

### What share of national wealth is spent on education?

- OECD countries spend 6.3% of their GDP on educational institutions on average.
- Spending on all levels of education combined increased at a faster rate than GDP growth between 2000 and 2010 in almost all countries for which data are available.
- GDP rose in most countries between 2009 and 2010, but public spending on educational institutions fell in one-third of OECD countries during that time, probably as a consequence of fiscal consolidation policies.

#### Significance

Countries invest in educational institutions to help foster economic growth, enhance productivity, contribute to personal and social development, and reduce social inequality. This section examines the proportion of a nation's wealth that is invested in education. The level of spending depends on how a country – including its government, private enterprise, individual students and their families – prioritises education in relation to overall spending. Education spending largely comes from public budgets and is closely scrutinised by governments. During times of financial crisis, even core sectors like education can be subject to budget cuts.

#### Findings

Spending on pre-primary education accounts for nearly one-tenth of spending on educational institutions, or 0.6% of GDP, on average across OECD countries. There are large differences among countries. For instance, spending on pre-primary education represents less than 0.2% of GDP in Australia and Turkey, but about 1% or more in Denmark and Iceland.

Nearly two-thirds of combined OECD spending on educational institutions, or 3.9% of GDP, are devoted to primary, secondary and post-secondary non-tertiary education. New Zealand and Norway spend more than 5% of their GDP on these levels of education, while the Czech Republic, Hungary, Japan, the Russian Federation and Turkey spend 3% or less.

Tertiary education accounts for one-quarter of spending on educational institutions, or 1.6% of GDP, on average across OECD countries. Canada, Chile, Korea and the United States spend between 2.4% and 2.8% of their GDP on tertiary institutions. Three countries devote less than 1% of GDP to tertiary education: Brazil (0.9%), Hungary (0.8%) and the Slovak Republic (0.9%).

Private spending on educational institutions as a percentage of GDP is highest in tertiary education. It represents between 1.7% and 1.9% of GDP in Chile, Korea and the United States.

#### Trends

The global economic crisis that began in 2008 had – and is still having – major adverse effects on different sectors of the economy. The annual rate of growth of public spending on educational institutions slowed from 4% between 2008 and 2009 to 1% between 2009 and 2010 on average across OECD countries. More than one-third of the countries with available data reported a slowdown in the annual growth of public spending on educational institutions between 2008 and 2010: Austria, Ireland, New Zealand, Norway, Portugal, Spain and the United States reported an increase between 2008 and 2009 then a drop between 2009 and 2010, while Estonia, Hungary, Iceland and Italy reported decreases between both 2008-09 and 2009-10.

#### 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. Expenditure on educational institutions includes expenditure on both instructional institutions (those that provide teaching to individuals in an organized group setting or through distance education) and non-instructional institutions (those that provide administrative, advisory or professional services to other educational institutions, but do not enrol students themselves).

Information on data for Israel:

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

#### Going further

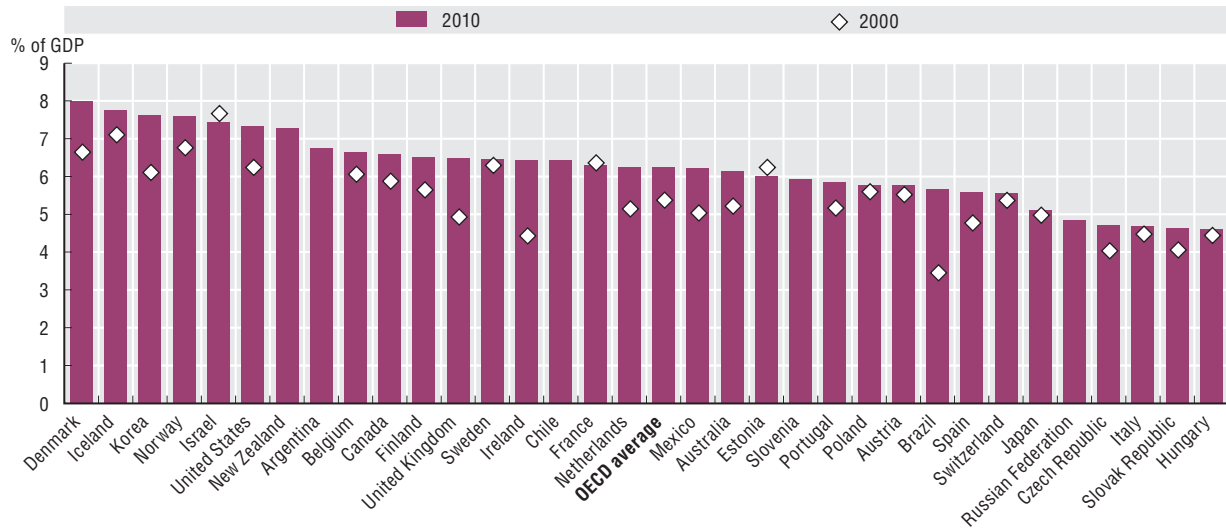
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2013* (Indicator B2).

Areas covered include:

- Expenditure on educational institutions as a percentage of GDP.
- Change in expenditure, 1995, 2000, and 2008-10.

Figure 4.3. Trends in education spending as a percentage of GDP (2000, 2010)

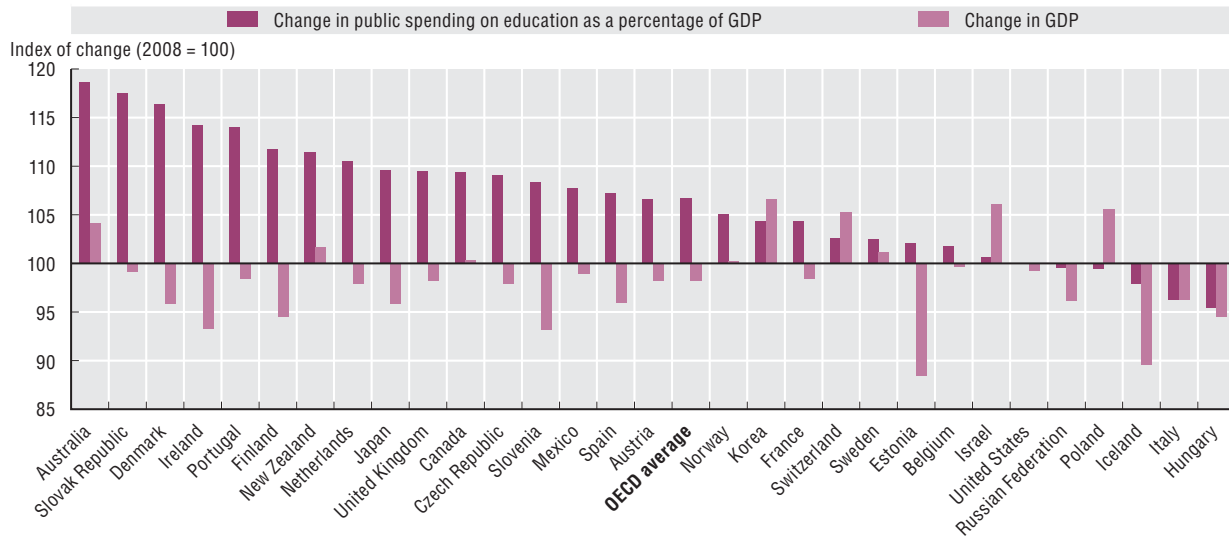
This figure shows the share of national income that countries devote to spending on educational institutions, and how that share has changed over time.



Source: OECD (2013), Education at a Glance 2013, Table B2.1, available at <http://dx.doi.org/10.1787/888932849578>.

Figure 4.4. Impact of the economic crisis on education spending

This figure shows how the economic crisis has affected public spending on education.



Source: OECD (2013), Education at a Glance 2013, Chart B2.3, available at <http://dx.doi.org/10.1787/888932846918>.



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