

THE IMPACT OF THE ECONOMIC CRISIS ON EDUCATION

The recent crisis confronted governments with a severe conflict. On the one hand they had to reduce their budget deficits to avoid excess indebtedness. On the other, they had to promote education firstly to alleviate unemployment as a short run crisis measure and secondly to avoid the deterioration of human capital in the long run.

Against this background the second education today Crisis Survey was carried out by the OECD. In this survey, mostly officials from national Ministries of Education answered questions on if, where and how the crisis had affected, or is expected to affect central education budgets. Selected results are presented in Table 1. Further information is available in the DICE Database and at the OECD.

The collected survey data shows that the recent crisis had an observable impact on reforms in the education sector and on the central education budgets of various OECD Countries. However, there is no directly clear trend in budget changes apparent, as can be seen in Table 1. Overall the data does not show budget cuts to the education system as a whole. Where public funding was reduced, this was mostly focused on specific sectors of education, which varied between the different countries. Only some governments carried out overall budget cuts. These had first off negative effects on teachers, but also on students and families.

Many governments, however, acknowledged the importance of the educational sector in overcoming the economic crisis or alleviating its impact. In several cases spending was increased in order to enhance output and efficiency or to support students, families and education providers. As a result, the education sector often benefited from stimulus measures. Where public funding was increased due to the crisis, it was particularly directed towards vocational education and training and tertiary education. Other areas, including the education of students above 25 years of age, pre-primary, primary and secondary education, only profited from stimulus measures in a few countries.

Furthermore, educational reforms were accelerated and expanded especially in the sectors of vocational education and training and tertiary education. The rationales cited for this were to alleviate unemployment, to respond to increasing demand in education,

to lay the foundation for future growth and to foster innovation.

Pre-primary education: With the exception of Hungary and Turkey all countries expanded their funding of the pre-primary education sector, though the expansions were not attributable to the crisis. These steps show the government's acknowledgement of the important long-run effects of early education. Only Hungary cut its budget because of the crisis.

Primary and secondary education: All countries except Spain increased or planned to increase their funding unrelated to the crisis in order to foster the positive educational long-run effects. However, Denmark, Hungary and Ireland had to subsequently reduce their funding as a result of the crisis. The aggregate effects on respective national budgets are not clear.

Tertiary education: At this sector the picture is more diverse. Budget cuts as well as increases were carried out. Due to the crisis the demand for tertiary education increased. In response to higher demand, four countries increased their public funding, but higher application numbers could not be converted into higher enrolment rates everywhere. Furthermore, Hungary, Ireland and Slovenia were obliged to cut their funding due to budget constraints.

Vocational education and training: The picture of this sector portrait mostly increases in the central education budgets. As a consequence of the crisis the demand rose in this sector too, whereas private financing decreased. To utilize the positive short-run effects of education, such as alleviating unemployment, six countries stepped up their public financing attributable to the crisis. Only one country reduced its funding directly as a crisis measure.

Students above 25 years of age: In the adult education sector not many changes were made in response to the recent crisis. Only Finland clearly increased its budget, whereas Denmark, Hungary and Ireland both increased and decreased their funding attributable to the crisis. Most other countries increased their public spending, which was non-crisis related.

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Reference

Damme, D.V. and K. Karkkainen, OECD Education today Crisis Survey 2010: The Impact of the Economic Recession and Fiscal Crisis on Education in OECD Countries, *OECD Education Working Papers* no. 56, Paris 2011.

Table 1
Impact of the Economic Crisis on Central Education Budgets in OECD Countries between 2007 and 2010 ^{a)}

	Pre-primary education		Primary education		Lower-secondary education		Upper-secondary education		Tertiary education		Vocational education and training		Students above 25 years of age	
	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis	Budget 2007-2010	Attributable to the crisis
Austria			-		-		-		↑	N				
Belgium (Flanders) ^{b)}	m	m	↑/↓	m	m	m	↑/↓	m	↑	m	↑/↓	Y		
Czech Republic	↑	N	↑	N	↑	N	↑	N	↑	N				
Denmark	-		↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑	Y	↑	Y	↑/↓	Y
Finland	-		↑	Y	↑	Y	-		↑	N	↑	Y	↑	Y
France	↑	N	↑	N	↑	N	↑	N	↑	N	m	m	m	m
Germany		m	m	m	m	m	m	m	m	m	m	m	m	m
Greece	↑	N	↑	N	↑	N	↑	N	↑	N	↓	N	↑	N
Hungary	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y
Ireland	-		↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y↓	↑/↓	Y	↑/↓	Y
Italy	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Luxembourg	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Netherlands	↑	N	↑	Y	↑	Y	↑	Y	↑	N	↑	Y	↑	N
Poland			↑	N	↑	N	↑	N	↑	N	↑	N	-	
Portugal	m	m	m	m	m	m	m	m	↑	N	m	m	↑	N
Slovak Republic	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Slovenia	↑	N	-		-		↓	Y	↑/↓	Y↓	↓	Y	↑	N
Spain	↑	N	↑	N	↑	N	↑	N	↑	N	↑	N	↑	N
Sweden									↑	Y	↑	Y		
United Kingdom	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Norway ^{c)}	↑	N	↑	N	-		-		↑	Y	↑	Y	m	m
Switzerland ^{d)}	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Turkey	↑/↓	N	↑	N			↑	N	↑	N	↑	N		
Australia	↑	N	↑	Y	↑	Y	↑	Y	↑	Y	↑	N		
Canada	m	m	m	m	m	m	m	m	m	m	m	m	m	m
Japan	-		-		-		↑		-		↑/↓			
New Zealand	↑	N	↑	N	-		↑	Y	↑	Y	↑	Y	↓	N
United States	m	m	m	m	m	m	m	m	m	m	m	m	m	m

↑ = Clearly increased. - ↓ = Clearly decreased. - ↑/↓ = Both increased and decreased. - = Remained constant. - Y = Yes. - Y↓ = Yes, but only the decrease. - N = No. - m = missing. - Boldin = Influence of the crisis. - Empty cells: Data not applicable.

^{a)} In comparison with the trend observable before 2007; Central = national and/or state level. - ^{b)} Primary education corresponds both primary and pre-primary education, upper-secondary education corresponds both lower-secondary and upper-secondary education and vocational education and training correspond training centres. - ^{c)} Vocational education and training forms part of upper-secondary education. - ^{d)} Switzerland indicates that so far no major impact of the crisis on education budgets are identified, although some single cases exist especially regarding tertiary education.

Source: Damme and Karkkainen, (2011).