

# RAB Instant Background - Private Schools

## Consumer Insights

### Who Buys

It was estimated that approximately 5.181 million students attended private schools in the fall of 2017, compared to 5.323 million in 2014 and 5.382 million in 2010.  <i>(Source: National Center for Education Statistics, 2017)</i>
Major market segmentation for private schools in 2017: Kindergarten students, 7.7%; 1st and 2nd grade students, 14.6%; 3rd and 4th grade students, 15.1%; 5th and 6th grade students, 15.3%; 7th and 8th grade students, 15.4%; 9th and 10th grade students, 16.0%; 11th and 12th grade students, 15.9%.  <i>(Source: IBISWorld, 2017)</i>
Percentage distribution of private school students, by racial/ethnic background: White, 68.6%; Hispanic, 10.4%; Black, 9.3%; Asian, 6.2%; Pacific Islander, 0.7%; American Indian, 0.5%; 2 or more races, 4.3%.  <i>(Source: National Center for Education Statistics, 2017)</i>
States with the largest number of private schools in 2015-2016: California, 3,426; Pennsylvania, 2,741; Texas, 2,398; Florida, 2,201; New York, 1,939; Indiana, 1,664; Illinois, 1,496; Ohio, 1,356; New Jersey, 1,269; Georgia, 1,217.  <i>(Source: National Center for Education Statistics, 2017)</i>
Growth in the percentage of households in higher income brackets can lead to a rise in demand for private schooling, as households from this group can better afford the tuition costs of private education. The percentage of households earning more than \$100,000 was expected to increase in 2017.  <i>(Source: IBISWorld, 2017)</i>

### What They Buy

Educational program emphasis of private schools: Regular elementary/secondary, 68.0%; early childhood, 10.3%; Montessori, 10.0%; special education, 5.4%; alternative, 3.3%; special program emphasis, 2.9%;  <i>(Source: National Center for Education Statistics, 2017)</i>
Distribution of private schools in the U.S., according to school size: Less than 50 students, 46.3%; 50-149 students, 24.0%; 150-299 students, 16.5%; 300-499 students, 7.3%; 500-749 students, 3.7%; 750 or more students, 2.3%.  <i>(Source: National Center for Education Statistics, 2017)</i>
Private schools are generally set up in one of two ways: As for-profit entities or not-for-profit (nonprofit) entities. The for-profit version is typically used by either a corporation or a private individual in order to make a profit but not be eligible for contributions which are tax-deductible to the extent provided for by law. Not-for-profit status is what most private schools choose to organize under so that they may make money but also receive contributions which are tax-deductible.  <i>(Source: Private School Review, 2017)</i>

### Where They Buy

Private schools can be broadly segmented into Catholic schools, other religious schools and secular schools. More than 95.7% of private schools are co-educational, 2.4% are all-boys schools and the remaining 1.9% are all-girls schools. Additionally, most private schools are relatively small. IBISWorld estimates that 82.7% of private schools have fewer than 150 students enrolled and 32.8% have fewer than 50 students enrolled.  <i>(Source: IBISWorld, 2017)</i>
The distribution of private schools closely follows the distribution of the U.S. population. Because most schools are small, they cater to their immediate local markets. Consequently, as the Southeast region accounts for the largest share of the U.S. population at 25.7%, it holds the largest number of private schools at 23.5%. The Mid-Atlantic also holds a large share of the nation's population and private schools at 15.2% and 19.9%, respectively. The West contains an additional 17.3% of the total U.S. population and 16.6% of all industry establishments, making it the third-largest region in terms of private schools.  <i>(Source: IBISWorld, 2017)</i>
The three main types of private schools tend to have different enrollment trends. For instance, enrollment in religious schools other than Catholic programs often declines gradually from kindergarten to the eighth grade and then drops sharply in the ninth grade. In contrast, enrollment in Catholic schools increases sharply at ninth grade due to the substantial number of secondary-only Catholic high schools. Secular schools, by comparison, continue to gain enrollments up to the 10th grade. This trend suggests that many students in non-Catholic religious schools either drop out earlier or switch to secular or Catholic schools from the fifth grade onward.  <i>(Source: IBISWorld, 2017)</i>
States with the highest average private elementary school yearly tuition in 2017-2018: Connecticut, \$13,676; Massachusetts, \$11,029; Virginia, \$10,772; New York, \$10,759; New Hampshire, \$10,530; California, \$10,460; Vermont, \$9,879; Maryland, \$9,720; New Jersey, \$9,582; Washington, \$9,064 (information for North Dakota, South Dakota and Wyoming not available).  <i>(Source: Private School Review, 2017)</i>
States with the lowest average private elementary school yearly tuition in 2017-2018: Nebraska, \$2,557; Wisconsin, \$3,103; West Virginia, \$3,614; Iowa, \$3,681; Minnesota, \$4,175; Arkansas, \$4,190; Michigan, \$4,409; Mississippi, \$4,548; Oklahoma, \$4,591; Idaho, \$4,698 (information for North Dakota, South Dakota and Wyoming not available).  <i>(Source: Private School Review, 2017)</i>
States with the highest average private high school yearly tuition in 2017-2018: Connecticut, \$31,629; Massachusetts, \$31,539; Vermont, \$31,543; New Hampshire, \$29,145; Maine, \$26,819; Rhode Island, \$24,834; New York, \$21,617; California, \$18,415; New Jersey, \$18,238; Arizona, \$17,179 (information for North Dakota, South Dakota, Nebraska and Wyoming not available).  <i>(Source: Private School Review, 2017)</i>
States with the lowest average private high school yearly tuition in 2017-2018: West Virginia, \$5,262; Alaska, \$5,508; Mississippi, \$5,721; Montana, \$6,275; Oklahoma, \$6,468; South Carolina, \$6,578; Arkansas, \$6,670; Idaho, \$6,690; Louisiana, \$6,692; Alabama, \$7,161 (information for North Dakota, South Dakota, Nebraska and Wyoming not available).  <i>(Source: Private School Review, 2017)</i>
U.S. cities with the highest average private school yearly tuition in 2017-2018 (includes both elementary and high school figures): Boston, MA, \$30,093; New York, NY, \$28,302; Palo Alto, CA, \$27,953; Washington, DC, \$23,708; Bethesda, MD, \$22,364; Berkeley, CA, \$19,870; San Francisco, CA, \$18,791; Oakland, CA, \$16,537; Pasadena, CA, \$16,117; Bellevue, WA, \$16,040; Los Angeles, CA, \$15,680; Brooklyn, NY, \$15,207; Atlanta, GA, \$14,174; Ann Arbor, MI, \$14,153; Seattle, WA, \$13,973.  <i>(Source: Private School Review, 2017)</i>
U.S. counties with the highest average private school yearly tuition in 2017-2018 (includes both elementary and high school figures): Litchfield County, CT, \$44,529; Franklin County, MA, \$40,487; Windham County, VT, \$37,011; Dutchess County, NY, \$32,815; Mercer County, NJ, \$28,693; New York County, NY, \$28,302; Middlesex County, MA, \$23,920; District of Columbia County, DC, \$23,708; Essex County, MA, \$22,914; Marin County, CA, \$21,773; Delaware County, PA, \$21,141; Hartford County, CT, \$20,985; Worcester County, MA, \$20,670; Chester County, PA, \$19,831; New Haven County, CT, \$19,233.  <i>(Source: Private School Review, 2017)</i>

According to a study by the Private School Review, the national average private school tuition in 2017-2018 was \$9,975 per year. The private elementary school average was \$8,918 per year, while the private high school average was \$13,524.  <i>(Source: Private School Review, 2017)</i>
Federal and state agencies provide aid via loans and grants to students, especially to students from low-income households, which increases demand for private schools. State and local governments also provide education funding directly to certain private schools, though these appropriations tend to represent a relatively small portion of the industry's total revenue. Government funding for primary and secondary education is expected to increase in 2017.  <i>(Source: IBISWorld, 2017)</i>
According to a annual study by the Private School Review, the 10 things which matter most to parents when selecting a private school: 1. Their children's happiness; 2. Quality of the teaching; 3. Curriculum; 4. Cost; 5. Sports programs; 6. Extracurricular activities; 7. Facilities; 8. Library; 9. Extent of the parents' role/involvement in the school; 10. Reputation of the school.  <i>(Source: Private School Review, 2017)</i>
According to a survey commissioned by the Secondary School Admission Test Board, primary reasons that parents consider a private school: Provide an education that will challenge the child, 97%; help the child develop/maintain a love of learning, 96%; small class size/individual attention, 84%; help the child develop a strong moral character, 82%; help the child's emotional and social development, 77%; help the child secure superior college placement, 74%.  <i>(Source: Council for American Private Education, 2016)</i>
According to a survey conducted by The Friedman Foundation for Educational Choice, the top reasons parents choose a private school for their children: Religious environment/instruction, 85%; morals/character/values instruction, 82%; better academics, 66%; smaller classes, 58%; safer environment, 54%; more individual, one-on-one time, 53%; smaller school, 49%; better discipline, 46%; extracurricular activities offered, 23%; closer to home and/or work, 20%.  <i>(Source: The Friedman Foundation for Educational Choice, 2016)</i>
The quality of private school education compared with public school education plays a considerable role in demand levels. If the quality of private schools relative to public schools rises, demand for industry services will also get a boost. In valuing an education, parents can use metrics such as academic reputation and college preparation; school and class size; safety reputation; special programs; religious and moral instruction; and ideology. Private schools usually have a more rigorous academic reputation.  <i>(Source: IBISWorld, 2017)</i>
Demand for private schools is driven by the perceived value of private education compared with public education. Parents typically believe that private schools are beneficial for their children, which increases their willingness to pay for tuition. Other factors include enrollment and demographic trends, cost and education quality.  <i>(Source: IBISWorld, 2017)</i>
According to a 2017 Gallup Poll of just over 1,000 adults, 71% of the respondents regarded independent private schools as either "excellent" or "good," compared to 63% who said the same for parochial or church-related schools, 55% for charter schools, 46% for home schools, and 44% for public schools.  <i>(Source: Council for American Private Education, 2017)</i>

IBISWorld research calculated revenue generated by the private schools industry at \$67.8 billion in 2016, 2.0% higher than the prior year, with a projected 1.3% increase in 2017 to \$68.7 billion.  <i>(Source: IBISWorld, 2017)</i>
IBISWorld estimates that private school tuition has increased at an annualized rate of 4.4% over the five years to 2017, generating substantial revenue per pupil for industry operators.  <i>(Source: IBISWorld, 2017)</i>
According to the National Center for Education Statistics, religious orientation schools account for 67.3% of private schools in the U.S. (with Catholic, at 20.3%, being the largest denomination). Nonsectarian schools account for the remaining 32.7%.  <i>(Source: National Center for Education Statistics, 2017)</i>
The number of private school operators is not expected to change significantly in coming years. While total student enrollment has declined from 2012-2017, stable revenue growth and expanding profit margins have encouraged many potential operators to enter the market. However, it is generally expensive to establish a private school, and new players in the industry typically experience significant land and infrastructure costs, in addition to the costs of acquiring a high-quality staff and gaining accreditation for courses.  <i>(Source: IBISWorld, 2017)</i>

Radio has established itself as an excellent vehicle for advertisers to deliver their messages to an increasing number of potential buyers. Each week, radio reaches 90.9% of persons ages 12+, and 65.7% of these consumers on a daily basis. In all, more than 249 million Americans ages 12-and-older listen to radio every week.  <i>(Source: Nielsen Audio, 2017)</i>
Miscellaneous Industry Facts or Category Trivia  Percentage of private school teachers who see the following issues as a serious problem at their school (with percentage of public school teachers who see the issues as problems on their campuses in parentheses): Student disrespect for teachers, 4% (17%); students unprepared to learn, 5% (30%); student absenteeism, 3% (14%); student apathy, 4%; (21%); lack of parental involvement, 3%; (24%).  <i>(Source: Statistic Brain Research Institute, 2017)</i>
The tutoring and test preparation business produces annual revenue of more than \$980 million, with tutoring services accounting for approximately 67% of sales and exam preparation the remaining 33%.  <i>(Source: IBISWorld, 2016)</i>

Relevant Links  National Center for Education Statistics:  <a href="http://www.nces.ed.gov">www.nces.ed.gov</a>  Secondary School Admission Test Board:  <a href="http://www.admission.org">www.admission.org</a>  Private School Review:  <a href="http://www.privateschoolreview.com">www.privateschoolreview.com</a>  Council for American Private Education:  <a href="http://www.capenet.org">www.capenet.org</a>  National Association of Independent Schools:  <a href="http://www.nais.org">www.nais.org</a>  <i>(Source: RAB, 2017)</i>
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