

What are education funds spent on?

- In primary, secondary and post-secondary non-tertiary education combined, current expenditure accounts for an average of 92% of total spending in OECD countries.
- Staff costs account for 79% of current expenditure at the primary, secondary and post-secondary non-tertiary levels.
- High spending on R&D is a distinctive feature of tertiary institutions and averages over one-quarter of expenditure.

Significance

This spread shows how OECD countries spend their funds for education, including the split between capital expenditure, which is one-off spending on things like school buildings, and current expenditure, which is recurring spending on things like 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

In primary, secondary, and post-secondary non-tertiary education, current expenditure accounts for 92% of total spending, on average, across all OECD countries. In large part this is attributable to the labour-intensiveness of education, with teacher salaries accounting for a very large slice of current – and total – education spending (see below). At these levels of education, the split between current and capital spending varies significantly between countries. The current shares ranges from 84% in Luxembourg to at least 97% in Austria, Belgium, Chile, Mexico and Portugal.

At tertiary level, the proportion of total expenditure for capital outlays is larger than at the primary, secondary and post-secondary non-tertiary levels (9.3 versus 7.6%), generally because of greater differentiation and sophistication of teaching facilities.

On average across OECD countries, staff salaries account for 79% of current expenditure at the primary, secondary and post-secondary non-tertiary levels, rising to 90% or more in Mexico and Portugal. On average, OECD countries spend 0.3% of GDP on ancillary

services provided by primary, secondary and post-secondary non-tertiary institutions, representing 7% of total spending on these institutions.

At tertiary level, OECD countries spend an average of 32% of current expenditure for purposes other than staff salaries. This is explained by the higher cost of facilities and equipment at this level of education.

Variations among OECD countries in spending on R&D activities in tertiary education can explain a significant part of the differences in overall spending on students at this level. High levels of R&D spending (between 0.4 and 0.8% of GDP) in universities in Australia, Austria, Belgium, Canada, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom imply that spending on education per student in these countries would be considerably lower if the R&D component were excluded.

Definitions

Data refer to the financial year 2007 and are based on UOE data collection on education statistics administered by the OECD in 2009. R&D expenditure includes all spending on research performed at universities and other tertiary education institutions, regardless of whether the research is financed from general institutional funds or through separate grants or contracts from public or private sponsors.

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 B6).

Areas covered include:

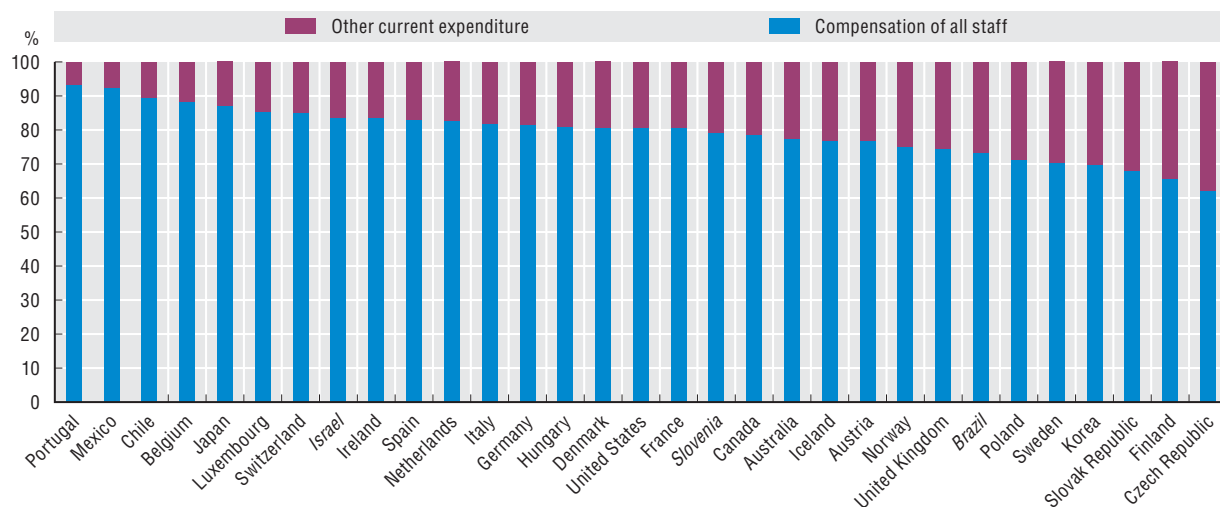
- Expenditure on educational institutions by service category as a percentage of GDP.
- Distribution of current expenditure on educational institutions by level of education.

3. PAYING FOR EDUCATION

What are education funds spent on?

Figure 3.12. **Staff costs as a proportion of current expenditure in education, 2007**

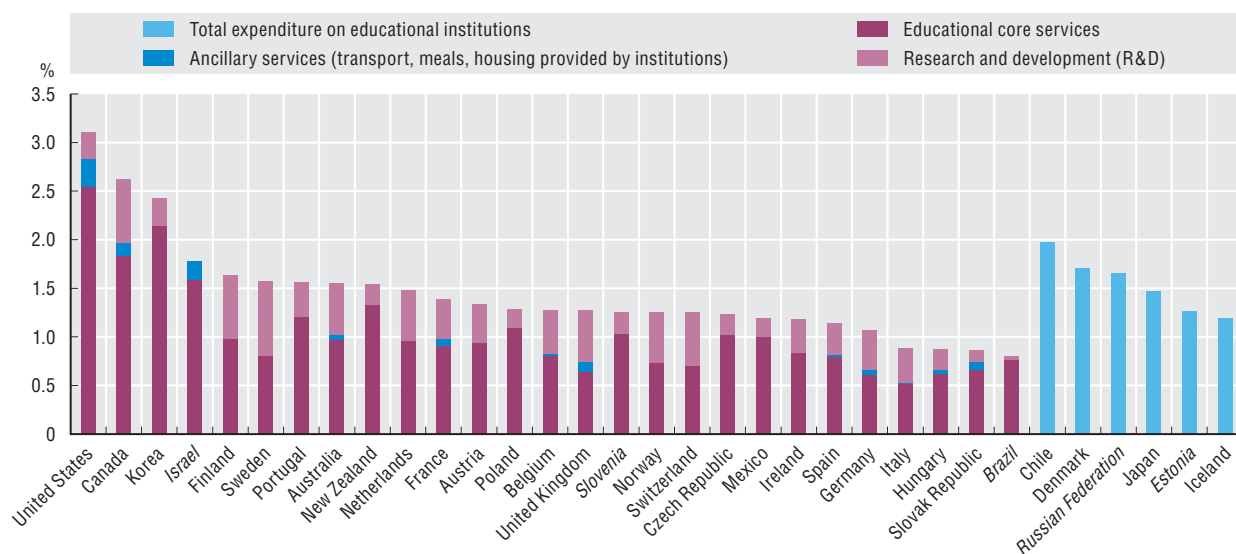
This figure shows the proportion of current expenditure devoted to paying staff in primary, secondary and post-secondary non-tertiary education. Other areas of current spending include transport, student counselling, and recurring spending on school materials and research.



Source: OECD (2010), *Education at a Glance 2010*, Table B6.2b, available at <http://dx.doi.org/10.1787/888932310377>.

Figure 3.13. **Expenditure on services and research in tertiary education, 2007**

This figure shows expenditure on educational core services, R&D and ancillary services in tertiary educational institutions as a percentage of GDP.



Source: OECD (2010), *Education at a Glance 2010*, Table B6.1, available at <http://dx.doi.org/10.1787/888932310377>.



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