This article presents statistics on education finance in the European Union (EU) and forms part of an online publication on education and training in the EU. Expenditure on education may help foster economic growth, enhance productivity, contribute to people's personal and social development, and help reduce social inequalities.

Within the EU, the proportion of financial resources devoted to education is one of the key choices made by national governments. In a similar vein, enterprises, students and their families also make decisions on the financial resources that they are able or willing to set aside for education.

This article covers various aspects of education finance, namely different sources of funding (such as funding by the government or by households), as well as education expenditure by educational institutions or households. It covers pre-primary to tertiary levels of education, in other words expenditure on all levels of education except for early childhood educational development (as defined by the International standard classification of education (ISCED) level 01).

**Overall educational expenditure**

Among EU Member States, the funding of education mainly comes from government, with a smaller role for private sources (including households, enterprises, non-profit organisations and religious institutions), while an even smaller role is generally played by international organisations (such as the United Nations or the World Bank). It should be noted that some government expenditure relates to the transfer and payments for education to the non-educational private sector — this includes subsidies to households and students as well as payments to other non-educational private entities. As such, this part is counted twice, once in government expenditure and a second time in the expenditure of households and other non-educational private entities.

Figure 1 shows the relative expenditure on education from the three main sources of expenditure, namely, that made by government, non-educational private sources and international organisations. The share of total spending on education in 2015 coming from governments ranged from around 71% in the United Kingdom and Slovakia up to 95.7% in Sweden (2014 data) and 97.3% in Finland (incomplete data), averaging 80.9% across 24 of the EU Member States (see Figure 1 for coverage).
Non-educational private sources contributed 18.0% of total expenditure on education (averaged across 24 of the EU Member States), with private sources providing more than 10.0% of total expenditure on education in 17 of the EU Member States for which data are available. This share was above 20.0% in five of the Member States and peaked at 24.2% in Cyprus and 28.1% in the United Kingdom.

The contribution of international organisations to expenditure on education was generally much lower, averaging 1.0% across 24 of the EU Member States. Their share was lower than 5% of total expenditure in all but four of the Member States for which data are available, with Slovakia (11.7%) the only Member State to record a double-digit share.

In 2015, Bulgaria was the only EU Member State which did not record the highest share of its total expenditure on education being devoted to primary and lower secondary education (see Figure 2), as tertiary education accounted for almost one third (32.4%) of total education expenditure in Bulgaria, compared with a 28.8% share for primary and lower secondary education. For the other Member States, the share of total expenditure accounted for by primary and lower secondary education ranged from a low of 32.7% in Hungary up to more than half of the total in Luxembourg (51.3%) and Ireland (54.3%; 2014 data).
Generally, the smallest share of educational expenditure in 2015 was recorded for pre-primary education, with its share ranging from 2.0 % in Ireland (2014 data) and between 6 % and 7 % in Cyprus, the United Kingdom and the Netherlands up to more than one fifth of total education expenditure in Bulgaria (20.1 %) and Sweden (20.5 %). These last two EU Member States were both atypical insofar as pre-primary education did not account for the lowest share of education expenditure, as the proportion of spending on upper secondary and post-secondary non-tertiary education was less, as was also the case in Lithuania; Luxembourg also had a different pattern of expenditure, as its share of total expenditure devoted to pre-primary education was higher than that for tertiary education.

Upper secondary and post-secondary non-tertiary education typically accounted for one sixth to one quarter of total educational expenditure in 2015, with lower shares recorded in Lithuania and Sweden, and higher shares registered in Belgium, Italy and Hungary.

Expenditure on tertiary education in 2015 was generally higher than the share for upper secondary and post-secondary non-tertiary education, although there were five exceptions among the EU Member States: these were Luxembourg, Hungary, Italy, Belgium and Cyprus. Tertiary education accounted for one fifth to one third of total educational expenditure in all of the EU Member States for which data are available, except for Luxembourg, Italy and Hungary (which were below this range) and Estonia (which was above it; 37.5 %, based on incomplete data).
Public expenditure

Public expenditure on education, in other words, expenditure by the government including payments and transfers for education to the non-educational private sector, totalled EUR 716 billion across 26 of the EU Member States in 2015 (2013 data for Estonia; no data available for Denmark and Croatia). Total expenditure on education was estimated at 5.0% when measured relative to gross domestic product (GDP) and 10.6% as a share of total public expenditure (see Table 1).

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of expenditure (million EUR)</th>
<th>Expenditure as a share of GDP (%)</th>
<th>Expenditure as a share of GNI (%)</th>
<th>Expenditure as a share of public expenditure</th>
</tr>
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<tr>
<td>Serbia</td>
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</table>

(*) Based on an average of available data.
(1) 2013.
(2) Expenditure as a share of GNI: 2014.
Source: Eurostat (online data codes: educ_uoe_fine01, educ_uoe_fine06 and educ_uoe_fine08)

Table 1: Main indicators for public expenditure on education(excluding early childhood educational development), 2015

Source: Eurostat (educ_uoe_fine01), (educ_uoe_fine06) and (educ_uoe_fine08)

The highest public spending on education relative to GDP in 2015 among the EU Member States was observed in Sweden (7.1%), followed by Finland (6.8%), while relatively high ratios were also recorded among the northern EFTA members of Iceland (6.8%) and Norway (6.7%) — see Figure 3. Aside from Sweden and Finland, most of the Member States reported ratios of public expenditure on education relative to GDP that were between 3.7% and 5.5%, with only Romania below this range and the United Kingdom, Cyprus and Belgium above it.
Table 2 presents an analysis of expenditure of educational institutions (either made directly by the institutions themselves or made by government on behalf of the institutions) for 2015. In 5 of the 26 EU Member States for which data are available, capital expenditure exceeded 10.0 % of total capital and current expenditure on educational institutions, peaking at 19.1 % in Latvia, while the next highest shares were recorded in the two other Baltic Member States — Estonia (15.2 %; 2013 data) and Lithuania (12.6 %). By contrast, capital expenditure accounted for 3.3 % of current and capital expenditure in the United Kingdom, and for less than 4.0 % of the expenditure of educational institutions in Belgium and Croatia (2014 data).
In most of the EU Member States the majority of expenditure in 2015 was on teachers’ pay, although such pay accounted for 40-50% of the total expenditure of educational institutions in France, Lithuania, Slovakia (2014 data), Finland and Sweden (2013 data), for 30-40% in Czechia (2012 data) and Estonia (2013 data), and for less than one quarter of all expenditure in Slovenia (23.7%; 2012 data).

Declining birth rates in many countries have resulted or will probably result in reduced school age populations, which will in turn have an effect on ratios such as the average expenditure per pupil (given that expenditure is held constant). Annual expenditure (from public and private sources) on all educational institutions shows that an average of EUR 12 739 was spent per pupil/student in 2015 in Sweden, while the average was EUR 2 694 in Croatia (2014 data); the level of expenditure was considerably higher (EUR 19 714 per pupil/student) in Luxembourg and it was below EUR 1 500 in both Bulgaria and Romania (see Figure 4). In a small majority of the EU Member States for which data are available (17 out of 26), expenditure per pupil was higher in public institutions than in all institutions. Among the nine Member States where expenditure per pupil was lower in public institutions the difference was greatest in absolute terms in the United Kingdom and in relative terms in Estonia (2013 data).
With the exceptions of Denmark, Greece and Cyprus, expenditure on public and private educational institutions per pupil was highest among tertiary education institutions. A majority of EU Member States reported that their lowest level of expenditure per pupil was for pre-primary education, although there were several exceptions, most notably the Nordic EU Member States and Luxembourg; but also, Croatia, Hungary, Greece, Bulgaria, Slovenia, Poland and Lithuania; in most of these Member States the lowest level of expenditure per pupil was recorded for upper secondary and post-secondary non-tertiary education, although in Bulgaria, Lithuania, Hungary and Sweden the lowest average was for primary and lower secondary education. The general pattern observed was one whereby expenditure per pupil/student increased from the lowest to the highest level of education.
Financial aid to households and students

In 2015, an estimated 8.8 % of public expenditure on education across 26 of the EU Member States (2013 data for Estonia; no data available for Denmark or Croatia) was used for financial assistance to households or students (see Figure 6); such assistance may take a variety of different forms, including scholarships, public loans and allowances contingent to student status. The share of public education expenditure that was used for financial aid to households and students ranged in 2015 from 0.1 % in Greece, 1.6 % in Luxembourg and 2.0 % in Romania up to 9.4 % in Germany; shares above this range (between 10.2 % and 16.4 %) were recorded in Sweden, the Netherlands, Ireland and the United Kingdom, while by far the highest share was recorded in Bulgaria (21.3 %).
Figure 6: Financial aid to students as a share of public expenditure for all education levels (excluding early childhood educational development), 2015(%)

Source: Eurostat

Figure 7 shows information pertaining to the financial aid given to students, as a share of public expenditure for each level of education. With the exceptions of Bulgaria, Malta, Latvia, Slovenia and Czechia, the share of financial aid to students was unsurprisingly higher for tertiary education than for upper secondary and post-secondary non-tertiary education. In a similar vein, the share of public expenditure devoted to financial aid for students within upper secondary and post-secondary non-tertiary education was usually higher than the share for primary and lower secondary education, the exceptions being Bulgaria, Malta, Hungary, Poland and Romania.
The share of public expenditure on tertiary education used for financial aid to students exceeded 25.0 % in Sweden and the Netherlands and exceeded 30.0 % in Ireland, Denmark (2014 data) and Cyprus, while it peaked at 64.6 % in the United Kingdom. For upper secondary and post-secondary non-tertiary education, shares of 15.0 % or more were reported for Sweden, the Netherlands, Bulgaria, Germany, Denmark (2014 data) and Ireland, while for primary and lower secondary education the shares were generally below 5.0 %, the only exceptions being Hungary, Malta and most notably Bulgaria (26.2 %).

Figure 8 provides a similar analysis to that in Figure 6, except it focuses on expenditure by non-educational private entities (other than households) rather than public expenditure. As noted above, such entities include for example enterprises, non-profit organisations and religious institutions. The share of total education expenditure accounted for by these entities and destined for financial aid to households and students was much more diverse than that noted for public expenditure. In 10 of the 22 EU Member States for which data are available the share was 0.2 % or less. At the other end of the scale, the relative importance of financial aid provided by non-educational private entities to households and students was particularly high in Finland, Latvia and Cyprus where it accounted for more than three fifths of total expenditure.
Share of all education expenditure (excluding early childhood educational development) by non-educational private entities (other than households) used for financial aid to households and students, 2015 (%)

Source: Eurostat (educ_uoe_fine03)

Source data for tables and graphs

- Education finance statistics: tables and figures

Data sources

The standards for international statistics on education are set by three international organisations:

- the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) institute for statistics (UIS);
- the Organisation for Economic Cooperation and Development (OECD);
- Eurostat, the statistical office of the European Union.

The source of data used in this article is a joint UNESCO/OECD/Eurostat (UOE) data collection on education statistics and this is the basis for the core components of Eurostat’s database on education statistics; in combination with the joint data collection Eurostat also collects data on regional enrolments and foreign language learning.

Regulation (EC) No 452/2008 of 23 April 2008 provides the legal basis for the production and development of the EU’s statistics on education and lifelong learning. Two European Commission Regulations have been adopted concerning the implementation of the education and training data. The first, Commission Regulation

More information about the joint data collection is available in an article on the UOE methodology. It is also recommended to refer to the specific country metadata before analysing the data presented in this article.

The ISCED classification

ISCED provides a classification for international education statistics, describing different levels of education; it was first developed in 1976 by UNESCO and revised in 1997 and again in 2011. ISCED 2011 distinguishes nine levels of education: early childhood education (level 0); primary education (level 1); lower secondary education (level 2); upper secondary education (level 3); post-secondary non-tertiary education (level 4); short-cycle tertiary education (level 5); bachelor’s or equivalent level (level 6); master’s or equivalent level (level 7); doctoral or equivalent level (level 8). The first results of data collection exercises that were based on ISCED 2011 have been published in 2015 starting with data for the 2012 reference period for expenditure data.

Key concepts for educational expenditure statistics

Note that in the following key concepts the expression ‘expenditure by or on (...) institutions’ is used for both expenditure by the institutions themselves (for example, salaries paid by a fiscally autonomous university) and expenditure by governments on, or on behalf of, the institutions (for example, salaries paid by a national education ministry directly to individual teachers/lecturers who are employed in public or private schools/universities and other educational institutions).

Expenditure for all levels of education combined encompasses the expenditure for all education programmes from pre-primary (ISCED level 02) to tertiary education (ISCED level 8).

Total expenditure comprises current and capital expenditure. Current expenditure comprises personnel expenditure and other current expenditure.

Total public expenditure on education includes i) direct public funding for educational institutions and ii) transfers to households and enterprises (including non-profit organisations). 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 enterprises or non-profit organisations (transfers to private households and enterprises).

Expenditure on institutions is not limited to that made on instructional services, but also includes expenditure on ancillary services for students and families, where these services are provided through educational institutions. At the tertiary level, spending on research and development can be significant and this is included in the figures presented, to the extent that any such research is performed by educational institutions. As such, expenditure on educational institutions includes expenditure on core educational goods and services, such as teaching staff, school buildings, or school books and teaching materials, and peripheral educational goods and services such as ancillary services, general administration and other activities. Education expenditure on institutions covers all types of public or private schools/universities and other educational institutions that are involved in delivering or supporting educational services.

Expenditure on educational institutions from public sources corresponds to direct expenditure on educational institutions from public sources. It may take one of two forms:

- direct purchases by government of educational resources to be used by educational institutions (such as the payment of teachers’ salaries by a central or regional education ministry);
- payments made by government agencies to educational institutions that have responsibility for purchasing educational resources themselves (for example, a government appropriation or block grant to a university, which the university then uses to compensate staff and/or to purchase other resources).

Direct expenditure by a government agency exclude tuition payments to an institution that have been received from students (or their families) enrolled in public schools under that agency’s jurisdiction, even if such tuition payments flow, in the first instance, to the government agency rather than to the institution in question.
Expenditure on educational institutions from private sources comprises: school fees; materials (such as textbooks and teaching equipment); transport to school (if organised by the school); meals (if provided by the school); boarding fees, and; expenditure by employers on initial vocational training.

Public financial aid to students refers to direct public assistance to pupils/students in the form of scholarships, public loans and family allowances contingent on student status. This is not a full measure of the level of assistance students may receive as for instance, students (or their families) may also get financial support indirectly, for example through ancillary services (in other words student welfare services such as meals, transportation, healthcare or dormitories) or tax reductions.

Accounting conventions

Data on educational expenditure are compiled on a cash accounting rather than an accrual accounting basis. As such, expenditure is recorded in the year in which the payments occurred. This means in particular that:

- capital acquisitions are counted fully in the year in which the expenditure occurs;
- depreciation of capital assets is not recorded as expenditure, though repair and maintenance expenditure is recorded in the year it occurs.

Expenditure on student loans is recorded as the gross loan outlays in the year in which the loans are made, without netting-off repayments from existing borrowers.

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### Tables in this article use the following notation:

| Value in italics | data value is forecasted, provisional or estimated and is therefore likely to change; |
| : : |
| : | not available, confidential or unreliable value; |
| – | not applicable. |

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**Context**

Education accounts for a significant proportion of public expenditure in all of the EU Member States — the most important budget item usually being expenditure on staff. The cost of teaching usually increases significantly as a child moves through the education system, with expenditure per pupil/student considerably higher in universities than in primary schools. Although tertiary education costs more per head, the highest proportion of total education spending is normally devoted to secondary education systems, as these teach a larger share of the total number of pupils/students.

There is a debate in many EU Member States as to how to increase or maintain funding for education, improve efficiency and promote equity — a challenge that became harder in the context of the global financial and economic crisis and, in particular, increased levels of public debt. The debate is not purely about the levels and sources of finance, but also concerns proposals for reforms of education policies and systems and raises questions as to the development of labour force skills for the future, for the benefit of individuals and society. Possible approaches to funding include tuition fees, administrative or examination charges; another potential fundraising source is partnerships between business and higher educational establishments.

Education costs may be balanced by needs-based or merit-based support: merit-based support includes support awarded on the basis of academic performance; needs-based support includes income-contingent grants, loans (or other support) to try to stimulate enrolment rates in higher education, in particular among the less well-off members of society, thereby promoting equal opportunities as well as social mobility and inclusion. An analysis of national student fees and support systems in European higher education is available in a report produced by the European Commission and the Education, Audiovisual and Culture Executive Agency.
Other articles

- Education and training in the EU — facts and figures
- Being young in Europe today — education
- The EU in the world — education and training

Publications

- Key data on education in Europe 2012
- A guide to educational expenditure statistics

Main tables

- Education and training (t_edtr), see:

  Education finance (t_educ_uoe_fin)

Database

- Education and training (edtr), see:

  Education finance (educ_uoe_fin)

Dedicated section

- Education and training

Methodology

Metadata

- Education administrative data from 2013 onwards (ISCED 2011) (ESMS metadata file — educ_uoe_enr_esms)

Manuals and other methodological information

- Classification of learning activities — Manual
- ISCED 2011 operational manual — Guidelines for classifying national education programmes and related qualifications
- International Standard Classification of Education (ISCED) 2011
- UOE data collection on formal education — Manual on concepts, definitions and classifications, 2016

Legislation

- Regulation (EC) No 452/2008 of 23 April 2008 concerning the production and development of statistics on education and lifelong learning
External links

- European Commission — Education and training — Strategic framework for education and training
- Eurydice — National Student Fee and Support Systems in European Higher Education 2017/18
- Eurydice — The information network on education in Europe
- OECD — Education
- UNESCO — Education for the 21st century

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