

### 3. PAYING FOR EDUCATION

## Has spending per student increased?

- Expenditure by educational institutions per student at primary, secondary and post-secondary non-tertiary level increased on average by 43% between 1995 and 2007, a period when enrolment levels remained generally static.
- At tertiary level, however, student numbers generally rose; in some cases this was not matched by an equivalent increase in spending, resulting in a fall in expenditure per student.
- However, from 2000 to 2007, expenditure by educational institutions per student at the tertiary level increased by 14 percentage points on average in OECD countries after remaining stable between 1995 and 2000.

### Significance

This spread looks at whether spending on education has risen or fallen in recent years. Policy makers are under constant pressure to find ways of improving the quality of educational services while expanding access to educational opportunities, notably at tertiary level. Over time, spending on educational institutions does indeed tend to rise, in large part because teachers' salaries rise in line with general earnings. However, if the cost of schooling each student is not accompanied by improvements in educational outcomes, it raises the spectre of falling productivity levels.

### Findings

Expenditure by educational institutions per student at the primary, secondary and post-secondary non-tertiary levels increased in every country, on average, by 43% between 1995 and 2007 during a period of relatively stable student numbers. The increase is quite similar over the first and second halves of this time period; only the Czech Republic, Norway and Switzerland showed a decrease between 1995 and 2000, followed by an increase between 2000 and 2007. Changes in enrolments do not seem to have been the main factor behind changes in expenditure at these levels of education.

The pattern is different at the tertiary level where spending per student between 1995 and 2007 fell in some cases, as expenditure failed to keep up with expanding student numbers. Such spending remained stable between 1995 and 2000 but then increased by 14% on average in OECD countries from 2000 to 2007, as governments invested massively in response to the expansion of tertiary education. The Czech Republic, Iceland, Korea, Poland, Portugal, the Slovak Republic, the United Kingdom and Estonia followed this pattern and increased expenditure by educational institutions by more than 50%

between 2000 and 2007. However, the increase in expenditure per student between 2000 and 2007 did not totally counterbalance the decrease between 1995 and 2000 in the Czech Republic and the Slovak Republic.

Between 2000 and 2007, Chile, Hungary, Iceland, Ireland, the Netherlands, Switzerland, Brazil and Israel saw falls in per-student expenditure in tertiary education. In all of these countries, the declines were mainly the result of rapid increases – at least 10% – in tertiary student numbers. Among countries that saw a rise of more than 20% in enrolments in tertiary education, five (the Czech Republic, Mexico, Poland, the Slovak Republic and the United States) matched this with an at least equivalent increase in expenditure on tertiary education; the others (Chile, Hungary, Iceland, Ireland, the Netherlands, Switzerland, Brazil and Israel) did not. Spain was the only country that saw falls in tertiary enrolment over this period.

### Definitions

Data for the 2007 financial year are based on the UOE data collection on education statistics administered by the OECD in 2009. OECD countries were asked to collect the 2000 data according to the definitions and the coverage of UOE 2009 data collection. All expenditure data, as well as the GDP for 2000, are adjusted to 2007 prices using the GDP price deflator. Spending per student at a particular level of education is calculated by dividing the total expenditure by educational institutions at that level by the corresponding full-time equivalent enrolment.

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 B1).

Areas covered include:

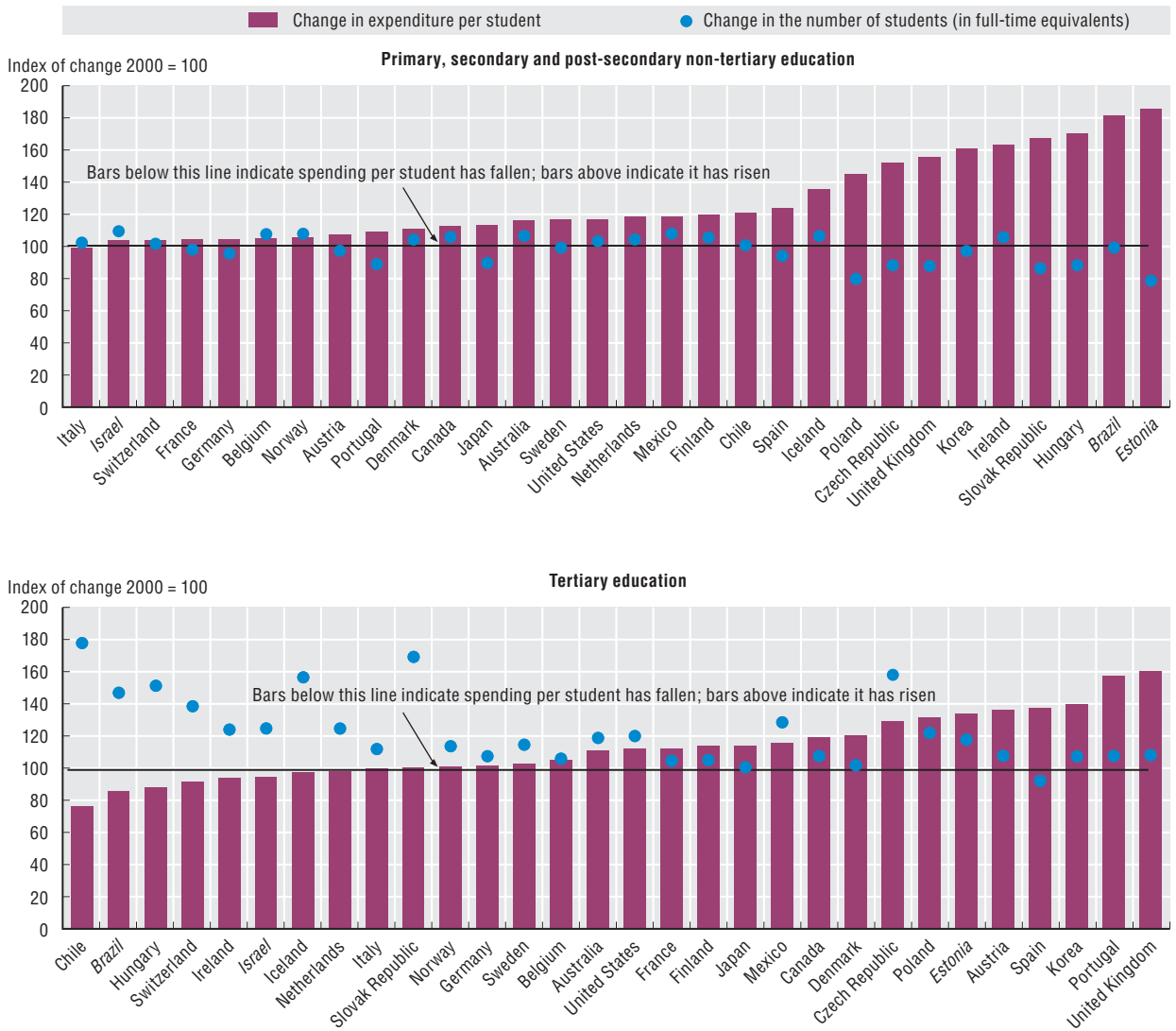
- Changes in expenditure by educational institutions by level of education.
- Changes in expenditure and in GDP per capita.

### Further reading from OECD

*Trends Shaping Education* (2008).

Figure 3.3. Trends in expenditure per student (2000, 2007)

These figures show the increase or decline in spending in real terms (by educational institutions) per student.



Source: OECD (2010), Education at a Glance 2010, Table B1.5, available at <http://dx.doi.org/10.1787/888932310282>.



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