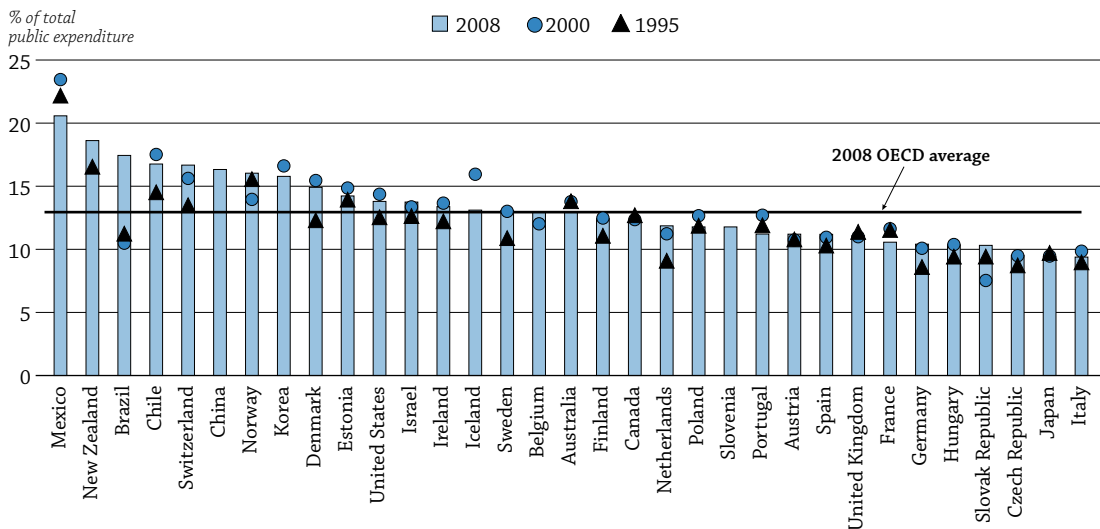


WHAT IS THE TOTAL PUBLIC SPENDING ON EDUCATION?


- On average, OECD countries devote 12.9% of total public expenditure to education, but values for individual countries range from less than 10% in the Czech Republic, Italy and Japan, to more than 20% in Mexico.
- Public funding of education is a social priority, even in OECD countries with little public involvement in other areas. The proportion of public expenditure on education increased between 1995 and 2008 in 20 of the 28 countries with comparable data for both years.
- However, the main increase took place from 1995 to 2000 (by 0.9 percentage point on average in OECD countries), while public expenditure on education and on other public sectors increased in similar proportions from 2000 to 2008 (increase of the share of public funding by 0.2 percentage point on average in OECD countries).

Chart B4.1. Total public expenditure on education as a percentage of total public expenditure (1995, 2000, 2008)



Countries are ranked in descending order of total public expenditure on education at all levels of education as a percentage of total public expenditure in 2008.

Source: OECD. China: The national Statistics Bulletin on Educational Expenditure 2009. Table B4.1. See Annex 3 for notes (www.oecd.org/edu/eag2011).

StatLink  <http://dx.doi.org/10.1787/888932461142>

How to read this chart

The chart shows direct public expenditure on educational institutions plus public subsidies to households (which include subsidies for living costs such as scholarships and grants to students/households and students loans), and other private entities, as a percentage of total public expenditure, by year. Public sectors differ in size and breadth of responsibility from country to country.

Context

Public expenditure on education, as a percentage of total public expenditure, indicates the extent to which governments prioritise education in relation to other areas of investment, such as health care, social security, defence and security. If the public benefits from a particular service are greater than the private benefits, markets alone may fail to provide that service adequately and governments may need to become involved. Education is one area in which all governments intervene to fund or direct services. As there is no guarantee that markets will provide equal access to education opportunities, government funding ensures that education is not beyond the reach of some members of society.

■ Other findings

- In OECD countries, **public expenditure on primary, secondary and post-secondary non-tertiary education is, on average, about three times that on tertiary education.**
- The **larger share of public expenditure on education below tertiary level is mainly due to near-universal enrolment rates at those levels**, and also because private expenditure tends to be greater at the tertiary level. This ratio varies from two times or less in Canada, Finland and Norway, to five times or more in Chile, Korea and the United Kingdom. The latter figure indicates the relatively high proportion of private funds for tertiary education in these countries.
- Across OECD countries, **public funding of primary, secondary and post-secondary non-tertiary education is more decentralised than public funding for tertiary education.** On average at the primary, secondary and post-secondary non-tertiary level about 50% of the initial funding comes from central rather than regional or local government, compared with 84% for tertiary education.
- Moreover, there are greater levels of **transfers of public funds from central to regional and local levels** of government at primary, secondary and post-secondary non-tertiary level than there are at tertiary level. At primary, secondary and post-secondary non-tertiary level, 44% of public funds come from local sources after transfers between levels of government, compared to less than 30% before transfers. At the tertiary level, local sources represent less than 3% of public funds, before and after transfers between levels of government.

■ Trends

Since the second half of the 1990s, and especially in the aftermath of the recent financial and economic crisis, most countries have made serious efforts to consolidate public budgets. Education has to compete with a wide range of other government-funded areas for available public resources.

Between 1995 and 2008, **education took an increasing share of total public expenditure** in most countries, growing, on average in OECD countries, as fast as GDP. In Brazil, Denmark, Germany, the Netherlands, Sweden and Switzerland, there have been particularly significant shifts in public funding towards education (increase by more than 20%).

Analysis

B4

Overall level of public resources invested in education

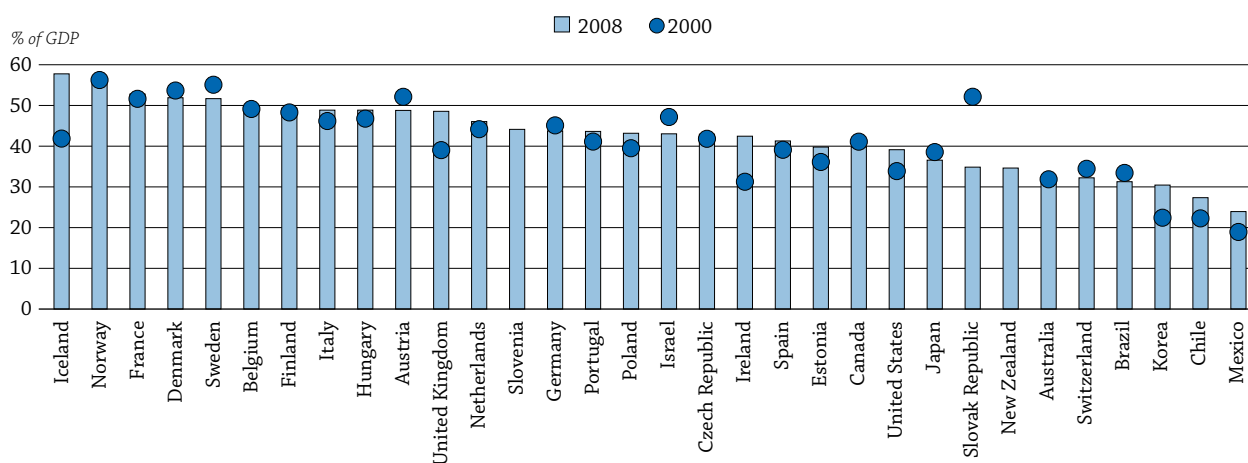
The share of public expenditure on education as a proportion of total public spending ranged from 10% or less in the Czech Republic, Italy and Japan to more than 20% in Mexico (Chart B4.1). As is the case with spending on education in relation to GDP per capita, these figures must be interpreted in the context of student demography and enrolment rates.

The proportion of public-sector funding of the different levels of education also varies widely among countries. In 2008, countries allocated between 6.1% (the Czech Republic) and 13.6% (Mexico) of total public expenditure to primary, secondary and post-secondary non-tertiary education and between 1.7% (Italy and the United Kingdom) and 5.5% (New Zealand) to tertiary education. On average in OECD countries, public funding of primary, secondary and post-secondary non-tertiary education is nearly three times that of tertiary education, mainly because of enrolment rates (see Indicator C1) and the demographic structure of the population or because private expenditure tends to be higher at the tertiary level (Table B4.1).

When public expenditure on education is considered as a proportion of total public spending, the relative sizes of public budgets (as measured by public spending in relation to GDP) must be taken into account. When the size of public budgets relative to GDP is compared with the proportion of public spending on education, it is evident that even in countries with relatively low rates of public spending, education is a high priority. For instance, the share of public spending allocated to education in Brazil, Chile, Mexico, New Zealand and Switzerland is among the highest (Chart B4.1), yet total public spending accounts for a relatively small proportion of GDP in these countries (Chart B4.2).

Although the overall pattern is unclear, there is some evidence to suggest that countries with high rates of public expenditure spend proportionately less on education; only one of the top ten countries for public spending on public services overall – Denmark – is among the top ten in public spending on education (Charts B4.1 and B4.2).

Chart B4.2. Total public expenditure on all services as a percentage of GDP (2000, 2008)



Note: This chart represents public expenditure on all services and not simply public expenditure on education.

Countries are ranked in descending order of total public expenditure as a percentage of GDP in 2008.

Source: OECD, Annex 2. See Annex 3 for notes (www.oecd.org/edu/eag2011).

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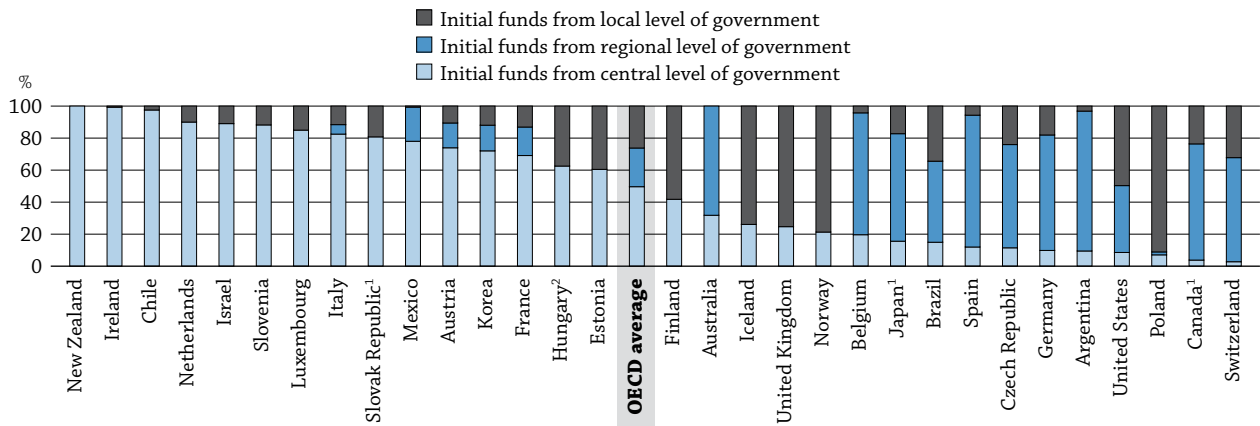
While public expenditure on education increased from 1995 to 2008 in 20 of the 28 countries with comparable data, public expenditure on education as a percentage of GDP in these 28 countries also increased slightly, on average. Although budget consolidation has put pressure on all areas of public expenditure, particularly since 2000, the proportion of public budgets spent on education in OECD countries rose from 11.8% in 1995

to 12.9% in 2008. The greatest relative increases in the share of public expenditure on education during this period occurred in Brazil (11.2% to 17.4%), Denmark (12.3% to 14.9%), Germany (8.6% to 10.4%), the Netherlands (9.1% to 11.9%), Sweden (10.9% to 13.1%) and Switzerland (13.5% to 16.7%).

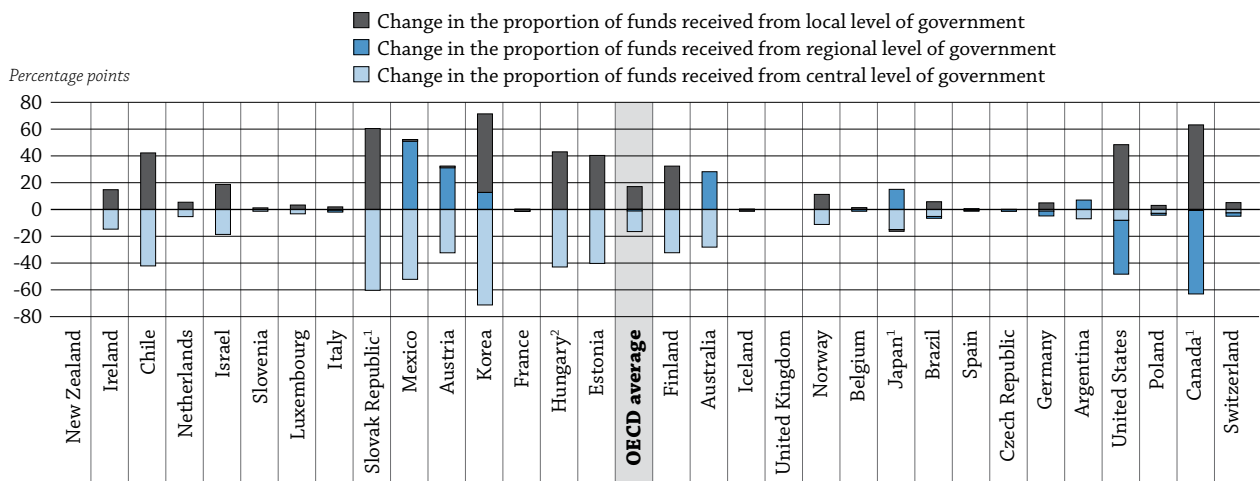
Sources of public funding invested in education

Across OECD countries, funding of primary, secondary and post-secondary non-tertiary education is more decentralised than public funding for tertiary education.

Chart B4.3. Distribution (in percentage) of initial sources of public funds for education, by level of government, for primary, secondary and post-secondary non-tertiary education (2008)



Change (in percentage points) in the proportion of educational funds received from levels of government between initial and final purchasers of educational resources, at the primary, secondary and post-secondary non-tertiary levels (2008)



1. Some levels of education are included with others. Refer to “x” code in Table B1.1a for details.

2. Funds from the central level includes funds from the regional level of government.

Countries are ranked in descending order of the share of initial sources of funds from the central level of government.

Source: OECD. Argentina: UNESCO Institute for Statistics (World Education Indicators Programme). Table B4.2. See Annex 3 for notes (www.oecd.org/edu/eag2011).

StatLink <http://dx.doi.org/10.1787/888932461180>

On average at the primary, secondary and post-secondary non-tertiary levels, 50% of the initial funding comes from central rather than regional or local government compared with 84% for tertiary education. Moreover, there are greater levels of transfers of funds from central to regional and local levels of government at the primary, secondary and post-secondary non-tertiary level than there are at the tertiary level, adding to the

contrast in decentralisation between the levels of education. At the primary, secondary and post-secondary non-tertiary levels, 44% of public funds come from local sources after transfers between levels of government, compared to less than 30% before transfers (at the tertiary level, local sources represent less than 3% of public funds, before and after transfers between levels of government). Only New Zealand has an entirely centralised funding system below the tertiary level, while at the tertiary level, six countries (Iceland, the Netherlands, New Zealand, Norway, the Slovak Republic and the United Kingdom) operate such systems (Table B4.2 and Table B4.3, available on line).

However at the primary, secondary and post-secondary non-tertiary levels, the extent of decentralisation of public funding differs greatly among countries. For example, while in New Zealand, public funding on education comes entirely from the central level of government (before and after transfers between levels of government), in Switzerland, less than 3% of such funding comes from central sources.

In addition, the extent of public transfers between levels of government varies significantly across countries. In Austria, Chile, Estonia, Hungary, Korea, Mexico and the Slovak Republic, more than 60% of public funds come from central levels of government before transfers; but transfers from central to lower levels of government reach more than 30 percentage points. Among these countries, central government represents, after transfer, about 20% or less of public sources of funds in Estonia, Hungary and the Slovak Republic, and less than 1% in Korea (Chart B4.3).

Definitions

Public expenditure on education includes expenditure on educational institutions and subsidies for students' living costs and for other private expenditure outside institutions. It includes expenditure by all public entities, including ministries other than ministries of education, local and regional governments, and other public agencies. OECD countries differ in the ways in which they use public money for education. Public funds may flow directly to institutions or may be channelled to institutions via government programmes or via households. They may also be restricted to the purchase of educational services or be used to support student living costs.

All government sources (apart from international sources) for expenditure on education should be classified into three levels: central (national) government, regional government (province, state, *Land*, etc.), local government (municipality, district, commune, etc.). The terms "regional" and "local" apply to governments whose responsibilities are exercised within certain geographical subdivisions of a country. They do not apply to government bodies whose roles are not geographically circumscribed but are defined in terms of responsibility for particular services, functions, or categories of students.

Total public expenditure, also referred to as total public spending, corresponds to the non-repayable current and capital expenditure of all levels of government: central, regional and local. It includes direct public expenditure on educational institutions as well as public subsidies to households (e.g. scholarships and loans to students for tuition fees and student living costs) and to other private entities for education (e.g. subsidies to companies or labour organisations that operate apprenticeship programmes).

Methodology

The data refer to the financial year 2008 and are based on the UOE data collection on education statistics administered by the OECD in 2010 (for details see Annex 3 at www.oecd.org/edu/eag2011).

Figures for total public expenditure have been taken from the *OECD National Accounts Database* (see Annex 2) and use the System of National Accounts 1993.

Educational expenditure is expressed as a percentage of a country's total public sector expenditure and as a percentage of GDP.

Though expenditure on debt servicing (e.g. interest payments) is included in total public expenditure, it is excluded from public expenditure on education. The reason is that some countries cannot separate interest

payments for education from those for other services. This means that public expenditure on education as a percentage of total public expenditure may be underestimated in countries in which interest payments represent a large proportion of total public expenditure on all services.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

References

The following additional material relevant to this indicator is available on line:

- **Table B4.3. Sources of public educational funds, before and after transfers, by level of government for tertiary education (2008)**

StatLink  <http://dx.doi.org/10.1787/888932463973>

- **Table B4.4. Distribution of total public expenditure on education (2008)**

StatLink  <http://dx.doi.org/10.1787/888932463992>

Table B4.1. Total public expenditure on education (1995, 2000, 2008)

Direct public expenditure on educational institutions plus public subsidies to households¹ and other private entities, as a percentage of total public expenditure and as a percentage of GDP, by level of education and year

	Public expenditure ¹ on education as a percentage of total public expenditure					Public expenditure ¹ on education as a percentage of GDP				
	2008			2000	1995	2008			2000	1995
	Primary, secondary and post-secondary non-tertiary education	Tertiary education	All levels of education combined	All levels of education combined	All levels of education combined	Primary, secondary and post-secondary non-tertiary education	Tertiary education	All levels of education combined	All levels of education combined	All levels of education combined
OECD										
Australia	9.7	3.0	12.9	13.8	13.8	3.1	1.0	4.2	4.4	4.8
Austria	7.2	3.0	11.2	10.7	10.8	3.5	1.5	5.5	5.6	6.1
Belgium	8.7	2.8	12.9	12.0	m	4.3	1.4	6.5	5.9	m
Canada ^{2, 3}	7.8	4.5	12.3	12.4	12.7	3.2	1.7	4.9	5.1	6.2
Chile ⁴	12.3	2.2	16.8	17.5	14.5	3.3	0.7	4.6	3.9	2.7
Czech Republic	6.1	2.3	9.5	9.5	8.7	2.6	1.0	4.1	4.0	4.8
Denmark ³	8.9	4.2	14.9	15.4	12.3	4.6	2.2	7.7	8.3	7.3
Estonia	10.0	2.8	14.2	14.8	13.9	4.0	1.1	5.7	5.4	5.8
Finland	7.9	3.9	12.4	12.5	11.1	3.9	1.9	6.1	6.0	6.8
France	7.0	2.3	10.6	11.6	11.5	3.7	1.2	5.6	6.0	6.3
Germany	6.5	2.8	10.4	10.1	8.6	2.8	1.2	4.6	4.5	4.7
Greece	m	m	m	7.3	5.6	m	m	m	3.4	2.6
Hungary	6.3	2.1	10.4	10.4	9.4	3.1	1.0	5.1	4.9	5.2
Iceland	8.6	2.6	13.1	15.9	m	4.9	1.5	7.6	6.7	m
Ireland	10.3	3.1	13.4	13.7	12.2	4.4	1.3	5.7	4.3	5.0
Israel	9.2	2.2	13.7	13.4	12.6	4.0	0.9	5.9	6.3	6.5
Italy	6.7	1.7	9.4	9.8	9.0	3.2	0.8	4.6	4.5	4.7
Japan ³	6.8	1.8	9.4	9.5	9.7	2.5	0.6	3.4	3.6	3.6
Korea	11.0	2.2	15.8	16.6	m	3.4	0.7	4.8	3.7	m
Luxembourg	7.6	m	m	m	m	2.8	m	m	m	m
Mexico	13.6	3.9	20.6	23.4	22.2	3.2	0.9	4.9	4.4	4.2
Netherlands	7.7	3.3	11.9	11.2	9.1	3.6	1.5	5.5	5.0	5.1
New Zealand	11.8	5.5	18.6	m	16.5	4.1	1.9	6.4	6.7	5.6
Norway	9.6	5.1	16.0	14.0	15.6	5.4	2.9	9.0	7.8	9.3
Poland	8.0	2.4	11.8	12.7	11.9	3.5	1.0	5.1	5.0	5.2
Portugal	7.9	2.2	11.2	12.7	11.9	3.5	0.9	4.9	5.2	4.9
Slovak Republic ³	6.6	2.2	10.3	7.5	9.4	2.3	0.8	3.6	3.9	4.6
Slovenia	7.9	2.7	11.8	m	m	3.5	1.2	5.2	m	m
Spain	7.1	2.6	11.2	10.9	10.3	2.9	1.1	4.6	4.3	4.6
Sweden	8.3	3.5	13.1	13.0	10.9	4.3	1.8	6.8	7.2	7.1
Switzerland	11.8	4.0	16.7	15.6	13.5	3.8	1.3	5.4	5.4	5.7
Turkey	m	m	m	m	m	m	m	m	m	m
United Kingdom	8.7	1.7	11.1	11.0	11.4	4.2	0.8	5.4	4.3	5.0
United States	9.7	3.2	13.8	14.4	12.5	3.8	1.3	5.4	4.9	4.7
OECD average	8.7	3.0	12.9	12.7	11.8	3.6	1.3	5.4	5.2	5.3
EU21 average	7.8	2.7	11.7	12.8	10.4	3.5	1.3	5.4	5.1	5.3
Other G20										
Argentina	m	m	m	m	m	4.0	1.0	5.4	m	m
Brazil	13.3	2.8	17.4	10.5	11.2	4.2	0.9	5.5	3.5	3.9
China	m	m	16.3	m	m	m	m	3.3	m	m
India	m	m	m	m	m	m	m	m	m	m
Indonesia ²	m	m	m	m	m	3.2	0.3	3.5	m	m
Russian Federation	m	m	m	10.6	m	2.0	0.9	4.1	2.9	m
Saudi Arabia	m	m	m	m	m	m	m	m	m	m
South Africa	m	m	m	m	m	m	m	m	m	m
G20 average	m	m	13.3	m	m	m	m	4.6	m	m

1. Public expenditure presented in this table includes public subsidies to households for living costs (scholarships and grants to students/households and students loans), which are not spent on educational institutions. Thus the figures presented here exceed those on public spending on institutions found in Table B2.3.

2. Year of reference 2007 instead of 2008.

3. Some levels of education are included with others. Refer to «x» code in Table B1.1a for details.

4. Year of reference 2009 instead of 2008.

Source: OECD. Argentina, Indonesia: UNESCO Institute for Statistics (World Education Indicators Programme). China: The national Statistics Bulletin on Educational Expenditure 2009. See Annex 3 for notes (www.oecd.org/edu/eag2011).

Please refer to the Reader's Guide for information concerning the symbols replacing missing data.


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Table B4.2. Sources of public educational funds, before and after transfers, by level of government for primary, secondary and post-secondary non-tertiary education (2008)


	Initial funds (before transfers between levels of government)				Final funds (after transfers between levels of government)			
	Central	Regional	Local	Total	Central	Regional	Local	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OECD								
Australia	31.8	68.2	m	100.0	3.7	96.3	m	100.0
Austria	73.9	15.5	10.6	100.0	41.6	47.5	10.9	100.0
Belgium	19.7	76.1	4.2	100.0	20.9	74.9	4.2	100.0
Canada ^{1, 2}	3.8	72.6	23.6	100.0	3.0	10.3	86.7	100.0
Chile ³	97.6	a	2.4	100.0	55.4	a	44.6	100.0
Czech Republic	11.5	64.5	24.0	100.0	11.4	64.5	24.0	100.0
Denmark ²	m	m	m	100.0	42.4	n	57.6	100.0
Estonia	60.5	a	39.5	100.0	20.2	a	79.8	100.0
Finland	41.8	a	58.2	100.0	9.5	a	90.5	100.0
France	69.1	17.8	13.1	100.0	68.9	18.0	13.0	100.0
Germany	9.8	72.1	18.0	100.0	8.6	68.5	22.9	100.0
Greece	m	m	m	m	m	m	m	m
Hungary	62.5	x(3)	37.5	100.0	19.6	x(7)	80.4	100.0
Iceland	26.1	a	73.9	100.0	25.8	a	74.2	100.0
Ireland	99.5	a	0.5	100.0	84.8	a	15.2	100.0
Israel	89.0	a	11.0	100.0	70.4	a	29.6	100.0
Italy	82.5	5.9	11.6	100.0	81.9	4.7	13.5	100.0
Japan ²	15.6	67.1	17.2	100.0	0.6	82.1	17.2	100.0
Korea	72.0	16.0	11.9	100.0	0.7	28.7	70.5	100.0
Luxembourg	85.0	a	15.0	100.0	81.7	a	18.3	100.0
Mexico	78.0	21.8	0.2	100.0	25.8	73.8	0.4	100.0
Netherlands	90.0	n	10.0	100.0	84.6	n	15.4	100.0
New Zealand	100.0	n	n	100.0	100.0	n	n	100.0
Norway	21.3	n	78.7	100.0	10.1	n	89.9	100.0
Poland	7.1	1.8	91.1	100.0	4.1	1.8	94.1	100.0
Portugal	m	m	m	m	m	m	m	m
Slovak Republic ²	80.8	a	19.2	100.0	20.4	a	79.6	100.0
Slovenia	88.2	a	11.8	100.0	87.1	a	12.9	100.0
Spain	12.0	82.3	5.7	100.0	11.4	82.9	5.7	100.0
Sweden	m	m	m	m	m	m	m	m
Switzerland	2.8	65.0	32.2	100.0	0.2	62.5	37.3	100.0
Turkey	m	m	m	m	m	m	m	m
United Kingdom	24.7	a	75.3	100.0	24.7	a	75.3	100.0
United States	8.6	41.8	49.7	100.0	0.4	1.6	98.0	100.0
OECD average	50.5	24.6	26.7	100.0	34.0	24.8	43.5	100.0
EU21 average	54.0	21.0	26.2	100.0	40.2	21.3	39.6	100.0
Other G20								
Argentina	9.5	87.4	3.1	100.0	2.5	94.3	3.1	100.0
Brazil	15.0	50.6	34.4	100.0	9.7	50.1	40.2	100.0
China	m	m	m	m	m	m	m	m
India	m	m	m	m	m	m	m	m
Indonesia	m	m	m	m	m	m	m	m
Russian Federation	m	m	m	m	3.0	30.4	66.6	100.0
Saudi Arabia	m	m	m	m	m	m	m	m
South Africa	m	m	m	m	m	m	m	m

1. Year of reference 2007.

2. Some levels of education are included with others. Refer to «x» code in Table B1.1a for details.

3. Year of reference 2009.

Source: OECD, Argentina: UNESCO Institute for Statistics (World Education Indicators Programme). See Annex 3 for notes (www.oecd.org/edu/eag2011). Please refer to the Reader's Guide for information concerning the symbols replacing missing data.

StatLink  <http://dx.doi.org/10.1787/888932463954>