

4. PAYING FOR EDUCATION

How much public and private investment in education is there?

- Public funding accounts for 84% of all funds for educational institutions, on average in OECD countries.
- Nearly 92% of the funds for primary, secondary and post-secondary non-tertiary educational institutions come from public sources, on average in OECD countries.
- In comparison with other levels of education, tertiary institutions obtain the largest proportion of funds from private sources (31%), while pre-primary institutions obtain the second largest (19%).

Significance

Who should support an individual's efforts to acquire more education – governments or the individuals themselves? This question is gaining importance as more people are participating in a wider range of educational programmes than ever before. In the current economic environment, many governments are finding it difficult to provide the necessary resources to support the increased demand for education in their countries through public funds alone. In addition, some policy makers assert that those who benefit the most from education – the individuals who receive it – should bear at least some of the costs. While public funding still represents a large part of countries' investment in education, the role of private sources of funding is becoming increasingly prominent.

Findings

Educational institutions in OECD countries are mainly publicly funded, although there is a substantial – and growing – level of private funding at the tertiary level. On average in OECD countries, 84% of all funds for educational institutions come directly from public sources; 16% come from private sources. However, the share of public and private funding varies widely among countries. The share of private funds exceeds 35% in Chile and Korea; by contrast, less than 3% of spending on education comes from private sources in Finland and Sweden. The countries with the lowest amounts of public spending per student in tertiary institutions are also those with the fewest students enrolled in public tertiary institutions, except Colombia, Mexico and Poland.

Individual households account for most of the private expenditure on tertiary education in most countries for which data are available. Argentina, Austria, Belgium, Canada, the Czech Republic and Sweden are the exceptions, where private expenditure from entities such as private businesses and non-profit organisations is more significant than private expenditure from households. This is mainly because tuition fees charged by tertiary institu-

tions are low or negligible in these countries (with the exception of Canada).

Trends

Between 2000 and 2011, the average share of public funding for tertiary institutions decreased from 73.7% in 2000 to 69.1% in 2005, and then slightly to 68.3% in 2011 (on average among the 20 OECD countries for which data are available for all years). This trend is mainly influenced by some European countries, where significant changes in tuition fees took place and where enterprises participate more actively in providing grants to finance tertiary institutions. In addition, the share of private funding for tertiary education increased between 2000 and 2011 in 21 of the 26 countries for which comparable data are available, by 6 percentage points on average. During this period, the share of private funding also rose at the primary, secondary, post-secondary non-tertiary levels and at all levels of education combined, on average among OECD countries, and most significantly in the Slovak Republic and the United Kingdom (for all levels of education combined).

Definitions

Private spending includes all direct expenditure on educational institutions, whether partially covered by public subsidies or not. Public spending is related to all students at public and private institutions, whether these institutions receive public funding or not.

Data refer to the financial year 2011 and are based on the UOE data collection on education statistics administered by the OECD in 2013.

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 B3).

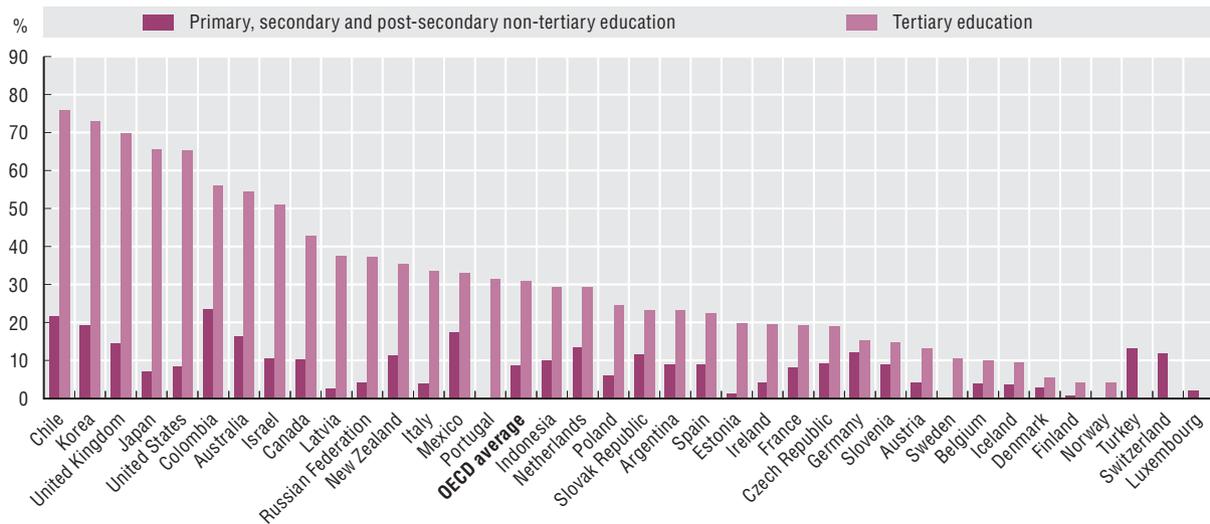
Areas covered include:

- Distribution of public and private spending on educational institutions.
- Change in private expenditure on tertiary educational institutions, 2000-2011.

How much public and private investment in education is there?

Figure 4.5. Share of private spending on educational institutions, 2011

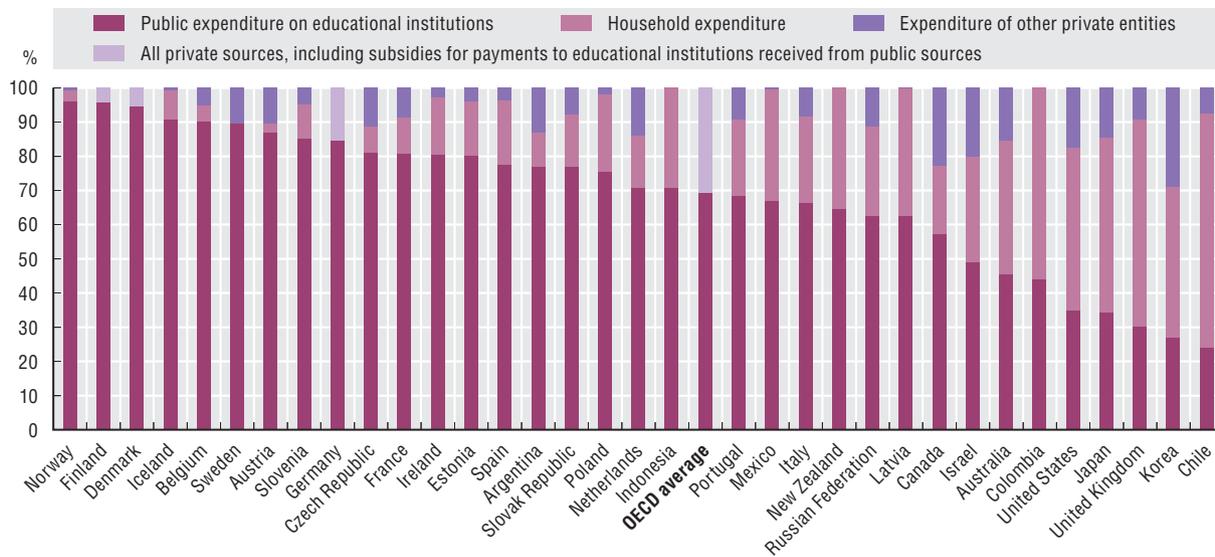
This figure shows the share of private spending on educational institutions as a percentage of total spending on educational institutions.



Source: OECD (2014), Education at a Glance 2014, Chart B3.1, available at <http://dx.doi.org/10.1787/888933117478>.

Figure 4.6. Distribution of spending on tertiary education, 2011

This figure shows the distribution of public and private spending on tertiary educational institutions in 2011.



Source: OECD (2014), Education at a Glance 2014, Chart B3.2, available at <http://dx.doi.org/10.1787/888933117497>.



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