

PUBLIC AND PRIVATE EDUCATION EXPENDITURE

Expenditure on education is an investment that can help to foster economic growth, enhance productivity, contribute to personal and social development, and reduce social inequality. The proportion of total financial resources devoted to education is one of the key choices made in each country by governments, enterprises and individual students and their families.

Definition

This indicator covers expenditure on schools, universities and other public and private institutions involved in delivering or supporting educational services. Expenditure on institutions is not limited to expenditure on instructional services but also includes public and private expenditure on ancillary services for students and families, where these services are provided through educational institutions. At the tertiary level, spending on research and development can also be significant and is included in this indicator, to the extent that the research is performed by educational institutions.

In principle, public expenditure includes public subsidies to households attributable for educational institutions and direct expenditure on educational institutions from

international sources, and consequently private expenditure is net of public subsidies attributable for educational institutions. However, public subsidies for educational expenditure outside educational institutions (e.g. textbooks purchased by families, private tutoring sought for students, student living costs) are excluded. At the tertiary level, student living costs and forgone earnings can also account for a significant proportion of the costs of education.

Comparability

The broad definition of institutions outlined above ensures that expenditure on services, which are provided in some OECD countries by schools and universities and in others by agencies other than schools, are covered on a comparable basis. Additionally, to ensure comparability over time the data on expenditure for 1995 were obtained by a special survey updated in 2004; expenditure for 1995 was adjusted to the methods and definitions used in the 2004 data collection.

Long-term trends

In 2004, taking into account both public and private sources of funds, OECD countries as a whole spent 6.2% of their collective GDP on their educational institutions. The highest spending on educational institutions can be observed in Denmark, Iceland, Korea and the United States, with more than 7% of GDP. Eight out of 28 OECD countries for which data are available, however, spend less than 5% of GDP on educational institutions.

In all the countries, public and private expenditure on education increased by 7% or more between 1995 and 2004 in real terms. However, the increase in spending on education between 1995 and 2004 tended to fall behind the growth in national income in a third of the OECD countries for which data are available. Most notable differences are observed in Austria, Ireland and Spain where the proportion of GDP spent on education decreased by 0.5 or more in percentage points between 1995 and 2004.

It should be noted that growth in GDP masks the fact that there was a significant increase in real terms in spending on educational institutions in all of the OECD countries from 1995 to 2004. In addition, the size of the school age population shapes the demand for education and training, and national levels of teachers' salaries also affect the share of expenditure on education.

Source

- OECD (2007), *Education at a Glance*, OECD, Paris.

Further information

Analytical publications

- OECD (2006), *Schooling for Tomorrow – Think Scenarios, Rethink Education*, OECD, Paris.
- OECD (2006), *Starting Strong II: Early Childhood Education and Care*, OECD, Paris.

Methodological publications

- OECD (2004), *OECD Handbook for Internationally Comparative Education Statistics: Concepts, Standards, Definitions and Classifications*, OECD, Paris.
- UIS, OECD and Eurostat (2007), *UOE Data Collection – 2007 Data Collection on Education Systems: Definitions, Explanations and Instructions*, OECD, Paris.


Websites

- OECD Education at a Glance, www.oecd.org/edu/eag2007.

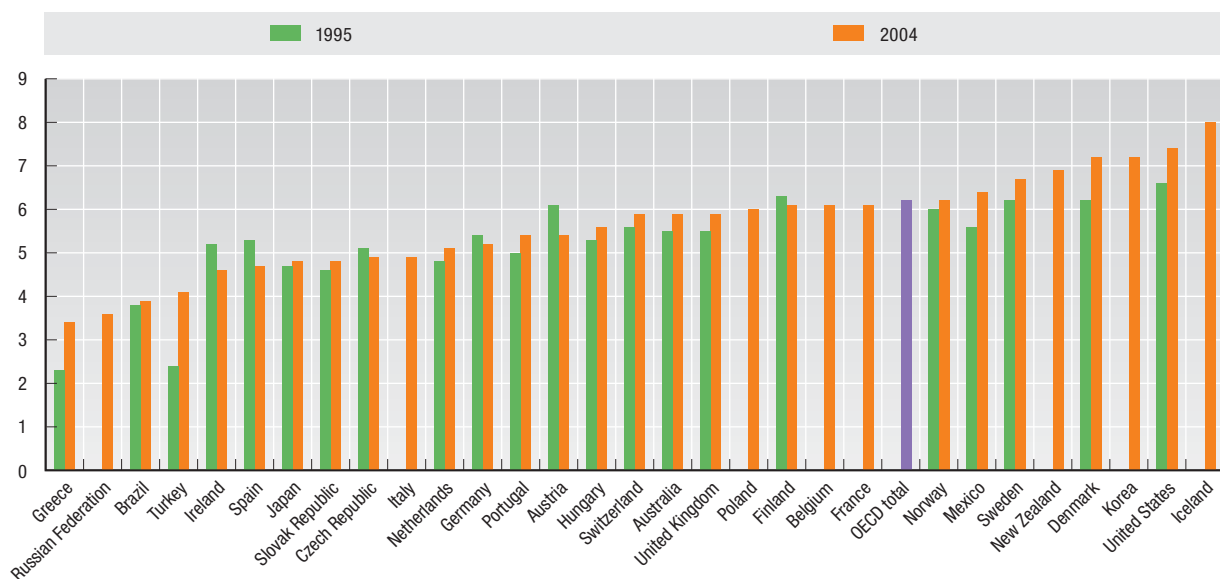
Expenditure on educational institutions for all levels of education

As a percentage of GDP

	1995			2004		
	Public	Private	Total	Public	Private	Total
Australia	4.5	1.0	5.5	4.3	1.6	5.9
Austria	5.8	0.3	6.1	5.0	0.4	5.4
Belgium	..	..	..	5.8	0.2	6.1
Canada	6.2	0.8	7.0	..	..	..
Czech Republic	4.8	0.3	5.1	4.2	0.6	4.9
Denmark	6.0	0.2	6.2	6.9	0.3	7.2
Finland	6.3	..	6.3	6.0	0.1	6.1
France	..	..	..	5.7	0.4	6.1
Germany	4.4	1.0	5.4	4.3	0.9	5.2
Greece	2.3	..	2.3	3.3	0.2	3.4
Hungary	4.8	0.6	5.3	5.1	0.5	5.6
Iceland	..	..	..	7.2	0.7	8.0
Ireland	4.7	0.5	5.2	4.3	0.3	4.6
Italy	4.7	..	..	4.4	0.5	4.9
Japan	3.6	1.2	4.7	3.5	1.2	4.8
Korea	..	..	..	4.4	2.8	7.2
Mexico	4.6	1.0	5.6	5.2	1.2	6.4
Netherlands	4.6	0.2	4.8	4.6	0.5	5.1
New Zealand	4.8	..	..	5.6	1.3	6.9
Norway	6.0	0.4	6.3	6.2	..	..
Poland	5.2	..	..	5.4	0.6	6.0
Portugal	5.0	..	5.0	5.3	0.1	5.4
Slovak Republic	4.5	0.1	4.6	4.0	0.8	4.8
Spain	4.5	0.8	5.3	4.2	0.6	4.7
Sweden	6.1	0.1	6.2	6.5	0.2	6.7
Switzerland	5.6	0.4	6.0	5.9	..	..
Turkey	2.4	..	2.4	3.8	0.3	4.1
United Kingdom	4.8	0.7	5.5	5.0	1.0	5.9
United States	4.7	1.9	6.6	5.1	2.3	7.4
OECD average	..	..	..	5.0	0.7	5.7
OECD total	..	..	..	4.7	1.4	6.2
Brazil	3.6	..	..	3.9	..	..
Russian Federation	..	..	..	3.6	..	..

 StatLink  <http://dx.doi.org/10.1787/275251867381>
Total expenditure on educational institutions for all levels of education

As a percentage of GDP


 StatLink  <http://dx.doi.org/10.1787/270504555680>