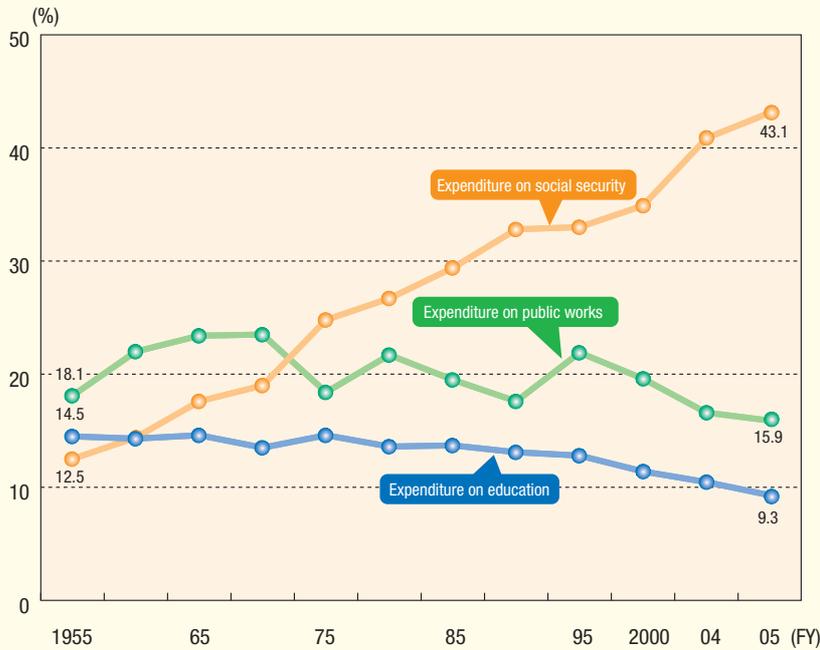


Expenditure on Education



III-1 Expenditure of National and Local Governments

III-1-1 Trends in Ratio of Three Primary Expenditures to General Annual Expenditure of National Government

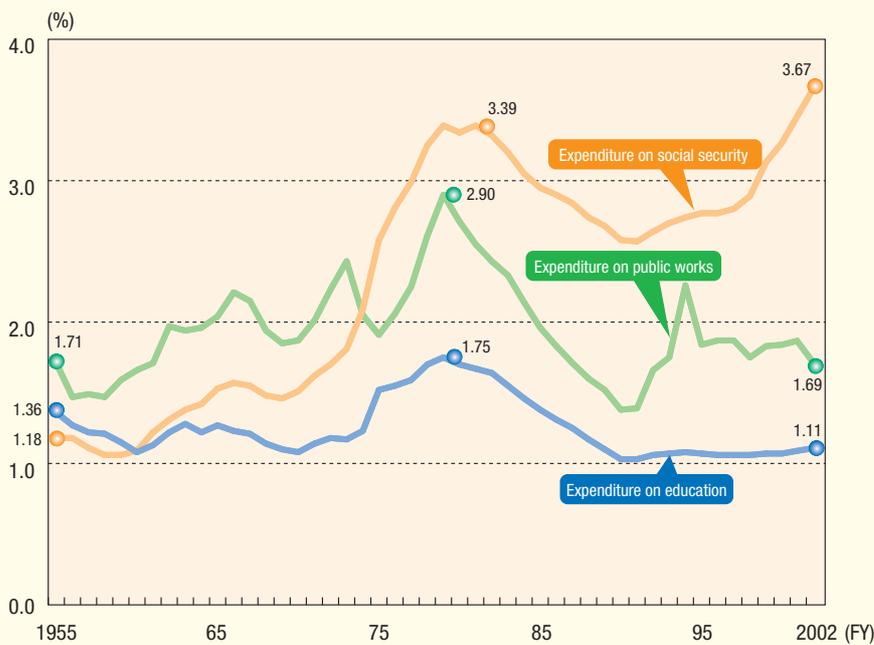


Source: MEXT, based on annual *General Account Budget Statement*

In 1955, expenditure on education had a higher share of general annual expenditure (the general account excluding government bonds and distribution of local allocation tax) than expenditure on social security. However, in 2005, expenditure on social security represented 43.1% of general expenditure, compared to 9.3% for education, and that gap is widening.

See p.90 of reference documents

III-1-2 Trends in Ratio of Three Primary Expenditures to GDP

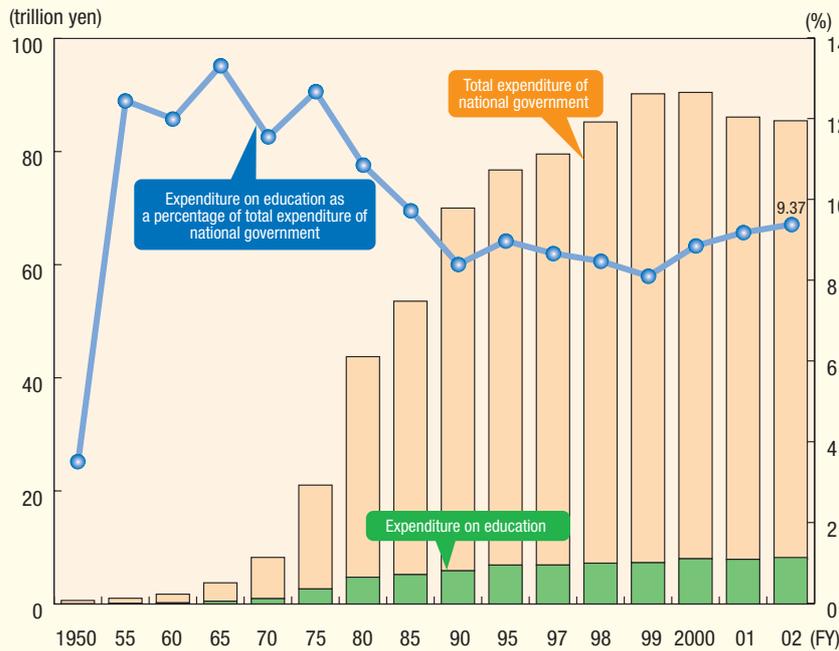


Source: MEXT, based on annual *General Account Budget Statement* and *Survey on Local Educational Expenditures 2003*

In 1955, expenditure on education was higher than expenditure on social security as a ratio of GDP. However, the ratio of expenditure on education to GDP has been static, and the ratio of expenditure on social security is rising.

See p.90 of reference documents

III-1-3 Trends in Expenditure on Education and Total Expenditure of National Government

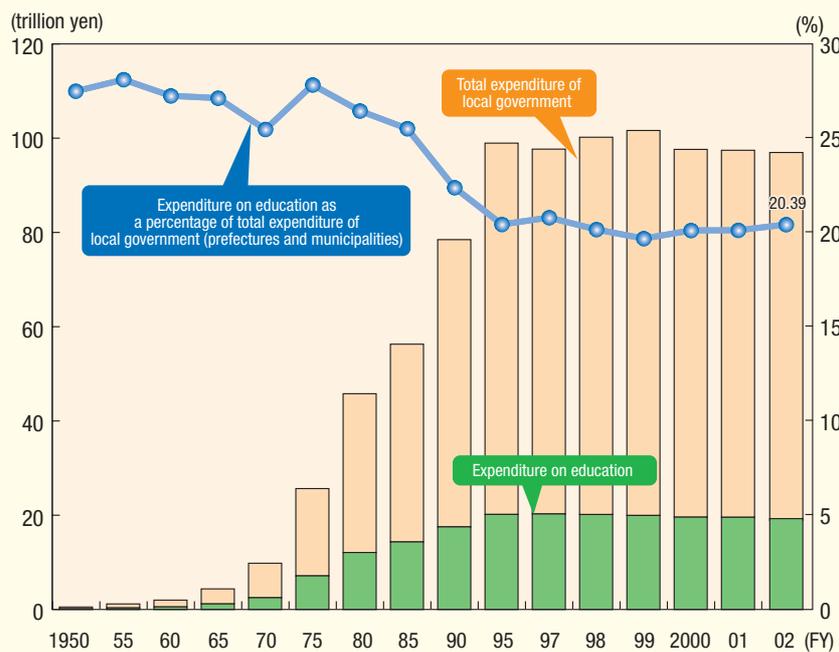


Source: MEXT, Survey on Local Educational Expenditures

Total expenditure of national government has been on the rise since 1950, but dropped in 2001 and further went down to around 85 trillion yen in 2002. The expenditure on education as a percentage of total expenditure of national government was more than 10% until the late 1970s and early 1980s. It increased to 9.37% in 2002, only a slight increase from 2001.

See p.90 of reference documents

III-1-4 Trends in Expenditure on Education and Total Expenditure of Local Government

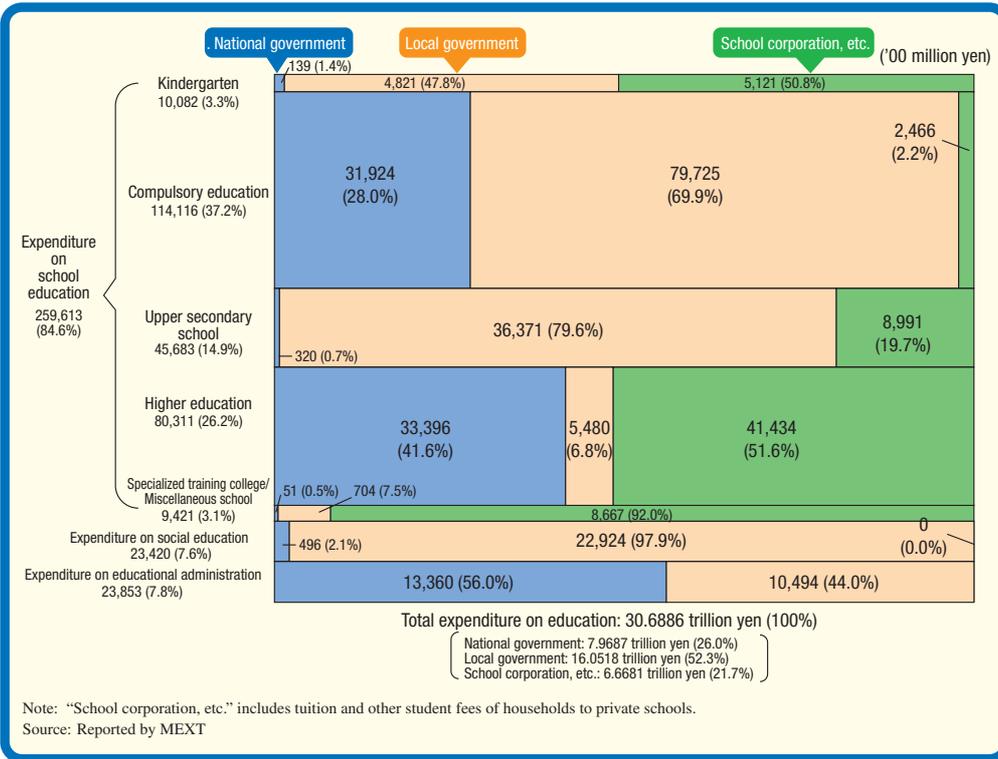


Source: MEXT, Survey on Local Educational Expenditures

Total expenditure of local government (prefectures and municipalities) rose from 1950, but has leveled off in the last few years, at around 95 trillion yen in 2002. The local expenditure on education as a percentage of total expenditure of local government was more than that of national government: 20.39% in 2002.

See p.90 of reference documents

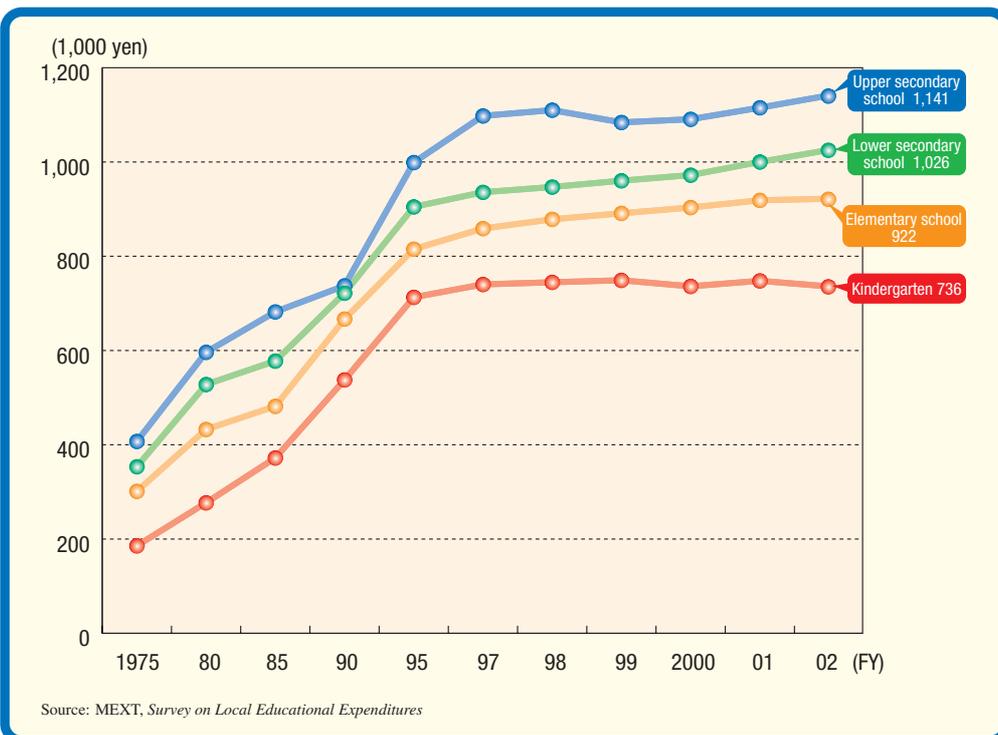
III-1-5 Total Expenditure on Education by Sphere of Education and Source (2002)



Looking at total expenditure on education by sphere of education in 2002, the biggest item was expenditure on school education at 25.96 trillion yen (84.6%) and of that, compulsory education had the biggest slice, at 11.41 trillion yen. In terms of source, local government was the biggest provider for compulsory education and upper secondary school, spending 7.97 trillion yen (69.9%) and 3.64 trillion yen (79.6%) respectively. In higher education, school corporations, etc., spent the most at 4.14 trillion yen (51.6%).

See p.90 of reference documents

III-1-6 Trends in Public Expenditure on Education per Student

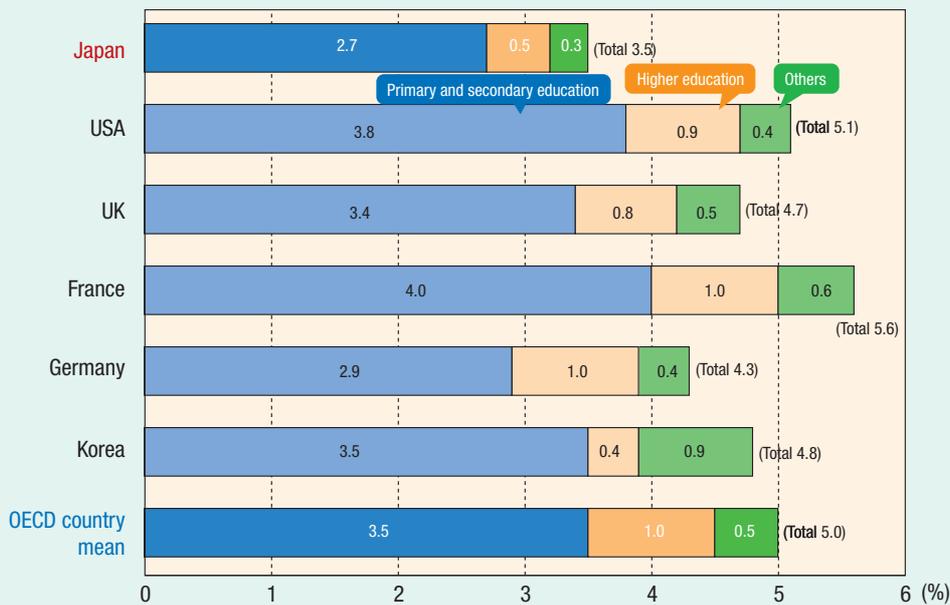


Expenditure on education of local and national government per student for students in public schools has been increasing, although in recent years it has flattened or increased slightly. Upper secondary schools had the highest spending per student in 2002 with expenditure of 1,141,000 yen per student.

See p.91 of reference documents



III-1-7 Public Expenditure on Educational Institutions as a Percentage of GDP (2001)

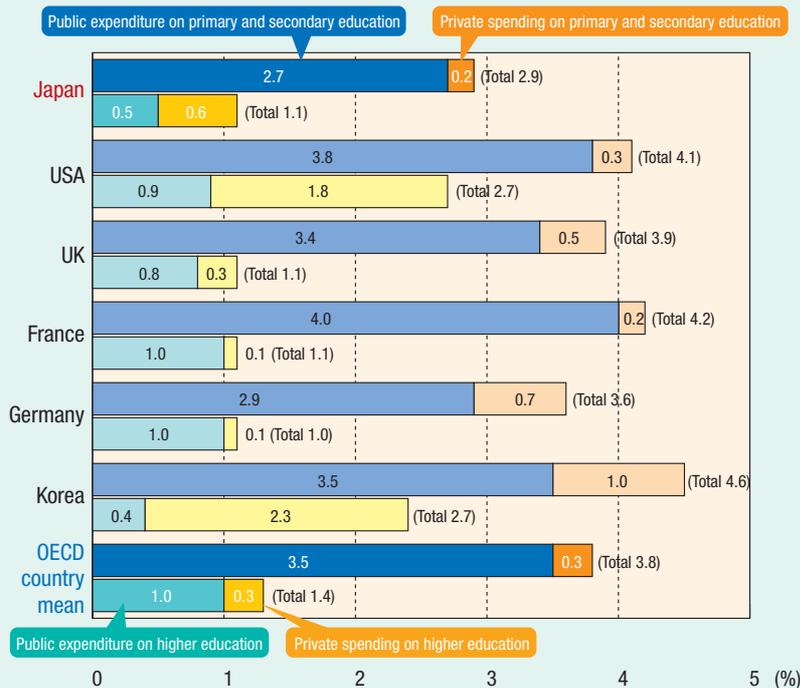


Note: "Others" refers to preschool education and non-ISCED institutions (specialized training colleges (general course) and miscellaneous schools and expenditure on educational administration in Japan's case).
Source: OECD, *Education at a Glance 2004*

Public expenditure on school education is 3.5% of GDP in Japan, which is in the lower group among OECD countries. Public expenditure on higher education is particularly low and at 0.5%, in the lower end among OECD countries. One reason is that public expenditure accounts for a low proportion of GDP in Japan overall, and another is that it is likely that the majority of higher education is privately-run.



III-1-8 Public and Private Expenditure on Educational Institutions as a Percentage of GDP (2001)

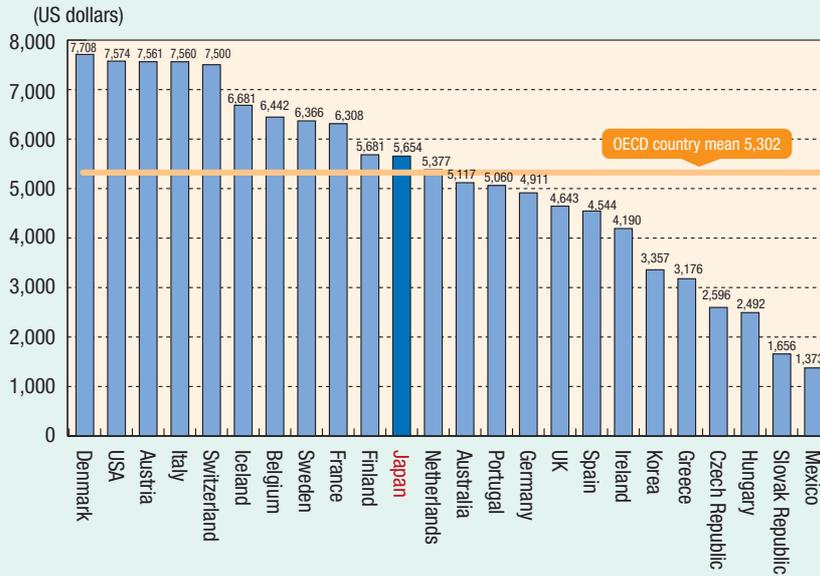


Source: OECD, *Education at a Glance 2004*

Japan's public and private expenditure on school education as a percentage of GDP is 2.9% for primary and secondary education, which is low for an OECD country. Expenditure on higher education is 1.1%, which is below the OECD country mean, but on par with the countries of Europe.



III-1-9 Public Expenditure on Educational Institutions per Student (Primary and Secondary Education) (2001)

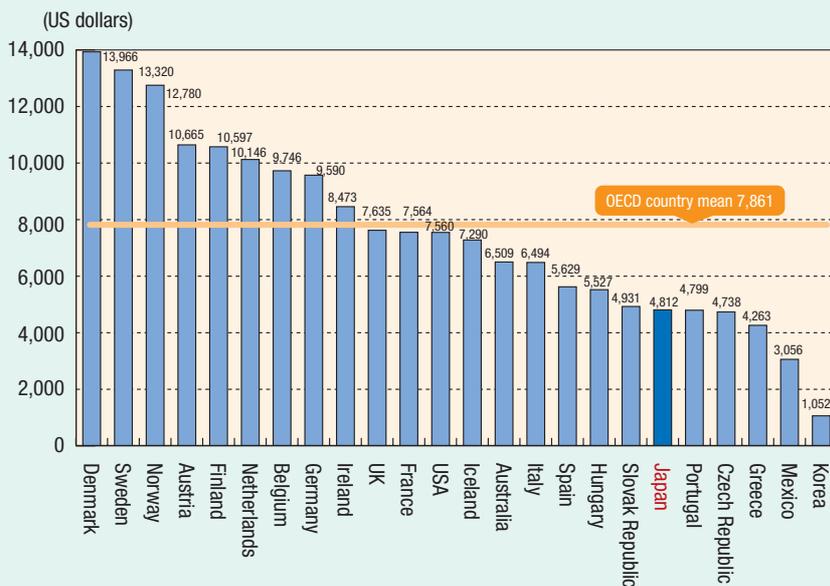


Source: MEXT, *International Comparison of Educational Indicators 2005*

Japan's public expenditure on educational institutions per student for primary and secondary education is \$5,654, above the OECD country mean.



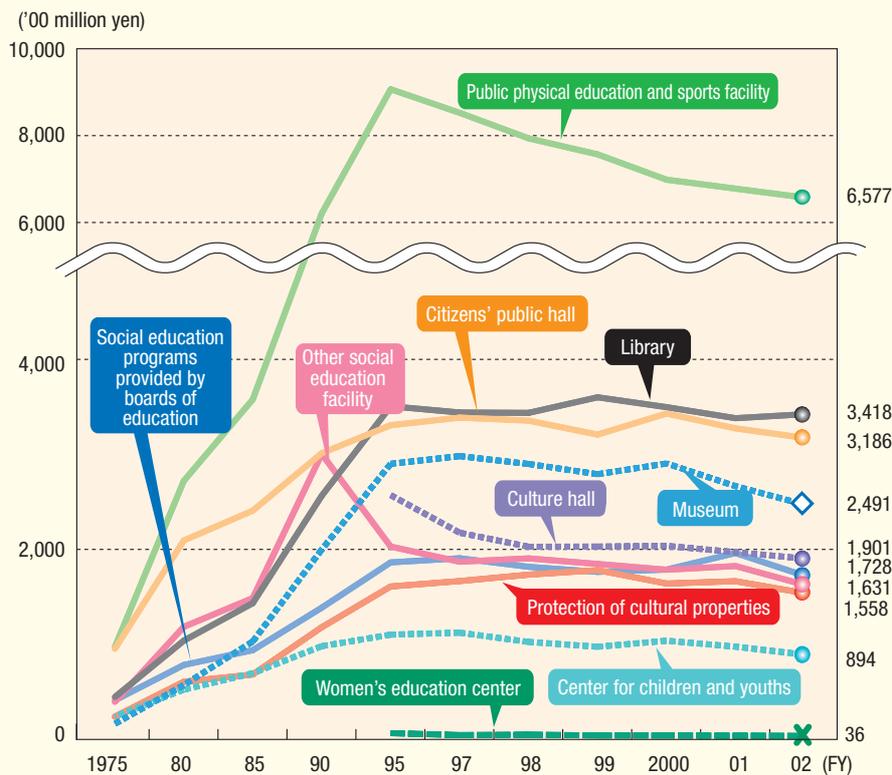
III-1-10 Public Expenditure on Educational Institutions per Student (Higher Education) (2001)



Source: MEXT, *International Comparison of Educational Indicators 2005*

Japan's public expenditure on educational institutions per student for higher education is \$4,812, well below the OECD country mean.

III-1-11 Trends in Expenditure on Social Education of Local Governments by Type of Facility

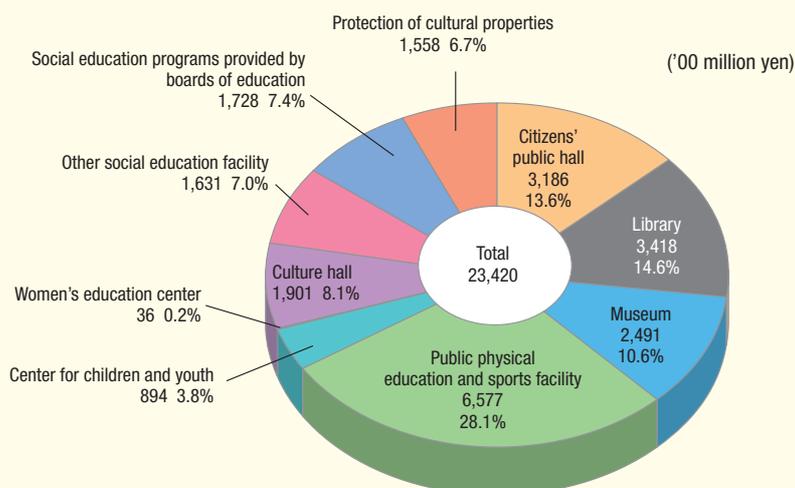


Source: MEXT, Survey on Local Educational Expenditures

Public physical education and sports facilities accounted for the most expenditure (660 billion yen, or 28.1%), followed by libraries at 340 billion yen (14.6%) and citizens' public halls with 320 billion yen (13.6%). Trends in recent years show that spending on public physical education and sports facilities is dropping, while expenditure on other facilities is flat.

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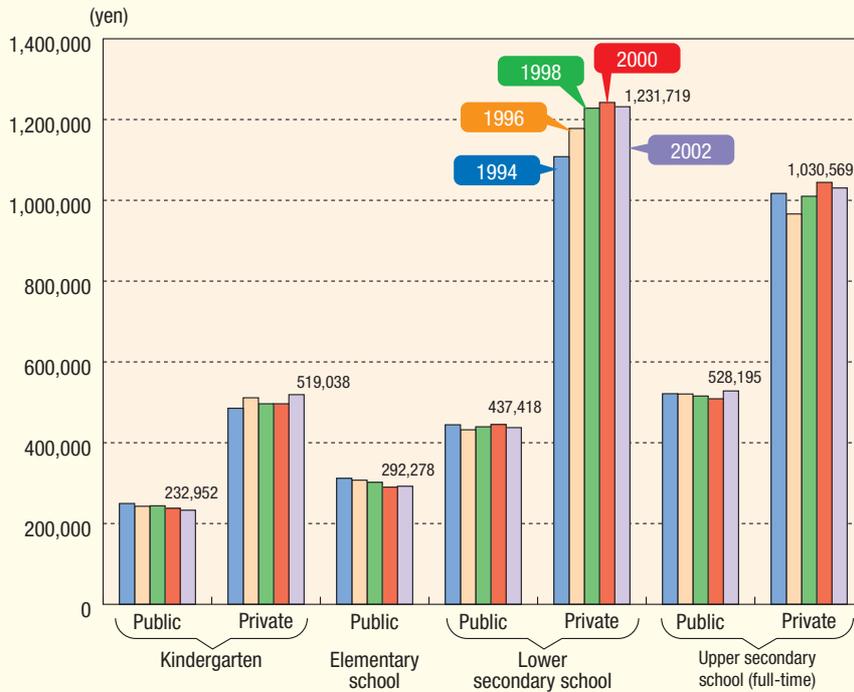
III-1-12 Percentage Distribution of Expenditure on Social Education by Type of Facility (2002)



Source: MEXT, Survey on Local Educational Expenditures

III-2 Educational Expenditure of Households

III-2-1 Trends in Total Learning Expenditure of Households for Children (Annual Expenditure per Child)

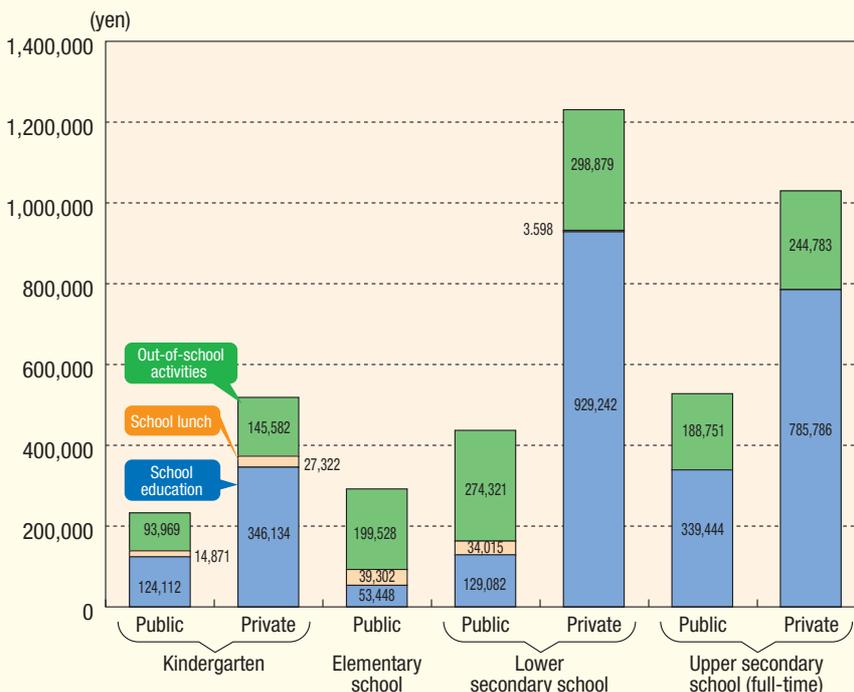


Source: MEXT, Survey of Household Expenditure on Education per Student

Looking at the expenditure of households on school education and out-of-school activities by school type, those spending the most were households with children at private lower secondary schools. Spending continued to grow from 1994, falling back for the first time in 2002 to 1,232,000 yen.

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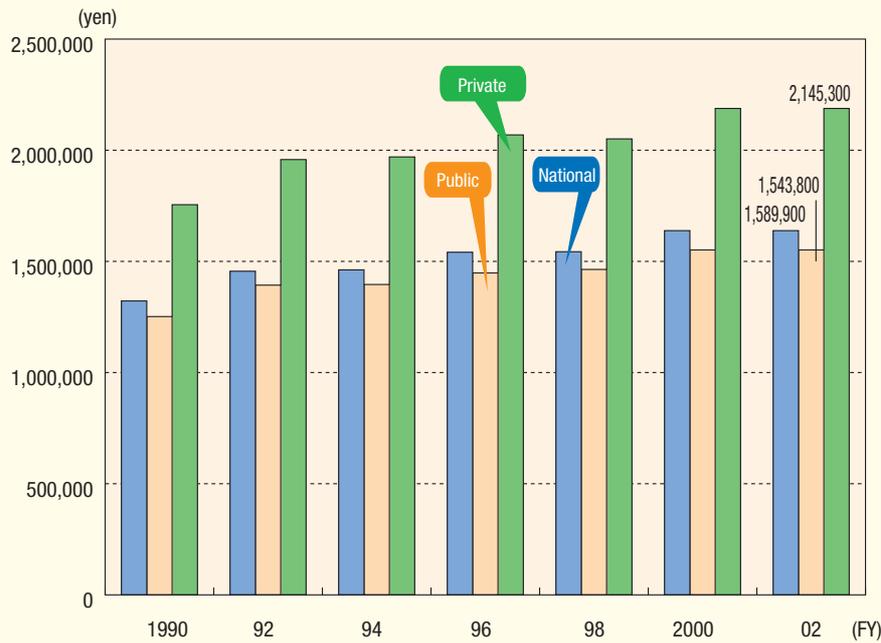
III-2-2 Details in Total Learning Expenditure of Households for Children (2002)



Source: MEXT, Survey of Household Expenditure on Education per Student

In public elementary and lower secondary schools, which do not require that fees be paid, out-of-school activities accounted for the most household spending. At other school types, spending on school education was the biggest expense.

III-2-3 Trends in Student Living Costs (University)

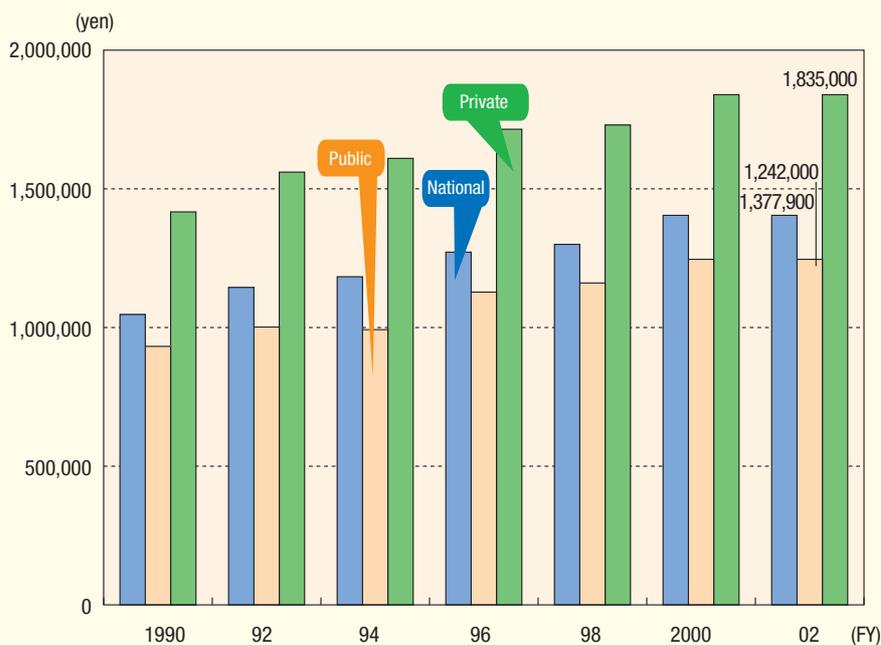


Source: MEXT, Survey on Student Life

Looking at student living costs by type of university, all have been trending upward, but in the 2002 survey they were lower than in 2000. With average costs for a national university student at 1.59 million yen, a public university student at 1,544,000 yen and a private university student at 2,145,000 yen, the most expensive living was at private universities.

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III-2-4 Trends in Student Living Costs (Junior College)

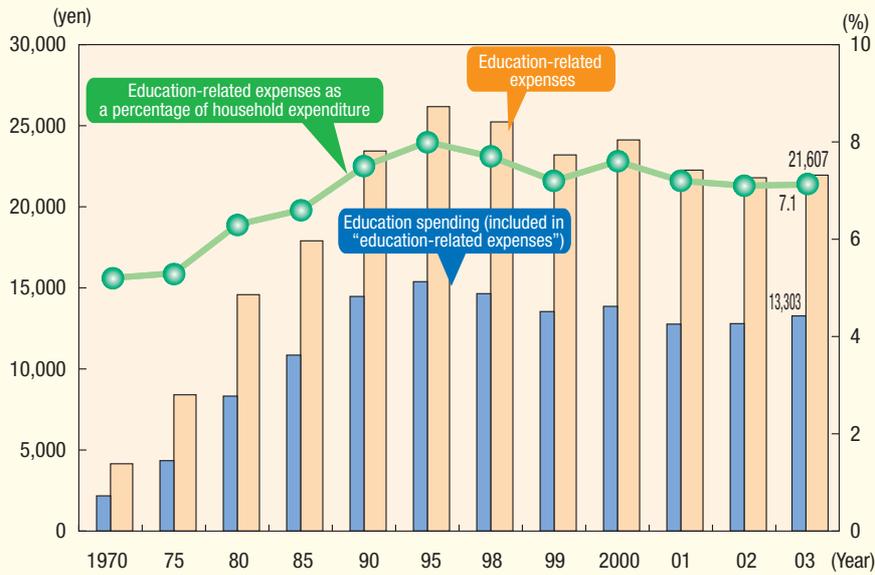


Source: MEXT, Survey on Student Life

Like university students, living costs for junior college students has been rising, but then fell slightly in 2002 from 2000. With average costs for a national junior college student at 1,378,000 yen, a public junior college student at 1,242,000 yen and a private junior college student at 1,835,000 yen, the most expensive living was at private junior colleges.

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III-2-5 Trends in Education-related Expenses as a Percentage of Household Expenditure

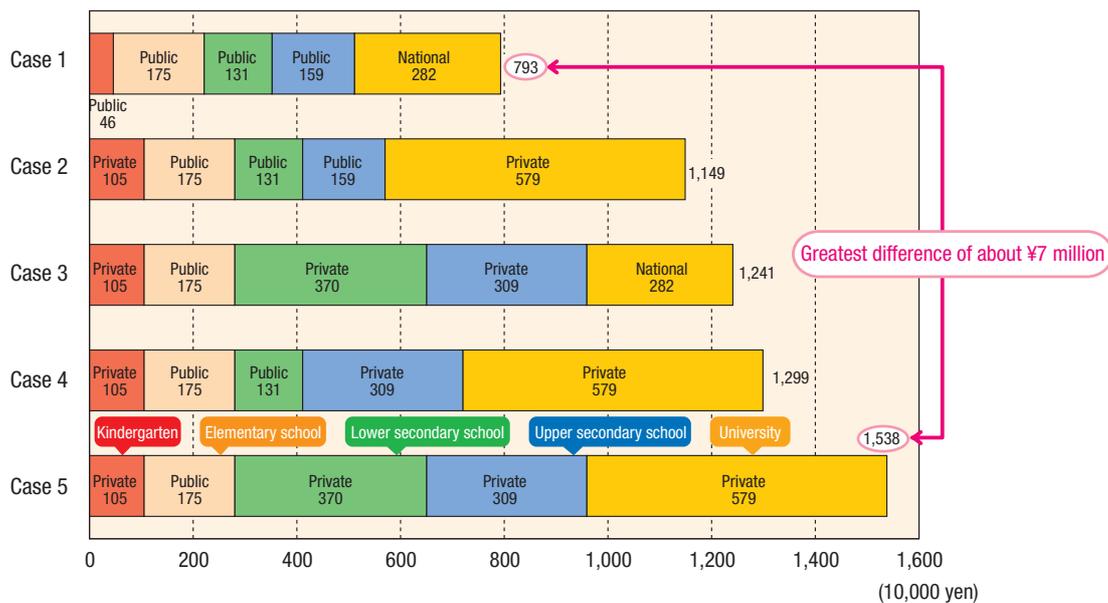


Source: Ministry of Internal Affairs and Communications, Annual Report on the Family Income and Expenditure Survey

Education-related expenses as a percentage of (monthly) household expenditure topped 25,000 yen in 1995 before falling back again. In 2003 households spent 22,000 yen on education every month. The percentage of education-related expenses has remained in the 7-8% range and was 7.1% in 2003.

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● Total Average Household Spending of Five Education Patterns from Kindergarten (4 years old) to University (Undergraduate) Graduation (2002 Estimate) ●



Notes: 1 Amounts are the net total of the average cost of each school year in 2002.

2 Private elementary schools are not surveyed.

Source: MEXT, Survey of Household Expenditure on Education per Student, Survey on Student Life, etc.