

4. PAYING FOR EDUCATION

How much is spent per student?

- In 2011, OECD countries on average spent USD 9 487 per student each year from primary through tertiary education: USD 8 296 per primary student, USD 9 280 per secondary student and USD 13 958 per tertiary student.
- In primary, secondary and post-secondary non-tertiary education, 94% of total spending per student is devoted to core educational services. Greater differences are seen at the tertiary level, partly because spending on research and development (R&D) represents an average of 32% of total spending per student.
- Spending per student on primary, secondary and post-secondary non-university-level education increased by 17 percentage points on average among OECD countries between 2005 and 2011.

Significance

This section shows the levels of combined public and private spending on education. Demand for high-quality education, which may mean spending more per student, must be balanced against other demands on public spending and the desire to keep taxes low. Policy makers must also balance quality improvement with expansion of access to education, especially considering that spending has not kept up with expanding enrolments in many OECD countries.

Findings

Spending per student is largely affected by teachers' salaries. Indeed, high teacher salaries and low student-teacher ratios are often the main elements raising spending in the ten countries with the highest levels of spending per student at the secondary level.

There is a strong positive relationship between spending per student and GDP per capita at the primary and secondary levels – poorer countries tend to spend less than richer ones. The relationship is weaker at the tertiary level, mainly because financing mechanisms and enrolment patterns differ more at this level.

Once R&D activities and ancillary services such as welfare services to students are excluded, spending on core educational services from primary through tertiary education in OECD countries falls from an average USD 9 487 to an average USD 8 002. This results mainly from the much lower level of spending per student at the tertiary level when peripheral activities are not taken into account.

On average, OECD countries spend around two thirds more per student at the tertiary level than at the primary level. At tertiary level, however, other services, particularly research and development activities, also constitute a large slice of spending. When these are excluded, spending per student on core educational services at the tertiary level is still, on

average, 11% higher than at the primary, secondary and post-secondary non-tertiary levels.

Trends

Between 1995 and 2011 spending per primary, secondary and post-secondary non-tertiary student increased in every country with available data except Italy, by an average of more than 60% (a period of relatively stable student enrolment in most countries). The increase was relatively larger over the period 1995-2005 than over the period 2005-11, on average among OECD countries.

Since the beginning of the economic crisis in 2008, spending per primary, secondary and post-secondary non-tertiary student has continued to increase, except in Denmark, Estonia, Hungary, Iceland, Italy, the Russian Federation and Spain. Spending per tertiary student has decreased in more than a third of countries, mainly because enrolment increased faster than spending. In Iceland, Ireland, Poland and the Russian Federation, however, there was an actual decrease in spending.

Definitions

Core educational services are directly related to instruction in educational institutions, including teachers' salaries, construction and maintenance of school buildings, teaching materials, books, and administration of schools.

Data refer to the financial year 2011 and are based on the UOE data collection on education statistics administered by the OECD in 2013. Spending per student at a particular level of education is calculated by dividing the total spending 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

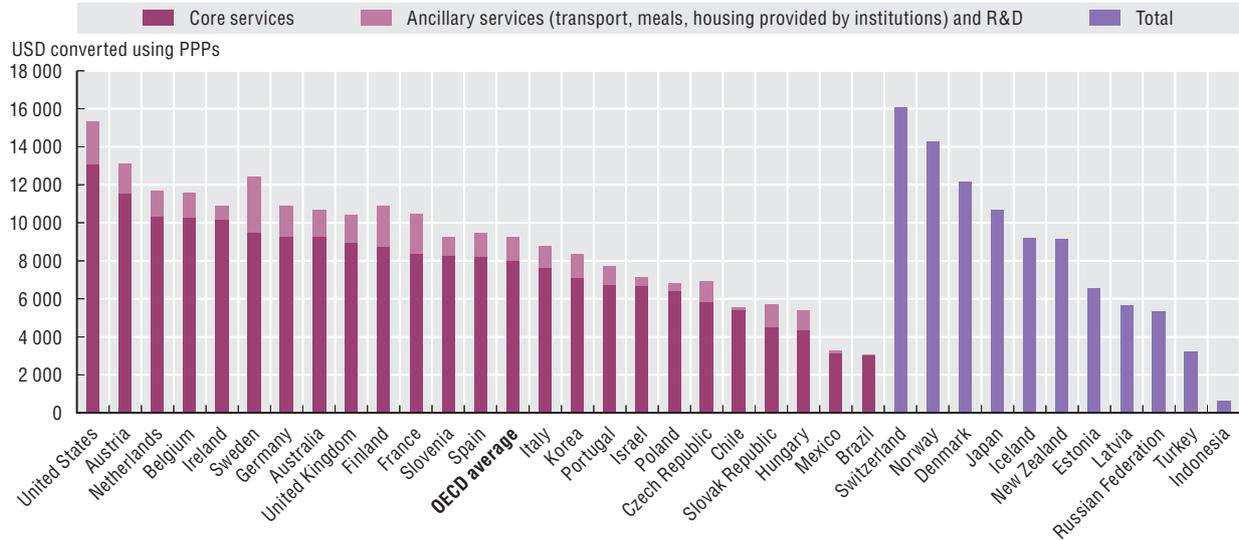
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2014* (Indicator B1).

Areas covered include:

- Annual spending by educational institutions per student for all services, and compared to GDP per capita.
- Cumulative spending by educational institutions per student.

Figure 4.1. Annual spending per student, 2011

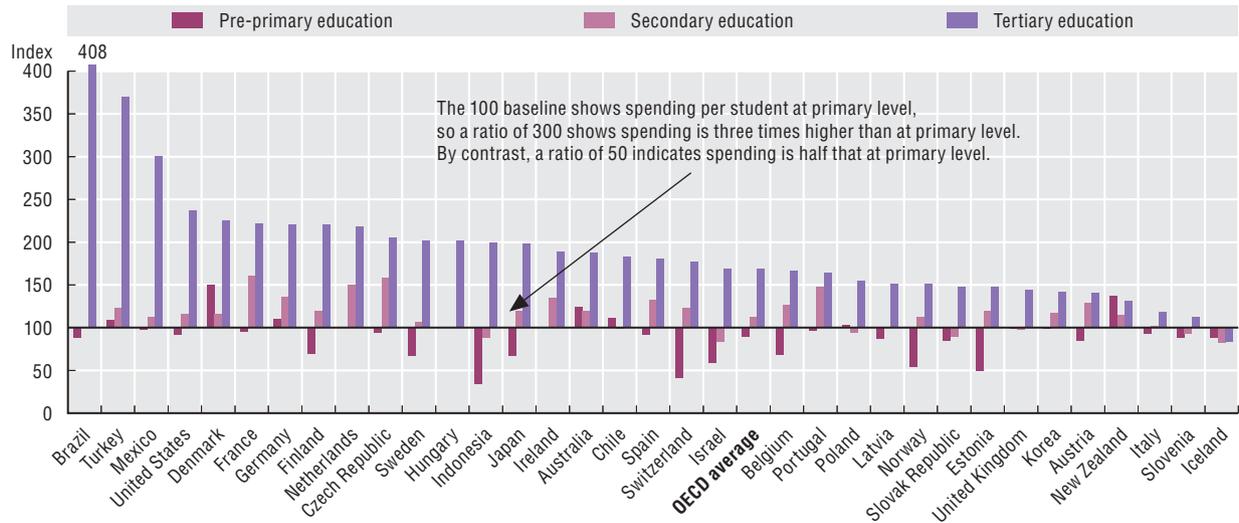
This figure shows how much is spent annually (from public and private sources) per student by educational institutions; these data give a sense of the cost per student of formal education.



Source: OECD (2014), Education at a Glance 2014, Chart B1.1, available at <http://dx.doi.org/10.1787/888933117060>.

Figure 4.2. Primary education spending in relation to other education spending, 2011

This figure shows annual spending (by educational institutions) per student for different levels of education compared with spending at primary level.



Source: OECD (2014), Education at a Glance 2014, Chart B1.3, available at <http://dx.doi.org/10.1787/888933117098>.



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