

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

- OECD countries spend 6.2% of their collective GDP on education institutions.
- Between 1995 and 2007, expenditure on educational institutions for all levels of education increased an average of 49% in OECD countries, reflecting the fact that more people are competing upper secondary and tertiary education than ever before.
- Over the same period, expenditure on educational institutions for all levels of education combined fell behind GDP growth in more than half the 27 countries for which data are available.

### Significance

This spread shows the proportion of a nation's wealth that is invested in education. In other words, it shows to what extent a country, which includes the government, private enterprise and individual students and their families, prioritises education in relation to overall spending.

### Findings

OECD countries spend 6.2% of their collective GDP on education, but levels vary greatly between countries: They are above 7% in Denmark, Iceland, the United States, Israel and the Russian Federation, but at or below 4.5% in Italy and the Slovak Republic.

About 59% of combined OECD expenditure on educational institutions, or 3.6% of combined GDP, is devoted to primary, secondary and post-secondary non-tertiary education. Tertiary education accounts for nearly one-third of the combined OECD spending on education, or 2.0% of combined GDP. Canada, Chile, Korea and the United States spend between 2.0% and 3.1% of their GDP on tertiary institutions. In Belgium, France, Iceland, Mexico, Norway, Switzerland, the United Kingdom and Brazil the share of spending on tertiary institutions is below the OECD average while their share of GDP spent on primary, secondary and post-secondary non-tertiary education is above the OECD average.

Differences in spending on educational institutions are most striking at the pre-primary level, where they range from less than 0.1% of GDP in Australia and Ireland to 0.8% or more in Iceland, Israel and the Russian Federation (see Table B2.2 in *Education at a Glance 2010*). However, as countries often structure and fund pre-primary education in very different ways, it is unsafe to draw inferences from these data on access to and quality of early childhood education.

### Trends

Since more people completed secondary and tertiary education between 1995 and 2007 than ever before, many countries made massive financial investments in education during that period. For all levels of education combined, public and private investment in education increased on average by 49% in OECD countries over this period. In three-quarters of these countries, the increase is larger for tertiary education than for primary to post-secondary non-tertiary levels combined (see the web-only Table B2.5 in *Education at a Glance 2010*).

However, looked at from the perspective of share of GDP, the numbers are less striking: Between 1995 and 2007, expenditure for all levels of education combined increased faster than GDP in only 10 of the 27 countries for which data are available and fell in the remaining 17. The decline was not uniform across all levels of education: For primary to post-secondary non-tertiary education, it fell in 18 of the 27 countries; but at tertiary level it decreased significantly in only six – Australia, Finland, Hungary, Ireland, the Netherlands and Norway. It should be noted, however, that changes in national income can have a big impact on these trends. For example, spending in Ireland on all levels of education combined doubled between 1995 and 2007, but GDP rose even faster. As a result, expenditure as a proportion of GDP fell.

### Definitions

Data refer to the 2007 financial year and are based on the UOE data collection on education statistics administered by the OECD in 2009. 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 2010* (Indicator B2).

Areas covered include:

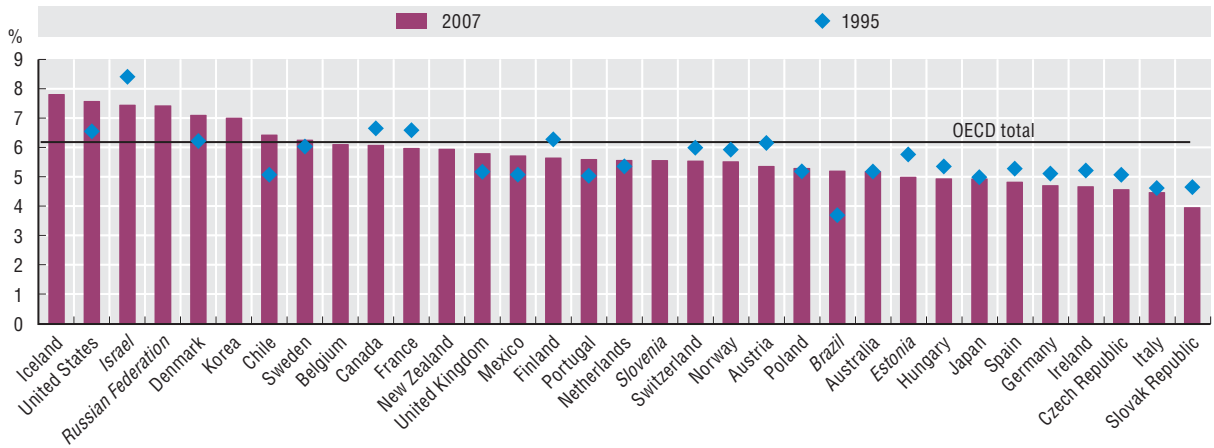
- Expenditure on educational institutions as a percentage of GDP.
- Change in expenditure, 1995-2006.

### 3. PAYING FOR EDUCATION

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

Figure 3.4. Trends in education expenditure as a percentage of GDP (1995, 2007)

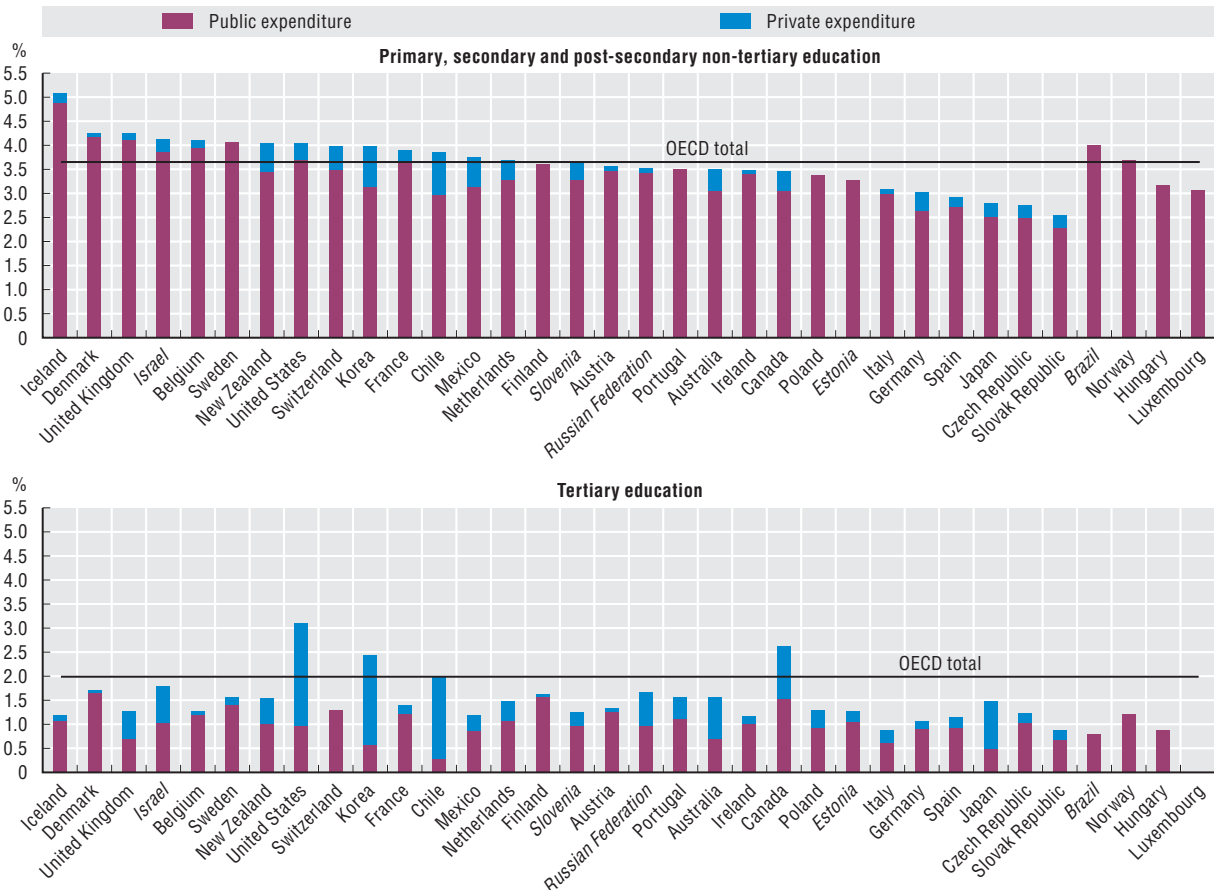
This figure shows the share of national income countries devote to spending on educational institutions, and how that share has changed.



Source: OECD (2010), Education at a Glance 2010, Table B2.1, available at <http://dx.doi.org/10.1787/888932310301>.

Figure 3.5. Expenditure as a percentage of GDP, 2007

These figures show the share of national income – both public and private – devoted to each level of education.



Source: OECD (2010), Education at a Glance 2010, Table B2.4, available at <http://dx.doi.org/10.1787/888932310301>.



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