

Study



**Public investment on education
and training in the EU:
Trends, challenges and future
prospects**

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*This paper considers education and training in general, meaning that we do not focus on a specific sector, field or level of education and training. For a more thorough overview of how public expenditure fares in the context of life-long learning specifically see [here](#).

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At a glance

While the value of quality education and training is strongly acknowledged across EU Member States, it remains the case that public expenditure has failed to recover to pre-financial crisis levels at the EU level. The following paper tracks the extent to which public expenditure on education and training has changed over time and puts forth the case for a marked increase in levels of public expenditure as a necessary policy tool for addressing the economic and social fallout of Covid-19.

Introduction

The predominant approach to policy making is all too often focused on an excessively narrow set of priorities. Indicators like gross domestic product (GDP), inflation and the government budget deficit reign supreme, but we fail to call into question whether we are realising the social, economic and environmental outcomes we aspire to achieve. As we emerge from the Covid-19 crisis, and think about how to build back better, a key step should be to ensure that government policies – including budgets and spending decisions – are designed and formed to address the things that matter to us and our quality of life.

One of these key steps must be to ensure appropriate levels of public expenditure on education and training opportunities across national budgets. Taking the dual position that (1) Securing quality education and training opportunities can only be realised through adequate levels of public expenditure and (2) An increase in public investment allocated towards education and training provides an effective tool for addressing the economic and social fallout of Covid-19 - the following study considers the extent to which public funding in education and training has changed (decreased,

increased, stagnated) over time and where it currently stands. Our unit of analysis will be the EU level, considering both general and national trends.

2008 - 2015: Public expenditure in education and training under threat

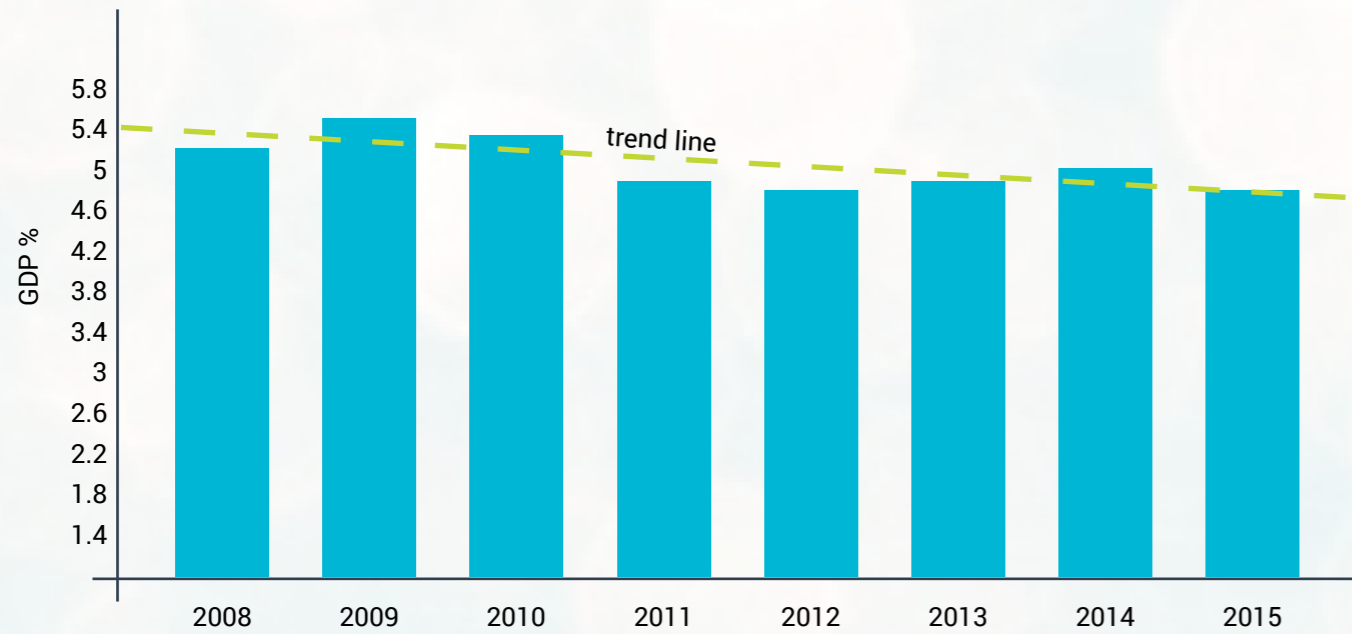
The 2007-2008 global financial crisis and associated recession led to a curtailment of public sector spending in all EU Member States. Throughout the period 2008 - 2015 the impact of deflated public spending is clearly apparent in the education and training sector. The available data observes that public expenditure on education and training at the EU level from 2008 - 2015 decreased both in terms of GDP ratio and as a total share of overall public expenditure respectively: from 5.2% to 4.8% of GDP and from 11% to 10.3% of total government expenditure¹.

To give these numbers context we can consider the proportion of countries that administered cuts and continued to do so throughout the period. It is also worth considering the extent of

¹ Government expenditure on education, total (% of GDP) - European Union, The World Bank.



Government expenditure on education and training, percentage of GDP (2008-2015)



these cuts. Fourteen Member States made cuts to education and training in 2008 and nineteen in 2009. Of those twenty-four Member States which made cuts in either 2008 and/or 2009, seven (Ireland, Bulgaria, Italy, Latvia, Romania, Slovenia and Spain) continued to make further cuts in 2010 and ten (Croatia, Cyprus, Finland, France, Hungary, Italy, Portugal, Slovenia, Spain and the United Kingdom) administered further cuts in 2011. Between 2008 and 2015, the Member States (EU28) which made the most significant year-on-year cuts to educational expenditure as a percentage of total expenditure were Finland (6%), Hungary (6%), Italy (6%), Slovenia (6%), Estonia (5%), Ireland (5%), Lithuania (5%), Portugal (5%), Romania (5%), Spain (5%) and the United Kingdom (5%)².

2 Ibid.

The extent of these reductions in public spending consolidated the education and training sector as one of the hardest hit public services subsequent to the financial crisis of 2008 and perhaps most significantly - educational expenditure as a percentage of both total government expenditure and as a percentage of GDP did not return to pre-crisis levels in twenty EU28 countries as of 2015³.

3 Eurostat 2017. How much do Member States spend on education (in 2015).

2016 - 2020: No return to pre financial crisis levels of expenditure

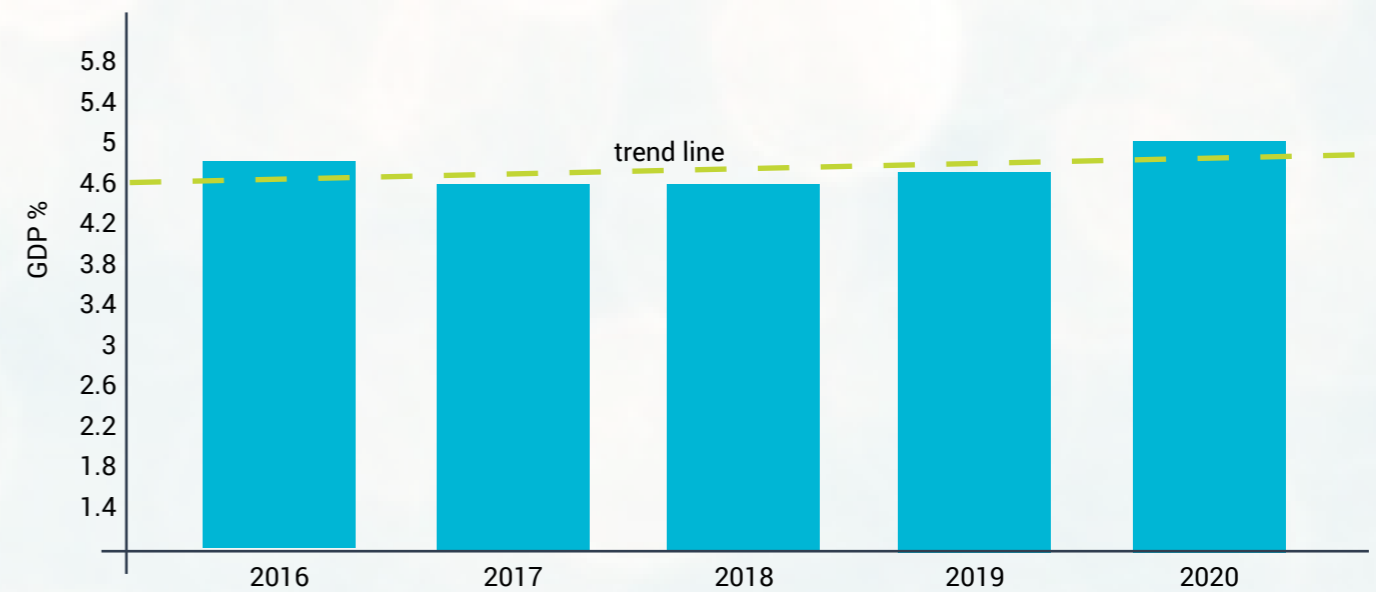
In recent years public expenditure on education and training at the EU level has been marked by stagnation with many countries flatlining throughout the period. 2016 to 2018 saw a

downward trend with expenditure falling from 4.8% to 4.6%⁴. In 2019 and 2020, however, the figure rose to 5% as a percentage of GDP⁵.

4 The World Bank 2021. Government expenditure on education.

5 Eurostat 2022. Government expenditure on education (in 2020)

Government expenditure on education and training, percentage of GDP (2016-2020)



While this marginal gain over the period of 2019 and 2020 marks an important upturn of events - it remains the case that overall, education expenditure has failed to recover to pre financial crisis levels where in 2009 it stood at 5.5% of GDP as an average across EU Member States.⁶ In 2019, only six Member States managed to match or surpass this figure⁷.

Narrowly focusing on EU level changes in

6 Euractiv 2017. Europe's investment in education keeps dropping.

7 European Commission 2021. Education and training monitor 2021 :Investment and quality of expenditure in education and training

public expenditure, however, fails to recognise the marked discrepancies that exist between Member States. The period of 2016 - 2020 has been characterised by a lack of convergence with spending gaps between Member States changing relatively little. As can be seen in the table below, considerable variations continue to exist in terms of levels of expenditure with Estonia (6.6% of GDP), Belgium (6.6% of GDP) and Sweden (7.2% of GDP) reporting the highest amounts with the lowest share of educational expenditure reported in Ireland (3.1% of GDP) and Romania (3.7% of GDP) in 2020⁸. These

8 Ibid.

Total general government expenditure on education, 2020, % of GDP

	Education	Pre-primary and primary education	Secondary education	Post-secondary non-tertiary education	Tertiary education	Education not definable by level	Subsidiary services to education	R&D Education	Education n.e.c.
EU*	5.0	1.7	1.9	0.0	0.8	0.1	0.3	0.0	0.1
euro area*	4.9	1.6	1.9	0.0	0.8	0.1	0.4	0.0	0.1
Belgium	6.6	2.1	2.5	0.0	0.9	0.6	0.2	0.0	0.1
Bulgaria	4.0	0.8	2.1		0.7	0.0	0.1	0.0	0.2
Czechia	5.1	1.3	2.3	0.0	0.8	0.1	0.2	0.3	0.1
Denmark	6.4	2.9	1.6	0.0	1.6	0.1	0.1	0.0	0.1
Germany*	4.7	1.5	1.7	0.1	0.8	0.1	0.4	0.0	0.1
Estonia	6.6	2.7	1.8	0.1	1.1	0.3	0.3	0.1	0.2
Ireland	3.1	1.3	1.2	0.0	0.4	0.1	0.1	0.0	0.0
Greece	4.5	1.4	1.4	0.0	1.0	0.0	0.1	0.4	0.2
Spain*	4.6	1.8	1.8	0.0	0.6	0.1	0.1	0.1	0.1
France*	5.5	1.5	2.4	0.0	0.7	0.2	0.7	0.0	0.0
Croatia	5.4	2.6	1.0	0.0	1.1	0.0	0.3	0.1	0.3
Italy*	4.3	1.6	1.9	0.0	0.3	0.0	0.2	0.0	0.1
Cyprus	5.9	2.0	2.1	0.0	1.0	0.4	0.3	0.0	0.0
Latvia	5.9	2.4	1.4	0.0	1.0	0.5	0.1	0.1	0.5
Lithuania	5.2	1.0	2.0	0.2	0.8	0.4	0.0	0.2	0.5
Luxembourg	5.0	1.8	1.8	0.1	0.5	0.4	0.4	0.0	0.0
Hungary	4.7	1.2	1.8	0.0	1.0	0.1	0.5	0.0	0.2
Malta	5.9	1.5	2.2	0.0	1.0	0.2	0.3	0.4	0.2
Netherlands	5.3	1.7	2.1	0.0	1.3	0.0	0.2	0.0	0.0
Austria	5.1	1.6	2.1	0.0	0.8	0.3	0.2	0.0	0.1
Poland	5.2	2.4	1.0	0.0	1.3	0.1	0.3	0.1	0.1
Portugal*	5.0	1.7	1.9	0.0	0.8	0.3	0.2	0.0	0.2
Romania	3.7	0.9	1.5	0.0	0.7	0.1	0.1	0.0	0.3
Slovenia	5.8	2.2	2.0	0.0	1.2	0.1	0.2	0.0	0.1
Slovakia	4.6	1.3	1.5	0.0	0.6	0.3	0.5	0.0	0.2
Finland	5.9	1.3	2.5	0.0	1.7	0.2	0.0	0.0	0.1
Sweden	7.2	4.4	1.1	0.0	1.3	0.2	0.0	0.0	0.1
Iceland	7.7	3.5	2.4	0.0	1.4	0.1	0.2	0.0	0.1
Norway	5.9	2.6	1.1	0.0	1.3	0.5	0.2	0.0	0.1
Switzerland	5.7	1.3	1.7	0.0	1.3	1.2	0.1	0.1	0.1

Source: Eurostat (gov_10a_exp)

* provisional



gaps have remained static when cross-checked with 2016 to 2019⁹.

The crucial role of public funding in education and training

Having considered the extent to which public funding has changed over time, it is important

9 Ibid.

to articulate the unique value of public funding as a financing mechanism in education and training.

A wealth of evidence suggests that securing quality education and training opportunities can only be realised through adequate levels of public expenditure. Where public expenditure is strong - equity, inclusiveness and the general quality of education and training are

heightened¹⁰. Conversely, and as a recent report by the OECD 'Education at a glance 2021' demonstrates - public underinvestment in education and training is synonymous with reduced quality, access concerns and more stark discrepancies in educational outcomes according to socio-economic background. Lack of public expenditure in education and training is also clearly associated with a series of wider socio-economic implications such as health and well-being disparities, lack of civic and political engagement, wider income discrepancies, longer durations of unemployment for individuals and the reinforcement of intergenerational poverty¹¹.

All things considered, public funding of education and training holds a distinct value as a financing mechanism that cannot be replicated by other means. Here's why:

1. The social benefits of education and training are likely to exceed private benefits that accrue to individuals. In the absence of public investment correcting for this "market failure" there would likely be severe under-investment in education and training since individuals cannot appropriate the full returns¹²;
2. A matter of equity: education and training provides vital support for social mobility by guaranteeing as far as possible equal access to education and by further compensatory interventions to support disadvantaged learners - there is no guarantee these would be provided by the market;
3. Where the privatisation of education has grown, the ethos, focus and purpose of education and training are altered - serving

10 OECD 2021. Education at a Glance 2021.

11 European Commission 2021. Investing in People's Competences.

12 Ibid.

private as opposed to public interests - and especially if profits are sought¹³.

The true cost of the decline in public funding on education and training

How can we interpret the general decrease in public expenditure on education and training that has characterised the post-crisis EU up until Covid-19? As alluded to above, and as the evidence would suggest, education and training were particularly squeezed during the financial crisis and importantly, failed to make any significant gains over the ensuing decade, decreasing in many Member States consecutively across the period. Even when public expenditure in general began to rise across the EU post-crisis, the relative share allocated towards education and training did not follow a similar trajectory¹⁴. This suggests that education has been severely devalued in policy output.

The paradox is that an appropriate level of public expenditure in education and training is a necessary employment and economic stimulus that harbours strong and wide-reaching social returns. It is indicative that the EU never fully recovered from the effects of the financial crisis with many social and economic indicators either flatlining or becoming worse between 2008 and today¹⁵. Take the following examples into account:

1. In 2021, 84.5 million people are living in poverty (3.5 million more people than in 2008) - of whom over 18.7 million are children (one fifth of Europe's children today are living in

13 Skerritt & Skalokangas 2019. Patterns and paths towards privatisation in Ireland

14 Social Justice Ireland 2021. From the Crash to Covid and Beyond.

15 Ibid

poverty)¹⁶.

2. In 2019, the proportion of people in employment but living under the poverty threshold (in-work-poverty) stood at 9.2 per cent in comparison with 8.6 per cent in 2008¹⁷.

3. When we look at lifelong learning, very low rates of participation in many EU countries exist. At 9.2 per cent in 2020, the average rate is lower than it had been in 2008 (9.5 per cent) and in recent years increases have only been marginal¹⁸.

The figures observed in the last example are indicative of the severe lack of public investment directed towards lifelong learning across the EU. In 2020, only around 0.1 to 0.2% of GDP accounted for public expenditure on adult education meaning that lifelong learning strategies tend to be severely underfunded in comparison with other educational spheres¹⁹. If we consider that latest estimates suggest that upwards of 46% of the adult population within the EU will need to engage with lifelong learning in the coming years, the extent of this mismatch between current expenditure and estimated necessity become glaringly obvious²⁰. At the same time, the lack of sufficient data across the continent on government expenditure on lifelong learning prevents us from drawing deeper conclusions.

Re-writing the European fiscal rules

How might we avoid another decade of deflated public expenditure on education and training

16 Ibid.

17 Ibid.

18 Ibid.

19 EESC 2020. Lifelong learning requires more substantial public funding.

20 LLLP 2022. Funding Lifelong: From Cradle to Grave

across the EU? In answering this question it is difficult to not call into question the EU fiscal rules imposed on Member States that operate to compound and deflate public expenditure. The EU must drastically overhaul the strategy of following the Stability and Growth Pact (SGP) and the inclusion of the Fiscal Compact into EU law. Both instruments were wholly incapable of dealing with the fallout of the financial crisis and its aftermath a decade ago and they are certainly not capable of dealing with the health, social, economic and financial consequences of the current situation²¹.

European fiscal rules should accommodate and seek to encourage public investment as a basic tool of economic policy within the capacity of governments. The OECD clearly points out that a large increase in direct public spending and investment is the most effective tool available to European countries to address the current crisis²². Notwithstanding this, the likely deactivation of the general escape clause²³ of the SGP by 2023²⁴, which had been temporarily activated throughout the Covid crisis, will mean that once again EU Member States are to be subject to strict budgetary deficit rules and another round of austerity. It is anticipated that, as was the case in the previous crisis, education and training will be disproportionately affected once again - and continue to face the brunt of restricted public expenditure²⁵.

To avoid this, the current period of suspension

21 Solidar 2021. The commodification of education and the prevalence of for-profit education stakeholders

22 OECD 2021. Education at a Glance 2021.

23 The "general escape clause" of the Stability and Growth Pact (SGP) was activated by the Commission and Council in 2020 to allow Member States to undertake measures to deal adequately with the COVID-19 crisis, while departing from the budgetary requirements that would normally apply under the European fiscal framework.

24 Questions and answers: Commission Communication on fiscal policy guidance for 2023

25 Ibid.

of the EU's fiscal rules should be used to map out a better fiscal framework that can come into play once the pandemic-induced suspension comes to an end. How might it be configured? A point of departure must be to recognise that appropriate public expenditure on education and training is a prerequisite for stimulating an equitable economic recovery, to avoid an extended recession and continued pressure on social protection spending²⁶.

Point of action

The Lifelong Learning Platform has issued a [charter](#) to gather momentum on the issue of disinvestment and to ultimately turn the tide on public funding for education and training in the EU. The charter sets out a number of concrete actions targeted at both the EU and national level to ensure education and training receive appropriate levels of public expenditure as we emerge from the pandemic. [We invite you to sign the plea and to share.](#)



Sign the Charter!

26 ETUCE 2020. Thematic overview of the country reports for 2020 of the European Semester in the education and training field



LIFELONG LEARNING PLATFORM

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