



Education Spending in Public Schools in Canada, Fall 2021

by Paige MacPherson, Joel Emes, and Nathaniel Li

This study examines changes in education spending on public schools in Canada from 2014/15 to 2018/19. It is clear from the data that Canada has increased education spending in public schools during this period beyond what was required to account for enrolment and inflation—contrary to the general perception that education spending in public schools has been cut. Our results also indicate that compensation remains the largest and costliest aspect of education spending, and has contributed the largest portion of the growth in total education spending in Canada.

To provide an accurate assessment of education spending in Canada, we have taken into account the effects of enrolment and price changes (inflation). Student enrolment in public schools increased by 3.2% nationally from 2014/15 to 2018/19. Alberta (7.7%) and Saskatchewan (5.5%) saw the most significant increases in enrolment. In contrast, half of the Atlantic Provinces saw a decrease in enrolment: Newfoundland & Labrador saw the largest decrease at 4.4% while in New Brunswick enrolment fell by 1.0%.

After accounting for enrolment and adjusting for inflation, per-student spending saw an increase of 2.6% nationally from 2014/15 to 2018/19. Per-student spending (inflation-adjusted) increased in seven of ten provinces. Nova Scotia saw the largest increase (9.2%), followed by Quebec (7.3%) and Prince Edward Island (5.1%). Ontario—the province with the highest total nominal spending—saw an increase of 2.8%. Three provinces experienced a decline in real per-student spending—Newfoundland & Labrador, Saskatchewan, and Alberta.

When capital expenditure—spending on physical infrastructure such as new schools—is removed, Canada's per-student, inflation-adjusted spending increased by 1.7% between 2014/15 and 2018/19. Nova Scotia's spending in this area increased at a higher percentage than that of the other

nine provinces, at 9.7%. Three provinces' inflation-adjusted per-student spending with capital excluded decreased over this time period: Saskatchewan decreased by 5.7%, Alberta by 5.3% and Newfoundland & Labrador by 4.8%.

In 2018/19, annual spending on public-school education in Canada increased by \$2.5 billion more than was necessary to account for changes in enrolment and inflation alone. If real per-student spending had remained constant from 2014/15 to 2018/19, total spending would have been 3.3% lower. In all provinces except Newfoundland & Labrador, Saskatchewan, and Alberta, total spending exceeded the amount necessary to account for enrolment and inflation changes.

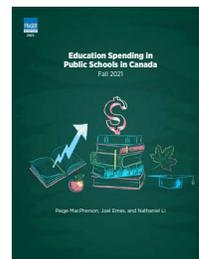
In 2018/19, Nova Scotia saw the largest percentage difference—9.6%—between actual spending and the level of spending that would be needed to offset enrolment and price changes alone. Quebec (7.7%) and Prince Edward Island (6.6%) also saw spending increase significantly more than would be necessary to account for these factors.

Compensation (salaries, wages, fringe benefits, and pensions) contributed the most to the total growth in spending from 2014/15 to 2018/19. Specifically, spending on compensation increased from \$47.8 billion (2014/15) to \$54.0 billion (2018/19).

This is the equivalent of a 13.0% increase in compensation spending. Salaries and wages increased by 12.7%, from \$38.1 billion in 2014/15 to nearly \$43.0 billion in 2018/19, and accounted for 77.6% of the overall compensation increase. However, as a share of total education spending in public schools, salaries and wages declined slightly from 59.1% in 2014/15 to 58.6% in 2018/19.

Fringe benefits saw the highest growth of all compensation categories, increasing from nearly \$6.0 billion (2014/15) to \$7.0 billion (2018/19)—an increase of 18.7%. As a share of total education spending in public schools, fringe benefits increased slightly from 9.2% in 2014/15 to 9.6% in 2018/19. Pension costs also saw substantial growth, increasing from \$3.8 billion (2014/15) to \$4.1 billion (2018/19). The portion of total education spending allocated to pension costs decreased slightly from 5.9% in 2014/15 to 5.5% in 2018/19. Capital spending saw the highest growth rate of any spending category from 2014/15 to 2018/19—an increase of 25.8%. In dollar terms, capital spending increased from \$5.2 billion to \$6.5 billion during this time period. As a share of total spending, capital spending increased from 8.0% in 2014/15 to 8.9% in 2018/19.

The data clearly show that there has been an increase in education spending in Canada. In some provinces, such as Alberta, capital spending (while still costing less than compensation overall) accounts for a notable portion of the growth in spending. In other provinces, such as Nova Scotia, the spending increases are almost entirely explained by increases to compensation. Education spending has increased by more than necessary to offset the effects of growth in enrolment and inflation, equating to billions of dollars in additional spending. This is contrary to the general perception that education spending in public schools has been cut.



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