

3.1 THE PROPORTION OF NATIONAL WEALTH DEVOTED TO EDUCATION

OECD's education expenditure

ZOOM

Expenditure on education for educational institutions, for the OECD, includes all costs (educational services, auxiliary services and Research & Development) funded by the central administration, local governments, private sector (households and enterprises) and international agencies. Extracurricular household expenses, public funds for financing certain extracurricular student expenses (e.g. housing) and continuing education-related costs are excluded. Costs are either expressed as a percentage of GDP or as equivalent US dollars in **purchasing power parity (PPP)**[□]. PPP is a currency conversion rate making it possible to express the purchasing power of different currencies in a common unit.

EDUCATION EXPENSES VARY FROM ONE COUNTRY TO ANOTHER

In 2012 the average education expenditure by the 21 European-Union OECD members amounted to 4.9% of the **gross domestic product**[□] (3.1.1). Of the countries presented here, 8 surpassed this average, including Finland, France and the Netherlands, with a maximum of 6.3% spent by the United Kingdom. With its spending on education at 5.3%, France was located slightly above this European average.

Denmark traditionally spends the greatest amount (slightly higher than the United Kingdom, a statistic not shown in 3.1.1 because of an interruption in the series). This proportion is the lowest in Luxembourg (3.7%). Eleven countries, including Estonia, Germany, Italy and Spain, devote a lower proportion of their GDP than the European average. With a decade's hindsight, what is observed is a certain stability, even a slight increase. Of 12 European OECD-member countries, the statistics of which are available and comparable over time, the proportion of expenses from national wealth devoted to education rose from 4.4% in 2000 to 4.8% in 2012 (3.1.1).

FACING THE ECONOMIC CRISIS: FIRST RESISTANCE THEN A SLIGHT FALL IN PUBLIC SPENDING ON EDUCATION

What was the impact of the crisis on public spending for education in the European-Union countries? It may be relevant here to focus on the public expenditure on education in order to gauge the budgetary responses of countries facing the crisis. So what is examined here is only the spending made by the central administration, the local governments and international agencies.

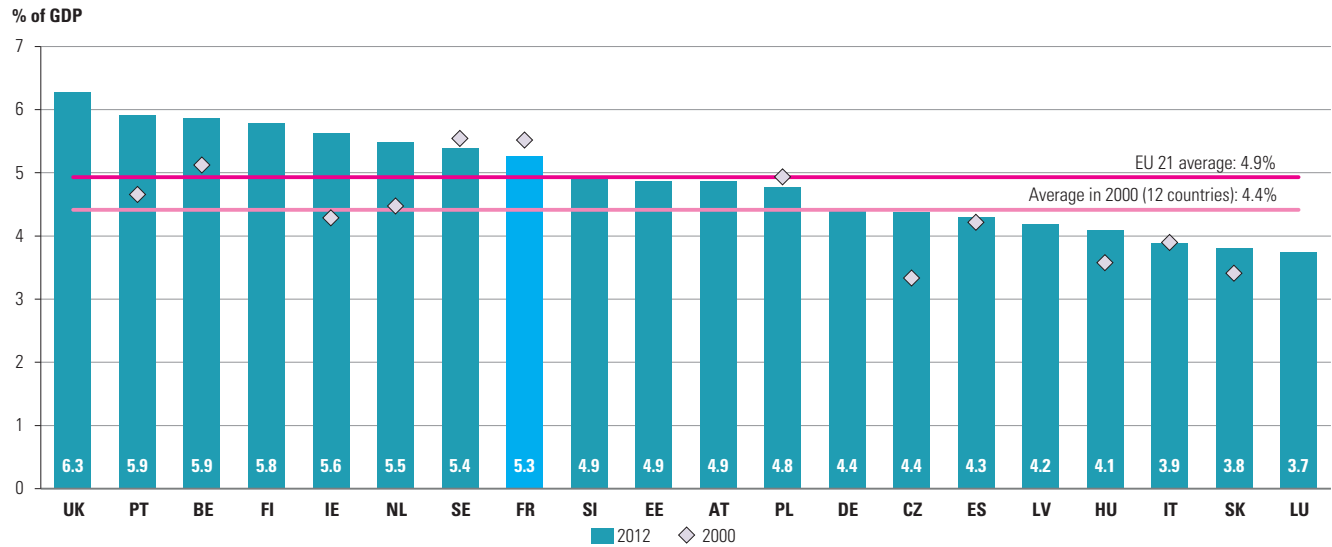
It is possible to distinguish between two periods (3.1.2 and 3.1.3). From 2008 to 2010 there was an average increase of 3% in public spending on education in the European member-countries of the OECD (where the statistics are available), whereas the GDP of these same countries saw an average fall of 3%, with the result of an average mechanical rise in the share of public spending in the GDP. The developments were, however, far from identical in each of the countries. In the majority of them, including France, public spending on education increased, and in some cases even considerably (e.g. + 18% in Slovakia, + 14% in Portugal, + 8% in the Netherlands and + 5% in Finland and Poland), although their GDP decreased. In Ireland there was a 3% increase in public spending while the GDP fell by 7%. On the other hand, in four of the other countries (Estonia, Hungary, Italy and Slovenia), public spending on education fell, sometimes sharply (Estonia and Hungary), along with a fall in their GDP.

In the second period from 2010 to 2012 there was an average adjustment downward in public spending (- 3% on average in the European OECD-member countries, where statistics are available), although the GDP on average showed a very slight rise (+ 1%). Here too developments were contrasting according to country. Although the variation in expenditure was positive over the period in Belgium, the Czech Republic, Finland and Sweden, it was negative for the 9 other countries, including France (- 2%) and sometimes even significantly negative as in Italy (- 9%), Hungary (- 13%), Spain (- 12%) and Portugal (- 14%). In a few countries, such as France, downward adjustments of public spending on education occurred even though the GDP experienced a positive upturn. In Estonia, for example, the decrease of public spending on education, certainly less than in the previous period, occurred although the GDP rose by 13%. ■

[□] See definition p. 68.

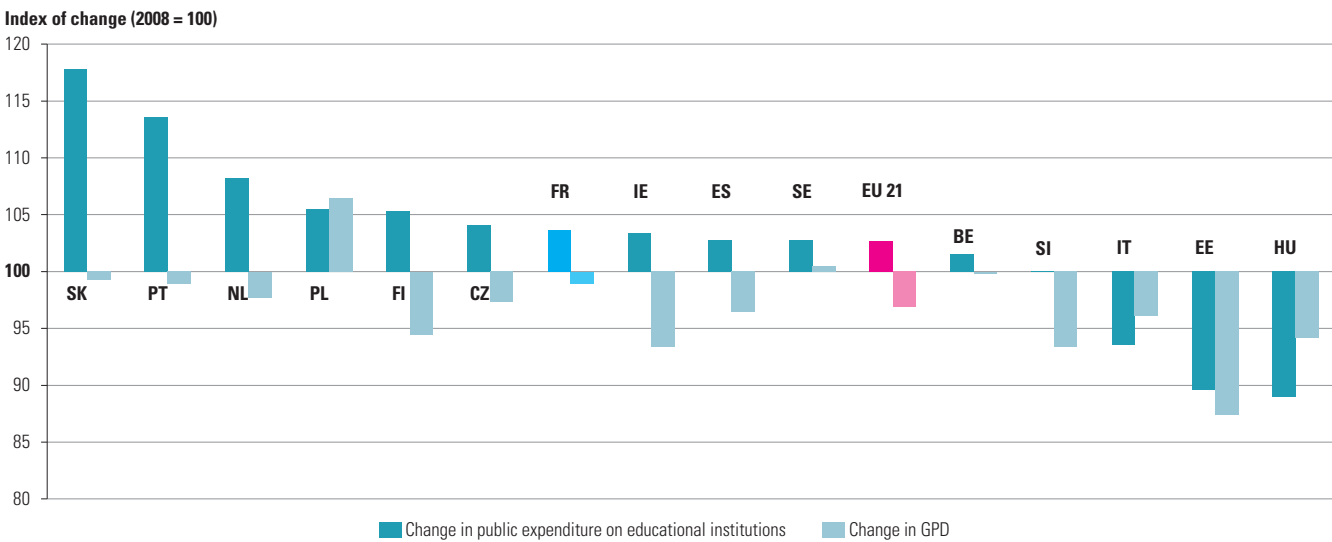
3.1.1 Expenditures on educational institutions as a percentage of GDP in 2000 and 2012

OECD, EAG 2015, table B2.1.



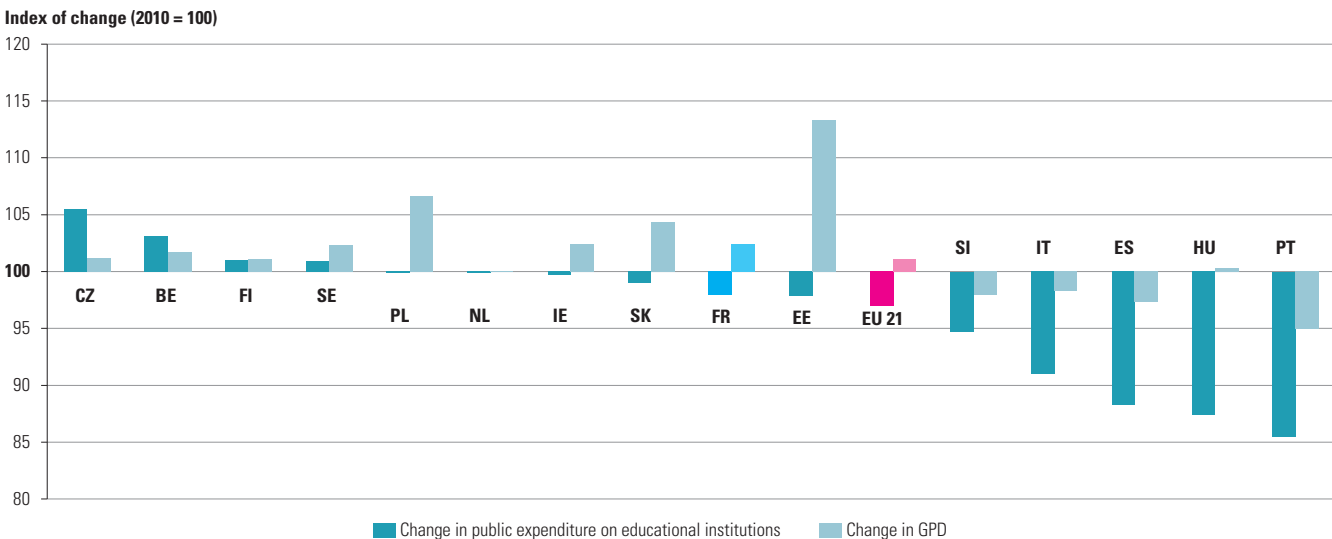
3.1.2 Change in public expenditure on educational institutions and change in GDP between 2008 and 2010

OECD, EAG 2015, table B2.4.



3.1.3 Change in public expenditure on educational institutions and change in GDP between 2010 and 2012

OECD, EAG 2015, table B2.4.



3.2 THE COST PER STUDENT

CONTRASTING EXPENDITURE PER STUDENT AND PER EDUCATIONAL LEVEL IN EUROPE

In 2012 the education expenditure per student (cf. 3.1, p. 30) for the average of the 21 European OECD member-countries was higher for students in secondary education (10,030 US \$ PPP) than for students in primary education (8,370 US \$ PPP) (3.2.1 and 3.2.2). There were significant differences between the EU-21 countries with Hungary showing the lowest annual expenditure per student of less than 4,500 US \$ PPP for each ISCED level and Luxembourg the highest at over 20,000 US \$ PPP.

Observed by the level of education, the annual expenditure per student reveals different permutations from country to country. In a most singular way in the EU-21, Finland devoted a remarkably high amount for ISCED 2 (12,910 US \$ PPP) compared to that for ISCED 1 (8,320 US \$ PPP) or ISCED 3 (8,600 US \$ PPP). Denmark and Slovenia, focused on ISCED 1 and 2, allocating a tangibly lower amount of money to ISCED 3. Germany and France showed fairly similar profiles with expenditures per student below the EU-21 average in ISCED 1 but rising with the educational level to attain ISCED 3 significantly above the average values.

Four main factors influenced the amount of money spent per student, *i.e.* teachers' salaries (the main factor of expense), their teaching time, student learning time and, lastly, class size. So, for example, the amount spent per student in ISCED 2 was slightly higher in France (11,330 US \$ PPP) than in Germany (11,060 US \$ PPP), but it led to differing permutations in the two countries, with teacher salaries noticeably higher in Germany (gross effective salary of 66,510 US \$ PPP) in Germany in 2013 compared to 42,700 US \$ PPP in France; cf. 4.3, p. 40); teaching time tangibly lower in France (648 annual hours in France compared to 752 in Germany in 2013); compulsory student learning time tangibly higher in France (991 class hours in France compared to 906 in Germany in 2014); with the class size identical in the two countries (25 students per class in 2013; cf. 2.6, p. 28).

THE COST OF A STUDENT'S PATHWAY FROM ISCED 1 TO 3

In 2012 in the EU-21 countries the primary and secondary education of a student costs on average of 117,060 US \$ PPP (3.2.3). The extreme values were recorded in Hungary (57,090 US \$ PPP) and Luxembourg (256,020 US \$ PPP).

The hypothetical cost of a student's pathway

ZOOM

The hypothetical cost of a student's pathway from the beginning of primary to the end of secondary education can be calculated by weighting the annual expenditure per student at each of the educational levels (ISCED 1 to 3) with the expected duration of enrolment at this same level. The expected duration corresponds to the number of years required to complete a training course (excluding repeating or "skipping" school years). For the same ISCED level, training courses can have expected durations that vary even within the same country (cf. 2.1, p. 18 and 2.2, p. 20). Only the general programmes are studied here.

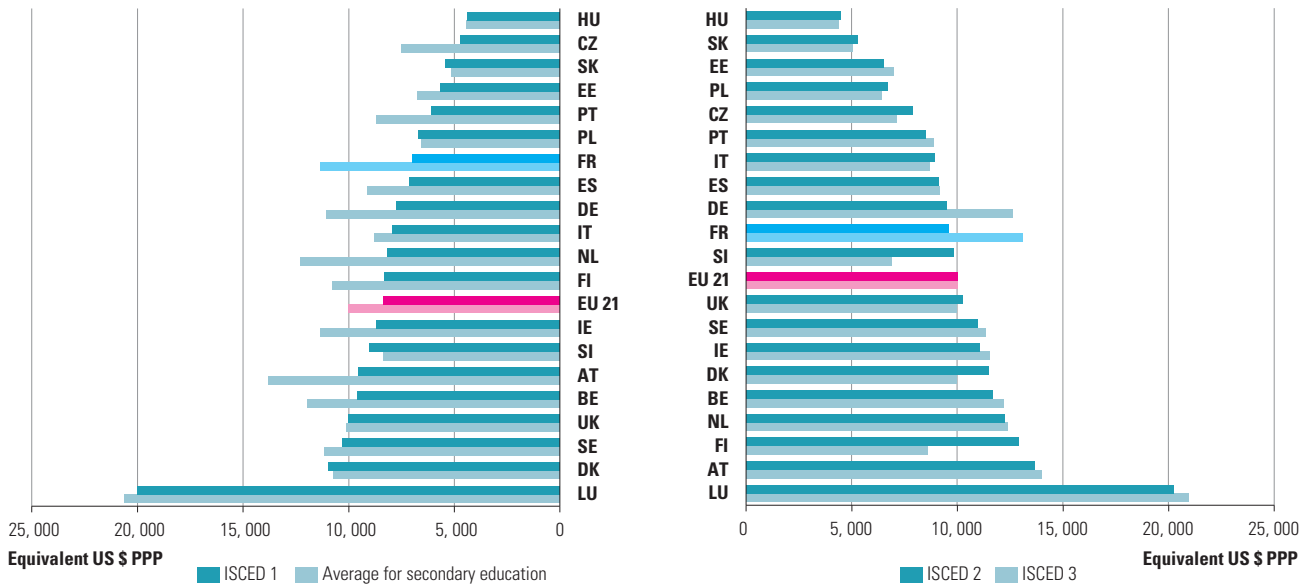
Germany and France showed similar profiles with cumulative expenditures of all student pathways close to the EU-21 average but with the ones of ISCED 1 alone below the average. There are two factors that pull in the same direction for these two countries, *i.e.* the expenditure per student is lower in ISCED 1 and the expected duration of the primary level relatively short (5 years in both countries). England and Ireland showed another kind of profile where the hypothetical pathway of a student costs less than in France or Germany for ISCED 2 but more for ISCED 1 and 3.

THE COST OF A STUDENT'S PATHWAY IN TERTIARY EDUCATION

In 2011 the average length of higher education in the EU-21 was 4.1 years, ranging from 2.7 years in the United Kingdom to 5.3 in Austria and the Netherlands (3.2.4). Measured by the average length of higher studies in 2011 and the expenditure per higher education student in 2012, the cost of a higher education student pathway was a minimum of 29,200 US \$ PPP in Hungary and a maximum of 101,630 US \$ PPP in Sweden. With 61,430 US \$ PPP, France was located at the EU-21 average, despite a slightly higher annual expenditure (15,280 US \$ PPP annually in France compared to 14,960 US \$ PPP on average in the EU-21) and this taking into consideration the slightly lower average length of study (4 years). Sweden, the Netherlands, Finland and Austria had the highest student pathway costs (over 80,000 US \$ PPP), whilst Hungary, Slovakia, Slovenia and Estonia had the reverse with the lowest pathway costs (under 40,000 US \$ PPP) [DEPP-MENESR, *Note d'information*, 16.05, February 2016]. ■

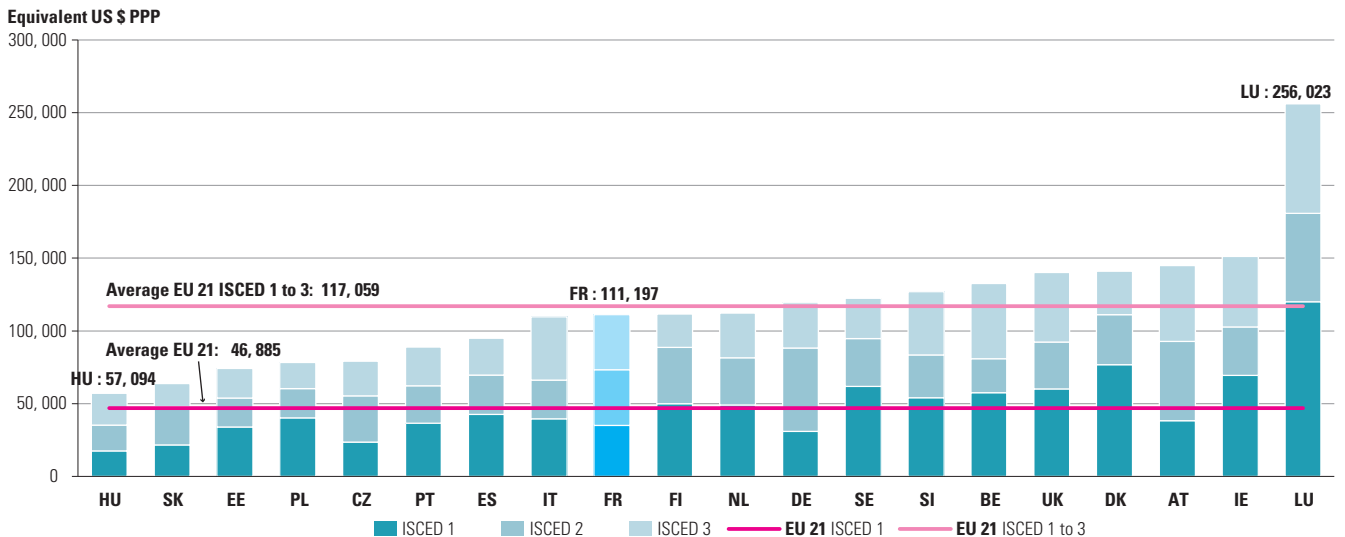
3.2.1 and 3.2.2 Annual expenditure by educational institutions per student and ISCED level in 2012

OECD, EAG 2015, table B1.1a.



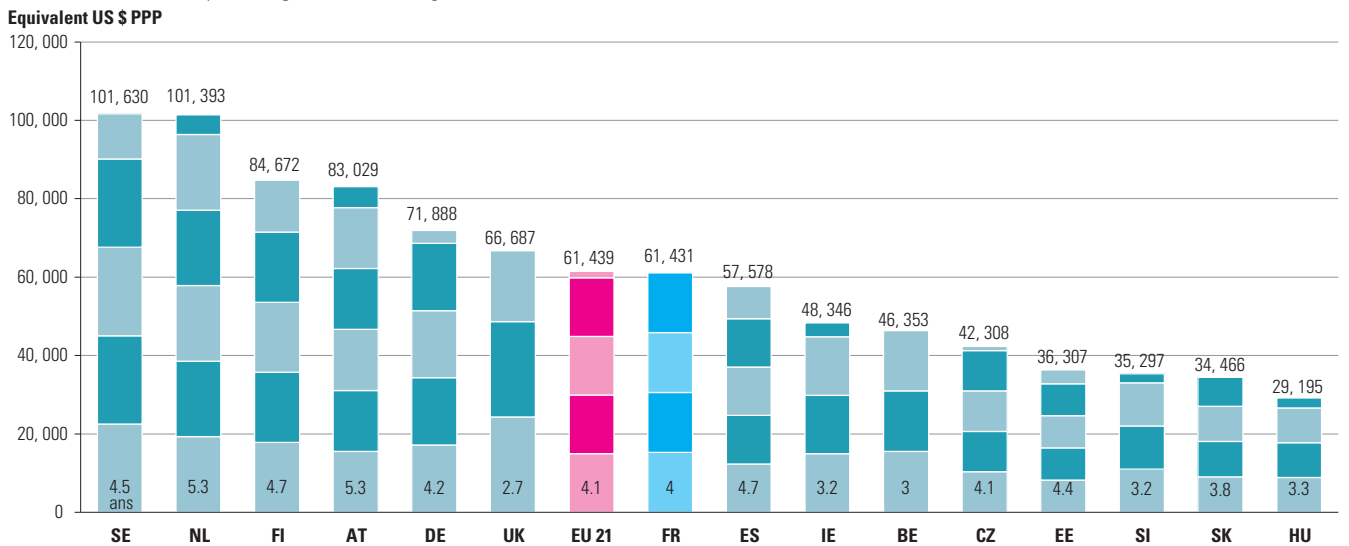
3.2.3 Cumulative expenditure by educational institutions per student and ISCED level in 2012 – general programmes

OECD, EAG 2015, tables B1.3 et B1.6; authors' calculation.



3.2.4 Cumulative expenditure per student over an average higher education in 2012

OECD, EAG 2014, table B1.3a; OECD, EAG 2015, table B1.1a.



Note: Each histogram represents the student's cumulated expense in a country. It is itself divided in annual expense per student over the average duration of a higher education that is indicated in the lower part of the histogram.

HIGHER EDUCATION TUITION FEES LOW IN MOST COUNTRIES

In 2015/2016 in the 28 European Union countries, tuition and administrative fees charged by public higher education institutions or subsidised private institutions were relatively low (3.3.1). In 19 countries (including Finland, France, Germany, Greece and Poland) of 29 (Scotland is here considered separately from the UK), fees were less than 1,000 euros per full-time student per university year; in 11 of them these fees were either inexistent or under 100 euros.

Every year, the **Eurydice** [□] European network publishes **zoom** an annual report with the title *National Student Fees and Support Systems in European Higher Education*. It deals with tuition and administrative fees (including, among other things, compulsory fees for social security) as well as indirect support (in the form of transfers to families) and direct support (grants and public administration-supervised loans) given to students of public higher education institutions or subsidised private institutions. Only the Bachelor and Masters cycles are taken into account here. Private higher education institutions and (for France) secondary education institutions are not included. Monetary units that are used here are either Euros or current national currency without **PPP** [□].

They were highest in the United Kingdom, except for Scotland. The university tuition reform applied at the start of the 2012 school year raised the ceiling of these fees to 9,000 £ (around 10,500 euros on the 3rd quarter of 2016) for the first cycle. To meet these high fees, students take out loans at prime rates that they only pay back once their salary has reached 21,000 £ per year (around 24,700 euros on the 3rd quarter of 2016). Students in Italy, Latvia, Lithuania the Netherlands and Spain also paid fees of over 1,000 euros per year for the majority of public or subsidised higher education programmes.

Estonia is an interesting case: it changed its system in 2013/2014 by linking the amount of tuition fees to the student's performance. That is, students managing to attain 30 ECTS credits (**European Credit Transfer System** [□] – the university credits system) per semester and 60 ECTS credits per year in an educational pro-

gramme given in the Estonian language are exempt from tuition fees. For students failing to attain the necessary credits, higher education institutions are entitled (but not obliged), to demand tuition fees for each missing ECTS credit.

A WIDE INSTITUTIONAL VARIETY OF STUDENT-SUPPORT SYSTEMS

Student financial support in the European Union takes many different forms (see box). But direct financial support in the form of grants and loans supervised by the public authorities is the most common. In the majority of cases these loans rely on distinct procedures (students receive either a loan or a grant), but they may sometimes be combined (in Denmark, for example, only scholarship students may benefit from public loans). Grants may be given based on specific criteria, most often linked to income or special needs (disability). In Finland, Sweden and Denmark where the amount per grant can reach 9,000 euros per year (Denmark), grants are in no way income-based. Some grants are linked to students' performances and not based on family income (e.g. Germany and Estonia) but may also be family income-based as in Austria and Italy.

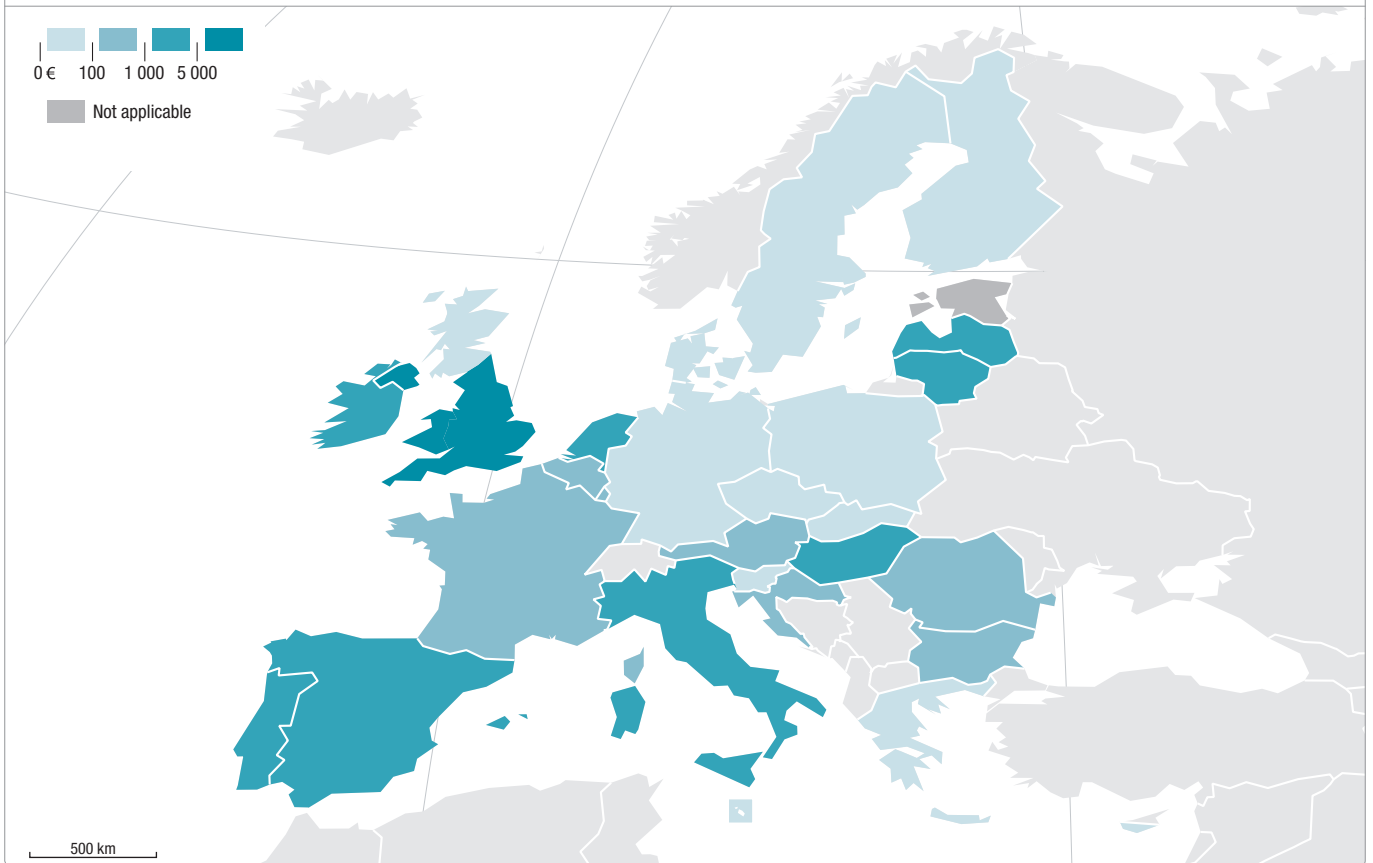
In 2014/2015 the students of the EU-28 countries generally turned to financial support. The representative case (in 19 countries, including France, Germany, Greece, Spain and Poland) is where between 10 to 50% of students received scholarships (3.3.2). Denmark, the Netherlands, the United Kingdom and Sweden had an absolute majority of students receiving grants in 2014/2015.

In 2015/2016 in the EU-28 9 countries (including Finland, France, Germany and Spain) offered grants with the maximum amount greater than 5,000 euros per academic year, whilst 7 other systems (including the Netherlands, Poland, the United Kingdom and Sweden) provided grants for a maximum amount ranging from 3,000 to 5,000 euros. In six of the EU-28 countries (including the Czech Republic, Lithuania and Romania), the maximum amount of grants was less than 1,000 euros. ■

[□] See definition p. 68.

3.3.1 Most common fees (including tuition and administrative fees) in first cycle study programmes, among full-time students paying fees, 2015/2016

↳ Eurydice, *National student fee and support systems in European Higher Education 2015/2016*.



3.3.2 Percentage of full-time students receiving grants in the first cycle, 2014/2015

↳ Eurydice, *National student fee and support systems in European Higher Education 2015/2016*.

