

OECD Report: Education at a Glance 2009

Education International summary of key findings

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In its new Education at a Glance Report 2009, the OECD argues using retrospective data for a balance between private and public investment in education because of high private returns. The question remains: will this pre-crisis data still count?

Education at a Glance is an important annual publication which enables countries to see themselves in the light of other countries' performance in education. The indicators of *Education at a Glance* look at who participates in education, what is spent on it, how education systems operate and the results they achieve.

A major limitation of this year's edition of *Education at a Glance* is that the data it presents is applicable only up to 2007 and therefore does not adequately reflect the situation since the onset of the global financial and economic crisis. While the OECD argues that investment in education and innovation is a way for societies out of the economic crisis, it continues to view education primarily as a matter of individual benefit – especially in terms of the increase in personal income that it generates. The OECD argues that it can demonstrate how education can help economies to recover via trite data showing how much individuals (particularly males) benefit over their lives from tertiary graduation, because they are still in high demand in the labour market and are paid significantly better than those with only secondary or with non-tertiary post-secondary education. This view of education is rather limited as it fails to grasp the full complexity of the benefits that investment in education and innovation brings about, which is key to viewing investment in education as the path to post-crisis recovery.

Current data collected by Education International however show how education, and in particular teachers' salaries, are suffering from budget cuts in a number of OECD member states, particularly in Central and Eastern Europe. They range from the most severe cuts of up to 50.9% in teachers' salaries in Latvia to cuts of a less drastic nature in the Czech Republic, where government spending on education is planned to be reduced by 5 percent in 2010. In Poland, as a consequence of the crisis, overdue increases in teachers' salaries have not been paid in full as promised. Teacher redundancies in some part of the United States also point to reduced investment in education at a time when it is needed the most.

High Returns and Benefits from Tertiary Education remain a Key Point!

As with the 2008 version of *Education at a Glance*, the analysis in the report points to high returns from tertiary education. Yet, due to the nature of the data used, it is not clear from the report whether young graduates can still benefit from higher individual returns in current times of dramatic recession and economic downturn. Indeed, there is growing evidence that the labour market is suffering badly at all levels and highly skilled graduates may be filling the ranks of short-term, specific- or project-type employment. Furthermore, the focus on individual benefit is of little help when trying to understand the full range of contributions education brings to society as a whole. EI underlines how important it is to complement the individual perspective with a broader analysis of the impact of these developments on the whole society.

Job prospects for low-skilled and less-qualified workers with only secondary or even primary education are already bleak and will remain so, the report warns. Across OECD countries, 42% of adults with less than upper secondary qualifications are not even employed, and those who become unemployed are also more likely to spend a long time out of work: in most countries, over half of low-qualified unemployed 25-34 year-olds are long-term unemployed. By contrast, those who are employed enjoy high wage premiums for completing tertiary education.

Consequently, the report welcomes a further expansion of access to tertiary education as well as a worldwide increase in graduation rates. However, the OECD once again ranks countries and presents their relative positions on the country list not as progress or regress in terms of objective enrolment and graduation rates, but as if the competition for the top rank were the main purpose of the comparison. This indicates that the OECD does not value equal access to tertiary education for all regardless of socio-economic background as such, but sees access to tertiary education as a means of economic competitiveness between its member states. EI asserts that this is not solid ground upon which to build equal and fair long-term education policy. Instead equal access to, and graduation from, tertiary education should be viewed as a societal goal in its own right.

One of the report's key policy messages is that countries which devote a high proportion of public funding to education should allow for more private funding, while where private funding dominates, the opposite should occur. EI notes with concern that public investment in higher education in most countries has not been sufficient to meet growing enrolment demands. Funding shortfalls are compromising quality and accessibility. The status of higher education and research as a public good is being threatened not only by reductions in state financial support, but also by policies and pressures that foster its commercialization and privatization. These trends must be reversed, and governments must guarantee that public institutions of higher education are properly financed so that they can fulfil their mission of contributing to the public good.

EI is strong in its position is that education should remain publicly-funded and evidence showing an increase in private funding should be interpreted as a deficit of public funds, not as an excuse to limit them.

Equity is a Growing Policy Concern in Continuing Education and Training

The report admits that adult training programmes are often designed to counter the deficiencies of initial education and training; however, in practice, it often means that those with a higher level of attainment in education already tend to use more opportunities for continuing professional education than those without. So, in reality, these programmes do not reach those who are most in need, while those who are already have a relatively high level of education have opportunities to continue to improve. The OECD warns that, if the current trend of higher competitiveness of highly qualified tertiary graduates continues, the already existing wage gap between young highly educated professionals and older lower skilled workers will only increase.

In contrast with much higher levels of participation in continuing education and training among those in their twenties, less than 6% of the 30-39 year-old population across OECD countries are enrolled full- or part-time. While in some countries the percentage is significantly higher than this, at more than 10% (Australia, Finland, Iceland, New Zealand and Sweden), in others participation is less than 3% of 30-39 year-olds (France, Germany, Korea, Luxembourg, the Netherlands, and Turkey and partner country the Russian Federation), with even lower levels for over the age of 40 in Austria, the Czech Republic, France, Germany, Hungary, Ireland, Italy, Korea, Luxembourg, Mexico, the Netherlands, Portugal, the Slovak Republic, Switzerland, Turkey, and the partner countries Chile, the Russian Federation and Slovenia. This finding further underlines the immediate need for better opportunities for lifelong learning, especially for the low-skilled and middle-aged.

Education at a Glance gives particular attention to on-the-job-training, which constitutes an important segment of adult education in OECD countries. In Denmark, Germany, Hungary, Ireland, Switzerland and the partner country Estonia, around 75% of upper secondary students are in vocational programmes that combine school and work-based elements. In Australia, Denmark, Iceland (in the case of women only), the Netherlands, Switzerland and the United Kingdom (women only), more than half of the time spent in vocational education between ages 15 and 29 is combined with employment. On-the-job training is particularly at risk in the current financial and economic crisis, as companies struggle to survive by introducing cost-cutting measures.

The report concludes that, with lifelong learning being now more essential than ever, public policy needs to ask how well education and training systems are addressing the learning needs of older adults who need new skills. This may be an indirect message: policy makers or learning institutions should explore new opportunities to offer services in adult

education. EI fully supports such exploration but points to the need to support and offer further training for teaching personnel to be effective in such new lifelong learning systems.

PISA: Differences Between Countries in Overcoming Socio-Economic Obstacles

Education at a Glance uses findings from PISA 2006 about top performers in science, mathematics and reading to analyze factors behind their success and to suggest policy directions to increase countries' share of high performing students.

Among countries with similar mean scores in PISA there is a remarkable diversity in the percentage of top-performing students. For example, France has a mean score of 495 points in science in PISA 2006 and a proportion of 8% of students at high proficiency levels in science (both very close to the OECD average), and the partner country Latvia is also close to the OECD average in science with 490 points but has only 4% of top performers, which is less than half the OECD average of 9%. Although Latvia has a small percentage of students at the lowest levels, the result could signal the relative lack of a highly educated talent pool for the future. The OECD concludes that the variability of the proportion of students who are top performers across countries suggests a difference in countries' potential capacities to staff future knowledge-driven industries with talent educated in their home countries. Similar variability is shown in reading and mathematics with only slight differences in the patterns of these results among countries.

In explaining this variability, the OECD admits that socio-economic background is a crucial factor. In virtually every country for which there is comparable data, students in the top performing category come from families with comparatively advantaged socio-economic backgrounds. Across the OECD, the average socio-economic background of top performers is around two thirds of a standard deviation above the average OECD socio-economic background. There are also more top performers in science among native students than among students with an immigrant background but, in part, this merely reflects differences in socio-economic background.

While a disadvantaged background is not an insurmountable barrier to high performance, how much of an obstacle it becomes varies from country to country. In the typical OECD country, about a quarter of top performers in science come from a socio-economic background below their country's average. In some countries, the chances for students from a relatively disadvantaged background to become top performers are even greater. For example, in Austria, Finland, Japan, and the partner economies Hong Kong-China and Macao-China, one-third or more of top performers come from a socio-economic background that is more disadvantaged than the average in their country. On the other hand, in France, Greece, Luxembourg, Portugal and the United States, as well as the partner countries Bulgaria, Israel and Lithuania, 80% or more of top performers come from a socio-economic background that is more advantaged than the average in their country.

The report concludes that there are some countries that succeed better than others in promoting excellence among disadvantaged social groups, linguistic and immigrant minorities. While the report concludes that there are lessons to be learned from these countries that may help improve excellence and equity in educational outcomes, it does not explain such lessons, leaving a question mark around the issue.

Participation in Early Childhood Education

Education at a Glance finds that there has also been a significant expansion of enrolment in early childhood education. According to the OECD data, on average across OECD countries in 1996 there were 41% of 3 to 4 year-olds enrolled in educational institutions, by 2007 it had grown to 71%. In fact, in Austria, Denmark, Spain, Norway, Korea, Portugal, Germany, Switzerland, Finland, Sweden, Poland and Mexico, this proportion more than doubled over this period. Sweden is acknowledged as a particular example, where enrolment in early childhood education stood at 40% in 1996 while in 2007 it was 98% -- virtually universal.

In contrast, in New Zealand, Greece, Iceland, Ireland, Australia, France, the United States and the Netherlands, growth rates remained below 50%. However, in New Zealand, Iceland and France this is mainly explained by the fact that enrolment was already close to universal in 1998. In half of the OECD countries, enrolment in early childhood education is now 80% or higher, according to *Education at a Glance*.

EI welcomes this development and stresses how important it is that countries make provision for a sufficient number of well-educated pedagogical staff to meet the demands of this increase in enrolment in early-childhood education.

Educational Attainment is Beneficial for Health and other Social Outcomes

For the first time *Education at a Glance* 2009 goes slightly beyond economic outcomes and tries to assess the impact of education attainment on social outcomes such as health, political interest and interpersonal trust (Indicator A9). It finds that people with a higher level of education are more confident in themselves and the society in which they live. The report claims that even after adjustment for socio-economic factors such as household income, in the majority of countries there is a clear correlation between personal health as well as trust in fairness in society, and education level attained. In particular, an increase in educational attainment from below-upper secondary to upper secondary level is associated with a stronger and more consistent increase in health outcomes, compared to an increase in educational attainment from upper secondary to tertiary level, in all countries surveyed except Poland. An increase in educational attainment from upper secondary to tertiary level is broadly associated with stronger and more consistent increases in political interest and interpersonal trust.

Hence, there is a conclusion that what individuals potentially acquire through education – e.g. competencies and psychosocial features such as certain attitudes and resilience – may have an important role in raising social outcomes, independent of education’s effect on income.

EI calls on the OECD governments to acknowledge this finding and take it into consideration when assessing benefits of a high level of education for their whole populations, and the wider social and economic benefits that this implies.

Public and Household Spending on Education must be Scrutinized

With reference to the current economic downturn, the OECD makes a very clear point, as in the previous reports, that it is inevitable that spending on education will be scrutinized more and more rigorously. OECD countries as a whole spend 6.1 percent of their collective GDP on education, all levels combined. As a share of total public expenditure, the OECD average in 2006 for education stood at 13.3 percent. Expressed on a per-student basis, OECD countries spend on average USD 93,775 per student over the duration of primary and secondary studies. At tertiary level (excluding R&D activities and ancillary services) expenditure is on average USD 8,418 per student per year. The United States with expenditure of USD 19,476 per student ranks first. However, this combines all sources of funding – private and public.

The report notes that expenditures per student on primary and secondary schools has increased in every country, on average, by 35 percent between 1995 and 2006, a period of relatively stable student numbers.

The pattern is different at tertiary level, where spending per student has fallen in one third of OECD and partner countries. In these countries, expenditure has not kept up with the expansion in student numbers. Nonetheless, at tertiary level, average expenditure on educational institutions per student increased by 11 percentage points between 2000 and 2006 on average in OECD countries, after having remained stable between 1995 and 2000. This shows governments’ efforts to deal with the expansion of tertiary education through massive investment. Five out of the 11 countries (the Czech Republic, Mexico, Poland, the Slovak Republic and Switzerland) in which student enrolments in tertiary education increased by more than 20 percentage points between 2000 and 2006 raised their expenditure on tertiary educational institutions by at least the same proportion over the period, whereas other countries (Hungary, Iceland, Ireland and the partner countries Brazil, Chile and Israel) did not.

Moving away from the concept of education as a human right, the authors of the report interpret data showing that in at least at two levels of education – pre-primary and tertiary - household costs are increasing their share, as an opportunity for governments to look for

new alliances for additional resources in education, respectively inviting governments to rely even more on private funds, replacing public funding.

Cost-Sharing Between “Participants” in Education Cannot Be Seen as the Answer

In the report, indicator B3 shows that, while in all countries for which comparable data is available, public funding on educational institutions increased between 2000 and 2006, household spending augmented at an even greater rate in nearly three-quarters of these countries, even if in 2006, 85% of expenditure, on average, for all levels of education combined, was still from public sources. Indeed, high investments seem justified, as indicator A8 shows that across OECD countries, net public returns for investments in tertiary education amount to over 50,000 USD on average.

However, among the 18 OECD countries for which trend data is available, the share of public funding in tertiary institutions on average decreased slightly from 78% in 1995 to 76% in 2000 and to 72% in 2005 and 2006. This trend is mainly influenced by non-European countries in which tuition fees are generally higher and corporations participate more actively by providing grants to finance tertiary institutions.

Compared to other levels of education, tertiary institutions and to a lesser extent pre-primary institutions obtain the largest proportion of funds from private sources, at 27% and 19%, respectively. In tertiary education, households account for most private expenditure in most countries for which data are available. Exceptions are Austria, Canada and Sweden where private expenditure from entities other than households is more significant.

As a consequence, the OECD makes a strong case in favour of tuition fees in tertiary level education. While the report does admit that tuition fees must not be high and can be combined with equity measures, it is noteworthy that Finland, Norway and Sweden - which do not charge tuition fees - are among the seven countries with the highest entry rate to university-level education, thus reiterating the benefit that can come about from public investment in tertiary education as a public good.

Education Must Prove that it can be a Solution to the Crisis

In *Education at a Glance*, the OECD makes a controversial argument (forgetting about social outcomes): in times of crisis, education must prove that it provides “value for money” in order to justify ever-increasing expenditure. The report does so by examining the choices countries make when investing their resources in primary and secondary education, such as trade-offs between the hours that students spend in classroom, the number of teaching hours of teachers, class sizes (proxy measure), teachers’ salaries and the proportion of teacher’s working time that is devoted to teaching (Indicator B7).

The OECD uses the new indicator “salary cost per student”. The indicator is rather dubious, as it doesn’t take into account some major determinants of teachers’ salaries, such as types of qualifications, career structures, teacher shortages and regional disparities. Moreover, this rather dangerous indicator might lead governments to resort to salary cuts or class-size increases to improve their relative scores.

Salary cost per student at upper secondary level varies significantly between countries, from 3.6% of GDP per capita in the Slovak Republic (less than half of the OECD average rate of 11.4%) to over six times that rate in Portugal (22%, nearly twice the OECD average). Four factors influence these differences – salary level, instruction time for students, teaching time of teachers and average class size – so that a given level of salary cost per student can result from many different combinations of the four factors. As a result, similar levels of expenditure among countries in primary and secondary education can mask a variety of contrasting policy choices. For example, in Korea and Luxembourg salary costs per student as a percentage of GDP per capita are both around 15% at the upper secondary level. However, while Korea uses very large class sizes to pay high teacher salaries, finance above-average instruction time for students and provide teachers with time for other things than teaching, Luxembourg has invested most of its resources into small class sizes, at the expense of below-average instruction time and salaries for teachers. The report does not provide a policy recommendation into which factors are more important, leaving the impression that all combinations can work, until costs are under control. The choice of this aggregate indicator means that declining student numbers can be seen as a potential relief to overstretched education budgets as funding should correspond to student numbers. It, however, also means that teacher salary cuts, class-size increases and decreased instruction times could be used as measures by countries wanting to score better on this OECD indicator. Hence, governments should be reminded about the main determinants of teacher salaries as being different from the OECD calculations.

More Effectiveness and Efficiency Measurement Mechanisms

The report argues that for education systems and the actors within them to improve their effectiveness and efficiency, there need to be mechanisms in place to appraise performance and to provide incentives for continuous improvement. For the first time, the OECD is using a new indicator (Indicator D5), presenting data from the new OECD Teaching and Learning International Survey (TALIS), arguing that these mechanisms are lacking in many countries.

The report cites some general selected conclusions from TALIS 2009, such as:

- A number of countries have relatively weak evaluation structures: one-third or more of schools in Portugal (33%), Austria (35%) and Ireland (39%) had no form of school evaluation in the previous five years.
- On average across TALIS countries, 13% of teachers did not receive any feedback or appraisal on their work in their current school.

- Most teachers work in schools where they feel offered no rewards or recognition for their efforts: Three-quarters of responding teachers felt that they would receive no rewards or recognition for improving the quality of their work.

It remains to be added that there is no proof in TALIS that this lack of evaluation and feedback is somehow related to better performance or “effectiveness” of teaching and learning. Nevertheless, the choice to use these conclusions in the context of proving that education provides “added value for money” is worrisome.

In general, the Education at a Glance 2009 report gives a rich overview of the main statistical indicators of OECD and partner countries. As such it is valuable source of reference from which to draw evidence of main trends, however, we must remain careful about its policy messages.

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