

Number of Teachers in Municipalities: Surplus or Need?

(The Impact of Changes
to Education Grant Allocations for Municipalities)



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Executive Summary

In 2026, the Ministry of Finance began the strict implementation of the formula for budgeting teacher positions under the municipal Education Grant, aligning the number of funded teachers with the current number of students in each municipality. In previous years, however, the implementation of Administrative Instruction No. 22/2013 of the Ministry of Education regarding the teacher-to-student ratio was not applied strictly, and municipalities did not adjust or reduce the number of teachers in line with the declining number of students.

Under this new approach, the roster of teachers submitted by municipalities is no longer automatically accepted as the basis for budgeting. If municipalities report a higher number of teachers than permitted under the established standards, the Ministry does not recognize these positions as eligible for funding and, consequently, excludes them from the education grant. As a result, a considerable number of teachers have been left outside the education grant allocation because their numbers exceed the ceiling established by the norms set by the Ministry of Education.

This new financing model shifts both the decision-making responsibility and the financial burden to municipalities. In practice, municipalities are faced with two alternatives: to align the number of teachers with the standards established by the Ministry of Education, which could potentially entail terminating the employment contracts of teachers considered to be "in excess of the norm;" or to continue employing these additional teachers. If municipalities choose the second option, they must cover the salaries of these teachers using their own-source revenues or through the general grant, meaning that funding must be reallocated from other budget items.

The data show that, across all municipalities in Kosovo, the Ministry of Finance removed a total of 3,101 teachers from the education grant for 2026. For the following year, 2027, an additional 463 teachers are projected to be removed from the education grant, while during the same period, the number of teachers allocated to some municipalities is planned to increase by 200. This decision is expected to create a significant financial burden on municipal budgets. In 2026 alone, the estimated cost for all municipalities exceeds €24 million. Should municipalities continue to insist on maintaining the same number of teachers in the coming years, these costs are expected to increase further. Under these circumstances, the salaries of teachers whom the Ministry of Education and the Ministry of Finance classify as "surplus" or "in excess of the norm" will be financed using funds originally planned for other budget categories, such as capital investments, goods and services, or subsidies. Consequently, municipalities' capacity to invest in development projects and other local initiatives is likely to decline even further.

The impact extends beyond salaries alone. In addition to salaries, the education grant finances goods and services necessary for the functioning of educational institutions, as well as capital investments in the education sector. For this reason, the exclusion of teachers from the grant and the reconfiguration of budgeting arrangements are expected to affect the overall structure of education financing at the local level. For the 25 municipalities covered by this report, the total education grant for 2026 amounts to €250 million, while in 2027 this amount is projected to be more than €5 million lower.

Regarding the differences between municipal requests and the number of teachers approved by the Ministry of Education and the Ministry of Finance for 2026, the largest gaps are observed in several municipalities. Specifically, the following numbers of teachers were not included in the education grant: Gjilan/Gnjilane – 310; Kamenicë/Kamenica – 299; Gjakovë/Đakovica – 290; Podujevë/Podujevo – 250; Viti/Vitina – 206; Rahovec/Orahovac – 186; Skenderaj/Srbica – 169; Deçan/Deçani – 144; Pejë/Peć – 139; Malishevë/Mališevo – 138; Dragash/Dragaš – 115;

Klinë/Klina – 104; Shtime/Štimlje – 88; Mitrovicë e Jugut/South Mitrovica – 88. The municipalities unaffected by this change are Fushë Kosovë/Kosovo Polje, Prishtinë/Priština, Obiliq/Obilić, and Ferizaj/Uroševac, where the current number of teachers has been assessed as being in line with the number of students.

Introduction

The number of students in Kosovo has been experiencing a significant and steady decline. Over the past four years alone, the total number of students nationwide has decreased by more than 30,000.¹ However, this decline has not been accompanied by a corresponding reduction in the number of teachers, nor by the reorganization of the school network through the transfer of students to facilities with larger student populations. As a result, a mismatch has emerged in many cases between the number of students, the number of teachers, and the number of schools that continue to operate.

Despite these demographic changes and their direct impact on the education system, Kosovo's institutions have not adequately monitored the decline in student numbers through systematic analysis and evidence-based decision-making. The absence of such assessments leaves critical questions for educational and financial planning unresolved, including whether there is a genuine need to construct new educational facilities in the context of declining student enrollment, how surplus teaching staff should be addressed, and how public expenditures can be managed in a reasonable and sustainable manner.

Against this backdrop, and in response to the growing mismatch between student enrollment and the structure of education expenditures, the Ministry of Finance of Kosovo, beginning in 2026 and following recommendations from the Ministry of Education, started applying the education grant allocation formula solely on the basis of student numbers, rather than on the basis of teacher rosters submitted by municipalities. The latter approach had been the prevailing practice through 2025.

This change is expected to encourage municipalities to undertake a more systematic reorganization of their school networks, transforming the issue from a political debate into a matter of financial management necessity. Kosovo currently has approximately 1,200 school facilities within the pre-university education system, most of which were built during a period when the country had around 120,000 more students than it does today. Consequently, the new grant formula may encourage municipalities to consider school mergers, the closure or repurposing of certain facilities, and the transfer of students to educational centers where more sustainable class sizes and higher-quality services can be provided.

At the same time, school network reorganization should not be understood as a solution that automatically results in staff layoffs. Institutions may also pursue early retirement schemes for teachers as a transitional mechanism for managing surplus staff without creating significant social disruption.

To avoid further exacerbating the effects of the new grant policy, municipalities should refrain from new hiring in the education sector, except in cases where there are documented shortages in specific subject areas or among categories of staff facing genuine workforce deficits. Restraining staff expansion, combined with the gradual management of workforce attrition through retirement and school network reorganization, would create conditions for aligning education expenditures more closely with student enrollment levels and with the recommended student-to-teacher ratio standards.

¹ [Ministry of Education and Innovation. Education Statistics 2021 & 2025.](#)

Methodology, Purpose, Scope, and Limitations of the Report

The purpose of this report is to explain, in an objective and verifiable manner, the new approach being applied to the financing of pre-university education through the education grant and to assess the potential impact of this policy at the municipal level, including its financial and operational implications.

To prepare this report, a mixed-method research approach was employed, combining desk research, statistical analysis, and data collection and factchecking through interviews with municipal officials responsible for budgeting and education. This approach was selected to ensure the most comprehensive possible understanding of the proposed changes and their potential practical effects.

The primary sources of data for this report were official documents issued by central government institutions, particularly the Ministry of Finance, Labor and Transfers and the Ministry of Education, Science, Technology and Innovation (MESTI).

As part of the document review, the following materials were analyzed: Budget Circular 2025/01 for the preparation of the 2026 Budget, Budget Circular 2026/01 for the preparation of the 2027 Budget, explanatory memoranda and guidelines governing the allocation of the Specific Grant for Education, annual education statistics reports published by MESTI, official data on the number of students, teachers, and educational institutions, as well as other relevant documents related to the financing formula for pre-university education and the management of human resources in the education sector.

The analysis of these documents enabled the identification of differences between the financing approaches applied in previous years and the newly proposed model. It also provided insight into the institutional rationale underlying these changes.

The report focuses on municipalities with more than 30,000 inhabitants (the 25 municipalities covered by this report). The selection was based on the official results of the 2024 Population, Household and Housing Census. This criterion was chosen for several methodological reasons. First, larger municipalities account for the vast majority of students and teachers in Kosovo, making the impact of changes to the financing formula more visible and measurable. Second, these municipalities face more complex challenges in managing school networks and human resources. Third, their analysis provides a clearer picture of the financial effects that the new education grant formula may generate.

With regard to limitations, the report does not seek to assess the quality of teaching or the individual performance of teachers. Instead, it focuses exclusively on financing policy, workforce planning, and the financial impact at the municipal level. At the same time, the analysis does not take into account other factors that may influence the need for additional personnel, such as the geographic distribution of schools, combined classes, instruction in different languages, special educational needs, or the specific characteristics of rural and urban areas, except in cases where these factors were identified or highlighted during interviews with municipal representatives.

1. Municipal-Level Effects of the Strict Application of the Education Grant Formula

The purpose of the Education Grant is to provide financial support to municipalities for the development of the education sector by covering operating expenditures, particularly salaries, as well as goods and services and capital investments. In other words, the grant serves as a financing mechanism that enables municipalities to fund the regular operation of educational institutions while also supporting improvements in infrastructure, equipment, and education-related services.²

Until 2025, municipalities reported their teacher rosters, and the Ministry accepted these lists as the reference for determining the number of teachers. As a result, salary funding largely reflected the staffing figures reported by municipalities.³ The criteria used until 2025 for calculating the Education Grant were linked to the level of education, the type of school, and its specific characteristics. The formula was based on different student-to-teacher ratios for preschool, primary, secondary, and vocational education, while also taking into account the particular circumstances of rural schools and the need for non-teaching staff and quality assurance coordinators. In addition to teaching staff, the grant formula applied through 2025 also included technical, administrative, and support personnel, with allocations linked to the number of school facilities.

Unlike salary allocations, the distribution of the Education Grant for the categories of goods and services and capital investments has largely been based on the number of students. For goods and services, the allocation amounted to €23 per student (with certain variations across specific categories based on established criteria), while for capital investments the allocation was €7 per student. This component of the formula is therefore more straightforward: the greater the number of students, the greater the need for non-salary operating expenditures (such as materials, services, and maintenance) and for capital investments.

In 2026, however, several changes were introduced to these criteria. The methodology for calculating allocations for goods and services and capital investments remained unchanged, but the calculation of the Education Grant with respect to the number of teachers was revised. The 2026 budget and the initial planning projections for 2027 indicate that the Ministry of Finance, based on the legal recommendations of the Ministry of Education, no longer calculates teacher allocations according to the staffing lists submitted by municipalities. Instead, the number of funded teacher positions is now determined on the basis of the existing number of students, resulting in a significantly lower number of teachers being financed through the grant.⁴

In total, the 25 municipalities included in this report submitted 27,282 teacher positions for the 2026 budget year, while MESTI/MoF approved only 24,200 positions, resulting in 3,082 fewer teachers being approved for funding. This difference represents approximately 11.3% of the total number of teachers reported by municipalities, meaning that the ministries approved roughly 88.7% of the positions requested by municipalities.

² Official Gazette of the Republic of Kosovo. [Law on Local Government Finance](#). Article 25.

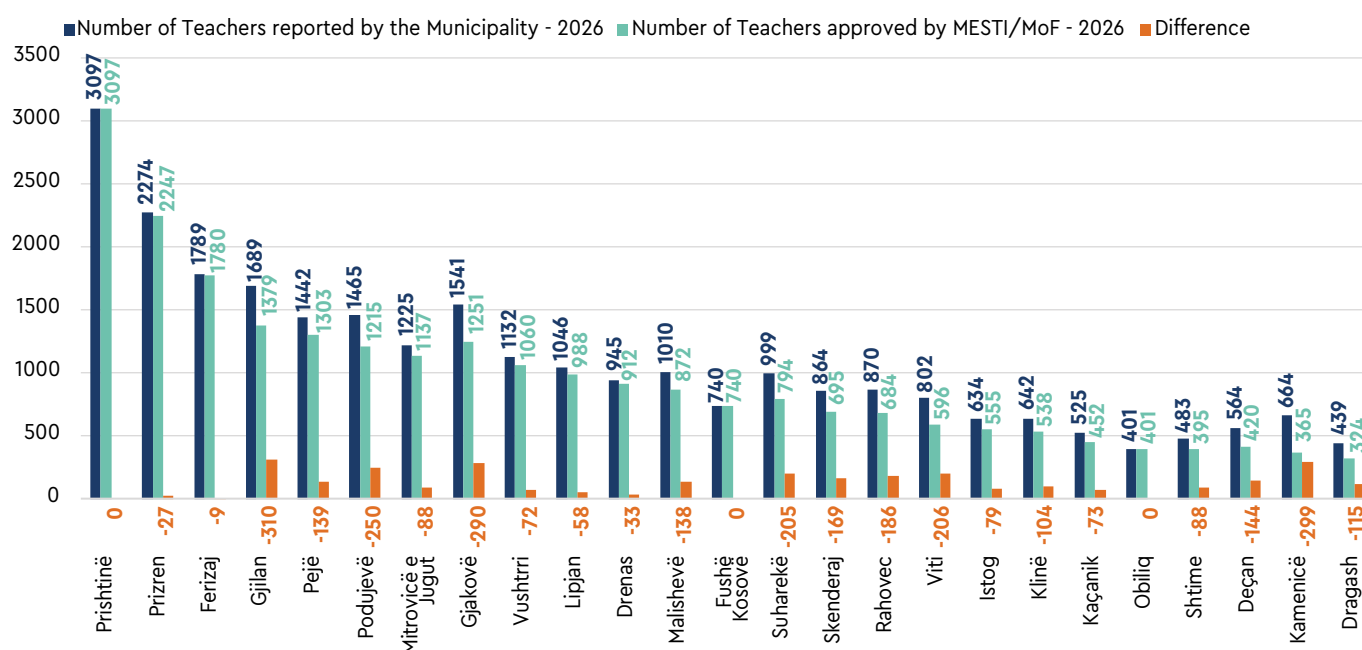
³ Ibid.

⁴ Ministry of Finance and Transfers. [Municipal Budget Circulars issued after 2025](#).

Only four municipalities (Prishtinë/Priština, Ferizaj/Uroševac, Fushë Kosovë/Kosovo Polje, and Obiliq/Obilić) had full alignment between the number of teachers reported and the number approved by MESTI/MoF. Municipalities where the difference was relatively small, with up to 100 fewer teachers budgeted than requested, include: Prizren (27), Drenas/Glogovac (33), Lipjan/Lipljan (58), Vushtrri/Vučitrn (72), Kaçanik/Kaçanik (73), Istog/Istok (79), Mitrovicë e Jugut/South Mitrovica (88), Shtime/Štimlje (88). Municipalities experiencing a moderate impact, with between 100 and 200 fewer teachers approved, include: Klinë/Klina (104), Dragash/Dragaš (115), Malishevë/Mališevo (138), Pejë/Peć (139), Deçan/Dečani (144), Skenderaj/Srbica (169), Rahovec/Orahovac (186). Meanwhile, municipalities facing the largest discrepancies between the number of teachers reported and the number approved by the Ministry of Education and the Ministry of Finance are: Suharekë/Suva Reka (205), Viti/Vitina (206), Podujevë/Podujevo (250), Gjakovë/Đakovica (290), Kamenicë/Kamenica (299), Gjilan/Gnjilane (310).

In percentage terms, Kamenicë/Kamenica experienced the largest reduction, with approximately 55% of its reported teachers not covered by the Education Grant. This was followed by Dragash/Dragaš, Viti/Vitina, and Deçan/Dečani, where approximately 26% of reported teacher positions were not funded. In Rahovec/Orahovac and Suharekë/Suva Reka, the proportion was approximately 21%.

Figure 1. Comparison between the number of teachers reported by municipalities for budgeting purposes and the number approved for financing by the Ministry of Finance based on the Ministry of Education's staffing norms for 2026.



Source: GAP Institute, based on data from the Ministry of Finance, Labor and Transfers, Municipal Budget Circular 2025/01

The financial coverage for these teachers is being provided through the General Grant. Specifically, funds have been reallocated from the goods and services category, as well as, in part, from subsidies.⁵ Almost all other municipalities have addressed the funding gap in a similar manner. This means that resources

⁵ Interview with Durim Halilaj, Director of the Budget and Finance Department in the Municipality of Gjakovë/Đakovica, and Naser Gega, Director of the Education Department in the Municipality of Pejë/Peć.

originally earmarked or planned for other projects and expenditures have been redirected to cover salary costs that, in previous years, were financed through the Education Grant.⁶

In total, for the municipalities presented in Figure 2, the number of teachers approved for 2026 was 24,200, while the number planned and budgeted for 2027 is 23,849. This represents a reduction of 351 teachers overall (2027 vs. 2026), which translates into a 1.5% decrease.

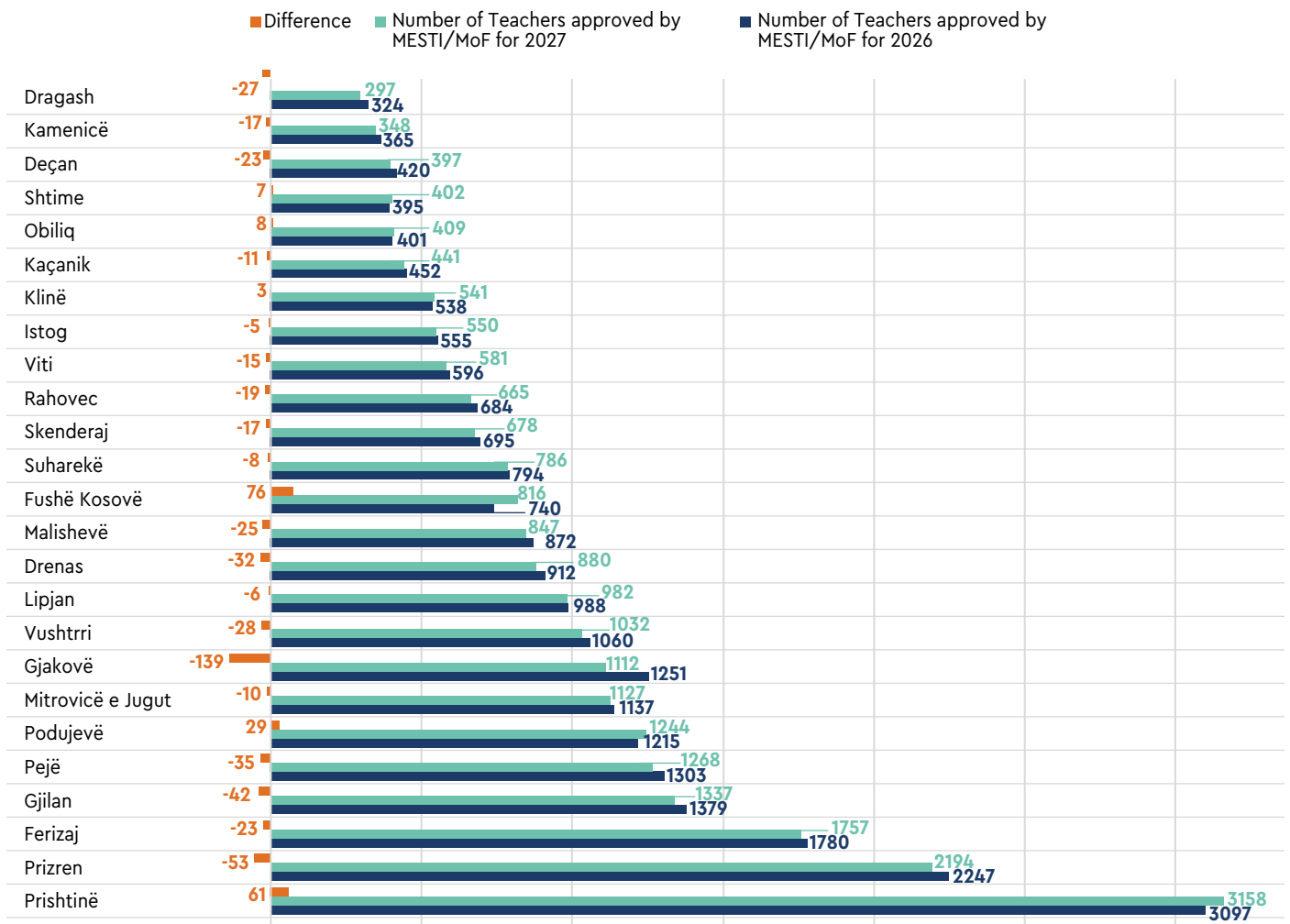
Based on the 2027 projections, which are calculated according to student enrollment figures, no overall expansion in the number of teachers is anticipated. Instead, the model foresees a selective redistribution of teaching staff, with increases in municipalities where student numbers are expected to grow and reductions where enrollment is projected to decline.

For 2027, increases are concentrated in a small number of municipalities. Prishtinë/Priština not only remains the largest municipality in terms of approved teaching positions in both years but is also expected to gain 61 additional teachers (from 3,097 in 2026 to 3,158 in 2027), signaling that demand, or at least pressure for additional educational capacity, is not declining. An even more pronounced increase in proportional terms is projected for Fushë Kosovë/Kosovo Polje, which is expected to gain 76 teachers (from 740 in 2026 to 816 in 2027). For a municipality of its size, this represents a substantial increase and suggests that projected student enrollment growth for 2027 is driving higher staffing requirements. Podujevë/Podujevo is also expected to increase by 29 teachers (from 1,215 to 1,244) in 2027. Smaller but still indicative increases are projected for Obiliq/Obilić with eight additional teachers, Shtime/Štimlje with seven, and Klinë/Klina with three.

On the other hand, most municipalities are expected to experience reductions in the number of teachers in 2027 compared to 2026, although the magnitude of these decreases varies considerably. Among the smaller reductions are: Lipjan/Lipljan – 6 fewer teachers, Istog/Istok – 5 fewer teachers, Mitrovicë e Jugut/South Mitrovica – 10 fewer teachers, Drenas/Glogovac – 12 fewer teachers, Suharekë/Suva Reka – 8 fewer teachers, Rahovec/Orahovac – 19 fewer teachers. Larger reductions are projected in: Prizren – 53 fewer teachers, Gjilan/Gnjilane – 42 fewer teachers, Pejë/Peć – 35 fewer teachers, under the Education Grant. However, the most significant reduction is projected for Gjakovë/Đakovica, with 139 fewer teachers, declining from 1,251 teachers in 2026 to 1,112 budgeted positions in 2027.

⁶ Interview with Durim Halilaj, Director of the Budget and Finance Department in the Municipality of Gjakovë/Đakovica.

Figure 2. Comparison between the number of teachers budgeted by the MoF/ MESTI for 2026 and the planned allocation of Education Grant-funded teacher positions for 2027.



Source: GAP Institute, based on data from the Ministry of Finance, Labor and Transfers, Municipal Budget Circular 2026/01. Municipalities shown in red in the difference column indicate an increase in the number of teachers compared to the previous year.

The introduction of education grant budgeting based on the number of students is directly linked to the argument that student enrollment has been declining steadily and that the education system should be adjusted to reflect actual needs, rather than maintaining a larger number of teachers than required.

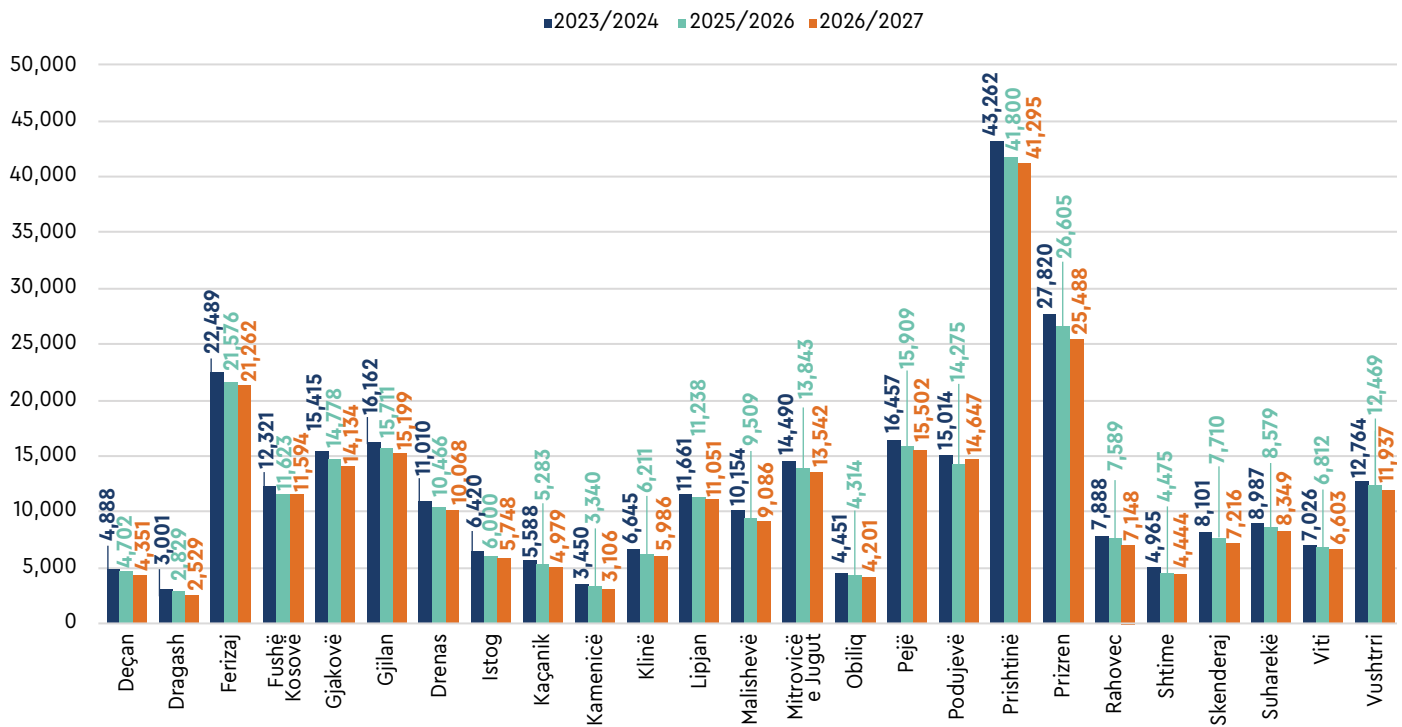
The decline in student enrollment has been evident since the 2008/2009 school year. By the end of 2020 alone, the number of students had fallen by 26%, or 114,323 fewer students, implying significantly fewer classes, a reduced teaching workload, and, in principle, a lower need for teaching staff. This trend becomes even more striking when considering that, despite the decline in student numbers, available data show that the total education workforce (including teachers, administrative personnel, and support staff) increased by 2% during the same period.⁷ In other words, the system moved in the opposite direction: fewer students, but more staff. In such circumstances, the policies introduced by the Ministry of Finance beginning in 2026 seek to curb the expansion of new positions and promote streamlining or redistribution of staffing resources. Maintaining the same pace of hiring that existed during periods of growing student enrollment is generating budgetary costs that are no longer supported by actual demand or need.

⁷ GAP Institute. [Closing student-less schools in Kosovo? A brief analysis on primary education reforms](#). p.3.

The decline in student enrollment has continued in recent years as well, indicating that the adjustments and assessments undertaken by the Ministry of Finance and the Ministry of Education regarding the required number of teachers are likely to remain an ongoing process. Across the 25 municipalities included in this report, the number of students declined from 300,429 in the 2023/2024 school year to 279,465 in the 2026/2027 school year, representing a decrease of nearly 21,000 students. In percentage terms, this corresponds to a contraction of approximately 7% over a three-year period.⁸

The largest absolute declines between the 2023/2024 and 2026/2027 school years were recorded in Prizren, with 2,332 fewer students, and Prishtinë/Priština, with 1,967 fewer students. These were followed by Gjakovë/Đakovica with 1,281 fewer students, Ferizaj/Uroševac with 1,227 fewer students, and Malishevë/Mališevo with 1,068 fewer students. The smallest declines were observed in Obiliq/Obilić, with 250 fewer students, Kamenicë/Kamenica with 344 fewer students, Viti/Vitina with 423 fewer students, and Dragash/Dragaš with 472 fewer students. Podujevë/Podujevo is the only municipality that recorded an increase in student enrollment during the most recent period, with 372 more students in 2026/2027 compared to 2025/2026. In larger municipalities, this decline is primarily driven by factors such as emigration and the gradual decline in birth rates. In smaller municipalities, an additional contributing factor is internal migration, particularly the movement of residents from rural areas to urban centers.

Figure 3. Number of students reported by municipalities to the Ministry of Finance for Education Grant budgeting purposes over the last three years.



Source: GAP Institute, based on data from the Ministry of Finance, Labor and Transfers, Municipal Budget Circulars 2024/01, 2025/01, and 2026/01

⁸ Ministry of Finance and Transfers, [Municipal Budget Circulars for 2024, 2025, and 2026](#).

2. Municipal-Level Financial Effects of the Strict Implementation of the Education Grant Formula

In 2026, the total Education Grant allocated to the 25 municipalities analyzed in this report exceeds €250 million, while the amount that municipalities must cover from their own source revenues outside the grant framework (as a result of maintaining a larger number of teachers than permitted under the applicable administrative instructions) exceeds €23 million. This means that, at an aggregate level, municipal self-financing accounts for approximately 9.17% of the total 2026 Education Grant, a clear indication that the new funding model is creating a significant financial burden on municipal budgets.

The 2026 grant structure is heavily concentrated in larger municipalities. Prishtinë/Priština receives the largest grant allocation, with more than €30 million, representing approximately 12% of the total 2026 grant. It is followed by: Prizren – approximately €23 million (around 9% of the total); Ferizaj/Uroševac – approximately €18 million (around 7%); Gjilan/Gnjilane – more than €14 million (around 6%); Podujevë/Podujevo, Gjakovë/Đakovica, and Pejë/Peć – each accounting for approximately 5.3% of the total grant value. Together, these seven municipalities receive roughly 50% of the total 2026 Education Grant, reflecting the fact that allocations are driven primarily by student enrollment. For the 2026/27 school year, these municipalities are projected to have 147,927 students, representing 53% of the total 279,465 students across the 25 municipalities included in this analysis. At the national level, the most significant changes in Education Grant allocations between 2025 and 2026 are observed in: Fushë Kosovë/Kosovo Polje – increase of approximately 27% (from €5,530,790 to €7,022,273); Obiliq/Obilić – increase of approximately 16%; Ferizaj/Uroševac – increase of approximately 14%; Mitrovicë e Jugut/South Mitrovica – increase of approximately 12%; Prishtinë/Priština – increase of approximately 12%; Prizren – increase of approximately 11%. Conversely, some municipalities recorded only marginal increases or even decreases, such as Malishevë/Mališevo, where the grant declined by approximately 3%. For the 2026–2027 period, the largest relative decreases are projected in: Kamenicë/Kamenica – approximately 39% decrease; Dragash/Dragaš – approximately 19% decrease; Deçan/Dečani – approximately 16% decrease; Viti/Vitina – approximately 16% decrease.

At the same time, the municipal financing required to cover the salaries of teachers who are no longer funded through the Education Grant places the greatest financial pressure on Gjilan/Gnjilane, with more than €2.5 million, and Gjakovë/Đakovica, with approximately €2.3 million. Together, these two municipalities account for roughly 21% of the total amount financed outside the grant framework (€4,809,629 out of a total of €23,016,271). They are followed by: Pejë/Peć (€1,559,644); Malishevë/Mališevo (€1,466,187); Podujevë/Podujevo (€1,319,969); Rahovec/Orahovac (€1,277,167).

Even more significant is the weight of these self-financed salary costs relative to each municipality's total Education Grant allocation for 2026. Shtime/Štimlje records the highest burden, with €750,028 that must be financed from municipal resources, equivalent to approximately 19% of its 2026 Education Grant. It is followed by: Dragash/Dragaš – approximately 18% (€650,075 out of a total grant of €3,686,739); Gjilan/Gnjilane, Rahovec/Orahovac, Gjakovë/Đakovica – each approximately 17%. These percentages are exceptionally high for an expenditure category that fundamentally arises from the mismatch

between the number of teachers and the number of students. By contrast, some municipalities face a much lower burden outside the grant framework, including: Obiliq/Obilić – €73,551 out of €3,890,631 (approximately 1.8%); Fushë Kosovë/Kosovo Polje – €129,663 out of €7,022,273 (approximately 1.8%).

Table 1. Table 1: Education Grant allocations for municipalities in 2025 and 2026, planned allocations for 2027, and the amount municipalities must finance from other sources to maintain teacher numbers above the staffing norms established by the Ministry of Finance and the Ministry of Education

Municipality	Education Grant 2025 (€)	Education Grant 2026 (€)	Planned Education Grant 2027 (€)	Amount to be covered by municipalities outside the 2026 Education Grant (€)
Deçan/Deçane	4,825,149	4,889,261	4,096,139	708,398
Dragash/Dragaš	3,705,015	3,686,739	2,983,845	650,075
Ferizaj/Uroševac	15,604,654	17,840,761	18,082,045	413,005
Fushë Kosovë/Kosovo Polje	5,530,790	7,022,273	7,801,936	129,663
Gjakovë/Đakovica	13,164,769	13,360,099	12,500,689	2,308,721
Gjilan/Gnjilane	14,415,178	14,463,787	13,827,809	2,500,908
Drenas/Glogovac	8,223,004	9,074,873	9,080,582	476,596
Istog/Istok	5,356,010	5,514,365	5,633,081	848,840
Kaçanik/Kaçanik	4,626,225	4,672,942	4,492,490	582,030
Kamenicë/Kamenica	5,433,969	5,633,863	3,438,159	802,520
Klinë/Klina	5,953,349	6,103,450	5,619,727	360,637
Lipjan/Lipljan	8,837,533	9,827,792	10,094,130	731,941
Malishevë/Mališevo	8,915,744	8,670,013	8,757,420	1,466,187
Mitrovicë e Jugut/Južna Mitrovica (Mitrovica South)	10,064,386	11,302,590	11,682,190	1,038,401
Obiliq/Obilić	3,340,714	3,890,631	4,056,661	73,551
Pejë/Peć	12,810,169	13,083,237	13,038,791	1,559,644
Podujevë/Podujevo	13,190,988	13,477,993	13,057,827	1,319,969
Prishtinë/Priština	27,093,624	30,372,147	31,801,112	572,792
Prizren	20,247,089	22,604,239	22,842,065	417,769
Rahovec/Orahovac	7,330,156	7,387,402	6,843,506	1,277,167
Shtime/Štimlje	3,954,859	3,997,788	3,999,443	750,028
Skenderaj/Srbica	7,286,969	7,536,404	7,060,106	1,124,342
Suharekë/Suva Reka	8,596,834	8,820,745	8,145,221	1,178,807
Viti/Vitina	6,887,654	7,073,870	5,930,173	844,478
Vushtrri/Vučitrn	9,861,291	10,609,832	10,703,206	879,802
Total	235,256,122	250,917,096	245,568,353	23,016,271

Source: GAP Institute calculations based on data from the Ministry of Finance, Labor and Transfers, Municipal Budget Circulars 2024/01, 2025/01, and 2026/01.

3. Conclusions and Recommendations

The implementation of the Specific Education Grant formula beginning in 2026, whereby salary financing is linked more directly to student enrollment and student-to-teacher ratios, has made the gap between current staffing structures and actual educational demand more visible. The continued decline in student enrollment, with significant reductions recorded in most municipalities included in this report, indicates that the education system is operating at a high cost that does not automatically adjust to changing demand. In this sense, the new policy is not merely a budgetary intervention; it is also a clear signal that municipalities need to restructure human resource management and reorganize school networks at the local level.

The 2026 data show that a considerable share of the teachers reported by municipalities are no longer considered eligible for financing through the Education Grant, creating a new reality: municipalities must either align staffing levels with the established norms or continue employing additional staff using their own source revenues. In practice, the latter approach is already widespread, with municipalities reallocating funds from non-salary budget items such as goods and services, subsidies, and capital investments to cover salary expenditures.

If this dynamic continues in the coming years, the primary risk is twofold. First, it will create sustained pressure on municipal budgets, further weakening the fiscal capacity of municipalities, which have already faced significant budgetary challenges in recent years, including those arising from enforcement proceedings. Second, it may deepen disparities between municipalities. Those with larger own-source revenues will be better positioned to absorb the additional costs, while smaller municipalities or those operating dispersed school networks may be forced to reduce services and investments in order to preserve existing staffing levels. At the same time, demographic trends, including declining birth rates and continued emigration, suggest that these pressures are likely to persist.

This report emphasizes that the "surplus vs. need" debate cannot be reduced to the total number of teachers alone. In some municipalities, the large discrepancy between approved and reported staffing levels signals not only a potential surplus of teachers, but also deeper structural challenges in the organization of the education system, including schools with very small student populations, undersized classes, school networks that have not adapted to demographic changes, and insufficient planning for staff turnover through retirements, transfers, and retraining. In this context, reviewing and reorganizing the school network should be treated as a regular planning process rather than an ad hoc decision. Likewise, workforce management should be based on verifiable data regarding student numbers, class sections, shortages in specific subject areas, and the distances between school facilities and the populations they serve.

An equally important consideration is the outlook for 2027 and beyond. Current projections indicate a selective redistribution of staffing, with increases where student numbers are growing and reductions where enrollment is declining. This makes a predictable transition mechanism essential. Municipalities should be equipped with instruments that allow them to gradually reduce surplus staffing levels, such as early retirement schemes, hiring freezes, intra-municipal and inter-municipal staff mobility, and redeployment into support functions, while safeguarding areas where genuine teacher shortages exist. Without such a transition framework, the new policy risks generating social tensions

and reducing staff morale without achieving the intended rationalization of the education system.

In conclusion, the findings demonstrate that grant reform has exposed a structural mismatch within the education sector: declining student enrollment has not been accompanied by a proportional reorganization of school networks and staffing levels. In the short term, the principal effect is the transfer of financial responsibility to municipalities. In the medium term, the key challenge will be maintaining the quality of educational services while ensuring that salary obligations do not undermine investments and other essential services.

Based on these findings and the broader conclusions of this report, GAP Institute recommends the following:

- Municipalities employing significantly more teachers than required should suspend the recruitment of additional education-sector staff in order to avoid creating further financial burdens on municipal budgets. Municipalities should initiate a process of education system reorganization through the rationalization of school networks, including the consolidation or merger of school facilities and the transfer of students to schools capable of maintaining sustainable enrollment levels and providing higher-quality educational services.
- Municipalities should conduct structured and inclusive public consultations before and throughout the process of school network reorganization to ensure that decisions are based on comprehensive information, enjoy public legitimacy, and minimize or avoid social resistance.
- Municipalities with teacher numbers exceeding the established norms, in cooperation with the Ministry of Finance, should consider introducing early retirement schemes for a defined number of teachers. Such measures would help reduce the budgetary burden associated with "excess" staffing and create fiscal space for more sustainable human resource management in education. Early retirement schemes should not apply to teachers in shortage disciplines or deficit subject areas.
- Municipalities should initiate and coordinate a comprehensive staff restructuring process within the education system. If such a process is undertaken, municipalities should prepare a clear restructuring plan covering the next three (3) years and request that the Ministry of Finance and the Ministry of Education include all existing teachers under the Education Grant during a three-year transitional period, to help ease the fiscal burden on municipalities.
- The Ministry of Education should play a more active role in providing professional support to municipalities, particularly in the planning, coordination, and management of potential initiatives related to staff restructuring and the reorganization of school facilities.



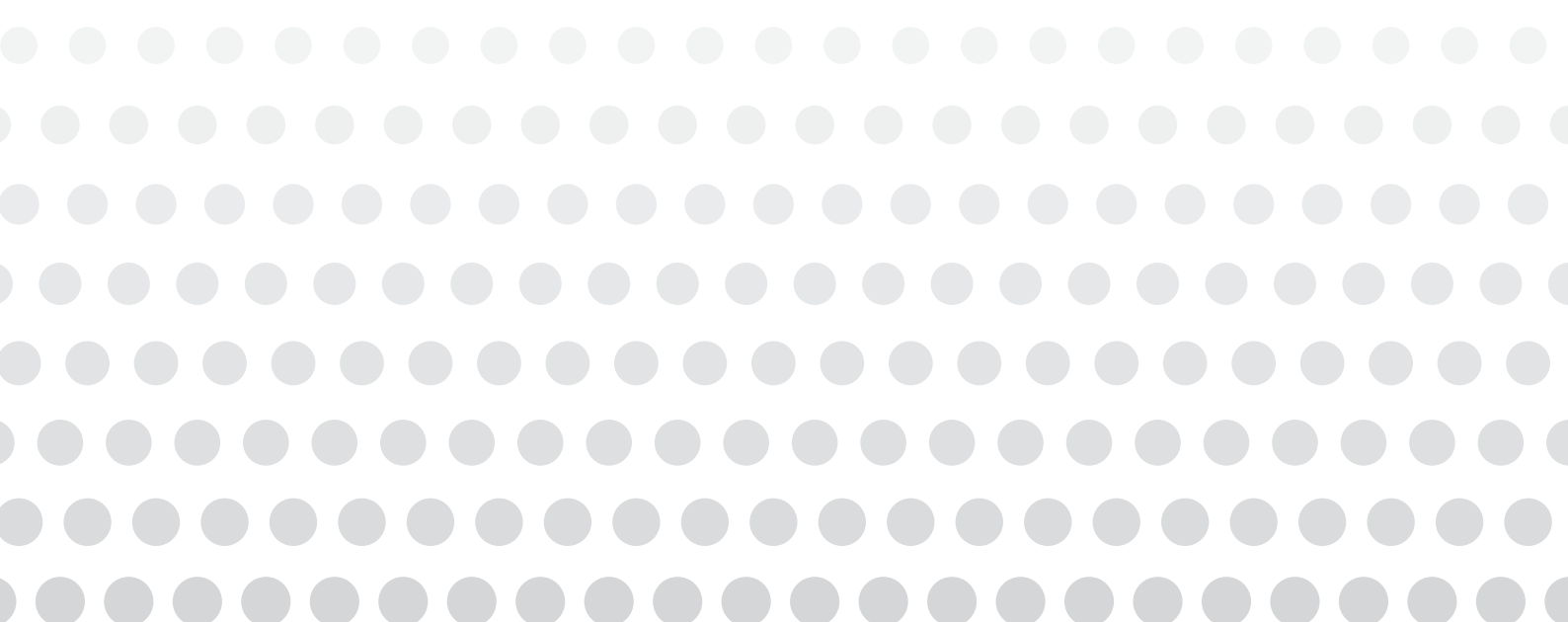
GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.

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