

Meeting a rapidly rising demand for more and better education is creating intense pressures to raise spending on education and improve its efficiency. Recent years have already seen considerable increases in spending levels, both in absolute terms and as a share of public budgets: The total amount of public spending on educational institutions rose in all OECD countries over the last decade, on average by 19% between 2000 and 2005 alone, and in Greece, Hungary, Iceland, Ireland and Korea by more than twice that amount. Another visible indication of the efforts governments are making can be seen in the fact that, over the last decade, the share of public budgets devoted to education grew by more than one percentage point – from 11.9% in 1995 to 13.2% in 2005 (Indicator B4, Table B4.1).

And yet, in several countries increases in spending have been insufficient to match rapidly rising student numbers, most notably in tertiary education. In Belgium, Germany, Hungary, Ireland, the Netherlands and Sweden - all countries which only mobilise a below-average share of private resources for tertiary education - expenditure per tertiary student actually declined over the last decade (Indicator B1, Table B1.5).

In general, private investment in tertiary education rose much faster over the last decade (on average +186%) than public investment (on average +26%), suggesting a marked shift in the ways in which the costs for tertiary education are shared between those who directly benefit and society at large. However, patterns differ markedly across countries: In Austria and Portugal, the introduction of tuition fees has increased the share of private spending on tertiary education markedly between 2000 and 2005 and, together with stable public investments, also led to a considerable rise in spending per student. In contrast, the abolition of tuition fees for first degrees in Ireland has led to a marked decrease in private spending in Ireland and, as more public money could not match rising student numbers, also to a decrease in spending per student. In the United Kingdom, universities have been able to generate significant additional income from international students (Indicators B3 and B5, Tables B3.3 and B5.1a).

This year's indicators also show that countries are making very different choices to improve the efficiency of education, in weighing their investments in salary levels, the number of hours students should learn, the amount of teaching time required of teachers and class size. Korea and Luxembourg spend a similar proportion of their per-capita wealth per upper secondary student, both notably higher than the OECD average. But while Korea invests in high teacher salaries to attract and retain the most qualified individuals in teaching at the expense of large classes, Luxembourg places its bets on small classes. In Australia, New Zealand and the United Kingdom, below-average class sizes are afforded through an above-average teaching load for teachers (Indicator B7, Table B7.2).

Other findings from this year's edition include:

- Entry rates to university-level education increased hugely - by 20 percentage points on average - in OECD countries between 1995 and 2006. In Finland and in Poland the proportion of the cohort that will enter university level education has in fact more than doubled in that period to stand now at 75%. As a result, tertiary education systems in OECD countries are now providing for around 8 million more students than it was back in 1995 and in Poland the numbers have almost trebled from just over 600,000 to almost 1.8 million (Indicator A2, Table A2.5).

- The growth in international students has played its part in this. There are now over 2.9 million tertiary students enrolled outside their country of citizenship, more than a 50% increase since 2000 and more than double the number in 1995. And the growth in foreign student numbers in some countries has significantly increased their presence in campuses. From an already significant base, foreign student numbers in Australia have increased by 75% since 2000 so that now they represent almost 21% of the tertiary education student population. In New Zealand the increase is even more dramatic – an 8-fold increase in foreign student numbers over the same period (Indicator C3, Table C3.6).
- On average in OECD countries, university-level graduation rates have risen by 15 percentage points over the last 11 years and virtually every country saw some increase. Finland once more stands out, with a university graduation rate which hovered around the OECD average of 20% back in 1995 now producing graduates at a rate (48%) which is bettered only by Australia (59%), Iceland (63%) and New Zealand (52%). In contrast to patterns in the early 1990s, in almost every OECD country university graduation rates among females are higher than among males. The exceptions to this are only Japan, Switzerland and Turkey (Indicator A3, Table A3.2).
- In upper secondary education, there have been significant changes too: 97% of the 25-to-34-year-olds in Korea and 82% of the Irish 25-to-34-year-olds now have an upper secondary qualification, an increase of 60 percentage points for Korea and 42 percentage points for Ireland compared with 30 years ago (55-to-64-year-olds). This extraordinary growth now puts Korea on the top of the chart among OECD countries in terms of attaining an upper secondary education among the younger cohort (Indicator A1, Table A1.2a).
- Despite massive increases in tertiary attainment across OECD countries the earnings premium for tertiary education has remained high in most countries suggesting that the existing shortage of skilled workers and the creation of skilled jobs have been sufficient to match the increase in tertiary education. Indeed, in 15 out of 21 countries with available data, the earnings premium for those with tertiary education increased during the last decade, and in Germany, Hungary, and Italy this increase has been between 30 and 40 percentage points. On average across countries, completion of tertiary education now yields a 12 and 11% return for males and females, respectively, and returns are above 22% for males in the Czech Republic, Poland and Portugal. However, the rewards for tertiary education are relatively small in Denmark, Germany, Norway, Spain, and Sweden where the rate of return ranges from 4 to 8%. In most countries, the returns to investment in tertiary education in mid-career are lower, but still substantial enough to motivate the investment to go back to education in mid-career without government intervention (Indicators A9 and A10, Tables A9.2a and A10.2).
- Since 1998 four percent of the workforce in OECD have moved up into skilled jobs, which translates into a creation of approximately 24 million jobs in this sector (not counting large economies as Japan and Korea for which data is not available) (Indicator A1).

- Those with low educational attainment are both less likely to be labour force participants and more likely to be unemployed. Between 1997 and 2006 tertiary employment rates have increased by 8 percentage points in Spain, 4.5 percentage points in Ireland and 3.1 percentage points in Greece, furthering economic growth in these countries. This picture is mirrored in the indicators on unemployment: In Finland, Spain and Sweden unemployment rates for upper secondary graduates have declined by more than 4 percentage points since 1997. For those with a tertiary education the labour market has been particularly strong in Finland, Spain, and Switzerland with more than a 2 percentage point decrease in unemployment rates (Spain stands out with an 8.3 percentage point reduction in unemployment rate during this period). The labour-market penalties for low levels of education are particularly high for females. The chance of being employed is 23 percentage points higher for males than for females among those without upper secondary qualifications but falls to 10 points for the most highly qualified (Indicator A8, Tables A8.3a and A8.5a).
- The social sciences, business and law are the major educational fields in most countries. Across OECD countries, they constitute 28% of the overall university-level attainment in the population. On average, there are 3.6 times as many individuals with degrees in these fields in the younger cohort entering the labour-market than in the older one nearing retirement age. By contrast, in the field of education, this ratio is close to 1 in OECD countries (Indicator A1, Table A1.4).
- Between 1996 and 2006 countries have altered salary structures for teachers in different ways. Starting salaries increased in Australia, Denmark, England and Scotland; mid-career salaries increased in Japan, the Netherlands and Portugal; and, top-of-the-scale salaries increased in Finland and Greece. Such specific salary increases can be implemented to achieve specific policy objectives. For example, increasing starting salaries can be used to attract more and better qualified entrants to the teaching profession. However, unless mid-career and top-of-the-scale salaries are also increased (which was not the case in the above countries), teachers face a flatter salary structure with reduced salary incentives to stay or progress in the teaching profession (Indicator D3, Table D3.2).
- The highest spenders on educational institutions are Denmark, Iceland, Korea and the United States, with at least 7% of GDP accounted for by public and private spending on educational institutions, followed by Mexico and New Zealand with more than 6.5%. By contrast, seven out of 28 OECD countries for which data are available spend less than 5% of GDP on educational institutions; in Greece, the figure is 4.2 (Indicator B2, Table B2.1).
- New analyses of PISA data provide a first picture of school education from the perspective of parents. Among the 10 OECD countries with available data, on average, 77% of parents “strongly agreed or agreed” that standards of achievement were high in their child’s school. On average, their children scored 20 score points higher on the PISA 2006 assessment than students whose parents “disagreed or strongly disagreed” with that statement. Much of the advantage remains when taking into account socio-economic factors. On average, 88% of parents “strongly agreed or agreed” that their child’s teachers seemed competent and dedicated, but the relationship to

student performance was inconsistent across countries, with an average advantage of 7 score points (Indicator A6, Tables A6.2a, A6.2c, A6.3a).