



GABRIEL DUMONT INSTITUTE
of Native Studies and Applied Research

**Summary of Eric Howe's Report:
"Bridging the Aboriginal Education Gap in Saskatchewan"**

Bridging the Aboriginal education gap is the most significant economic challenge confronting Saskatchewan. It is also our greatest economic opportunity.

(Eric Howe, 2011, Part III, p. 42).

Gabriel Dumont Institute engaged Professor Eric Howe to investigate the impact of the Saskatchewan Urban Native Teacher Education Program (SUNTEP). Following is a summary of his three-part report.

November 7, 2011

Synopsis of All Three Reports:

- Lifetime earnings of everyone increase with education.
- Without an education, Aboriginal people earn dramatically less than non-Aboriginal people.
- Aboriginal people have a higher financial rate of return to education than non-Aboriginal Canadians because, with education, the gap in earnings closes and largely catches up to non-Aboriginal earnings.
- Females have a higher financial return to education than males, and Aboriginal females more so, due to gender earning differences at lower levels of education and the catch up factor.
- There are benefits of education that are enjoyed by the individual (both monetary and non-monetary) and those enjoyed by the society (e.g. higher tax revenue).
- We can calculate the dollar amount of benefits that would result from bridging the Aboriginal education gap: 1) individual monetary benefit [= \$16.2 billion], 2) individual non-monetary benefits [= \$48.6 billion], and 3) social benefit to the society [= \$25.2 billion] to come up with \$90.0 billion in social benefits.
- The total social benefit of bridging the Aboriginal education gap in Saskatchewan, measured in 2011 dollars, is \$90.0 billion.
- The economic benefit of closing the Aboriginal education gap in Saskatchewan amounts to **20% more** than all sales of potash in the history of Saskatchewan.
- The size of the Aboriginal education gap in Saskatchewan is large and will take decades to bridge, but it would have been larger without the province’s only Métis professional degree program: SUNTEP (Saskatchewan Urban Native Teacher Education Program).
- Since its first graduate in 1984 through 2011, SUNTEP has increased provincial GDP by \$2.5 billion. The revenue of the provincial government has been increased by \$1.0 billion.

Part I: The Impact of Education on Earnings

The higher your educational attainment the more you earn – especially Aboriginal people. Tables 1 & 2 show that for both male and female, whether Métis, North American Indian, or non-Aboriginal, lifetime earnings increase with the level of education. Those who do not have high school diploma earn the least while those with university degree earn the highest.

Table 1: Lifetime earnings in Saskatchewan by ethnicity, gender (male), and level of education

Male: Non-Aboriginal, Métis, and North American Indian			
Highest Level of Education Attained	Non-Aboriginal	Métis	North American Indian
No high school diploma	\$693,273	\$546,671	\$362,023
High school	\$984,773	\$975,225	\$796,762
Non-university post-secondary education	\$1,218,559	\$1,242,661	\$999,511
Bachelor’s degree or higher	\$1,577,505	\$1,666,032	\$1,469,756

Table 2: Lifetime earnings in Saskatchewan by ethnicity, gender (female), and level of education

Female: Non-Aboriginal, Métis, and North American Indian			
Highest Level of Education Attained	Non-Aboriginal	Métis	North American Indian
No high school diploma	\$349,189	\$260,104	\$202,279
High school	\$597,140	\$609,609	\$479,778
Non-university post-secondary education	\$748,057	\$789,437	\$757,689
Bachelor's degree or higher	\$1,453,503	\$1,516,473	\$1,382,858

- The rate of increase in lifetime income as the level of education attainment increases varies with gender, ethnicity, and level of education.
- If a Métis male finishes high school as opposed to dropping out, his lifetime earnings increase by 78%. For North American Indian males, the increase in lifetime earning is 120%.
- If the Métis male joined university while his Métis brother did not continue his education after high school, his lifetime earnings will be 71% more than that of his brother. For North American Indian brothers in similar situation, the one who graduates with a university degree will earn 84% more than his brother who stops his education after high school.
- For females, percentage increase in lifetime earnings as levels of educational attainment increase is much higher than for males.
- Suppose there are two Métis female friends. One finishes high school, the other does not. The one who finishes high school will earn 134% more than her friend who does not complete high school. Among North American Indian females, those who finish high school will earn 137% more than those who drop out before finishing high school.
- The highest rates of increase in lifetime earnings for *anyone* in Saskatchewan resulting from increase in educational attainment are experienced by *females* who have university credentials. A Métis female who, after finishing high school gets a university degree, sees her lifetime earnings increase by 149%. For North American Indian female and non-Aboriginal female the increase is 188% and 143% respectively.
- While females earn less than males, females have a higher financial return from education than males. In general, education increases earnings for everyone. However, it increases female earnings by more than it does male earnings.

Part II: Bridging the Aboriginal Education Gap in Saskatchewan

- There are Aboriginal/non-Aboriginal education gaps at all levels of education. In general, the gaps are wider among younger groups.¹
- There are two broad individual benefits of education: monetary (e.g., higher income) and nonmonetary (e.g. greater sense of accomplishment, better health choices).
- Bridging the Aboriginal education gap in Saskatchewan would increase the lifetime earnings (i.e., monetary benefits) for our population by \$16.2 billion and nonmonetary benefits by \$48.6 billion. In other words, if there were no Aboriginal education gap, the total individual benefit would be \$64.8 billion.
- Education is beneficial not just to the individual, but also to the society. Benefits to society of having an educated population include higher tax revenues, a well-informed population, and lower dependence on welfare programs. According to Howe's calculations, the benefit to society of bridging the Aboriginal education gap = \$25.2 billion.

The gap in educational attainment between Aboriginal and non-Aboriginal Canadians is one of the great social policy challenges facing Canada.

(John Richards, 2008, p. 1)

The Economic Benefit of the 975 Graduates of SUNTEP

- Saskatchewan's only Métis professional degree program is the Saskatchewan Urban native Teacher Education Program (SUNTEP), which has been in existence since 1980. The results of SUNTEP indicate success in bridging the Aboriginal education gap.
- Between 1984 and 2011, SUNTEP has graduated 975 Aboriginal teachers (80% female and 20% male).
- Part I of this report demonstrated that the individual lifetime monetary benefit for Métis to complete university instead of stopping with a high school diploma is \$906,864 for females and \$690,807 for males, measured in 2011 dollars.
- Individual monetary benefit for 780 female SUNTEP graduates
= 780 x \$906,864 = \$707,353,920

¹ Yet, Aboriginal population is younger and growing faster than that of non-Aboriginal Canadians. In Saskatchewan, for example, 29% of all children aged four and younger are Aboriginal (compared to 9% in Alberta and 6.4% Canadian average) according to 2006 Census results.

- Individual monetary benefit for 195 male SUNTEP graduates
= $195 \times \$690,807 = \$134,707,365$
- Thus, the total individual monetary benefit for all (male and female) SUNTEP graduates
= $\$707,353,920 + \$134,707,365 = \$842,061,285$, or about \$842 million.
- There are also individual non-monetary benefits of SUNTEP (for example, improved health and longevity, greater job satisfaction, and increased stability of marriages). According to Howe's calculations, the total individual monetary and non-monetary benefit is about \$3.4 billion.
- Saskatchewan also benefits when SUNTEP students graduate and get jobs. For example, SUNTEP teachers have positive influence on Aboriginal students, they pay taxes, they buy homes (hence jobs for construction workers), and there are fewer people depending on income assistance. These positive things about SUNTEP increase the social benefit of SUNTEP grads further to about **\$4.7 billion**.
- Aboriginal teachers increase the level of educational attainment of their Aboriginal students. SUNTEP graduates act as role models to Aboriginal kids and this may enable Aboriginal students stay in school further leading not only to the narrowing of the Aboriginal education gap, but also individual and society benefits as seen above. Having an Aboriginal teacher also prepares non-Aboriginal students "for Saskatchewan's demographic future."

Part III: Executive Summary and Macroeconomic Addendum

- Again averaging over sex and Aboriginal identity, finishing high school adds benefits of \$1.9 million per student. Finishing high school and then technical school adds \$3.1 million per student. Finishing high school and then university adds \$6.2 million per student.
- The effects of Aboriginal teachers on the educational attainment of Aboriginal students are organized into high, medium, and low scenarios. Let's suppose that the effects are equally likely to be to encourage the completion of high school, technical school, or university. For the low scenario, let's suppose that an Aboriginal teacher affects the educational attainment of an Aboriginal student only once every ten years. For the high scenario, let's suppose that it happens every two years. For the medium scenario, let's suppose that it happens once every five years.
- The 975 SUNTEP graduates thus far have a benefit, including individual monetary, individual non-monetary, external social, 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, \$11.9 million per graduate in the medium, and \$22.6 million per graduate in the high.
- Unlike economic booms in Saskatchewan that have often resulted from natural resources or technological innovation, improving Aboriginal educational attainment will result in a made-in-Saskatchewan economic boom that will have greater permanence.

- The impact on earnings, quantified in Part I of this study, will cause indirect impacts. For example, the increase in earnings will cause an increase in consumer spending which will result in an increase in retail sales. That increase in retail sales will increase employment in retail trade, which will cause a further increase in income. That further increase in income will cause further increases in retail sales, and so forth. As well, the increase in earnings causes an increase in housing investment, which will cause increased employment in construction, which will cause further increases in earnings, and so forth.
- The increase in earnings identified in Part II is a direct effect. The indirect effects are the other increases in economic activity that occur as a consequence. The economic impact, as measured in this addendum, is the sum of both parts.
- The non-monetary individual and the external social benefits—which are shown in Part II to make up the majority of the benefit of education—are enhanced by their own feedback loops, in much the same way that the circular flow of income enhances the effect of earnings. For example, lower rates of teen pregnancy set a personal example of sexual responsibility to peers, which further lowers the rate of teen pregnancy, which in turn leads to an even further lowering. Greater job satisfaction has peer effects too, causing others to seek more satisfying jobs. However, macroeconomics is about the monetary circular flow, so only the individual monetary benefits are analyzed in the addendum.
- Since its first graduate in 1984 through 2011, SUNTEP has increased provincial GDP by \$2.5 billion. The revenue of the provincial government has been increased by \$1.0 billion.

Reference:

Richards, J. (2008). Closing the Aboriginal/non-Aboriginal education gaps. C.D. Howe Institute Backgrounder Number 116. Retrieved August 22, 2011 from http://www.cdhowe.org/pdf/Backgrounder_116.pdf

Full report available for download at www.gdins.org/bridging_the_gap.html