

Funding for BC Independent Schools Saves Government Money



by Paige MacPherson and Max Shang

Summary

- BC's policy allowing a portion of parents' tax dollars to follow their child to the independent school of their choice, saves the BC government money. Eliminating this school choice would cost BC taxpayers tens of millions to hundreds of millions of dollars each year.
- From 2012/13 to 2022/23, the share of BC students enrolled in independent schools increased by 13.1 percent, while the share of students attending government public schools decreased by 1.7 percent.
- Research shows the average incomes of families with children attending independent schools in BC are similar to the incomes of families with children attending government public schools. Only 7.7 percent of BC independent schools could reasonably be defined as "elite schools."
- In 2020/21, the average per-student cost of a student attending government public school was \$14,601. The same year, the average per-student cost to government of a student attending independent school was \$8,685. The BC government saves \$5,916 on average for every student who attends independent school rather than government public school.
- Looking specifically at the per-student costs, if 10 percent of independent school students migrated to government public schools because independent school funding was eliminated, the BC government would incur \$51.6 million per year in additional costs. If 25 percent of independent school students migrated to government schools, it would cost government an additional \$129.1 million per year. If 50 percent migrated, it would cost an additional \$258.2 million each year.

Introduction

School choice policies allow students to find the school that is the best fit for their unique learning needs and can enable middle- and lower-income families to access independent schools they otherwise could not afford. Yet, it is sometimes remarked that British Columbia's system of educational choice—allowing a portion of parents' tax dollars to follow their child to their chosen independent or homeschool, outside of their local government public school—deprives government schools of funding. This assertion does not stand up to evidence.

BC's provincial government delivers funding to independent schools based on student enrolment. It funds these schools at varying rates of 35 percent or 50 percent of full-time equivalent per-student operational funding at the local government school. Some independent schools receive no funding—meaning the rate ranges from zero to 50 percent of the per-student operational cost in government school. The level of student funding independent schools receive is contingent upon which level of provincial regulations they follow.

Government public schools receive funding for capital expenses (building and maintaining school facilities), teachers' pension and other added costs, on top of operational funding. By contrast, independent schools receive no

funding for capital expenses, and are only partially funded for operational costs.

The per-student cost of government public school attendance in 2020/21 is \$14,601, and that cost has increased since 2012/13 (Zwaagstra, Li, and Palacios, 2023: Table 1). This per-student cost reflects Statistics Canada data employed in Zwaagstra et al. (2023), which, on top of operational costs, includes spending on capital (building and maintaining schools) and teachers' pensions—two items sometimes omitted from per-student cost estimates. Statistics Canada gives a comprehensive picture of per-student funding.¹ In other words, the government pays 100 percent of this cost for students who attend government schools, including capital and teachers' pension plans.

However, the base operating grant (which covers only operational funding for government schools), is significantly smaller than the total cost to government of sending a child to government school. In 2020/21, the base allocation for a child attending government school (also excluding grants for special needs, etc.) was \$7,560 per student (Government of British Columbia, 2024).

When a student attends an independent school in BC, the government pays zero to 50 percent of the per-student operational cost at

¹ Per Zwaagstra et al. (2023). "The definition of education spending used for this dataset is the following: "public elementary and secondary education expenditures" less "direct government expenditures on public education by the Department of National Defence", "federal school expenditures", and "special education expenditures on public education" (Statistics Canada, 2023).

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a local government school to the independent school of that student’s choice. This funding is based on the base operating grant for government school students—not the total cost. Additional funding for special needs, etc., is then added. As such, on average, the government saves money when a student attends an independent school, if that student would otherwise attend a government school at any point in his or her K-12 schooling.

By allowing a portion of parents’ tax dollars to follow their child to an independent school, these schools can in turn subsidize a portion of parents’ tuition using the government grant, reducing the net costs to parents, who in most cases pay out of pocket for at least a portion of their child’s independent school tuition. By increasing the affordability of independent schools to BC families, it is reasonable to assume that the government increases the number of students who voluntarily attend independent schools. The result of this is cost savings for the BC government.

There are two facts underpinning this assumption.

First, independent school enrolment as a share of total K-12 enrolment in BC is increasing. From 2000–01 to 2019–20, the share of students enrolled in independent schools increased from 8.7 percent to 13.2 percent of total students (Zwaagstra et al., 2023: Table 5). Over the same period, enrolment in government public schools decreased from 90.7 percent of total enrolment to 86.4 percent (Zwaagstra et al., 2023: Table 2). The savings to government of students attending independent schools in BC would exist regardless of whether or not enrolment was increasing, but increasing enrolment means increasing savings to government.

More recently, 2012/13 to 2022/23, the share of BC students enrolled in independent schools increased from 11.6 to 13.2 percent of total students, as is shown in Table 1. At the same time, the share of total students in government public schools decreased by 1.7 percent, from 88.4 to 86.8 percent of total students. As of 2022, BC’s share of independent school enrolment is the highest of any province in Canada (Zwaagstra et al., 2023: Table 5).

Table 1: Enrolment in BC K-12 schools by school type, 2012/13 to 2022/23

	Enrolment		Percentage change	Percent of total enrolment*		
	2012/13	2022/23	2012/13 to 2022/23	2012/13	2022/23	Share Change
Public	564,531	590,583	5%	88%	87%	-1.7%
Independent	74,308	89,426	20%	12%	13%	13.1%

Source: BC (2023)

In other words, families' relative demand for independent schools in BC is increasing, and relative demand for government public schools is decreasing.

Second, the average incomes of families attending non-elite independent schools in BC are similar to the incomes of families attending government public schools.

It is essential here to first dispel the myth that every independent school in BC is an elite university preparatory school. In 2017, research showed that only 7.7 percent of BC independent schools could reasonably be defined as elite schools,² serving higher-income populations. By contrast, 92.3 percent of independent schools are non-elite, with most providing programming based on culture or religion, or unique pedagogical focus such as Waldorf, Montessori, or Forest School (Clemens, Eves, and Parvani, 2017).

An analysis of family incomes in the same report found that on average, families with children attending independent schools earned \$88,367 after taxes, and families with children attending government public schools earned an average of \$77,396 after taxes. This breakdown includes the families with children attending the 7.7 percent of elite schools. Those schools are the exception in BC's independent school landscape. When those schools were removed from the analysis, most families with children attending independent schools had an average

after-tax income of \$78,894—only 1.9 percent higher than the average income of BC families with children attending government public schools (Clemens et al., 2017).

The growing demand for independent schools in BC, and the closeness in incomes between BC families who attend government public schools and families who attend non-elite independent schools, illustrates why it is reasonable to assume that a partial subsidy reducing independent school tuition would make some independent schools in BC affordable for families who, without this funding, would not consider this affordable.

Cost Savings to Government from Independent School Funding

We can estimate the cost savings to government because of this educational choice policy by first looking at the average per-student cost of educating a child in a BC government public school, which in 2020/21 was \$14,601 (Table 2). It is useful to note that the average per-student cost of educating a student in a government public school has increased nominally by 30.4 percent between 2012/13 and 2020/21.

Next, we can look at the average per-student cost to government of educating a child in a BC independent school. This average per-student cost is based on total government spending on independent schools, divided by the number of full-time equivalent (FTE) students

2 Per Clemens, Emes, and Parvani (2017), the definition of “elite schools” consists of members of the Independent Schools Association of British Columbia (ISABC) as well as Little Flower Academy, St. Thomas More Collegiate, and Vancouver College.

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Table 2: Average per-student cost in BC K-12 government schools

	2010/11		2020/21		2010/11 to 2020/21		
	\$	Share of total (%)	\$	Share of total (%)	Change, \$	Share of total Change (%)	Growth (%)
Operational	9,956	93.3	12,898	88.3	2,943	75.0	29.6
Compensation	6,986	65.4	9,752	66.8	2,766	70.5	39.6
Salaries and wages	6,185	57.9	7,835	53.7	1,651	42.1	26.7
Fringe Benefits	801	7.5	1,917	13.1	1,115	28.4	139.2
Pensions	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other operational	2,969	27.8	3,146	21.5	176	4.5	5.9
Capital	720	6.7	1,703	11.7	983	25.0	136.4
Total	10,676		14,601		3,925		36.8

Note: Total spending is the sum of public school board and direct government expenditures and direct provincial government expenditures on administration of public education. Federal school expenditures and special education expenditures on public education are not included.

Sources: Statistics Canada, 2023a, 2023b.

Table 3: Average per-student cost in BC K-12 independent schools

	2010/11	2020/21	Percentage change
Spending (\$Mil)	617.3	758.1	22.8%
Enrolment	70,273	87,290	24.2%
Per-student (\$)	8,785	8,685	-1.1%

Note: Total BC government spending on independent schools, divided by number of students enrolled in independent schools.

Source: Statistics Canada (2023a), BC (2023)

enrolled in BC independent schools. The BC government provides a basic per-student grant to independent schools for student attendance, and then provides additional supplements to some independent schools for some students with exceptional needs or other reasons. This calculation takes the sum of this government spending and divides it by the number of FTE

students enrolled in independent schools, to arrive at an average per-student cost to government. In most cases, families pay some level of tuition for their children to attend an independent school, even with government funding, therefore Table 3 shows the average per-student cost to government, not the total cost of student attendance. The average

per-student cost to government of a student attending an independent school is \$8,685 in 2020/21.

We can see from the above numbers that the cost to government of educating a student in a government school is clearly higher than the cost to government of educating a student in an independent school. In 2020/21, the average per-student cost to government of educating a student in independent school (\$8,685) in BC was \$5,916 lower than the per-student cost of educating a student in government public school (\$14,601).³

In other words, the BC government saves \$5,916 for every student who attends independent school rather than government public school.

Cost Increase of Student Migration from Independent Schools to Government Schools

To address the earlier claim that funding independent schools drains funds from government schools, consider three scenarios (detailed in Table 4), in which the BC government ended its school choice funding policy. It is reasonable to assume that this policy enables at least some families to afford independent school, and therefore eliminating the policy would remove that choice from some families, making it unaffordable for them. In these scenarios we assume that a varying percentage of

students moves from independent schools to government schools for this reason.

To keep the estimate conservative, we assumed that removing this funding would not impact any families whose children attend “elite” independent schools. That amounted to 23 percent of independent school students in 2017, the most recent year of data available (Clemens et al., 2017). This leaves 77 percent of students attending non-elite independent schools. Each estimate in Table 4 is well below 77 percent.

As is detailed in Table 4, three different scenarios were analyzed, specifically, where 10 percent, 25 percent, and 50 percent of the students attending non-elite independent schools migrate to the public system.⁴ Even if only 10 percent of independent school students migrated to government schools because the government eliminated independent school funding, there would be \$51.6 million in annual costs due to this migration of students. If one quarter (25 percent) of independent school students migrated to government schools, the BC government would incur \$129.1 million in additional costs, per year, due to this migration. If 50 percent of BC independent school students migrated to government schools, it would cost the BC government an additional \$258.2 million—more than one quarter of a billion dollars in additional costs to BC taxpayers each year.

³ There are some exceptional funding levels for students with special needs, adult education, and online learning: <<https://www2.gov.bc.ca/assets/gov/education/administration/kindergarten-to-grade-12/independent-schools/funding-rates-for-is-23-24-prelim.pdf>>, as of May 14, 2024.

⁴ This analysis accounts for only the per-student costs of students migrating from independent to government school, and does not include other budgetary considerations, nor does it estimate the elasticity of demand for independent schools.

Table 4: Cost increase to government if independent school student migration to government schools

	% of independent school students migrated to government schools		
	10%	25%	50%
Student increase	8,729	21,823	43,645
Per student extra cost (\$)	5,916	5,916	5,916
Cost increase (\$ Million)	51.6	129.1	258.2

Note: Per student extra cost is the difference between government spending per student at government school and independent school in 2020/21 in table 2 and 3.

Source: Tables 2 and 3, authors' calculations.

Conclusion

A migration of even a portion of students from independent schools to government public schools in BC would cost the government tens- or hundreds-of millions of dollars each year. As such, empowering families to send

their children to the independent schools that best fit their learning needs—for families who would not otherwise find it affordable to do so—in fact saves the government, and BC taxpayers, money on an annual basis.

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