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PUBLIC EXPENDITURE ON EDUCATION IN THE EU

The countries of the EU are in general making considerable efforts in the field of education, with total public expenditure on all levels accounting for 5.2% on average of the GDP of the Fifteen in 1995. With a few exceptions, this average corresponds fairly closely to the situation in the individual Member States. However, expenditure per pupil/student varies much more widely in primary, secondary and tertiary education alike, although in all Member States the unit costs increase in proportion with the level of education. The amount of financial aid awarded to pupils/students varies very widely from one country to another - from 16% of total expenditure in Denmark to less than 1% in Greece. Financial aid is mainly awarded to students in tertiary education. Practically all the countries spend over 65% of the education budget on staff costs, the EU-15 average being 73%.

Considerable efforts in the field of education

In 1995, total public expenditure on all levels of education accounted for 5.2% on average of the GDP of the EU (Table 1).

The Member States devote comparable proportions of their national resources to education. The highest levels are found in the Nordic countries, with between 7% and 8%, and the lowest in Greece with 3%. This relative homogeneity in the proportion of GDP allocated to expenditure on education in the countries of the EU reflects similar trends in education policies.

Throughout the European Union, primary education (ISCED 1) receives an average of 1.0% of GDP, while secondary (ISCED 2,3) and tertiary (ISCED 5,6,7) education are allocated 2.7% and 1.1% respectively (Table 1). Pre-primary education and other expenditure not allocated by level account for an average of 0.4% of GDP.

Table 1: Public expenditure on education by level - 1995

	TOTAL	Primary ISCED 1	Secondary ISCED 2,3	Tertiary ISCED 5,6,7
EU-15	5.2	1.0	2.7	1.1
EUR-11	5.2	0.8	2.8	1.0
B	5.7	1.2	2.7	1.2
DK	8.0	1.7	3.2	1.9
D	4.8		3.4 ⁽¹⁾	1.1
EL	2.9	1.1 ⁽²⁾	1.2	0.7
E	4.9	1.1	2.4	0.9
F	6.0	1.2	3.0	1.1
IRL	5.2	1.3	2.2	1.2
I	4.7	1.1	2.2	0.7
L	4.4	2.3	1.9	0.2
NL	5.2	1.2	2.1	1.6
A	5.6	1.2	2.7	1.1
P	5.8	1.8	2.3	1.0
FIN	7.3	1.8	2.7	2.1
S	7.8	2.0	3.1	2.2
UK	5.2	1.6	2.3	1.2
IS	4.8	1.4	2.1	0.9
NO	7.5	2.3 ⁽³⁾	1.7	2.0

Source: Eurostat, UOE

⁽¹⁾ ISCED 0,1,2,3

⁽²⁾ ISCED 0,1

⁽³⁾ ISCED 1,2

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Expenditure per student is highest in tertiary education

Education is both an investment and an expense. In the long term, the investment is profitable for the individual and society as a whole, but in the short term education means substantial expenditure on the part of the State and loss of earnings for students, since they are not in gainful employment. Expenditure per student for a given level of education varies considerably from one country to another, as do the differences between levels. Nevertheless, in all countries unit costs increase with the level of education.

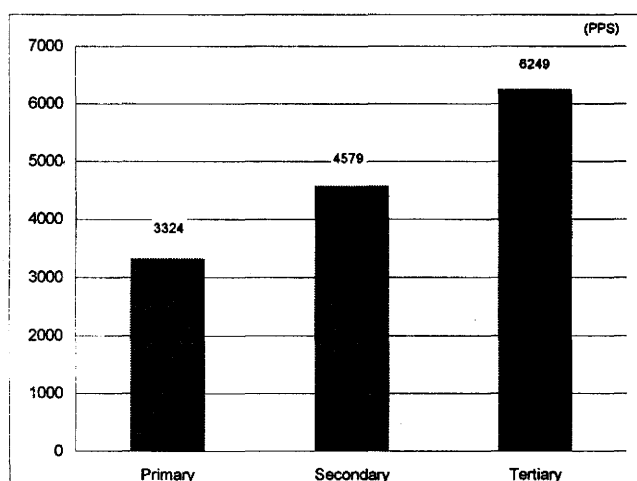
The expenditure per student is influenced by many factors, including in particular the number of pupil/students enrolled, the average length of study and teachers' salaries.

In primary education, expenditure per student is between 2 000 PPS and 4 000 PPS, with an average of 3 324 PPS. In Denmark, Austria, Sweden and Norway, costs per pupil/student are more than 4 500 PPS, while in Greece they are less than 2 000 PPS.

In secondary education, average expenditure per student is 4 579 PPS, with most countries spending between 3 000 PPS and 6 000 PPS. Denmark, France, Norway, Belgium and Austria spend more than 6 000 PPS per pupil/student.

In tertiary education, unit costs are between 3 000 PPS and 6 000 PPS in Spain, Italy, Iceland, Portugal, France and Belgium. They tend to differ significantly from the Community average (6 249 PPS) in Ireland, the United Kingdom, Finland, Norway, Austria, Denmark, Germany and the Netherlands. The expenditure per student in Sweden is considerably higher than in all the other countries as it includes research expenditure (Figure 1 and Table 2).

Figure 1: Average expenditure per pupil/student in public institutions by level of education in the EU - 1995



Source: Eurostat, UOE

Table 2: Expenditure per pupil/student in public institutions by level of education - 1995

	(PPS)		
	Primary ISCED 1	Secondary ISCED 2,3	Tertiary ISCED 5,6,7
EU-15	3 324	4 579	6 249
EUR-11	3 390	4 673	6 143
B	3 808	6 592	6 029
DK	5 533	6 063	8 250
D	3 127	4 059	8 277
EL	1 601 ⁽¹⁾	1 843	2 526
E	2 817	3 638	3 934
F	3 250	6 179	5 993
IRL	2 026	3 172	6 546
I	4 348	4 976	4 751
L	:	:	:
NL	3 098	4 360	8 504 ⁽²⁾
A	5 184	6 623	7 390
P	2 710	2 945	5 650
FIN	3 965	4 498	6 707
S	4 825	5 226	12 407
UK	3 089	4 288	6 571 ⁽²⁾
IS		3 482 ⁽³⁾	5 293
NO	4 587 ⁽⁴⁾	6 494	7 345

Source: Eurostat, UOE

⁽¹⁾ ISCED 0,1

⁽²⁾ Public + government dependent private institutions

⁽³⁾ ISCED 0,1,2,3

⁽⁴⁾ ISCED 1,2

Financial aid for pupil/students: disparities between Member States

Total financial aid awarded to pupils/students accounts for an average of 5.7% of public expenditure on education, varying between less than 2.5% (in Greece, Spain, Italy, Luxembourg, Austria and Portugal) and more than 10% (in Denmark, the Netherlands, Sweden, the United Kingdom and Norway). Thus there are substantial disparities between Member States (Table 3).

Table 3: Financial aid for pupils/students - 1995

	(% of total public expenditure on education)
	Public financial aid
EU-15	5.7
EUR-11	4.0
B	3.6
DK	16.4
D	4.3
EL	0.4
E	2.4
F	4.3
IRL	9.3
I	1.2
L	2.4
NL	12.7
A	1.7
P	1.8
FIN	8.7
S	15.5
UK	10.3
IS	7.0
NO	14.0

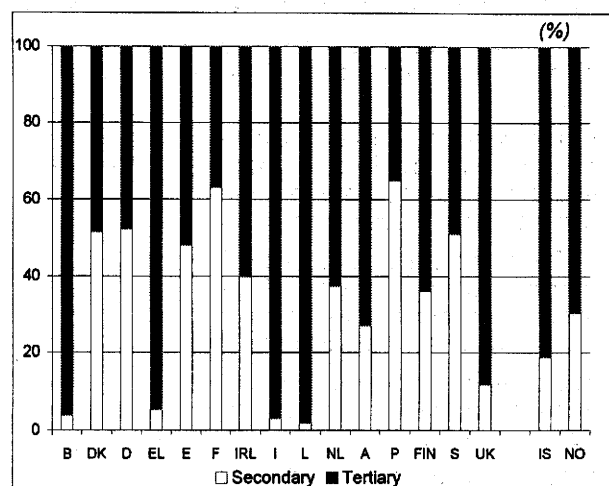
Source: Eurostat, UOE

Financial aid is mainly awarded to students in tertiary education

The breakdown of financial aid by level of education depends on a variety of factors, including in particular national policies on young people, the family and universities. Students in tertiary education are the main recipients of financial aid in the form of grants or loans. On average they receive 62% of total financial aid (Figure 2).

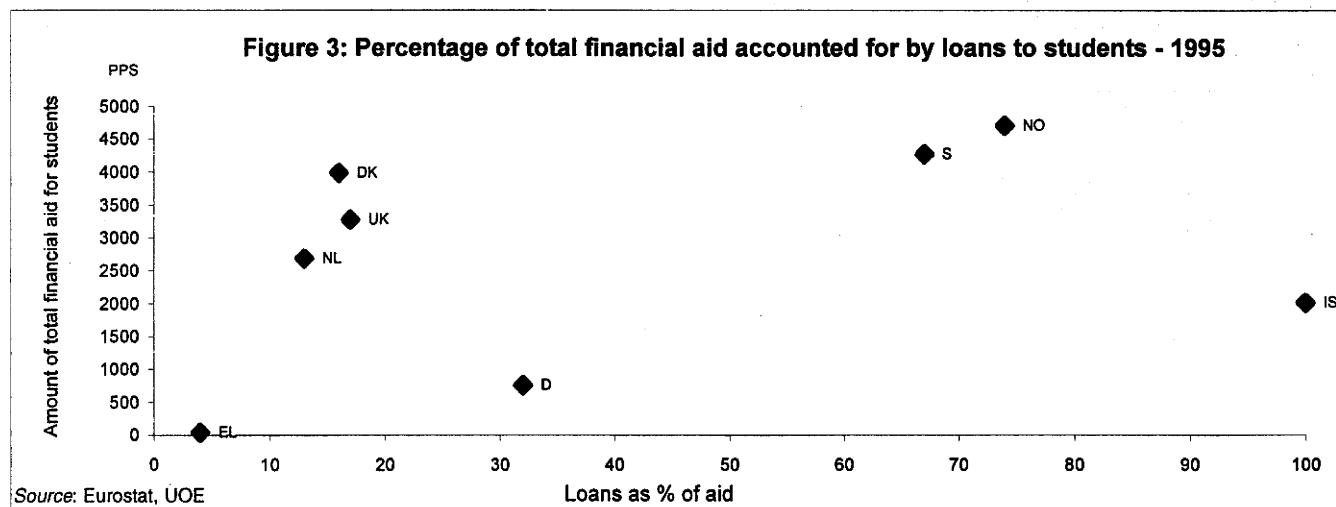
Financial aid for students in tertiary education can take the form of grants and/or loans. Grants account for 100% of financial aid in most Member States, combined systems of grants and loans being found primarily in the northern countries (Norway, Sweden, Germany, the United Kingdom, Denmark and the Netherlands). Iceland only grants loans (Figure 3).

Figure 2: Breakdown of financial aid for pupils/students by level of education - 1995



Source: Eurostat, UOE

Figure 3: Percentage of total financial aid accounted for by loans to students - 1995



Source: Eurostat, UOE

The majority of the budget goes on staff costs

Wages and salaries for teaching and other staff account for the majority of the budget, with an average of 73% of total expenditure in public institutions, taking all levels together. The disparities between countries are less marked than for certain other indicators mentioned above (Table 4).

Other current expenditures (purchase of goods and services, building maintenance, teaching materials etc.) also vary from country to country, with an average of 19%. This not inconsiderable amount reflects the fact that the physical environment in which education takes place entails major expenditure. Average capital expenditure is 8%. It should be borne in mind, however, that the development of expenditure of this kind becomes significant only over a period of several years.

Figure 4: Breakdown between current expenditure and capital expenditure in public institutions - 1995

	Current expenditure		Capital expenditure
	Staff	Other cur. Exp.	
EU-15	73.2	18.7	8.1
EUR-11	75.1	16.1	8.8
B	73.9	24.1	2.1
DK	74.1	18.9	7.0
D	75.7	14.3	10.0
EL	76.0	7.4	16.6
E	76.6	14.9	8.6
F	72.6	17.7	9.7
IRL	83.2	11.7	5.2
I	78.9	14.0	7.1
L	88.8	3.4	7.8
NL	73.6	20.8	5.6
A	62.4	26.7	10.9
P	82.7	8.6	8.7
FIN	64.8	29.2	6.0
S	57.7	43.2 ⁽¹⁾	
UK	64.1	30.8	5.0
IS	63.9	24.6	11.6
NO	68.6	19.0	12.4

Source: Eurostat, UOE

(¹) Capital expenditure is included under "other current expenditure"

Methodological notes

- a) EUR-11 represents the eleven countries that make up the EURO zone.
- b) The basic data underlying these figures were taken from the joint UNESCO/OECD/EUROSTAT (UOE) questionnaire on expenditure on education for the 1995 financial year, except in the case of Belgium, for which the reference year was 1994.
- c) The data refer only to public expenditure on education by all government departments. They cover "regular" initial education - principally under the supervision of the Ministries of Education - corresponding to the three levels into which education systems are traditionally divided. They do not take account of private expenditure on education, including expenditure by households.
- d) Certain data are expressed in Purchasing Power Standards (PPS) in order to cancel out differences in price levels from one country to another. The purchasing power parity rate between the PPS and the various national currencies is the number of units of national currency needed at a given time to purchase the same volume of goods and services in each of the individual countries as can be purchased for one PPS in the European Union. The PPS is expressed in ecus.
- e) In order to facilitate comparison between countries, the data on education are grouped according to the levels defined in the International Standard Classification of Education (ISCED), i.e.: ISCED 1: Primary education; ISCED 2,3: Secondary education; ISCED 5,6,7: Tertiary education.
- f) If public expenditure on education is expressed as a percentage of GDP, it is possible to compare the proportion of national wealth that the public authorities allocate to education. Public expenditure comprises direct expenditure for educational institutions plus transfers and payments to other private entities.
- g) Expenditure per pupil/student for the various levels is calculated by dividing expenditure at a given level by the corresponding number of pupils/students (in full-time equivalents). The enrolment data are weighted to make the academic year coincide with the calendar year corresponding to the reference budgetary period.

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