

FIGURE 11-1 Education Spending and Outcomes Around the World • The United States spends more money per pupil than nearly every country on Earth, but its educational outcomes are only average.

Spending data from: [National Center for Education Statistics \(2018\)](#). [Organization for Economic Cooperation and Development \(2018\)](#).

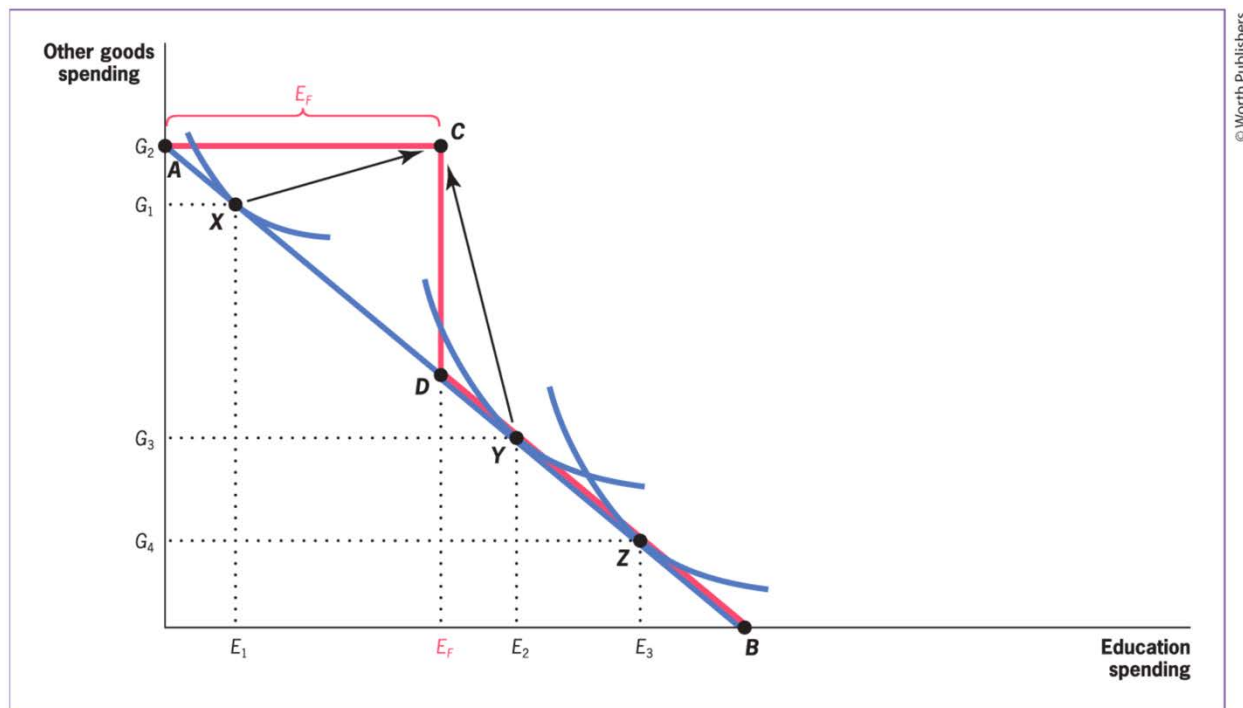


FIGURE 11-2 Public Education Spending Crowds Out Private Spending • When the government introduces free public education in the amount of E_F , the budget constraint changes from AB to $ACDB$. This leads families such as X to increase the amount of education they obtain from E_1 to E_F and families such as Z to maintain their educational spending of E_3 . Families such as Y , however, reduce their educational spending from E_2 to E_F .



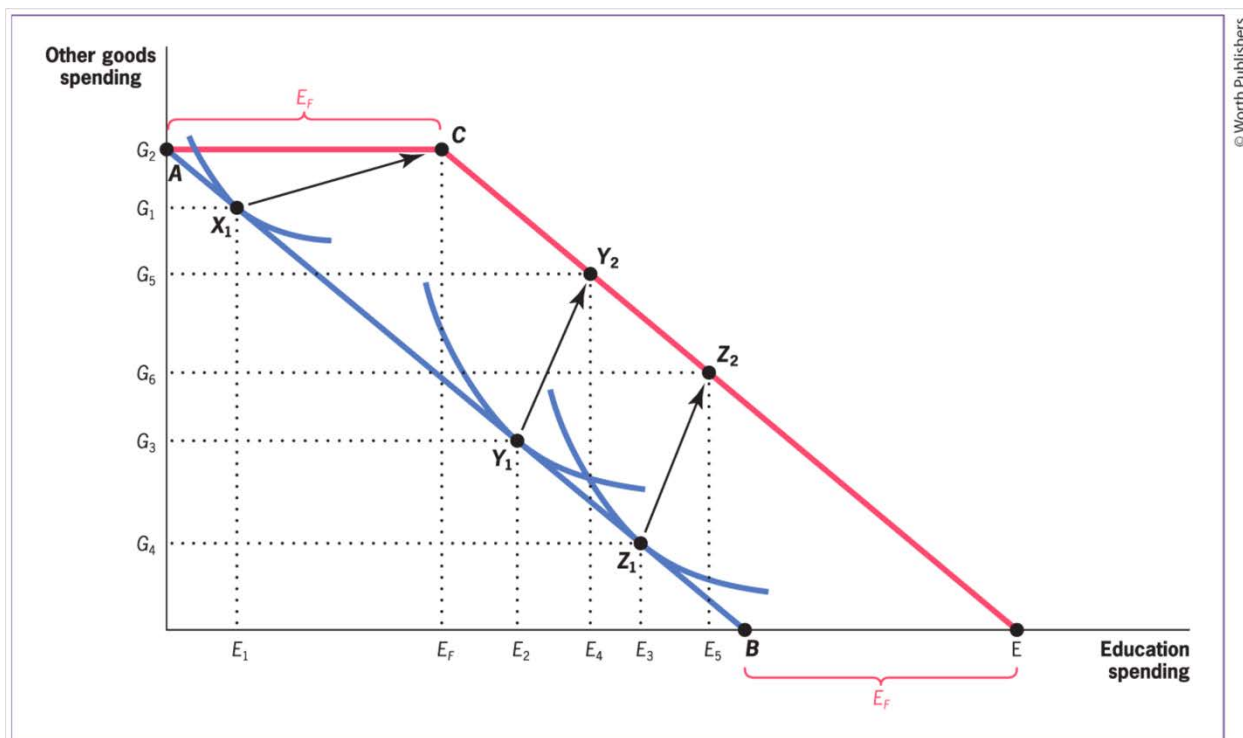


FIGURE 11-3 Vouchers Offset Public School Crowd-Out • When the government provides vouchers in the amount of E_F , the budget constraint changes from AB to ACE , leading all families to increase educational spending. Low-spending families like X will spend the full amount (E_F) on public schools, families such as Y will switch from public education in an amount E_F to private education in an amount E_4 , and higher spending families like Z will also increase their educational spending somewhat (from E_3 to E_5) because the voucher increases their effective incomes.

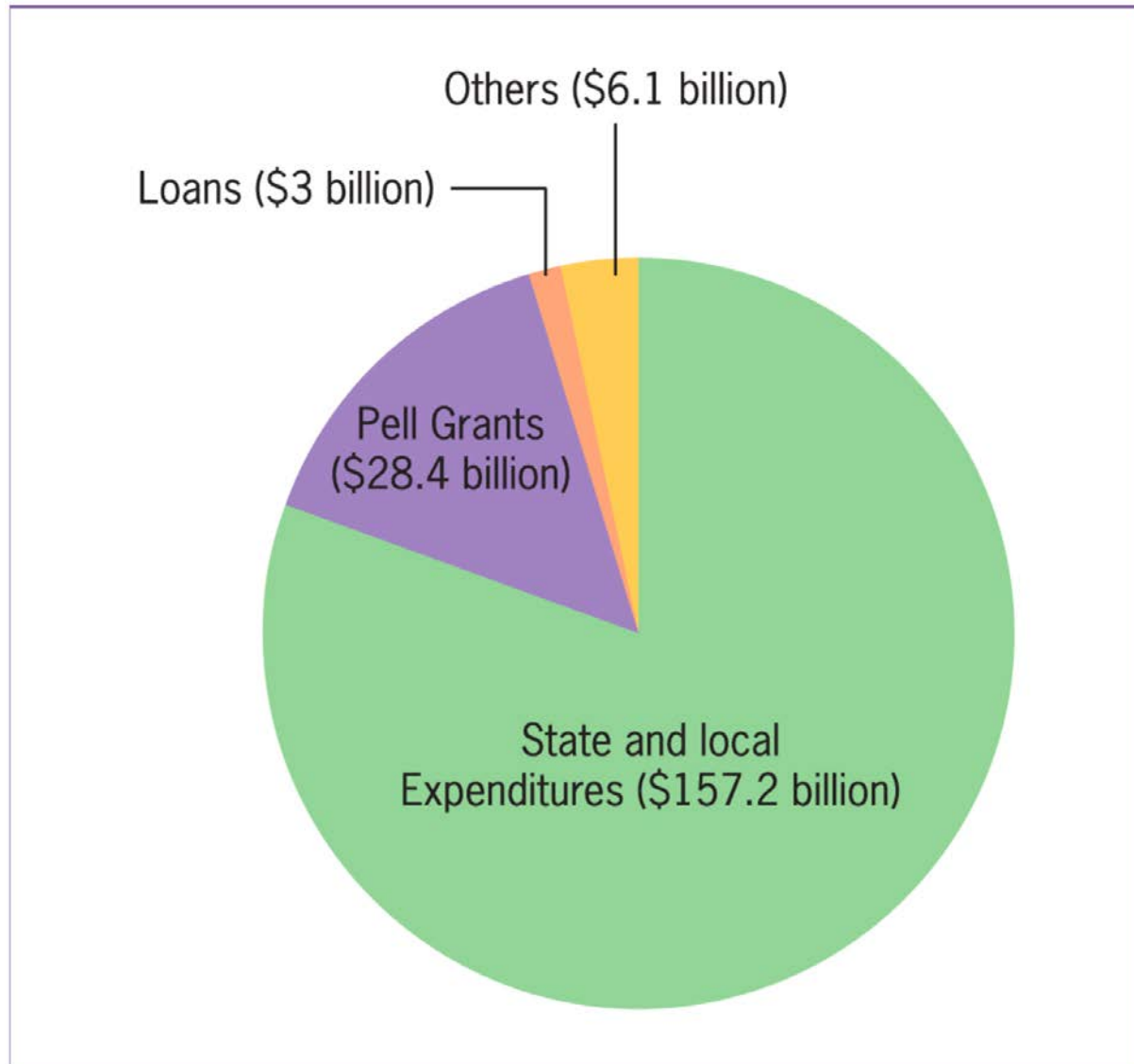


FIGURE 11-4 Government Spending on Higher Education, 2017 • Of the nearly \$200 billion the government spends annually on higher education, 81% is in the form of state and local expenditures. The remainder is primarily in the form of Pell Grants; student loans, while large in volume, do not have a large net cost to the government. Note that foregone revenue from tax breaks is not included in expenditures.

Data from: [Bureau of Economic Analysis \(2021\)](#) and [Congressional Budget Office \(2021\)](#).

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