

Alberta's Independent Schools: Taxpayers Saved \$750 million

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About Parents for Choice in Education

Parents for Choice in Education (PCE) is an Alberta-based, non-profit, non-partisan advocacy organization that supports excellence in education through maximum parental choice.

PCE strongly supports a high-quality public education system in Alberta. To this end, we believe that parents should have maximum choice in the kind of education that shall be given to their children. Examples of alternatives that should be available to parents include Catholic schools, private schools, virtual schools, publicly funded alternative programs such as charter schools, fully independent traditional home schooling, and fully independent alternative schools, which do not follow the Alberta Program of Studies. Sometimes parents just want the freedom to enroll their child at a public school outside of their local neighborhood. We believe that parents are the experts in their own children, and that they should be free to choose the method of schooling that best meets the needs of their families.

Children don't come one-size-fits-all. Education shouldn't either.

PCE believes that the authority over the education of a child rightly belongs to the parent(s) (or legal guardians) of that child. We affirm the importance of Article 26 of the Universal Declaration of Human Rights, which states that "Parents have a prior right to choose the kind of education that shall be given to their children." Parents may, and often do, delegate the delivery of education to government entities, but the nature and degree of that delegation is theirs to determine.

PCE believes that most parents make choices about their children's education based on serious thought and sound analysis of the pros and cons of the options that are available. Parents are generally better positioned to understand their child's best interest than politicians, bureaucrats, or special interest groups.

PCE believes that parents are drivers of quality in education. Because of the natural and permanent tie that parents have with their own children, parents have a greater interest in ensuring the quality of their children's education than anyone else (save for the children themselves). Parent involvement and parent choice will continue to ensure excellence and quality in education.

PCE believes that choice itself is a driver of quality, because people with choice will choose the options they perceive to be better. That competition to be 'chosen' will drive improvements in quality.

PCE believes that good quality programming is typically available within traditional public schools in Alberta, and that enhanced choice within the public system as well as between the traditional public system and other education systems will improve quality, across the educational landscape.

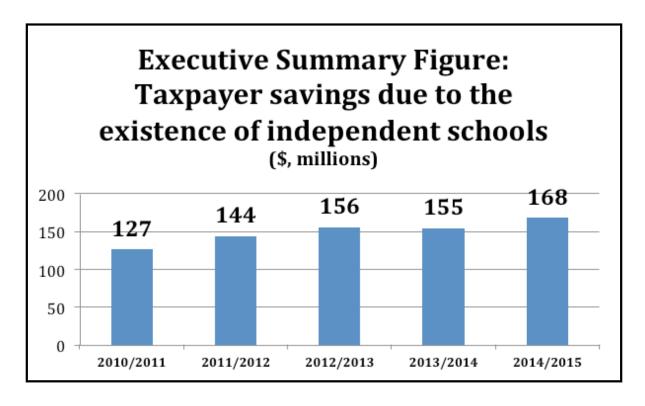


Executive Summary

In Alberta in 2014/15, 631,089 students were enrolled in some sort of public school—"public," separate (Catholic), Francophone or Charter. On the private side, 29,400 students were enrolled in independent schools.

That year, a conservative estimate of the public system cost to taxpayers—including instruction, operations and transportation but excluding governance, program support and basic education program costs—amounted to \$10,874 per student. In contrast, because private schools receive less funding per student relative to the public system, and charge school enrolment fees to parents, the cost to taxpayers of students in independent/private schools was \$5,150 per student—or less than half the public school cost.

In 2014/15, had all the students enrolled in independent schools instead attended public schools, the extra cost to taxpayers—and the provincial education budget—would have been \$168 million. Over the five years analyzed in this report (2010/11 to 2014/15 inclusive), the existence of independent/ private schools thus saved taxpayers a total of \$750-million.



Source: Alberta Education 2015a and 2015b; calculations by author.

Introduction and purpose of this report

This report examines funding for students in Alberta enrolled in government/public schools and independent/private schools¹ with the aim of providing context and facts. The simple question to be answered is: Do such schools save the public treasury tax dollars?

The context for the question is a claim often asserted, that the presence of private/independent schools "cost" the public school system money. The assertion recognizes that government payments are already made to independent schools at only a portion of the government/public school base instruction rate (60 per cent to 70 per cent depending on the private school type (Alberta undated)). The conclusion from some is thus such monies are "diversions" from the government schools. The implied policy end, at least from selected critics of independent schools, is that such schools should not exist, or at least, should not be funded with tax dollars.

For example, the Alberta Teachers Association has long opposed any funding for private schools. In 1998 the ATA demanded that the province terminate funding for independent schools (ATA 1998). In 2015, the ATA's president, Mark Ramsankar argued against any taxpayer funding for independent/private schools, arguing that the government shouldn't be "supplementing private education for a select few" (Metro News, 2015).

Government funding for independent schools in some provinces, including in Alberta, has led some to assert that taxpayer funding to government schools has suffered as a result. In British Columbia, the British Columbia Teachers Federation complains that funding for independent schools has increased while "public schools were dealing with structural funding shortfalls which led to significant cuts to educational services" (Woo 2014). In Alberta, former NDP Education Critic Deron Bilous said in March 2014 that private schools shouldn't receive public funding because "You know, we're draining money from the public system to feed the private system" (Metro News 2015).

Facts on public school funding in Alberta (and elsewhere): Funding is up, not down

The first thing to understand about funding for public schools in Alberta is that taxpayer funding has risen—not decreased, in recent years. That is true in nominal terms, and in all provinces; it is true after accounting for inflation in every province except Newfoundland and Labrador. Revealingly, this is also true after adjusting for enrolment in public schools, where in that analysis, all provinces spent more by 2011/12 than they did in 2001/02 (Neven Van Pelt and Emes 2015, 6).

Such facts are necessary to counter the notion expressed by the British Columbia Teachers Federation, the Alberta Teachers Association, Bilous and others. The hard numbers are contained in a 2015 report which analyzed provincial spending on public schools, inflation, and enrolment. It found that while per-pupil enrolment declined in nine of ten provinces between 2001-02 and 2011-12, per pupil spending increased, even after accounting for inflation.

Thus, over that decade, the increase in per-student provincial spending on public schools, even after accounting for inflation, was as follows: New Brunswick: +56.4 per cent; Alberta: +55.3 per cent; Saskatchewan: +53.1 per cent; Nova Scotia: +47.4 per cent; Ontario: +46.7 per cent; Newfoundland and Labrador: +45.3 per cent; Prince Edward Island: +36.1 per cent; Quebec: +22.9 per cent; Manitoba: +21.7 per cent; British Colum-

1 This paper will use the terms government and/or public schools along with independent and/or private schools and alternate the use of each term for two reasons: First, a repetitive use of one term is tiring to the reader. Second, schools owned by governments and mostly run by governments, even at arms-length, are government schools so that term is accurate. Likewise, "independent school" reflects a degree of independence even if some receive government funding. Thus both sets of terms can be justified and should be used.



bia: +19 per cent (Neven Van Pelt, Deani and Joel Emes 2015, 16).

Such facts undercut any notion that government schools have experienced funding reductions, due to government funding for independent schools or for any other reason. The facts simply do not support such claims.

Present realities

As of mid-2015, the new Alberta government has committed to continuing partial funding for independent schools. As noted on the Alberta Education website, "The Government of Alberta recognizes that parents have the right to choose a private school for their children and has provided financial support for private schools since 1967" (Alberta undated).

Still, given past positions by some New Democratic Party critics and the Alberta Teachers' Association, parents in Alberta who value choice in education should not assume a future policy change will not happen, including a reduction in payments to independent schools.

The importance of an independent mind—and thus independent schools

In addition and alternatively, if the provincial government is sincere about retaining the right to choose, government MLAs and those in opposition should be aware of why independent schools are valuable. While this essay will mainly highlight the financial benefits of independent schools, there is a functional usefulness to parental choice in education that should be briefly noted: Independence of mind is unlikely to flourish in an education system where 100 per cent of the students are in one system, the design of which is "top down."

In a liberal democracy, critical thinking is often touted as an end goal in education, yet some criticize parental choice in education as "dividing" people by wealth and religion (Hehr 2014). However, such arguments ignore the benefits of school choice and the underlying reality about how human beings function and thus why choice is invaluable in education—because it leads to human flourishing. On faith, the very point of a free society is to ensure diverse viewpoints are protected and encouraged, even and especially when others disagree. This is especially useful in the education system, lest non-critical thinking become the norm.

Also, as a former colleague has pointed out at length, the research evidence shows that non-government schools provide solid, and in some cases exemplary, academic, social and cultural results for individuals and for society. As Deani Van Pelt has noted²:

A 2013 OECD analysis of the Programme for International Student Assessment (PISA) math performance scores found that Canadian 15-year-olds from private schools significantly outperformed their peers from public schools. This was true even after controlling for economic, social and cultural status.

A 2012 study by Cardus compared graduate outcomes for Canadian adults from different school systems - public, separate Catholic, and various independent school systems. The findings were clear. Graduates from independent schools are significantly more likely than their peers to contribute to civic society - to vote, volunteer, and donate (all again, after controlling for a variety of socio-economic factors that might otherwise explain the differences).

² While the referenced column was jointly written, I prefer to credit Deani Van Pelt as the expert on the education literature; my contribution is derived from work on and familiarity with the problem of monopolies.

Furthermore, parents don't just "feel"... that the public system isn't good enough for them. In a 2007 Ontario survey on why parents choose private schools and in a 2009 analysis of stories told by parents about choosing private schools, many reported that they have tried public schools for their children, but were forced to look elsewhere.

They leave public schools for a variety of reasons: bullying, lack of teacher care or availability, concerns with the curriculum, neglect of their child's special needs, or poor academic results. And many stay with a private school once they arrive because of caring and attentive teachers, positive academic performance, safety, and improvements in their child's social life (Milke and Van Pelt 2014).

As Van Pelt and I pointed out in collaboration, governments must think carefully about how governments can create educational equity and it thus makes sense to recognize the results achieved in independent schools:

When local communities are given more control - whether independent or charter schools, home-based educational programs or public schools given more local authority - administrators, parents and teachers can achieve excellent results, results that benefit individuals and society.

A system where all taxpayer dollars are spent on one provider, the "public" system, and not among the schools that parents choose, would be rejected as absurd and unhelpful if we were talking about welfare payments and grocery stores. It's only in education - and regrettably, the mind of a provincial politician - where, despite evidence to the contrary, political attachment to monopoly thrives (Milke and Van Pelt 2014).

A short analysis on how Alberta's taxpayers saved \$750 million: Independent school enrolment

Such desirable societal ends (the need for independent minds) and the empirical evidence (the benefits of independent schools) are reason enough to ensure that independent schools exist. In addition to these useful ends, one must also add another reason: the basic and assumed parental right for as much choice as is sensible and possible in their children's education vis-à-vis all others, as a default desirable assumption in a healthy society.

Nonetheless, another critical mistaken assertion must be addressed, which is where the main analysis of this paper begins—the claim that independent schools "cost" the education system money by their very existence.

In Alberta, parents have a plethora of choices on how to educate their children: Public/Government, Separate/Catholic, Francophone, Charter, Independent/Private, home schooling and depending on circumstances, e.g., if one is on a reserve, education funded by the federal government for an on-reserve education (Alberta 2015a).

This analysis separates the above into four main categories: Public, Private (ECS³), Private (ECS) and Excluded (federal). Only two, the public and private non-ECS, will be compared on enrolment and funding. A calculation is then made to identify the savings that resulted to the province, given the number of students enrolled in independent schools.

Of note, home schooling will not form part of the forthcoming calculations. Students enrolled in home schooling are already counted as *public or private school* students. That is because home-schooled students and their parents are legally required to coordinate the child's education with an associate public or private school board under the Education Act (Alberta 2012, Section 20(1)(b)). Thus, their enrolment numbers are already accounted for in Table 1.

³ Early Childhood Services.



The enrolment numbers

In Alberta, between 2010/11 and 2014/15, the five-year period analyzed in this report, the province's total student population has increased from 612,226 to 676,332. This is an increase of over 64,100 students over five years (Table 1).

Table 1: Alberta Student Population by Authority System								
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015			
Public	422,493	424,006	434,424	443,713	455,028			
Separate	137,511	140,840	145,663	152,628	158,094			
Francophone	5,630	5,945	6,286	6,801	7,353			
Charter	7,852	7,847	8,418	8,732	9,131			
ECS Private Operator	3,739	4,147	4,617	5,062	5,291			
Private School	23,705	24,937	26,937	28,076	29,400			
Provincial	1,367	1,542	1,799	1,742	1,483			
Federal - First Nations	9,526	9,631	10,007	10,266	9,836			
Federal	403	333	617	791	716			
All Schools & Authorities	612,226	619,228	638,768	657,811	676,332			

Source: Alberta Education 2015a and 2015b.

In creating an enrolment summary with four main categories (Public, Private-non-ECS, Private-ECS and Excluded (federal)), the enrolment numbers for the two main cohorts—Public and Private (non-ECS and which will be "Private" in future references) were as follows in 2014/15: 631,089 students in the public/government schools and 29,400 students enrolled in private/independent schools (Table 2).

Table 2: Alberta Enrolment Summary						
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	
Public	574,853	580,180	596,590	613,616	631,089	
Private: Non-ECS	23,705	24,937	26,937	28,076	29,400	
Private: ECS	3,739	4,147	4,617	5,062	5,291	
Excluded (federal)	9,929	9,964	10,624	11,057	10,552	

Source: Alberta Education 2015a and 2015b.

Public includes: students in the Public, Separate, Francophone, Charter, and Provincial categories.

Private includes only students in the "private school" category; students in private ECS are not included.

Students in federal schools are excluded on the assumption that the Federal government covers the bulk of the associated costs.

Costs in each system: A conservative estimate

Table 3: All Schools, Consolidated Allocated Costs (\$,000)							
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015		
Instruction - ECS to Grade 12*	4,974,945	5,263,608	5,400,750	5,402,667	5,611,648		
Operations and Maintenance*	820,736	873,957	886,070	882,252	905,113		
Student Transportation*	309,316	315,636	324,571	323,464	345,920		
Governance and System Administration**	250,062	270,440	287,455	286,956	293,202		
Program Support Services**	143,816	151,399	173,858	173,877	173,088		
Basic Education Programs**	62,782	55,504	53,023	57,557	42,942		
Accredited Private Schools & ECS**	177,796	191,567	209,165	222,285	233,772		
Accredited Private Schools	124,830	133,113	142,583	147,832	151,402		
Early Childhood	52,966	58,454	66,582	74,453	82,370		
Debt Servicing Costs**	34,451	44,485	53,807	45,154	46,741		
2013 Alberta Flooding**	0	0	0	2,060	2,570		
Totals	6,773,904	7,166,596	7,388,699	7,396,272	7,654,996		

Source: Alberta Education 2015a and 2015b.

In order to properly compare per-student funding in the public/government and private/independent schools, some defensible allocation of costs must be made. To produce a *conservative* cost estimate per student—this so as to not overestimate the effect of the hypothetical scenario whereby a private school student enrolls in the public system— just three categories are allocated to public system costs: Instruction (ECS to Grade 12), Operations and Maintenance, and Student Transportation.

Those three categories accounted for just under \$6.9 billion in education spending in the public system, out of a total of just under \$7.7 billion in consolidated allocated costs in 2014/15.

An additional five categories—governance and system administration, program support services, basic education programs, debt servicing costs, and 2013 Alberta flooding—are *not included* in the summaries of public education spending or per student calculations of the same. The reason for excluding costs in these five categories is as follows: if a student now in the independent system moves to the public school system, it should not be assumed that debt servicing costs or governance costs (to use two examples) will necessarily rise. They *may* rise, but to create conservative cost estimates of the effect of a student move from one system to another, it is preferable to assume some expenses will remain constant.

In Table 4 then, as of 2014/15, just under \$6.9 billion in provincial costs are allocated to student specific costs in the public system, with \$151 million allocated to private school costs. The other costs (Public-General and Private-ECS) are excluded from both the subsequent public and private school cost calculations.

^{*}Costs included in Table 4 Public: Student-specific funding

^{**}Costs NOT included in Table 4 Public: Student-specific funding



Table 4: Allocated Costs: Spending Summary (\$,000)							
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015		
Public: Student-specific*	6,104,997	6,453,201	6,611,391	6,608,383	6,862,681		
Public: General**	491,111	521,828	568,143	565,604	558,543		
Private: Accredited private schools*	124,830	133,113	142,583	147,832	151,402		
Private: Early childhood (ECS)**	52,966	58,454	66,582	74,453	82,370		

Source: Alberta Education 2015a and 2015b.

Notes: Only spending that can be reasonably expected to increase with the addition of more students is included in the values used to determine the public cost per student. Specifically, "Instruction for ECS to Grade 12", "Operations and Maintenance" and "Student Transportation" are included. All other categories (Governance and System Administration; Program Support Services; Basic Education Programs; Debt Servicing Costs; and, Flooding) are excluded.

Private spending comes from the "Consolidated Annual Costs" schedules in the Education Ministry Annual Reports. Private ECS schools are excluded from the calculations because we cannot determine a public ECS cost estimate.

Private ECS spending is separated from the total amount given in the "Consolidated Annual Costs" schedule using the "Voted Actual" shares provided in the "Lapse/Encumbrance" schedules in the Education Ministry Annual Reports.

Taxpayer costs per student: \$10,874 in public/\$5,150 in independent

The next set of calculations simply divides the cost in the two main categories noted in Table 4 (Public and Private) by the number of students in each to arrive at the per-student cost in each system. The reader should recall that the assumptions are conservative, i.e., that not all costs that would have increased the public school per-student cost are included.

The results are displayed in Table 5. In 2014/15, the public school cost per-student amounted to \$10,874; the cost to taxpayers of students in the independent/private school system was \$5,150 or less than half the per-student cost in government schools (Table 5).

Expressed differently, the per student cost to taxpayers for those enrolled in independent schools is 47% (\$5,150) of the cost for those enrolled in public schools (\$10,874) (Table 5 and Summary Figure 1).

Table 5: Estimated cost of moving independent students to the public system							
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015		
Public: Cost per student, \$	10,620	11,123	11,082	10,770	10,874		
Private: Cost per student, \$	5,266	5,338	5,293	5,265	5,150		
Difference: Public less private, \$	5,354	5,785	5,789	5,504	5,725		
Additional Cost to move to public, \$M	127	144	156	155	168		
Additional cost to move to public, % budget	1.9%	2.0%	2.1%	2.1%	2.2%		

Source: Alberta Education 2015a and 2015b; calculations by author.

^{*}Costs included in Table 5 per student calculations, i.e., Public for Public per-student calculations, Private for Private per-student calculations.

^{**}Costs NOT included in Table 5 per student calculations

Summary conclusions: \$750 million in savings over five years from private schools

Now consider the total savings to the provincial treasury of student enrolment in private/independent schools. In the earliest year analyzed, had private school students been enrolled in Alberta's public school system, the extra cost would have been \$127 million. That extra education cost was \$144 million in 2011/12, \$156 million in 2012/13, \$155 million as of 2013/14, and \$168 million as of 2014/15 (Table 5 and Summary Figure 2).

In total, over five years, the existence of between 23,705 students (2010/11) and 29,400 students (2014/15) enrolled in independent schools translates into \$750 million in saved tax dollars—tax dollars available for the public system, provincial infrastructure, hospital construction, ongoing health care costs, allocations for tax relief, or any number of other provincial budget items.

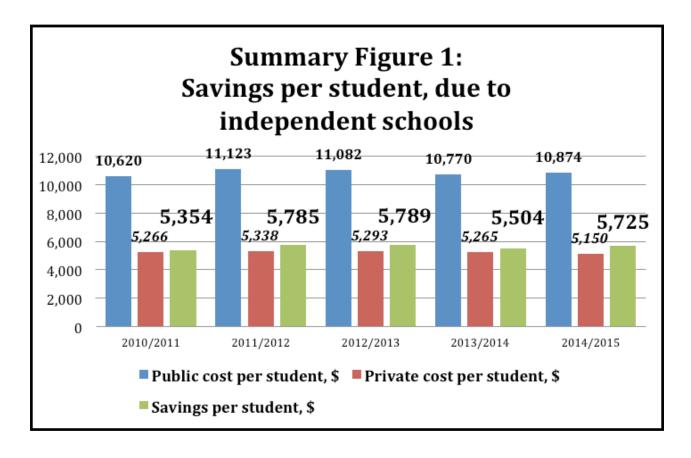
One could assert that even if provincial funding for independent schools did not exist, such savings might still materialize because parents may still choose to enroll their children in independent schools albeit with higher school fees that would result from an absence of provincial funding.

The argument is valid as constructed, but would miss five useful observations:

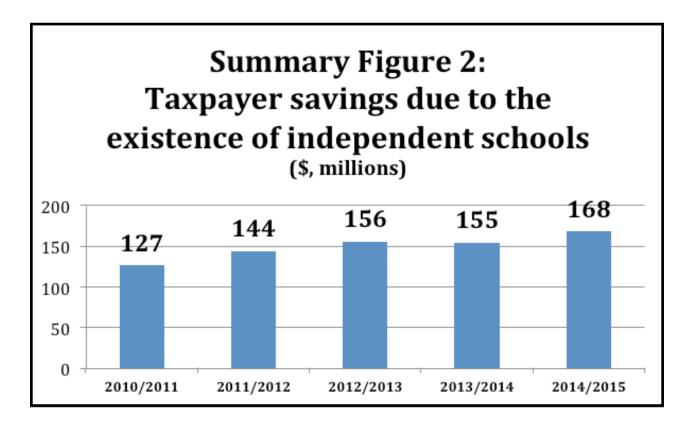
- First, as noted at the beginning of this essay, there may be some value in independent schools for the reason any departure from a monolithic structure is valuable: diversity of thought and diversity of possibilities yet unknown;
- Second, flexibility in service delivery—in this case in education—is enhanced by funding a variety of schools and not just those owned and operated by governments;
- Third, the constructed objection—not every single student now in private schools will necessarily
 move to the public system—ignores that *some* inevitably will, and that will add extra costs into the
 public system;
- Fourth, provincial funding allows lower- and middle-income families who choose to make the financial sacrifice (for still necessary enrolment fees) access to independent/private schools that otherwise could not do so. To eliminate such funding would in fact increase the "two-tiered" education paradigm claimed by those opposed to private schooling, as only the wealthiest would then have access to private schools;
- Fifth, and often overlooked, is that given how private/independent schools charge enrolment fees to parents, who thus cover a portion of education costs directly, the province ought to encourage—not discourage—additional independent/private school attendance. After all, for every student in the private system, the province is saving \$5,725. Thus, consider how an additional 10,000 students enrolled in independent schools would save the province an additional \$57.2 million in education costs annually, based on 2014/15 costs per student.

In summary, the province of Alberta has saved \$750 million over five years in taxpayer costs due to the existence of independent schools. If it encouraged additional enrolment in such schools, additional savings would accrue. At a minimum, any notion that such schools "cost" taxpayers extra money or diverts money from public schools does not stand up to an analysis of the numbers.





Source: Alberta Education 2015a and 2015b; calculations by author.



Source: Alberta Education 2015a and 2015b; calculations by author.

About the author

Mark Milke, Ph.D. is a public policy consultant, author, policy analyst and columnist with four books and dozens of studies published by policy institutes in Canada, the United States and Europe. Formerly a Senior Fellow with the Fraser Institute, his work has also been published in the United States and Europe by the American Enterprise Institute, the Competitive Enterprise Institute, the Heritage Foundation and the Brussels-based Centre for European Studies. Mark's work has touched on everything from taxes, civil rights, and private property to airline competition, insurance, aboriginal policy, government monopolies and the folly of corporate welfare.



Mark is a Saturday columnist for the Calgary Herald and his columns also appear in the *Globe and Mail, National Post, Toronto Star, Ottawa Citizen, Montreal Gazette, Vancouver Sun* and *Winnipeg Free Press* Mark has a PhD in International Relations and Political Philosophy from University of Calgary, is President of *Civitas—a Society for Ideas*, chairman of the editorial board of Canada's Journal of Ideas *C2C Journal*, and a past lecturer in Political Science at the University of Calgary.

Mark Milke's first book was described by former *Vancouver Sun* editor Trevor Lautens as "written with style and wit, a must for the thoughtful, and a stimulus for the forgetful." *Toronto Star* columnist Carol Goar describes Mark as a "skilled researcher who uncovers information governments would prefer to keep hidden."

Mark lives in Calgary, and his non-professional life includes interests in architecture, history, art, music, mountains and photography; Mark is a regular hiker, skier and runner.



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