

### 3. PAYING FOR EDUCATION

## What are education funds spent on?

- Current expenditure accounts for an average of more than 90% of total spending on education, all levels of education combined except pre-primary.
- Teachers' salaries account for most current expenditure in OECD and other G20 countries with available data.
- Current expenditure other than staff costs is largest at the tertiary level, where it reaches 32% of all current expenditure, on average. This is partly due to the higher costs of facilities and equipment in tertiary education.

### Significance

This section 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 teacher 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

Current expenditure is the largest share of education spending. This is due to the labour-intensive nature of education, with teacher salaries accounting for a very large slice of current – and total – education spending. In 2009, more than 90% of total expenditure was devoted to current expenditure at the primary, secondary and post-secondary non-tertiary levels of education combined (91.3%) and at the tertiary level (91.0%).

Staff salaries make up on average 78% of current expenditure in primary, secondary and post-secondary non-tertiary education in OECD countries. In tertiary education, most current expenditure is also related to staff costs in all countries except the Czech Republic and Indonesia. Over 80% of current expenditure in tertiary education is devoted to compensation of staff in Argentina, Brazil, Denmark and Israel (88%, 80%, 83% and 80%, respectively).

There are relatively large differences in how current expenditure is allocated between the primary, secondary, and post-secondary non-tertiary levels on the one hand and

tertiary education on the other. In all countries but Denmark, the share devoted to compensation of teachers is smaller at the tertiary level. Only seven countries spend more than 30% of their current expenditure on current expenditure other than compensation of all staff in primary, secondary and post-secondary non-tertiary education: the Czech Republic (37.6%), Finland (35.6%), Indonesia (31.1%), Korea (33.1%), Poland (32.4%), the Slovak Republic (36.4%) and Sweden (32.2%).

Current expenditure other than staff costs is largest at the tertiary level, where it reaches 32% of all current expenditure, on average for OECD countries. This is partly due to the higher costs of facilities and equipment in tertiary education. At the tertiary level of education, the share of total expenditure devoted to capital expenditure is higher than that for primary, secondary and post-secondary non-tertiary education combined in 18 OECD countries. This may be linked to the expansion of tertiary education in recent years, and a consequent need for new buildings to be constructed.

### Definitions

Data refer to the financial year 2009 and are based on UOE data collection on education statistics administered by the OECD in 2011. Calculations cover expenditure by public institutions or, where available, by both public and private institutions.

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

### Going further

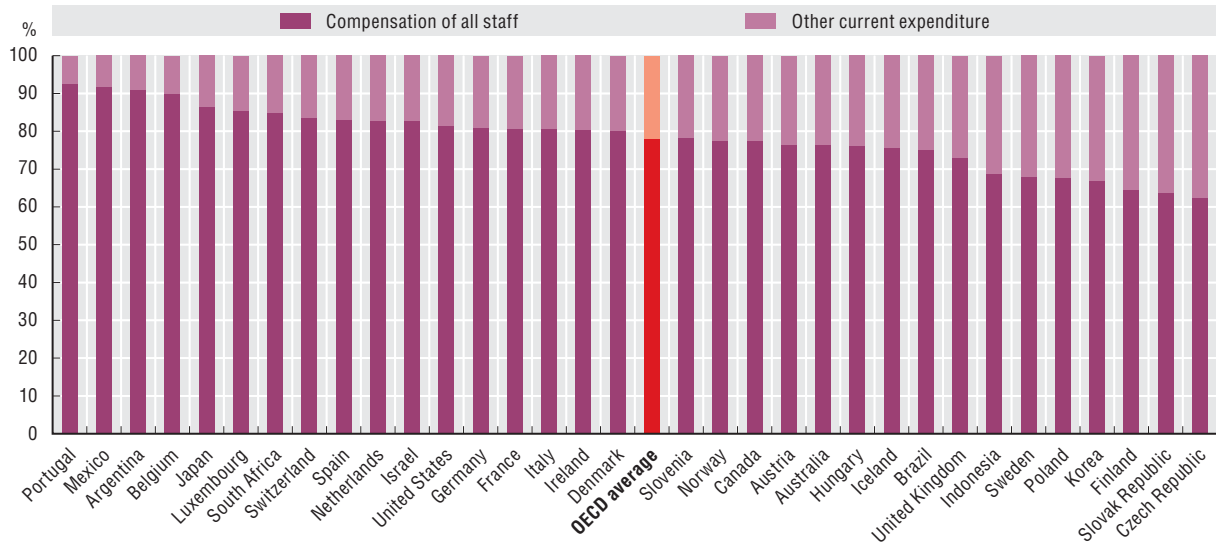
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2012* (Indicator B6).

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 3.13. **Staff costs as a proportion of current expenditure in education, 2009**

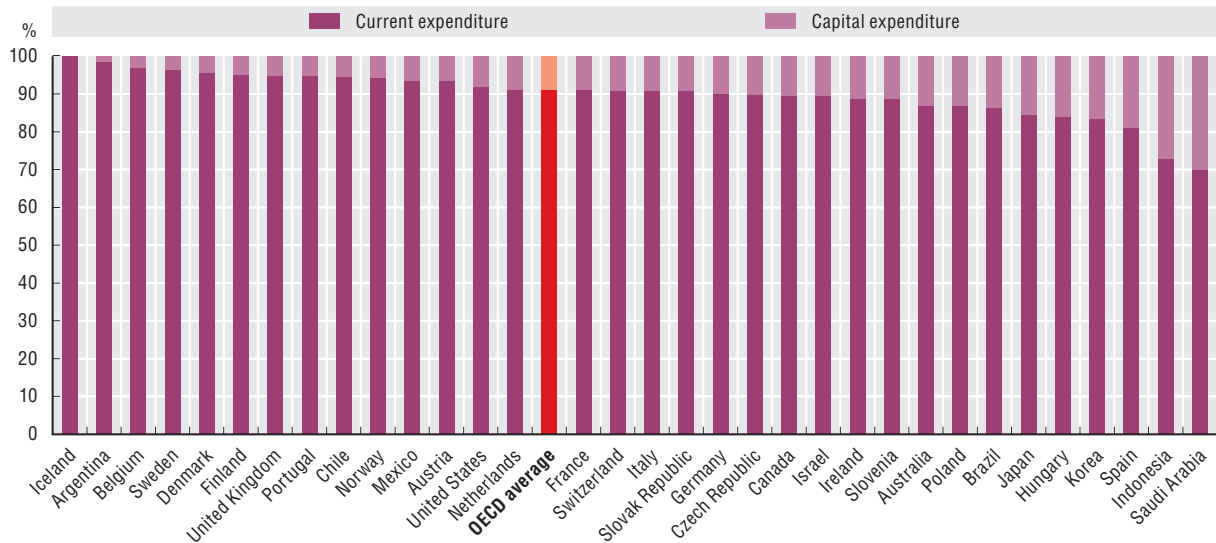
This figure shows the proportion of current expenditure devoted to paying staff in primary, secondary and post-secondary non-tertiary education. Other areas of current spending include transport, student counselling, and recurring spending on school materials and research.



Source: OECD (2012), Education at a Glance 2012, Table B6.2, available at: <http://dx.doi.org/10.1787/888932666532>.

Figure 3.14. **Current and capital expenditure in tertiary education, 2009**

This figure shows the distribution of current and capital expenditure in tertiary education by country.



Source: OECD (2012), Education at a Glance 2012, Table B6.2, available at: <http://dx.doi.org/10.1787/888932666532>.



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