NEWS RELEASE

Public school spending increases spur deeper budget deficits

February 9, 2017
For immediate release

VANCOUVER—Governments across Canada could have collectively saved $12.7 billion in 2013/14—and lessened their debt and deficit burdens—if they had restrained spending increases on public schools to changes in enrolment and overall prices (inflation) during the previous decade, finds a new study by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

Instead, while public school enrolment (elementary and secondary) declined across Canada by more than four per cent between 2004/05 and 2013/14, per-student public school spending increased by 25.8 per cent, even after accounting for inflation.

"Spending decisions in one area have broader effects on a government's bottom line. Looking at public school spending as an example, if spending increases had been restrained to account only for enrolment changes and inflation, the fiscal situation in many provinces right now would be markedly better," said Charles Lammam, director of fiscal studies at the Fraser Institute.

The study, ***Fiscal Consequences of Higher Spending on K-12 Public Schools in Canada***, finds that the significant increase in per-student spending—over and above enrolment changes and inflation—contributed to deeper budget deficits in all but two provinces in 2013/14.

For instance, had the Ontario government linked public school spending starting in 2004/05 with inflation and enrolment, Queen's Park would have saved $5.2 billion in 2013/14, cutting the province's $10.5 billion deficit in half.

Likewise, with restrained public school spending, Quebec would have essentially returned to a balanced budget in 2013/14 instead of 2015/16, and Prince Edward Island would have also recorded a small surplus instead of a $46 million deficit.

In Alberta, had increases in public school spending been restrained, Alberta's $302 million deficit in 2013/14 would have been a $1.4 billion surplus.

"Failure to restrain increases in public school spending has consequences, as provincial governments run deeper deficits and increase the debt burden on future generations," said Ben Eisen, Fraser Institute's director of provincial prosperity studies.

(30)

MEDIA CONTACT:
Charles Lammam, Director, Fiscal Studies
Fraser Institute

Ben Eisen, Director, Provincial Prosperity Initiative
Fraser Institute

For interviews with Charles Lammam, or for more information, please contact:
Bryn Weese
Media Relations Specialist, Fraser Institute
Office: (604) 688-0221 ext. 589
Cell: (604) 250-8076
bryn.weese@fraserinstitute.org