

## PUBLIC AND PRIVATE EXPENDITURE IN TERTIARY EDUCATION

Cost-sharing between participants in the education system and society as a whole is an issue under discussion in many countries. It is especially relevant for pre-primary and tertiary education, for which full or nearly full public funding is less common. As new client groups participate in a wider range of educational programmes from increasing numbers of providers, governments are forging new partnerships to mobilise the necessary resources and to share costs and benefits more equitably.

### Definition

Governments can spend public funds directly on educational institutions or use them to provide subsidies to private entities for the purpose of education.

Not all spending on instructional goods and services occurs within educational institutions. For example, families may

purchase textbooks and materials commercially or seek private tutoring for their children outside educational institutions. At the tertiary level, students' living costs and foregone earnings can also account for a significant proportion of the costs of education. All such expenditure outside educational institutions, even if publicly subsidised, is excluded from this indicator.

### 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. Additionally, to ensure comparability over time the data on expenditure for 1995 and 2000 were obtained by a special survey updated in 2007 in which expenditure for 1995 and 2000 were adjusted to the methods and definitions used in the current data collection.

### Long-term trends

Educational institutions are still mainly publicly funded as 86% of all funds for educational institutions in OECD countries come directly from public sources. At tertiary level of education, the share of public funding represented 73% on average in OECD countries in 2005. The proportion of expenditure on tertiary institutions covered by individuals, businesses and other private sources, including subsidised private payments, ranges from less than 5% in Denmark, Finland and Greece, to more than 40% in Australia, Canada, Japan, New Zealand and the United States and to over 75% in Korea.

However, there is a substantial and growing degree of private funding at the tertiary level. On average among the 18 OECD countries for which trend data are available, the share of public funding in tertiary institutions decreased from 79% in 1995 to 73% in 2005. In more than one-half of the countries with comparable data for 1995 and 2005, the private share increased by 3 percentage points or more. This increase exceeds 9 percentage points in Australia, Italy, Portugal, the Slovak Republic and the United Kingdom. Only the Czech Republic and Ireland – and to a lesser extent Spain – show a significant decrease in the private share allocated to tertiary educational institutions.

At the tertiary level, rises in private expenditure on educational institutions have generally gone hand in hand with rises (in real terms) in public expenditure on educational institutions, as they have for all levels of education combined. Public investment in tertiary education has increased in all OECD countries for which 2000 to 2005 data are available. Notably, in eight out of the 11 OECD countries with the highest increases in public expenditure on tertiary education, tertiary institutions charge low or no tuition fees and tertiary attainment is relatively low. By contrast, in Korea, the United Kingdom and in the United States where public spending has also increased significantly, there is a high reliance on private funding of tertiary education.

### 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 (2007), *UOE Data Collection – 2007 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).

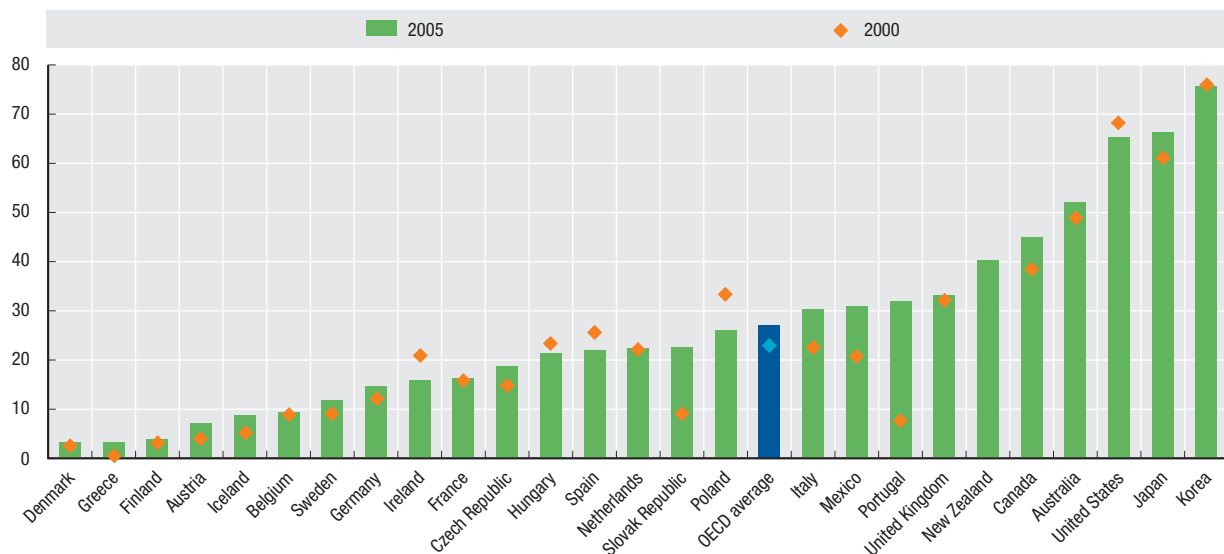
### Trends in relative proportions of public expenditure on educational institutions for tertiary education

|                    | Percentage  |      |      |      |      |      |      | Year 2000 = 100   |      |      |      |      |      |      |
|--------------------|---|------|------|------|------|------|------|---|------|------|------|------|------|------|
|                    | Share of public expenditure on educational institutions |      |      |      |      |      |      | Index of change in public expenditure on educational institutions |      |      |      |      |      |      |
|                    | 1995  | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 1995  | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Australia          | 64.8  | 51.0 | 51.3 | 48.7 | 48.0 | 47.2 | 47.8 | 115   | 100  | 103  | 105  | 107  | 111  | 115  |
| Austria            | 96.1  | 96.3 | 94.6 | 91.6 | 92.7 | 93.7 | 92.9 | 97  | 100  | 112  | 103  | 109  | 119  | 129  |
| Belgium            | ..  | 91.5 | 89.5 | 86.1 | 86.7 | 90.4 | 90.6 | ..  | 100  | 99   | 98   | 97   | 99   | 101  |
| Canada             | 56.6  | 61.0 | 58.6 | 56.4 | ..   | 55.1 | ..   | 69  | 100  | 102  | 98   | ..   | 105  | ..   |
| Czech Republic     | 71.5  | 85.4 | 85.3 | 87.5 | 83.3 | 84.7 | 81.2 | 86  | 100  | 108  | 122  | 138  | 145  | 147  |
| Denmark            | 99.4  | 97.6 | 97.8 | 97.9 | 96.7 | 96.7 | 96.7 | 93  | 100  | 117  | 123  | 113  | 120  | 115  |
| Finland            | 97.8  | 97.2 | 96.5 | 96.3 | 96.4 | 96.3 | 96.1 | 91  | 100  | 100  | 104  | 108  | 114  | 114  |
| France             | 85.3  | 84.4 | 83.8 | 83.8 | 83.8 | 83.8 | 83.6 | 93  | 100  | 101  | 103  | 104  | 105  | 106  |
| Germany            | 89.2  | 88.2 | ..   | ..   | ..   | ..   | 85.3 | 96  | 100  | ..   | ..   | ..   | ..   | 102  |
| Greece             | ..  | 99.7 | 99.6 | 99.6 | 97.9 | 97.9 | 96.7 | 63  | 100  | 136  | 154  | 194  | 196  | 228  |
| Hungary            | 80.3  | 76.7 | 77.6 | 78.7 | 78.5 | 79.0 | 78.5 | 78  | 100  | 109  | 124  | 140  | 122  | 129  |
| Iceland            | ..  | 94.9 | 95.0 | 95.6 | 88.7 | 90.9 | 91.2 | ..  | 100  | 105  | 127  | 133  | 153  | 170  |
| Ireland            | 69.7  | 79.2 | 84.7 | 85.8 | 83.8 | 82.6 | 84.0 | 50  | 100  | 100  | 103  | 98   | 102  | 109  |
| Italy              | 82.9  | 77.5 | 77.8 | 78.6 | 72.1 | 69.4 | 69.6 | 85  | 100  | 107  | 111  | 100  | 101  | 100  |
| Japan              | 35.1  | 38.5 | 36.3 | 35.3 | 36.6 | 36.6 | 33.7 | 80  | 100  | 94   | 94   | 101  | 102  | 93   |
| Korea              | ..  | 23.3 | 15.9 | 14.9 | 23.2 | 21.0 | 24.3 | ..  | 100  | 74   | 68   | 127  | 109  | 136  |
| Mexico             | 77.4  | 79.4 | 70.4 | 71.0 | 69.1 | 68.9 | 69.0 | 75  | 100  | 84   | 119  | 113  | 113  | 119  |
| Netherlands        | 80.6  | 78.2 | 78.2 | 78.8 | 78.6 | 77.6 | 77.6 | 97  | 100  | 103  | 105  | 105  | 107  | 110  |
| New Zealand        | ..  | ..   | ..   | 62.5 | 61.5 | 60.8 | 59.7 | 105   | 100  | 105  | 111  | 116  | 112  | 118  |
| Norway             | 93.7  | 96.3 | ..   | 96.3 | 96.7 | ..   | ..   | 107   | 100  | 105  | 117  | 122  | 124  | 117  |
| Poland             | ..  | 66.6 | 66.9 | 69.7 | 69.0 | 72.9 | 74.0 | 89  | 100  | 117  | 148  | 151  | 180  | 193  |
| Portugal           | 96.5  | 92.5 | 92.3 | 91.3 | 91.5 | 86.0 | 68.1 | 76  | 100  | 107  | 99   | 109  | 89   | 101  |
| Slovak Republic    | 95.4  | 91.2 | 93.3 | 85.2 | 86.2 | 81.3 | 77.3 | 85  | 100  | 109  | 111  | 126  | 150  | 127  |
| Spain              | 74.4  | 74.4 | 75.5 | 76.3 | 76.9 | 75.9 | 77.9 | 72  | 100  | 107  | 111  | 117  | 119  | 119  |
| Sweden             | 93.6  | 91.3 | 91.0 | 90.0 | 89.0 | 88.4 | 88.2 | 84  | 100  | 102  | 107  | 111  | 113  | 111  |
| Switzerland        | ..  | ..   | ..   | ..   | ..   | ..   | ..   | 74  | 100  | 112  | 124  | 131  | 131  | 133  |
| Turkey             | 96.3  | 95.4 | 94.6 | 90.1 | 95.2 | 90.0 | ..   | 56  | 100  | 95   | 106  | 113  | 106  | ..   |
| United Kingdom     | 80.0  | 67.7 | 71.0 | 72.0 | 70.2 | 69.6 | 66.9 | 116   | 100  | 113  | 123  | 122  | 123  | 148  |
| United States      | 37.4  | 31.1 | 38.1 | 39.5 | 38.3 | 35.4 | 34.7 | 85  | 100  | 110  | 119  | 130  | 131  | 132  |
| OECD average       | 78.7  | 77.1 | 77.5 | 77.0 | 76.0 | 74.9 | 73.0 | 86  | 100  | 107  | 115  | 121  | 124  | 128  |
| Brazil             | ..  | ..   | ..   | ..   | ..   | ..   | ..   | 78.1  | 100  | 100  | 102  | 109  | 101  | 118  |
| Russian Federation | ..  | ..   | ..   | ..   | ..   | ..   | ..   | ..  | 100  | 120  | 143  | 171  | 175  | 228  |

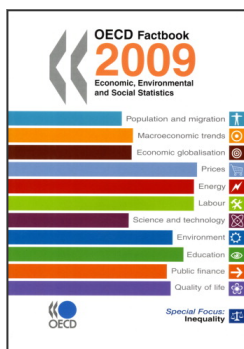
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### Share of private expenditure on educational institutions in tertiary education

Percentage



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