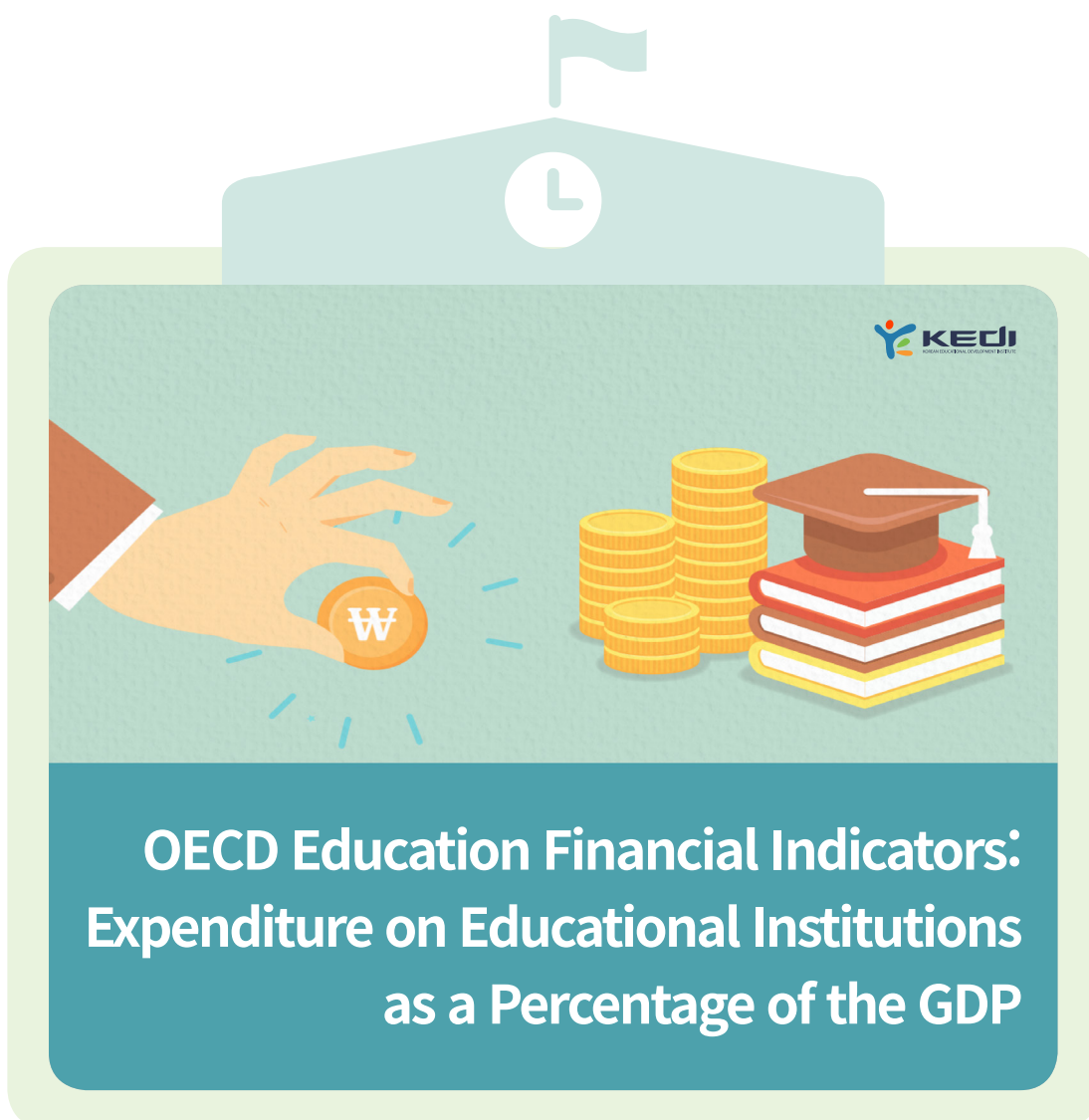


2020 November Educational Issues in Korea

OECD Education Financial Indicators: Expenditure on Educational Institutions as a Percentage of the GDP



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What is an OECD Educational Indicator?

OECD educational indicators mean indicators on the educational status of OECD countries and some non-member countries (46 countries together as of 2000) that are listed in Education at a Glance: OECD Indicators (hereinafter referred to as EAG) published each year by OECD. EAG is largely composed of 4 chapters, and each chapter includes a variety of indicators related to the educational performance (Chapter A), education opportunities and participation (Chapter B), education finance (Chapter C) and educational environment, including teachers (Chapter D, and the educational status of each country can be compared with these indicators to gain an insight into the country's educational policy development.

OECD Education Financial Indicators

Chapter C of EAG includes the education financial indicators that can compare the investment status on education by each country, and the detailed indicators are as follows:

[Table 1] Education at a Glance 2000 Chapter C

No.	Detailed Indicators
C1	Expenditure on Educational Institutions per Student
C2	Expenditure on Educational Institutions as a Percentage of the GDP
C3	Expenditure on Educational Institutions from Public Sources as Compared to the Private Sources
C4	Total expenditure on Educational Institutions from Public Sources
C5	College Tuition and Scholarship
C6	Educational Expenses by Type

As can be seen from the title of the indicator, the purpose of the OECD education financial indicators

is to provide information on financial investment for expenditure on educational institutions from public and private sources. It is necessary to first understand the definitions of some terms in order to accurately understand the concerned indices.

Expenditure on an educational institution means educational expenditures that are invested to and spent through public educational institutions. Public educational institutions are ‘direct educational institutions’ that provide educational services directly and ‘education support institutions’ that supports the educational activities of the direct educational institutions. In the case of Korea, day care, kindergarten, primary and secondary schools, specialized colleges, universities, graduate schools and special schools, etc., and includes both public and private schools with an academic certification (except early childhood educational institutions). On the other hand, the education support institutions are the Ministry of Education, offices of education and education-related public institutions, etc. Therefore, institutions without academic certification, such as alternative schools, private educational institutions, libraries, etc. are not considered to be a public educational institution according to EAG.

On the other hand, expenditure on educational institutions from public sources include all expenditures on public education by, not only the central government, but also local governments. The expenditure on educational institutions from public sources includes direct expenditures to educational institutions by the government (example: personnel expenses, facilities management expenses, etc.), tuition support and tuition loan (only for the tuition) support to the students by the government and subsidy payments to other private (private companies and organizations) educational institutions by the government. Expenditure on educational institutions from private sources include direct expenditure (tuition, boarding expenses, facilities support, etc.) to private educational institutions. It must be noted that when interpreting the OECD educational indicators, there are two methods to consider: first is calculating by including the government’s tuition and tuition support as the public sources based on the source of funding (initial funding), and the second is calculating by considering the government’s tuition and tuition support as the private source where the final expenditure is being made (final funding).

Expenditure on Educational Institutions as a Percentage of the GDP

EAG includes the education financial indicators calculated with the data from 3 years prior to the publication year. Therefore, EAG 2019 provides an education financial status based on data from 2016 and 2020 from 2017.

**[Table 2] Expenditure on Educational Institutions
as a Percentage of the GDP in Korea (Based on the final financial sources**

(Unit: %, %p)

Year	Classification	Primary & Secondary Education			Tertiary Education			Total		
		Public	Private	Total	Public	Private	Total	Public	Private	Total
'17	Korea	3.03	0.44	3.47	0.59	0.96	1.56	3.63	1.40	5.03
	(Initial Funding)	(3.06)	(0.41)	-	(0.84)	(0.71)	-	(3.91)	(1.12)	-
	(Changes)	▼0.12	▼0.07	▼0.18	▼0.06	▼0.12	▼0.18	▼0.18	▼0.19	▼0.36
	OECD Average	3.13	0.34	3.48	0.95	0.43	1.42	4.09	0.79	4.92
'16	Korea	3.15	0.51	3.65	0.65	1.09	1.74	3.80	1.59	5.39
	OECD Average	3.12	0.36	3.49	0.93	0.51	1.47	4.04	0.86	4.96

Note) Korea's : ('16) 1,641.8 Trillion Won → ('17) 1,835.7 Trillion Won

As can be seen from Table 2, Korea's expenditure on education is slightly higher than the OECD average based on the GDP. Overall, the government investment is lower than the OECD average, and the private investment is higher than the OECD average. This is especially more prominent in tertiary education. The average government investment proportion of the OECD countries increased slightly in 2017, as compared to 2016 (4.04% in 2016 → 4.09% in 2017), but the private investment decreased (0.86% in 2016 → 0.79% in 2017). However, both government and private investments decreased in Korea, but this is probably due to increase of the GDP.

When comparing the numbers based on final funding and the initial funding (in parenthesis), the percentage of the tuition and student loan support among the government expenditure is 0.03% for primary and secondary education and 0.25% for tertiary education. Therefore, in the case of the tertiary education, the difference between the calculation that includes the public source (which is the actual source of the fund) (based on initial funding) and calculation based on the final expending agent (based on the final funding) is quite substantial.

**[Table 3] Expenditure on Educational Institutions
as a Percentage of the GDP of Major Countries (Based on the final funding, 2017)**

(Unit: %)

Country	Primary & Secondary Education			Tertiary Education			Total		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Korea	3.03	0.44	3.47	0.59	0.96	1.56	3.63	1.40	5.03
US	3.24	0.31	3.55	0.91	1.68	2.58	4.15	1.98	6.13
Japan	2.43	0.20	2.63	0.43	0.95	1.38	2.86	1.15	4.01
UK	3.64	0.67	4.31	0.50	1.39	1.96	4.13	2.06	6.26
France	3.40	0.35	3.75	1.12	0.31	1.45	4.52	0.65	5.20
Germany	2.61	0.38	3.00	1.01	0.19	1.22	3.63	0.57	4.22
OECD Average	3.13	0.34	3.48	0.95	0.43	1.42	4.09	0.79	4.92

Sources : The Ministry of Education (2020). 「OECD Education Indicators 202000」 results are announced, The Ministry of Education.
 OECD(2019). Education at a Glance: Education Indicators. OECD.
 OECD(2020). Education at a Glance: Education Indicators. OECD.

The above Table 3 shows a comparison of the expenditure on educational institutions as a percentage of the GDP of major countries. The governments of all 6 countries included in Table 3 invest more for primary and secondary education as compared to tertiary education. On the other hand, tertiary education investment sourced privately is much higher than for primary and secondary education in the case of Korea, US, Japan and UK, but France and Germany had lower investment. It can be assumed that the social meaning differs towards tertiary education between the two groups.