

What share of national wealth is spent on education?

- OECD countries spend 6.1% of their collective GDP on education.
- Between 1995 and 2005, expenditure on educational institutions for all levels of education increased by an average of 42% in OECD countries, reflecting the fact that more people are competing upper secondary and tertiary education than ever before.
- On average in OECD countries, expenditure on educational institutions for all levels of education combined increased relatively more than GDP between 1995 and 2005.

Significance

This indicator 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 6.1% of their collective GDP on education, but levels vary greatly between countries: as a proportion of GDP, Iceland spends nearly twice as much as Greece.

A little under two-thirds, or 3.7%, 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% of combined GDP. As a percentage of GDP, the United States spends up to three times more than Italy and the Slovak Republic on tertiary education.

Differences in spending on educational institutions are most striking at the pre-primary level, where they range from less than 0.2% of GDP in Australia, Ireland and Korea to 0.8% or more in Denmark, Hungary and Iceland (see Table B2.2 in *Education at a Glance 2008*). However, as pre-primary education is structured and funded very differently between OECD countries 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 2005 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 42% in OECD countries over this period. In two-thirds of these countries, the increase is larger for tertiary education than for primary to post-secondary non-tertiary levels combined.

On average in OECD countries, expenditure for all levels of education combined increased relatively more than GDP between 1995 and 2005 (see Chart B2.3 in *Education at a Glance 2008*). The increase in expenditure on educational institutions as a proportion of GDP exceeded 0.8 percentage points over this decade in Denmark, Greece, Mexico and the United Kingdom.

Definitions

Data refer to the financial year 2005 and are based on the UOE data collection on education statistics administered by the OECD in 2007. Expenditure on educational institutions includes expenditure on both instructional institutions (those that provide teaching to individuals in an organised 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).

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2008* (Indicator B2).

Areas covered include:

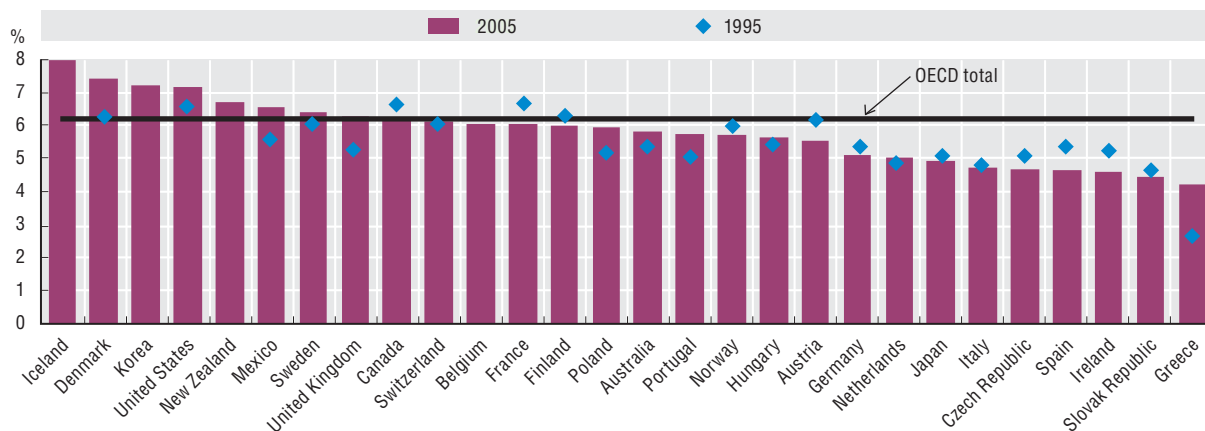
- Expenditure on educational institutions as a percentage of GDP.
- Change in expenditure, 1995-2000.

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, 2005)

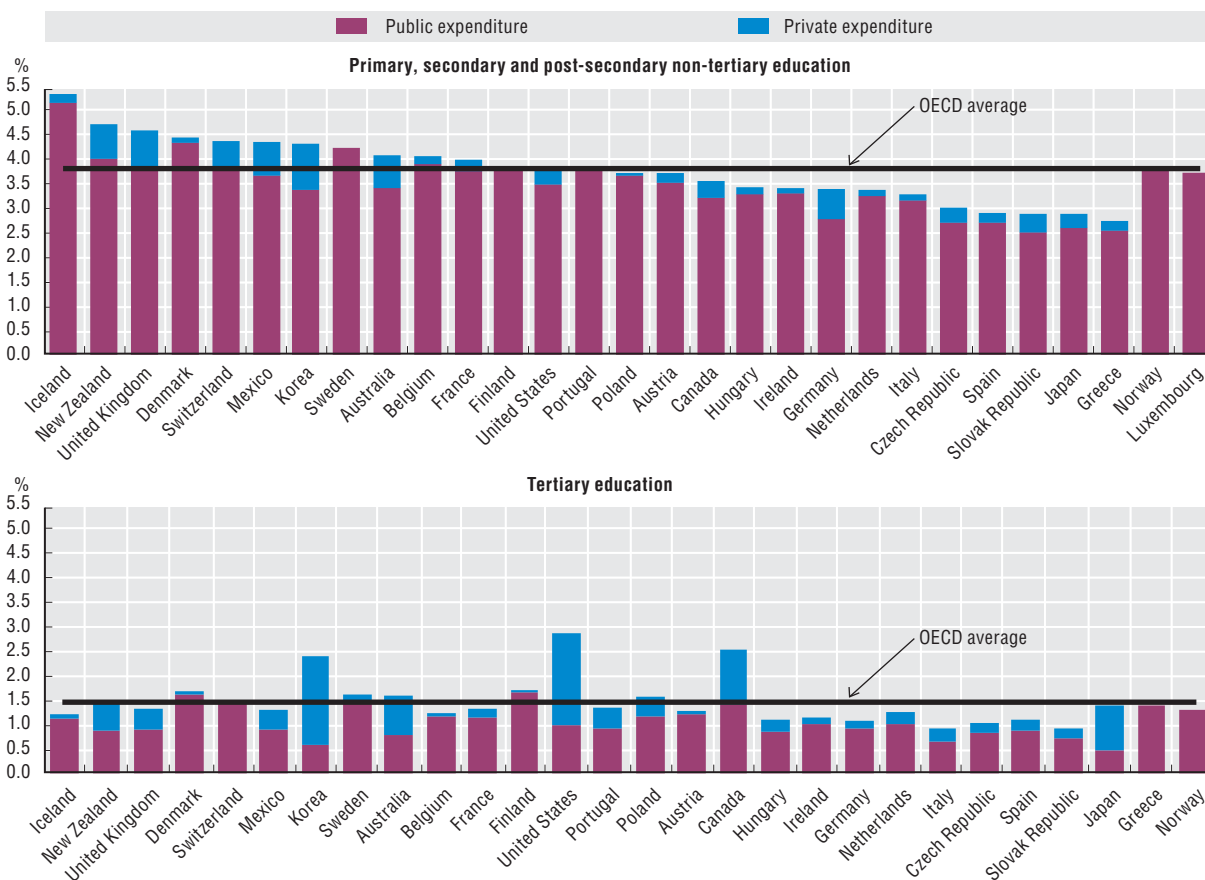
This figure shows the share of national income countries devote to spending on educational institutions, and how that share changed between 1995 and 2005.



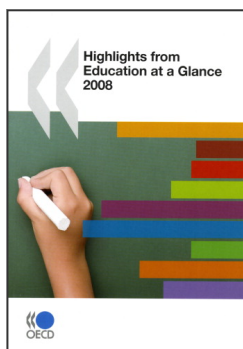
Source: OECD (2008), Education at a Glance 2008, Table B2.1, available at <http://dx.doi.org/10.1787/401864037554>.

Figure 3.5. Expenditure as a percentage of GDP by level of education, 2005

These figures show the share of national income that countries devote to each level of education.



Source: OECD (2008), Education at a Glance 2008, Table B2.4, available at <http://dx.doi.org/10.1787/401864037554>.



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