


# “How the education nations do it?”

“Schools Funding Conference”

The Centre for Public Education Research (CPER)

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1 Things we know

Education systems are funded differently, it is often difficult to have a clear picture of funding procedures.

Global spending on education has increased continuously in absolute terms over the last decade but the pandemic may interrupt this upward trend.

Research shows high-quality, birth-to-five early childhood education provides a higher rate of return than preschool alone.

Increases in spending per-capita over the last ten years have not always improved education outcomes.

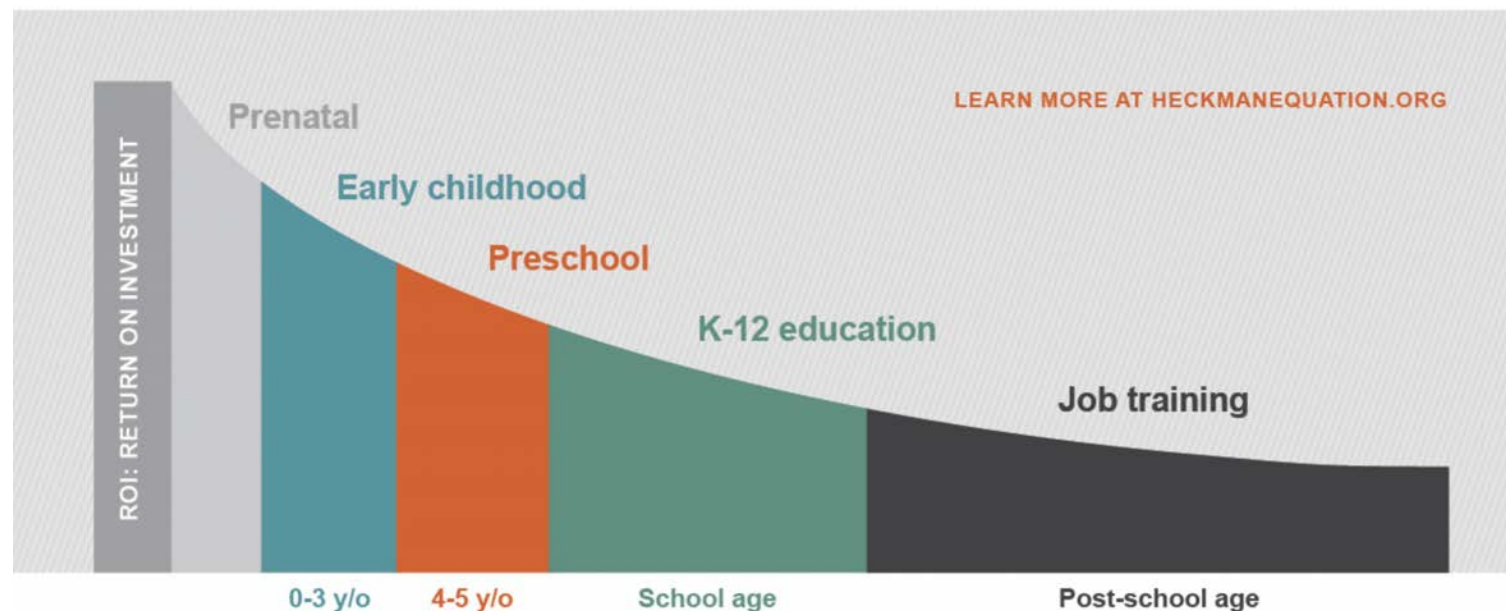
# Education funding 101

On average, in OECD countries the share of national resources devoted to primary, secondary and post-secondary non-tertiary schools is 3.4% of GDP.

On average, OECD countries spend US\$10,500 per student at primary, secondary and post-secondary non-tertiary level, and US\$9,300 at pre-primary level.

On average across OECD countries, staff compensation comprises 77% of current expenditure in primary, secondary and post-secondary non-tertiary education.

# The Heckman 101



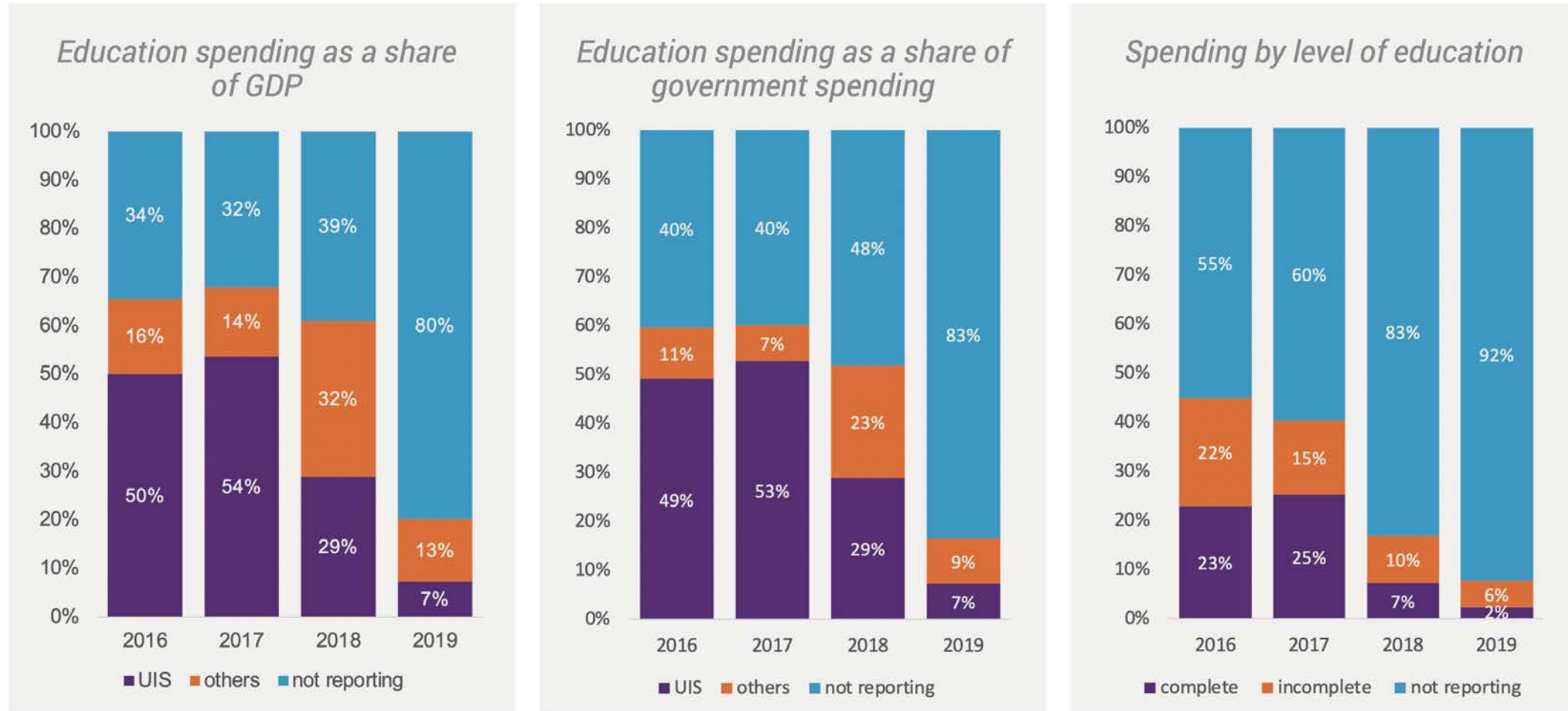
## HIGHER RETURNS THAN PRESCHOOL ALONE

“Every dollar invested in high-quality birth-to-five early childhood education for disadvantaged children delivers a 13% annual return on investment, significantly higher than the 7-10% return delivered by preschool alone.”

## 2 Global trends

# Information on core education spending indicators is available for fewer than 2/3 of countries

*Number of countries with data on core education spending indicators, 2016–2019*

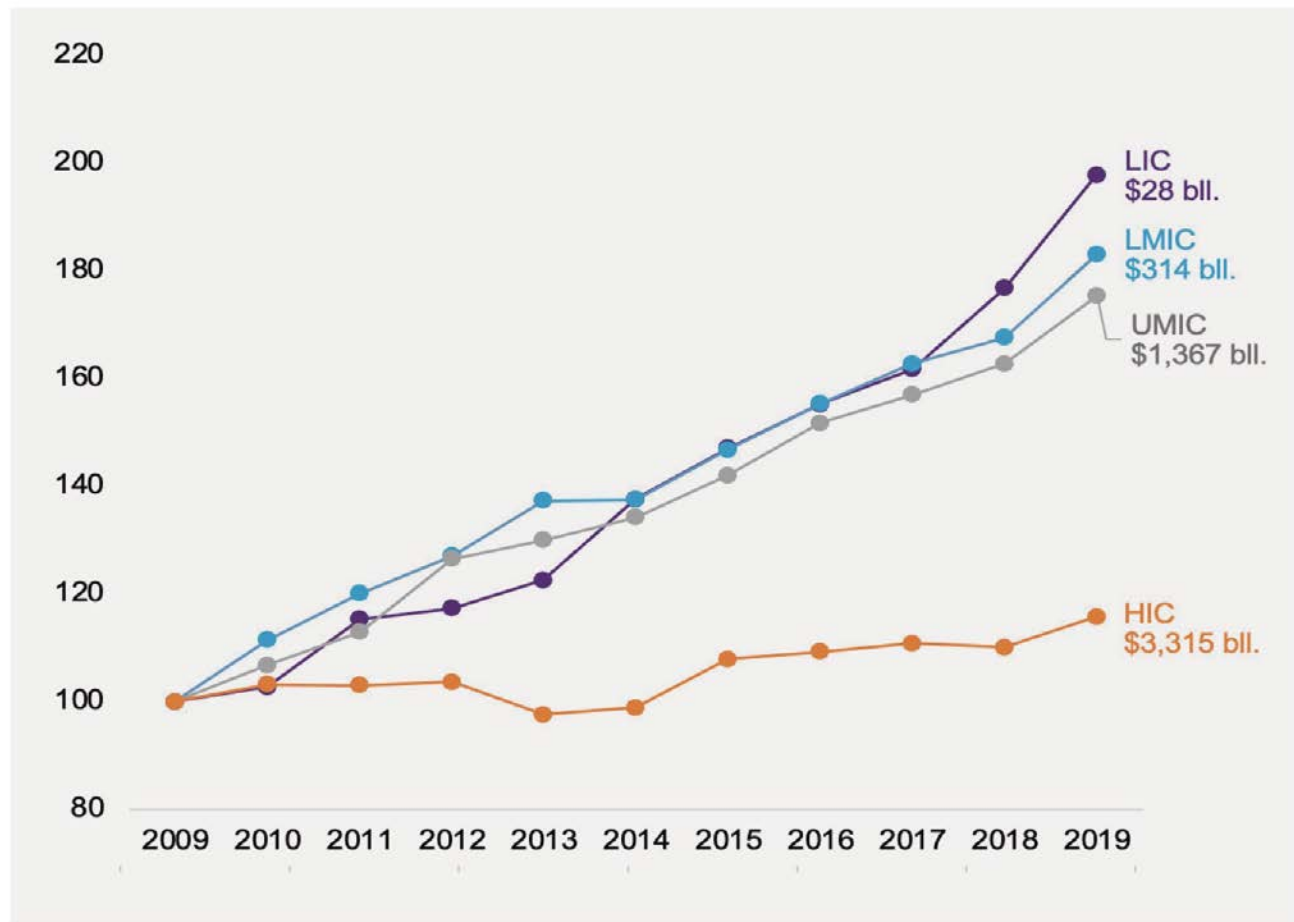


Source: UIS; IMF; World Bank databases



# More money is spent on education...

*Growth in real education spending, by income level*

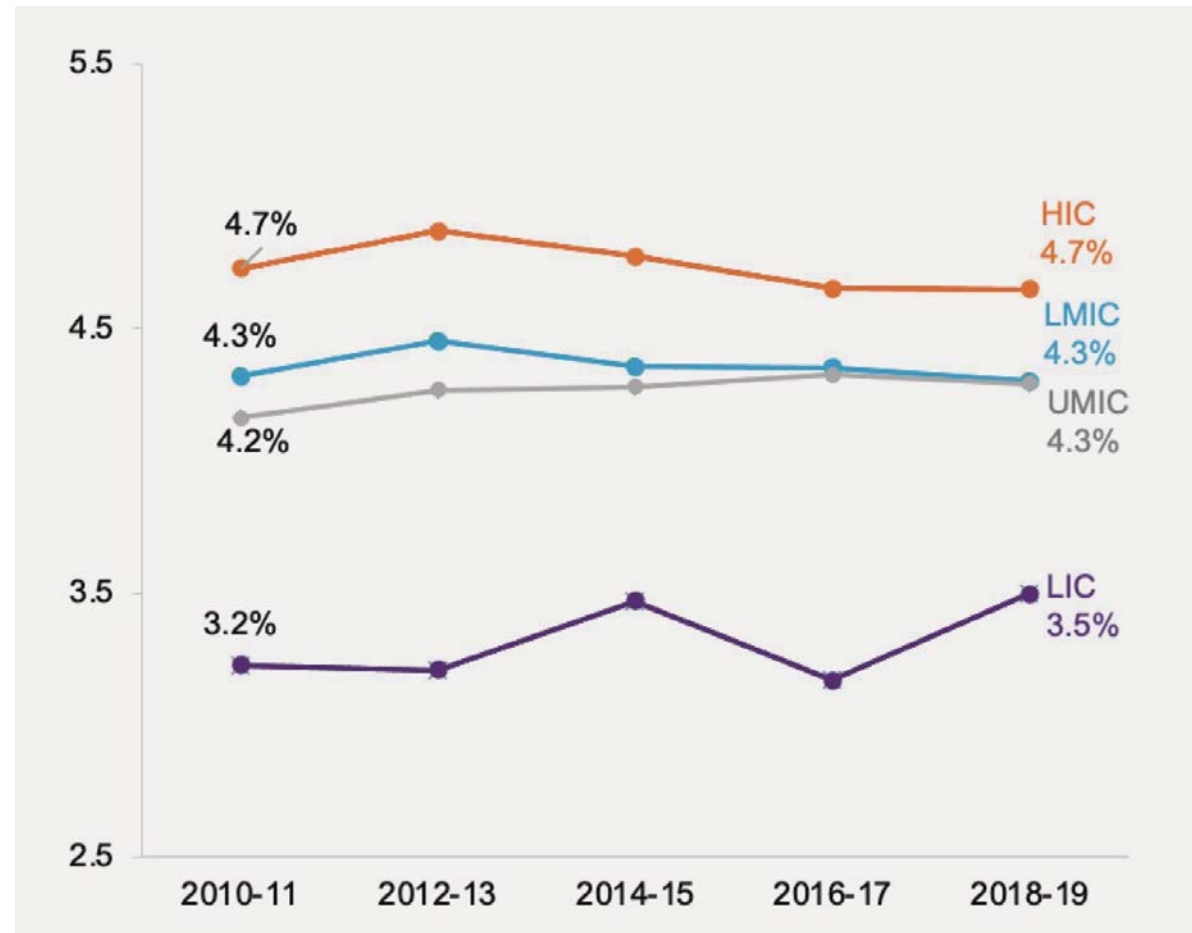


“Real spending on education has grown steadily over the last 10 years.”

Source: UIS; OECD; IMF; World Bank databases

# ...but not invested by the governments...

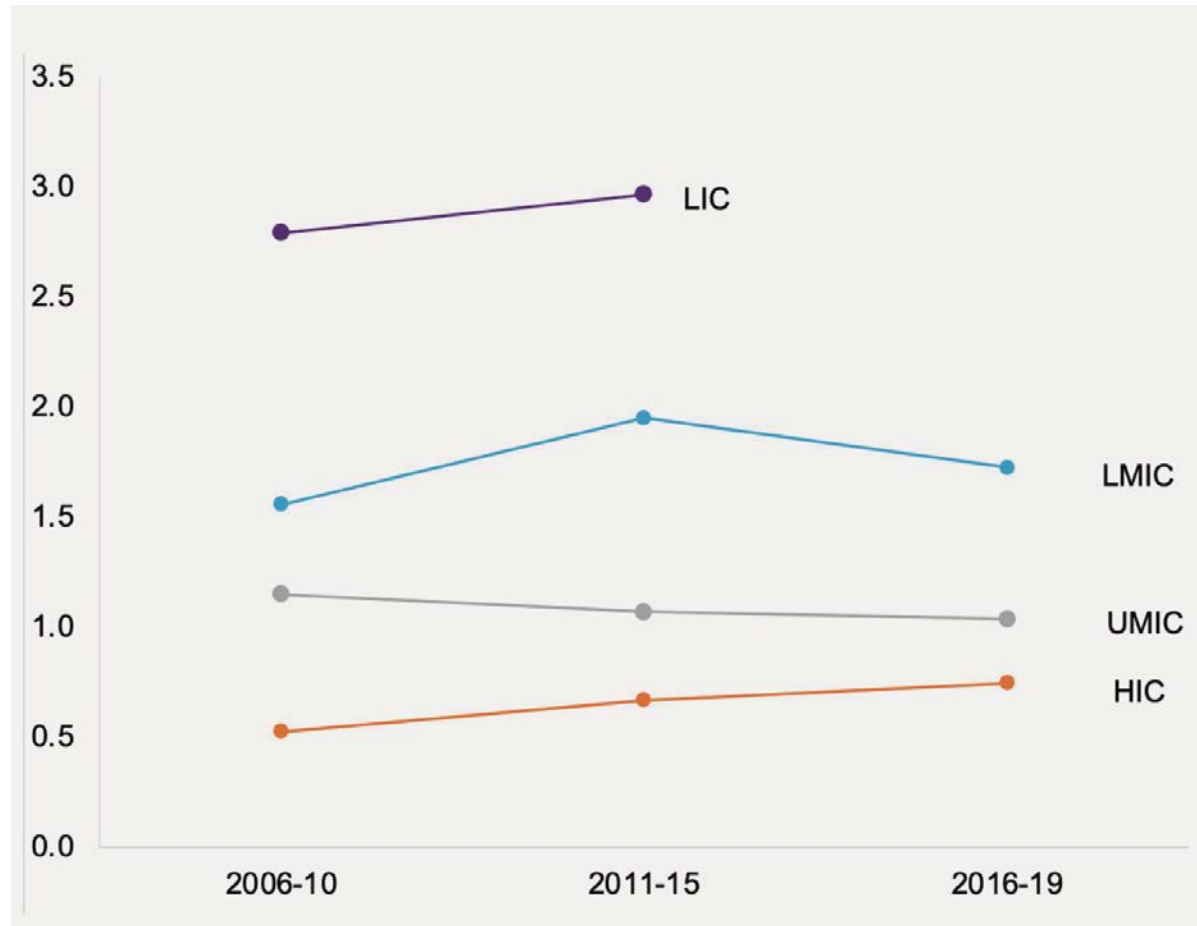
Government education spending as % of GDP by income group



“Government education spending as a share of GDP has remained flat in the past 10 years.”

# ...creating growing burden on parents!

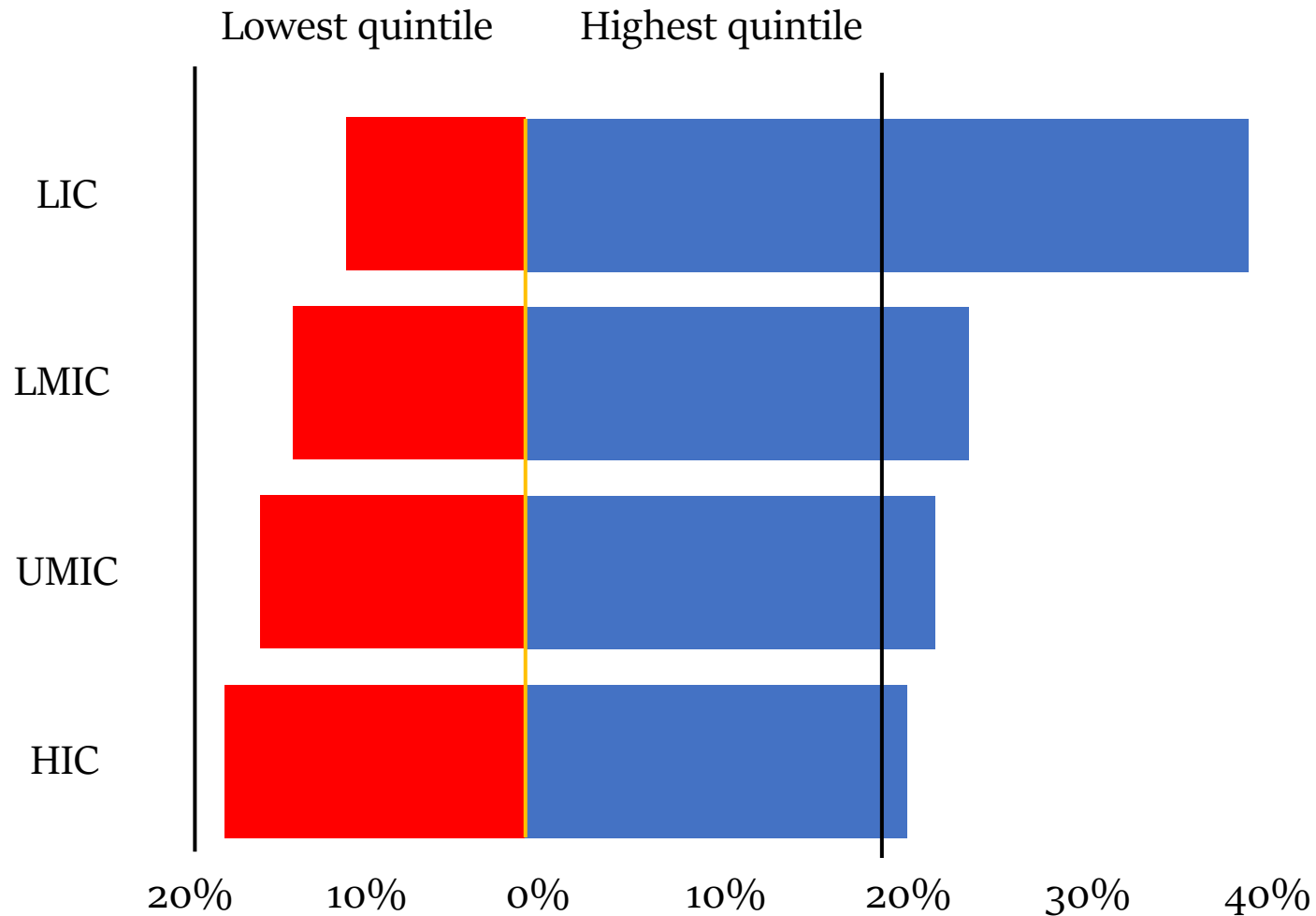
Total household education expenditure as percentage of GDP



“Households contribute much more to education in low- and lower-middle-income countries than households in upper-middle- and high-income countries.”

Source: Education Finance Watch 2021

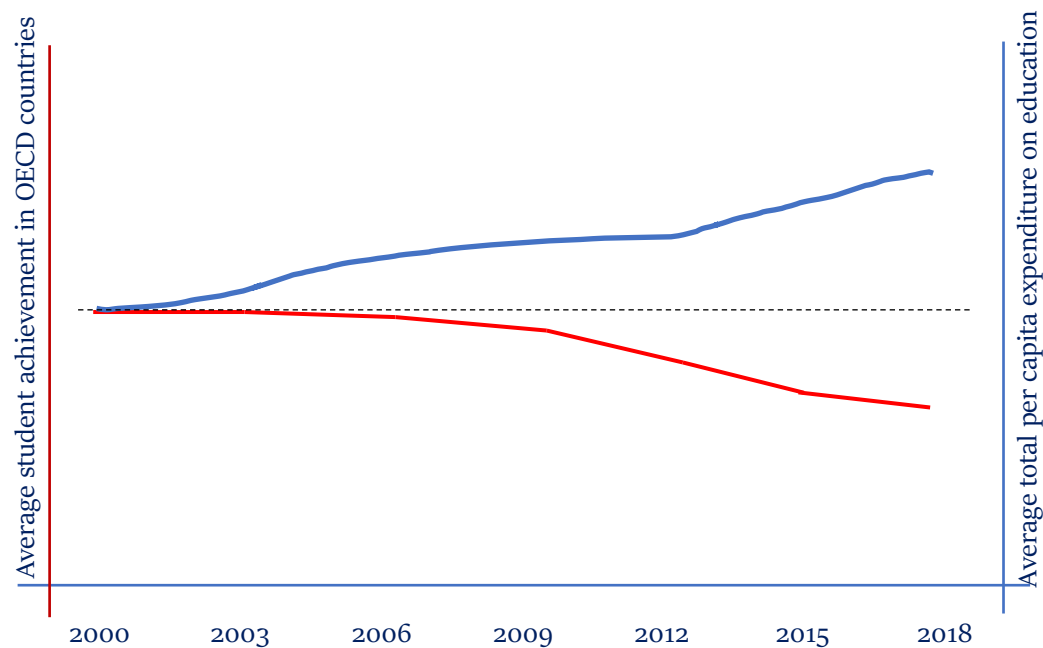
# Distribution of total public education funding by income quintile



*Distribution of total public education funding by income quintile*

“Public spending on education is highly unequal, with wealthier families capturing a greater share of the available resources.”

# The Big Challenge

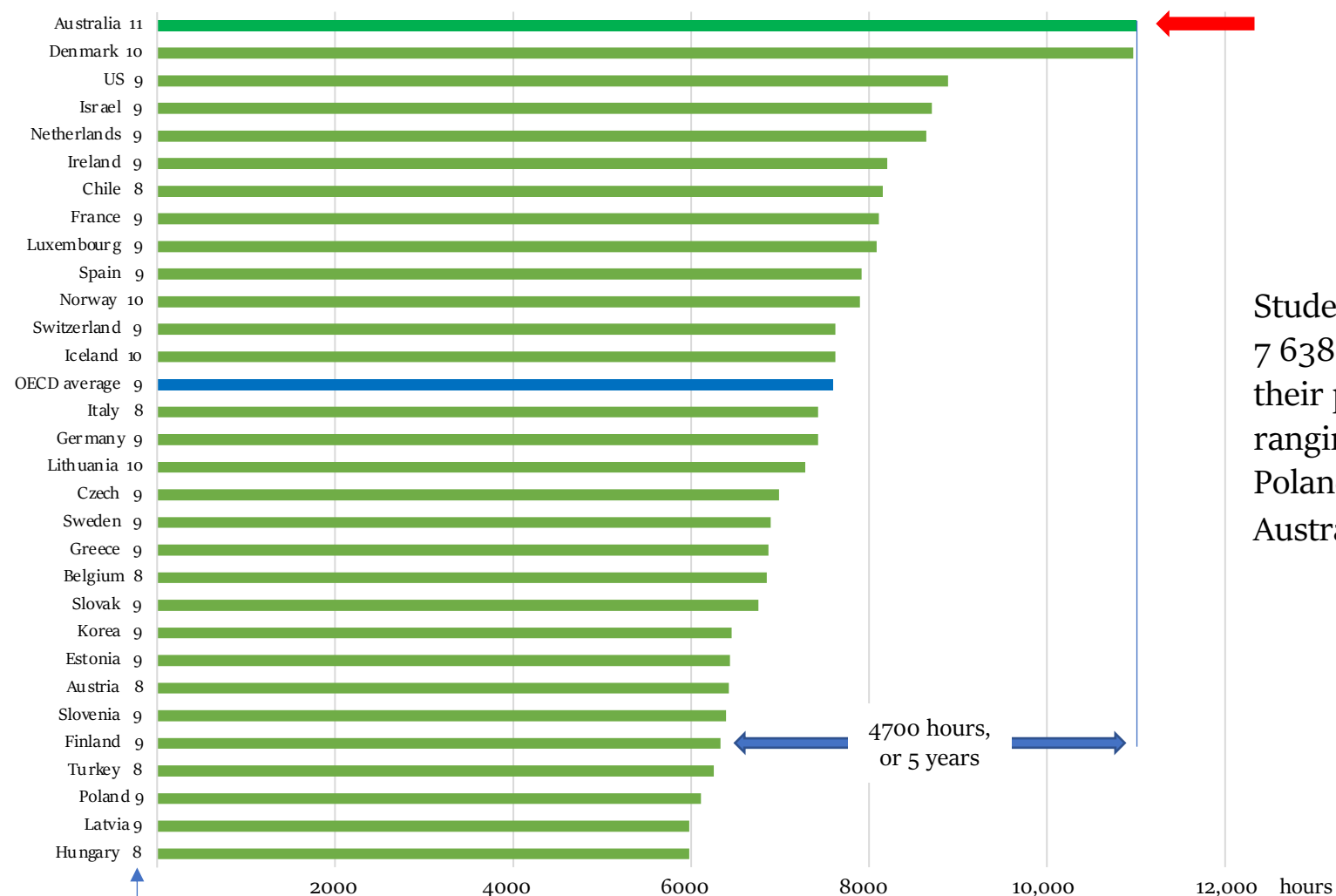


*“A recent study showed that average increases in per-capita education spending increased education outcomes by a relatively small amount. It showed that the spending elasticity for cases where spending had increased was only 0.08, meaning that, for every 10 percent increase in per-child spending, outcomes improved by only 0.8 percent.”*

- Al-Samarrai, Cerdan-Infantes & Lehe (2019)

# 3 Our schools in international light

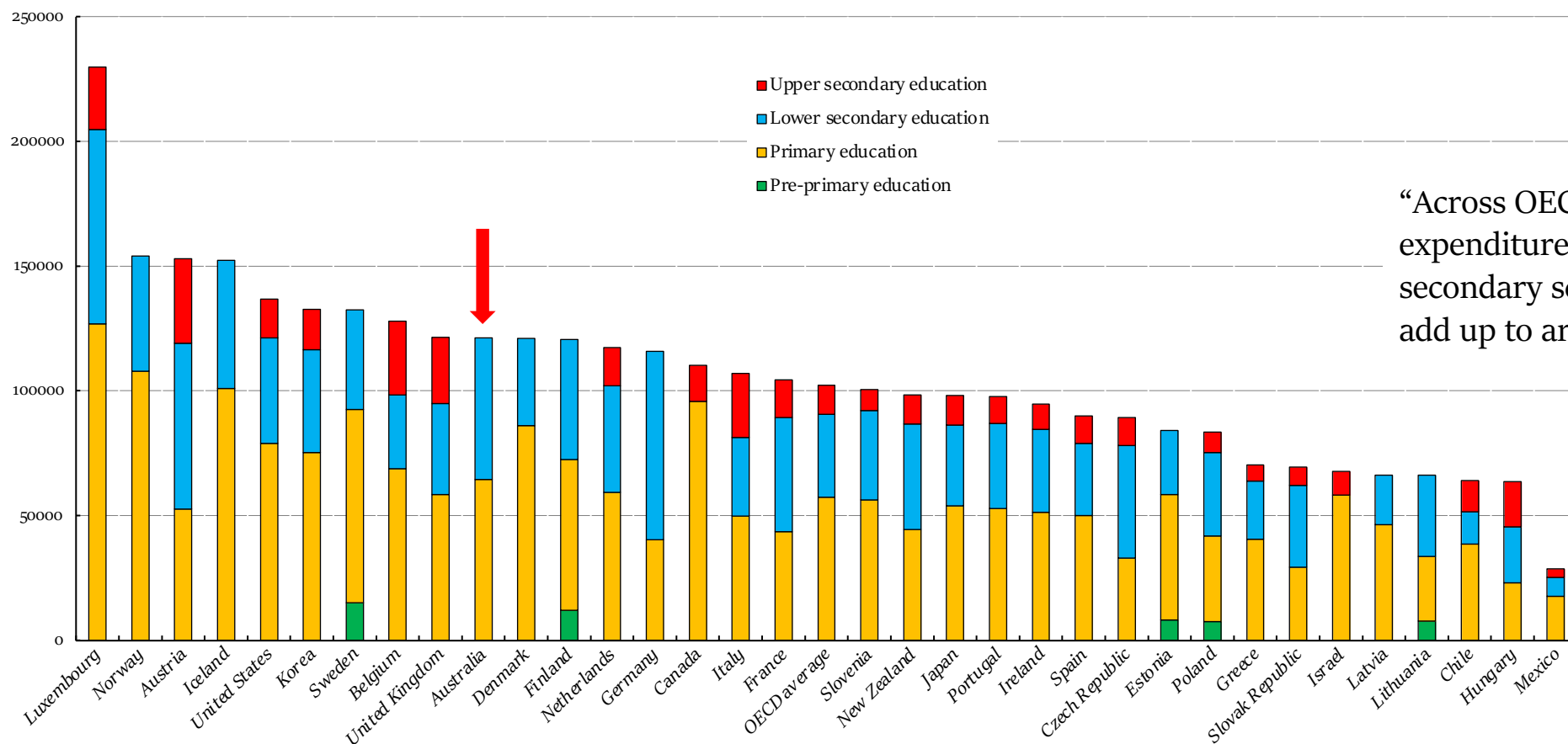
## Compulsory instruction hours in primary and lower secondary education



Students in OECD countries receive an average of 7 638 hours of compulsory instruction during their primary and lower secondary education, ranging from about 6 000 hours in Hungary and Poland to 11 000 hours, almost double that in Australia.

Duration of primary and lower secondary education

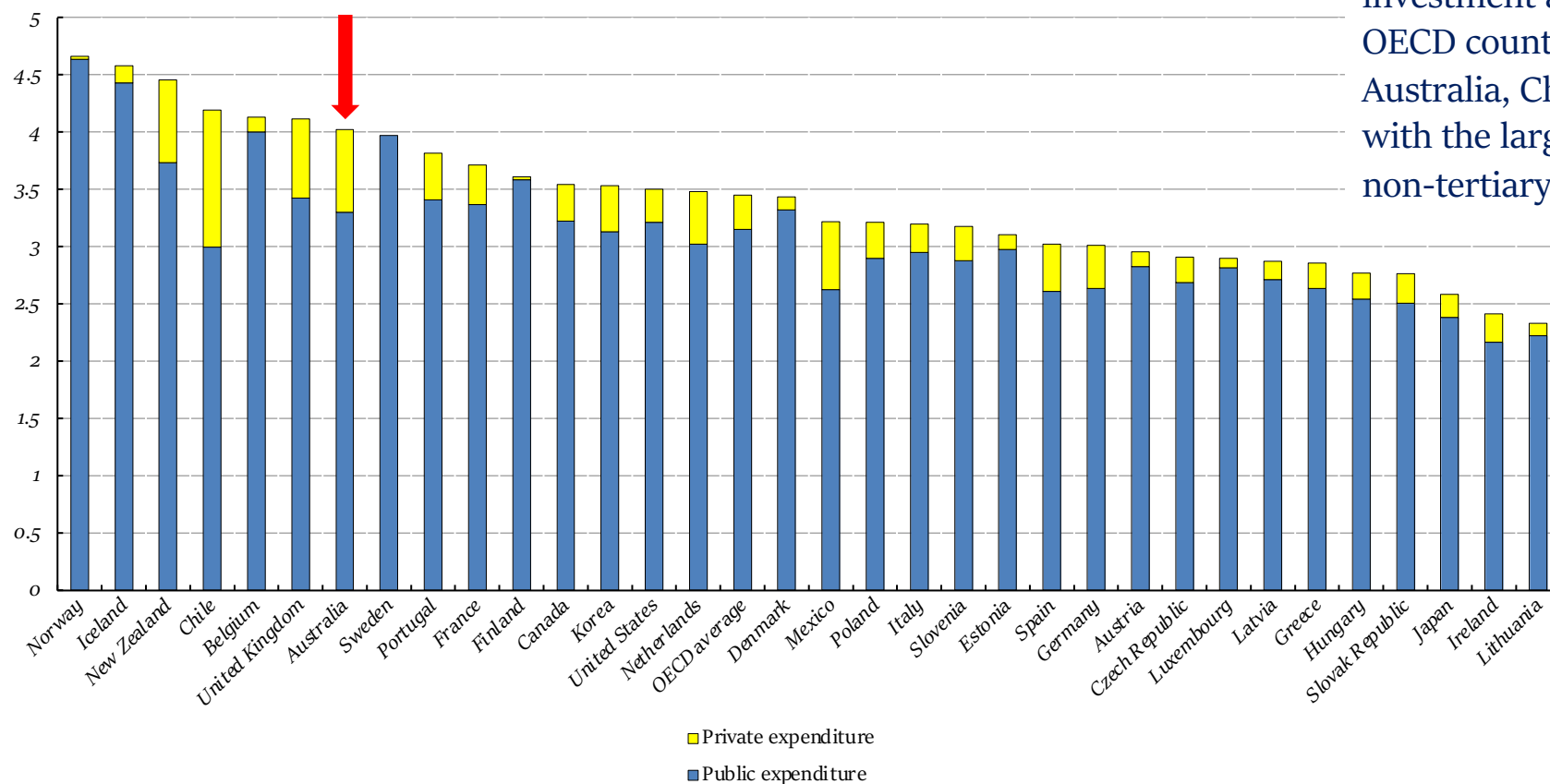
## Cumulative expenditure on educational institutions per full-time equivalent student between the age of 6 and 15 in 2018



“Across OECD countries, total cumulative expenditure on students enrolled at primary or secondary school between the age of 6 and 15 add up to around US\$102,200 per student.”

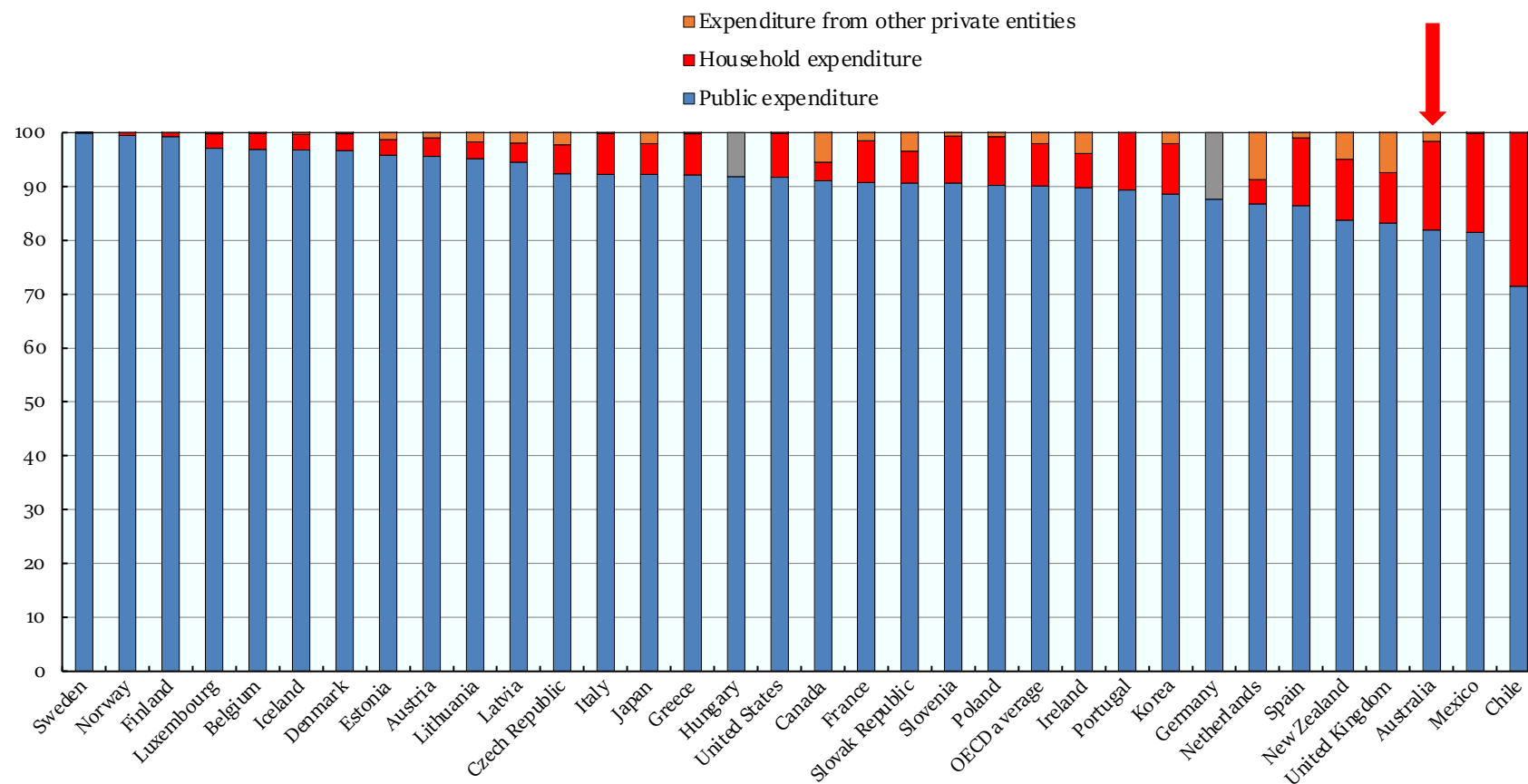


## Total expenditure on primary, secondary and post-secondary non-tertiary institutions as a percentage of GDP in 2018



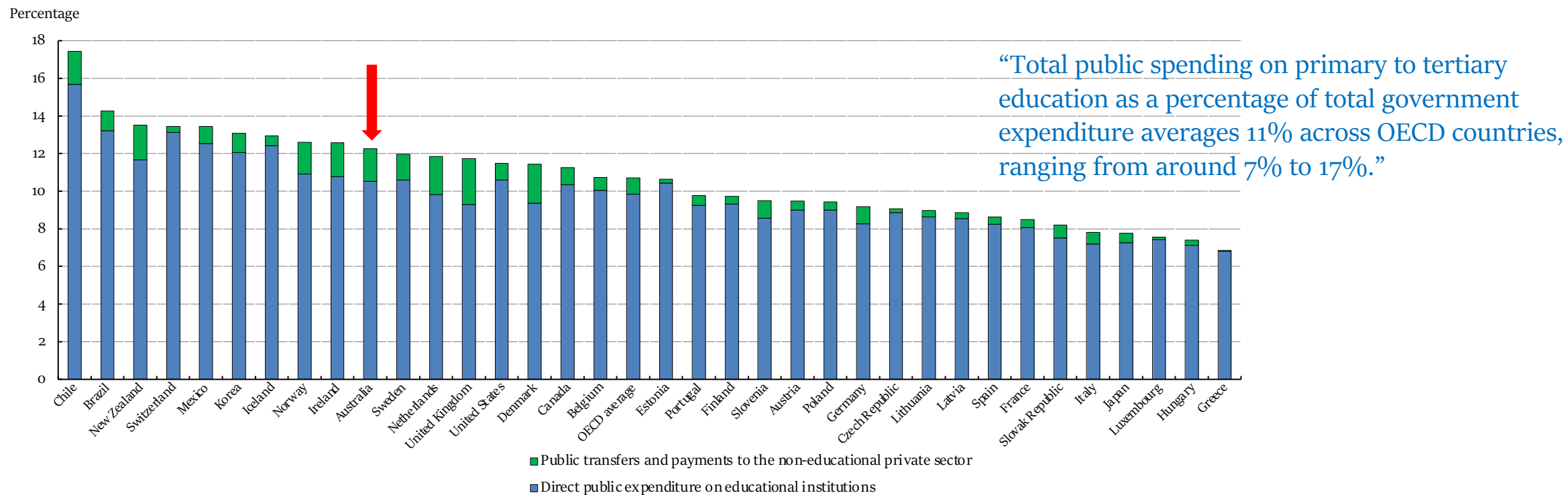
“At primary and secondary education, private investment accounts for 0.3% of GDP on average across OECD countries. It amounts to at least 0.7% of GDP in Australia, Chile, New Zealand, and the UK, the countries with the largest relative shares of private funding of non-tertiary education.”

## Distribution of public and private expenditure on primary, secondary and post-secondary non-tertiary education educational institutions in 2018



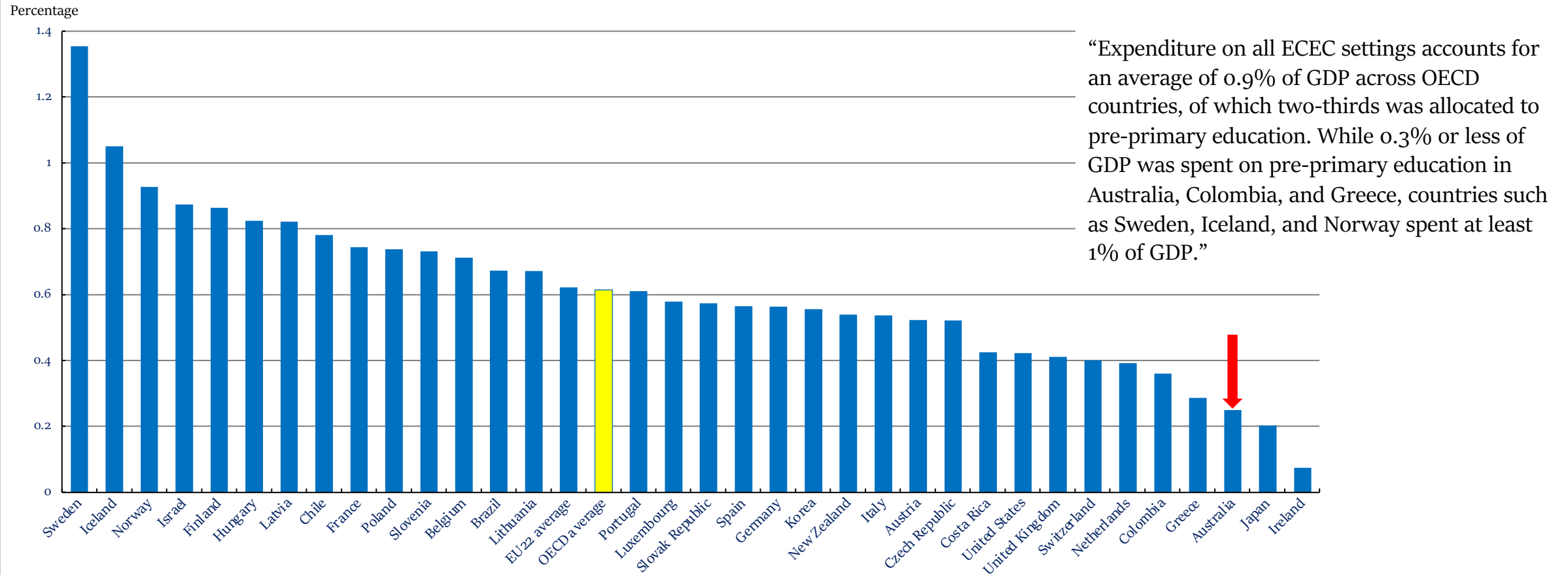
“Public funding dominates in primary, secondary and post-secondary non-tertiary in all countries. Private funding accounts for 10% of expenditure at these levels of education on average across OECD countries, although it reached 20% in Australia, Chile, and Mexico.”

## Composition of total public expenditure on education as a percentage of total government primary to tertiary expenditure in 2018



Source: OECD 2021

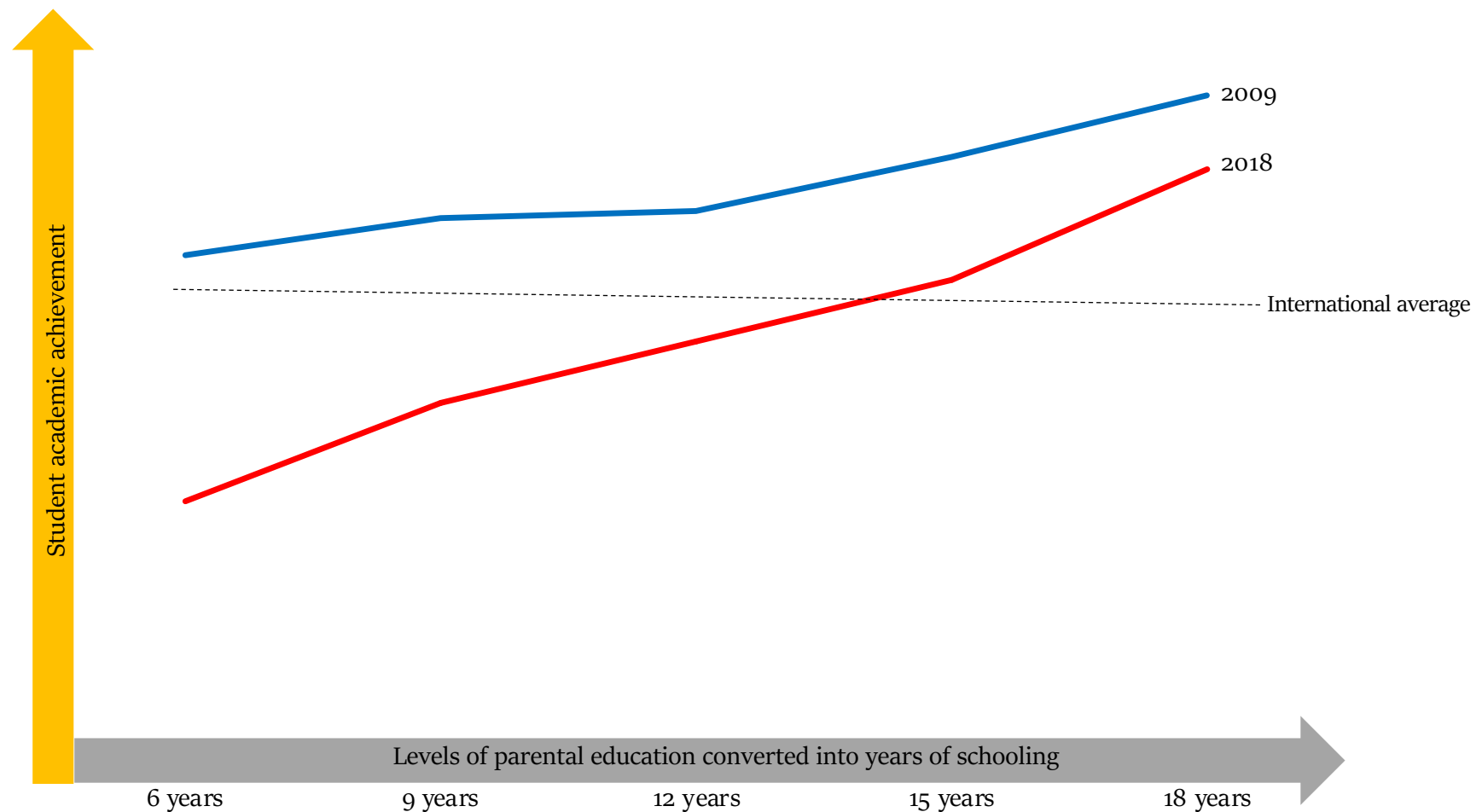
## Proportion of national wealth (GDP) invested in early childhood education and care in 2018



Source: OECD 2021

# 4 Case study: Area-based 'positive discrimination'

## Aggregate PISA score in reading, mathematics and science vis-a-vis levels of parental education in years in Finland in 2009 and 2018



Source: Finnish Lessons 3.0 (2021)

# Area-based 'positive discrimination'

In Helsinki, 'positive discrimination funding' refers to an allowance paid by the city to schools based on the educational status and income level of the parents, and the number of immigrant families in the area where the school's pupils come.

Results: A minor extra investment can have a big impact. In 2008, third of immigrant students in Helsinki did not continue school education after 9-year compulsory school. Area-based positive discrimination funding has decreased this share by 20%.”

(<https://vatt.fi/en/-/students-in-helsinki-benefit-from-positive-discrimination-funding>)



It's not only extra money that matters. The essential aspect is what the schools do with that money. The schools in Helsinki that are included in this experiment spend most of the 'positive discrimination funding' to hire special education assistants to classrooms.

# 5 All things considered

Globally, governments contribute about 82%, households 17%, and international development assistance 1% to global education spending. Government contributions are higher in rich countries.

High-performing education systems tend to invest more in early childhood education, minimise private spending, and have more advanced targeted needs-based funding arrangements..

The post-pandemic new fiscal reality stresses the importance of monitoring the progress in the education sector on the basis of better information on funding levels and how these funds are used in education.



Thank you!