

# Education Spending in Public Schools in Canada, 2022 edition

*By Nathaniel Li, Evin Ryan, and Jake Fuss*

This study reviews changes in education spending on public schools in Canada from 2012/13 to 2019/20. The results clearly demonstrate that education spending on public schools has increased nationally and in most provinces during this period, even when we account for inflation and enrolment changes. Moreover, the data indicates that compensation continues to be the costliest component of public education spending and contributed more to the growth of education spending than any other component.

To properly 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 4.1% between 2012/13 and 2019/20. The biggest increases in enrolment occurred in Alberta (15.5%) and Saskatchewan (9.6%). Two Atlantic provinces experienced a drop in enrolment: Newfoundland & Labrador saw the largest decline at 5.8%, while New Brunswick enrolment fell by 2.1%.

Per-student spending (inflation-adjusted) increased by 1.4% nationally from 2012/13 to 2019/20. Seven of the ten provinces saw real per-student spending increase over this timeframe. Nova Scotia had the largest increase (17.5%), followed by Prince Edward Island (17.2%), and Quebec (12.7%). Three provinces saw a decline in per-student spending (inflation-adjusted): Ontario, Saskatchewan, and Alberta.

Separating operational and capital expenditures allows for a more detailed analysis of education spending. When we remove capital expenditures (physical infrastructure, i.e.

new schools), the country's real per-student spending increased by 0.4% between 2012/13 and 2019/20. Prince Edward Island's operational per-student spending increased at a larger rate than that of the other nine provinces, at 25.8%. Alberta, Saskatchewan, and Ontario experienced declines in inflation-adjusted per-student spending when capital expenditures are excluded.

In 2019/20, annual spending on public education in Canada increased by \$898 million more than was necessary to account for changes in enrolment and inflation. Had inflation-adjusted per-student spending remained constant from 2012/13 to 2019/20, total spending would have been 1.2% lower. In seven of the ten provinces, total spending exceeded the amount necessary to keep up with inflation and enrolment changes. Nova Scotia's education spending exceeded the level of spending needed to offset enrolment and price changes by 14.2%.

There were substantial changes in the ranks of various provinces for per-student (inflation-adjusted) public education

spending between 2012/13 and 2019/20. In 2012/13, Alberta had the third highest per-student spending among the provinces. Eight 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, Newfoundland & Labrador went from the fifth highest per-student spender to the highest over the eight-year period. Other Atlantic provinces have relatively high per-student spending amounts in 2019/20. New Brunswick maintained its spot as the second highest per-student spender. Prince Edward Island moved up from the ninth highest per-student spender to fifth highest and Nova Scotia climbed from the seventh highest per-student spender in 2012/13 to fourth highest in 2019/20.

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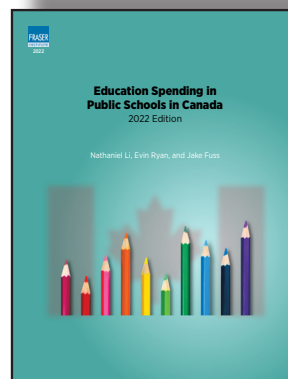
Similar results are observed in the operational spending category. In 2012/13, Saskatchewan and Alberta ranked second and third, respectively, on operational education per-student (inflation-adjusted) spending. Nearly a decade later, Saskatchewan and Alberta ranked sixth and ninth, respectively, in this category. New Brunswick retained its position as the highest per-student spender on operations. Nova Scotia rose from seventh position in 2012/13 to second highest spender in 2019/20, while Prince Edward Island climbed from ninth to fourth and Newfoundland & Labrador rose from fifth to third.

Compensation (salaries, wages, fringe benefits, and pensions) contributed the most to the total growth in spending from 2012/13 to 2019/20. Compensation spending grew from \$45.6 billion in 2012/13 to \$54.4 billion in 2019/20, an

increase of 19.4%. Salaries and wages increased by 17.3%, from \$36.7 billion in 2012/13 to \$43.1 billion in 2019/20, and accounted for 72.2% of the overall compensation increase. However, as a share of total education spending in public schools, salaries and wages declined slightly from 59.7% in 2012/13 to 59.5% in 2019/20.

Fringe benefits experienced the highest growth of all compensation categories, rising from \$5.5 billion in 2012/13 to \$7.3 billion in 2019/20—an increase of 33.2%. Pension costs also grew significantly, increasing from \$3.4 billion (2012/13) to \$4.0 billion (2019/20). Capital spending saw the second highest growth rate of any spending category from 2012/13 to 2019/20—an increase of 31.3%. Capital spending increased from \$4.9 billion to \$6.5 billion during this time period. As a share of total spending, capital spending increased from 8.0% in 2012/13 to 9.0% in 2019/20.

It is clear from the data presented that from 2012/13 to 2019/20 inflation-adjusted per-student education spending in public schools has increased nationally and in seven of the ten provinces. Nationally, 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.



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