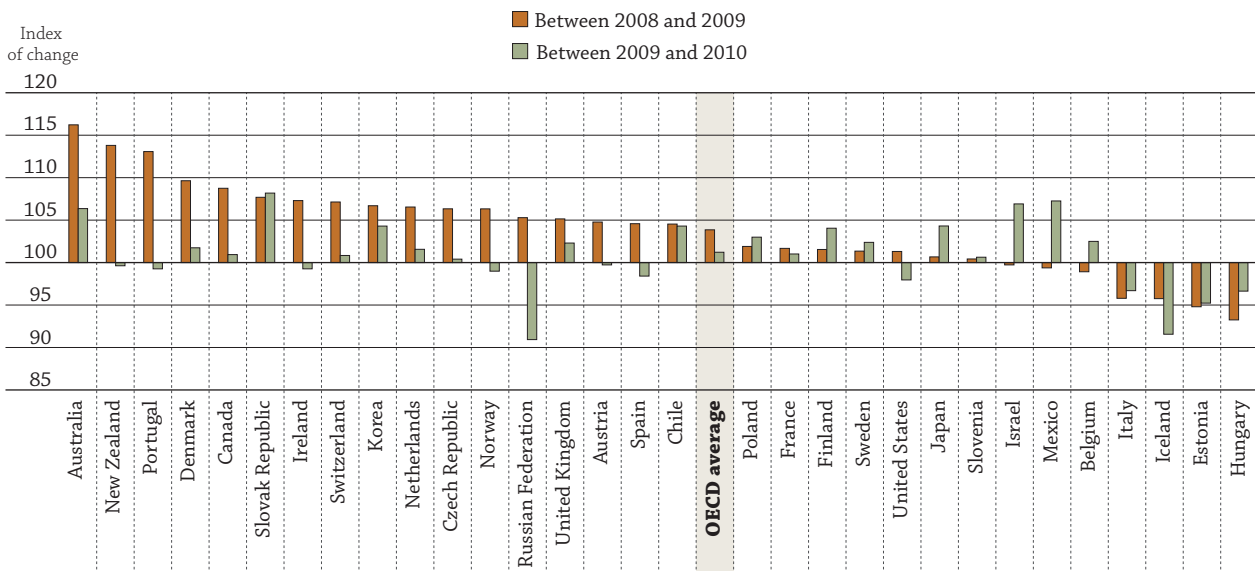






**Index of change in public expenditure on educational institutions**  
(Constant prices)



Countries are ranked in descending order of the index of change between 2008 and 2009.

Source: OECD (2013), *Education at a Glance 2013: OECD Indicators*, Indicator B2 ([www.oecd.org/edu/eag.htm](http://www.oecd.org/edu/eag.htm)).

**...but the first signs of slowdown appeared in 2010.**

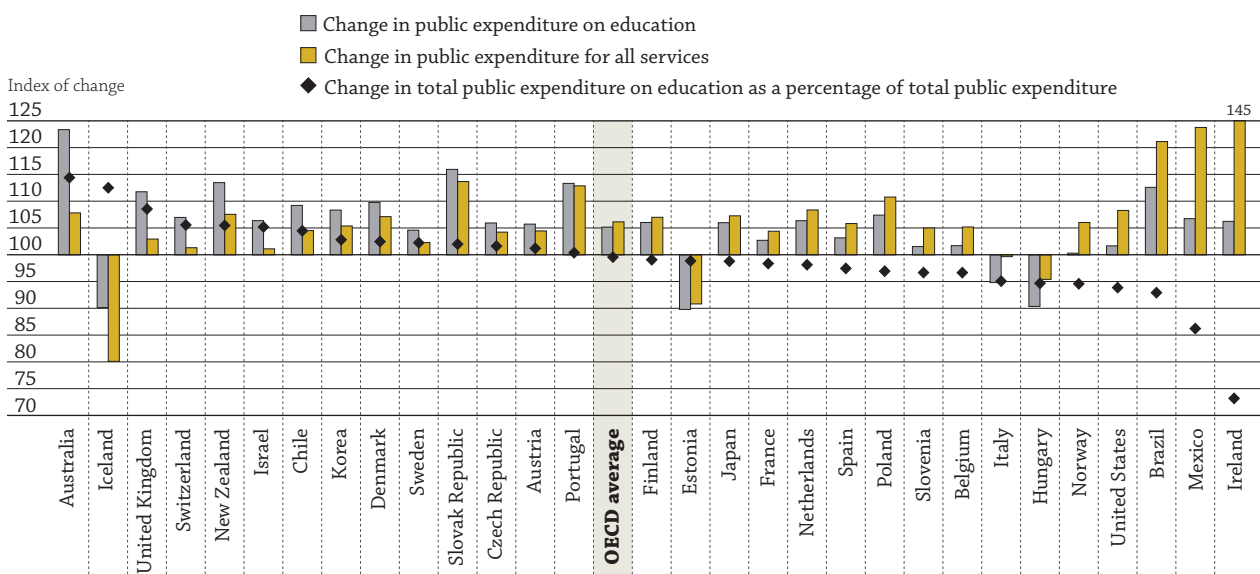
However, the picture has been less positive since 2010. An increasing number of countries have put austerity measures in place as a consequence of fiscal consolidation. Although GDP rose in most OECD countries between 2009 and 2010 (on average by 3%), public expenditure on educational institutions increased by only 1% on average and fell in more than one-third of OECD countries. In some cases the decrease was simply due to adjusting to demographic changes, but for most the decline corresponded to the first cuts of the crisis in educational budgets. Among the countries that had already started cutting public spending, public expenditure continued to shrink in Estonia (by 4.8%), Hungary (by 3.4%), Iceland (by 8.4%) and Italy (by 3.3%) between 2009 and 2010. Meanwhile, expenditure decreased for the first time in Austria, Ireland, New Zealand, Norway, Portugal, Spain and the United States by 2% or less and by more than 10% in the Russian Federation. In Norway, public expenditure on educational institutions had substantially increased in 2009 in an effort to offset the effects of the crisis, but this increase was not sustained in 2010.

**Public spending on education at the crossroads.**

In past decades, education has been given top priority in national budgets in a large majority of OECD countries. The share of public expenditure spent on education increased from 11.8% in 1995 to 13.1% in 2005. Since 2008, this trend has been less marked as the crisis put more pressure on budgets overall, requiring governments to prioritise between education and other key public sectors, such as health, unemployment and social policy. Even among those OECD countries which saw increases in public expenditure on education between 2008 and 2010, in half of them these increases did not keep pace with the growth in public expenditure overall (see chart above). This relative decline has been greatest in Brazil, Ireland, Mexico, Norway and the United States.



**Index of change between 2008 and 2010 in total public expenditure on education as a percentage of total public expenditure for all levels of education combined**  
(2008 = 100, 2010 constant prices)



Countries are ranked in descending order of the change in total public expenditure on education as a percentage of total public expenditure.  
Source: OECD (2013), Education at a Glance 2013: OECD Indicators, Indicator B4 ([www.oecd.org/edu/eag.htm](http://www.oecd.org/edu/eag.htm)).

**Teachers' salaries are being squeezed...**

Teachers' salaries represent around two-thirds of public expenditure on education, which explains why in some countries the first signs of a slowdown had a direct impact on pay. Salaries were either frozen or cut between 2009 and 2011 in 12 out of the 25 OECD countries with data available (see chart above). On average across those countries, teachers' salaries at primary and secondary levels decreased in real terms by about 2% between 2009 and 2011, the first decline since 2000. Teachers' salaries were significantly affected in Estonia, Greece, Hungary and Spain. In Estonia, minimum teachers' salaries were cut back to their 2008 levels in 2009 and have been frozen at that level since then. In Greece, various reductions in teachers' benefits and allowances affected teachers' salaries in 2010 and 2011. In Hungary, a supplemental bonus that was paid to all teachers was suspended in 2009. And in Spain, all civil servants, including teachers, saw their salaries reduced in July 2010.

**... but this can affect the quality of learning.**

When the economy is in crisis, and graduate unemployment is high, the teaching profession might seem to be a safer and more attractive choice than other occupations. But significant salary reductions can also have a negative impact on a country's attempt to attract the best students to the teaching profession. As a consequence, countries will find it more difficult to maintain the quality of learning in the future.

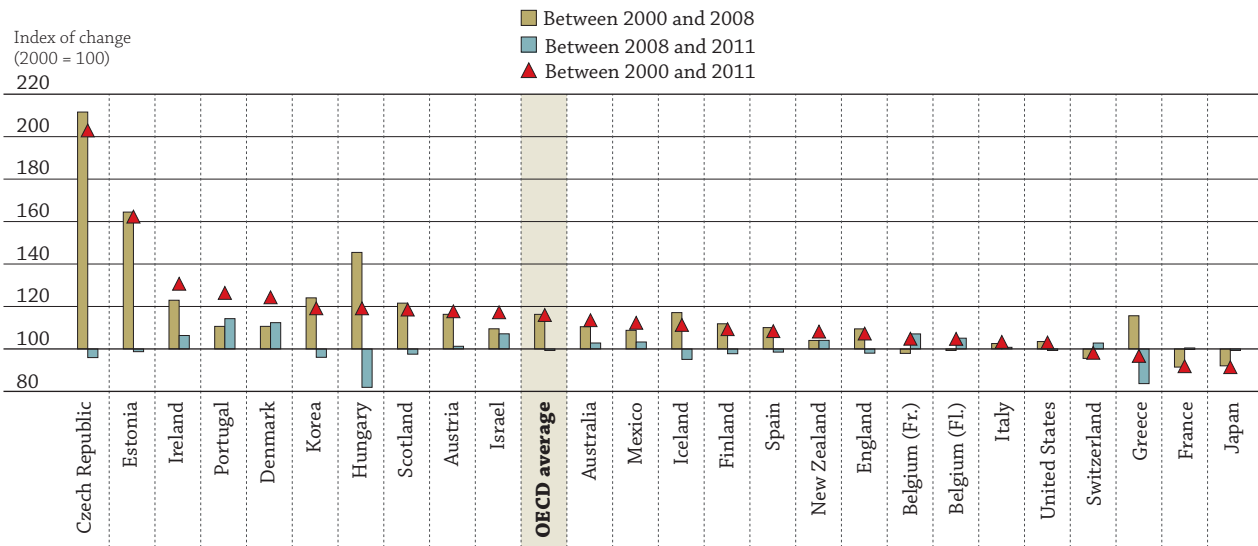
As the PISA 2012 study showed that better-performing countries tend to pay teachers higher salaries, paying teachers less may not be the most effective way to improve value for money in education. Past increases in public spending on education were not necessarily motivated by the desire to improve the quality of teaching. For example, public expenditure per pupil increased significantly between 2005 and 2010 in two-thirds of OECD countries as the result of smaller class sizes due to policy decisions or declining student numbers.





**Change in teachers' salaries in lower secondary education (2000, 2008 and 2011)**

Index of change between 2000 and 2011 (2000 = 100, constant prices) for teachers with 15 years of experience



Countries are ranked in descending order of the index of change between 2000 and 2011.

Source: OECD (2013), *Education at a Glance 2013: OECD Indicators*, Indicator D3 ([www.oecd.org/edu/eag.htm](http://www.oecd.org/edu/eag.htm)).

**Investment in education will need to become much more efficient.**

The pressure on public budgets has become significant in many countries since 2010. Recent research suggests that the trend observed in 2010 of declining public expenditure on education has continued (European Commission/EACEA/Eurydice, 2013). It also shows that more OECD countries will begin cutting public spending on education over the next two years.

In times of pressured public budgets, choices need to be made and many OECD countries face challenges to maintain or improve the quality of learning with fewer resources. It will be crucial to invest public resources more efficiently in the coming years. For instance, funds allocated to teacher training – both initial and continuing – turn out to pay off to improve performance of the education systems.

**References**

European Commission/EACEA/Eurydice (2013), *Funding of Education in Europe 2000-2012: The Impact of the Economic Crisis – Eurydice Report*, Publications Office of the European Union, Luxembourg.

**The bottom line** While public spending on education did not initially seem to suffer from the crisis, the picture since 2010 has been less positive. Fiscal consolidation has led half of OECD countries to cut or freeze teachers' salaries. OECD countries will not be able to mobilise additional public resources in the coming years, so investment in education will need to become more efficient and be motivated by considerations to improve the quality of teaching.

<b>Visit:</b> <a href="http://www.oecd.org/edu">www.oecd.org/edu</a>	<b>See:</b> OECD (2013), <i>Education at a Glance 2013: OECD Indicators</i> , OECD Publishing.	<b>For more information, contact:</b> Eric Charbonnier ( <a href="mailto:Eric.Charbonnier@oecd.org">Eric.Charbonnier@oecd.org</a> ) Joris Ranchin ( <a href="mailto:Joris.Ranchin@oecd.org">Joris.Ranchin@oecd.org</a> )	<b>Coming next month:</b> <i>To which fields of education are students attracted?</i>
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