

Capital Funding Boost for Alberta Independent Schools

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ISSUE

Alberta is facing a major population boom, with more than 200,000 new residents coming to the province in 2023 alone.¹ This influx of people is causing a strain on the education system. The province's biggest government-run (public) school boards expected to grow by anywhere from 2,000 (Calgary Catholic School District),² 7,000 (Edmonton Public School Board),³ and 9,000 (Calgary Board of Education)⁴ additional students in 2024/25, on top of the tens of thousands of new students that arrived to these boards in the last two academic years.⁵ Eighteen thousand new students (based on above combined numbers) accommodating about 500 students per school, is roughly equivalent to 36 new schools.

In Calgary alone, many schools are already full and some families who waited years for a new school in their neighbourhood have been told that their children may have to commute an hour away to a less crowded school.⁶ Looking to the future, the Calgary Board of Education is predicting that by 2028, it will have 159,518 students – an additional 21,274 compared to today.⁷ The current approach to

¹ “Current provincial population estimates,” Government of Alberta, accessed August 29, 2024, <https://www.alberta.ca/population-statistics>.

² Anna Ferensowicz, “‘Difficult decisions’ ahead for Catholic schools amid budget deficit,” *Discover Airdrie*, May 24 2024, <https://discoverairdrie.com/articles/difficult-decisions-ahead-for-catholic-schools-amid-budget-deficit>.

³ Aaron Sousa, “Enrolment growth at Edmonton Public Schools reaches levels not seen in 60 years,” *CBC News*, March 20, 2024, <https://www.cbc.ca/news/canada/edmonton/enrolment-growth-at-edmonton-public-schools-reaches-levels-not-seen-in-60-years-1.7149375>.

⁴ Eva Ferguson, “CBE education plan raises concerns around growth and complex classrooms,” *Calgary Herald*, May 26, 2024, <https://calgaryherald.com/news/local-news/cbe-education-plan-2024-2027-concerns-growth>.

⁵ Michelle Bellefontaine, “Construction of 10 new schools funded in Alberta budget,” *CBC News*, March 1, 2024, <https://www.cbc.ca/news/canada/edmonton/construction-of-10-new-schools-funded-in-alberta-budget-1.7131798>.

⁶ Eva Ferguson, “New North Trail High School projected to be overcapacity by next fall,” *Calgary Herald*, April 30, 2024, <https://calgaryherald.com/news/local-news/north-trail-high-school-over-capacity-year-opening>.

⁷ “Three-Year School Capital Plan 2025-28,” Calgary Board of Education, March 19, 2024, <https://www.cbe.ab.ca/FormsManuals/Three-Year-School-Capital-Plan.pdf>, pg i.

school construction cannot keep up with growth. Further, the cost of building a new school can range significantly depending on the number of spaces and different grade levels. For example the Calgary Board of Education's Capital Plan for 2025-28 estimates that most schools below the high school level will cost \$20 or \$35 million, while modernization projects range from \$250,000 to \$500,000.⁸ Even if the Government of Alberta could catch up to today's growth, it would be very difficult to maintain the necessary pace and meet the costs of building in the years to come.

RECOMMENDATION

We recommend that Alberta Education help address the overcapacity issue by leveraging the independent school sector. Specifically, the government should provide a one-time capital funding boost of \$100 million for existing independent schools and new independent school start-ups. These funds would be administered as a forgivable loan if the borrowing school (a) is able to match the loan with its own funds, (b) can demonstrate growth in enrolment, and (c) makes a long-term commitment to continue operating.

Currently, independent schools in Alberta receive no capital funding support from the government. Schools are incredibly expensive to build, and it is difficult for independent schools to access surplus buildings from public school systems. Supporting independent schools with financial capital would allow the independent school sector to be part of the solution for Alberta's overcapacity problem. A forgivable loan that is matched by civil society would also result in savings for the Ministry of Education that would otherwise need to build and resource schools for the growing population. Creating more capacity in independent schools would help ease the pressure on the public school system, reducing physical crowding and easing the strain on teachers and other resources.

BACKGROUND

Independent schools are experiencing exponential growth in Alberta. Since 2019/2020, independent school enrollment has grown by 12,095 students.⁹ Using the latest data available on per-student funding (\$11,601 in 2020/21),¹⁰ this enrollment growth represents a savings of at least \$42 million in operational costs that would have been otherwise been spent if all 12,095 students attended a public school.¹¹ Based on an estimate of 500 students per school, the government may have needed 24 to 25 new schools to accommodate all 12,095 students if they were part of the public system. At a conservative estimate of \$15 million per new school, that would have cost the government approximately \$360 to \$375 million if new schools were built.

⁸ "Three-Year School Capital Plan 2025-28," Calgary Board of Education, pg v-vi.

⁹ Authors' calculations using "Student population statistics," Government of Alberta, accessed August 29, 2024, <https://www.alberta.ca/student-population-statistics>.

¹⁰ Eva Ferguson, "Alberta spent least on public education in Canada: StatCan," *Calgary Herald*, February 28, 2024, <https://calgaryherald.com/news/local-news/alberta-spent-least-public-education-statistics-canada>.

¹¹ If all 12,095 independent school students are assumed to be funded at 70% of \$11,601, the total savings for the government would be a minimum of \$42 million. Some of these students attend unfunded independent schools, meaning the cost savings are likely higher.

This momentum for independent school growth will likely continue. From 2022/23 to 2023/24, the independent school population grew by 10.5%, three times the rate of public schools (3.2%) and more than double that of separate schools (4.3%).¹² Many independent schools still have long waitlists for students who want to enrol but are unable to due to capacity limits. It is important to note that the demographics of independent school families in Alberta are not limited to those with high incomes. In fact, our research has shown that these families are more likely to earn combined incomes about one-fifth *lower* than the median household income in Alberta.¹³ With a funding boost, independent schools will have additional support to respond to the education needs of these families because they a) have greater flexibility to adapt apart from large, bureaucratic public systems; and b) these schools leverage the power of local community partnerships. Unburdened by the red tape of government procurement processes, independent schools have the potential to raise funds and construct schools more easily.

POLICY DETAILS

Concept: Matching Capital Investment Fund and Forgivable Loan Program

1. The Government of Alberta creates a school growth fund with a one-time investment of \$100 million.
2. This money would be available to new *and* existing accredited, funded independent school operators, for capital expenses such as purchasing, constructing, expanding, or leasing a school building and related infrastructure needs.
3. These independent schools would be eligible to apply for a forgivable loan ranging from \$250,000 to \$3 million. The loan would be forgivable if the following conditions are met:
 - a. **A matching commitment from the community** (for example, through a 1:1 matching ratio). This partnership with civil society would leverage the investment of the community alongside the government. Qualifying independent schools would have to demonstrate that they already have this financial capital or that they have obtained the funds through some qualified form of borrowing.
 - b. **A measurable increase in school enrollment.** Schools must set a goal of enrollment growth to be achieved, and the portion of the loan that is forgiven would be based on meeting that growth target.
 - c. **A long-term operational commitment.** Schools must continue operating for a minimum of ten years; otherwise, the value of the loan must be paid back. This stipulation would respect taxpayer investment and prevent fraud.

¹² Authors' calculations using "Student population statistics," Government of Alberta.

¹³ David Hunt and Rachel Leistra, "Who Chooses Alberta Independent Schools and Why," Cardus, September 1, 2020, <https://www.cardus.ca/research/education/research-report/who-chooses-alberta-independent-schools-and-why/>.

4. Additional conditions could be added, including requiring a timeline for shovel-ready construction and building completion dates.
5. Under this scenario, the existing operational/instructional funding available to accredited, funded independent schools (70% of per student funding) would remain the same.
6. Top-tier (funded) independent schools would be ineligible (see research by Hunt and VanHof to determine criteria for top-tier schools).¹⁴ Accredited, non-funded and registered independent schools would also be ineligible. However, Designated Special Education Private Schools would be eligible. Further considerations may be made for schools in lower income areas or schools located in areas with the most significant crowding in public, separate, or Francophone systems. The government may wish to consider offering more favourable loan terms to these schools.
7. The government should consider utilizing a third-party or industry association to facilitate the administration of the program.

Illustration of \$100 million Disbursement

Alberta currently has 180 independent schools.¹⁵ The government could fund 120 school expansions or start-ups according to the following illustrative breakdown:

Number of Schools	Government Investment per School	Subtotal
10	\$3 million	\$30 million
10	\$2 million	\$20 million
20	\$1 million	\$20 million
40	\$500,000	\$20 million
40	\$250,000	\$10 million
TOTAL		\$100 million

¹⁴ David Hunt and Joanna DeJong VanHof, “Exploring Alberta’s Independent School Landscape: Diversity, Growth, and Trends,” Cardus, April 23, 2024, <https://www.cardus.ca/research/education/research-report/exploring-albertas-independent-school-landscape>.

¹⁵ Hunt and VanHof, “Exploring Alberta’s Independent School Landscape.”

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