

## EXPENDITURE ON EDUCATIONAL INSTITUTIONS

Expenditure on education is an investment that can help to foster economic growth, enhance productivity, contribute to personal and social development, and reduce social inequality. The proportion of total financial resources devoted to education is one of the key choices made in each country by governments, enterprises and individual students and their families.

### Definition

This indicator covers expenditure on schools, universities and other public and private institutions involved in delivering or supporting educational services. Expenditure on institutions is not limited to expenditure on instructional services but also includes public and private expenditure on ancillary services for students and families, where these services are provided through educational institutions. At the tertiary level, spending on research and development can also be significant and is included in this indicator, to the extent that the research is performed by educational institutions.

In principle, public expenditure includes public subsidies to households attributable for educational institutions and direct expenditure on educational institutions from international sources, and consequently private expenditure is net of public subsidies attributable for educational institutions. However, public subsidies for educational expenditure outside educational institutions (e.g. textbooks purchased by families, private tutoring sought for students, student living costs) are excluded. At the tertiary level, student living costs and forgone earnings can also account for a significant proportion of the costs of education.

### Comparability

The broad definition of institutions outlined above ensures that expenditure on services, which are provided in some OECD countries by schools and universities and in others by agencies other than schools, are covered on a comparable basis.

### Overview

In 2005, taking into account both public and private sources of funds, OECD countries as a whole spend 6.1% of their collective GDP on educational institutions at the pre-primary, primary, secondary and tertiary levels. The highest spending on educational institutions is in Denmark, Iceland, Korea and the United States, with at least 7% of GDP accounted for by public and private spending on educational institutions, followed by Mexico and New Zealand with more than 6.5%. Nine out of 30 countries for which data are available spend less than 5% of GDP on educational institutions; in Greece and in the Russian Federation, the figure is 4.2 and 3.8%, respectively.

Nearly one-third of combined OECD expenditure on educational institutions is accounted for by tertiary education. At this level, the pathways available to students, the duration of programmes and the organisation of teaching vary greatly among OECD countries, resulting in significant differences in the expenditure allocated to tertiary education. On the one hand, Canada, Korea and the United States spend between 2.4 and 2.9% of their GDP on tertiary institutions. Except for Canada, these countries are also those with the highest proportion of private expenditure on tertiary education. On the other hand, the proportion of GDP spent on tertiary institutions in Belgium, France, Iceland, Mexico, Portugal, Switzerland and the United Kingdom is below the OECD average; these countries are among the OECD countries in which the proportion of GDP spent on primary, secondary and post-secondary non-tertiary education is above the OECD average.

### Source

- OECD (2008), *Education at a Glance*, OECD, Paris.

### Further information

#### Analytical publications

- OECD (2006), *Schooling for Tomorrow – Think Scenarios, Rethink Education*, OECD, Paris.
- OECD (2006), *Starting Strong II: Early Childhood Education and Care*, OECD, Paris.
- OECD (2008), *Students with Disabilities, Learning Difficulties and Disadvantages: Policies, Statistics and Indicators – 2007 Edition*, OECD, Paris.
- OECD (2008), *Trends Shaping Education – 2008 Edition*, OECD, Paris.

#### Methodological publications

- OECD (2004), *OECD Handbook for Internationally Comparative Education Statistics: Concepts, Standards, Definitions and Classifications*, OECD, Paris.
- UIS, OECD and Eurostat (2008), *UOE Data Collection – 2008 Data Collection on Education Systems: Definitions, Explanations and Instructions*, OECD, Paris.

#### Websites

- OECD Education at a Glance, [www.oecd.org/edu/eag2008](http://www.oecd.org/edu/eag2008).



## Expenditure on educational institutions

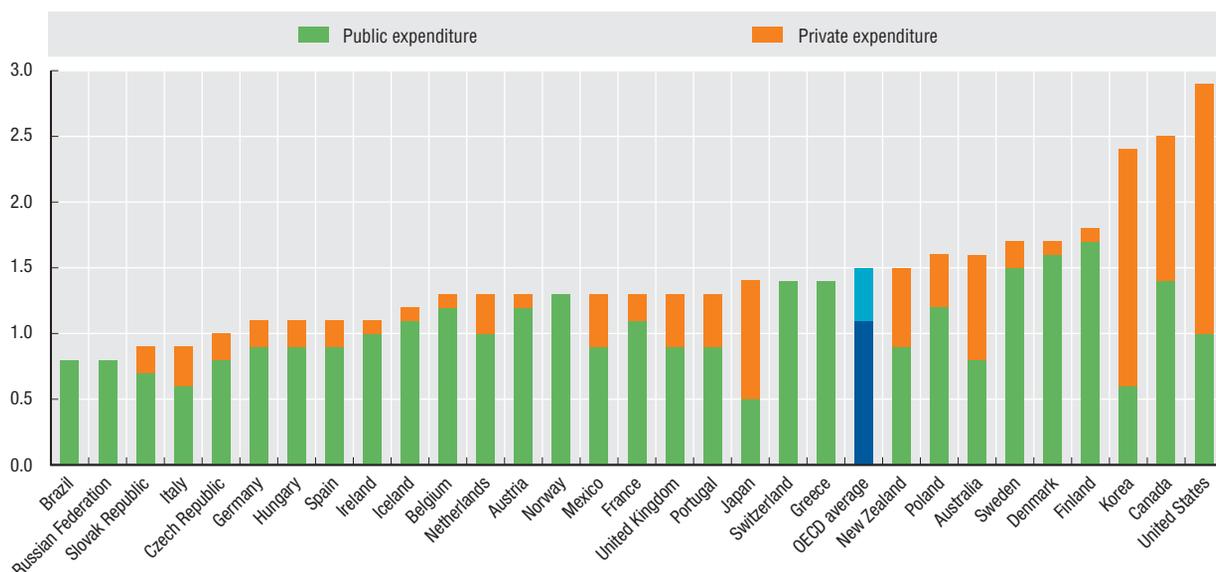
As a percentage of GDP, 2005

	Primary, secondary and post-secondary non-tertiary education			Tertiary education			Total all levels of education		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Australia	3.4	0.7	4.1	0.8	0.8	1.6	4.3	1.5	5.8
Austria	3.5	0.2	3.7	1.2	0.1	1.3	5.2	0.4	5.5
Belgium	3.9	0.2	4.1	1.2	0.1	1.2	5.8	0.2	6.0
Canada	3.2	0.4	3.6	1.4	1.1	2.6	4.7	1.5	6.2
Czech Republic	2.7	0.3	3.0	0.8	0.2	1.0	4.1	0.6	4.6
Denmark	4.4	0.1	4.5	1.6	0.1	1.7	6.8	0.6	7.4
Finland	3.8	..	3.9	1.7	0.1	1.7	5.9	0.1	6.0
France	3.8	0.2	4.0	1.1	0.2	1.3	5.6	0.5	6.0
Germany	2.8	0.6	3.4	0.9	0.2	1.1	4.2	0.9	5.1
Greece	2.5	0.2	2.7	1.4	..	1.5	4.0	0.3	4.2
Hungary	3.3	0.2	3.4	0.9	0.2	1.1	5.1	0.5	5.6
Iceland	5.2	0.2	5.4	1.1	0.1	1.2	7.2	0.7	8.0
Ireland	3.3	0.1	3.4	1.0	0.1	1.2	4.3	0.3	4.6
Italy	3.2	0.1	3.3	0.6	0.3	0.9	4.3	0.4	4.7
Japan	2.6	0.3	2.9	0.5	0.9	1.4	3.4	1.5	4.9
Korea	3.4	0.9	4.3	0.6	1.8	2.4	4.3	2.9	7.2
Luxembourg	3.7	..	..	..	..	..	..	..	..
Mexico	3.7	0.7	4.4	0.9	0.4	1.3	5.3	1.2	6.5
Netherlands	3.3	0.1	3.4	1.0	0.3	1.3	4.6	0.4	5.0
New Zealand	4.0	0.7	4.7	0.9	0.6	1.5	5.2	1.4	6.7
Norway	3.8	..	..	1.3	..	..	5.7	..	..
Poland	3.7	0.1	3.7	1.2	0.4	1.6	5.4	0.6	5.9
Portugal	3.8	..	3.8	0.9	0.4	1.4	5.3	0.4	5.7
Slovak Republic	2.5	0.4	2.9	0.7	0.2	0.9	3.7	0.7	4.4
Spain	2.7	0.2	2.9	0.9	0.2	1.1	4.1	0.5	4.6
Sweden	4.2	..	4.2	1.5	0.2	1.6	6.2	0.2	6.4
Switzerland	3.9	0.5	4.4	1.4	..	..	5.6	..	..
United Kingdom	3.8	0.8	4.6	0.9	0.4	1.3	5.0	1.2	6.2
United States	3.5	0.3	3.8	1.0	1.9	2.9	4.8	2.3	7.1
OECD average	3.5	0.3	3.8	1.1	0.4	1.5	5.0	0.8	5.8
OECD total	3.3	0.4	3.7	0.9	1.0	2.0	4.6	1.5	6.1
Brazil	3.3	..	..	0.8	..	..	4.4	..	..
Russian Federation	1.9	..	..	0.8	..	..	3.8	..	..

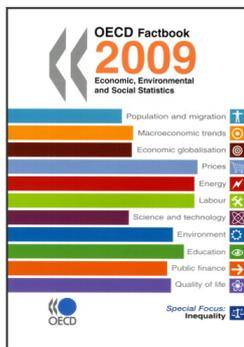
StatLink <http://dx.doi.org/10.1787/544004708745>

## Expenditure on educational institutions in tertiary education

As a percentage of GDP, 2005



StatLink <http://dx.doi.org/10.1787/537761757078>



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