

Education at a Glance 2002

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International Press Release

University education produces measurably high returns for students, according to OECD

Higher education provides measurable returns for individuals that are well in excess of the potential rate of return on investing the money represented by the cost of undertaking a university course, according to new analysis from the OECD.

Taking into account both higher average earnings and lower risks of unemployment, university graduates stand to earn substantially more over their working lifetime than people who end their education at secondary level, says the latest edition of the OECD's annual *Education at a Glance*.

On the basis of an "estimated private internal rate of return" that takes account of these and other factors -- including the time taken to earn a degree, tuition costs and taxes which have a negative impact on returns -- an investment in higher education is clearly an attractive way for an individual to improve his or her prospects of building up wealth.

In all countries, the OECD publication reports that this private rate of return is higher than real interest rates, and often significantly so. At the low end of the scale, for 10 countries for which comparable data are available, it stands for men at around 7% in Italy and Japan, rising to between 10% and 15% in Denmark, France, the Netherlands, Sweden and the U.S. and to 17% in the U.K.

School expectancy, or the average number of years that a person is likely to spend in formal education, rose between 1995 and 2000 in all but two of the 20 OECD countries for which comparable data are available. The increase was biggest in Greece and Hungary, at 16% and 14% respectively.

The increases largely reflected longer periods spent in secondary education beyond minimum school-leaving age, according to the OECD. Several factors underlie that trend, including higher risks of unemployment and other forms of exclusion for young people with insufficient education.

But numbers of students enrolled in tertiary education also rose in almost all OECD countries between 1995 and 2000. In many OECD countries, the transition from education to employment has become longer and more complex, enabling – or obliging – students to combine learning and work.

At university and non-university tertiary levels, Poland and Hungary showed the biggest rises in student numbers, reflecting increases in both population and enrolment rates. In France and Germany, numbers of students fell, reflecting a fall in the total student-age population, even though enrolment levels as a proportion of the population rose. In Turkey, by contrast, enrolment numbers fell despite an increase in population.

In parallel, amidst a general trend towards freely circulating capital, goods and people, individuals are also looking more closely at foreign institutions for tertiary education. In 2000, according to available data, 1.6 million foreign students were enrolled in tertiary-level institutions outside their country of origin. Of these, 1.5 million were studying in OECD countries, an increase of 14% compared with two years previously, with numbers of students from other OECD countries rising at around the same rate as numbers of students from outside the OECD.

China accounted for the largest share of foreign students studying in OECD countries, with 7.1% of the total. Among OECD countries, students from Japan and Korea comprised the largest groups, at 4.6% and 3.9% respectively, followed by Greece (3.6%), Germany (3.5%), France (3.4%) and Italy (2.7%). India was the second largest non-OECD provider of foreign students after China, with 3.4% of the total, followed by Morocco (2.7%) and Malaysia (2.4%).

A handful of host countries has capitalised on this interest in cross-border educational services, with the U.S. hosting 28% of these foreign students, followed by the U.K. with 14%. Germany, France and Australia were also high on the list of destinations for foreign students.

Among other trends, the indicators in *Education at a Glance 2002* also show that:

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- On average, one in three OECD students drops out before completing a first tertiary-level degree, raising questions about the internal efficiency of some national education systems. The drop-out rate is highest in Italy, at nearly 60 percent. In Japan, Turkey, Ireland and the U.K., by contrast, more than four out of five students complete their course.
- Public expenditure on education continues to grow faster than total government spending, but not as fast as GDP. In 1999, the latest year for which comparable figures are available, OECD countries spent an average of 5.5 per cent of their GDP, including both public and private contributions, on education.
- Korea, Denmark, Sweden, Canada, Norway and the U.S. were the biggest overall spenders on education, with outlays of between 6.8% and 6.5% of GDP. But while in Norway, Sweden and Denmark this was almost entirely financed by the public purse, Korea, the U.S. and Canada drew on private sources of finance for a significant portion of total outlays.
- In some OECD countries, notably Austria, Finland and Germany, moderate annual expenditure per university-level student still translates into high overall costs of tertiary education because of the length of studies.
- Average class sizes in primary schools range from fewer than 20 pupils per class in Denmark, Finland, Luxembourg and Switzerland to 31 in Turkey and 36 in Korea. The ratio of students to teaching staff in primary education, expressed in full-time equivalents, ranges from 10 students per teacher in Denmark to 32 in Korea.
- The average nine-year-old in an OECD country spends 829 hours per year in the classroom, with school hours the shortest in Iceland at 630 hours and the longest in Italy, at 1,020 hours per year. In non-OECD countries, Uruguay keeps nine-year-olds in school for only 455 hours per year, while Chile imposes 1,140 hours per year.
- The average 14-year old in an OECD country spends 944 hours per year in the classroom, with Sweden demanding the shortest hours (741) and Austria the longest (1,262).
- On average, a 15-year-old pupil in an OECD country can expect to share a computer at school with 13 other students. But this varies widely across countries and, in some countries, between regions and schools. In Australia and the U.S., the ratio is five students per computer, and in New Zealand and Norway it is six students per computer. In Germany, Greece, Mexico, Poland, Portugal and Spain, by contrast, more than 20 students, on average, share a single computer.
- About one 15-year-old in three uses a computer at school daily or at least a few times per week but two out of three use a computer at home with a similar frequency. On average, 15-year-old males are significantly more confident in their perceived ability to use computers than females. Gender differences are greatest in Denmark, Finland and Sweden, and smallest in Australia, New Zealand, Scotland and the U.S.
- Poor discipline in class is a problem in some countries. On average, one 15-year-old in three reported that more than five minutes are spent at the start of the class doing nothing, with Belgium, Denmark, Greece, Iceland and Norway at the top of the list for delays. Almost one in three complained about noise and disorder during classes, with Finland, France, Greece and Italy being among the countries where this problem is most widespread.

The report is available through the OECD's Online Bookshop and to journalists through the OECD's password-protected website or from the Media Relations Division. For further information, journalists may contact Andreas Schleicher (tel [33] 1 45 24 93 66) or Eric Charbonnier (tel [33] 1 45 24 88 62) in the OECD's Education Directorate.