

## What are education funds spent on?

- In primary, secondary and post-secondary non-tertiary education combined, current expenditure accounts for an average of 92% of total spending in OECD countries.
- Staff costs constitute 79% of current expenditure at the primary, secondary and post-secondary non-tertiary levels.
- High spending on R&D is a distinctive feature of tertiary institutions and averages one-quarter of expenditure.

### Significance

This spread details how OECD countries spend their funds for education, including the split between capital expenditure, which is one-off spending on items such as school buildings, and current expenditure, which is recurring spending on items such as teachers' salaries. How spending is apportioned, both between current and capital outlays and within these categories, can affect the quality of services, the condition of facilities, and the ability of education systems to adjust to changing demographic and enrolment trends.

### Findings

At primary, secondary, and post-secondary non-tertiary levels of education, current expenditure makes up 92% of total spending on education, on average, across all OECD countries. This is largely due to the labour intensiveness of education, with teachers' salaries accounting for a very large slice of current – and total – education spending (see below). The split between current and capital spending varies significantly between countries, with the former ranging from 82% in Luxembourg to at least 97% in Austria, Chile, Mexico and Portugal.

At the tertiary level, the proportion of total expenditure for capital outlays is larger than at the primary, secondary and post-secondary non-tertiary levels (9.1% versus 7.9%), generally because of greater differentiation and sophistication of teaching facilities.

In OECD countries, staff salaries make up on average 79% of current expenditure at the primary, secondary and post-secondary non-tertiary levels, rising to 90% or more in Argentina, Indonesia, Mexico and Portugal. On average, OECD countries spend 0.25% of GDP on ancillary services provided by primary,

secondary and post-secondary non-tertiary institutions, representing less than 7% of total spending on these institutions.

At the tertiary level, an average of 32% of current expenditure in OECD countries goes to purposes other than staff salaries. This can be attributed to the higher cost of facilities and equipment at this level of education.

Variations among OECD countries in spending on R&D activities in tertiary education can contribute significantly to the differences in overall spending on students at this level. High levels of R&D spending (between 0.4 and 0.8% of GDP) in tertiary institutions in Australia, Austria, Belgium, Canada, Finland, France, Germany, Ireland, the Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom imply that spending on education per student in these countries would be considerably lower if the R&D component were excluded.

### Definitions

Data refer to the financial year 2008 and are based on UOE data collection on education statistics administered by the OECD in 2010. R&D expenditure includes all spending on research performed at universities and other tertiary education institutions, regardless of whether the research is financed from general institutional funds or through separate grants or contracts from public or private sponsors.

Information on data for Israel:

<http://dx.doi.org/10.1787/888932315602>.

### Going further

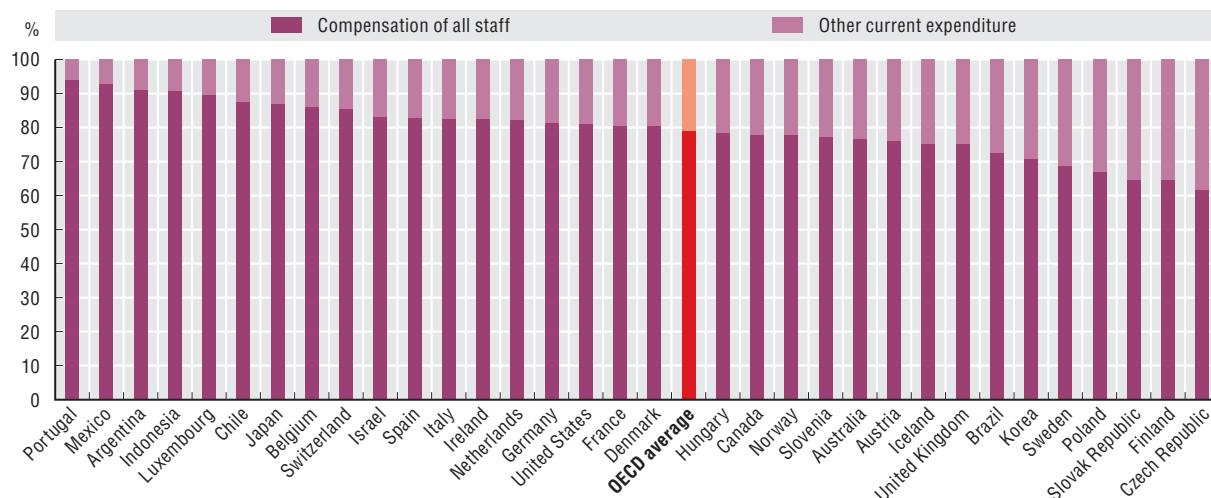
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2011* (Indicator B6).

Areas covered include:

- Expenditure on educational institutions by service category as a percentage of GDP.
- Distribution of current expenditure on educational institutions by level of education.

Figure 3.11. **Staff costs as a proportion of current expenditure in education, 2008**

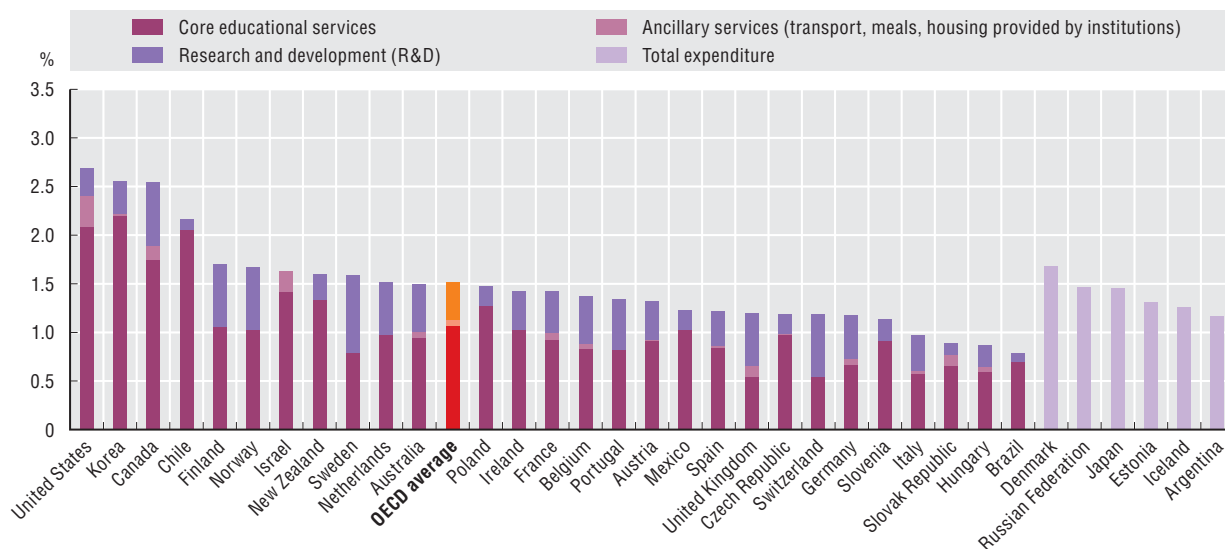
This figure shows the proportion of current expenditure devoted to paying staff in primary, secondary and post-secondary non-tertiary education. Other areas of current spending include transport, student counselling, and recurring spending on school materials and research.



Source: OECD (2011), Education at a Glance 2011, Table B6.2b, available at <http://dx.doi.org/10.1787/888932464125>.

Figure 3.12. **Expenditure on services and research in tertiary education, 2008**

This figure shows expenditure on core educational services, R&D and ancillary services in tertiary educational institutions as a percentage of GDP.



Source: OECD (2011), Education at a Glance 2011, Table B6.2b, available at <http://dx.doi.org/10.1787/888932464125>.



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