

Education Spending in Public Schools in Canada, 2023 Edition

by Michael Zwaagstra, Nathaniel Li, and Milagros Palacios

This study reviews changes in education spending on public schools in Canada from 2012/13 to 2020/21. The results clearly demonstrate that education spending on public schools has increased nationally and in most provinces during this time period, even when we account for inflation and enrolment changes. Moreover, the data indicate that compensation continues to be the costliest component of spending on public education and contributed more to the growth of education spending than any other component.

To evaluate public education spending in Canada, we have analyzed the effects of price changes (inflation) and enrolment increases or decreases by province. Nationally, student enrolment in public schools grew by 2.7% between 2012/13 and 2020/21. The biggest increases in enrolment occurred in Alberta (12.4%) and Saskatchewan (6.9%). Three Atlantic provinces experienced a drop in enrolment: Newfoundland & Labrador saw the largest decline at 6.7%, while enrolment in New Brunswick fell by 3.8% and in Nova Scotia by 0.9%. In addition, Ontario saw a slight 0.3% decline in enrolment. Inflation-adjusted per-student spending increased by 8.3% nationally from 2012/13 to 2020/21. Eight of the 10 provinces saw real per-student spending increase over this time frame. Quebec had the largest increase (32.9%), followed by Nova Scotia (26.9%), and Prince Edward Island (19.0%). Two provinces saw a decline in per-student spending (inflation-adjusted): Saskatchewan and Alberta.

Separating operational and capital expenditures allows for a more detailed analysis of education spending. When we remove capital expenditures (physical infrastructure, that is, new schools), the country's real per-student spending increased by 6.3% between 2012/13 and 2020/21. Prince Edward Island's operational per-student spending increased at a higher rate than that of the other nine provinces: 27.8%. Alberta, Saskatchewan, and New Brunswick show declines in inflation-adjusted, per-student spending when capital expenditures are excluded.

In 2020/21, annual spending on public education in Canada increased by \$7.8 billion more than was necessary to account for changes in enrolment and inflation. Had inflation-adjusted per-student spending remained constant from 2012/13 to 2020/21, total spending would have been 9.8% lower. In eight of the ten provinces, total spending exceeded the amount necessary to keep up with inflation and enrolment changes. Quebec's education spending exceeded the level of spending needed to offset enrolment and price changes by 27.0%.

There were substantial changes in the ranks of the provinces for inflation-adjusted per-student spending on public education between 2012/13 and 2020/21. In 2012/13, Alberta had the third highest per-student spending among the provinces. Nine years later, the province ranked last in the same category. Similarly, Saskatchewan shifted from the highest per-student spender in the country to the sixth highest spender. In contrast, Nova Scotia went from the seventh highest per-student spender to the highest over the nine-year period. Most other Atlantic provinces have relatively high per-student spending amounts in 2020/21. Prince Edward Island moved up from the ninth highest spender per-student to fifth highest, although New Brunswick went from second highest per-student spender in 2012/13 down to fourth highest in 2020/21. Interestingly, Newfoundland & Labrador dropped from fifth highest per-student spender to eighth highest among the provinces.

Similar results are observed in the operational spending category. In 2012/13, Saskatchewan and Alberta ranked second and third for inflation-adjusted per-student operational spending. Nearly a decade later, Saskatchewan ranked fifth, and Alberta, tenth in this category. New Brunswick moved from highest per-student spender on operations to second highest. Nova Scotia rose from seventh position in 2012/13 to highest spender in 2020/21, while Prince Edward Island climbed from ninth to third and Newfoundland & Labrador declined slightly from fifth to sixth.

Compensation (salaries, wages, fringe benefits, and pensions) contributed the most to the total growth in spending from 2012/13 to 2020/21. Compensation spending grew from \$45.6 billion in 2012/13 to \$57.3 billion in 2020/21, an increase of 25.6%. Salaries and wages increased by 24.7%, from \$36.7 billion in 2012/13 to \$45.8 billion in 2020/21, and accounted for 77.7% of the overall increase in compensation. However, as a share of total education spending in public schools, salaries and wages declined slightly from 59.7% in 2012/13 to 58.1% in 2020/21.

Fringe benefits saw the highest growth of all compensation categories, rising from \$5.5 billion in 2012/13 to \$7.7 billion in 2020/21—an increase of 40.2%. Pension costs also grew

significantly, increasing from \$3.4 billion (2012/13) to \$3.8 billion (2020/21). Capital spending saw the highest growth rate of any spending category from 2012/13 to 2020/21—an increase of 54.8%. Capital spending increased from \$4.9 billion to \$7.6 billion during this time period. As a share of total spending, capital spending increased from 8.0% in 2012/13 to 9.7% in 2020/21.

It is clear from the data presented that from 2012/13 to 2020/21 inflation-adjusted per-student education spending in public schools has increased nationally and in eight of the ten provinces. Nationally, education spending has increased by more than necessary to offset the effects of growth in enrolment and inflation; this means billions of dollars in additional spending.



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