

### 3. PAYING FOR EDUCATION

## What are education funds spent on?

- In primary, secondary and post-secondary non-tertiary education combined, current expenditure accounts for an average of just under 92% of total spending in OECD countries.
- Staff salaries account for 80% of current expenditure at the primary, secondary and post-secondary non-tertiary levels.
- On average, spending on research and development (R&D) in universities and other higher education institutions accounts for one-quarter of expenditures at that level.

### Significance

This indicator shows how OECD countries spend their funds for education, including the split between capital expenditure, which is one-off spending on things like school buildings, and current expenditure, which is recurring spending on things like teacher salaries. How spending is apportioned, both between current and capital outlays and within these categories, can affect the quality of services, the condition of facilities, and the ability of education systems to adjust to changing demographic and enrolment trends.

### Findings

In primary, secondary, and post-secondary non-tertiary education, current expenditure accounts for nearly 92% of total spending, on average, across all OECD countries. In large part this is attributable to the labour-intensiveness of education, with teacher salaries accounting for a very large slice of current – and total – education spending (see below). At these levels of education, the split between current and capital spending varies significantly between countries. The current shares range from less than 80% in Luxembourg to at least 97% in Belgium, Mexico and Portugal.

Current spending accounts for a slightly smaller share of average expenditure on tertiary education across the OECD area, about 90%. This is largely due to higher capital outlays for constructing, renovating and or repairing buildings and facilities in tertiary education, which are generally more advanced than at lower levels of education. In about a third of OECD countries for which data are available, the proportion spent on capital expenditure at tertiary level is 10% or more. In the Czech Republic, Greece and Spain it is above 15%.

On average across OECD countries, staff salaries account for 80% of current expenditure at the primary, secondary and post-secondary non-tertiary levels, rising to 90% or more in Greece, Mexico and Portugal. On average, OECD countries spend 0.2% of GDP on ancillary services provided by primary, secondary and post-secondary non-tertiary institutions, representing 6% of total spending on these institutions.

At tertiary level, OECD countries spend an average of 32% of current expenditure for purposes other than staff salaries. This is explained by the higher cost of facilities and equipment at this level of education.

Variations among OECD countries in spending on R&D activities in tertiary education can explain a significant part of the differences in overall spending on students at this level. High levels of R&D spending in universities in Australia, Austria, Belgium, Canada, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom imply that spending on education per student in these countries would be considerably lower if the R&D component were excluded.

### Definitions

Data refer to the financial year 2005 and are based on UOE data collection on education statistics administered by the OECD in 2007. R&D expenditure includes all spending on research performed at universities and other tertiary education institutions, regardless of whether the research is financed from general institutional funds or through separate grants or contracts from public or private sponsors.

### Going further

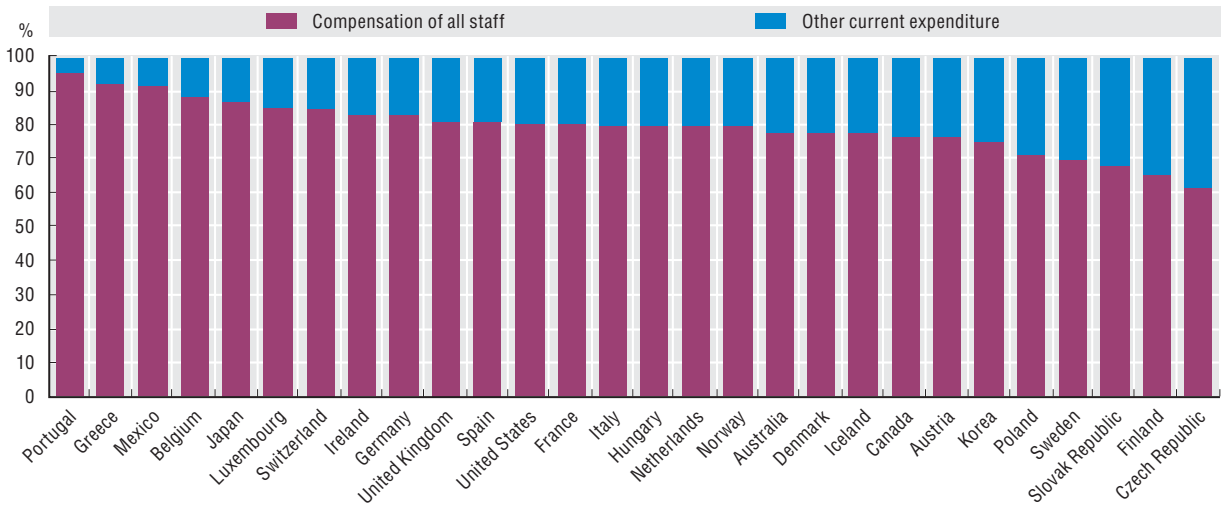
For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2008* (Indicator B6).

Areas covered include:

- Expenditure on educational institutions by service category as a percentage of GDP.
- Distribution of current expenditure on educational institutions by level of education.

Figure 3.12. **Staff costs as a proportion of current expenditure in education, 2005**

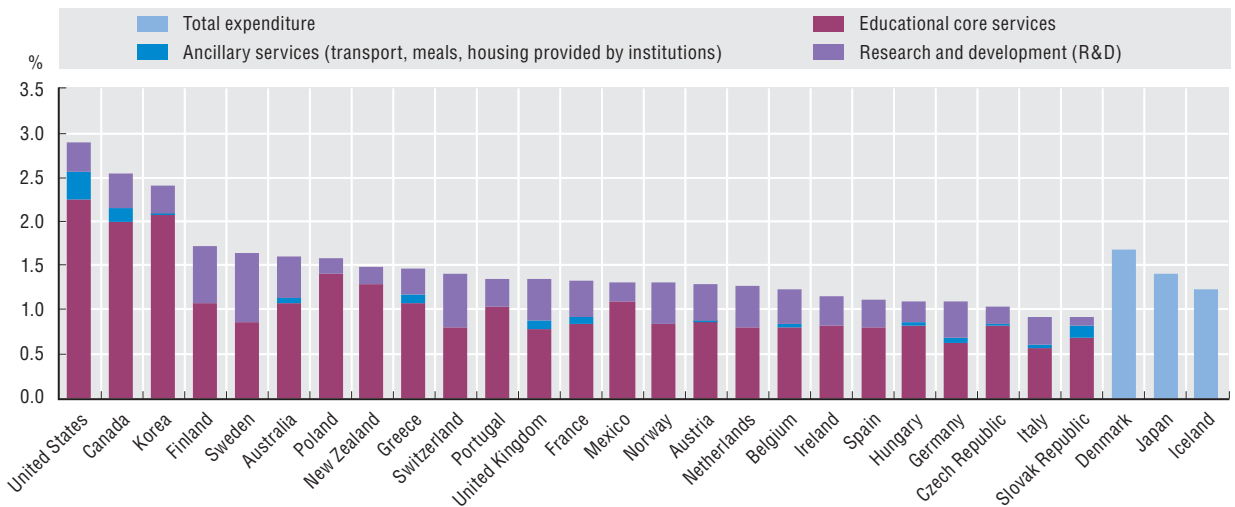
This figure shows the proportion of current expenditure devoted to paying staff in primary, secondary and post-secondary non-tertiary education. Other areas of current spending include transport, student counselling, and recurring spending on school materials and research.



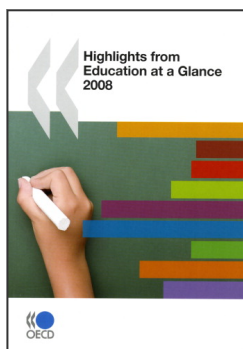
Source: OECD (2008), *Education at a Glance 2008*, Table B6.2b, available at <http://dx.doi.org/10.1787/402057518843>.

Figure 3.13. **Expenditure on services and research in tertiary education, 2005**

This figure shows expenditure on educational core services, R&D and ancillary services in tertiary educational institutions as a percentage of GDP.



Source: OECD (2008), *Education at a Glance 2008*, Table B6.1, available at <http://dx.doi.org/10.1787/402057518843>.



**From:**  
**Highlights from Education at a Glance 2008**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264040625-en>

**Please cite this chapter as:**

OECD (2009), "What are education funds spent on?", in *Highlights from Education at a Glance 2008*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/eag\\_highlights-2008-26-en](https://doi.org/10.1787/eag_highlights-2008-26-en)

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).