

What share of national wealth is spent on education?

- OECD countries spend 6.1% of their GDP on educational institutions on average. Seven countries (Argentina, Denmark, Iceland, Israel, Korea, New Zealand and Norway) spend more than 7%.
- Spending on all levels of education combined increased at a faster rate than GDP growth between 2000 and 2011 in almost all countries for which data are available.
- GDP rose in most countries between 2009 and 2011, but public spending on educational institutions fell in one-third of OECD countries during that time, probably as a consequence of fiscal consolidation policies.

Significance

Countries invest in educational institutions to help foster economic growth, enhance productivity, contribute to personal and social development, and reduce social inequality. This section examines the proportion of a nation's wealth that is invested in education. The level of spending depends on how a country – including its government, private enterprises, individual students and their families – prioritises education in relation to overall spending. Education spending largely comes from public budgets and is closely scrutinised by governments. During times of financial crisis, even core sectors like education can be subject to budget cuts.

Findings

Spending on pre-primary education accounts for nearly one-tenth of spending on educational institutions, or 0.6% of GDP, on average among OECD countries. There are large differences among countries. For instance, spending on pre-primary education represents less than 0.2% of GDP in Australia and Switzerland, but about 1% or more in Denmark and Iceland.

Nearly two-thirds of combined OECD average spending on educational institutions, or 3.8% of the GDP, is devoted to primary, secondary and post-secondary non-tertiary education. Argentina and New Zealand spend 5% or more of their GDP on these levels of education, while the Czech Republic, Hungary, Japan, Latvia, the Russian Federation, the Slovak Republic and Turkey spend 3% or less.

Tertiary education accounts for one-quarter of spending on educational institutions, or 1.6% of GDP, on average across OECD countries. Canada, Chile, Korea and the United States spend between 2.4% and 2.8% of their GDP on tertiary insti-

tutions. Four countries devote 1% or less of GDP to tertiary education: Brazil, Hungary, Italy and the Slovak Republic.

Private spending on educational institutions as a percentage of GDP is highest in tertiary education, on average among OECD countries. It represents between 1.7% and 1.9% of GDP in Chile, Korea and the United States.

Trends

For all levels of education combined, public investment increased by 7% between 2008 and 2011, on average in OECD countries. However, the annual growth of public spending on educational institutions in OECD countries slowed during this period, from 4% in 2008-09 to 1% in 2009-10 and 2010-11. Over the whole period 2008-11, only Estonia, Hungary, Iceland, Italy, the Russian Federation and the United States cut public spending on educational institutions; but public spending decreased in only five countries in the period 2008-09, and in ten countries between 2009 and 2011. In Hungary, Iceland, Italy, Portugal and the Russian Federation, public spending dropped by 5% or more between 2009 and 2011.

Definitions

Data refer to the 2011 financial year and are based on the UOE data collection on education statistics administered by the OECD in 2013. Spending on educational institutions includes spending by governments, enterprises, and individual students and their families.

Information on data for Israel:
<http://dx.doi.org/10.1787/888932315602>.

Going further

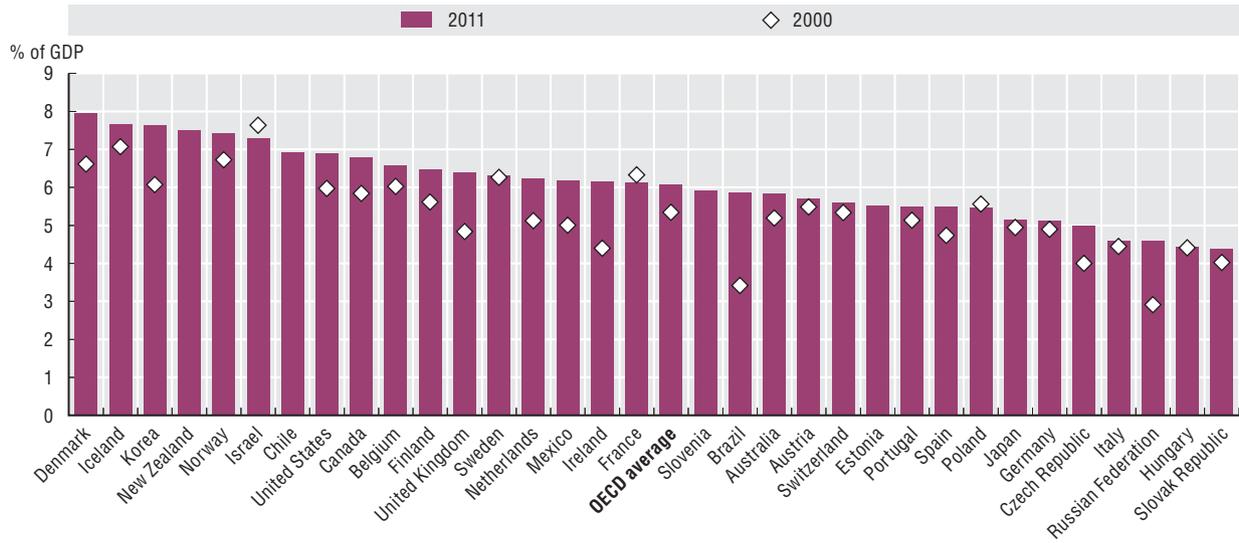
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2014* (Indicator B2).

Areas covered include:

- Spending on educational institutions as a percentage of GDP.
- Impact of the economic crisis on public spending on education, 2008-2011.

Figure 4.3. Trends in education spending as a percentage of GDP (2000, 2011)

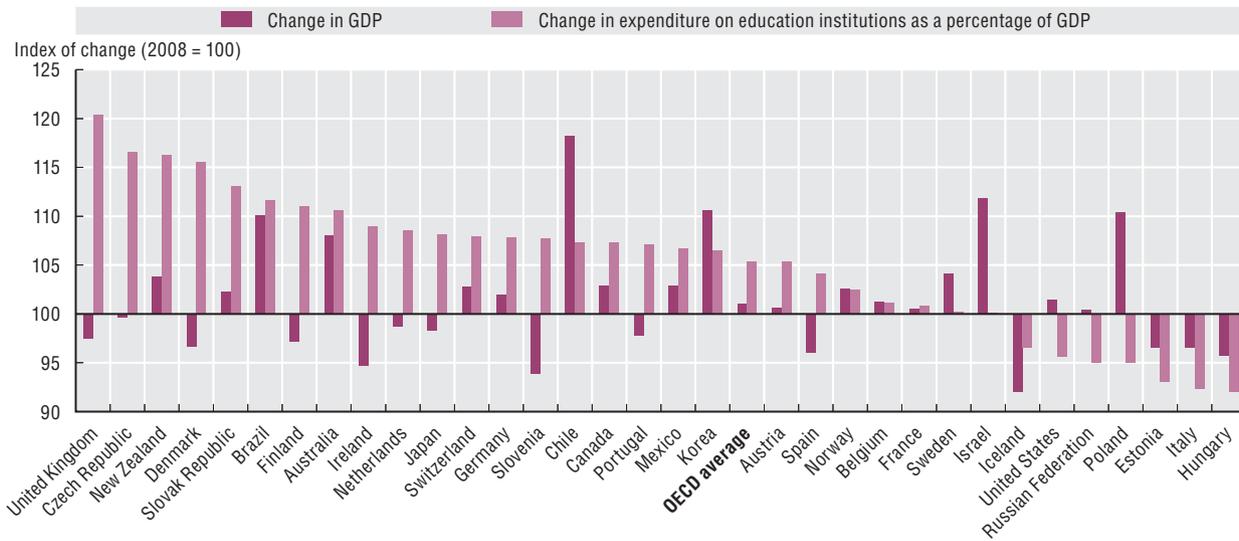
This figure shows the share of national income that countries devote to spending on educational institutions, and how that share has changed over time.



Source: OECD (2014), Education at a Glance 2014, Chart B2.1, available at <http://dx.doi.org/10.1787/888933117288>.

Figure 4.4. Impact of the economic crisis on education spending, 2011

This figure shows how the economic crisis has affected public spending on education.



Source: OECD (2014), Education at a Glance 2014, Chart B2.3, available at <http://dx.doi.org/10.1787/888933117326>.



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