

Issue in Focus

January 2012

Overview of *Bridging the Aboriginal Education Gap in Saskatchewan*

Core Issue: Educational attainment is lower among Saskatchewan's Aboriginal population than among non-Aboriginals. This negatively impacts the lifetime earnings of the Aboriginal population and the province's economy. *Bridging the Aboriginal Education Gap in Saskatchewan* was written to quantify these impacts.

The Importance to Business of Bridging the Aboriginal Education Gap

Saskatchewan's Aboriginal population is much younger than the non-Aboriginal population and this offers the province a workforce opportunity not found in other jurisdictions. At present however, the full potential of this demographic opportunity is not being realized because the educational attainment of Aboriginal youth is lagging significantly behind the rest of the population.

The *Bridging the Aboriginal Education Gap in Saskatchewan* report notes that addressing the education gap among the Aboriginal population is the most significant economic challenge confronting Saskatchewan, as well as the province's greatest economic opportunity.

About the *Bridging the Aboriginal Education Gap in Saskatchewan* Report

In November 2011, a University of Saskatchewan economist, Professor Eric Howe, released a three-part report entitled "Bridging the Aboriginal Education Gap in Saskatchewan." Part 1 of the report examines the impact of education on earnings, Part 2 looks at bridging the Aboriginal education gap in Saskatchewan, and Part 3 offers an executive summary and macroeconomic addendum.

The report was commissioned by the Gabriel Dumont Institute and the purpose of the document was to measure the difference between Aboriginal and non-Aboriginal education levels and gauge the impact that this gap has on the province, but the report does not make any attempt to determine why this difference exists or to provide any recommendations through which the education gap could be closed.

The report defines Saskatchewan's Aboriginal education gap as being the difference between the actual educational attainment of Aboriginal people and what the level would be if they had the same average levels of educational opportunity as non-Aboriginal people. The definition uses current population levels and does not take into account the rapid growth of the Aboriginal

population. If population growth trends had been taken into account, the economic benefit of bridging the Aboriginal education gap would be larger.

Key Findings

Bridging the Aboriginal Education Gap in Saskatchewan found that while the lifetime earnings of all individuals increase with education, less educated Aboriginal people in particular earn dramatically less than less educated non-Aboriginal people. Métis and North American Indians have a higher financial rate of return on education, as do females of all ethnicities. Aboriginal females have the highest financial rate of return on education because through education, both the ethnic and gender wage gaps close. In fact, according to the report, a Métis female who after finishing high school gets a university degree, sees her lifetime earnings increase by 149%. For North American Indian females and non-Aboriginal females the increase is 188% and 143% respectively, although Howe cautions that these estimated returns may be on the low end.

Lifetime Earnings in Saskatchewan by Ethnicity, Gender, and Level of Education						
Highest level of education attained	Non-Aboriginal		Métis		North American Indian	
	Male	Female	Male	Female	Male	Female
No high school diploma	\$693,273	\$349,189	\$546,671	\$260,104	\$362,023	\$202,279
High school	\$984,773	\$597,140	\$975,225	\$609,609	\$796,762	\$479,778
Non-university post-secondary education	\$1,218,559	\$748,057	\$1,242,661	\$789,437	\$999,511	\$757,689
Bachelor's degree or higher	\$1,577,505	\$1,453,503	\$1,666,032	\$1,516,473	\$1,469,756	\$1,382,858

In addition to the large divide in lifetime earnings based on educational attainment, the report also notes that individuals with lower levels of education, particularly the Aboriginal population, face higher unemployment rates and have lower workforce participation rates.

According to the report, when averaged over sex and Aboriginal identity, finishing high school adds another \$338,292 to a person's lifetime earnings. If an individual completes high school instead of dropping out, and then also completes a program at a technical school, lifetime earnings increase an average of \$557,063. If high school is followed by the completion of university, then average lifetime earnings increase an average of \$1,108,765.

Howe acknowledges that there is a tendency for people to underestimate the positive financial value of education. Therefore, he uses whole numbers as opposed to percentages in an effort to assist people in understanding the magnitude of the financial return on education. He identifies education as the main source of economic prosperity for people.

Educational Attainment by Sex and Aboriginal Identity		
	Male	Female
	Non-Aboriginal	
No high school diploma	25.6%	20.1%
High school diploma	29.6%	28.7%
Technical school diploma	30.8%	35.1%
Bachelor's degree or higher	14.0%	16.1%
	Métis	
No high school diploma	44.0%	37.8%
High school diploma	23.1%	27.0%
Technical school diploma	28.6%	27.6%
Bachelor's degree or higher	4.3%	7.6%
	North American Indian	
No high school diploma	58.6%	53.3%
High school diploma	18.8%	20.6%
Technical school diploma	20.1%	20.1%
Bachelor's degree or higher	2.5%	6.0%
* The educational attainment by sex and Aboriginal Identity for those who are aged 15 to 69 in Saskatchewan, based on the microdata file for the 2006 Census.		

Using the differences in lifetime earnings and the differences in the education attainment levels between Aboriginals and non-Aboriginals, the report determines that bridging the Aboriginal education gap in Saskatchewan would increase the present value of lifetime earnings for the province's population by \$16.2 billion.

In addition to the direct monetary benefit, Howe also calculates the non-monetary benefits of education attainment. The non-monetary benefits of higher education attainment can include increased job satisfaction, improved health and greater longevity, lower stress levels, plus additional fringe employment benefits.

According to an economic study cited in the report, the monetary value of the non-monetary benefits of education is about three times the size of the actual monetary benefit. Therefore, the non-monetary benefits for Saskatchewan's residents, if the province's closes the Aboriginal

education gap, is estimated to be \$48.6 billion. In other words, if there was no Aboriginal education gap, the total of individual benefits would be \$64.8 billion.

In addition to the monetary and non-monetary benefits of education that are realized by the individual, external benefits are also experienced by the general public. This is because increased education lowers crime rates, reduces teen childbearing, child abuse, and neglect, and increases civic participation. Further education is associated with lower dependence on welfare and other income support programs, while improving children's education and health outcomes.

According to Howe's calculations, the benefit to Saskatchewan society of bridging the Aboriginal education gap is \$25.2 billion. This means that the total societal benefit of bridging the Aboriginal education gap in Saskatchewan, measured in 2011 dollars, is \$90 billion, or \$90,000 per person in Saskatchewan.

Specifically, the report indicates that bridging the Aboriginal education gap would increase the tax revenue of the provincial government by \$7.8 billion and increase the GDP by \$19.1 billion. Howe also notes that closing the education gap would create the first ever made-in-Saskatchewan economic boom with greater impact and permanence than the natural resource or technological booms of the past.

As Howe points out, the size of the Aboriginal education gap is large and will likely take decades to bridge. However, to further exam the bridging of the education gap, the report conducts a closer analysis of SUNTEP (Saskatchewan Urban Native Teacher Education Program). SUNTEP has produced 975 Aboriginal graduates (80% female and 20% male) since its formation in 1980.

Based on the difference in lifetime earning outlined above, the total individual monetary benefit for all SUNTEP graduates, since its establishment, is about \$842 million. Additionally, according to Howe's calculations, the total individual monetary and non-monetary benefit is about \$3.4 billion.

In addition to the typical external benefits of increased education attainment, SUNTEP offers an even greater impact because SUNTEP teachers have the potential to positively influence a large number of Aboriginal students. SUNTEP graduates act as role models to Aboriginal kids and this may encourage those Aboriginal students to stay in school, leading to a narrowing of the Aboriginal education gap.

The report calculates that from its creation up until 2011, SUNTEP graduates have been exposed to 8,753 teacher-years of teaching by Aboriginal teachers. To fully gauge SUNTEP's impact, the

To put this \$90 billion figure in context, the report points out that the potash industry, which is understood to be critical to Saskatchewan's economy, has produced \$72.2 billion worth (in 2011 dollars) of the mineral going back to its inception in the province. Meanwhile, the uranium production in the province over time has amounted to one-seventh of the \$90 billion that can be gained by narrowing the aboriginal education gap.

effect of Aboriginal teachers on the educational attainment of Aboriginal students is organized into high, medium, and low scenarios. These scenarios assume that the effects of SUNTEP are equally as likely to encourage the completion of high school, technical school, or university and that the encouraged Aboriginal student is equally likely to be Métis or North American Indian, and equally likely to be male or female. For the low scenario, the report supposes that an Aboriginal teacher affects the educational attainment of one Aboriginal student once every ten years. For the high scenario, it happens every two years and for the medium scenario it happens once every five years. This means 875 students would be affected in the low scenario, 1,751 in the medium, and 4,376 in the high.

Based on the above data, the report calculates that a SUNTEP graduate has a benefit (including individual monetary, individual non-monetary, external societal, and including the benefits of themselves being Aboriginal graduates and from their encouraging further educational attainment for Aboriginal students) that is \$8.4 million per graduate in the low scenario, \$11.8 million in the medium, and \$22.6 million in the high.

The Saskatchewan Chamber of Commerce Position

The Saskatchewan Chamber of Commerce recognizes that Saskatchewan needs to increase the engagement of its Aboriginal population in education and improve the education attainment among this segment of the population. The *Bridging the Aboriginal Education Gap in Saskatchewan* report clearly illustrates that the province and Aboriginal people are forgoing significant benefits by not facilitating greater education among First Nations and Métis people.

The Saskatchewan Chamber of Commerce recommends that the federal and provincial governments recognize that the level of education attainment among the Aboriginal population is not acceptable, and form a comprehensive strategy in partnership with Aboriginal leaders and educational institutions to start bridging the education gap.