

### What is the role of private spending?

- Public funding accounts for 84% of all funds for educational institutions, on average in OECD countries.
- Some 92% of funds for primary, secondary and post-secondary non-tertiary education come from public sources, on average across OECD countries; only in Chile, Korea and the United Kingdom is this share less than 80%.
- Tertiary institutions obtain the largest proportions of funds from private sources, with 32%. Pre-primary institutions come second with 18%.
- Public funding for education increased between 2000 and 2010 in all countries. However, with more households sharing the cost of education, private funding increased at an even greater rate in more than three-quarters of countries.

#### Significance

This section shows how the financing of educational institutions is shared between the public and private sectors, particularly at tertiary level. More people are participating in a wider range of educational programmes. As a result, the question of who should support an individual's efforts to acquire more education – governments or the individuals themselves – is becoming increasingly important. While public funding provides a very large part of investment in education, the role of private sources is becoming increasingly prominent. Some stakeholders are concerned that this balance should not become so tilted that it discourages potential students from attending tertiary education. Thus, it is important to examine changes in public/private funding shares.

#### Findings

While public spending mainly funds public institutions, it can also play a role in funding private institutions. On average among OECD countries, and across all levels of education, governments spend nearly twice as much per student on public institutions as on private ones. The ratio varies, however, across education levels, from less than twice for primary, secondary and post-secondary non-tertiary education (1.7) and at the pre-primary level (1.8), to three times (3.0) at the tertiary level.

The proportion of spending on tertiary institutions covered by private entities ranges from 5% or less in Denmark, Finland and Norway, to more than 40% in Australia, Canada, Israel, Japan and the United States, and to over 70% in Chile, Korea and the United Kingdom.

The countries with the lowest amounts of public spending per student in public and private tertiary institutions are also those with the fewest students enrolled in public tertiary institutions, except for Poland.

Individual households account for most of the private spending on tertiary education, in most countries for

which data are available. The only exceptions are Austria, Belgium, Canada, the Czech Republic, the Slovak Republic and Sweden. Private spending from private businesses and non-profit organisations in these countries is more significant than private spending from households, mainly because tuition fees charged by tertiary institutions are low or negligible, with the exception of Canada.

#### Trends

The share of public funding for tertiary institutions decreased from 77% to 68% between 1995 and 2010, on average across OECD countries for which trend data are available for all years. This trend is mainly influenced by non-European countries, where tuition fees are generally higher and enterprises participate more actively in providing grants to finance tertiary institutions.

Between 2000 and 2010, the share of private funding for tertiary education increased in more than three-quarters of the countries for which comparable data are available.

#### Definitions

Data refer to the 2010 financial year and are based on the UOE data collection on education statistics, administered by the OECD in 2012. Private spending includes all direct expenditure on educational institutions, whether partially covered by public subsidies or not.

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 B3).

Areas covered include:

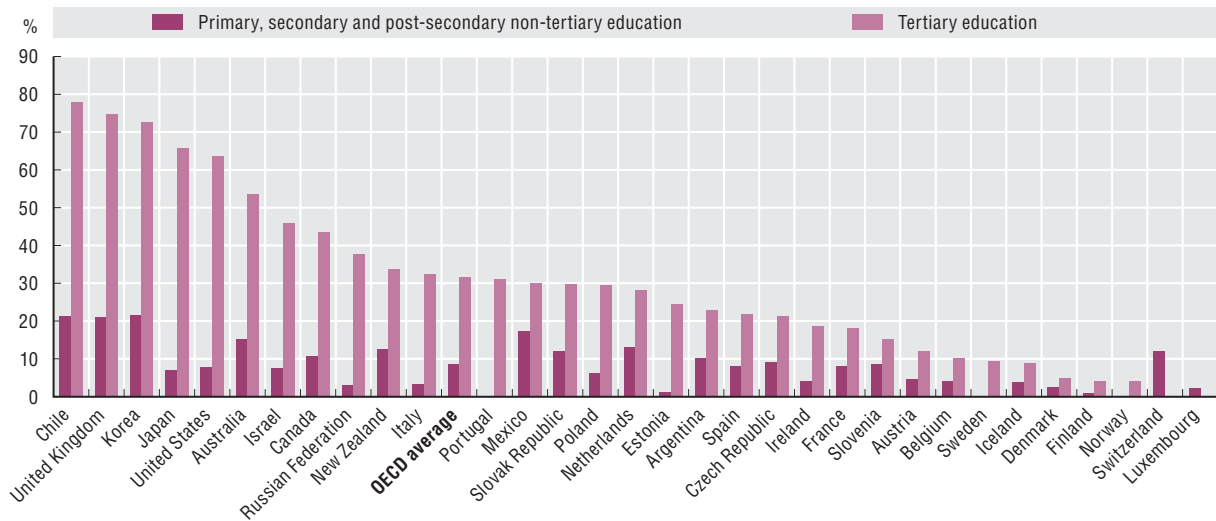
- Relative proportions and trends of public and private spending on educational institutions for all levels of education.
- Annual public spending on educational institutions per student by type of institution.

#### Further reading from OECD

*OECD Reviews of Tertiary Education* (ongoing).  
*Higher Education Management and Policy* (journal).

Figure 4.7. **Share of private spending on educational institutions, 2010**

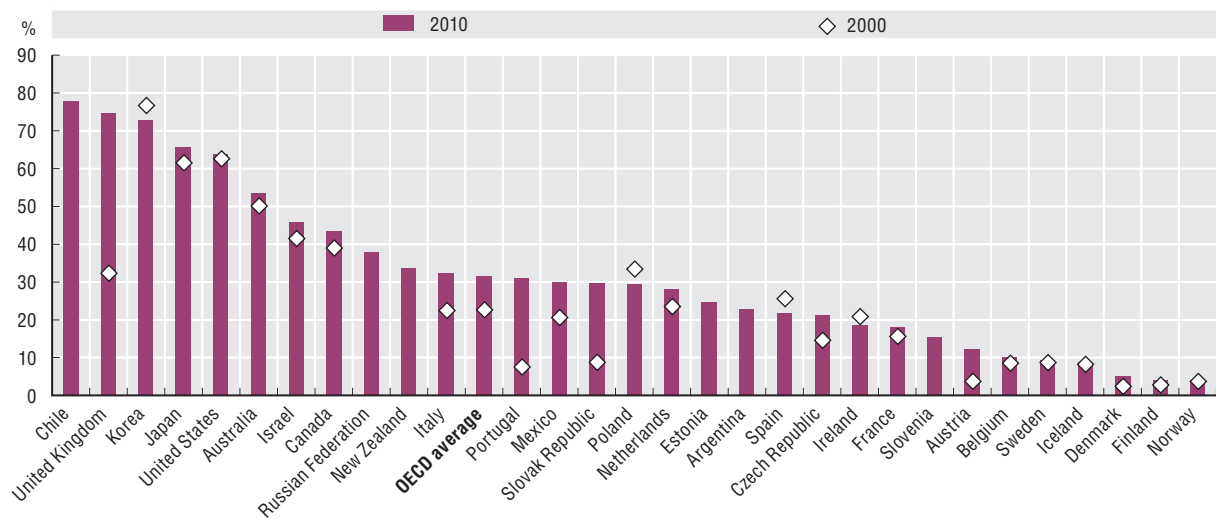
This figure shows the percentage of spending on educational institutions that comes from private funding.



Source: OECD (2013), Education at a Glance 2013, Chart B3.1, available at <http://dx.doi.org/10.1787/888932846956>.

Figure 4.8. **Trends in the share of private spending on tertiary education (2000, 2010)**

This figure shows the increase – or otherwise – in private spending as a percentage of total expenditure on tertiary education from 2000 to 2010.



Source: OECD (2013), Education at a Glance 2013, Chart B3.3, available at <http://dx.doi.org/10.1787/888932846994>.



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