Public expenditure on education in the EU in 1997

Joaquim Silva Pereira

Investing in education: a long-term concern

Education is an important investment for the Member States of the European Union (EU). Investment in education is influenced by factors such as the level of economic development, the percentage of young people in the population and the duration of the various cycles of study. On the whole, the percentage of national wealth devoted to education reflects the importance which governments attach to education.

Public resources allocated to the funding of all levels of education - not including private sources - represented on average 5.0% of the Union's GDP in 1997. Public expenditure on education as a percentage of GDP tends to remain stable within individual countries over time. Nevertheless, the government's contribution to education may vary greatly from one country to another, ranging from 3.2% in Greece to 8.0% in Denmark.

The distribution of education budgets by level of education was more consistent, with primary and higher education accounting for approximately 1.0% on average of GDP, while secondary education accounts for 2.5%.

Table 1: Public expenditure on education by level of education - 1997

<table>
<thead>
<tr>
<th></th>
<th>Total(1)</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-15</td>
<td>5.0</td>
<td>0.9</td>
<td>2.5</td>
<td>1.1</td>
</tr>
<tr>
<td>EUR-11</td>
<td>5.0</td>
<td>0.8</td>
<td>2.6</td>
<td>1.0</td>
</tr>
<tr>
<td>B(FI)(2)</td>
<td>5.1</td>
<td>1.0</td>
<td>2.3</td>
<td>1.1</td>
</tr>
<tr>
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<td>8.0</td>
<td>1.8</td>
<td>3.2</td>
<td>1.8</td>
</tr>
<tr>
<td>D</td>
<td>4.7</td>
<td>1.1</td>
<td>3.0(3)</td>
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<td>EL</td>
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<td>1.2</td>
<td>2.2</td>
<td>0.9</td>
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<tr>
<td>E</td>
<td>4.6</td>
<td>1.2</td>
<td>3.0</td>
<td>1.1</td>
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<td>1.6</td>
<td>2.0</td>
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<td>0.7</td>
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<td>4.5</td>
<td>1.9</td>
<td>2.1</td>
<td>0.2</td>
</tr>
<tr>
<td>L</td>
<td>4.1</td>
<td>1.2</td>
<td>1.9</td>
<td>1.4</td>
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<td>2.9</td>
<td>1.7</td>
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<tr>
<td>A</td>
<td>6.4</td>
<td>1.7</td>
<td>2.4</td>
<td>1.0</td>
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<tr>
<td>P</td>
<td>5.7</td>
<td>1.6</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
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<td>6.7</td>
<td>2.1</td>
<td>3.2</td>
<td>2.1</td>
</tr>
<tr>
<td>S</td>
<td>7.9</td>
<td>1.1</td>
<td>2.1</td>
<td>1.1</td>
</tr>
<tr>
<td>UK</td>
<td>4.7</td>
<td>1.7</td>
<td>2.3</td>
<td>0.9</td>
</tr>
<tr>
<td>IS</td>
<td>5.4</td>
<td>3.0(4)</td>
<td>1.6</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Eurostat.UOE

(1) Expenditure on pre-primary education and non-allocated expenditure by level of education are included
(2) B(FI) - Flemish community
(3) D - Primary and secondary
(4) NO - Primary and lower secondary
Expenditure per pupil is important core data because it provides policy-makers with useful information to make budget choices and to define new education priorities, and it also allows comparisons to be made between countries. In some ways this information may prove to be a useful initial parameter in measuring the effectiveness of the use of resources invested in education.

The EU spent on average PPS 3 533 per pupil in primary education, PPS 4 940 in secondary and PPS 7 075 in tertiary education. Average expenditure per pupil therefore tended to increase in accordance with the level of education, costs per primary school pupil being approximately half of costs per student in tertiary education.

However, these European averages conceal disparities between countries that are due, for example, to the number of pupils enrolled at each level of education, the varying duration of studies and also variations in remuneration policy for teaching staff.

Provided that these factors are taken into account, an international comparison of unit costs by level of education provides an interesting analysis of the variety of education systems which co-exist within the EU.

In primary education, two thirds of countries had unit costs between PPS 2 500 and PPS 3 500, which overall is close to the average for the EU-15. Denmark (PPS 6 349), Austria (PPS 5 859) and Sweden (PPS 5 110) had the distinction of having the highest unit costs at this level of education.

With regard to secondary education, unit costs in Belgium (Fi), Denmark, France, Italy, Austria and Sweden were higher than the European average of close to PPS 5 000. Luxembourg, with costs of more than PPS 10 000 per pupil, is to be regarded as atypical.

With regard to tertiary education, some of the more marked discrepancies between Member States may be explained by whether or not the countries in question used the number of full-time equivalent students and by whether they included research expenditure, for example, in Sweden, the Netherlands, Austria and Germany, expenditure per student in tertiary education was considerably higher than the Community average (PPS 7 075), with figures ranging from PPS 9 000 to PPS 12 000. In a second group of countries (Belgium (Fi), Denmark, France, Ireland, Portugal, Finland and the United Kingdom), unit costs were between PPS 6 000 and PPS 8 000. Costs were lower in Spain and Italy, where figures were in the region of PPS 5 000, and in Greece costs were as low as approximately PPS 3 000.

Table 2: Expenditure per pupil/student in public institutions by level of education - 1997

<table>
<thead>
<tr>
<th>Source: Eurostat, UOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) B(Fi): NL, UK - Public and government dependent private institutions</td>
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<tr>
<td>(2) IS - Primary and secondary</td>
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<tr>
<td>(3) NO - Primary and lower secondary</td>
</tr>
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</table>
Financial assistance for students (including student grants and loans) accounted for an average of 6.3% of total public expenditure on education in the EU. This percentage nevertheless encompassed very different national situations, with Nordic countries on the whole granting students twice as much financial assistance as southern countries.

Table 3: Government financial assistance to students - 1997

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditure on students (%)</th>
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</thead>
<tbody>
<tr>
<td>EU-15</td>
<td>6.3</td>
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<tr>
<td>EUR-11</td>
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<tr>
<td>B(FI)'1</td>
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<td>D</td>
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<td>EL</td>
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<td>I</td>
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<td>L</td>
<td>2.2</td>
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<td>NL</td>
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<td>S</td>
<td>18.1</td>
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<td>UK</td>
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<tr>
<td>IS</td>
<td>5.6</td>
</tr>
<tr>
<td>NO</td>
<td>14.1</td>
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</tbody>
</table>

Source: Eurostat, UOE

Expenditure on staff: more than 70% of the total budget

The distribution of expenditure on education in public institutions between current and capital expenditure may have implications for the quality of teaching. Such distribution reflects salary policy for teachers, current operating conditions in educational establishments, the cost of building and maintaining school buildings and even the ability to respond to a growing demand for education and to technological developments.

Table 4: Distribution between current expenditure and capital expenditure in public institutions - 1997

<table>
<thead>
<tr>
<th>Country</th>
<th>Current expenditure (%)</th>
<th>Capital expenditure (%)</th>
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<tbody>
<tr>
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<tr>
<td>NO</td>
<td>65.1</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Source: Eurostat, UOE

1) B(FI), NL, UK - Public and government dependent private institutions
2) S - Capital expenditure included under "Other cur. exp.

ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

a) EUR-11 refers to all eleven Member States in the euro zone.
b) The core information used comes from the UOE (UNESCO, OECD, Eurostat) questionnaire on education expenditure for the financial year 1997.
c) The data presented in Tables 1 and 3 relate only to public expenditure on education by all public authorities. Private expenditure on education, including household expenditure, is not taken into account. Only public institutions are taken into account in Tables 2 and 4, except for Belgium (FI), the Netherlands and the United Kingdom.
d) Some data are expressed in Purchasing Power Standards (PPS) in order to eliminate differences in price levels between Member States. The purchasing power parity rate between the PPS and each Member State's currency expresses the number of units of national currency that would be needed at any given moment to purchase in each country the same volume of goods and services that would be obtained with one PPS in the European Union. The PPS is ECU based.
e) The figures relating to GDP are those forwarded to Eurostat by the Member States in accordance with the ESA 95 criteria, adopted by Council Regulation (EC) 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community.
f) Expenditure per pupil/student by level of education is calculated by dividing the expenditure at this level by the total number of pupils/students (full-time equivalent) involved.
g) Comparison with data published in "Statistics in Focus", No 15/98, must take into account the fact that the new International Standard Classification of Education was used for the first time in the UOE Finance data collection covering the year 1997.
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