursement of excess costs

#### Introduction

Reimbursement in excess of the statutory ceiling should be considered exceptional as foreseen in the Staff Regulations. The following package of measures is largely based on the guidance received from the Senior Management Level EUDEL members which met on 17 February 2016 and takes into account the stated requests from staff representatives for a system which would be sufficiently transparent and stable to allow staff members to know their eligibility for additional reimbursement in advance of taking up postings/ making decisions on school enrolments. In addition, the principle of administrative simplicity has also been a further consideration, not least to minimise grounds for potential challenge. Overall, the package should significantly reduce costs to the institutions in comparison with the system currently in force, adjust staff expectations and redress the upward trend in expenditure observed in recent years.

These measures should be seen as a single package where priority is given to the most important Allowance B (compulsory schooling), with the consequence of a more restrictive approach to Allowance A (pre-primary) and to recyclage.

Given the principle of exceptionality of reimbursement in excess of the statutory ceiling for Allowances A and B, it would apply to a limited number of cases, as the large majority of staff members are able to secure adequate education for their children within the statutory amount. A percentage of reimbursement at 60% up to an upper ceiling will systematically be granted on the basis of narrowly-drawn criteria for both Allowances A and B, whereas in other cases the percentage of reimbursement will be linked to the basic salary of the official. In all cases, reimbursement of excess costs will be based on a co-financing system, with a significant percentage of costs to be assumed by the staff member concerned. Where a specific choice of school can clearly be determined to result from personal choice, no excess of the ceiling will be granted.

Based on the excess application in the current school year (2015-2016), and assuming the same number of beneficiaries, the estimated savings may reach:

- for Allowance A: around 50% of the total (approximately EUR 200,000)
- for Allowance B and without taking into account the costs of the transitional measures, the estimated total savings (based on the figures for the 2015-16 academic year) should be approximately 46%, implying a saving of approximately EUR 780,000 (approximately EUR 480,000 Commission/ EUR 300,000 EEAS) from this year's total cost of EUR 1.7 million.

The application of the higher reimbursement rate (up to 80% or 60% of the excess depending on the salary of the staff member up to an upper ceiling) under the transitional measures for Allowance B could be estimated to result in a saving of 30%, costing an additional EUR 240,000 (approx. EUR 160,000 Commission/ EUR 80,000 EEAS) compared to the effect of the new system. The actual impact is likely to be lower considering that a proportion of staff members will reach the end of their postings this year.

The proposed limitation of the eligibility for recyclage should have a significant financial impact, reducing significantly the costs per child in the majority of cases from EUR 18,788.40 (Annex X entitlement) to EUR 3,131.40 (simple allowance under Annex VII). With a reduction of the number of beneficiaries from 35 to 6, savings should approximate EUR 435,000. In cases where the choice of school can clearly be determined to be a matter of personal choice, there would be no payment of excess costs with a saving of approximately EUR 100,000.

It is foreseen that the implementation of the new system be monitored closely, with regular reporting of its impact to concerned services, and reviewed as appropriate to determine its effect in practice. A first assessment of the new system should be presented to the EUDEL before the end of 2016, in particular as regards the objective of leading to a decreasing trend in costs for the institutions.

The new measures will be communicated to EEAS and Commission staff members as a matter of priority. Moreover, the EU Delegations' guide will be updated and a dedicated information session in April which will be open to all interested staff (EEAS and Commission) and which will also be web-streamed to allow staff members in delegations to follow the discussion.

## **New set of measures**

The key elements of the package are the following:

**1. Allowance A (pre-primary)** should be limited as a general principle to the statutory amount, i.e. **EUR 3382.22** per child per year.

Reimbursement of excess costs will be granted per child on the basis of the following criteria, at 60% up to an upper ceiling fixed at 50% of the maximum statutory entitlement for Allowance B (which would currently be EUR 9394.20).

- a) Pedagogical reasons, when the child has to change schools for duly justified reasons within the same academic year and the costs of both schools exceed the statutory ceiling;
- b) Service related reasons, such as a change of place of posting during the school year in the interest of the service (i.e. Article 7 of Staff Regulations) at the request of the EEAS or Commission DG of assignment;
- c) Change of schools during the academic year for security related reasons (as judged by the institution and not the parents' perception).

In such cases, the exception should be considered applicable for the academic year in question only and not for the entire period of the posting. All three years of kindergarten should be considered eligible for such reimbursement. These exceptions would be considered on the basis that they are generally unavoidable consequences beyond the control of the staff member concerned.

In addition, reimbursement of excess costs for children in the final year of kindergarten may be considered eligible where attendance is required for subsequent enrolment in primary, on the basis of written confirmation from the school in question. In such cases, reimbursement will be fixed at either 40% or 60%, up to the same upper ceiling, based on the basic salary of the official (on the same basis as for Allowance B) and therefore:

- For each child, where the excess of the ceiling requested is equal to or exceeds one month of the staff member's basic salary, reimbursement should be granted at 60% of the excess, up to the upper ceiling.
- For each child, where the excess of the ceiling requested is less than one month of the staff member's basic salary, reimbursement should be granted at 40% of the excess, up to the upper ceiling.

The definition of the reimbursement percentage shall be based on the documents submitted for each child, and therefore the averages or totals per family should not be considered as base for the establishment of the reimbursement percentage.

**2. Allowance B: primary and secondary:** the statutory entitlement of **EUR 18,788.40** per child per year remains untouched.

Reimbursement of excess costs will be granted per child on the basis of the following criteria, at 60% up to an upper ceiling fixed at 50% of the maximum statutory entitlement for Allowance B (which would currently be EUR 9394.20).

- a) Pedagogical reasons, when the child has to change schools for duly justified reasons within the same academic year and the costs of both schools exceed the statutory ceiling;
- b) Service related reasons, such as a change of place of posting during the school year in the interest of the service (i.e. Article 7 of Staff Regulations) at the request of the EEAS or Commission DG of assignment;
- c) Change of schools during the academic year for security related reasons (as judged by the institution and not the parents' perception).
- d) Costs relating to first year of registration (e.g. registration fee), excluding application costs and capital fees<sup>1</sup>, where these costs are the reason for exceeding the ceiling.

In such cases, the exception should be considered applicable for the academic year in question only and not for the entire period of the posting. These exceptions would be considered on the basis that they are generally unavoidable consequences beyond the control of the staff member concerned.

In other cases excluding those where it can clearly be determined as a matter of personal choice, the exceptional reimbursement of excess costs per child should be reimbursed on the following basis:

- For each child, where the excess of the ceiling requested per child is equal to or exceeds one month of the staff member's basic salary, reimbursement should be granted at 60% of the excess, up to the upper ceiling.
- For each child, where the excess of the ceiling requested per child is less than one month of the staff member's basic salary, reimbursement should be granted at 40% of the excess, up to the upper ceiling.

In all cases, the institutions' contribution to costs in excess of the statutory entitlement should never exceed a fixed upper ceiling of 50% of the maximum statutory entitlement (which would currently be EUR 9394.20).

**3. "Recyclage":** recyclage status should be granted only to staff on the basis of the following conditions:

- they fulfil the conditions of being able to take up another posting in a delegation (which would normally exclude Temporary Agents);
- they would have a child in the last two years of secondary school at the time of returning to Headquarters.

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<sup>1</sup> COMMISSION DECISION of 16.12.2013 on general implementing provisions on granting the education allowance (Article 3 of Annex VII to the Staff Regulations) in article 3 lists the items included and excluded from reimbursement and therefore the education allowance B shall cover:

(a) registration and attendance fees at educational establishments  
 (b) transport costs

excluding all other costs, and in particular:

- compulsory expenditure such as for the purchase of books, school equipment, sports equipment, school insurance and medical expenses cover, examination fees, costs of joint extra-curricular activities (school excursions, visits and trips, sports courses, etc.), and other expenses connected with following the curriculum of the educational establishment attended;
- costs incurred as a result of the child's participation in organised trips to winter, seaside and countryside resorts and similar activities.

Recyclage may also be granted in the case of colleagues returning from a delegation earlier than foreseen in the interest of the service (Article 7 of the Staff Regulations) at the request of the EEAS or Commission DG of assignment or on the basis of other decisions by the institution (e.g. evacuation) and who have a child in the last two years of secondary school.

In all cases where recyclage is granted, no excess of the Annex X statutory entitlement of EUR 18,788.40 will be granted. A 2-year extension should be granted only in the case where the staff member still has a child/children in the last two years of secondary school.

Staff members already granted recyclage status should continue to benefit from the maximum statutory entitlement for the duration of the 2-year period already granted but should not be granted a further 2-year extension unless they fulfil the criteria established above.

#### **4. Transitional Measures for academic year 2016-17 Northern Hemisphere / 2017 Southern Hemisphere**

In order to facilitate the transition for staff members already posted in delegations, transitional measures for Allowance B (primary and secondary) should apply for one year (academic years 2016-2017 northern hemisphere/ 2017 southern hemisphere) to colleagues who have already completed their first year of posting in a delegation and where the child is already attending primary/ secondary school. Staff members beginning the first year of a new posting or enrolling children in primary/ secondary for the first time or in a new school will already be subject to the new system.

The transitional measures aim to introduce to staff already serving in delegations the principle of co-financing/ personal contribution, which is a key element of the new system. In order to ease this transition, higher percentages of reimbursement are foreseen for this first year in order to keep the level of personal contribution relatively low.

Staff members eligible to benefit from transitional measures under Allowance B (as before, excluding cases where it can clearly be determined as a matter of personal choice) should be granted reimbursement of excess costs on the following bases:

- For each child, where the excess of the ceiling requested is equal to or exceeds one month of the staff member's basic salary, reimbursement should be granted at 80% (\*) of the excess, up to the upper ceiling.
- For each child, where the excess of the ceiling requested is less than one month of the staff member's basic salary, reimbursement should be granted at 60% (\*) of the excess, up to the upper ceiling.

In all cases, the institutions' contribution to costs in excess of the statutory entitlement should never exceed a fixed upper ceiling of 50% of the maximum statutory entitlement (which would currently be EUR 9394.20).