



# Statistics in focus

## POPULATION AND SOCIAL CONDITIONS

THEME 3 – 23/2003

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# Public Expenditure on Education in the Acceding Countries in 1999

*Pascal Schmidt*

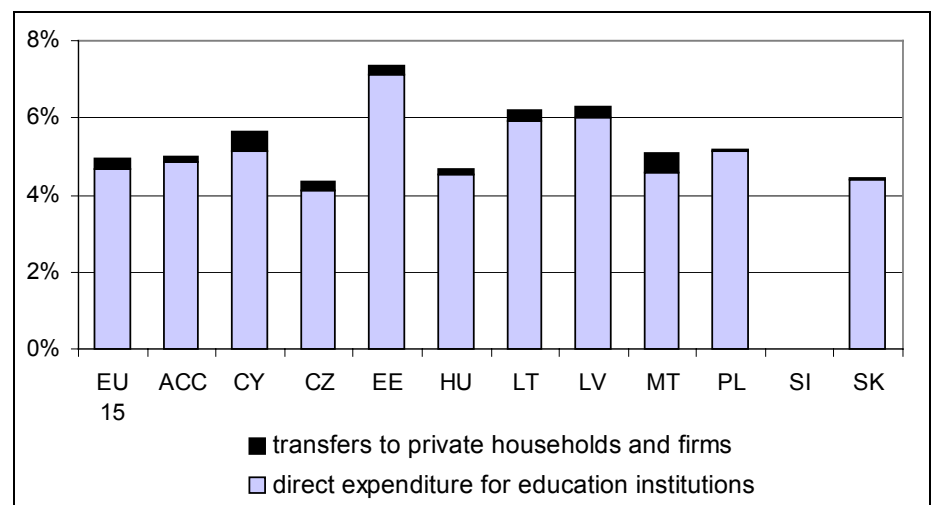
EU accession provides both opportunities and challenges to Acceding Countries as they seek to become competitive knowledge-based economies. To do so investing in education is and will remain a major priority for Acceding Countries in the next years.

In order to enable Acceding Countries to benchmark against EU Member States, Eurostat has decided to publish for the first time data on educational finance for Acceding Countries. Although Acceding Countries have put great efforts in submitting these figures in the joint data collection of UNESCO, OECD and Eurostat, data should be interpreted cautiously. For the time being Acceding Countries are not always able to breakdown their expenditure on education by level of education which sometimes creates comparability problems across countries. However, there is a strong will from the Acceding Countries to improve continuously the quality of the data.

Generally, the public sector funds education either by bearing directly the current and capital expenses of educational institutions (direct expenditure for educational institutions) or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfers to private households and firms). Both types of transactions together will be reported as total public expenditure on education.

In total, public resources invested in education at all levels represented an average of 5.0 % of the Acceding Countries' GDP in 1999, slightly less than in the two previous years. It varies considerably across Acceding Countries, ranging in 1999 from 4.3 % in the Czech Republic and 4.5 % in the Slovak Republic to 6.3 % in Latvia, 6.2 % in Lithuania and 7.4 % in Estonia (figure 1).

*Figure 1: Total public expenditure on education, as a percentage of GDP, by type of transaction, 1999*



As to the distribution of public expenditure on education by type of transaction, direct expenditure for educational institutions accounted on average for 4.9 % in Acceding Countries (EU 15: 4.7 %) while on average 0.1 % of GDP (EU 15: 0.3 %) were transferred to private households and firms.

Direct expenditure for educational institutions ranges from 7.1 % of GDP in Estonia, 6.0 % in Latvia and 5.9 % in Lithuania to 4.1 % in the Czech Republic. Cyprus and Malta both spent 0.5 % while Hungary, Poland and the Slovak Republic all spent 0.1 % or less of their GDP on transfers to private households and firms.

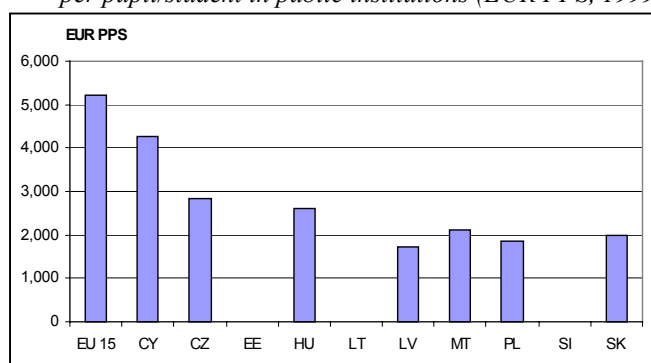
However, when using the indicator total public expenditure on education as a percentage of GDP, it should be borne in mind that this indicator is influenced among others by such things as the organisational structure of the education system, the enrolment rates or the demographic structure of the population.

### In 1999 expenditure per pupil/student ranged from 1,716 EUR PPS in Latvia to 4,266 EUR PPS in Cyprus

Expenditure per pupil/student in public institutions measures how much central, regional and local levels of government, private households, religious institutions and firms spent per pupil/student. It includes expenditure for personnel, other current and capital expenditure.

Expenditure per pupil/student in public institutions goes from a high of 4,266 EUR PPS in Cyprus and 2,835 EUR PPS in the Czech Republic, to a low of 1,875 EUR PPS in Poland and 1,716 EUR PPS in Latvia (figure 2).

Figure 2: Expenditure (from both public and private sources) per pupil/student in public institutions (EUR PPS, 1999).



### Expenditure per pupil/student compared to GDP per capita

The expenditure on education per pupil/student can also be presented in relation to the GDP per capita. Then, the resources being devoted to education in public institutions are related to the overall economic welfare of a country. The results are displayed in table 1.

In Cyprus (30 %) and Latvia (29 %) expenditure per pupil/student compared to GDP per capita is significantly higher than on average

in the EU 15 (25 %). One acceding country (the Slovak Republic with 19 %) is considerably under the EU 15 average, while the others all span around it. This adds a new perspective to expenditure since in spite of the lower level of expenditure per pupil/student, a country like Latvia with lower GDP per capita spends much more in relative terms.

Table 1: Expenditure (from both public and private sources) per pupil/student in public institutions compared to GDP per capita, 1999.

	Total
EU 15	25
CY	30
CZ	22
EE	:
HU	24
LT	:
LV	29
MT	23
PL	23
SI	:
SK	19

### Between 61 % (Czech Republic) and 92 % (Cyprus) of current expenditure is spent on staff costs

Expenditure on wages and salaries of teachers and other staff vary between 61 % and 92 % of current expenditure for Acceding Countries. Other current expenditure on such things as teaching materials, or building maintenance represented between 8 % (Cyprus) and 39 % (Czech Republic) of current expenditure on education. In Acceding Countries, current expenditure accounted for between 90 % (Cyprus and Malta) and 96 % (Slovak Republic and Latvia) of total expenditure while the rest (between 4 % and 10 %) was spent on capital expenditure - for instance outlays on construction or renovation of buildings or purchase of new equipment (table 2).

The distribution of expenditure by resource categories depends on such things as teachers' salaries, student to teacher ratio, whether educational institutions own or rent the buildings they use, pay for textbooks for the pupils/students or offer ancillary services (meals, dormitory) in addition to instruction.

Table 2: Breakdown by type of expenditure in public institutions (% , 1999).

	Total		Current	
	Current	Capital	Personnel	Other Current
EU 15	92	8	79	21
CY	90	10	92	8
CZ	91	9	61	39
EE	:	:	:	:
HU	92	8	72	28
LT	:	:	:	:
LV	96	4	91	9
MT	90	10	80	20
PL	93	7	69	31
SI	:	:	:	:
SK	96	4	79	21

## Financial aid to pupils/students: the bulk of assistance goes to the tertiary level

Financial aid to students are the transfers paid by the public sector to students in form of student grants, loans and child allowances contingent on student status. In 1999, it accounted for 2.3 % of total public expenditure on education in Acceding Countries (EU 15: 6.1 %). At primary and secondary level combined, it amounted to 1.3 % (EU 15: 3.7 %), at tertiary level to 7.9 % (EU 15: 16.1 %).

Financial aid to pupils/students as percentage of total public expenditure on education goes from 10.1 % in Malta and 9.1 % in Cyprus to under 1 % in Poland and the Slovak Republic.

Concerning primary and secondary education, financial aid to pupils as a percentage of total public expenditure ranges from under 1 % in Hungary, Poland and the Slovak Republic to 4.3 % in Malta and 5.3 % in the Czech Republic (table 3).

The variation among the Acceding Countries at the tertiary level is even larger. For instance, direct financial assistance to students accounts for over 55 % of public expenditure on education in Cyprus and for 38.5 % in Malta. Latvia, Lithuania and Hungary lie within a range of 12-18 % and therefore span around the EU15 average of 16,1 %. The Czech Republic, Estonia, Poland and the Slovak Republic all spent significantly under 10 %.

Table 3: Financial aid to pupils and students as a percentage of total public expenditure on education, by level of education 1999

	Primary+secondary	Tertiary	Total
<b>EU 15</b>	3.7	16.1	6.1
<b>ACC</b>	1.3	7.9	2.3
<b>CY</b>	:	55.3	9.1
<b>CZ</b>	5.3	7.6	5.1
<b>EE</b>	2.2	6.5	2.5
<b>HU</b>	0.6	12.6	2.9
<b>LT</b>	2.2	14.1	3.7
<b>LV</b>	3.1	17.1	4.9
<b>MT</b>	4.3	38.5	10.1
<b>PL</b>	0.2	3.2	0.7
<b>SI</b>	:	:	:
<b>SK</b>	0.0	4.4	0.9

### ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

**Abbreviations:** EU 15: the EU Member States; ACC - Acceding Countries; CY - Cyprus; CZ - Czech Republic; EE - Estonia; HU - Hungary; LT - Lithuania; LV - Latvia; MT - Malta; PL - Poland; SI - Slovenia; SK - Slovak Republic.

#### Calculation of EU15 and ACC averages:

EU 15 and ACC averages are **weighted averages** taking into account the relative proportion of the public expenditure on education of each country for which data are available.

Another method to calculate averages is to determine the **simple average**. Then EU 15 would spent 5.5 % of its GDP and 11.2 % of its public expenditure on education. However, this method is questionable as it does not consider the absolute size of education system in each country.

**Data source** The core information used comes from the UOE (UNESCO, OECD, Eurostat) questionnaire on education expenditure for the financial year 1999. Data source is Eurostat UOE, unless stated otherwise.

#### Classification of education:

**ISCED** International Standard Classification of Education (1997 version), available at the address: [http://www.uis.unesco.org/en/act/act\\_p/iscled.html](http://www.uis.unesco.org/en/act/act_p/iscled.html)

Pre-primary education: ISCED level 0, Primary education : ISCED level 1; Secondary education : ISCED levels 2-4; Lower secondary education: ISCED level 2, Upper secondary education: ISCED level 3, Post-secondary not tertiary education: ISCED level 4, Tertiary education : ISCED levels 5-6, Non-universitary tertiary education: ISCED level 5B, University tertiary education: ISCED level 5A and 6.

**PPS** Where necessary, data are expressed in Purchasing Power Standards (PPS) in order to eliminate differences in price levels between countries. The purchasing power parity rate between the PPS and each currency expressed 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 Euro based.

**GDP** The figures relating to GDP are those forwarded to Eurostat by the countries in accordance with the ESA 95 criteria.

**Enrolment** Enrolment data are available for the school year, in contrast to finance data which are available for calendar years. A weighted sum over two school years is therefore used to make the reference period correspond to the calendar year. The following are exceptions. **CY**: only enrolment data for 1999/2000 - **MT**: FTE (full-time equivalents) are estimated. It is assumed that on average part-time enrolment is 0.5 times full-time enrolment.

**Data coverage:** Figure 2: LV: public and private institutions.

# Further information:

## ➤ Databases

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