

## **PF2: Public spending on education**

### *Definitions and methodology*

Public expenditure on education as a percentage of GDP gives an indication of how a country prioritises education in relation to its overall allocation of resources. Public expenditure on education includes spending on schools, universities and other public and private institutions involved in delivering or supporting educational services. Expenditure on educational institutions is not limited to expenditure on instructional services but also includes public 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.

Not all spending on educational goods and services occurs within educational institutions. For example, families may purchase textbooks and materials commercially or seek private tutoring for their children outside educational institutions. At the tertiary level, student living costs and forgone earnings can also account for a significant proportion of the costs of education. All such expenditure outside educational institutions is excluded from this indicator, even if it is publicly subsidised.

Public spending on education per student shows the expenditure on primary, secondary and tertiary education in relation to the number of students enrolled in each educational level. It is calculated by dividing public expenditure in each educational level by the number of students enrolled in the corresponding level.

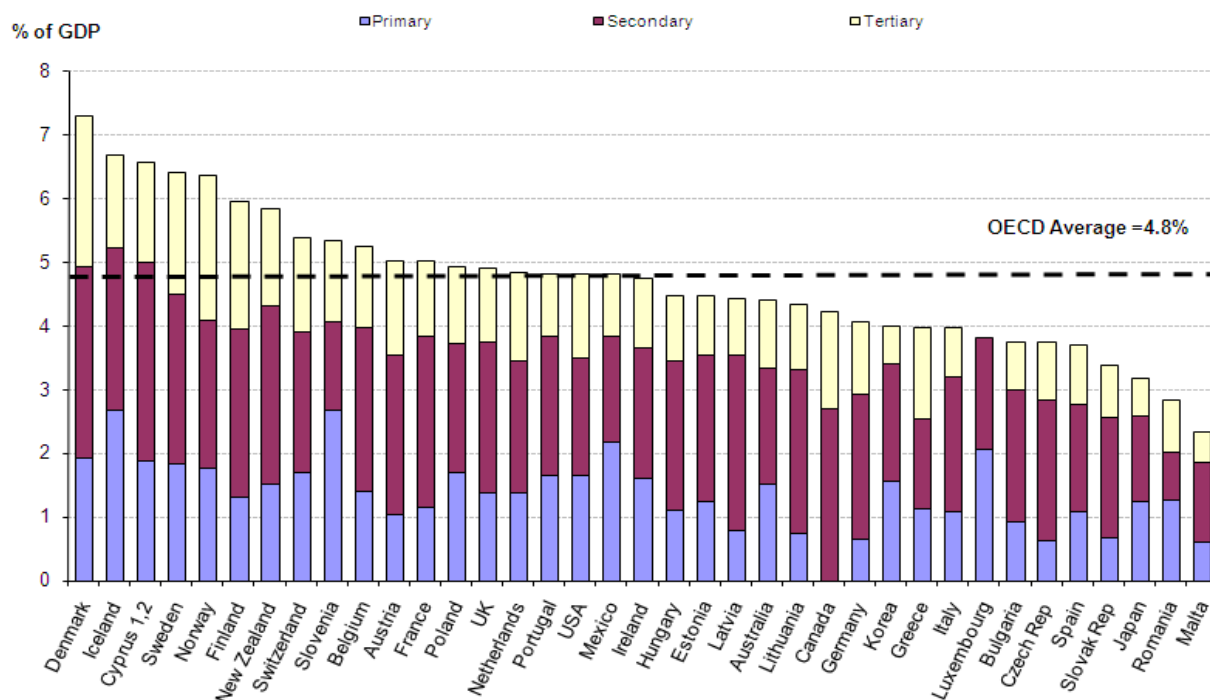
### *Key findings*

All OECD countries invest a substantial proportion of national resources in education. Taking into account only public sources of funds, OECD countries as a whole spend almost 5% of their GDP on educational institutions at primary, secondary and tertiary levels (Chart PF2.1). However, total expenditure on education ranges from above 6% of GDP in the Nordic countries to less than 4% in the Czech Republic, Japan, Luxembourg, the Slovak Republic and Spain. The proportion spent in each level of education is variable, with most countries allocating a higher proportion of their expenditure to secondary level.

Public expenditure on education per student provides an insight into how much money is invested in each student. On average, OECD countries spend around USD 7,800 per student. However, this amount differs widely by level of education. Expenditure per student is highest in tertiary education. For example, in Germany, Norway and Mexico expenditure per student at the tertiary level is more than 2.5 times the amount spent per student in primary education. On the other hand, the amount spent per student in secondary education does not differ much from that spent on students in primary education.

*Other relevant indicators:* PF10: Public spending on childcare and early education; PF10 Public spending on childcare and early education; PF11: Enrolment in day-care and pre-schools; PF12: Childcare support; PF13: Typology of childcare and early education services; PF14: Quality of childcare and early education services; and, PF15: Out-of-school-hours care.

**Chart PF2.1: Public Expenditure on Education by level, per cent of GDP, 2005**



Notes: Data for Canada on primary education is not available.

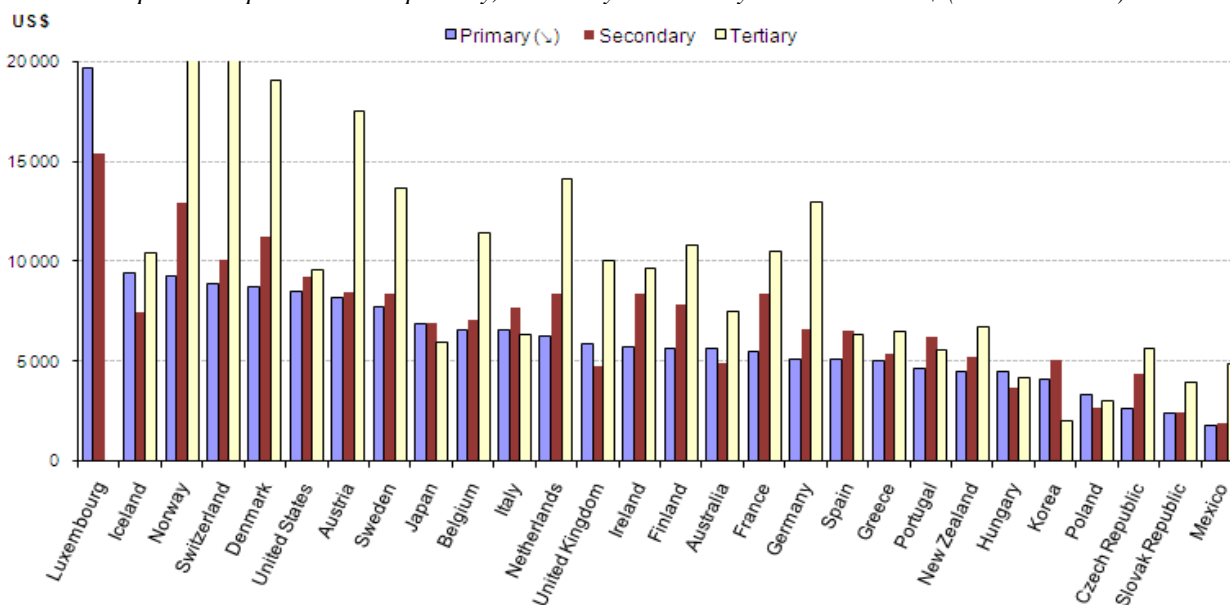
1) Footnote by Turkey: The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

2) Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: OECD Education database and Eurostat for Non-OECD countries.

**Chart PF2.2: Public expenditure on primary, secondary and tertiary education, per student, 2005**

*Expenditure per student on primary, secondary and tertiary education in US\$ (PPP converted)*



Source: OECD Education database.

### *Comparability and data issues*

The organisation of education systems varies between countries as does the length of time for a student to complete an educational level. This makes primary programmes more costly in some countries than others. For example, in Iceland the typical age group ranges from 6 to 12 years inclusive (7 years); whereas in Germany it is 6 to 10 years inclusive (5 years) and in Hungary only 6 to 9 years inclusive (4 years). The length of the programme thus affects the amount of educational investment per level and doesn't necessarily reflect a country's policy to place more importance on one cycle of the education system than another.

By the same token, although participation in primary to secondary education is very high in most OECD countries, the proportion of students enrolled in university programmes varies between 10 and 50 per cent, which obviously affect spending differentials across countries (see OECD Education at a Glance 2008 for more detailed information).

This indicator only shows public expenditure in education. Countries which look to private investment to fund educational programmes may be perceived to spend less on education, particularly at university level, than others.

Public expenditure on education per student was estimated by dividing total public expenditure on each level of education by the number of students enrolled in the corresponding level. It should be noted that these figures do not take into account private expenditure on educational institutions as do figures presented in Education at a Glance 2008. National currencies were converted into USD using OECD 2005 purchasing power parities to facilitate cross-country comparisons.

Sources and further reading: OECD Education database; OECD (2008), *Education at a Glance 2008*, OECD, Paris; and, Eurostat (<http://epp.eurostat.ec.europa.eu/>).