

PUBLIC AND PRIVATE EXPENDITURE ON EDUCATION

Cost-sharing between participants in the education system, and in society as a whole, is an issue discussed in many countries. It is especially relevant for pre-primary and tertiary education, for which full or nearly full public funding is rare. 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; both types of outlays are included in the data on public expenditure shown in this section. Private expenditure includes all direct expenditure on educational institutions, whether partially covered by public subsidies or not.

These expenditure data are limited to outlays by educational institutions. Excluded are the costs incurred by

families to purchase textbooks and materials commercially, or to pay for private tutoring for their children provided outside educational institutions. Also excluded are students' living costs and foregone earnings, which can account for a significant proportion of the costs of education for students at the tertiary level.

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. The data on expenditure were obtained by a special survey conducted in 2008 which applied consistent methods and definitions.

Overview

Around 85% of all funds for educational institutions in OECD countries come from public sources. At tertiary level, the share of public funding in 2006 represented 73% of the total, on average, across OECD countries. 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 Norway, to more than 40% in Australia, Canada, Japan, the United States and Israel, and to over 75% in Korea and Chile.

The share of public expenditure at the tertiary level has declined over time, falling from 78% in 2000 to 73% in 2006 on average. In nearly one-half of the countries with comparable data for 2000 and 2006, the private share increased by 3 percentage points or more. This increase exceeds 9 percentage points in Austria, Mexico, Portugal and the Slovak Republic. Only Ireland – and to a lesser extent in Poland and Spain – show a significant decrease in the share of private spending in the total 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 2006 data are available except in Japan and Chile. In six out of the 11 OECD countries with the highest increases in public expenditure on tertiary education (the Czech Republic, Hungary, Iceland, Poland, the Slovak Republic and Switzerland), tertiary institutions charge low or no tuition fees and tertiary attainment is relatively low. By contrast, Korea, New Zealand, the United Kingdom and in the United States, where public spending has also increased significantly, are characterised by a high reliance on private funding of tertiary education.

Sources

- OECD (2009), *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.

Methodological publications

- OECD (2004), *OECD Handbook for Internationally Comparative Education Statistics: Concepts, Standards, Definitions and Classifications*, OECD, Paris.
- UIS, OECD and Eurostat (2009), *UOE Data Collection – 2009 Data Collection on Education Systems: Definitions, Explanations and Instructions*, OECD, Paris.

Web sites

- OECD Education at a Glance, www.oecd.org/edu/eag2009.



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Share of private expenditure on educational institutions

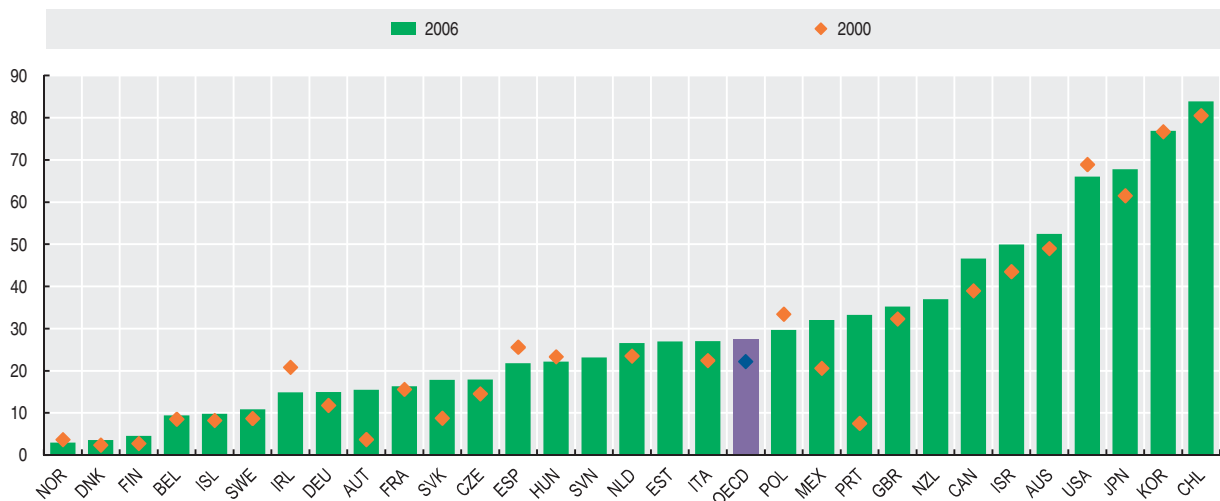
Percentage of total expenditure on educational institutions

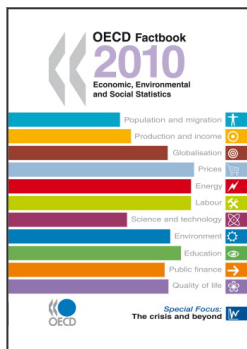
| | Pre-primary education (for children 3 years and older) | | Primary, secondary and post-secondary non-tertiary education | | Tertiary education | | Total all levels of education | |
|-----------------|---|------|---|------|--------------------|------|-------------------------------|------|
| | 2000 | 2006 | 2000 | 2006 | 2000 | 2006 | 2000 | 2006 |
| Australia | 33.8 | 36.9 | 15.6 | 17.2 | 49.0 | 52.4 | 24.7 | 27.6 |
| Austria | 22.8 | 36.6 | 4.2 | 5.7 | 3.7 | 15.5 | 6.0 | 10.8 |
| Belgium | 3.1 | 3.6 | 5.3 | 4.9 | 8.5 | 9.4 | 5.7 | 5.6 |
| Canada | .. | .. | 7.6 | 11.3 | 39.0 | 46.6 | 20.1 | 26.2 |
| Czech Republic | 12.3 | 9.3 | 8.3 | 9.2 | 14.6 | 17.9 | 10.1 | 11.6 |
| Denmark | 14.4 | 18.6 | 2.2 | 2.1 | 2.4 | 3.6 | 4.0 | 8.1 |
| Finland | 12.1 | 9.2 | 0.7 | 1.0 | 2.8 | 4.5 | 2.0 | 2.5 |
| France | 4.6 | 4.5 | 7.4 | 7.5 | 15.6 | 16.3 | 8.8 | 9.1 |
| Germany | 24.3 | 27.8 | 13.7 | 13.0 | 11.8 | 15.0 | 14.4 | 14.8 |
| Greece | .. | .. | 8.3 | .. | 0.3 | .. | 6.2 | .. |
| Hungary | 12.1 | 6.2 | 7.3 | 5.3 | 23.3 | 22.1 | 11.7 | 9.5 |
| Iceland | 35.5 | 30.4 | 3.6 | 3.9 | 8.2 | 9.8 | 10.0 | 10.2 |
| Ireland | 5.8 | .. | 4.0 | 3.1 | 20.8 | 14.9 | 9.5 | 6.0 |
| Italy | .. | 6.5 | 2.2 | 2.8 | 22.5 | 27.0 | 5.7 | 7.7 |
| Japan | 47.7 | 56.6 | 10.2 | 10.1 | 61.5 | 67.8 | 29.0 | 33.3 |
| Korea | .. | 53.7 | 19.2 | 22.4 | 76.7 | 76.9 | 40.8 | 41.2 |
| Mexico | 9.7 | 16.8 | 13.9 | 17.3 | 20.6 | 32.1 | 14.7 | 19.8 |
| Netherlands | 1.6 | 1.4 | 14.3 | 13.1 | 23.5 | 26.6 | 15.9 | 15.7 |
| New Zealand | .. | 37.6 | .. | 13.4 | .. | 37.0 | .. | 20.1 |
| Norway | .. | 9.5 | 1.0 | .. | 3.7 | 3.0 | 5.0 | .. |
| Poland | 12.9 | 14.7 | 4.6 | 1.4 | 33.4 | 29.6 | 11.0 | 9.5 |
| Portugal | .. | .. | 0.1 | 0.1 | 7.5 | 33.3 | 1.4 | 8.0 |
| Slovak Republic | .. | 20.8 | 2.4 | 13.2 | 8.8 | 17.9 | 3.6 | 14.8 |
| Spain | 18.5 | 14.3 | 7.0 | 6.3 | 25.6 | 21.8 | 12.6 | 11.1 |
| Sweden | 10.7 | 0.0 | 0.1 | 0.1 | 8.7 | 10.9 | 3.0 | 2.7 |
| Switzerland | .. | .. | 10.8 | 13.4 | .. | .. | 7.9 | .. |
| Turkey | .. | .. | .. | .. | 4.6 | .. | 1.4 | .. |
| United Kingdom | 4.1 | 7.3 | 11.3 | 23.2 | 32.3 | 35.2 | 14.8 | 24.7 |
| United States | 25.1 | 22.4 | 8.4 | 8.5 | 68.9 | 66.0 | 32.7 | 32.0 |
| OECD average | 16.4 | 20.2 | 7.2 | 8.8 | 22.2 | 27.4 | 11.9 | 15.3 |
| Chile | .. | 29.1 | 31.6 | 27.2 | 80.5 | 83.9 | 44.8 | 44.4 |
| Estonia | .. | 1.2 | .. | 1.5 | .. | 26.9 | .. | 7.0 |
| Israel | 33.1 | 22.4 | 5.9 | 7.8 | 43.5 | 49.9 | 20.0 | 23.2 |
| Slovenia | .. | 18.3 | .. | 9.2 | .. | 23.1 | .. | 13.0 |

StatLink <http://dx.doi.org/10.1787/826213234488>

Share of private expenditure on educational institutions

Percentage of total expenditure on educational institutions

StatLink <http://dx.doi.org/10.1787/821575222084>



From:
OECD Factbook 2010
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2010-en>

Please cite this chapter as:

OECD (2010), "Public and Private Expenditure on Education", in *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2010-72-en>

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