

## 4. PAYING FOR EDUCATION

### How much is spent per student?

- OECD countries on average spend USD 9 313 per student each year between primary and tertiary education: USD 7 974 per primary student, USD 9 014 per secondary student, and USD 13 528 per tertiary student.
- Some 94% of total spending per student in primary and secondary education is devoted to core educational services. Greater differences are seen at the tertiary level, partly because expenditure on research and development (R&D) represents an average of 31% of total spending per student
- Spending per student on primary, secondary and post-secondary non-university-level education increased by 17 percentage points on average across OECD countries between 2005 and 2010. However between 2009 and 2010, investment in education fell in around one-third of OECD countries as a result of the economic crisis.

#### Significance

This section shows the levels of combined public and private spending on education. Demand for high-quality education, which may mean spending more per student, must be balanced against other demands on public spending and the desire to keep taxes low. This issue is all the more important at a time of economic crisis and tight public spending. While it is difficult to determine the level of spending needed to prepare a student for work and life, international comparisons can provide reference points for comparisons of education resources.

#### Findings

Spending per student is largely affected by teachers' salaries. Indeed, teachers' salaries and low student-teacher ratios are the main elements raising spending in the 10 countries with the highest levels of spending per student at the secondary level.

There is a strong relationship between spending per student and GDP per capita at the primary and secondary levels – poorer countries tend to spend less than richer ones. The relationship is weaker at the tertiary level, mainly because financing mechanisms and enrolment patterns differ more at this level.

Once R&D activities and ancillary services such as welfare services to students are excluded, spending on educational core services from primary through tertiary education in OECD countries falls from an average USD 9 313 to an average USD 7 637. This results mainly from the much lower level of spending per student at the tertiary level (USD 8 889) when peripheral activities are not taken into account.

On average, OECD countries spend nearly twice as much per student at the tertiary level than at the primary level. At tertiary level, however, other services, particularly research

and development activities, also constitute a large slice of expenditure. When these are excluded, spending per student on core educational services at the tertiary level is still, on average, 10% higher than at the primary, secondary and post-secondary non-tertiary levels.

#### Trends

Spending per primary, secondary and post-secondary non-tertiary student increased in every country with available data, and by an average of more than 61% between 1995 and 2010, a period of relatively stable student enrolment in most countries.

Between 2005 and 2010, spending per tertiary student fell in 8 of the 31 countries with available data. Spending in Austria, Iceland, Israel, the United Kingdom and the United States, did not increase at the same pace as enrolment rates. In New Zealand, the Russian Federation and Switzerland, public spending per student (data on private expenditure are not available) decreased during this period.

#### Definitions

Data refer to the financial year 2010 and are based on the UOE data collection on education statistics administered by the OECD in 2012. Spending per student at a particular level of education is calculated by dividing the total expenditure by educational institutions at that level by the corresponding full-time equivalent enrolment.

Core educational services are directly related to instruction in educational institutions, including teachers' salaries, construction and maintenance of school buildings, teaching materials, books, and administration of schools.

Information on data for Israel:  
<http://dx.doi.org/10.1787/888932315602>.

#### Going further

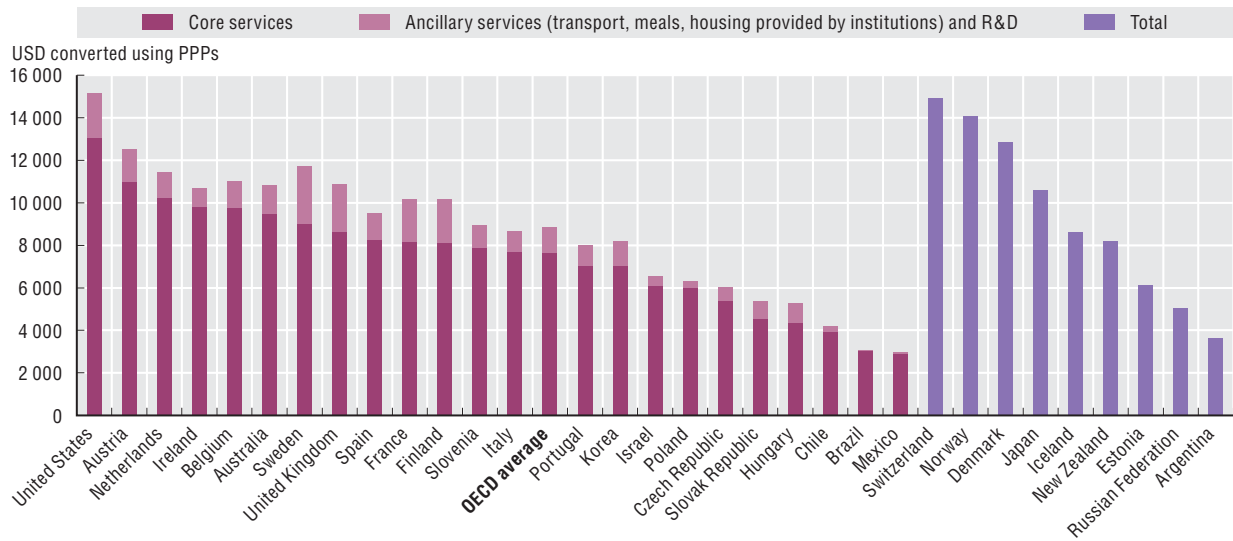
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2013* (Indicator B1).

Areas covered include:

- Annual expenditure by educational institutions per student for all services, and compared to GDP per capita.
- Cumulative expenditure by educational institutions per student.

Figure 4.1. Annual spending per student, 2010

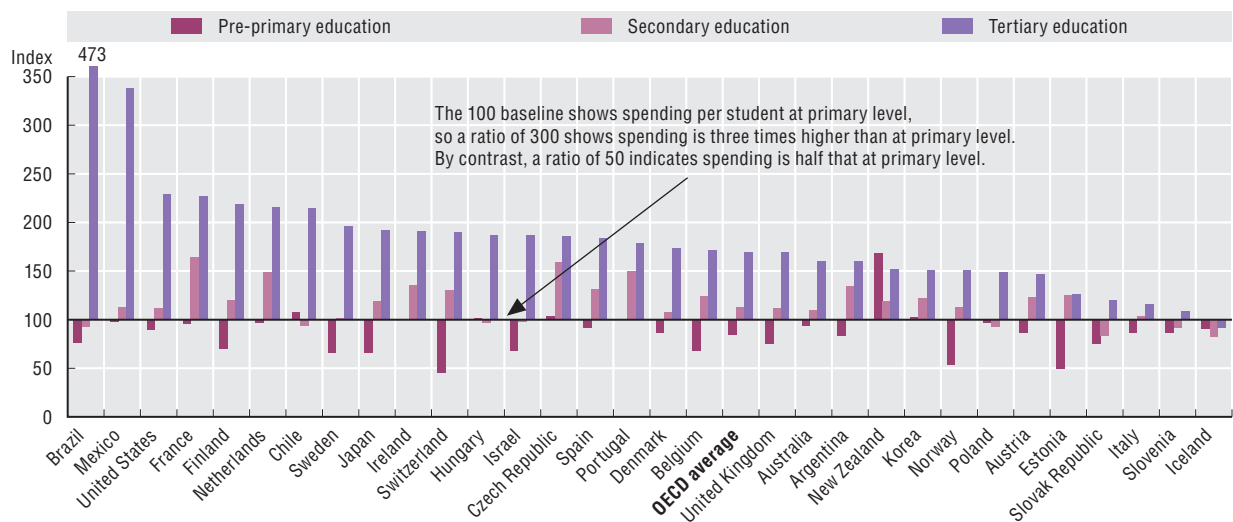
This figure shows how much is spent annually per student; these data give a sense of the cost per student of formal education.



Source: OECD (2013), Education at a Glance 2013, Chart B1.1, available at <http://dx.doi.org/10.1787/888932846747>.

Figure 4.2. Primary education spending in relation to other education spending, 2010

This figure shows annual spending per student for different levels of education compared with spending at primary level.



Source: OECD (2013), Education at a Glance 2013, Chart B1.3, available at <http://dx.doi.org/10.1787/888932846785>.



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