

THE UNIVERSITY OF MANITOBA

AN INQUIRY INTO
THE IMPLICATIONS OF FULL PROVINCIAL FUNDING AS AN ALTERNATIVE FOR
FINANCING THE PUBLIC SCHOOLS OF MANITOBA

by

GLENN HARVEY NICHOLLS

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

WINNIPEG, MANITOBA

DECEMBER, 1979

AN INQUIRY INTO
THE IMPLICATIONS OF FULL PROVINCIAL FUNDING AS AN ALTERNATIVE FOR
FINANCING THE PUBLIC SCHOOLS OF MANITOBA

BY

GLENN HARVEY NICHOLLS

A thesis submitted to the Faculty of Graduate Studies of
the University of Manitoba in partial fulfillment of the requirements
of the degree of

DOCTOR OF PHILOSOPHY

©¹1980

Permission has been granted to the LIBRARY OF THE UNIVER-
SITY OF MANITOBA to lend or sell copies of this thesis, to
the NATIONAL LIBRARY OF CANADA to microfilm this
thesis and to lend or sell copies of the film, and UNIVERSITY
MICROFILMS to publish an abstract of this thesis.

The author reserves other publication rights, and neither the
thesis nor extensive extracts from it may be printed or other-
wise reproduced without the author's written permission.



ABSTRACT

This thesis examined the implications of full provincial funding of the costs of public school education in Manitoba.

As background, four basic principles underlying the financing of education -- fiscal equity, equality of educational opportunity, financial accountability and local autonomy -- were defined. Fiscal equity was seen to imply fairness or justice in the imposition of taxes, or in the collection from taxpayers of the funds necessary for education. Equality of educational opportunity suggested an allocation of funds in such a manner as to ensure access to educational programs for all students regardless of economic and social background, and to provide for a variety of programs to meet the needs of the total school population. Financial accountability derived from a reconciliation of costs with maximum effectiveness and efficiency. Local autonomy resulted from fiscal decision-making by those most affected. It was felt that any education finance program for Manitoba would seek to recognize these principles.

Further study focused on current funding policies in Manitoba and in other jurisdictions, both on sources of revenue such as property, sales, and income taxes; and on distribution schemes including foundation plans, equalization programs, and full provincial funding. Particular attention was paid to the relationships between these policies and the four basic principles underlying education finance.

The education finance policies of Manitoba's three major political

parties were examined, as were those of influential educational organizations such as The Manitoba Teachers' Society, The Manitoba Association of School Trustees, the Manitoba Association of School Superintendents, the Manitoba Association of School Business Officials, and the Minister of Education's Advisory Committee on Education Finance. Reports produced by The Manitoba Association of Urban Municipalities, the Union of Manitoba Municipalities, the Manitoba Chambers of Commerce, and the Task Force on Government Organization and Economy were also studied. Once again, the policies of these groups were viewed from the vantage point of their recognizing principles of equity, equality, accountability and autonomy.

An appraisal of current practices and the present political climate led to the conclusion that the time was opportune for financial reform. Further, such reform could best be achieved in Manitoba with full provincial funding of the costs of education. Recommendations for implementation included a gradual reduction in property tax, coupled with increased funding from consolidated revenues, by 1984. A grant formula to include capital, transportation, and pupil block grants, with categorical and incentive grants where appropriate, was also recommended.

The writer concluded that initiation of full provincial funding of the costs of public school education in Manitoba at the present time would realize in greater measure than does the current foundation program the principles of fiscal equity, equality of educational opportunity and financial accountability. Also, while such a proposal

would undoubtedly result in some increase in provincial fiscal controls, it would nevertheless provide for the retention of a meaningful level of local autonomy. Thus, full provincial funding, with reliance on these four principles, would introduce a clearer rationale for the financing of public school education in Manitoba.

ACKNOWLEDGEMENTS

The writer acknowledges the assistance provided by members of his thesis committee. In particular, the writer acknowledges the encouragement and criticisms offered by Dr. Carl Bjarnason who served as chairman of the committee.

Appreciation is expressed to successive Ministers and Deputy Ministers in the Department of Education who provided access to Government financial information. Mrs. Iris Maurstad, on the staff of The Public Schools Finance Board, was especially helpful.

There are many representatives of other government bodies, of educational organizations, and of political parties without whose cooperation this study would not have been possible.

Special thanks are due, also, to Mrs. Evelyne Lewko who typed this manuscript.

For patience, encouragement and understanding, the writer is indebted to his wife, Neva, and family.

TABLE OF CONTENTS

CHAPTER		PAGE
I.	INTRODUCTION: STATEMENT OF THE PROBLEM	1
	The Problem	1
	Significance of the Study	2
	Methodology	3
	Organization	5
	Limitations.	6
	Delimitations	7
	Definitions	8
II.	UNDERLYING PRINCIPLES FOR THE FINANCING OF EDUCATION	10
	Fiscal Equity	10
	Equality of Educational Opportunity	13
	Financial Accountability	17
	Local Autonomy	18
III.	CURRENT EDUCATION FINANCE PROGRAMS: RELATIONSHIP TO PRINCIPLES	22
	Sources of Revenue for Financing Education	22
	Distribution of Funds.	39
	Foundation plans.	39
	Equalization schemes	44
	Full provincial funding	47
	Other methods	48
	Summary.	50

CHAPTER	PAGE
IV. THE MANITOBA SCENE: A FINANCIAL OVERVIEW	53
Historical Survey of Education Finance in	
Manitoba	53
Current Practice: a Descriptive Analysis	58
Revenues	58
Grants	59
A Review of the Political Climate.	65
The Policies of Political Parties.	66
Liberal Party	66
New Democratic Party	73
Progressive Conservative Party	81
Lobbies and Pressure Groups.	86
The Manitoba Teachers' Society	87
The Manitoba Association of School	
Trustees	93
The Manitoba Association of School	
Superintendents.	98
The Manitoba Association of School	
Business Officials	104
The Minister of Education's Advisory	
Committee on Education Finance	105
The Manitoba Association of Urban	
Municipalities	108

CHAPTER		PAGE
IV.	The Union of Manitoba Municipalities	112
	The Manitoba Chambers of Commerce	112
	The Task Force on Government	
	Organization and Economy	114
	An Appraisal of Current Practice and Political	
	Climate	117
	Lack of Rationale and Consensus	117
	Opportune Time for Financial Reform	120
V.	FULL PROVINCIAL FUNDING, AND ITS IMPLICATIONS.	125
	Advantages.	125
	Disadvantages	128
	An Appraisal of the Financial Realities	133
	Proposal for Full Provincial Funding	135
	Sources of Funds: A Question of Equity	141
	Disposition of Funds: A Question of	
	Equality of Educational	
	Opportunity	149
	Budget and Other Implications of Full	
	Provincial Funding: Financial	
	Accountability and Local Autonomy	154
	Implementation	157

CHAPTER	PAGE
VI. RECOMMENDATIONS AND CONCLUSION	160
BIBLIOGRAPHY	164

LIST OF TABLES

TABLE		PAGE
I.	Balanced Assessment Per Pupil, 1977	11
II.	Sources of School Board Revenue in Canada, 1954-68	25
III.	Sources of School Board Revenue, Ten Provinces, 1968	25
IV.	Sources of Revenue for Public Elementary and Secondary Schools in the U.S.A. in Selected Years -- 1919 to 1969	26
V.	Foundation Grants for Classroom Teachers by Qualifications and Years of Experience	56
VI.	Equalization Grant Schedule, 1979	63
VII.	Financing Education in Manitoba, 1974-1979	119
VIII.	Per Capita Property Taxes in Dollars, State-by-State, 1966-76	122
IX.	Expenditure Projections, 1980-1984, Based on Average Percentage Increase in Per Pupil Costs, 1974-1979.	137
X.	Expenditure Projections, 1980-1984, Based on Average Dollar Increase in Per Pupil Costs, 1974-1979.	139
XI.	Tax Credit Benefits by Calendar Year.	155
XII.	Guideline for Implementation of Full Provincial Funding: Source of Funds.	158

CHAPTER I

INTRODUCTION: STATEMENT OF THE PROBLEM

I. THE PROBLEM

In essence, we concluded that what is needed and desired ... is the assumption of complete responsibility by the province for financing public school education.... In no other way can equity be ensured, or educational disadvantage resulting from residence in less affluent regions or communities ended.¹

In explaining the reasoning underlying the 1974 recommendations of Nova Scotia's Royal Commission on Education, Chairman Dr. John Graham raised a basic concern about the financing of public school education in Canada. Methods of raising revenues for education had not resulted in equity for taxpayers, nor had methods of funding educational costs produced equality of educational opportunity for children. For Dr. Graham, if equity for taxpayers and equal opportunity for students were to be achieved, alternative fiscal measures had to be examined.

Similar views have been expressed in Manitoba. As education has become an increasingly heavier user of public funds,² serious doubts have arisen about the financial and educational effectiveness

¹John Graham, "The Changing Concept of the School in Relation to Today's Society" (address delivered to a Conference on Financing Education, Canadian Teachers' Federation, Quebec City, February 17, 1975).

²It should be noted, however, that while education expenditures have been increasing annually, education's "share" of the Gross National Product has been diminishing.

of the measures presently used to finance schools. In addition, a more specific concern has been in evidence, a concern that education finance policies tend to perpetuate the traditional principle that local property taxes or "special levies" must constitute a significant portion of educational support. Thus, shortly after his party gained power in 1977, the new Minister of Education indicated that the Manitoba Government was prepared to study a proposal to see if there were some way, other than the property tax, "to raise the (additional) \$100 million needed to finance schools."³

The essential problem of this study, therefore, is a consideration of alternatives to current education finance policies, particularly with a view to determining the feasibility of financing education in Manitoba entirely from provincial revenues.

II. SIGNIFICANCE OF THE STUDY

An examination of the methods by which funds were raised for Manitoba schools seemed to be of particular significance because of the following:

1. The increased costs of education and other provincial government services -- health, welfare, transportation, urban development, etc. -- have produced a competition for available provincial funds. This competition is not likely to diminish.

³Keith Cosens, as quoted in "Cosens May Review School Tax System," The Winnipeg Tribune, February 21, 1978, p. 6.

2. The situation at the municipal level is equally strained. In addition to rising educational expenditures, more and more taxpayer monies are required for other necessary local services -- fire and police protection, welfare, roads and transportation -- while new responsibilities for parks, recreation, urban renewal and housing are expected of municipal authorities.
3. With such increasing costs and changing priorities at both the provincial and municipal levels, anomalies have developed in a practice in which local and provincial governments have traditionally shared the expense of educational services.

Thus, a study of the means by which public school costs have been financed in Manitoba appeared to be long overdue and deserving of consideration.

III. METHODOLOGY

The thesis was not undertaken as an empirical study involving statistical and quantitative analyses, but rather as historical and documentary research. In this context, the literature was first investigated to provide data on the variety of education finance programs currently in existence. Next, general principles and practices were established and these analyzed in the context of funding procedures used in Manitoba.

Data were then generated on the views and policies of various political parties and pressure groups in Manitoba. This data

collection involved:

1. Interviews with leaders and education critics of Manitoba's Conservative, Liberal and New Democratic Parties.
2. Examination of records of debate and throne speeches of recent sittings of Manitoba's Legislative Assembly.
3. Analysis of acts of the Legislative Assembly, including The Public Schools Act.
4. Study of minutes of annual meetings and convention resolutions of political parties.
5. Examination of reports and publications of political parties.
6. Study of publications, convention resolutions and briefs to the Government by such educational bodies as The Manitoba Teachers' Society, The Manitoba Association of School Trustees, The Manitoba Association of School Superintendents and The Manitoba Association of School Business Officials.
7. A careful perusal of the findings and recommendations of the Government's Task Force on Government Organization and Economy, and the Minister of Education's Advisory Committee on Education Finance.
8. Study of resolutions and briefs from municipal organizations and from Chambers of Commerce as they relate to taxation for educational purposes.
9. Examination of articles and editorials in Winnipeg's two daily newspapers.

The data thus collected were analyzed with a view to determining the appropriateness of education finance reform at the present time. The writer concluded from this analysis that all parties and organizations with a stake in education would apparently welcome research into existing policies and practices.

The literature in education finance was then reviewed rather specifically as it related to full provincial funding of the costs of education. This included an analysis of both the advantages and disadvantages of full funding as advanced by writers and researchers respected for their understanding of the problems of education finance.

An appraisal of such research data in the context of Manitoba's social and economic conditions finally led to a consideration of full provincial funding of public education. It was here presumed that the outcome of the analysis and research would tend to confirm or reject the feasibility of total funding by the Province.

IV. ORGANIZATION

The four underlying principles necessary for a viable system of school finance -- fiscal equity, equality of educational opportunity, financial accountability, and local autonomy -- have undergone definition in Chapter II.

In Chapter III, current methods of financing public elementary and secondary education in Canada, the United States and parts of

Europe have been examined. Attention has been paid to the advantages and disadvantages of various taxation measures and grant structures, particularly as they relate to the concepts of equity, equality, accountability and local autonomy.

In Chapters IV and V, the writer has concentrated on the Manitoba scene, with a brief historical overview of education finance in the Province, a descriptive analysis of the present practice, a review of the current political climate as it relates to the examination of alternatives, and a study of the implications of full provincial funding in light of the financial realities of the day. On the basis of evidence suggesting a confirmation of total provincial support, a plan for full provincial funding of Manitoba's public school elementary and secondary education costs has been presented. The proposal has included sources and disposition of funds, budget implications, and a procedure for implementation.

In Chapter VI, the writer has advanced specific recommendations for consideration by the Provincial Government and other agencies directly affected by suggested changes in the method of financing schools.

V. LIMITATIONS

The following limitations in the thesis are acknowledged:

1. Problems associated with historical and documentary research, sometimes less evident in empirical or quantitative studies, of necessity limited the objectivity of the thesis. Information

and data available on the topic of education finance were so vast and disparate, and frequently so dependent on the conditions of specific situations, that appropriate selection and analysis were not always practical. Thus, conclusions reached and recommendations proposed inevitably suffered from bias and subjectivity.

2. The restriction in time limits embraced by the study may have made the conclusions somewhat tentative.
3. Conclusions reached for Manitoba were not necessarily applicable to other provinces.

VI. DELIMITATIONS

Certain delimitations were placed on the study:

1. The main area of concern was the Province of Manitoba, although procedures elsewhere in Canada, in the United States and in Western Europe were considered.
2. The study was confined to public elementary and secondary education; implications for pre-school, post-secondary and private school education were not considered.
3. While there was an awareness that education costs could not be considered in isolation, revenue-raising and expenditure in areas closely related to education -- housing, health, municipal services, etc. -- received little consideration.
4. The issue of federal aid to education was not considered.

5. The recommendations resulting from the study were restricted to the approximate time frame of 1980 to 1984.
6. No attempt was made to deal extensively with the manner of implementing the recommendations.

VII. DEFINITIONS

Four terms used frequently in the body of the thesis require initial definition:

1. Equalized assessment, according to the wording of The Public Schools Act, means "the assessed value of the land and buildings in the municipality (or other jurisdiction) as shown in the latest effective equalized assessment made by the Municipal Board or the Provincial Municipal Assessor."⁴
2. Balanced assessment is defined in The Public Schools Act as equalized assessment plus "the assessed value of the personal property in the district (or other jurisdiction) for the year next preceding the year for which the balanced assessment of the district is required to be determined."⁵

⁴Manitoba, The Public Schools Act, Part IX, 193(1)(d), (Winnipeg: Queen's Printer, 1967). In effect, the provincial municipal assessor, aware of the varying assessment procedures throughout the province, applies a factor to "equalize" assessments. Thus, a residence in Winnipeg will be assessed "equally" to, or on the same basis as, a residence in Dauphin.

⁵Ibid., 193(1)(b)(iv). While not defined in the Act, personal property includes equipment, machinery, etc., which the provincial municipal assessor evaluates.

3. Market value assessment of property is assessment at the price for which the property could be sold on the market. In Winnipeg, assessment is determined from a 1950 base which includes the costs of labor, materials, overhead, profit, etc. Assessment is actually at 12 to 15 per cent of market value.⁶ Assessment elsewhere in the province is related to a somewhat comparable base.
4. Full provincial funding is a term which implies that the total costs of public education (excluding private and parochial education and post-secondary education), including instruction, supplies, administration, maintenance, transportation, debt servicing, capital construction, etc., shall be borne by revenue from the provincial government. Full provincial funding does not preclude any possible provincial levy on property, nor does it preclude the management by local school boards of grants received from the Province.

Certain other terms used occasionally have been defined when they occur. The underlying principles of education finance -- fiscal equity, equality of educational opportunity, financial accountability and local autonomy -- have been defined within the broader discussion of the next chapter.

⁶Information provided by the City of Winnipeg Assessment Department, October 22, 1979.

CHAPTER II
UNDERLYING PRINCIPLES FOR THE FINANCING
OF EDUCATION

As background to this study of education finance in Manitoba, it is necessary for the writer to clarify use of such terms as fiscal equity, equality of educational opportunity, financial accountability, and local autonomy.

I. FISCAL EQUITY

For the Canadian Teachers' Federation, definitions of equity have required consideration of both equality of opportunity and fiscal equity.

Equality of opportunity is concerned with who is getting education and the type of education being received. Fiscal equity carries this one step further by attempting to relate the beneficiaries to those who bear the tax burden.¹

Fiscal equity implies fairness or justice in the imposition of taxes, or in the collection from taxpayers of the funds necessary for education. However, fiscal inequity frequently tends to occur when a local property tax constitutes a large part of the tax monies levied for educational purposes.

Shalala and Williams have described inequities in the use of property taxes for schools:

¹W. Hettich, B. Lacombe, and M. Von Zur-Muehlen, Basic Goals and the Financing of Education (Ottawa: The Canadian Teachers' Federation, 1972), p. 30.

Districts low in property wealth frequently tax themselves at higher than average tax rates, yet realize less than average revenue levels. Ironically, districts with strong tax bases frequently spend higher than average sums on education while being able to maintain lower than average tax rates. Thus, school expenditures vary directly with the property wealth of a local school district rather than with the tax effort a community exerts to finance public education.²

Such inequity is reflected in the following table showing the 1977 balanced assessment per pupil (BAPP) in a sample of Manitoba school divisions.

TABLE I
BALANCED ASSESSMENTS PER PUPIL, 1977³

Division	BAPP	Division	BAPP
Winnipeg #1	\$18,842	Lord Selkirk #11	\$ 9,677
St. James #2	13,257	Transcona-Springfield #12	8,688
St. Boniface #4	9,230	Seine River #14	5,823
Fort Garry #5	21,397	Lakeshore #23	5,892
Norwood #8	14,122	Pembina Valley #30	16,101
River East #9	10,459	Turtle River #32	5,895
Seven Oaks #10	11,165	Swan Valley #35	8,909

²Donna Shalala and Mary Williams, "Political Perspectives on Efforts to Reform School Finance" (paper presented to the American Educational Research Council, April, 1976). (Mimeographed.)

³Information provided by The Public Schools Finance Board, Province of Manitoba, June 28, 1978.

Fort Garry, with a BAPP of \$21,397 could collect almost four times as much money per pupil with each mill levied as the adjacent Seine River Division, with a BAPP of \$5,823. Inequity obviously exists when Seine River is required to tax itself more heavily than Fort Garry in order to provide a similar educational service.

Fiscal inequity also occurs because the property tax as currently administered is a regressive one, i.e., the relative burden of the tax rests more heavily on people of lower income or wealth than upon those in the upper income levels.⁴ In dictionary terms, "the effect of a regressive tax is to increase inequalities of income, placing a larger burden on the poor than on the rich."⁵ At present, the property tax for education bears little relation to "ability to pay." This anomaly is not likely to improve, according to Shalala and Williams,⁶ until measures to provide fiscal equity in school financing incorporate personal income, in addition to the property taxes paid, into the wealth measure.⁷

⁴A progressive tax takes a higher percentage of high incomes than of low incomes. Income taxes are generally viewed as progressive; property and sales taxes are generally viewed as regressive.

⁵The McGraw-Hill Dictionary of Modern Economics (second edition; New York: Douglas Greenwald and Associates, 1973), p. 495.

⁶Shalala and Williams, loc. cit.

⁷Property tax rebates, provided to Manitobans with low incomes, seek to offset this fiscal inequity. The regressive nature of the property tax may also be reduced by the application of graduated rates to assessments. These and other measures to offset property levy regressiveness receive further consideration in Chapter III.

In summary, then, plans for funding educational expenditures which reflect an objective of achieving greater fiscal equity could be expected to provide a measure of relief from the property tax.

II. EQUALITY OF EDUCATIONAL OPPORTUNITY

The Canadian Teachers' Federation has stated that equality of educational opportunity is open to different interpretations:

It is not clear what is meant by equality of educational opportunity, nor is it clear how it can be achieved. Equality of opportunity may refer to equal expenditures per pupil, it may refer to compensatory education, it may refer to equal rates of participation for students of equivalent ability, it may refer to equal participation for students of all social classes.⁸

In the opinion of Levin, United States school finance litigation in such cases as those of Serrano and Rodriguez has resulted in "differing interpretations of equality of educational opportunity, such as equal inputs, equal outputs..., a 'basic' level of dollars, a 'basic' level of educational resources at the varying prices needed to obtain those resources, a minimal level of 'basic skills'..., and so on."⁹

⁸H. P. Moffatt and W. J. Brown, New Goals, New Paths: The Search for a Rationale for the Financing of Education in Canada (Ottawa: The Canadian Teachers' Federation, 1973), p. 31.

⁹Betsy Levin, "New Legal Challenges in Educational Finance" (address delivered to the American Education Finance Association Conference, San Antonio, Texas, March 21, 1977).

Nevertheless, equality of educational opportunity can in part be defined in terms of the funds available for each student's education. Since school districts vary in ability to pay, the amount of money per capita varies; hence, there could follow an inequality of educational opportunity. Equality of educational opportunity may well be the ideal where the financial resources available for funding education vary little or not at all from district to district, from province to province.

The Canadian Teachers' Federation has contended that this ideal is far from being met. Equality of opportunity does not exist, and this is the direct result of an inequality in local resources:

Empirical evidence shows that participation rates for education do vary by income and social class, that expenditures per pupil do vary by income level of the community...¹⁰

Rumbaugh has pointed out that disparities in expenditures per pupil are found both between and within states. In 1974-75, the average per pupil expenditure in the United States ranged from \$2,005 in New York to \$838 in Mississippi. In 1975-76, the Michigan per pupil expenditures ranged from \$730 to \$2,280.¹¹

A study compiled by the Manitoba Association of School Trustees has indicated that the average cost of educating a Manitoba student in

¹⁰Moffatt and Brown, loc. cit.

¹¹S. A. Rumbaugh, "Cost of Education Differentials: The Search for the Missing Link" (address delivered to the American Education Finance Association Conference, San Antonio, Texas, March, 1977).

1976 was \$1,528.70; but the per pupil expenditures in the various school divisions of the Province ranged from \$1,122.00 to \$1,862.00 -- a difference of \$740, compared to a difference of \$663 in 1975 and \$294 in 1971.¹²

The Canadian Teachers' Federation has suggested that variations in expenditures per pupil are examples of inequality, with such undesirable consequences as a curtailment of curricular offerings in low assessment school divisions or a lack of access to vocational programs for many who desire them.¹³ To offset this, the former Manitoba Government affirmed that equality of educational opportunity requires "an educational system that provides all citizens, whatever their economic and social background, with equal access to the resources offered by the educational system."¹⁴

Equality of access alone is not a sufficient provision. The Phi Delta Kappa Commission on alternative designs for funding education has stressed that equality of educational opportunity demands the provision of programs that will accommodate the varying educational needs of all students. "Basic elements of an education finance system include funding of programs for handicapped children; underachievers; socially,

¹²Manitoba Association of School Trustees, MAST Cost Study (Winnipeg: Manitoba Association of School Trustees, 1976), p.6.

¹³Moffatt and Brown, loc. cit.

¹⁴The Province of Manitoba, "Social Goods and Services," Volume 2 of Guidelines for the Seventies (Winnipeg: Queen's Printer, 1973), p. 87.

culturally, or economically deprived children; and students interested in vocational education programs."¹⁵

It must be recognized, also, that improved funding of the public school system by itself may not bring about the ideal of equal educational opportunity. As studies by Christopher Jencks have pointed out, inequality of opportunity may be reduced less by compensatory education than by funding "outside" of education in such areas as pre-school nutrition and socialization or by a more equitable redistribution of family income.¹⁶

Further, the external examiners of the Organization for Economic and Cultural Development have indicated that Canada faces a number of specific difficulties in trying to achieve an equality of educational opportunity "not shared by most other countries in either severity or extent: geographic distances, firmly established and widespread decentralization of responsibility, strong regional disparities, and a multiplicity of linguistic minorities." Equality of educational opportunity, they concluded, may be impossible to achieve fully.¹⁷

¹⁵Phi Delta Kappa, Financing the Public Schools: A Search for Equality (Bloomington, Indiana: PDK Commission on Alternative Designs for Funding Education, 1973), p.5.

¹⁶Christopher Jencks et al., Inequality: A Reassessment of the Effect of Family and Schooling in America (New York: Harper Colophon, 1973), pp. 253-265.

¹⁷Organization for Economic and Cultural Development, External Examiners' Report on Educational Policy in Canada (Toronto: University of Toronto Students' Administrative Council, 1976), p. 6.

Given these obstacles, W. G. Fleming has felt that Canadians expect political parties to espouse the principle of equality of opportunity, and to provide:

- (i) facilities and programs of equal quality and variety for "normal" individuals regardless of differences in physical location, or social and economic circumstances;
- (ii) special assistance to individuals with obvious intellectual, emotional, physical, or cultural handicaps to enable them to take advantage of educational opportunities.¹⁸

Any educational finance plan which promotes equality of educational opportunity will then allocate funds both to ensure access to educational programs for all students regardless of economic and social background, and to provide for a variety of programs to meet the varying needs of the total school population.

III. FINANCIAL ACCOUNTABILITY

Accountability denotes responsibility. In expending public funds for education, authorities are responsible for establishing priorities, for scrutinizing programs, for reconciling needs with costs. But there is also the necessity to be effective, and to fund in a manner that provides students with full opportunity to learn. At the same time,

¹⁸W. G. Fleming, Educational Opportunity: The Pursuit of Equality (Scarborough: Prentice-Hall of Canada, Ltd., 1974), p. 125. (Presumably, in Fleming's opinion, Canadians do not expect politicians to provide compensatory programs for those with economic handicaps rather than cultural handicaps, for example.)

there is a desire to be efficient, to fund in such a way that monies are allocated appropriately, that restraint is evident, that duplication and wastage are avoided. Decision-making is subject to measures of both efficiency and productivity.

A fully accountable educational finance scheme thus seeks to reconcile costs with maximum effectiveness and efficiency.

IV. LOCAL AUTONOMY

With fiscal equity, equality of educational opportunity and accountability defined, there is need for some consideration of local autonomy. The traditional policies of provincial governments have placed considerable emphasis on the educational importance of local autonomy. Since 1867, when the British North America Act¹⁹ assigned exclusive jurisdiction over education to the provincial governments, the provinces have delegated much of the responsibility to local school districts. It was clearly the view of provincial governments that the various communities should have a strong voice in determining policies for their schools if they were to remain committed to those policies. Similarly, if some funding were required from the local taxpayer, the school board would presumably tend to take more seriously the expenditure of those funds than would be the case if all monies were to come from the provincial government. Decision-making should

¹⁹Government of Canada, The British North America Act, Section 93.

involve those who are most affected by those decisions. At least such has been the accepted belief.

Questions immediately arise. If monetary decisions affecting education are necessarily made at the local level, can a provincial government be assured that its commitment to equality of opportunity and fiscal equity will be maintained? On the other hand, if funding is based upon provincial priorities, and the patterns of provincial funding that accompany those priorities, is local initiative possible?

In discussing education finance in the United States, Shalala and Williams have noted that opponents of state aid have argued strongly that greater state financial support would reduce local control over educational decisions.²⁰ For Chalecki, North American public opinion is generally suspicious of greater centralization, with state bureaucracies causing a weakening of local control over school matters.²¹ On the other hand, as early as 1954, Fowlkes and Watson surveyed the support pattern in eleven mid-western American states and found no justification for the assertion that increases in the amount of state support resulted in state control over local districts.²²

After reviewing the evidence from ten states, the American

²⁰Shalala and Williams, loc. cit.

²¹Richard Chalecki, "Problems in School Finance," Bulletin of the National Association of Secondary School Principals, January, 1976, p. 87.

²²John C. Fowlkes and George E. Watson, "A Report on State Financial Support and Local Educational Planning" (Chicago: University of Chicago, 1954). (Mimeographed.)

Urban Institute concluded that "increased state funding (i) does not lead to substantial state restrictions on local school district decision-making, and (ii) does not stifle the initiative of the local school boards to adopt innovative educational practices."²³ Others have even expressed the opinion that greater local control could result from a more centralized state system of school financing. For example, the Advisory Committee on Intergovernmental Relations in the United States has concluded that "once liberated from the necessity of 'selling' local bond issues and tax rate increases, school superintendents and local board members can concentrate their efforts on the true interest of local control -- namely the nature and quality of education that is provided for children of their locality."²⁴

For Shalala and Williams, in most cases of increased government involvement, only the revenue-raising function has become more centralized; expenditure decisions still occur at the level of the local district.²⁵ They have stated:

The development of sophisticated and sensitive new aid formulas has not settled the issue of the

²³Betsy Levin and others, "Public School Finance: Present Disparity and Fiscal Alternatives," Report of The Urban Institute for the President's Commission on School Finance, Vol. 1, 1972, p. 26.

²⁴Advisory Commission on Intergovernmental Relations, State Aid to Local Governments (Washington: Government Printing Office, 1967), p. 15.

²⁵Shalala and Williams, loc. cit.

relationships between the financing and the governance of education. To date there has been little empirical research in this area, but the available evidence suggests that control does not necessarily rest with the level of government providing the funds. The funding agency often has little control over the use of its monies. This may be particularly true for education due to the strong tradition of local control.²⁶

With reference, then, to the principle of local autonomy, any government which intends in its education finance plan to preserve local decision-making will permit school boards a considerable voice in the expenditure of provincial funds assigned to education. Some portion of any provincial grant will almost certainly go to divisions without strings attached. The Province will try to ensure that the high degree of centralization involved in raising revenues and dispersing grants need not adversely affect the principle of decentralized local decision-making.

Thus, it seems clear that any plan for reform in the financing of public school education not only must reflect a concern for the principles of equity and equality, but also must take into account the political realities of fiscal responsibility and local autonomy. It may well be feasible to assume the practicality of provincial support, and still maintain local control in most of the significant areas of policy and decision.

²⁶Ibid.

CHAPTER III
CURRENT EDUCATION FINANCE PROGRAMS:
RELATIONSHIP TO PRINCIPLES

I. SOURCES OF REVENUE FOR FINANCING EDUCATION

In North America, education costs traditionally have been a local responsibility, with most revenues derived from a municipal property tax since there was little state, provincial or federal involvement. However, in recent years, there has been an increasing concern expressed over burdens and inequities associated with the property tax levied for education. As early as 1906, Cubberly wrote of the gross inequalities existing in school finance plans and the heavy reliance on local wealth for educational funding. He proposed that the "wealth of the state should be used to educate the children of the state."¹ In 1922, Swift noted that after fifteen years of support by local taxation, Americans found themselves in an educational situation marked by economic and educational inequalities. He felt that the "integrated, unscientific and unjust" methods of apportioning meagre state aid should be eliminated.² Similar criticisms on the inequities of the traditional school financing system were made to the Manitoba

¹Cubberly, School Funds and Their Apportionment (New York: Teachers' College, Columbia University, 1906), p. 17, as cited by Rumbaugh, op. cit., p. 3.

²Fletcher H. Swift, State Policies in Public School Finance, Bulletin 19722, No. 6 (Washington: Department of the Interior, Bureau of Education, 1922), p. 3, as quoted by Rumbaugh, loc. cit.

Government in a Royal Commission Report in 1924.³

During the 1930's and 1940's, some moves were undertaken to shift more of the costs of education to senior governments, to remove problems associated with property taxes, and to search for alternate forms of taxation for education. These trends were greatly accelerated in post-war years with the so-called educational explosion, and with the expanding responsibilities of local governments.

Moffatt has explained the reasons for this development:

The combination of emphasis on individual (student) development, equality of opportunity, the linking of education with the broad goals of society, the technological revolution, the association of education with economic growth, and the strengthened belief in education as the main source for social mobility, was in itself enough to produce an educational explosion since it resulted in diversified facilities and increased retention to higher levels of the system. These results were compounded on the demographic side by the post war baby boom.⁴

Education costs, therefore, rose significantly. In 1950, monies for education comprised 10.7 per cent of all government costs in Canada; by 1967 the corresponding figure was 20.9 per cent. As a proportion of the GNP, the total education costs took 2.5 per cent in

³Walter Murray, chairman, Report Submitted by the Royal Commission on Education and the Carnegie Foundation for the Advancement of Learning, 1924 (Winnipeg: King's Printer, 1924).

⁴H. P. Moffatt and W. J. Brown, New Goals, New Paths: The Search for a Rationale for the Financing of Education in Canada (Ottawa: The Canadian Teachers' Federation, 1973), p. 5.

1950 and 6.6 per cent in 1967. By 1972, the proportion had risen to 8.5 per cent. With the advent of the seventies, educational expenditures took the largest share of the public purse -- more than 20 per cent overall: up to 40 per cent of provincial expenditures, and on the average, 50 per cent of municipal expenditures.⁵ Tables II and III, on page 25, indicate these trends.

In the United States, increased state involvement occurred earlier, during the thirties and forties, with federal aid the important new factor in the fifties and sixties. This development is shown in Table IV, on page 26.

By 1970, in both Canada and the United States, senior governments generally had assumed a large share of the costs of education.⁶ However, because of the greatly expanded education bill, local governments continued to require large revenues from property taxes. Because of both municipal and state concerns, increasing attention has been paid since 1960 to the burdens of the property tax, to its inequities (particularly between divisions and districts within provinces and states), to its alleged regressivity, and to problems of its administration. At the same time that the property tax has been undergoing reassessment, consideration has been directed also to alternate sources of education funds.

⁵Ibid., p. 8.

⁶There were some notable exceptions. In the United States, while Hawaii's percentage of state support in 1974-75 was 89 per cent, New Hampshire's was 7 per cent.

TABLE II
SOURCES OF SCHOOL BOARD REVENUE IN CANADA
1954-68

Year	Local Taxation	Provincial Grants	Fees	Other	Total	Thousands of Dollars
1954	64.4%	32.7%	0.9%	2.0%	100.0%	518,883
1958	55.3	41.7	0.7	2.3	100.0	869,490
1962	52.3	44.0	0.2	3.5	100.0	1,411,864
1966	49.8	47.7	0.4	2.1	100.0	2,262,521
1968	45.3	52.1	0.5	2.1	100.0	3,162,058

Source: Statistics Canada, Education Division, Preliminary Statistics of Education (selected years).

TABLE III
SOURCES OF SCHOOL BOARD REVENUE, TEN PROVINCES
1968

Province	Percentage Distribution			Millions of Dollars
	Provincial Grants	Local	Other	
Newfoundland	90.0	2.0	8.0	41.5
Prince Edward Island	70.0	28.7	1.3	11.9
Nova Scotia	53.9	45.0	1.1	82.1
New Brunswick	99.7	-	0.3	55.3
Quebec	57.1	41.3	1.6	913.5
Ontario	46.0	51.0	3.0	1242.3
Manitoba	77.0	20.5	2.5	131.0
Saskatchewan	43.0	53.6	3.4	137.2
Alberta	50.8	45.5	3.7	262.8
British Columbia	41.0	56.3	2.7	284.5
All Provinces	52.1	45.3	2.6	3162.1

Source: Derived from Statistics Canada, Education Division, Preliminary Statistics of Education, 1969-70, Table 29.

As noted in the consideration of fiscal equity in Chapter II, the property tax is allegedly regressive since the poor spend a greater proportion of their income in paying the tax than is required of the rich. Many also hold that this tax is inherently unjust because

TABLE IV
SOURCES OF REVENUE
FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOL IN THE USA
IN SELECTED YEARS -- 1919 to 1969

School Year	Federal Government (%)	State Government (%)	Local Districts (%)
1919-20	.3	16.5	83.2
1929-30	.4	16.9	82.7
1939-40	1.8	30.3	68.0
1949-50	2.9	39.8	57.3
1959-60	4.4	39.1	56.5
1969-70	8.0	39.9	52.1

Source: National Center for Educational Statistics, Department of Health, Education and Welfare, Digest of Education Statistics, 1972 Edition (Washington, D.C.: Government Printing Office, 1973), p. 68.

property assessment is unreliable, and because assessment may be influenced by political or economic interests within a particular community. Still another argument concerning property tax is the question of whether or not it causes economic distortions by the

failure of homeowners to improve property, or by an acceleration of the flight of taxpayers to the suburbs.⁷

Bezeau has indicated that the 1970's have been marked by a trend towards property tax relief. As a source of revenue, property tax decreased from 3.7 per cent of Canada's GNP in 1969/70 to 2.7 per cent of GNP in 1974/75. As a source of revenue for elementary and secondary education, it declined from 45 per cent in 1969 to 27 per cent in 1974.⁸ Benson has pointed out that this decline is largely the result of increased provincial support of education. With the exception of supplementary programs, New Brunswick and Prince Edward Island provide 100 per cent of operating and capital funding, but in each case there is a provincially collected tax on real property. New Brunswick has announced plans to eliminate the education portion of the property tax by 1980, while Newfoundland provides close to 100 per cent of education costs with property taxation being applied only on a very limited basis. Recent developments in Alberta have led to the removal of the 28 mill property tax for education from all residential and farm properties, and the rate of provincial support has now increased to approximately 70 per cent. Manitoba has continued to maintain its

⁷David Zarefsky, Thomas McLain and David Goss, Complete Handbook on Financing Education (Skokie, Illinois: National Textbook Co., 1972), p. 102.

⁸Lawrence M. Bezeau, "Recent Developments in Property Assessment and Taxation in Canada" (paper presented to the American Education Finance Association Conference, San Antonio, Texas, March 22, 1977), p. 2.

provincial support in excess of the 70 per cent level, and in the remaining provinces, support ranges from 50 per cent to 70 per cent, with property taxes controlled, if not reduced, through increases in provincial support.⁹

For Benson, "the key development in property taxation in Canada has been the achievement of a greater degree of equity through the adoption of some form of standardized mill rate for education."¹⁰ Nova Scotia, Manitoba and Saskatchewan have common mill rates for their foundation programs, although the rates vary with the class of property (residential or commercial) and whether it is rural or urban. British Columbia, Quebec and Ontario also "address the issue of equity in property taxation by basing the level of provincial support on a board's ability to pay for a defined level of education service."¹¹ As noted earlier, New Brunswick and Prince Edward Island collect a provincial property tax.

Bezeau has noted that the public's perception of property tax regressiveness has prompted provinces to adopt a variety of fiscal devices to counteract the problem: home owner grants, property tax credits and renter credits. There is currently a considerable pressure to remove property taxes from senior citizens, especially where these

⁹Ralph Benson, "School Finance Reform in Canada" (paper presented to Education Finance Officials, Toronto, March 4, 1975), p. 2. (In making these comparisons among provinces, Benson has included property tax credits and rebates where they exist. However, identical forms of standardized accounting do not occur across Canada.)

¹⁰Ibid.

¹¹Ibid.

apply to support for schools. Ontario and Manitoba have systems of provincial income tax credits or rebates that apply both to home owners and tenants. British Columbia has a similar system for tenants along with a home owner grant that is administered separately from income tax. Alberta had a dual system resembling that of British Columbia, but the home owner grant was abandoned when the 28 mill residential tax for education was eliminated. The renter credit provision of the provincial income tax was retained. Saskatchewan has a system of home owner grants but no provision for renters which is the reverse of the current situation in Alberta.¹²

Some provinces and states have sought to offset the inequities of the property tax by instituting equalization grants to less wealthy school districts. While equalization grants are dealt with more fully in a later section of this chapter, Berke's concerns may be noted here. He has felt that variations in property tax base per pupil are so significant that no government can provide adequate equalization grants. Also, a "series of structural imperfections" dilute the equalization effects of those aid formulas that do exist. Imperfections include "floors" which assure that all districts, regardless of their wealth,

¹²Bezeau, *op. cit.*, pp. 5, 6. (The extent to which these measures actually reduce regressiveness or increase progressiveness is rather difficult to judge, according to Bezeau, because of their complexity. However, in balance, this "odd assortment" ranges in effect from probably progressive to clearly regressive with considerable uncertainty in between.)

receive some state aid; "ceilings" which prevent the poorest districts from receiving enough state aid to bring them to the average expenditure level; and "save harmless" provisions which insure that no district will be treated less favorably than in the previous year, regardless of the workings of the equalization formula. In addition, equalization formulas frequently ignore the fact that a supposedly wealthy urban division may have a disproportionate share of "expensive" pupils with impoverished or otherwise disadvantaged backgrounds. Ignored, too, are problems associated with "municipal overburden" -- the high level of property tax required for such municipal services as transportation, sewer and water, police and fire protection, public housing and welfare. This burden is especially significant in expanding urban areas and in those sections of cities in a state of semi-decline. For Berke, "state aid (equalization) formulas regularly provide proportionately less aid to urban areas than they do to suburban and rural areas."¹³

For a number of reasons, many provincial governments in the first half of this decade imposed controls on school expenditures, thereby preventing steep rises in property taxes. In Ontario, the percentage equalizing grant system was modified by the introduction of ceilings affecting both grant and expenditure. Alberta and British Columbia required local plebiscites when the rate of expenditures appeared to be increasing too rapidly. Other provinces used indirect restraints on

¹³Joel S. Berke, "The Current Crisis in School Finance: Inadequacy and Inequity," Phi Delta Kappan, September, 1971, p. 5.

education spending such as province-wide salary schedules or fixed pupil-teacher ratios. In contrast with the trend of the early seventies, Atherton has noted that in the second half of this decade, "there is now emerging a clear indication that provincial governments seem unable to continue to bear the same proportion of total cost as they were in the earlier part of the decade."¹⁴ Thus, there is a trend toward removing local expenditure limits for school boards (British Columbia, Alberta, Ontario) accompanied by a restraint in the rate of increases in provincial grants. For Atherton, "fiscal realities leave few alternatives to an increased reliance on local sources of revenue."¹⁵ Elimination of the property tax for education financing is remote.¹⁶

However, the remoteness of eliminating the property tax does not preclude improvements in its administration, particularly in assessment. For example, in all provinces there has been a trend toward assessment as a provincial responsibility. Only in Quebec, and to a lesser extent Manitoba, is there still a lack of consistency among municipalities in assessment procedures.¹⁷ New Brunswick and Prince Edward Island now have assessment at full market value and Ontario is moving in that direction, with implementation scheduled for 1980. Furthermore, bills

¹⁴Peter Atherton, "Recent Developments in Education Finance in Canada" (address delivered to the 53rd convention of the Canadian Education Association, Halifax, September 22, 1976), p. 8.

¹⁵Ibid., p. 28.

¹⁶Ibid.

¹⁷Bezeau, op. cit., p. 13.

were introduced in the 1977 legislative assemblies in Nova Scotia and British Columbia which should lead to market value assessment in those two provinces. According to Brown, "most provincial tax experts consider market value assessment 'the only really equitable system.'"¹⁸

Numerous other changes could be implemented to improve property taxation, if such taxation is to remain as part of the standard practice. Ontario's Blair Commission, which has recently examined property tax reform, recommended provincial grants rather than tax exemptions for charitable and non-profit organizations, although churches, cemeteries and Indian lands would remain exempt. Elsewhere in Canada, reduction in the number of categories of tax-exempt property, and the use of special grants in lieu of taxes on provincial and federal government real estate, remain virtually undiscussed.¹⁹

Property tax reforms similar to those in Canada have been advocated in the United States. Gauerke has stated that most recent American studies "have been seeking a more precise definition of fiscal capacity, such as the equalized valuation of taxable property."²⁰ Furthermore, numerous commissions, studies and task forces have recommended a reduction in emphasis on the property tax. A Phi Delta

¹⁸Ian Brown, "Land sakes! Here comes the tax," The Financial Post, April 30, 1977, p. 13.

¹⁹Bezeau, op. cit., p. 14.

²⁰Ibid., p. 131.

Kappa Commission report suggested:

The fiscal fortunes of the public schools have been traditionally tied to the most regressive major tax, the property tax. Poor administration of the property tax and taxpayer resistance, matters totally unrelated to education, have led in many instances to taxpayer rejection of education's fiscal needs The Commission recommends that state legislatures move toward a more balanced system of support for public schools by placing greater reliance on the major state personal income, corporate income, and sales taxes.²¹

The Association for Supervision and Curriculum Development has endorsed a similar resolution that resources available for public school education be more broadly based than at present.²²

Suggestions from those attending a 1976 conference on education finance sponsored by the Ontario Council for Leadership in Educational Administration pursued the same theme: extension of the tax base to include sources other than, or in addition to, the property tax; increased reliance on the user/payer approach to funding; and decentralization of the revenue-raising power, giving local governments

²¹Phi Delta Kappa, Financing the Public Schools: A Search for Equality (Bloomington, Indiana: PDK Commission on Alternative Designs for Funding Education, 1973), p. 54. (For the PDK Commission, resistance to increasing property taxes need not reflect a rejection of educational expenditures, but rather an opposition to the tax itself.)

²²"Equity in Public School Financing" (resolution adopted by the Annual Convention of the Association for Supervision and Curriculum Development, New Orleans, March, 1975).

authority to tax resources other than property.²³ In Manitoba, both teacher and trustee organizations have expressed concerns over property taxation. The Manitoba Teachers' Society has contended that the proportion of revenues obtained from real property taxes should be not more than 20 percent of the total cost of elementary and secondary education in the Province.²⁴ Somewhat differently, the Manitoba Association of School Trustees indicated in 1972 that its long range objective was to ensure that funds equivalent to those currently provided by property taxes would be raised by the Federal Government (through income taxes) and rebated to the Provincial Governments. Property taxes would be reduced an equal amount.²⁵

Much thought has therefore been directed at the implications of the property tax as an instrument for producing school revenues: on its regressiveness, the inequities it produces, and difficulties with its administration. In many provinces and states, attempts are being made to offset property tax deficiencies and to move away from a reliance on it as a major support for public school education. What sources of

²³Donald F. Musella, "Financing Education: Some Problems ... Some Solutions...", OCLEA 8, The Ontario Council for Leadership in Educational Administration, September, 1976.

²⁴Art Toews, "Property Tax: Justifiably Maligned," The Manitoba Teacher, Vol. 55, No. 4, December, 1976, p. 8.

²⁵Peter Coleman, A Long Range Objective in the Financing of Education, Background Paper No. 3 (Winnipeg: The Manitoba Association of School Trustees, January, 1972), p. 1. (Presumably, MAST felt this should be an objective of the provincial government. The Province now has the authority to shift from property tax to an income tax.)

revenue have already replaced the property tax, and what other sources can be considered for the future?

Unlike the tax on property, the income tax is defended as being both progressive (the larger the income, the greater the proportion of tax) and elastic (as incomes rise, the tax yield increases.) Its administration is also less subject to variations throughout the province or country. An income tax, for Zarefsky, "can be adjusted to take into account individual circumstances," and it "can be used as a device to coordinate other taxes."²⁶ For example, property tax credits or rebates are often based on income level, with the greatest rebate to those most in need.

In large measure, the increases in provincial funds for education in Canada noted earlier resulted from federal-provincial tax rental or tax sharing agreements.²⁷ Thus, under the 1962-67 tax sharing agreement as it applied to personal income tax, the federal government imposed a "basic tax" which it then reduced or abated by a negotiated percentage in order to make room for the provincial income tax. In addition, the federal government since 1962 has collected free of charge for the provinces both their personal and corporate income taxes. For Moffatt and Brown, "the essential point to be made here is that the federal

²⁶Zarefsky, McLain and Goss, op. cit., p. 102.

²⁷The federal government has also made substantial equalization payments to the provinces out of its own share of income tax and other revenues. "Have not" provinces have thus been aided in providing a standard of education more closely equivalent to standards in the "have" provinces.

government, by means of rapid abatements (reductions), has made it possible for the provinces to increase their income tax rates at virtually no cost ..., thus permitting them to finance a much larger share of local spending for elementary and secondary education."²⁸

Imposing a local income tax, below the state or provincial level, is not recommended by most authorities as a substitute for the property tax. For ease of collection, the state or federal income tax is preferable. On this point, Gauerke has asserted that "state taxation for education is usually uniform taxation. Ordinarily, state taxes may be more equitably imposed and more economically collected than local taxes."²⁹

The sales tax is sometimes viewed as an alternative to the property tax since it is easier to administer and yields large revenues at seemingly low rates. However, this tax may be as regressive as the property tax, falling most heavily on those least able to pay. A local sales tax replacing a local property tax presents difficulties in enforcement since residents may choose to shop outside the local area to avoid the tax.

The value-added tax, used in Europe and proposed initially by President Nixon's economic advisers for the support of American education, is in reality a special type of sales tax. "What the value-added

²⁸Moffatt and Brown, op. cit., p. 138.

²⁹Gauerke and Childress, op. cit., p. 111.

tax does is to add a tax on to an item at each stage of production from raw materials to final sales. Theoretically, this should add up to a kind of uniform national sales tax on consumers."³⁰ This tax, now set at 15 per cent in the United Kingdom, has not been implemented in America. Presumably, it would be equally as regressive as the sales tax.

Then too, some advocates have suggested that education be financed by public lotteries as used today in New Hampshire. Opponents have felt that lotteries are difficult to administer, and that sufficient revenues are not generated.³¹ Another suggestion is to promote the sale of bonds as a method of financing education, especially the funding of school construction. As a long-term method of financing construction, bond issues may be financially acceptable, but since the bond market is subject to economic fluctuations, the sale of bonds to cover the short-term annual operating costs of a school division has not been generally recommended.

Another technique for funding education is the wealth tax. This device has found favor in Norway, Sweden, West Germany and Switzerland. The British Labour Party Manifesto of 1973 announced plans for a wealth tax, but it has not been implemented. Very recently, researchers in Florida have examined the possibility of a wealth tax since Florida's

³⁰The New Republic, as quoted by Zarefsky et al, op. cit., p. 103.

³¹Ibid.

constitution prohibits the levy of personal income tax.³² This technique is still under study.

Any such wealth tax is generally imposed upon individuals or families on the basis of their net worth, after deducting outstanding liabilities such as mortgages and loans. Consideration is given not only to property and income, but also to such personal property items as automobiles, jewelry, or furniture, and to stocks, bonds, notes, mortgages, cash and bank deposits. According to Alexander,³³ the wealth tax has advantages of equity, utility and efficiency, while the disadvantages relate primarily to administrative difficulties, i.e., assessment may be nearly impossible and the tax may encourage taxpayer dishonesty. In addition, there is always the possibility of inequity through double taxation of "wealth" already taxed.

Provincial governments, in funding their portion of education costs, generally take grant monies from "consolidated revenues." Such revenues include monies received from any provincial property tax, from provincial income and sales taxes, and from all other sources of revenue such as liquor taxes, licence fees, inheritance taxes, etc.

Briefly, those responsible for raising revenues to cover education grants are at present seeking to reduce dependence on the property tax and are looking towards other forms of taxation. However, most

³²Kern Alexander, "The Wealth Tax as an Alternative Revenue Source for Public Schools," Journal of Educational Finance, 2, Spring, 1977, p. 451.

³³Ibid., pp. 464-466.

economists expect a continuing need to impose some property taxes, even if these should occur at the provincial or state level.

II. DISTRIBUTION OF FUNDS

At the present time, most state or provincial governments pay monies to local authorities for education costs through foundation plans, equalization schemes, or a combination of the two. Full state funding has been attempted in a few areas, notably New Brunswick and Hawaii, and other methods, including the granting by the state of educational vouchers, have been advocated.

In 1970 and 1975, the Manitoba Teachers' Society, concerned that the 1967 level of provincial support had not been maintained, undertook two major studies of education finance. Much of the following material on foundation plans, equalization schemes, and full state funding is based on the contents of those two studies.³⁴

Foundation Plans

In any provincial plan, a basic or foundation level of educational services is defined by the Province and assured to each school district. The local contribution is determined by the yield of a uniform provincial mill rate on the equalized assessment of real property, while the provincial contribution makes up the balance of the funds required for the program. Such programs enable the province to determine the

³⁴The Manitoba Teachers' Society, A Study of Education Finance in Manitoba (Winnipeg: The Manitoba Teachers' Society, November, 1970, and December, 1975.)

foundation level of financial support, and they also attempt to ensure equality of educational opportunity up to the basic level, and with comparable effort by all school districts.

There are two types of foundation programs: the Mort Plan and the Maryland Plan. The Mort Plan generally measures the foundation level in terms of dollars per pupil. It relates to ordinary operating expenditure, with the costs for transportation, debt service charges, etc., excluded. In its earliest form, the per pupil amount was determined by calculating the number of dollars per pupil needed to provide qualified teachers at a specified pupil-teacher ratio, along with the necessary equipment, supplies, and books. The per pupil grant also provided for the maintenance and operation of school buildings as well as for administration. In current practice, the per pupil amount is frequently set at or near the average expenditure per pupil in the province, or at the expenditure level of a board of average financial ability.

"Average" practice is considered to be close to optimal in terms of the province's ability to pay for education. Whatever a board of average wealth spends -- "unhindered by paucity of resources, yet not made extravagant by great wealth"³⁵ -- is the approximate level of expenditures that the province would provide if there were no local school boards in operation.

With the Mort plan, the uniform local mill rate is determined by calculating the mill rate that the wealthiest large district (the key

³⁵Ibid., p. 3.

district) would need to raise the total funds for its foundation program. Thereafter, all districts in the state or province would be required to levy the same rate, enabling each to provide the foundation level of school support at a similar mill rate. In this type of support program, the total amount of provincial aid is entirely dependent on school authorities' ability to pay. For this reason, many states or provinces set the uniform mill rate at a level to provide a predetermined percentage of the total foundation program.³⁶

Mort has a further concept in his plan, i.e., the weighted pupil. He contends that a fixed number of dollars per actual pupil does not necessarily provide for equality of educational opportunity since some students cost more to educate than others, e.g., pupils in small schools; secondary students; handicapped pupils; children in high cost-of-living areas; and pupils in urban core areas. He has suggested that such pupils be weighted to compensate for differences in educational costs. For example, if it costs twice as much on the average to educate a secondary student as an elementary one, an elementary student may be counted as one weighted pupil and a secondary pupil as two. Other categories of students may be weighted in the ratio that the mean cost of educating them bears to the average cost of educating an elementary student. Using this device, the Mort plan defines the foundation level

³⁶In Manitoba, the uniform mill rate (or foundation levy) is set annually at a level which will raise 20 per cent of the total provincial cost of the foundation program.

in terms of dollars per weighted pupil.³⁷

There are several advantages to the Mort plan. It is easy to administer since a province needs information only on equalized assessment and the number of weighted pupils. Funding under this plan can provide for both tax relief and equalization aid. There is also provision for a good deal of local authority. On the other hand, there is no real incentive for districts to experiment with new programs since all costs above the basic foundation program must be borne through local property taxes. It has proved difficult, too, for states and provinces using the Mort plan to make adjustments to the per pupil grant since the formula needs constant revision due to increasing costs.

The Maryland plan was first used in that state in the 1920's. It differs from the Mort plan in that it is not based on a uniform per-pupil or per-weighted pupil grant. For the major portion of the foundation program (teachers' salaries), it depends on a provincially-determined teacher salary scale based on professional qualifications, years of experience, and any measurable area of teaching responsibility. The foundation support level of each district is thus determined by the sum of the following grants:

³⁷By using different sets of student/staff ratios for varying types of pupils and for differing sizes and levels of schools, it is possible to convert pupils into classroom units (or weighted teachers) and to define the foundation level as so many dollars per classroom unit or per weighted teacher.



1. According to a provincially-determined staff/student ratio the number of authorized teachers is calculated. Each authorized teacher is then placed at his or her level on the provincial salary scale, and the grants for all authorized teachers are totalled.
2. A sum for other operating expenses is allocated by one of three methods:
 - a) a percentage of the teachers' salary portion;
 - b) a flat number of dollars per authorized teacher;
 - c) actual expenditures for administration, maintenance, supplies and equipment up to individual maxima stated in the formula.
3. An amount for approved transportation expenditures is included.

Because of variations in the distribution of teacher qualifications and years of experience among boards, the Maryland plan does not result in a uniform per pupil grant to each school district. Thus, use is not made of the key-district concept in setting the uniform local mill rate. Rather, the mill rate, which determines the local share of the foundation program and consequently the provincial grant, "is set at the point considered politically desirable, i.e., at the point where either (a) the grant will be a predetermined percentage of the total provincial foundation program, or (b) it will represent a politically satisfactory

rate of taxation on local resources."³⁸

Beyond those advantages claimed for the Mort type of foundation program, the Maryland plan has an additional factor in its favour. In theory, there is a built-in incentive for school boards to hire highly qualified and experienced teachers, and to encourage those on staff to undertake additional studies, since foundation program grants will increase. In practice, this occurs as long as the provincial salary scale on which grant calculations are based approximates the actual salaries paid to teachers. As with the Mort plan, states and provinces have found it difficult to upgrade the teacher grant, and annual revisions have not generally occurred.

Discussion of the Maryland plan has particular relevance for Manitoba since this province's foundation program is based upon it. The Manitoba foundation plan is examined in detail in Chapter IV.

Equalization Schemes

Foundation plans for financing education endeavour to "equalize" per pupil educational expenditures among school divisions. Equalization schemes, or variable percentage grant plans, seek to "equalize" the fiscal capacities of school divisions, i.e., they strive for financial equity. As proposed originally by Harlan Updegraff, equalization is achieved by guaranteeing a state or provincial average

³⁸The Manitoba Teachers' Society, op. cit., p. 12.

assessment per pupil to those districts below the average. This assures that the same mill rate will exist in each local district if the same per pupil expenditure is made.

The Updegraff Plan pays to each school board below the provincial average in ability to pay, a certain percentage of its expenditure. This percentage depends on the ratio of the board's actual per pupil assessment to the average provincial assessment on the same basis.³⁹ Thus, the provincial grant is in inverse proportion to the wealth of the district, or in short, its ability to pay.

The main advantage of the percentage equalizing grant is that it permits each school division to set its own "foundation" level, and yet guarantees that for any two school areas regardless of wealth,

³⁹Ibid., p. 15. The Updegraff grant formula is explained as follows:

$$G = \frac{Ad}{As} \times Ex$$

where:

G = provincial grant;

Ad = assessment per pupil of the district;

As = average assessment per pupil of the state;

Ex = expenditure of the district

or

$$GP = 100 - 100 \frac{Ad}{As}$$

where:

Gp = percentage rate of grant.

For example, in province "X" where average provincial assessment is \$20,000 and where assessments per pupil in districts are:
District A - \$5,000; District B - \$10,000; District C - \$20,000; then:

$$\text{Rate of grant for District A will be } 100 - 100 \times \frac{5,000}{20,000} = 75\%$$

$$\text{Rate of grant for District B will be } 100 - 100 \times \frac{10,000}{20,000} = 50\%$$

$$\text{Rate of grant for District C will be } 100 - 100 \times \frac{20,000}{20,000} = 0\%$$

the mill rate on the equalized assessment will be similar if the expenditure per pupil is the same. A poor board and wealthy board, each spending \$1,500 per pupil, will impose the same mill rate. Any increase or decrease in expenditure per pupil is reflected in a corresponding increase or decrease in the mill rate. Thus, the plan provides for local autonomy and local decision-making.

The Updegraff variable percentage plan encourages poor boards to increase their local expenditures since, unlike the foundation plans, there is no ceiling above which expenditure becomes the sole responsibility of the school division. This may be an advantage from the point of view of providing incentives. However, it is likely a disadvantage provincially since the Province has little control over local expenditures. In fact, most states or provinces have found it necessary to put an upper limit on the expenditures that will be eligible for grant.⁴⁰

Another major disadvantage of the percentage equalizing grant is that it sets no minimum standard of educational services, and a board can easily limit its spending in order to achieve a low mill rate. Thus, the plan could fail to equalize program offerings since economy could take precedence over quality education.

⁴⁰A variation of the Updegraff Plan, an alternative variable percentage grant plan, has been advocated by the Manitoba Teachers' Society since 1976. The Society's power equalizing plan is examined in Chapter IV of this thesis.

Full Provincial Funding

Here, the central education authority (state or province) undertakes to finance the full cost of elementary and secondary education from central revenue sources. The state may administer the schools directly, as in Hawaii, or delegate varying degrees of administrative powers to local school authorities, as in New Brunswick. In any case, the final determination of the provincial budget for education costs is the responsibility of the central authority.

Since the major source of local school revenue in North America has until recently been taxation of real property, there has been a common impression that complete state aid decreases or eliminates property taxation for education. This is not necessarily so,⁴¹ because a tax on property may be levied as easily by a provincial government as by a local authority.

The claimed advantage of total state financing of education is that it tends to ensure equality of educational opportunity to the extent that provincial budget allotment permits it. It is further claimed that the plan ensures greater equity in that each community contributes to the cost of education in proportion to its ability to pay, based on its tax resources available for schools.

However, a possible disadvantage of total state financing is that it could eliminate, or at least seriously diminish, local

⁴¹Nor is it so that a provincially-funded system of education would reduce an individual's tax requirement for education.

participation in, or responsibility for education.

Other Methods

The voucher system, as originally proposed by Milton Friedman of the University of Chicago, is the best known alternative to the more standard measures discussed previously. Under Friedman's plan, governments "would continue to administer some schools, but parents who chose to send their children to other schools would be paid a sum (or be issued a credit) equal to the estimated cost of educating a child in a government school, provided that at least this sum was spent on education in an approved school."⁴² The approved school could charge any amount it desired at or above the value of the voucher, with the parent or guardian assuming the additional costs. Such a scheme was implemented for the public schools in the Alum Rock Union School District, San Jose, California, in 1972.

There are proponents of voucher schemes who advocate abolition of the public school system, with parents "shopping around" amongst private schools, applying use of their educational vouchers as they see fit. Supporters of voucher schemes believe that competition amongst schools would promote programs and instruction of high quality. However, opponents see such schemes as destroying equality of educational opportunity since wealthier parents could afford to spend more money above the value of the voucher, thereby sending their children to

⁴²Charles S. Benson, Educational Finance in the Coming Decade (Bloomington, Indiana: Phi Delta Kappa, Inc., 1975), p. 237.

"better" schools, than could less affluent parents.

Manitoba's tax credit or rebate plan, described in the following chapter, represents another method of fund distribution to offset the effects of real property taxes. However, it is a procedure which could be used in conjunction with other education finance arrangements.

In general, at the present time, all provincial aid plans in Canada are based on one or more of the described alternatives. In addition to Manitoba, the provinces of Quebec, Prince Edward Island and Newfoundland have foundation programs of the Maryland variety, although the last two are approaching total state funding, as are Nova Scotia and New Brunswick. However, here there is local effort because some of the grants are derived from a provincial property tax levy. British Columbia, Alberta and Saskatchewan base their provincial aid on variations of the Mort foundation plan. In British Columbia, the basis for the provincial grant is an instructional unit represented by twenty secondary or thirty elementary students. Alberta and Saskatchewan use weighted pupils for grant calculations. Ontario's plan combines features of both the Mort and Updegraff plans: per pupil weighting factors (percentage speaking English or French as a second language, percentage of families with incomes below the poverty line, etc.) are used; also, a percentage equalizing formula provides districts with per pupil grants that are inversely related to their equalized assessed evaluation per pupil. In recent years, some provincial governments have set upper limits on local school division expenditures. Ontario, for example, has a stated maximum expenditure per weighted pupil, while Alberta has a fixed percentage

of annual increase permitted in local school budgets.

As has been noted, it is possible for provinces to consider "hybrid" alternatives. The present provincial funding policy in Manitoba may be considered as an adaptation of the Maryland Foundation Plan, with full state funding of capital costs. There are also some flat grant components, equalization grants and property tax credits that attempt to balance equality of educational opportunity with fiscal equity.

III. SUMMARY

Because of its regressiveness, the local property tax generates inequity. Inequity results for both taxpayers of low income and school districts of low assessment. In addition, inefficiencies in administration of the local property tax can result from variations among municipalities in assessment and taxation procedures. On the other hand, a provincial property tax, with its standardized mill rate, does much to reduce inequity and inefficiency. Assessment at full market value, provision of equalization grants, and introduction of home owner grants are sometimes seen as further measures to reduce property tax inequity. As an alternative or supplement to the property tax, income tax, if administered at a provincial or federal level, is viewed as a progressive tax. Fewer inequities are associated with it than with the property tax, and a uniform and efficient administration of the tax is more readily attainable. Other alternatives, such as sales taxes and value-added taxes, are regressive, and they also produce certain inequities. Wealth taxes, however, have the advantage of

equity in spite of administrative difficulties in their implementation.

In the collection of monies for education, governments seek to achieve equity and efficiency. In the distribution of funds for education, governments again strive for efficiency, but they seek also for equality of educational opportunity and the maintenance of local autonomy. Foundation plans which fund educational costs at a pre-arranged level can provide for a good measure of equality of educational opportunity, and their ease of administration can result in a high level of efficiency. Further, the principle of local autonomy can be maintained where special levies are permitted and when block grants are implemented. Equalization schemes such as the variable percentage grant plan may not succeed in achieving a minimum standard, and equality of educational opportunity could then be in jeopardy. Financial accountability may also be lacking since the state or province has little control over the upper limit of expenditure. However, such a limit is generally imposed (and thereby detracts from the equalization principle). Schemes such as the Updegraff Plan do assist in providing some equity for taxpayers and recognize a measure of local autonomy. Full provincial funding can probably ensure equality of opportunity and equity of tax support, but there may be a loss of efficiency in "bigness"; and there is almost certainly some reduction in local control over educational expenditures.

Measures of equity, then, can be built into the tax structure by the method in which educational monies are raised. On the other hand,

equality of educational opportunity is generally achieved through the distribution of grants used by boards for educational purposes. The degree to which school divisions use such grant monies efficiently is a reflection of their concern for accountability, and the extent to which the central state or provincial authority permits local control in the raising and spending of funds is a reflection of its commitment to local autonomy.

CHAPTER IV

THE MANITOBA SCENE: A FINANCIAL OVERVIEW

I. HISTORICAL SURVEY OF EDUCATION FINANCE IN MANITOBA

As has been noted earlier, the British North America Act of 1867 made education a provincial responsibility. Provinces, in turn, delegated much of that responsibility, including the raising of revenues to meet educational costs, to local jurisdictions -- municipalities and school districts.

Prior to World War II, there was only minimal provincial support for school expenditures in Manitoba. Throughout the thirties, the Province paid \$1.00 per day, or \$200.00 per year, for each classroom in operation.¹ (The municipality was obligated to pay \$1.25 per day, or \$250.00 per year. Actual cost of operating a one-room school at that time was approximately \$700.00 for the year.)

In 1947, an authorized teacher grant was introduced. Each municipality levied five mills on its balanced assessment; the difference between the amount so raised and \$1,400 was paid for each authorized teacher. (This grant marked the beginning of "equalization" payments.) A teacher was authorized for every thirty elementary students and for every twenty-five secondary students. In addition, there were some minor grants for libraries, hot lunches, etc. The authorized teacher grant

¹Robert W. Dalton, "A Review of Education Finance in Manitoba" (address delivered to the Manitoba Association of School Superintendents, Winnipeg, March 30, 1978).

continued until 1959 as the main basis of provincial support, with the grant gradually raised to \$2,500 and the levy to eight mills.

Beginning in 1959, a uniform mill rate for education purposes was levied over an entire school division. Individual mill rates in each municipality within the division were no longer assessed. (A commitment to a greater degree of equalization was recognized.) The authorized teacher grant continued, although it was now based on the teacher's qualifications and years of experience, and larger grants were paid for secondary teachers than for elementary teachers. Supplementary grants for transportation, vocational education, etc., were also continued. After 1959, the aim of the government was to provide 50 per cent of the costs of education from provincial revenues.²

In 1967, a major change in the method of financing education occurred with the introduction of a Foundation Program, a variation of the Maryland plan. Under the Program, a foundation grant³ was payable to each unitary⁴ division by The Public Schools Finance Board. The Finance Board received its funds in two ways:

²Ibid.

³Expenditures not covered by the foundation grant were a local responsibility and were to be raised by means of special levies in the municipalities forming part of the school division.

⁴A unitary school division was one in which a single board had responsibility for both elementary and secondary education across the geographic area. Individual school districts did not exist.

1. It levied two uniform mill rates, one on residential and farm assessment, and the other on commercial assessment, in such a way that:
 - (a) there was a 24 mill differential between the two mill rates, with the commercial rate being the higher;⁵ and
 - (b) the combined yield of the two mill rates would provide 30 per cent of the total foundation grants of all the unitary divisions.
2. It requisitioned the remaining 70 per cent directly from the Province's consolidated revenues.

The extent of the foundation grant to each unitary school division was determined in the following manner. An authorized number of teachers was calculated for the division: one teacher for every 28 elementary pupils, 23 secondary pupils, 14 special class pupils and 20 occupational entrance class pupils. In addition, one administrative or supervisory person was authorized for each ten authorized teachers (or fraction of ten,) and where a superintendent was employed one more authorized teacher was recognized.⁶

On the basis of the authorized teacher calculation, the following four grants were paid to each unitary division:

⁵In 1967, nine mills were assessed on farm and residential property, 33 mills on commercial property.

⁶The number of authorized teachers so calculated was a maximum number. If fewer teachers were actually employed than were authorized, the smaller number was used.

1. Salary grant. Based on years of academic and professional training and years of experience, a schedule of salary grants was established. The schedule is shown in Table V. The total salary grant was the sum of the salary grants payable for the authorized number of teachers according to the schedule.⁷

TABLE V
FOUNDATION GRANTS FOR CLASSROOM TEACHERS
BY QUALIFICATIONS AND YEARS OF EXPERIENCE*

Experience	Class						
	I	II	III	IV	V	VI	VII
0	3700	4100	4500	5500	5900	6800	7700
1	3900	4300	4700	5700	6100	7100	8000
2	4100	4500	4900	5900	6400	7400	8400
3	4300	4700	5100	6200	6800	7800	8800
4	4500	4900	5400	6500	7200	8200	9200
5	4700	5100	5700	6800	7600	8600	9600
6	4900	5400	6000	7100	8000	9000	10,000
7			6300	7500	8400	9500	10,500
8				7900	8800	10,000	11,000
9				8300	9200	10,500	11,500
10						11,000	12,000

*Based on Schedule A of Regulation 170/77, Grants to Unitary Divisions, a regulation under The Public Schools Act.

⁷If a school board employed more than the authorized number of teachers, it could claim for grant purposes those teachers who would earn the highest grants.

2. Administrative grant. For personnel other than classroom teachers included within the authorized number of teachers, administrative grants were provided.⁸ Such personnel included principals, vice-principals, guidance counsellors, supervisors, assistant superintendents and superintendents. Allowances varied from \$800 for a vice-principal to \$4,000 for a superintendent.
3. Administration, maintenance and instructional supplies grant. For each authorized teacher, a grant not to exceed \$2,090 was provided.
4. Library grant. For each authorized teacher, a grant not to exceed \$60 was provided for library and reference books.

In addition to grants based on the authorized teacher concept, the Foundation Program also provided four other grants:

1. Textbook grant. For textbooks prescribed by the Minister of Education, the net expenditure of a school board was grant-able.⁹
2. Transportation grant. For students considered "transportable",¹⁰ the net cost of transportation, to a maximum of \$175 per pupil, was covered by grant.

⁸There were also special grants for teachers of music and teachers of art who held specialist certificates.

⁹Textbooks were provided free of charge to students.

¹⁰Students eligible for the transportation grant were those "who would have more than one mile to walk in order to reach school."

3. School van grant. The net capital cost of purchasing school buses was grantable.
4. Capital grant. Repayment of long-term capital debt, including the costs of approved construction, interest, and sinking fund payments, was fully covered by the Province.

Implementation of the Foundation Program resulted in a marked increase in the amount of provincial funding. In 1968, the education costs in Manitoba amounted to approximately \$131 million. Grants to school authorities totalled approximately \$100 million, or 77 per cent of public school expenditures.¹¹

II. CURRENT PRACTICE: A DESCRIPTIVE ANALYSIS

The current situation in education finance in Manitoba may best be described by examining the changes that have occurred in the Foundation Plan in the years since its inception, and by noting too, those components of the original plan that have been retained.

Revenues

The Foundation Grant continues to be paid to unitary divisions (which have increased from 29 to 47 since 1967) by The Public Schools Finance Board. The general levy, now to raise 20 per cent of the Finance Board's funds, in 1978 was 4.9 mills on farm and residential property and 35.8 mills on commercial and other property. The remaining 80 per cent

¹¹Robert W. Dalton, op. cit.

of the Finance Board's funds comes from the province's general revenues. As previously, the balance of the total education revenue requirements is made up through a special levy¹² in each division, varying according to local needs.

Grants

The changes in the grant picture since 1967 have been numerous. Those alterations, and the features of the original Plan which have been retained, may be summarized as follows:

1. The 1:14 teacher/pupil ratio for special class teachers and the 1:20 ratio for occupational entrance class teachers have been replaced with a special education teacher authorization for every 450 pupils enrolled in a division.¹³ Grants for

¹²Since the advent of the new City of Winnipeg in 1972, there has been a measure of equalization of the special levy for the school divisions within Unicity with a Greater Winnipeg Equalization Levy.

¹³Regulation 170/77 4(1) reads as follows:

The basic number of teachers for determining the maximum authorized number of occupational entrance class teachers, resource teachers and special class teachers in a unitary division shall be determined as follows:

- (a) Where the average enrolment of all students of the division for the term is greater than 4,500 the number is the whole number obtained by dividing the average enrolment of the division by 450 and, if there is any remainder, the whole number shall be increased by 1.
- (b) Where the average enrolment of all students of the division for the term is within one of the ranges set out in Column 1 of the table below the number shall be as set out in Column 11 immediately opposite such range.

- coordinators of special education and for psychologists have been added.¹⁴
2. In 1977, the teacher/pupil ratio of 1:28 for elementary classroom teachers was eliminated, with the 1:23 ratio coming into effect for all classroom teachers, elementary and secondary. (The addition of authorized supervisory personnel at the ratio of one such person for each ten authorized classroom teachers was discontinued, although the superintendent's separate authorization was retained.)
 3. The schedule of salary grants (Schedule "A") remained the same in 1979 as implemented in 1967.

¹³Continued

COLUMN 1 AVERAGE ENROLMENT	COLUMN 11 BASIC NUMBER OF TEACHERS
4,500 or less but greater than 3,900	11
3,900 or less but greater than 3,300	10
3,300 or less but greater than 2,700	9
2,700 or less but greater than 2,250	8
2,250 or less but greater than 1,800	7
1,800 or less but greater than 1,350	6
1,350 or less but greater than 1,050	5
1,050 or less but greater than 750	4
750 or less but greater than 450	3
450 or less but greater than 300	2
300 or less but greater than 150	1
150 or less	0

¹⁴Regulation 170/77 5 reads as follows:

The basic number of teachers for determining the maximum authorized number of co-ordinators of special services and school psychologists in a unitary division shall be determined as follows:

4. Separate grants for administration, maintenance and instructional supplies were later combined into a single grant of \$2,090.00 per authorized teacher. This grant was eliminated in 1978, with the monies "folded into" the pupil grant.
5. Since 1978, the library grant of \$90.00 per authorized teacher is to be determined on a pupil basis at the rate of \$5.00 per pupil.
6. The textbook allocation has been altered to provide an expenditure of \$16.00 per pupil for print and non-print materials.¹⁵
7. The transportation grant has been increased periodically. In 1979, it amounts to \$255.00 per transported pupil. (The definition of a "transported pupil" has not changed.)
8. Commencing in 1970, grants of \$325.00 per year were provided

¹⁴Continued

- (a) Where the average enrolment of all students of the division is less than nine hundred, the number is zero.
- (b) Where the average enrolment of all students of the division is nine hundred or more, but less than three thousand, the number is one.
- (c) Where the average enrolment of all students of the division is three thousand or more, but less than seventy-five hundred, the number is two.
- (d) Where the average enrolment of all students of the division is seventy-five hundred or more, the number is the whole number obtained by dividing the average enrolment of the division by twenty-five hundred.

¹⁵The textbook grant must be spent on orders placed through the Manitoba Textbook Bureau. A previous \$4.00 per pupil grant, which could be expended in direct ordering from publishers and suppliers, has now been "folded into" the pupil block grant.

for vocational industrial students, and of \$125.00 per year for business education students. The former figure was increased to \$475.00 in 1976 and remains in effect.

9. Commencing in 1973, a per pupil equalization grant¹⁶ has been provided. It is calculated on the basis of balanced assessment per pupil: a lower balanced assessment per pupil results in a higher per pupil equalization grant. Table VI on page 63 shows the 1979 Equalization Grant Schedule.
10. A general support grant, or "per pupil block grant," has been added to the original Foundation Plan concept. It increased from an initial \$50.00 in 1972 to \$260.00 by 1978, and in 1979 has been set at \$307.00 per pupil.¹⁷
11. Grants for specific situations have been added:
 - small schools grant of \$10.00 per pupil for any school division where 10 per cent or more of the division's total enrolment is in schools of 175 students or less. (This grant was eliminated in 1979.)

¹⁶Since 1975, the Province has paid the equalization grant from consolidated revenues rather than as part of the Foundation Program.

¹⁷Presumably, in initiating a pupil grant, the Government was moving away from categorical grants and providing a block grant which permitted in spending a greater degree of local decision-making. The basis for calculation of the pupil grant has not been published, but the Government made known that in eliminating administration, maintenance and supplies grants in 1978, and a \$10.00 per pupil minor capital grant in 1979, such grants were included in determining the pupil grant. The somewhat rapid rate of increase in the pupil grant in some measure is due to Government preference for a general support grant in place of several small categorical grants.

- declining enrolment grant, initially for 1976 only but extended each year to 1979, where the decline in the division's average enrolment from the fall term of one year to the fall term of the next is greater than 1 per cent.¹⁸

TABLE VI
EQUALIZATION GRANT SCHEDULE
1979*

Balanced Assessment Per Pupil	RATE PER PUPIL
\$15,000 & over	\$ 30
14,250 - 14,999	50
13,500 - 14,249	70
12,750 - 13,499	90
12,000 - 12,749	110
11,250 - 11,999	130
10,500 - 11,249	150
9,750 - 10,499	170
9,000 - 9,749	190
8,250 - 8,999	210
7,500 - 8,249	230
6,750 - 7,499	250
6,000 - 6,749	270
5,250 - 5,999	290
4,500 - 5,249	310
3,750 - 4,499	330
0 - 3,749	350

*Source: Letter to School Boards from the Minister of Education, January 30, 1979.

¹⁸ Calculated as follows: fall term 1977 average enrolment less fall term 1978 average enrolment less 1 per cent of fall term 1977 average enrolment multiplied by \$350.00.

- northern allowance grants.¹⁹

12. Full provincial funding of approved capital costs and purchase of school vans has been continued. (Since 1967, seven regional vocational or comprehensive high schools have been built. Under the Federal-Provincial Vocational Training Assistance Act of 1961, 75 per cent of the costs of these schools was provided by the Federal Government.)
13. In 1972 the government introduced a property tax credit program with the expressed intention of reducing education property tax burdens on an equitable basis for homeowners, farmers and renters. Fifty per cent of the education taxes to a maximum of \$50.00 was returned to each eligible resident homeowner/tenant. The program was revised in 1973 to relate the size of benefits to ability to pay (in reverse proportion to income levels) by reducing the maximum entitlement by 1 per cent of one's taxable income, or one dollar for each \$100 in taxable income to the general minimum entitlement. The rebate was increased from a minimum of \$50.00 to a maximum of \$140.00 and the base broadened to include not just education costs but all property taxes. By 1977, the minimum had been increased in stages to \$225.00 and the maximum to \$375.00. These amounts were retained for 1978 (with the added feature that

¹⁹Calculated as follows: 8 per cent of 1978 foundation program operating grants plus \$6,000 for each twenty authorized teachers (adding one for remainder) in fall term 1978.

home-owners/tenants over 65 years of age would receive an additional \$100 property tax credit) and for 1979.

The cumulative effect of these changes since 1967 on the general fiscal structure of education finance is discussed in some detail in the conclusion to this chapter. However, it may be noted here that the pupil block grant has tended to replace incentive and categorical grants, thereby enhancing local autonomy in financial decisions. Concerns related to the property tax have resulted in indirect funding through equalization grants and property tax credits outside the Foundation Program. In addition, the overall extent of provincial support, seen in Table III, page 25, to be 77 percent in 1968, declined to 75 per cent by 1977 and to 73 per cent in 1979.²⁰

III. A REVIEW OF THE POLITICAL CLIMATE

Knowledge of the education finance policies of various groups in Manitoba is essential in gaining some understanding of "the climate for change." The policies of political parties and organizations with an interest in education need to be examined, as do the recommendations on education finance contained in the recent report of the Provincial Government's Task Force on Government Organization and Economy. This examination will seek to determine the extent of commitment to the principles of fiscal equity, equality of educational opportunity, financial accountability and local autonomy.

²⁰Information provided by The Public Schools Finance Board, October 16, 1979.

The Policies of Political Parties

The province's three major political parties have enunciated policies in support of the principles under consideration in this paper. However, there are variations among the parties in the priority and emphasis placed upon each principle.

If one were attempting to determine what the Liberal Party might do for the financing of education, on the basis of its past record as a government, there would be little data on which to draw conclusions. The Liberals have been in opposition since 1958, and their influence in the legislature has consistently declined since then.²¹ However, it is possible to gain some insight into the Liberal viewpoint by analyzing actions taken prior to 1958, public statements by Liberal leaders, Liberal contributions to debate in the Legislative Assembly, and policies adopted at party gatherings.

In introducing the first authorized teacher grant in 1947, the Liberal Party (in coalition) recognized the problems faced by local districts in financing schools almost totally from property taxes. By relating the teacher grants to the tax base of each municipality, there was some movement toward providing a greater degree of fiscal equity than had previously existed. In recent years, the party has continued to

²¹In 1963, the Liberals elected 14 members to the 57 seat assembly, and gained 38 per cent of the popular vote. By 1973, the popular vote had fallen to 18.9 per cent and five members were elected. [John T. Saywell (ed.), Canadian Annual Review of Politics and Public Affairs for 1973 (Toronto: University of Toronto Press, 1974).] In the 1977 election, one Liberal was elected. He resigned in 1979 to contest (successfully) a seat in the federal election. In the subsequent provincial by-election, the seat was retained by the Liberal Party.

advocate greater fiscal equity. In the Legislative Assembly, Lloyd Axworthy, former Liberal member from the Winnipeg constituency of Fort Rouge, has pointed out the "growing disparity between rural and urban school systems, much of it caused by financial differences."²² Liberals have recognized the need to shift the costs of education away from the property tax.²³ Material prepared for the Liberal Party Convention of December, 1976, read as follows:

The Liberal Party would endeavour to shift the burden from the real estate tax base (which is subject to grave inequities) to the treasury of the Province of Manitoba.²⁴

The Liberal Party would also continue equalization payments as introduced by the former NDP Government:

Some school divisions have greater local financial resources than others. Equalization payments must continue to be used as the tool to ensure that the poorer areas can afford facilities and staff equivalent to the wealthier areas.²⁵

In their support of the principle of fiscal equity, Manitoba's Liberals

²²Lloyd Axworthy, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 9, 1977.

²³The Liberal Party is also supportive, to a degree, of the Manitoba Property Tax Credit Plan. For the former party leader, tax rebates were "excellent as a tool of income redistribution, but poor as a means of funding education." (Interview with Charles Huband, January 11, 1977). Hence he claimed that the rebate system should not be dismantled, but neither should it be expanded.

²⁴Liberal Party of Manitoba, "Policy Statement on Education," (Winnipeg: Liberal Party Convention material, December, 1976). (mimeographed.)

²⁵Ibid.

have urged increased Provincial contributions to the financing of public school education,²⁶ with a shift away from local property taxes and a continuation of equalization payments.

In recent years, also, the Liberal Party has been most vocal in its demands that the government provide additional monies to school divisions to support equality of opportunity for children with special needs. Since the Assembly in 1975 adopted Bill 58, an endeavour to provide the least restrictive environment for handicapped and disadvantaged children, the Liberals have been pressing the Government to proclaim the act and to indicate ways in which adequate funds are to be provided to ensure implementation. In 1976, Axworthy commented that a bill on special needs had been passed the previous year, and that other than a planning grant of \$2,000 per division, no real monies had been provided by the NDP Government to school divisions intending to integrate handicapped children with other students.²⁷ The 1976 Convention considered the impact of Bill 58. While there was general approval of the concept

²⁶The Liberal Party supports increased Provincial contributions to the financing of education, but not full provincial funding. The goal is to have the Government of Manitoba pay 80 per cent of basic costs. In calculating that 80 per cent, Liberals believe it is necessary to include the monies now paid out of the Provincial treasury tax credit rebates, but even after doing so, a substantial increase of Provincial funding is required. (Interview with Charles Huband, January 11, 1977.)

²⁷Manitoba, Legislative Assembly, Debates and Proceedings, Vol. XXIII, Third Session, 30th Legislature, 1976, p. 2898. (Henceforth, abbreviated as Debates.)

behind the bill, concerns for adequate funding were again expressed:

The legislation has not been implemented because there are very grave financial problems in proceeding with implementation. Capital expenses will be involved to make structural changes in school plants and to purchase sophisticated equipment. Additional teaching staff and teacher aides will be required to cope with the demands imposed by the addition of these children to the regular school population. The necessary planning has not been done. It would be a terrible error to implement this provision in Bill 58 unless and until a thorough study is undertaken to determine what must be done, over what time span, and at what cost to both the provincial treasury and the local divisions.²⁸

The Liberal Party has also been supportive of funding to provide for a variety of needs not covered by Bill 58. Axworthy has noted that "programs for drama, art, music, and so on... are now being discontinued for lack of support."²⁹ The December, 1976, Convention concluded that "the basis of calculating the foundation grants must be altered to reflect the fact that certain educational options, such as home economics, for which grants are not now payable, are not regarded as educational frills."³⁰ The Liberal Party has adopted a resolution to the effect that "students be allowed to cross divisional boundaries and obtain specialized training without financial penalty to student or

²⁸Liberal Party of Manitoba, op. cit.

²⁹Debates, 1975, p. 60.

³⁰Liberal Party of Manitoba, op. cit.

the school division in which he or she resides."³¹ A further resolution suggested that "the Province of Manitoba develop a formula of special grants to assist school divisions which are required to develop special programs at additional cost, such as the programs required in the inner city or in northern communities to deal with the unusual social problems within those communities."³² The Liberals have noted that the main burden of dealing with special programs for Indian and immigrant children falls upon Winnipeg School Division No. 1.³³ Axworthy lauded the former NDP Government for its financial contribution to the nutrition program in Winnipeg's core area -- in spite of the contention of many that this was not properly an "education" cost,³⁴ and he also pointed out problems in programming associated with declining enrolments.³⁵

Liberal support, then, for the principle of equality of educational opportunity is obvious. This principle received top priority at the 1976 Convention. Resolution No. 1 provided:

That the Liberal Party endorse as the goal of public education the concept of equality of opportunity together with a rich cultural and humanizing experience.³⁶

³¹Ibid.

³²Ibid.

³³Ibid.

³⁴Debates, 1976, p. 2896.

³⁵Ibid.

³⁶Liberal Party of Manitoba, op. cit.

Support for this principle was also reflected in other party literature:

While certain savings can and must be made, there must be an awareness and acceptance that a sound education system is expensive and that improvements will necessarily involve additional cost. We call for a greater emphasis on finding and employing teachers of high quality and credentials in the elementary and junior high level. There is increasing awareness that the elementary grades are the most important formative period in a child's education. There is also a growing awareness that the junior high grades represent a difficult transitional period for the child. While it is true that teacher standards as a whole are continuing to improve, it is also true that many teachers with the highest qualifications who are intending to make teaching a long term career, seek positions in high schools to the exclusion of lower grades. This tendency must be reversed. In terms of second or third language instruction, we are convinced that it must be instituted in the early grades, by the most competent teachers on a far more intensive basis than is now being pursued in all schools except those involved in immersion programs. Such improvements will involve additional costs, and Manitobans must be prepared to pay the cost.³⁷

On the other hand, there are indications that the Liberal Party has felt that there are too many options open for some students. The previous Government's commitment to "broadening educational programs"³⁸ should not be carried to an extreme. A concern for accountability requires some limitation of commitment to equality of educational opportunity. The Party has recommended "the elimination of an

³⁷ Ibid.

³⁸ Manitoba, Guidelines for the Seventies, Volume 2, "Social Goods and Services" (Winnipeg: Queen's Printer, 1973), p. 87.

excessive number of options, involving as they do, additional teaching staff and course materials;" such a move "should have a salutary effect in reducing costs."³⁹

The Liberals have called for a diminution in the role of the Department of Education:

We believe that the bureaucracy within the Department may have become too large We believe that the size of the bureaucracy could be reduced without impairing vitality within the system.⁴⁰

Further, Axworthy has sought for a "redefinition of departmental services."⁴¹ The Department should be rebuilt into a direct service organization.

If a concern for accountability calls for a reduction in the size of the Departmental bureaucracy, such a move could also encourage local autonomy. There have certainly been indications of Liberal support for local decision-making, and a feeling that decentralization and accountability are not necessarily mutually exclusive. The Liberal Party has advocated block grants for universities,⁴² but thus far has not explicitly supported block grants for elementary and secondary financing. Any such move would indicate support for local autonomy,

³⁹Liberal Party of Manitoba, op. cit.

⁴⁰Liberal Party of Manitoba, op. cit.

⁴¹Lloyd Axworthy, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 9, 1977.

⁴²Ibid.

and be consistent with the party's traditional ideological emphasis on the need for decentralization and diversity.

In summing up the position of his party on education financing, Huband called for increased Government contributions to a Foundation Program; additional special grants to aid in the implementation of Bill 58 and to provide help in the North and to Winnipeg's core area; and equalization grants.⁴³

The position of the New Democratic Party on the financing of education can be viewed from two vantage points: the funding practices of the NDP government from 1969 to 1977, and the policies of the NDP party organization as distinct from those of the government.

During its terms of office in the seventies, the NDP government focused a good deal of attention on problems of equity. In an attempt to remove at least some of the inequity associated with the property tax, per pupil equalization payments, as noted earlier, were introduced in 1973. At the time the Government was defeated in 1977, the grant ranged from \$25 per pupil if the balanced assessment per pupil were \$14,000 and over, to \$215 per pupil if the balanced assessment per pupil were less than \$5,000. The extent of equalization provided by the scheme did not satisfy the NDP party organization. A 1967 convention had reaffirmed NDP policy that services to property be paid for by property tax, and services to persons, such as education, health and welfare, be paid by

⁴³Interview with Charles Huband, January 11, 1977.

income tax.⁴⁴ Because the NDP Government did not remove the education property tax after its election in 1969, the party expressed a desire that at least there be equalization of the special levy. A 1975 Convention resolution,⁴⁵ reflecting a commitment to both fiscal equity and local autonomy, recommended that one mill raise the same amount of money per pupil in all divisions. Thus, in all but the wealthiest division, the Government would make up the difference by means of grants from consolidated revenues.⁴⁶ Had the NDP Government implemented the 1975 resolution, the party recognized that current per pupil equalization grants would be unnecessary. There was a recognition, too, that including a minimum grant of \$25 is not a true feature of an "equalization" scheme -- there is no rationale for providing equalization payments to the wealthiest division, although it may be politically expedient to do so.⁴⁷

The former Government viewed its Property Tax Credit Plan as another means of providing fiscal equity. By 1976, the minimum rebate

⁴⁴New Democratic Party of Manitoba, "Convention Resolutions," (Winnipeg: New Democratic Party Convention material, 1967). (Mimeographed.)

⁴⁵The resolution is identical to one passed by the Manitoba Association of School Superintendents in 1974 and presented in detail on pages 99 and 100.

⁴⁶New Democratic Party of Manitoba, "Convention Resolutions," (Winnipeg: New Democratic Party Convention material, 1975). (Mimeographed.)

⁴⁷Ibid.

had been increased in steps to \$200, and the maximum to \$350. The Government estimated that for a home assessed at \$6,000, the \$200 minimum rebate was equivalent to a property tax reduction of 33 mills; the maximum credit of \$350 was equivalent to a reduction of over 58 mills.⁴⁸ By including payments made through tax rebates as education costs, the NDP Government in 1976 was funding over 70 per cent of total school board expenditures:

Our financial support to schools will be \$160.2 million, or an increase of 12% over the last fiscal year. In addition, there will be an additional \$10 million in the Property Tax Credit Program to provide tax relief to local property taxpayers. Increased grants to school divisions coupled with increased education, property tax relief, will total \$26.6 million. And through these increases the Provincial Government will maintain financial support for approximately over 70 per cent of education costs.⁴⁹

Such a level of support was viewed by the Minister of Education in 1977 as providing fiscal equity.⁵⁰ The NDP Party, while in power, felt that its particular combination of equalization payments and tax rebates provided a fair measure of relief from property taxes for all property

⁴⁸Debates, 1976, p. 2854.

⁴⁹Ibid.

⁵⁰Hon. Ian Turnbull to members of the Minister's Advisory Committee on Education Finance, March 8, 1977. (The Minister also expressed the opinion on this occasion that full provincial funding "would be the end of education in Manitoba." School divisions need to be involved in financial decisions if local autonomy is to be retained, if educational programs are to be responsive to community needs.)

owners, and in particular for those in low assessed divisions where special levy mill rates tend to be high and for those with low incomes in high assessed divisions where there may be a tendency to provide a high level of educational service.

New Democrats have also enunciated a commitment to the principle of equality of educational opportunity. At its 1961 convention, in a policy statement on "Education for the Sixties," the party stated:

Every young Manitoban is entitled, as a right, to the opportunity to develop his talents to the highest degree. We must provide educational facilities which will enable every citizen to develop his personality, and his particular skills and abilities, in order to enjoy the most satisfying life and to make the best possible contribution to a peaceful and progressive world.⁵¹

The NDP re-stated its position in Guidelines for the Seventies; equality of educational opportunity is one of the party's three basic objectives.⁵² In the 1977 throne speech, the Lieutenant-Governor once more indicated the NDP government's commitment:

My ministers continue to be committed to the improvement of the human condition. In this endeavour, the provision of equality of educational opportunity is essential for the benefit of those children who, through their own efforts, are able to attain, in their adult lives, a position in society commensurate with the potential of their latent abilities and personalities. Every effort must be made to ensure that an education is available to those who are in need of special programs,

⁵¹New Democratic Party of Manitoba, "Education for the Sixties," (Winnipeg: New Democratic Party Convention material, 1961). (Mimeographed.)

⁵²Guidelines for the Seventies, p. 87.

those who live in isolated and remote communities, and those who are recently arrived in our province from other countries.⁵³

In debates in the Legislative Assembly, there have been frequent references to the former Government's desire to provide access to schooling to all, and to provide a variety of programs to meet the unique needs of individuals. For example, in 1975, the Hon. Ben Hanuschak, MLA for the Winnipeg riding of Burrows, and then Minister of Education, stated:

The Government is concerned for those too long neglected by our society. It has rejected the concept that only the children of the privileged and academically oriented should be properly educated. It has now recognized that every child has different learning styles; we now recognize the necessity of allowing for and encouraging the individual differences of students.⁵⁴

The NDP Government took several steps avowedly directed to this goal. However, it sought to enhance equality of educational opportunity only in part through the Foundation Program. For example, the same level of teacher salary support as existed in 1967 remained in effect ten years later, and grants towards maintenance, administration and instructional supplies were unaltered in total amount. While Bill 58, intended to integrate as many handicapped children as possible into regular classrooms, was passed in 1975, it had not been proclaimed by the October, 1977, election, and only minimal planning grants were

⁵³Manitoba, Legislative Assembly, Speech from the Throne, February 9, 1977.

⁵⁴Debates, 1975, p. 998.

provided for the developing of screening mechanisms and teacher in-service. On the other hand, some aspects of the Foundation Program received added funding. Elementary and secondary teachers were classified for grant purposes on the same basis: one teacher for each 23 students. The maximum grant allowed for a transportable pupil was increased in stages from \$175 to \$215. The free textbook provision of 1967 was altered to a print and non-print materials grant of \$16 per pupil. There were also additions to the Foundation Program. Resource teachers, coordinators of special education, and psychologists were recognized for grant purposes; grants for vocational students were introduced in 1970 and the amounts upgraded in 1977; and a general support grant -- a pupil block grant -- was added. The NDP Government also introduced special grants to northern divisions, and to Winnipeg School Division No. 1 for programs related to its native, migrant and immigrant populations. In 1977, an \$80,000 program to test the hearing of primary school children in ten school divisions and five northern areas was announced. During the last two years the NDP Party was in power, additional funds were provided for small schools and for school divisions experiencing declining enrolments. Thus, with the augmentation or introduction of a variety of grants within the Foundation Program, and with the retention of the capital grants (100 per cent of approved costs for all capital expenditures including school buses), the New Democratic Government sought to provide equality of access to education and a variety of services to meet the wide array of pupil needs.

The New Democratic Party's concern for accountability has been voiced less frequently than its concern for the other principles under discussion. However, in encouraging local decision-making, the NDP Government felt it was promoting accountability at the school division level. The Government supported cost sharing of educational expenditures as a means to ensure continuing responsibility and autonomy at the local level:

On the one hand there is the demand that the Provincial Government by virtue of its mandated responsibility for the provision of education within the province should bear a larger portion, if not all, of the financial burden for education, and yet the public is concerned re increasing costs of all levels of government. Cost sharing provides for effective and efficient allocation of resources and the meeting of higher support and at the same time demands are strong for greater decision-making and autonomy for parents and teachers over the local school.⁵⁵

The Government frequently defended its decentralization policies in the Legislative Assembly. The Hon. Ben Hanuschak claimed that decentralization was much more compatible with equality of educational opportunity than the centralization suggested by the Conservative opposition.⁵⁶ His Department had become less directive and more facilitative, thereby giving more responsibility to "local units."⁵⁷ Funding a variety of programs and projects was not "symptomatic of fragmentation or a lack of

⁵⁵Debates, 1976, p. 2860.

⁵⁶Debates, 1976, p. 2867.

⁵⁷Debates, 1975, p. 996.

direction;" rather this was "concrete evidence of the Government's attempts to implement an educational system which while serving societal needs is also responsive to the special needs of specific groups within the Province."⁵⁸

The NDP Government reflected its concern for local autonomy by moving away from the specificity of some of the categorical grants of the original Foundation Program, and, for example, substituting in their place a pupil block grant. Presumably, school divisions would have greater opportunity to establish their own needs and priorities and to spend accordingly. Expenditures would not be made in keeping with the dictates of the Province. On the other hand, some new categorical grants were introduced: declining enrolment grant, grant for milk programs in Frontier School Division, etc. Here, the Government recognized a need for some centralized planning as a means for melding accountability concerns with equality of opportunity, even if these provisions detracted from local autonomy. At times, however, the actions of the NDP Party and Government have reflected commitment to a "responsiveness to community needs,"⁵⁹ one of the three prime educational objectives expressed in Guidelines for the Seventies.

The New Democratic Party's policies on education finance reflect a commitment in principle to fiscal equity and equality of educational opportunity. Some ambiguity is in evidence in the degree of commitment to accountability and local autonomy: the need for centralization to

⁵⁸Debates, 1975, p. 999.

⁵⁹Guidelines for the Seventies, p. 87.

provide for equality and responsibility may be in conflict with the party's ideal of diversification and local decision-making.

The Progressive Conservative Party's policies on education finance were embodied in the Foundation Program introduced by a Conservative Government in 1967. During the eight years that the Conservatives were in opposition, no new written policy was developed,⁶⁰ and since their return to power, if new policies do exist, they have not yet been implemented through legislative action.

When the Foundation Program was initiated, a foundation grant was paid to each unitary school division to provide for "full provincial funding of basic educational costs."⁶¹ Monies to pay the foundation grants were drawn largely from the general revenues of the Province, with a provincial levy (foundation levy) on property making up the balance. The Conservatives felt that fiscal equity was built into this program. Property tax assessment across the Province was to be fairly uniform because the foundation grants would be such that there would be little demand for special levies. For the Conservatives in opposition, fiscal inequity developed largely because the NDP Government did not adequately fund the Foundation Program, with the result that property taxes became "out of hand."⁶² Inequity could be

⁶⁰Interview with Sterling Lyon, February 7, 1977.

⁶¹Manitoba, The Public Schools Act, Part XXIV, Regulation P250-R11, as amended (Winnipeg: Queen's Printer, 1967).

⁶²Interview with Sterling Lyon, February 7, 1977.

removed simply by increasing considerably the provincial input to the Foundation Program. School divisions would then make less costly demands on the municipalities in relation to the special levy; there would be "a better melding of property tax with the Foundation Plan."⁶³ However, provincial input to the Foundation Program recently has not increased appreciably,⁶⁴ and there have been few instances of a decline in the special levy.⁶⁵ Apparently, a prime concern for fiscal restraint has delayed commitment to the principle of fiscal equity in education finance.

For the Conservatives during the mid-seventies, inequity existed also because the Manitoba Property Tax Credit Plan greatly confused the whole situation concerning education financing. Harry Enns, Conservative MLA for Lakeshore constituency, indicated the concern that the level of funding of education was unknown because of the NDP Government's method of reporting on the Property Tax Credit Plan:

⁶³Ibid.

⁶⁴Payments in 1978 were increased by approximately \$8½ million, from a 1977 level of \$183,522,796 to \$192,072,887. This increase of 4.66 per cent corresponds with increases of 11.72 per cent and 7.69 per cent in the two previous years. (See Table VII, page 119.) In 1979, the provincial contribution to the Foundation Program amounts to \$204,158,721, an increase of approximately \$12 million, or 6.29 per cent, over 1978. (Information provided by The Public Schools Finance Board, April 30, 1979.)

⁶⁵For example, a decline of a fraction of one mill in the St. James-Assiniboia School Division's 1978 special levy resulted primarily from an enrolment decline. Per pupil expenditures increased over 1977. (Information provided by the Assistant Director of Schools, St. James-Assiniboia School Division No. 2, April 4, 1978.)

Educational financing has historically been far from an academic matter. The level of it, the priorities of it ... we have attempted from time to time to establish with ... this government. In debating the foundation program and the direct contributions made to it, we are always reminded about the nature of this program and the direct contribution that the government is making to education in this means. I think it's rather important to be able to debate with a reasonable amount of honesty precisely the current contribution made by the provincial level of government towards education costs. (The Property Tax Credit Plan) will continue to blur the precise identification of programs, identification of priority programs that this government wishes to support....⁶⁶

For Donald Craik, PC member from Riel constituency, funds were directed to the Property Tax Credit Plan which should have been placed in the Foundation Plan.⁶⁷ The Conservatives themselves introduced a \$50 rebate to taxpayers in 1966, based on a plan implemented earlier in British Columbia by Premier W. A. C. Bennett. However, the problems with that earlier rebate and the NDP plan were outlined by Craik:

The Conservative Party brought in this tax rebate system when it was in power ... and it was brought in lieu of the fact that there was required at that time a more adequate system of school financing. So it was removed from the scene of financing when the foundation program was brought in It was removed because it wasn't a logical plan ... of looking at overall government responsibility, which is to finance the municipalities and school boards to an adequate level Now since it is provincial responsibility, your rebate plan is an admission that the level of financing and the method of financing ... is inadequate Now it's got to the point that this scheme has become such a built-in part of the whole system that it gets more and more difficult to make the adjustments that should

⁶⁶ Debates, 1975, p. 4071.

⁶⁷ Debates, 1975, p. 4075.

be made in the foundation program to overcome the amount of money that is now going into this plan.⁶⁸

For the Conservatives, local education property taxes were too high, and the NDP Government, rather than going the direct route of removing those taxes through adequate financing of the Foundation Program, chose to pay, through a complicated system, individual grants to individual property taxpayers.⁶⁹ Nevertheless, in spite of this opposition to the Property Tax Credit Plan, the new Conservative Government has continued its existence and increased contributions to it.⁷⁰ Monies have not yet been re-directed to the Foundation Plan.

While there was no such provision in 1967, the Conservatives feel now that the Foundation Program must be supplemented by equalization payments. Differences in balanced assessment per pupil among school divisions are too great to provide for fiscal equity simply through the Foundation Program.⁷¹ Accordingly, the Government in 1978 and 1979 increased the equalization grants initiated by the NDP.⁷²

The Conservative Government, then, in its concern for fiscal equity, will seek to reduce the property tax burden by diverting funds from the

⁶⁸Ibid.

⁶⁹Debates, 1975, p. 4076.

⁷⁰Property tax rebates for 1979 will cost the Government approximately \$117 million; in 1977 the amount set aside was \$104 million. (Information provided by The Public Schools Finance Board, January 31, 1979.)

⁷¹Interview with Sterling Lyon, February 7, 1977.

⁷²See Table VI, page 63.

Manitoba Property Tax Credit Plan into direct funding to school divisions through increased foundation grants,⁷³ and it will continue with equalization grants to supplement the Foundation Program.

In implementing the Foundation Program, the Progressive Conservatives felt that they were providing equality of educational opportunity to a level of equal sacrifice to all school divisions. For example, the need to transport students would not lower the quality of education offered by a rural division in relation to that offered by an urban division since no local monies would be spent on transportation. A student's access to educational offerings was not to be affected by his parents' or his neighbors' wealth, or by his geographic location in the province. Since 1967, the Conservatives have continued to adhere to a principle of equal access to education, with a Foundation Program as a means to achieve that equality. However, evidence of a concern to provide funding for a variety of programs to meet the needs of all students has been less apparent than was noted for Manitoba's Liberals and New Democrats. The Conservative Party in opposition did not speak out forcefully on funding requirements for Bill 58, for example, and the legislation has not been proclaimed since the present government

⁷³However, presumably the party would refrain from full provincial funding of education costs. For example, there was a concern that full government funding of approved construction costs during the seventies had resulted in less "responsibility" at the local level than was the case when construction was at least partially dependent upon by-law success at the polls. (Interview with Sterling Lyon, February 7, 1977.)

assumed office.⁷⁴

The Progressive Conservative Party has a concern for accountability in educational expenditures. This can best be achieved with strong leadership from the Department of Education. For Brandon West MLA Ed McGill, accountability was lacking under NDP leadership because the Department was "like a rudderless ship, making a lot of splash, but no forward motion."⁷⁵ In 1976, he inquired of the Minister of Education:

How far does your Department plan to go with decentralization? Really when does decentralization become abandonment of responsibility? The responsibility for what goes on in the educational system has to be accepted by someone in your Department; not by every school teacher in the province. Surely, the Minister is able to describe more definitely where the decentralization program ends and where responsibility begins and ends in terms of the total delivery of the educational system.⁷⁶

To some degree, then, Conservative concerns for equity, accountability and equality may tend to outweigh commitment to local autonomy.⁷⁷

Lobbies and Pressure Groups

There are a number of organizations in Manitoba with policies relating to educational finance. As might be expected, trustee, teacher

⁷⁴Some movement is noted in 1979, however. In a letter to school board chairmen, dated April 25, 1979, the Minister announced provision of \$500,000 to support programs for children with low-incidence handicaps.

⁷⁵Ed McGill, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 9, 1977.

⁷⁶Debates, 1976, p. 2866.

⁷⁷In contrast, the recent increase in the pupil block grant to \$307.00 provides for a fair degree of fiscal decision-making at the school division level.

and other professional associations speak out frequently on the grant system. Municipal and commercial associations, on the other hand, have concern primarily for taxation and accountability measures in the financing of education. The Minister of Education's Advisory Committee on Education Finance has examined both revenues and grants with annual reports over the past four years. And in 1978, the Task Force on Government Organization and Economy drew attention to its concerns on all aspects of education finance.

The Manitoba Teachers' Society, immediately after 1967, was supportive of the concept of a foundation program, although it expressed concerns about the extent to which the Provincial Government was funding the Program. In November of 1970, the Society published the results of its study on education finance.⁷⁸ Several of the recommendations at that time remain as Society policy; others have been superceded by action taken in 1976 based on a 1975 study of education finance.⁷⁹ Recommendations in both studies reflect a concern for the principles of fiscal equity, equality of educational opportunity and local autonomy.

In 1970, the Manitoba Teachers' Society felt that its concerns for equity could be alleviated through additional Provincial contributions to the Foundation Program. Schedule A of the grant regulation (teacher salary grant) should be revised in such a way that it would be at least as high as the median salary in use in unitary divisions, and the

⁷⁸The Manitoba Teachers' Society, A Study of Education Finance in Manitoba (Winnipeg: The Manitoba Teachers' Society, November, 1970.)

⁷⁹The Manitoba Teachers' Society, A Study of Education Finance in Manitoba (Winnipeg: The Manitoba Teachers' Society, December, 1975.)

Schedule should be revised annually to reflect increased costs.⁸⁰

The grant for administration, maintenance, supplies and reference books should provide at least 95 per cent of the expenditures for at least half of the divisions, and it should be increased annually to reflect changes in the consumer price index.⁸¹ In general, the sum of the foundation grants for all unitary divisions should be equal to between 85 and 90 per cent of the expenditures of those divisions in each future year,⁸² thereby reducing the size of special levies. The burden of the property tax should be further lessened with a reduction in the foundation levy and with the elimination of all tax-exempt property.⁸³

In 1970, the Manitoba Teachers' Society felt, also, that equality of educational opportunity could best be provided by means of a Foundation Program. Equality of access would be achieved through the Province's funding a very high percentage of actual school division costs, and by making additional grants to divisions and districts north of the 52nd parallel.⁸⁴ The needs of special students could be met through categorical grants for resource teachers, psychologists, Indian and Metis students, etc.⁸⁵

⁸⁰The Manitoba Teachers' Society, 1970, op. cit., p. 172.

⁸¹Ibid., p. 174.

⁸²Ibid., p. 174.

⁸³Ibid., p. 175.

⁸⁴Ibid., pp. 172-174.

⁸⁵Ibid., pp. 172-3.

Since 1976, the Society has altered its policies considerably. Fiscal equity and equality of educational opportunity both can be achieved only if the Province discards its present Foundation Program for providing grants for operating expenditures, and substitutes in its place a grant system based on the power equalizing principle, with pupils weighted according to need. The Society's 1975 study of education finance introduced its discussion of a power equalizing plan by stating:

Since the tremendous publicity following the Serrano and Rodriguez cases in the United States, jurisdictions in both Canada and the United States have been examining their school finance structures to determine the extent to which they violate the following principles enunciated in these cases and in the subsequent discussions, namely:

1. that a child's education should not depend on the wealth of its parents and neighbours;
2. that equal local fiscal effort should produce equal revenues for each pupil; and
3. that what is spent per pupil by a jurisdiction should vary with educational need measured in a more exact way than just total number of pupils.

The first two of these "principles" are the same, stated in two different ways. They both say that there should be no fiscal barrier preventing equality of educational opportunity.⁸⁶

The third "principle" was that of weighting pupils according to their particular educational needs. Thus, for the Manitoba Teachers' Society, the two major new concepts arising from the recent upsurge of research and litigation were those of power equalizing and pupil weighting.

⁸⁶The Manitoba Teachers' Society, 1975, op. cit., p. 99.

The latter concept, pupil weighting, recognizes that the cost per pupil of providing equivalent service is not the same for all boards or for all pupils within the same division. At present, secondary pupils cost more to educate than elementary pupils (a fact not necessarily justifiable), special education pupils more than regular pupils, urban pupils more than rural pupils, etc. If all school divisions had the same proportions of pupils in various categories, no weighting would be needed. But since this is not the case, proponents advocate some means of weighting, i.e., elementary student = 1; secondary student = 1.5; special education student = 2. A modified district power equalizing system in Florida weights handicapped students on a range of 2 to 15. Other schemes weight compensatory education students on the basis of family income or pupil performance. It is also possible to calculate grants on the basis of authorized teachers, with weighted pupils to determine the authorization. The Manitoba Teachers' Society has felt that pupil weighting is essential to success in achieving fiscal equity.⁸⁷

In relation to power equalizing, the Teachers' Society has recommended as a first step that the Province legislate mandatory minimum satisfactory requirements for all school divisions. The Province should determine what the acceptable satisfactory standard of education is for all divisions and require of school boards that it be provided. Equalization grants should then be so awarded that every

⁸⁷ *Ibid.*, p. 125. (Presumably, such weighting would be the responsibility of the Department of Education.)

board can provide this minimum standard with the same local effort, as measured by mill rate on balanced assessment.⁸⁸ In addition, power equalizing should make it possible for all divisions, regardless of wealth, to increase their expenditures per (weighted) pupil with the same increase in mill rate. It would be possible for the poorest division to make the same expenditure per pupil as the richest, if it makes the same local effort.

Further, in its support for equity and equality of opportunity, the Society has approved the present system of meeting 100 per cent of approved expenditures on transportation, debt service, capital and buses, although it believes that a more sophisticated method of determining the maximum approved expenditure for transportation could

⁸⁸For the Manitoba Teachers' Society, the essence of determining the formula for a percentage equalizing grant is the split decided by the Province on the percentage of operating costs to be borne respectively by the Province and the special levy. A board of average wealth would have that particular split while those wealthier than average would have a proportionately higher percentage met from special levy and those poorer than average a proportionately lower percentage. The formula for determining the proportion to be borne locally would be:

$$\text{Local percentage} = P \times \frac{\text{BAAT of the board}}{\text{Av. BAAT of all boards}}$$

where P = the percentage the Province decides will be that borne by a board of average wealth.

and BAAT = balanced assessment per authorized teacher, based on weighted pupils.

be developed than the present simple ceiling on dollars per transported pupils.⁸⁹ On operating expenditures, the Government should gradually increase the proportion borne by the Province until it reaches at least 80 per cent by 1980.⁹⁰

The power equalizing formula relates to the Society's concern for local autonomy. Differences in expenditure level per pupil would be dependent only on the decision of the local division. The Society's proposal is also distinguished by a recommendation that the equalization grant for operating costs be paid to divisions in the form of a single block grant, per weighted pupil or per authorized teacher.⁹¹ This represents a basic departure from the categorical grants associated with foundation plans; the block grant admits to a greater reliance on local decision-making.

The Teachers' Society believes that the Province would be more accountable for its educational expenditures if the Manitoba Property Tax Credit Plan were abolished. The money committed to the Tax Credit Plan could be used to increase directly the provincial share of the total cost of education under the power equalizing approach.⁹² The

⁸⁹The Manitoba Teachers' Society, 1975, op. cit., pp. 124, 125.

⁹⁰Ibid., p. 124. (The Manitoba Teachers' Society, however, does not support full provincial funding of the costs of education. Some contribution at the municipal level is necessary to preserve the principle of local autonomy.)

⁹¹Ibid.

⁹²Ibid., p. 126.

confusion associated with an income redistribution scheme existing as a charge against education would end. Further, the Society has supported accountability at the local level. Decisions on expenditure should be made as close as possible to the level which is affected by the expenditure.⁹³

The Manitoba Teachers' Society, then, has advocated a radical departure from the present method of financing educational costs in the Province. Adherence to basic principles underlying education finance policies can best be accomplished if a Power Equalizing Plan is substituted for the present Foundation Program.

At its 1978 Annual General Meeting, The Manitoba Association of School Trustees passed a resolution which reflects a concern for the principles of fiscal equity, equality of educational opportunity, accountability and local autonomy. The resolution read as follows:

Be It Resolved that MAST request the Minister of Education to revise and update the Foundation Program to cover the major portion of education costs at the elementary and secondary level, and

Be It Further Resolved that such a Foundation Program be financed 80 per cent from the consolidated revenues of the province and 20 per cent from a uniform Foundation Levy on Property, and

Be It Further Resolved that school boards continue to have the authority to finance those costs which are not covered under the Foundation Program and which are deemed desirable and necessary on the basis of local needs, through a special levy on Property, and

⁹³Ibid., p. 21.

Be It Further Resolved that the Foundation Program be updated annually to conform to the aforementioned principles; namely that there be a Foundation Program to cover the major portion of the annual education costs in the province; that the principle of equalization be preserved and enhanced through the program, and that boards retain the right to meet unique local needs through a special levy.⁹⁴

For MAST, maximum equality of educational opportunity would be ensured if the Foundation Program financed 100 per cent of a basic education.⁹⁵

The variety of categorical grants (teacher salary; textbook; library; declining enrolment, etc.) within the Program would provide the necessary incentive for school boards to maintain "satisfactory standards of education."⁹⁶ Fiscal equity would be achieved in the fairest way with the application of a uniform levy on all property (with a differential between farm and residential and commercial property), and with the major portion of education costs funded from consolidated revenues:

This is a true equalization plan. Wealthy divisions contribute more to the Foundation Fund than poorer divisions because of their higher assessment. A further equalization is realized through the government's share of the foundation fund since most of this will be raised from those who can afford to pay through personal income and sales tax.⁹⁷

⁹⁴The Manitoba Association of School Trustees, "Resolution Passed at the 1978 Annual General Meeting" (Winnipeg: The Manitoba Association of School Trustees, 1978) p. 1. (Mimeographed.)

⁹⁵The Manitoba Association of School Trustees, "Brief Presented to Hon. Keith Cosens, Minister of Education, December 19, 1977" (Winnipeg: The Manitoba Association of School Trustees, 1977), p. 2. (Mimeographed.)

⁹⁶Ibid.

⁹⁷Ibid.

And furthermore, local autonomy would be protected and accountability assured with school boards retaining the authority to raise money locally through a tax on property. The existence of the special levy "creates public interest and awareness of education" at the local school division level.⁹⁸

In the years prior to 1978, the Trustees' Association repeatedly called on the Provincial Government to increase its contributions under the Foundation Program -- in part as a means of ensuring fiscal equity. For school trustees, as provincial contributions have declined, special levies have increased, with the inevitable inequities associated with the property tax.⁹⁹ In 1974, the Minister of Education was called upon "to make adequate revisions to the grant structure in order to alleviate the continuous increase in the burden of special levy costs"¹⁰⁰ In 1975, the Minister was asked "to retain the equalization grant program and to update the Provincial Education funding in order that the Province supports public education costs to the extent of 80 per cent from consolidated revenues."¹⁰¹ Should equalization not occur within

⁹⁸Ibid.

⁹⁹The Manitoba Association of School Trustees, 1976 MAST Cost Study, (Winnipeg: The Manitoba Association of School Trustees, 1977.)

¹⁰⁰The Manitoba Association of School Trustees, "Presentation to the Government of Manitoba on Resolutions Passed at the 1974 Convention" (Winnipeg: The Manitoba Association of School Trustees, May 2, 1974), p. 4. (Mimeographed.)

¹⁰¹The Manitoba Association of School Trustees, "Presentation to the Government of Manitoba on Resolutions Passed at the 1975 Convention" (Winnipeg: The Manitoba Association of School Trustees, May 15, 1975), p. 2. (Mimeographed.)

the Foundation Program, MAST in 1976 recommended to the Minister of Education that "the amount per pupil raised by special levy in any school division be supplemented by provincial funds to equal the amount per pupil which would be raised by the same special levy mill rate in the division with the highest assessment per pupil"¹⁰² In 1976, also, trustees stated their position on the Manitoba Property Tax Credit Plan. School boards do not necessarily oppose such a plan, but they do object to its inclusion as an education cost. As a means of removing inequity, MAST would prefer that increased education grants replace the relief provided to the home owner through the property tax rebate.¹⁰³ Thus, a greater degree of fiscal equity would become possible if property tax demands were lessened, with a corresponding increase in provincial contributions from consolidated revenues to a Foundation Program.

Equality of opportunity concerns have also been evidenced in MAST support of a Foundation Program. Adequate funding of foundation grants would provide a basic educational system accessible for all students in the Province. Categorical grants within the Program would ensure that the special needs of individual students are met. Thus, MAST in 1974 called upon the Government to reduce the pupil/teacher ratio on which teacher salary grants are authorized, to increase grants

¹⁰²The Manitoba Association of School Trustees, "Presentation to the Premier of Manitoba and Members of the Provincial Cabinet on Resolutions Passed at the 1976 Convention" (Winnipeg: The Manitoba Association of School Trustees, September 13, 1976), p. i. (Mimeographed.)

¹⁰³Ibid., p. 2.

for teachers' salaries, to provide grants for teacher-librarians and for outdoor education, to provide additional teacher grants where optional subjects such as music and art are taught, to provide special grants for small schools and northern schools, to compensate divisions for non-resident costs paid to other divisions, to increase the maximum grant for transportation costs, and to expand the definition of a "transportable" pupil.¹⁰⁴ In 1975, trustees requested grant assistance for home economics and industrial arts, for the purpose of involving professional personnel in curriculum development, and to offset expenses in creating greater use of school buildings after school hours.¹⁰⁵ Again in 1977, MAST indicated its "grave concern" with Bill 58 -- a concern that adequate funding accompany implementation of the legislation, especially to cover costs of in-service training of teachers and the provision of paraprofessionals to work in classrooms.¹⁰⁶ Incentive grants were requested for divisions to provide equality of opportunity for all students.

As has been noted, the Manitoba Association of School Trustees believes a special levy¹⁰⁷ is necessary for the preservation of local

¹⁰⁴The Manitoba Association of School Trustees, 1974, op. cit., pp. 6-9.

¹⁰⁵The Manitoba Association of School Trustees, 1975, op. cit., pp. 2-4.

¹⁰⁶The Manitoba Association of School Trustees, 1977, op. cit., p.4.

¹⁰⁷The Trustees' Association does not support full provincial funding of the costs of education; rather, special levies (equalized) should raise 20% of school division costs.

autonomy. If school boards wish to offer education opportunities to students beyond a basic program, they should be free to do so ¹⁰⁸ -- and to be accountable for the expenditure of special levy monies. However, this concern for decision-making at the division level seems somewhat curtailed by the demands for many and varied categorical grants within the Foundation Program.

For the Manitoba Teachers' Society, the basic principles underlying the financing of education can be realized only through a radical departure from current funding practices. For the Manitoba Association of School Trustees, however, at the present time ¹⁰⁹ improvement of fiscal equity, equality of opportunity, accountability and local autonomy are possible with increased provincial support for the existing Foundation Program.

During 1978, The Manitoba Association of School Superintendents

¹⁰⁸The Manitoba Association of School Trustees, 1975, op. cit., p.3.

¹⁰⁹At the Annual General Meeting, held March 22-24, 1979, the following motion was passed:

BE IT RESOLVED that MAST request the Minister of Education to revise the Foundation Program of grants to school boards so that:

1. it covers 100% of the costs of a basic program
 - (a) 80% of the funds required come from the consolidated revenues of the province
 - (b) 20% of the funds come from a uniform levy on real property.
2. there would be a per pupil grant equal to that of the division which has the lowest operating cost per pupil, calculated annually,
3. there would continue to be a transportation grant which would be increased each year in accordance with increased costs,
4. there would continue to be a capital grant equal to 100% of approved costs.

reassessed its policies on education finance. The appointment of a special committee was approved at the Annual General Meeting in April; that committee reported to the membership at a special meeting held in October. The Association's position on the financing of public school education, including support for the basic principles underlying its policy, resulted from that meeting.

Prior to 1978, MASS had tended to react to particular grants, or the lack of grants, within the Foundation Program,¹¹⁰ or to education finance proposals of other organizations,¹¹¹ without developing any overall policy of its own. However, there was one notable exception. In its 1974 brief to the Minister of Education, the Association presented a resolution which had the unanimous support of its membership:

Whereas there have recently been many expressions of opinion, including some from this Association, in favor of maintaining or increasing the autonomy of school divisions in fiscal as in other matters and

Whereas it is desirable that local communities have the right and the effective power to augment provincial grants by taxing themselves and that the sacrifice required by such self-imposed taxation be related only to the augmentation desired and not

¹¹⁰The Association presented its views to the Minister of Education on the effect of grants on semestering and trimestering, block grants, and the lack of grants for libraries (1973); textbooks (1974); basis for calculating teacher grants (1975).

¹¹¹The Association in 1976 voted to support the proposals of the Minister's Advisory Committee on Education Finance: continuation of the Foundation Program; 20/80 split in foundation levy/consolidated revenues basis for funding education costs; per pupil block grant; business and vocational education per pupil grant; transportation grant; capital grants.

to fortuitous circumstances such as personal wealth or the location of businesses or industry and

Whereas school divisions indeed find it necessary to raise some portion of their budgetary needs by special levy and the great differences in assessment base require some divisions to impose much higher mill rates than other divisions in order to raise the same amount per teacher or per pupil and

Whereas this inequitable situation violates the principle that the resources available for a pupil's public education should not depend upon the wealth of the pupil's parents or neighbors

BE IT RESOLVED that the Manitoba Association of School Superintendents recommend to the Minister of Education that the amount per pupil raised by special levy in any school division be supplemented by provincial funds to equal the amount per pupil which would be raised by the same special levy mill rate in the division with the highest assessment per pupil, and that if this level of supplement be unacceptably costly this policy be implemented by paying some fraction, as for example one half, of the supplement determined by this calculation or by supplementing the amount per pupil raised to some appropriate dollar figure to be determined annually by the Minister.¹¹²

In essence, this "equalization" proposal represented the Association's position on improving fiscal equity, and it worked hard to gain the support of other organizations for its policy.¹¹³

¹¹²The Manitoba Association of School Superintendents, "Brief to the Minister of Education" (Winnipeg: The Manitoba Association of School Superintendents, 1974), pp. 2-3. (Mimeographed.)

¹¹³The resolution later received support in principle from the Minister of Education's Advisory Committee on Education Finance, the Manitoba Association of School Trustees, the Manitoba Association of School Business Officials, and the New Democratic Party at its annual convention.

The 1978 decisions of the Superintendents' Association¹¹⁴ reflected an ongoing commitment to the principle of fiscal equity. Like the Manitoba Association of School Trustees, MASS supported the concept of a Foundation Program financed to an 80 per cent level from the consolidated revenues of the Province, with 20 per cent derived from the foundation levy on property. Further equity would be achieved if the Association's 1974 proposal for equalization of the special levy were implemented. In addition, the \$250 minimum credit under the Property Tax Credit Plan should be abolished, with the amount now spent by the Government on these credits diverted into direct support for the Foundation Program. The combination of an adequately supported Foundation Plan with equalization of the special levy would do much to remove existing inequity in the financing of education.

Equality of opportunity could be enhanced with adequate foundation grants applicable to all divisions, and with supplementary incentive grants to meet the special needs of individual students. For the Superintendents' Association, some new weighting factor for special education grants must be introduced; the 1/450 ratio for teacher authorization was not considered to be relative to the current situation. A ratio of 1/250 would be more appropriate. There would be need, too, for further categorical grants when Bill 58 were declared, and for

¹¹⁴The Manitoba Association of School Superintendents, "Recommendations to the Minister of Education on the Financing of Education" (Winnipeg: The Manitoba Association of School Superintendents, November, 1978), pp. 1-3. (Mimeographed.)

continuation of special grants for nutrition programs, French immersion classes, etc. Most of the existing categorical grants should also be continued: teacher salary grants, declining enrolments and northern grants, textbook and library grants, capital grants, and grants for transportation. The definition of a "transportable" student should be re-examined to take into consideration particularly the needs of some urban students. There was need, of course, for a general increase in the extent of provincial funding; if the Foundation Program were inadequately financed, if there were too great a reliance on the special levy, services to pupils would be reduced with a corresponding reduction in equality of educational opportunity.

The Superintendents' Association has shown support for local autonomy in its desire for the retention of the special levy. However, the ongoing concern for categorical grants has tended to detract from MASS support of local decision-making. For example, superintendents have not advocated increasing pupil block grants at the expense of categorical grants. The possibility of hiring well-qualified and experienced teachers would be enhanced if grants for teacher salaries were retained. Trustees may more readily be convinced to purchase reference materials if the \$16.00 grant for print and non-print materials were to remain in effect. In any centralization/decentralization debate, MASS has tended to opt for a centralized fiscal direction.

By way of contrast, however, the Superintendents' Association has taken strong exception to statements related to local accountability in the report of the Task Force on Government Organization and Economy.

That Report suggested that "the present method of funding and raising revenues by means of local levies provides little incentive for cost control and for exercising rigorous cost-effective management."¹¹⁵ Furthermore, the Task Force noted that the Provincial Auditor has criticized the absence of full accountability with regard to school grants,¹¹⁶ and it recommended that the Public Schools Finance Board "initiate a program of external management audits of school divisions."¹¹⁷ MASS has objected:

Only locally-elected government bodies such as school boards are able to carefully scrutinize all expenditures. As governments become further removed from taxpayers, they tend to spend more freely and less in keeping with the wishes or knowledge of their electorate.¹¹⁸

And further:

Provisions which would 'require more efficient operation' or initiating 'a program of external management audit' are techniques which would substitute the judgment of a provincial employee or a provincially appointed Board for the judgment of locally elected representatives A great deal of concern exists with respect to the intended definition of 'efficient operation'. Does this refer to educational efficiency or financial efficiency?¹¹⁹

¹¹⁵The Province of Manitoba, Report of the Task Force on Government Organization and Economy (Winnipeg: Queen's Printer, 1978), p. 76.

¹¹⁶Ibid., p. 78.

¹¹⁷Ibid., p. 77.

¹¹⁸The Manitoba Association of School Superintendents, "Brief to the Minister re Manitoba Task Force Recommendations" (Winnipeg: The Manitoba Association of School Superintendents, July 27, 1978), p. 5. (Mimeographed.)

¹¹⁹Ibid., p. 6.

The position of the Manitoba Association of School Superintendents on the financing of education is similar to that of school trustees. With added provincial monies, a Foundation Program can best meet concerns for equality of educational opportunity and fiscal equity. With a (limited) special levy, accountability and local autonomy will be assured.¹²⁰

The Manitoba Association of School Business Officials at many of its annual meetings has passed resolutions relative to the financing of education. For example, delegates have voted to petition the Minister of Education to remove the five per cent provincial sales tax from equipment and supplies purchased for instructional purposes, to increase transportation grants for students attending regional secondary schools, to grant additional funding for students registering in certain shops programs, and to include the equipping of buses with radio equipment as part of the Foundation Program.¹²¹ However, the Association has not developed a comprehensive policy statement on education finance, although it did "accept" the recommendations of the Minister's Advisory Committee in 1976.¹²² Presumably, MASBO supports the Advisory Committee's response to principles of equity, equality, accountability and local autonomy.

¹²⁰The Manitoba Association of School Superintendents does not support full provincial funding of educational costs.

¹²¹The Manitoba Association of School Business Officials Incorporated, "Minutes of the Fifteenth Annual Meeting and Seminar" (Winnipeg: The Manitoba Association of School Business Officials, May, 1976), pp. 5-7. (Mimeographed.)

¹²²Ibid., p. 5.

The Minister of Education's Advisory Committee on Education Finance has been in existence since the fall of 1974. Following the November, 1970, publication of its major study on education finance, the Manitoba Teachers' Society hosted a conference on the subject. Representatives of interested organizations were invited to participate; they, in turn, at the conclusion of the conference, set up an ongoing inter-organizational committee to undertake further study. The inter-organizational committee came to the conclusion that a more permanent statutory committee should be established to give advice directly to the Minister of Education, and it so recommended to the Provincial Government at that time. Premier Schreyer agreed to the formation of the committee, although not on a statutory basis, and the Minister of Education established it during the summer of 1974.

The Committee is composed of two representatives from each of the Manitoba Teachers' Society, the Manitoba Association of School Trustees, the Manitoba Association of School Superintendents, the Manitoba Association of School Business Officials and the Department of Education. Its terms of reference are broad; it may advise the Minister on any aspect of education finance. The Committee has been careful to point out, however, that its recommendations "represent a consensus of its membership and should not be considered as necessarily reflecting the policies of the constituent organizations."¹²³

¹²³The Advisory Committee on Education Finance, Report to the Honorable Keith Cosens, Minister of Education (Winnipeg: The Advisory Committee on Education Finance, 1977), p. (i).

The Advisory Committee on Education Finance has reported to the Minister of Education in each year since 1975. The chief recommendations in the 1978 Report to the Honorable Keith Cosens¹²⁴ were:

1. That the Foundation Program be continued and be financed on the basis of eighty per cent from the consolidated revenues of the Province and twenty per cent from a foundation levy on real property.
2. That certain categorical grants be paid to school divisions:
 - that teacher grants in 1979 be paid on the same basic formula as was used in 1978.
 - that for students who are orthopedically handicapped, blind or visually handicapped, the grant include the full cost of transportation, equipment, teacher in-service and support staff.
 - that per pupil vocational industrial and business education grants remain as at present; and that the present vocational equipment grant be abolished and replaced with two grants - one for establishment and the other for replacement.
 - that the \$5.00 per pupil library grant be continued, with the textbook grant increased from \$12.00 to \$16.00 per pupil, and the \$4.00 per pupil print and non-print grant becoming part of the pupil grant.
 - that the declining enrolment grant for 1979 be \$500.00 per pupil on the basis of a guaranteed enrolment, with the small schools grant discontinued.
 - that the northern cost of living grant be continued.
3. That the per pupil block grant in 1979 be increased from \$260.00 to \$335.00.

¹²⁴The Advisory Committee on Education Finance, Report to the Honorable Keith Cosens, Minister of Education (Winnipeg: The Advisory Committee on Education Finance, 1978), pp. 5-8.

4. In relation to transportation grants:
 - that 100 per cent of actual transportation costs be paid for those students with special needs who require transportation.
 - that in addition to the per pupil transportation grant a further grant of 50¢ per mile be paid on all bus routes for those miles in excess of fifty loaded miles per day.
5. That if a parent chooses to send his/her child to another school division for a program offered in the home division, the parent be charged an amount not exceeding the residual cost of education for that child in the receiving division.
6. In addition to existing capital grants:
 - that a grant equal to rental costs be paid to a school division where rental facilities (rather than new construction) are used with the approval of the Public Schools Finance Board.
 - that capital grants be made available to school divisions for construction of school bus garages on the basis of 100 per cent of approved costs.
7. That the sum of \$20,000,000 be allocated for equalization grants in 1979, based on a formula similar to that used in 1978.

The Minister's Advisory Committee also made some recommendations related to accounting and administrative matters. It believes that standardized procedures should be developed by school divisions, particularly in the areas of transportation accounting and per pupil costs. The Department of Education should develop a clear definition of what are legitimate transportation expenses under the Foundation Program, and should establish an administrative process to monitor transportation costs. Further, the Department should define the status of foreign students in

Manitoba schools, their rights, and the fees that may be assessed against them. Property tax forms should include a clear statement which stipulates what portion of the property tax rebate is applicable to school taxes and what portion is applicable to municipal taxes.

The Advisory Committee has felt that 1979 should be a year of research in several areas of education financing. In-depth studies should be undertaken in the area of special education, on the present authorized teacher grant, on the declining enrolment grant with a view to a more equitable formula calculated to allow for variations in the authorized teacher salary grants list, on the cost of providing transportation for pupils living in a city, town or village, and on the property tax rebate program.

The 1978 recommendations of the Minister's Advisory Committee on Education Finance reflected support for the Foundation Program concept, although the Committee saw a need for many adjustments within the grant structure. In its opinion, too, there was a requirement for a tightening of Provincial control over certain school division expenditures, and a need for research into such areas of education finance as the implications of Bill 58 on special education, the authorized teacher grant, and the property tax rebate scheme.

The Manitoba Association of Urban Municipalities, over the course of the past few years, has passed resolutions related to the financing of education at its annual and mid-season conferences. As might be expected, those elected to municipal office have expressed concern over rising educational costs with the resulting demand on the property tax

which they see as the only real source of income for municipal services. The Association would prefer that the costs of education be funded solely from the consolidated revenues of the Province.¹²⁵ If that were not possible, certainly the portion of the costs borne by the Province should be increased. This attitude has been reflected in three resolutions of the Association.

1. WHEREAS educational costs are escalating at a rate which will soon overwhelm the ability of the property tax base to support these costs, and

WHEREAS the right to equal opportunities for education is a basic social right, and has become as much a part of our social culture as has the provision of health services;

THEREFORE BE IT RESOLVED, and this Mid-Season Meeting of the Manitoba Association of Urban Municipalities does resolve, that representations be made to the Government of the Province of Manitoba to the end that educational costs become a social cost rather than a charge on real property, and that educational costs be funded out of Provincial revenues in a manner similar to the funding of health costs.¹²⁶

2. WHEREAS under the B.N.A. Act, education is a Provincial responsibility;

AND WHEREAS the percentage share of the Provincial Government contribution to education has been decreasing while the percentage paid by the municipalities has been increasing;

¹²⁵ While the property tax may be the only local tax which a municipal authority may impose, municipalities do receive income from other sources. In Manitoba, senior governments provide a wide range of conditional and unconditional grants as well as the proceeds of one percentage point of corporate income tax and two percentage points of personal income tax.

¹²⁶ The Manitoba Association of Urban Municipalities, "Proceedings of the Mid-Season Conference, Gimli, Manitoba, May 23, 1975" (Winnipeg: The Manitoba Association of Urban Municipalities, 1975). p. 3.

THEREFORE BE IT RESOLVED that the Provincial Government be requested to revise their grant structure and increase their share of the cost of education.¹²⁷

3. WHEREAS it is understood that the Provincial budget for the year 1976 - 1977 amounts to an overall increase of 15 per cent over the previous year, and,

WHEREAS the budget for education purposes has apparently only been increased by approximately 10 per cent thereby reducing the education portion of the overall increase and again resulting in drastic increases in the special levies required by the municipalities to meeting the demands of the school division.

NOW THEREFORE BE IT RESOLVED that the Manitoba Association of Urban Municipalities urge the Provincial Government to revise the 1976 - 77 education budget upwards to ensure that there is no increase in the special levies to municipalities.¹²⁸

Furthermore, there has been a desire that the funding be increased in particular ways, essentially to remove or reduce fiscal inequities. The Association has sought funds in order that individual municipalities might subsidize the property taxes of senior citizen-owned homes,¹²⁹ and it has asked the Government to provide an income supplement when necessary as an alternative to requiring school tax exemptions by municipalities.¹³⁰ The Association has also been aware of the specifics

¹²⁷The Manitoba Association of Urban Municipalities, "Proceedings of the 28th Annual Conference, Brandon, Manitoba, October 7, 8, 1976" (Winnipeg: The Manitoba Association of Urban Municipalities, 1976), p. 4. (Mimeographed.)

¹²⁸Ibid., p. 5.

¹²⁹The Manitoba Association of Urban Municipalities, "Proceedings of the 25th Annual Conference, Dauphin, Manitoba, September 20, 21, 1973" (Winnipeg: The Manitoba Association of Urban Municipalities, 1973), p. 7. (Mimeographed.)

¹³⁰The Manitoba Association of Urban Municipalities, "Proceedings of the Mid-Season Conference, Neepawa, Manitoba, May 27, 1977" (Winnipeg: The Manitoba Association of Urban Municipalities, 1977), p. 9. (Mimeographed.)

of the Foundation Program, as evidenced by the following resolution:

WHEREAS school costs are still increasing at an alarming rate;

AND WHEREAS, there has been no change in the grant structure for teachers' salaries since the Foundation Program was established in 1967;

AND WHEREAS, in 1967, the Government grant covered approximately 88 per cent of the teachers' salary, compared to about 51 per cent in 1976;

THEREFORE BE IT RESOLVED that the Manitoba Association of Urban Municipalities urge the Provincial Government to increase their grants for teachers' salaries up to the 1967 grant level.¹³¹

In addition, there has been concern for a seeming inequity between the foundation levies assessed against farm and residential property by comparison with commercial property,¹³² and a belief that assessment practices across the province could be made more uniform.¹³³ The Manitoba Association of Urban Municipalities, then, has concerns primarily for greater equity in the financing of public schools.

The need for a more equitable means of sharing in the costs of educating young people has been reflected also in the policies of the

¹³¹The Manitoba Association of Urban Municipalities, "Proceedings of the Mid-Season Conference, Killarney, Manitoba, May 28, 1976" (Winnipeg: The Manitoba Association of Urban Municipalities, 1976), p. 5. (Mimeographed.)

¹³²The Manitoba Association of Urban Municipalities, "Proceedings of the Mid-Season Conference, Gimli, Manitoba, May 23, 1975," op. cit., p. 4.

¹³³The Manitoba Association of Urban Municipalities, "Proceedings of the 28th Annual Conference, Brandon, Manitoba, October 7, 8, 1976," op. cit., p. 9.

Union of Manitoba Municipalities. The Report of a committee which undertook an education cost study in 1977 read as follows:

Property should not be taxed for education. There is no longer the relationship between property and education that there was when a multitude of local school districts were in operation, each educating the students of the local community within a small radius.¹³⁴

The report also cited examples of property owners having their total property tax bill exempted by the property tax credit while others -- business establishments, farmers, industries -- were paying a very large portion of the education tax on property.¹³⁵ Accordingly, the Union adopted a recommendation "that all education tax on property be removed and that any Property Tax Credit be eliminated from the present system."¹³⁶ Furthermore, the Union of Manitoba Municipalities recommended consideration of increased income and retail sales taxes¹³⁷ as providing greater fiscal equity in taxation for the costs of education.

In recent years, the Manitoba Chambers of Commerce have expressed views on several facets of education. They have urged the Government "to make certain that every effort is made to ensure that the acquisition

¹³⁴Union of Manitoba Municipalities, "Final Report, Education Cost Study" (Portage la Prairie: Union of Manitoba Municipalities, July 25, 1977), p. 4. (Mimeographed.)

¹³⁵Ibid.

¹³⁶Ibid., p. 6.

¹³⁷Ibid., p. 7.

of basic educational skills occupies a prominent place in the school program."¹³⁸ They have recommended improved evaluation procedures, more caution in innovation and experimentation, and "a balance maintained between the encouragement of program development in individual jurisdictions and the need to provide many elements of a common education for all."¹³⁹

The Chamber of Commerce has policies, too, on the financing of education: there is concern for the inequities inherent in the property tax. The Chamber's brief to the Premier and Cabinet in 1976 read in part:

In the light of this situation the concerns of the Chamber may be expressed as follows:

1. Expenditures for elementary and secondary education, which were \$220 million in 1973 have now reached \$335 million, an increase of 52 per cent over the four year period. If this cost escalation continues at the same rate in the future, many real property taxpayers will undoubtedly have great difficulty in meeting their obligations in this regard.
2. The Foundation levy, which provides 20 per cent of the Foundation Program funding, places a very heavy burden on small business. The Foundation levy portion of the Fund in 1976 is \$34 million, of which \$26 million will be raised from "other" i.e.; (industrial and commercial) assessment at the rate of 35 mills on the balanced assessment. This rate, together with the special levy rates which on average vary from 20 to 140 mills places an inequitable tax load on the operation of small businesses.¹⁴⁰

¹³⁸The Manitoba Chambers of Commerce, Presentation to the Premier and Provincial Cabinet (Winnipeg: The Manitoba Chambers of Commerce, 1976), p. 18.

¹³⁹Ibid., pp. 17-19.

¹⁴⁰Ibid., p. 20.

In recommending to the Government that it consider ways and means of alleviating the above situation, the Chamber has been less specific than the municipal organizations which advocate removal of the property tax for education. Nevertheless, the concern of the Manitoba Chambers of Commerce for a greater degree of fiscal equity in education finance has been evident.

Shortly after its success in the October, 1977, election, the new Progressive Conservative Government appointed a Task Force on Government Organization and Economy, and between the 1978 and 1979 sessions of the Legislative Assembly, the Government studied the Task Force Report. The section of the Report dealing with the Department of Education contained recommendations which are relevant for a thesis on education finance.

The Report of the Task Force pointed out that the present method of financing public school education has been in effect since 1967. The objective for the Conservative Government "was then, and remains, to provide a better and more equitable system of education and to give to each child in Manitoba, as a matter of right, and as nearly as possible, an equal opportunity to receive an education."¹⁴¹ Principles of fiscal equity and equality of opportunity were recognized. However, the Report gave much greater attention to the principle of accountability. Accountability concerns were paramount due to the fact that:

Financing of public school education is in a chaotic state and needs to be revamped. The Task Force believes

¹⁴¹The Province of Manitoba, Report of the Manitoba Task Force on Government Organization and Economy, op. cit., p. 76.

that the present method of funding and raising revenues by means of local levies provides little incentive for cost control and for exercising rigorous cost-effective management. To correct these problems it is recommended that policies be developed that will create an incentive for bringing about control in spending at both the provincial and school division levels.¹⁴²

The Task Force did not suggest many specific policies but recommended that a more comprehensive study on financing be undertaken, either by the Minister's Advisory Committee on Education Finance or some other body. Such a wider study should "develop alternatives to the present method... utilizing per teacher grants ... such as block or per student grants."¹⁴³ In the meantime, some of the current operating grants should be consolidated, capital grants including both minor grants and those for school sites and buildings should receive close examination,¹⁴⁴ and funds from municipalities to school divisions should be paid earlier in the school year.¹⁴⁵

In its drive for accountability in education spending, the Task Force Report suggested some lessening of local autonomy:

The Finance Board should use Section P260-8(4) of the Public Schools Act to withhold grants to a school division to require more efficient operations. Applications of these powers should also

¹⁴²Ibid.

¹⁴³Ibid.

¹⁴⁴Ibid., p. 78.

¹⁴⁵Ibid., pp. 79-80.

be made in cases where special levies at the local level cannot be justified.¹⁴⁶

Furthermore:

The Finance Board should initiate a program of external management audits of school divisions, particularly to determine the reasons for operating and administration cost increases and to determine what has been accomplished with the additional expenditures.¹⁴⁷

And again:

Although the Task Force believes that the decision-making responsibility should remain with the School Board, accountability must be improved. The Task Force recommends that auditing and reporting requirements for School Boards be made more consistent with those of municipalities. This would require a supplementary report to be made by the auditors in which they would express an opinion on the adequacy of accounting procedures and controls employed, make recommendations on the proper performance of duties and keeping of records, and bring to the attention of the Council and the Minister any other matters which are considered to warrant their attention.¹⁴⁸

Thus, the Report of the Task Force on Government Organization and Economy, while indicating acceptance of the principles of equality and fiscal equity, made recommendations primarily for enhanced accountability, even if that resulted in a weakening of autonomy at the school division level.

¹⁴⁶ Ibid., p. 77.

¹⁴⁷ Ibid.

¹⁴⁸ Ibid., p. 79

IV. AN APPRAISAL OF CURRENT PRACTICE AND POLITICAL CLIMATE

The historical development of financing educational costs in Manitoba has been surveyed; current education finance practice as it relates both to revenues and grants has been described; and the education finance policies of political parties and a variety of other organizations interested in education have been reviewed. It is now possible to offer some appraisal of both current practice and political climate.

Lack of Rationale and Consensus

As noted earlier, the Task Force on Government Organization and Economy believed that the \$200 million financing system for Manitoba's public schools was "in a chaotic state."¹⁴⁹ There are few who would disagree. When the Foundation Program was introduced in 1967, there was some rationale for the funding of education. Equality of opportunity was to be assured by means of a foundation grant covering the major portion of each student's educational costs. Fiscal equity would be enhanced through a provincial foundation levy on property and through 75 per cent of the Foundation Program's costs coming from provincial consolidated revenues. Local autonomy would be maintained with school divisions responsible and accountable for relatively small special levies. However, over the years, there has been a move away from the original concept of a Foundation Program. It would seem that equality,

¹⁴⁹Ibid., p. 76.

equity, accountability and local autonomy are to be gained largely through measures taken outside the Program, measures often unrelated to each other, and often presented in piece-meal fashion as "band-aid" treatments for current and immediate ills. There has been a trend away from the categorical and incentive grants of the late sixties to pupil block grants, and yet, concurrently, new grants such as declining enrolment and nutrition program grants have been introduced. Equalization and northern grants have been initiated outside the Foundation Program. There has been a decline in direct provincial funding of the Foundation Program, an increase in special levies, and an increase in indirect funding through the Property Tax Credit Plan. These changes are reflected in Table VII on page 119. The table indicates that while school board budgets in 1979 are increasing by \$33 million or 8.11 per cent over 1978, foundation grants (direct funding) will increase by some \$12 million or 6.29 per cent, property tax rebates (indirect funding) will increase by \$10,600,000 or 9.96 per cent, and special levies will increase by almost \$20 million or 11.92 per cent. Figures in the table reflect similar trends (with the exception of a somewhat inconsistent pattern in other grants) in the years preceding 1979. The method of financing education bears little resemblance in 1979 to the concepts of 1967; the initial rationale has apparently disappeared.

Nor is there any consensus on what scheme should replace the current "chaotic" one. The Manitoba Teachers' Society calls for a total departure from the Foundation Program and the implementation of a power equalizing plan, while the Manitoba Association of School

TABLE VII
FINANCING EDUCATION IN MANITOBA, 1974-1979 *

	<u>School Board Budgets</u>	<u>Foundation Fund Grants</u>	<u>Other Grants</u>	<u>Special Levies</u>	<u>Property Tax Credits and Rebates</u>
1974	\$250,308,848	\$149,664,131	\$ 7,064,199	\$ 82,821,172	\$ 61,100,000
1975	296,039,693 (+45,730,845) (+18.27%)	152,535,749 (+2,871,618) (+1.92%)	21,422,052 (+14,357,853) (+203.25%)	113,925,247 (+31,104,075) (+37.56%)	75,900,000 (\$14,800,000) (+24.22%)
1976	340,982,769 (+44,943,076) (+13.18%)	170,412,657 (+17,876,908) (+11.72%)	20,402,738 (-1,019,314) (-10.5%)	140,196,325 (+20,271,078) (+23.06%)	93,000,000 (+18,000,000) (+23.72%)
1977	376,885,935 (+35,903,166) (+10.53%)	183,522,796 (+13,110,139) (+7.69%)	31,801,478 (+11,398,740) (+55.87%)	153,033,424 (+12,837,099) (+9.16%)	104,000,000 (+11,000,000) (+11.83%)
1978	406,721,948 (+29,836,013) (+7.92%)	192,072,887 (+8,550,091) (+4.66%)	35,385,849 (+3,584,371) (+11.27%)	165,654,470 (+12,621,046) (+8.25%)	106,400,000 (+2,400,000) (+2.31%)
1979**	439,722,065 (+33,000,117) (+8.11%)	204,158,721 (+12,085,834) (+6.29%)	37,994,394 (+2,608,545) (+7.37%)	185,384,413 (+19,729,943) (11.91%)	117,000,000 (+10,600,000) (+9.96%)

*Information provided by The Public Schools Finance Board, January 31, 1979. **Budget figures.

Trustees seeks largely for a return to 1967. The Chamber of Commerce desires a more equitable sharing of property taxes between residence and business, while municipal organizations ask the government to remove the cost of education from property altogether. MAST, MTS and MASS feel some local property tax insures local autonomy; municipal organizations would be much happier with almost all, if not total input from the province's consolidated revenues. There is a lack of agreement, even within some organizations, in the "block" vs "categorical" grant debate. Some organizations support equalization grants and property tax rebates; others feel more direct funding of a Foundation Program would reduce if not eliminate the need for equalization. Indeed, most presentations to the Government in recent years have called for a continuation of the ad hoc approach to education finance which has been so characteristic of the seventies.

Opportune Time for Financial Reform

There are many signs which would indicate the time is opportune for a consideration of alternatives to present funding methods. Many members of the general public are critical of the "product" of the educational system and question the value of the money expended. Many of those who no longer have a direct interest in education are resentful of the taxes for education still assessed against their property. Education, once the number one priority in provincial government spending, must now compete with such departments as health and welfare, and energy conservation. At a time of heavy government spending, combined

with high levels of both unemployment and inflation, spending on education is ever more subject to close analysis.

A belief that there is need for a fresh look at education finance is evident in the United States. For Shalala and Williams, little in the way of alternatives has been accomplished since 1973 because the revenue to finance alternatives has been lacking. The combined impact of inflation and recession has meant that states have been forced to continue with existing plans, making minor alterations only for expediency. They believe that the politics of school finance reform will focus increasingly on the revenue rather than the distribution question.¹⁵¹ In contrast, Chalecki has noted that "the most popular of present school support programs -- the Foundation Program -- is due for significant modifications if not outright elimination."¹⁵² In the United States, there is a recognition that both the source of funds for education funding and the means by which these funds are distributed to school jurisdictions require careful scrutiny.

Indeed, there is obvious evidence of a taxpayer revolt in some parts of the United States. Table VIII indicates the increases in per capita property taxes in the country between 1966 and 1976. The

¹⁵¹ Donna Shalala and Mary Williams, "Political Perspectives on Efforts to Reform School Finance" (paper presented to the American Educational Research Council, April, 1976). (Mimeographed.)

¹⁵² Richard Chalecki, "Problems in School Finance", Bulletin of the National Association of Secondary School Principals, January, 1976, p. 90.

TABLE VIII
PER CAPITA PROPERTY TAXES IN DOLLARS
STATE - BY - STATE - 1966-76*

State	1966	1976	Percent Increase	State	1966	1976	Percent Increase	State	1966	1977	Percent Increase
Alabama	33	57	73	Louisiana	53	90	70	Ohio	126	224	78
Alaska	169	1048	1419	Maine	125	297	138	Oklahoma	78	124	59
Arizona	138	282	104	Maryland	121	239	98	Oregon	142	333	135
Arkansas	49	101	106	Massachusetts	190	431	127	Pennsyl- vania	88	176	100
California	198	415	110	Michigan	135	324	140	Rhode Island	128	294	130
Colorado	156	271	74	Minnesota	165	254	54	South Carolina	40	116	190
Connecticut	161	369	129	Mississippi	50	110	120	South Dakota	153	288	88
Delaware	65	130	100	Missouri	97	195	101	Tennessee	57	129	126
Florida	98	191	95	Montana	162	350	116	Texas	100	213	113
Georgia	62	178	187	Nebraska	178	319	79	Utah	117	172	47
Hawaii	79	174	120	Nevada	137	272	99	Vermont	116	308	166
Idaho	113	190	68	New Hampshire	152	348	129	Virginia	75	173	131
Illinois	150	284	89	New Jersey	186	446	140	Washington	104	236	127
Indiana	140	226	61	New Mexico	60	103	72	West Virginia	55	106	93
Iowa	163	278	71	New York	167	412	147	Wisconsin	153	289	89
Kansas	148	274	85	North Carolina	54	130	141	Wyoming	170	352	107
Kentucky	52	105	102	North Dakota	130	212	63	Washington, D.C.	109	210	93

*Source: The United States Government, Bureau of the Census Comparative Analysis.

increases that continued to occur in California after 1976 resulted in Proposition 13 with its \$7 billion property tax cut. If alternatives to present funding procedures are not considered in other states now, for the president of Phi Delta Kappa "the ingredients are present to accelerate erosion of quality in the schools."¹⁵³

Comparable figures to those in Table VIII are not available for Canadian provinces. However, as has been noted in discussion on Table VII, page 119, in the latter half of this decade funds raised by special levies in Manitoba have been increasing annually at a higher percentage rate than the percentage rate increase for funds received from the provincial Foundation Fund. The property tax is bearing a heavy share of increasing educational costs.

In Manitoba, for some time, all political parties have recognized the lack of a firm base for existing education finance practices. In 1977 debates in the Legislative Assembly, Sidney Spivak, Conservative MLA for River Heights, contended that only if there were talk about "new concepts and alternatives would there be any hope for the future."¹⁵⁴ For the Liberals, Axworthy claimed "we're flying blind."¹⁵⁵ A new

¹⁵³Gerald Leischuch, "The Editor's Page", Phi Delta Kappan, September, 1978, p. 2.

¹⁵⁴Sidney Spivak, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 13, 1977.

¹⁵⁵Lloyd Axworthy, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 9, 1977.

"basic framework was necessary (since) there was a major vacuum ... at the present time."¹⁵⁶ The NDP Minister of Education at that time, the Hon. Ian Turnbull, admitted the need for "long term solutions", and that a "fundamental revision in the tax program is essential."¹⁵⁷ And, as was noted in the introduction to the thesis, the present Minister of Education has indicated that the Government is prepared to study measures other than property taxation to raise additional revenues.¹⁵⁸

In summary, then, the following have been examined in the context of possible full provincial funding: the historical realities, the current practices with possible discrepancies, and the political climate. This examination has indicated a somewhat favorable situation for financial revision. It seems logical to anticipate in the light of the above, what other implications full provincial funding could have for education, for the economic health of the Province, and for public opinion which must ultimately make the final judgment on significant reform in the means by which education is to be supported.

¹⁵⁶Lloyd Axworthy, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 13, 1977.

¹⁵⁷Ian Turnbull, as quoted by Arlene Billinkoff, "Under the Dome," Winnipeg Free Press, March 13, 1977.

¹⁵⁸Keith Cosens, as quoted in "Cosens May Review School Tax System," The Winnipeg Tribune, February 21, 1978, p. 6.

CHAPTER V

FULL PROVINCIAL FUNDING, AND ITS IMPLICATIONS

On full state funding of the costs of public school education, Charles Benson has written, "The idea is simplicity itself -- the state becomes solely responsible for raising and distributing school money."¹ While the idea may be simple, implementation of it could be complex. Does the province raise the funds for education through the income tax, the sales tax, a wealth tax? Does the province eliminate the property tax or impose a provincial levy? Does the province distribute school monies by means of a per pupil block grant, or categorical and incentive grants? While an explanation was provided for the concept of full provincial funding in Chapter III, the advantages and disadvantages of such a plan need further amplification.

I. ADVANTAGES

In discussing the raising of revenues for expenditures on education, proponents have claimed that provincial assumption of all educational costs will provide for a greater measure of fiscal equity than will any other scheme.

Ideally, the state might replace the money presently raised by school districts by increasing its individual income tax rates The more likely prospect is that the state would assume control of local school

¹Charles S. Benson, Education Finance in the Coming Decade (Bloomington: Phi Delta Kappa, Inc., 1975), p. 101.

property taxation and would initiate a state-wide school property tax at a uniform rate over all local taxing jurisdictions.²

Thus, each community would contribute to the cost of education in strict proportion to its ability to pay. "In essence," for the Phi Delta Kappa Foundation, "the wealth base of the school district (would be) the wealth base of the state as a whole."³ Full provincial funding would provide a more equitable way for taxpayers to pay for educational services.⁴

On the distribution of monies for schools, advocates of complete provincial funding claim that a greater degree of equality of educational opportunity is provided for children than under any other education finance program. Certainly, no government could tolerate a system which had great differences in the quality of educational services. For Charles Benson, full state funding will lead to "a distribution of educational resources that is not dependent upon irrelevant variables such as local assessed property values per student."⁵ Equality of access to educational programs would be a feature of full provincial funding.

Full state funding does not imply that equal dollars will be spent

²Ibid.

³Phi Delta Kappa, Financing the Public Schools: A Search for Equality (Bloomington: Phi Delta Kappa, Inc., 1973), p. 43.

⁴Charles S. Benson, Equity in School Financing: Full State Funding (Bloomington: Phi Delta Kappa Educational Foundation, 1975), p. 10.

⁵Ibid., p. 9.

on each student. Equality of treatment is not sameness of treatment. Rather, as the Fleischmann Commission stated in proposing full state funding in New York:

Equal sums of money shall be made available for each student, unless a valid educational reason can be found for spending some different amount full state funding must remove disparities in educational spending that are unrelated to the educational requirements of students...⁶

For Charles Benson, too, "full state funding is the plan more likely to protect children from relative educational deprivation, caused by adults seeking to trade local tax relief for educational quality."⁷

Full provincial funding, then, would provide for a much greater range of choice for students. Such a plan would aid in providing both equality of access to all students and a variety of programs to meet the needs of individual students.

Some supporters have argued that accountability concerns are more readily met with full state assumption of the costs of education than is the case when province and district are sharing responsibility for educational revenues and expenditures. The provincial government will be better able to recognize inefficiencies in instruction, to take more seriously the matter of raising productivity in education,⁸ and to

⁶The Fleischmann Report on the Quality, Cost, and Financing of Elementary and Secondary Education in New York State, as quoted by Charles S. Benson, Education Finance in the Coming Decade, op. cit., p. 101.

⁷Ibid., p. 103.

⁸Charles S. Benson, Equity in School Financing: Full State Funding, op. cit., p. 10.

profit from "economies of scale." Opponents, however, will claim that there is actually a loss of efficiency in bigness, and that more responsible decisions on expenditures are made at the local level where the needs of students are known. This reference to the "local level" leads to a discussion of what many view as the major disadvantage of full provincial funding -- the loss of local autonomy.

II. DISADVANTAGES

Opponents of state aid have contended that any increase in provincial funding will reduce local control over education. For Reischauer, Hartman and Sullivan:

... it is argued that if the basic funding decision is made at the state level, local interest in determining how the money is spent will flag, or that local school administrators and school boards will seek to please the state department of education rather than the local parents and voters. Local control would thus become an empty phrase. In addition, it is contended that state control of funding will lead special interest groups to press their educational positions at the state level, with a further erosion of local control. Teachers would pressure legislators for state wide bargaining agreements, salary schedules, and tenure laws; and minority groups would lobby for special state provisions to guarantee that local units do not discriminate. All such developments would whittle away the prerogatives of local districts.⁹

The New Brunswick experiences with full provincial funding of education costs -- the Equal Opportunity Program -- would tend to support

⁹Robert D. Reischauer, Robert W. Hartman, and Daniel J. Sullivan, Reforming School Finance (Washington, D.C.: The Brookings Institution, 1973), p. 55.

those who believe that local autonomy is diminished, at least in the initial years of such a program. A report on a Conference on State Financing of Public Schools held in Washington in 1971, has recorded statements by Harvey Malmberg, New Brunswick's Deputy Minister of Education:

It is no secret ... that when school boards lost their fiscal independence in 1967 they felt that they had lost their manhood, for this independence to most school boards represented local control of education. The most significant decision-making function that they lost is control of raising money and determining how to spend it in education.¹⁰

The Phi Delta Kappa Commission on Alternative Designs for Funding Education has also agreed that a disadvantage of full state funding could be in its tendency to reduce local autonomy:

... local participation by parents in school matters would probably decrease ... since the allocation decisions would be in terms of dividing a given pie already specified by a state agency rather than trying to increase the size of the pie by an appeal to local resources.¹¹

There are many, then, who would support the contention of Roger Freeman who believes "it is naive to expect that more than a mere facade of local autonomy can be preserved by a local body which subsists largely

¹⁰ Advisory Committee on Intergovernmental Relations, "Who Should Pay for Public Schools?" Report of the Conference on State Financing of Public Schools (Washington, D.C.: United States Government Printing Office, 1971), p. 13.

¹¹ Phi Delta Kappa, op. cit., p. 44.

on subsidies from a central government."¹²

On the other hand, as was noted in the discussion of local autonomy in Chapter II, others have felt that full support of the costs of education by the Province need not necessarily lead to a reduction in local control.¹³ Many scholars believe that the long tradition of local autonomy would prevent its erosion with full state funding. In the opinion of Reischauer, Hartman, and Sullivan:

Many Americans fear that a unitary state school system would necessarily be insensitive to local needs and problems, overbureaucratized, and of mediocre quality; the fear may well preclude complete state governance of schools even if states assume the full fiscal responsibility.¹⁴

Ewald Nyquist has supported this viewpoint:

The enormous restraining force of tradition plus legal protection plus vigorous exercise of the responsibilities in the local stewardship of education, will ensure that some form of statewide funding will not erode the American heritage of local control.¹⁵

And here in Canada, the O.E.C.D. has recognized the importance of local autonomy:

¹²Roger A. Freeman, as quoted by Richard C. Harris, "Local Control Under Full State Funding" (paper presented to the Annual Meeting of the National School Boards Association, San Francisco, April 10-13, 1976), p. 6.

¹³See pages 18 to 21.

¹⁴Reischauer *et al*, *op. cit.*, p. 77.

¹⁵Ewald B. Nyquist, "Full State Funding and Local School Board Policy-Making" (Paper presented to the Annual Meeting of the National School Boards Association, San Francisco, April 15-18, 1972), p. 14.

... the value of decentralization continues to be insisted upon, perhaps in recognition of the fact that the degree of centralization or decentralization of the provision of financial resources may bear little relationship to the degree of centralized or decentralized decision-making.¹⁶

Other disadvantages may be associated with full provincial funding of educational costs. For opponents, such a plan will discourage innovation in education, and produce mediocrity rather than excellence. At the 1971 conference in Washington, Malmberg stated that "there is going to be stagnation in local interest in instruction, in trying to make better provision for individual students."¹⁷

At the same conference, former Governor Peterson of Delaware agreed:

We need a high level of education for all, but on top of this, we need opportunity for local districts to innovate and show the way. Monolithic state leadership could lead to egalitarian mediocrity.¹⁸

Even Charles Benson, in opting for full state funding, recognized that some problems could be encountered in implementing the plan. They included:

1. the "levelling up" of lower spending districts without a major "levelling down" of higher spending districts.
2. the freezing of expenditures without alienating the rich districts.

¹⁶Organization for Economic and Cultural Development, External Examiners' Report on Educational Policy in Canada (Toronto: University of Toronto Students' Administrative Council, 1976), p. 12.

¹⁷Advisory Committee on Intergovernmental Relations, op. cit., p. 30.

¹⁸Ibid., p. 26.

3. the maintenance of competition amongst districts without a decline in the "emulation factor" or an end to "lighthouse districts."¹⁹

And the PDK Commission has supported the belief that innovation would disappear with full state funding:

... the 'demonstration effect' has worked well for education for decades and this leverage mechanism ²⁰ would be given up forever with full state funding.

Certainly, supporters of full provincial funding must endeavour to offset these potential drawbacks. Under full funding, a central authority will need to be sensitive to the fear of "egalitarian mediocrity" which, for example, could accelerate a flight to private schools or a desire on the part of "wealthy" districts to raise additional funds to distinguish their schools as superior.

In summary, then, full provincial assumption of the costs of elementary and secondary education would tend to improve the prospects for fiscal equity and equality of educational opportunity. Financial accountability, too, could be enhanced, even though some argue that more responsible expenditure decisions are made at the local level. It is felt generally that local autonomy would be diminished with full provincial funding; however, some proponents contend that local divisions divorced from the responsibility for raising revenues would be free to make curricular and program decisions appropriate for local policy-makers.

¹⁹ Charles S. Benson, Equity in School Financing: Full State Funding, op. cit., pp. 25-27.

²⁰ Phi Delta Kappa, op. cit., p. 43.

III. AN APPRAISAL OF THE FINANCIAL REALITIES

In the conclusion to Chapter IV, the opinion was expressed that the time is opportune for financial reform. At the local level, many people are resentful of the education taxes assessed against their property, and some are even questioning the value of the money expended on education. At the provincial level, funds for education are no longer automatically the top priority in government spending now that health, welfare and energy concerns are paramount. At the federal level, concern for both inflation and unemployment has resulted in reduced payments to provinces; in Manitoba, concern for restraint has resulted in only limited increases in government spending, including payments made to municipalities and school divisions. All three major political parties in Manitoba recognize the lack of rationale behind existing education finance policies. The time is opportune for financial reform. Is the time opportune, however, for such financial reform to be full provincial funding of the costs of education?

An advocate of full provincial funding for Manitoba must have some misgivings. None of Manitoba's political parties indicates support for such a plan. None of the important educational bodies in Manitoba proposes full state funding. Only municipal organizations urge the Government to remove the costs of education from the local taxpayer. While other Maritime Provinces, notably Prince Edward Island and Newfoundland, have followed the example of New Brunswick in moving to full provincial funding, no Western Province has significantly varied from its support of a foundation program.

However, objections to full provincial funding are based primarily on three premises, each of which is subject to challenge:

1. The public wants less government involvement in all spheres of activity than exists at present. Government affects the lives of citizens to too great a degree. Both federal and provincial Conservative governments seek a reduction in government activity. Increased government involvement associated with full provincial funding would not be acceptable to the general public at this time.
2. The public wants less taxation and less government spending. In particular, the property tax should be reduced or eliminated. Proposition 13 in California was in part the inevitable result of the State government's refusal to listen to the concerns of its taxpayers. The Manitoba public accepts government restraint and supported Premier Sterling Lyon when he stated that local governments, hospitals and schools and universities would not get much more provincial funding for their 1979-80 budgets than they did the previous year.²¹ Full assumption of the costs of education by the Province would run counter to the public's support of government restraint.
3. An inevitable loss of local autonomy would occur with full provincial funding.

²¹Ron Kustra, "Tight Government Funding Will Continue: Lyon," The Winnipeg Tribune, September 21, 1978, p. 4.

In defence of a proposal for full provincial funding, implementation of such a plan essentially implies a shift in the areas of government involvement rather than an increase in overall government involvement. The Provincial Government could more properly concern itself with fiscal matters while the school divisions turned their attention to the program needs of students. Similarly, full provincial funding could lead to more responsible educational finance accounting, with the Province able to "control" increases in taxation and to diminish the burden of the property tax. And, once again, a loss of local autonomy is not inevitable. As the Phi Delta Kappa Commission suggests:

The usual arguments concerning the alleged loss of local control under full state funding are not too satisfactory. Much would depend upon just how the funds are actually delivered under the full state funding option. If funds could be delivered to the local school in large block grants without any restrictions then there might still remain broad areas of local control even in the fiscal sense of this elusive term.²²

Full provincial funding can be implemented successfully if the timetable is such that the public views the plan as improving fiscal equity, equality of educational opportunity and financial accountability, with the retention of an appropriate level of local autonomy.

IV. PROPOSAL FOR FULL PROVINCIAL FUNDING

The proposal is:

In order to create a financial environment more

²²Phi Delta Kappa, op. cit., p. 77.

conducive to attainment of equality of educational opportunity, to reduce the fiscal inequities associated with the education tax on property, to enhance accountability in the funding of schools, and to promote a meaningful degree of local autonomy, the Manitoba Government should assume all fiscal responsibility for financing public schools.

However, prior to discussing the implications of this proposal, there is need to examine figures which give some approximation of the extent of funding involved.

One method of projecting educational expenditures for the years 1980 to 1984 is reflected in Table IX on the next page. Projections are based on the assumption that increases in expenditures in each of the next five years will bear some resemblance to expenditure increases over the last five years. By dividing the gross annual expenditure by the actual student enrolment, a per pupil expenditure was determined for each of the years 1974 to 1979, and the increases in per pupil expenditures for one year over the previous year were calculated both in actual dollars and by percentages. The average of the annual percentage increases in per pupil costs between 1974 and 1979 was thus determined to be 13.94 per cent. By using the 13.94 per cent figure, per pupil expenditures in each of the years 1980 to 1984 were estimated, and those per pupil expenditures were then multiplied by the projected student enrolments¹ to provide the estimate of gross expenditures for each of the next five years. Thus, as examples, the projected gross expenditures for 1980 amount to \$497,280,470, and for 1984 they amount to \$794,176,400.

¹Information provided by The Public Schools Finance Board, January 31, 1979.

TABLE IX
EXPENDITURE PROJECTIONS, 1980-1984, BASED
ON AVERAGE PERCENTAGE INCREASE IN
PER PUPIL COSTS, 1974-1979.²

	Enrolments Actual and Projected as of Sept. 30th	Gross Annual Expenditures	Per Pupil Expenditures	Annual Increase in Per Pupil Expenditures	Percentage Increase in Per Pupil Expenditures
1974	227,519	\$250,308,848	\$1100.02		
1975	225,638	296,039,693	1312.01	\$211.99	19.27
1976	223,169	340,982,769	1527.80	215.79	16.45
1977	219,258	376,885,935	1718.13	190.33	12.46
1978	213,633	406,721,948	1903.83	185.70	10.81
1979	210,651	443,909,512	2107.32	203.49	10.69
1980	207,107	497,280,470	2401.08	293.76	13.94
1981	203,991	558,076,530	2735.79	334.71	13.94
1982	199,905	623,135,860	3117.16	381.37	13.94
1983	194,866	692,103,620	3551.69	434.53	13.94
1984	196,248	794,176,400	4046.80	495.11	13.94

²Information on actual and projected enrolments, and on gross annual expenditures to 1979, provided by The Public Schools Finance Board, January 31, 1979.

On the assumption that an annual increase in per pupil costs of almost 14 per cent cannot continue in a time of "restraint", projections were made on the basis of past dollar increases, rather than percentage increases. Table X on page 139 reflects this projection. Once again, by dividing the gross annual expenditure by the actual student enrolment, a per pupil expenditure was determined for each of the years 1974 to 1979, and the increases in per pupil expenditures for one year over the previous year were calculated. The average of the annual increases in per pupil costs between 1974 and 1979 was thus determined to be \$201.46. By using the \$201.46 figure, per pupil expenditures in each of the years 1980 to 1984 were estimated, and those per pupil expenditures were then multiplied by the projected student enrolments to provide the estimate of gross expenditures for each of the next five years. Projected gross expenditures for 1980 using these calculations amount to \$478,164,490, and for 1984 they amount to \$611,237,940.

A third procedure for estimating future costs could be based on funding trends established by the Provincial Government since its election on October 11, 1977. Provincial funding of the costs of education (Foundation Program, other grants, property tax rebates) increased in 1979 by 6½ per cent over 1978 funding, while the 1978 increase over 1977 amounted to 6 per cent.³ On the assumption that, were the Province to assume the full cost of educational expenditures

³Information provided by The Public Schools Finance Board, March 28, 1979.

TABLE X
EXPENDITURE PROJECTIONS, 1980-1984, BASED
ON AVERAGE DOLLAR INCREASE IN PER
PUPIL COSTS, 1974-1979.⁴

	Enrolments Actual and Projected as of September 30th	Gross Annual Expenditures	Per Pupil Expenditures	Annual Increase in Per Pupil Expenditures
1974	227,519	\$250,308,848	\$1100.02	\$211.99
1975	225,638	296,039,693	1312.01	215.79
1976	223,169	340,982,769	1527.80	190.33
1977	219,258	376,885,935	1718.13	185.70
1978	213,633	406,721,948	1903.83	203.49
1979	210,651	443,909,512	2107.32	201.46
1980	207,107	478,164,490	2308.78	201.46
1981	203,991	512,066,360	2510.24	201.46
1982	199,905	542,082,380	2711.70	201.46
1983	194,866	567,675,830	2913.16	201.46
1984	196,248	611,237,940	3114.62	

⁴Information on actual and projected enrolments, and on gross annual expenditures to 1979, provided by The Public Schools Finance Board, January 31, 1979.

it would "control" increases at the 6 per cent to $6\frac{1}{2}$ per cent levels, projections of gross expenditures over the next five years could be:

	<u>6 per cent</u>	<u>$6\frac{1}{2}$ per cent</u>
1979 (estimate)	\$443,909,512	\$443,909,512
1980	470,544,080	472,763,620
1981	503,493,250	498,776,720
1982	528,703,320	536,220,310
1983	560,425,510	571,074,630
1984	594,051,040	608,194,480

It will be seen that these projections are not appreciably different from those shown in Table X. By 1984, gross education expenditures could well amount to \$600,000,000.

It should be noted that the various projected increases in educational costs over the next five years are not advocated by the writer. An expenditure of some \$600 million by 1984 is viewed as probable, not necessarily desirable. It is not the intent of this paper to recommend either savings in spending or increased expenditures. Rather, it is to suggest that by moving toward full provincial government assumption of educational expenditures by 1984, the achievement of goals of equality of educational opportunity, fiscal equity, accountability and meaningful local autonomy will be enhanced.

V. SOURCES OF FUNDS: A
QUESTION OF EQUITY

Were the Province to assume the full costs of public school education by 1984, the monies to implement the proposal could be raised in a variety of ways. While the local special levy on property would disappear, a provincial property tax could be retained. This provincial levy could cover 20 per cent of the costs of education, as is now the case for funding of the Foundation Program, or the Government could impose a levy of sufficient size to cover the amounts now raised by both local and provincial property taxation.⁵ Alternatively, with increases in the sales tax, the income tax, other taxes, or some combination of tax increases, the full costs could be borne from the Province's consolidated revenues. These alternatives should be carefully analyzed.

In the financing of public school education in 1979, sources of funds for education expenditures⁶ are derived as follows:

Provincial Government

Foundation Program

Foundation Levy	\$ 40,831,700	
Consolidated Revenues	<u>163,327,000</u>	
		\$204,158,700
Other Grants (Consolidated Revenues)		40,976,700
Property Tax Credits (Consolidated Revenues)		<u>117,000,000</u>
		\$362,135,400

⁵It is unlikely that the Government would impose a provincial levy greater than a combination of present-day special and foundation levies.

⁶Information provided by The Public Schools Finance Board, March 28, 1979.

Provincial Government (carried forward)	\$362,135,400	
Municipal Governments		
Special Levies	<u>71,374,112</u>	\$433,509,512
Total: Provincial and Municipal Governments		433,509,512
Other Revenue ⁷		<u>10,400,000</u>
Total Gross Expenditures		<u>\$443,909,512</u>

However, had the Government in 1979 eliminated the special levy and provided all the funding at the provincial level, with a provincial property levy bearing 20 per cent of the gross costs, the funding picture would be:

Property Levy	\$ 86,701,900
Consolidated Revenues	<u>346,807,112</u>
	<u>\$433,509,512</u>

Alternatively, had the Government established a provincial property tax which would raise the amount now produced by both special and foundation levies, the funding would be:

Property Levy	\$112,205,812
Consolidated Revenues	<u>321,303,700</u>
	<u>\$433,509,512</u>

The 1979 Foundation Levies are 5 mills on farm and residential properties and 35.9 mills on commercial property. The raising of \$86,701,900 would

⁷Other revenues are derived from fees for adult programs, federal language grants, etc. Transfer payments, or non-resident fees between divisions, are not included.

have required property levies of 21 mills and 51.9 mills,⁸ while the raising of \$112,205,812 would have necessitated property levies of 29.8 mills and 60.7 mills.⁹ These figures compare with a provincial average of the combined special and foundation levies of 65 mills, farm and residential, and 95.9 mills commercial.¹⁰ Thus, had the Provincial

⁸Based upon information provided by The Public Schools Finance Board, and assuming a continuation of the present 30.9 mill differential between residential and commercial mill rates, determination of the levies is based on the following calculations:

Provincial Property Levy \$86,701,900			
	<u>Balanced Assessment</u>	<u>Mill Rate Required</u>	<u>Product</u>
Farm and Residential	\$2,022,383,540	21	\$42,470,154
Other	853,690,670	51.9	44,306,546
Total	2,876,074,210		86,776,700

⁹Determination of these levies is based on the following calculations:

Provincial Property Levy \$112,205,812			
	<u>Balanced Assessment</u>	<u>Mill Rate Required</u>	<u>Product</u>
Farm and Residential	\$2,022,383,540	29.8	\$60,267,029
Other	853,690,670	60.7	51,819,024
Total	2,876,074,210		112,086,053

¹⁰The range of total special and foundation levies for most school divisions and districts, according to information provided by The Public Schools Finance Board, is from 49.3 mills, farm and residential, and 80.2 mills commercial, to 84.1 mills, farm and residential, and 115 mills commercial. These figures exclude such unique situations as exist in Frontier (45 and 75.9 mills), Snow Lake (150 and 180.9 mills), and Brooke which has no property taxation.

Government in 1979 assumed the full costs of public school education by eliminating special levies (but retaining a provincial property tax sufficient to raise as much money as is now raised by both special and foundation levies), Manitobans would be paying less property taxes¹¹ than at present. The regressive nature of any property tax would remain, but the provincial levy meets fiscal equity criteria far more acceptably than does the special levy.

A further alternative to consider with full provincial funding is that of covering all educational costs from the consolidated revenues of the Province, eliminating entirely any dependence on a property tax. In 1979, this would have necessitated a charge of \$433,509,512 against the general revenues, rather than the current estimate of \$321,303,700, a difference of an additional \$112,205,812.

An examination of revenue estimates¹² for the fiscal year ending March 31, 1979, provides information on some of those major components of Manitoba's consolidated revenues over which the Provincial Government has control:¹³

¹¹The argument at this point, of course, ignores the effects of property tax credits or rebates.

¹²Government of Manitoba, Estimates, Detailed Estimates of Revenue of the Province of Manitoba for the Fiscal Year Ending March 31, 1979, as presented to the Second Session, Thirty-First Legislature.

¹³Not included are those components of revenue over which the Provincial Government has little control, e.g., federal equalization payments, cash transfers for established programs, federal health and post-secondary education payments, etc.

	<u>Estimated Revenue for the Year Ending March 31, 1979</u>
Individual Income Tax ¹⁴	\$378,575,000
Corporation Income Tax ¹⁵	106,194,000
Retail Sales Tax	146,050,000
Liquor Control Commission	68,000,000
Gasoline Tax	57,000,000
Tobacco Tax	25,800,000
Automobile and Drivers' Licences	19,210,000
Motive Fuel Tax	16,250,000
Corporation Capital Tax	12,200,000
Legal, Court, Land Titles Fees	9,653,300
Mineral Tax (incremental)	8,100,000
Insurance Corporations Tax	7,800,000
Motor Carrier Licences and Fees	6,440,000

In addition, several other taxes are estimated to produce about \$3,000,000 each: Pari Mutuel Tax, Succession Duties and Gift Taxes, Metallic Minerals Tax, Mines and Minerals Taxes, Parks and Recreation Fees, and Water Power Rentals.

It is evident, then, that there are many components of the Province's general revenues. The Government would have faced an array of alternatives early in 1979 had it decided to fund an additional

¹⁴Net of municipal share of \$13,200,000.

¹⁵Net of municipal share of \$6,400,000.

\$112 million from consolidated revenues rather than from property taxation. For example, on the assumption that one per cent of retail sales tax would raise approximately \$40,000,000,¹⁶ Manitoba's sales tax would need to rise from 5 per cent to 8 per cent if that source of provincial income were to cover the full amount of increased provincial responsibility. No government would implement such a jump. A 60 per cent increase in sales tax would not be politically feasible. While the sales tax may be somewhat less regressive than the property tax, the Government in 1979 could not have shifted any major portion of the \$112 million in the direction of the retail sales tax.

It is more difficult to determine the extent of a percentage increase in provincial income tax than is the case with the retail sales tax. In 1979, Manitoba's personal income tax rate is 54 per cent of the "Basic Federal Tax" which includes 2.2 per cent for municipal purposes. In addition, if one's "Basic Manitoba Tax" exceeds \$2,138.00, there is a surtax of 20 per cent of the excess. However, the Provincial Department of Finance has suggested that an increase of one point in the personal income tax rate would net for provincial coffers approximately \$6½ million.¹⁷ If the required \$112 million had been charged solely against personal income tax, the rate would

¹⁶In the fiscal year ending March 31, 1978, during the whole of which the retail sales tax was 5 per cent, revenues amounted to \$198,000,000.

¹⁷Information provided by the Provincial Department of Finance, April 2, 1979.

have risen from 54 per cent to 71 per cent of the federal tax. Such a sharp increase, of course, would have encountered widespread hostility at a time when there is an avowed desire to reduce all forms of taxation. While fiscal equity is more readily achieved through an income tax than a property tax, only a minimal increase in income tax would have any prospect of implementation in 1979.

The many other areas of provincial income could have been viewed, also, as potential sources for funding \$112,000,000 of education costs if property taxes had disappeared in 1979. Increases in taxes on liquor, tobacco and pari mutuel betting might have been imposed without appreciably reducing "consumption" and hence the bases for these taxes. Some increases in corporation income tax, in corporation capital tax, in mineral taxes and in the insurance corporations tax could have produced additional monies for education without forcing a decline in Manitoba's industries. Increases in the gasoline tax, in most cases, would have affected those best able to pay. Licences and fee increases in a variety of areas could also have contributed towards the increased education costs. Carefully applied, increased "taxation" in a variety of spheres,¹⁸ could have resulted in more equity for Manitobans than they now receive by paying property taxes. However, the political and fiscal realities of the day are such that property taxation for educational purposes could not have been eliminated in 1979.

¹⁸The present is an appropriate time to give consideration to market value assessment and improvements in property tax administration, or to a more equitable "wealth" tax.

It is not possible to predict, with any degree of accuracy, provincial revenues for the period 1980 to 1984. National and international economic developments, as well as provincial factors, have an effect on inflation, on industrial development, on employment, on consumption -- and these, in turn, bear on income taxes, sales taxes and a host of other levies. However, a scrutiny of the 1979 fiscal situation suggests to the writer that full provincial assumption of the costs of education, with elimination of the special levy, is both desirable and possible. Further, the provincial property tax could be reduced annually, although it is unlikely that it could be eliminated in the foreseeable future.

Present funding arrangements make provisions to offset fiscal inequities by providing equalization grants and property tax rebates. Full provincial funding could do away with such grants in as much as they relate to education.¹⁹ Indeed, a high measure of fiscal equity is built into full funding since taxpayers contribute to the cost of education more directly in relation to ability to pay, and less directly in relation to the assessed value of their farm, or residence, or commercial property. The public's desire for this enhanced degree of fiscal equity is reflected in a March 24, 1979, editorial in The Winnipeg Tribune:

¹⁹Equalization payments and tax credits could be retained to offset inequities in municipal property taxation.

In the 1977 election campaign, the Conservatives promised education tax relief. But in spite of this vow to take on a greater share of education costs, property taxes last year were virtually the same percentage of education costs as the year before.

Municipal and school officials, and citizens, are beginning to look around in bewilderment and dismay. And they are looking for initiatives from the provincial government.²⁰

VI. DISPOSITION OF FUNDS:

A QUESTION OF EQUALITY

OF EDUCATIONAL OPPORTUNITY

Were the Province to move in the direction of full provincial funding of educational expenditures, school divisions could receive revenues on any one of a number of bases, or through some combination of funding schemes. School boards could simply submit budgets to a central authority -- The Public Schools Finance Board, for example -- and the Province could then determine the extent of funding, permitting no raising of additional monies at the local level. Alternatively, the Foundation Program grants could be increased annually, eventually to the point (1984) where 100 per cent of the costs were funded centrally.²¹ Grants could be based on a formula to include grants for transportation and capital, a per pupil block grant, a

²⁰"Province Must Clear the Jungle," editorial in The Winnipeg Tribune, March 24, 1979, p. 8.

²¹Were this method followed, special levies would not disappear immediately, but would gradually be reduced until elimination was reached in 1984.

teachers' salary grant, and grants to act as incentives (e.g., French immersion programs) or to provide for special needs (e.g., northern allowances; nutrition programs). In the process of phasing in full provincial funding, it is conceivable that the Province might base grants on the balanced assessment per pupil (BAPP) in each division. Perhaps in the first year, full funding would be applied to those divisions with average or below average BAPP's.²² By 1984, the extent of coverage would have expanded to cover all divisions. These alternatives require a more critical examination.

An attempt to provide equality of educational opportunity might be realized if the Provincial Government were to move into full funding by examining each school division's annual budget submission critically, and then determining the extent of funding on an individual division basis, rather than according to formula. Theoretically, the needs of each student could be taken into account when funding is determined. However, there would be need for a large increase in the number of centrally employed personnel who would be making decisions far removed from the child in the classroom. It would also be difficult to treat one division differently from another, even if educational opportunity differed between them. Inconsistency could foster inequity. This alternative seems so impractical, so open to abuse, that any further

²²In 1980, divisions with higher than average BAPP's would need to supplement grants with special levies. The Province, of course, could freeze the expenditures of "above average" divisions, or impose some limitation on the size of special levy until elimination in 1984.

consideration should be dismissed.

Funding by gradually upgrading the Foundation Program might be easier to administer and more politically acceptable to the Government and the public. There are two disadvantages to this alternative, however. Special local levies would be permitted for an interval, thereby detracting from the greater achievement of fiscal equity; and equality of educational opportunity would suffer, as it now does, because variations among divisions in per pupil expenditures are not directly related to variations in pupil needs, but rather to variations in tax base.

The same two disadvantages occur if the initial move is to fund full expenditures only in those divisions with average or below average balanced assessments per pupil. Thus, special local levies remain in half of the Province's divisions. Fiscal equity and equality of educational opportunity are compromised during the transitional period.

With these three alternatives viewed as less than adequate, full provincial funding of the costs of public school education may best be accomplished with a grant formula that takes into consideration the general needs of all divisions, and at the same time includes a block grant that permits local areas to respond to the needs that they recognize. Such a formula would include many of the considerations involved in the present Foundation Program, but it would cover 100 per cent of the costs rather than the varying percentages of funding that exist today.

Under the proposed grant formula, school divisions would be required to justify to The Public Schools Finance Board their requests for both capital and transportation expenditures. The Finance Board could approve new construction, and major renovations and repairs, as it now does, leaving "minor capital" purchases to the division's discretion. Central approval of transportation expenditures would be a departure from present practice. However, busing requirements of school divisions vary so greatly that a simple "transportable pupil" payment is no longer an equitable grant. Consideration should be given to urban transportation concerns, to population densities, to the "loaded miles" concept. The quality of the classroom's educational program should not be adversely affected because instructional funds are diverted into transportation accounts. Equality of educational opportunity demands full provincial funding of both transportation and capital expenditures.

There are other educational expenditures which are not common to all districts and divisions, or are common but to varying extents. The grant formula under full provincial funding must make special provisions, on the basis of budget submissions, for vocational students, for special needs students (especially with the implementation of Bill 58), for declining enrolments, for unique programs in the City's core area, for northern allowances. Each of these grants will need to be determined in relation to the needs of particular divisions -- over and above any general pupil block grant. Equality of opportunity objectives are not achieved by spending the same amount of money on each student, but

rather by funding in relation to the peculiar needs of pupils.

If the Province is to exercise its responsibility for providing educational leadership throughout Manitoba, its funding formula will need to include incentive grants. Full funding of current programs in French Immersion and pilot programs in English-Ukrainian bilingual education are but two examples.

With full provincial funding, after the above-mentioned categorical grants, the balance of the school division's income may well come in the form of a pupil block grant.²³ The peculiar and unique needs of each division receive consideration in the categorical grants; the basic program for all students is provided by the local division as it sees fit by expending block grant funds.²⁴

As noted earlier, two existing provincial payments could disappear with full funding and the elimination of local property taxes. Equalization grants, initiated to offset some of the inequity associated with the special levy, would be terminated. Such could be the case

²³The need for a teacher grant as a component of the new formula is doubtful. Initiated in 1967, the present grant was seen as necessary essentially to provide an incentive for teacher upgrading. That condition, in large measure, has now been achieved. However, "without a teacher grant, and with a pupil grant as the major component of funds received under full provincial funding, there is need to "protect" the highly qualified and experienced teacher. The need for a provincial salary schedule becomes apparent. Some uniformity in teacher salaries is needed as a basis for determining the size of the pupil block grant.

²⁴While the block grant should be uniform by 1984, in the transitional period it may be necessary to give "high spending" divisions a supplementary grant to offset their current dependence on a special levy which would in the future be eliminated.

also for credits related to property taxation for educational purposes. Table XI on page 155 indicates expenditures on tax credits and rebates since the inception of the present program. Should those expenditures continue over the next five years, many millions of dollars will be an indirect charge against education costs. However, with the elimination of the special levy, resident homeowner advances could also be eliminated. (Rebates based on income would be retained as long as a provincial property levy remains in effect.)

With the proposed grant formula under full provincial funding, access for all Manitoba pupils to a basic education is provided through capital, transportation and block grants; provision for their particular needs is achieved through categorical grants. The goal of equality of educational opportunity is more readily attainable than under present funding arrangements.

VII. BUDGET AND OTHER IMPLICATIONS
OF FULL PROVINCIAL FUNDING:
FINANCIAL ACCOUNTABILITY
AND LOCAL AUTONOMY

At a time of economic inflation and yet restraint, with declining enrolments, projected teacher layoffs and a "back to the basics" movement, accountability concerns may seem paramount. Yet currently, school boards are not really accountable for their expenditures.

TABLE XI
TAX CREDIT BENEFITS BY CALENDAR YEAR²⁵

Year	Base	Maximum Benefit	General Minimum	Total Resident Homeowner Advances	Benefits Through Income Tax System	Total Benefits
		(\$)	(\$)	(\$ millions)	(\$ millions)	(\$ millions)
1973	All property taxes	200	100	17.5	30.0	47.5
1974	All property taxes	250	150	26.5	34.6	61.1
1975	All property taxes	300	175	31.9	44.0	75.9
1976	All property taxes	350	200	40.0	53.0	93.0
1977	All property taxes	375	225	45.0	59.0	104.0
1978 (1)	All property taxes	375	225	45.0	59.4	
(2)	Old age pensions' school taxes only	100	-	2.0	-	106.4
1979 (1)	All property taxes	375	225	46.0	69.0	117.0
(2)	Old age pensions' school taxes only	100		2.0		

²⁵Information provided by The Public Schools Finance Board, April 21, 1978, and January 31, 1979.

Municipal councils must levy a mill rate of sufficient magnitude to raise whatever monies the school division requests. There is a lack of accountability at the provincial level as well; there is no overall control of educational expenditures. Full provincial funding would bring about a more rational approach to spending. Both local and provincial accountability would be enhanced, as indicated in the following examples.

In the presentation of capital and transportation requests, in applying for funds for special needs categorical grants, in providing proof of expenditures in those special needs areas, in the forwarding of year end audits, school divisions would be reflecting their accountability to the Province. The provincial Department of Education, for its part, could exercise a greater influence in securing sound accounting procedures at the local level, and in implementing provincial priorities. With the Province responsible for education under the British North America Act, and exercising that responsibility by providing full coverage of the costs of education, the Government may more appropriately exhibit its accountability to the Legislative Assembly, and to the provincial electorate, without seriously impinging on local control.

However, full provincial funding implies some reduction in local autonomy. Decisions may well be made by The Public Schools Finance Board which were previously within the responsibilities of the division board. Nevertheless, with greater clarity in the roles of Department and Division, and with the major component of the funding formula a

pupil block grant, a good measure of meaningful local autonomy remains. Particularly, in times of restraint, the local school trustee, with one eye constantly on a climbing mill rate, may feel that there is little comfort in having the right to spend monies raised by the special levy when such monies can provide nothing beyond the basic educational program. The reader may be reminded of the arguments advanced in the second chapter of this thesis, the argument that greater control could result from a more centralized system of school financing. As the Advisory Committee on Intergovernmental Relations in the United States concluded, once liberated from the necessity of "selling" tax rate increases, "local board members can concentrate their efforts on the true interest of local control -- namely, the nature and quality of education that is provided for children of their locality."²⁶

VIII. IMPLEMENTATION

To move in a manner acceptable to the public, full provincial funding should be implemented over a five year period. In the first year, 1980 or 1981, the special levy would disappear, but a provincial property tax would be retained. Then, during the years 1981-1984, the provincial levy should be gradually reduced, with more funds for educational expenditures provided each year from consolidated revenues.

²⁶ Advisory Commission on Intergovernmental Relations, State Aid to Local Governments (Washington: Government Printing Office, 1967), p. 15.

A possible guideline for implementation could be that shown in Table XII.

TABLE XII
GUIDELINE FOR IMPLEMENTATION OF FULL
PROVINCIAL FUNDING: SOURCES OF FUNDS

	Gross Expenditures ²⁷	Provincial Levy	Consolidated Revenues
1980	\$478,164,490	\$95,632,898	\$382,531,592
1981	512,066,360	89,601,613	422,464,747
1982	542,082,380	81,212,357	460,870,023
1983	567,675,830	70,959,377	496,716,453
1984	611,237,940	61,123,794	550,114,146

The provincial levy in 1980 is projected to raise 20 per cent of gross expenditures; consolidated revenues would cover 80 per cent. The provincial levy could decrease annually by 2½ per cent, with consolidated revenues taking up the balance. By 1984, 90 per cent of funding could be paid from the Province's general revenues.

During the course of implementation, there would be need for constant scrutiny and evaluation, with a built-in "reform mechanism." On-the-spot evaluations of transportation systems and capital construction should be instituted. Audit procedures at school division

²⁷Based on projections shown in Table X, page 139.

level may need to be tightened to ensure the accomplishment of provincial objectives and priorities. Provincial responsibility for ensuring equality of educational opportunity may necessitate increased Department of Education and Public Schools Finance Board activity, but this could be instituted without reducing the autonomy of school boards, in expending the block grant, to provide programs relevant to local needs. In addition, the mix of taxes, fees and levies contributing to the consolidated revenues of the Province would need to be assessed annually, to reduce regressivity as much as possible, and to ensure the highest measure of fiscal equity possible for Manitoba's taxpayers.

CHAPTER VI

RECOMMENDATIONS AND CONCLUSION

The central problem of this study was a consideration of alternatives to current policies for the financing of public school education in Manitoba, particularly with a view to determining the feasibility of financing education solely from provincial revenues.

This consideration of alternatives led to documentary research rather than empirical study. Education finance literature was examined to consider programs currently in existence, and Manitoba's funding procedures were also scrutinized. Further, by interviews and examination of records of legislative debates, newspaper articles, minutes of meetings, resolutions, briefs, publications, etc., additional data were collected. From these, the viewpoints and policies of the three major political parties and educational bodies such as the Manitoba Teachers' Society, The Manitoba Association of School Trustees, The Manitoba Association of School Superintendents and The Manitoba Association of School Business Officials were deduced. In addition, the policies of Manitoba's Chambers of Commerce, Union of Municipalities and Association of Urban Municipalities were studied in the context of possible full provincial funding. Finally, the Report of the Government's Task Force on Government Organization and Economy received careful scrutiny.

The data thus assembled were analyzed with a view to ascertaining

whether or not fundamental reform in education finance practices would be acceptable. From this analysis, it was concluded that a consideration of alternatives would be appropriate.

Education finance literature as it related to full provincial funding of education costs was then examined critically. The outcome of that analysis and research was a confirmation of the feasibility of total funding by the Province.

RECOMMENDATIONS

If the conclusion so reached is valid, and if provincial funding is to be achieved, a certain set of strategies seems inevitable. Thus, the following recommendations for action are put forward:

1. The Province shall assume the full costs of public school education, commencing in 1980, or, if preferable, 1981.
2. The provincial property levy shall be retained, but the extent of its contribution towards funding shall be gradually reduced in the 1982 to 1984 period.
3. As dependency on the property levy decreases, a greater proportion of funding shall emanate from the Province's consolidated revenues.
4. Equalization grants and property tax credits¹ shall disappear as a charge against education.

¹The Provincial Government could retain property tax rebates as an income redistribution measure, but these should not be viewed as educational expenditures.

5. The Provincial Government shall consider the feasibility of introducing a wealth tax, as an alternate source of funding, to provide greater equity for taxpayers.
6. Funds shall be provided to school divisions by means of a rationalized formula. The pupil block grant shall constitute the major portion of school support. Other grants shall include capital and transportation grants based on submissions by local school boards. Categorical grants shall also be included to contribute towards teachers' salaries,² vocational and special education, declining enrolments, northern costs, etc.

In summary, therefore, the times are opportune for significant reform in educational finance, and public opinion appears to be coming gradually to this conclusion. In the opinion of The Winnipeg Tribune, "Manitoba's school financing system is a mess It's time for a complete overhaul, based on some hard thinking about the realities of today's education."³ There are many Manitobans who would agree that there appears to be little rationale behind current practice. Government priorities seem to have shifted. While education is still

²As indicated on page 153, the Provincial Government could consider removing the teacher grant as a component of the new formula, and further consider implementing provincial salary negotiations, the results of which could be known when the components of the grant formula are calculated annually.

³"Full Overhaul for Education," editorial in The Winnipeg Tribune, June 18, 1979, p. 8.

commanding a significant share of the taxpayer's dollar, it is relatively less important than health and welfare, energy conservation and urban development.

Certainly, there is at present only limited support for full provincial funding. But certain facts are inescapable: the costs of education are falling unequally on local governments; educational costs will not likely decrease significantly; education serves provincial and national, and not merely local, interests. Consequently, major changes in the funding of this public service seem to be inevitable. Full provincial funding in some form appears the most logical step, not only for educational effectiveness, but also for reasons of fiscal equity, equality of educational opportunity and local autonomy.

BIBLIOGRAPHY

A. BOOKS

- Benson, Charles S. Educational Finance in the Coming Decade. Bloomington, Indiana: Phi Delta Kappa, Inc., 1975.
- Benson, Charles S. Equity in School Financing: Full State Funding. Bloomington, Indiana: Phi Delta Kappa, Inc., 1975.
- Fleming, W.G. Educational Opportunity: The Pursuit of Equality. Scarborough: Prentice-Hall of Canada, Limited, 1974.
- Gauerke, Warren E., and Childress, Jack R., editors. The Theory and Practice of School Finance. Chicago: Rand McNally and Company, 1969.
- Hettich, W., Lacombe, B., and Von Zur-Muehlen, M. Basic Goals and the Financing of Education. Ottawa: The Canadian Teachers' Federation, 1972.
- Jencks, Christopher et al. Inequality: A Reassessment of the Effect of Family and Schooling in America. New York: Harper Colophon, 1973.
- Moffatt, H.P., and Brown, W.J. New Goals, New Paths: The Search for a Rationale for the Financing of Education in Canada. Ottawa: The Canadian Teachers' Federation, 1973.
- Reischauer, Robert D., Hartman, Robert W., and Sullivan, David J. Reforming School Finance. Washington: The Brookings Institution, 1973.
- Saywell, John T. (ed). Canadian Annual Review of Politics and Public Affairs for 1973. Toronto: University of Toronto Press, 1974.
- The McGraw-Hill Dictionary of Modern Economics. Second edition. New York: Douglas Greenwald and Associates, 1973.
- Zarefsky, David, McLain, Thomas, and Goss, David. Complete Handbook on Financing Education. Skokie, Illinois: National Textbook Company, 1972.

B. PERIODICALS

- Alexander, Kern. "The Wealth Tax as an Alternative Revenue Source for Public Schools," Journal of Educational Finance, 2, Spring, 1977.
- Berke, Joel S. "The Current Crisis in School Finance: Inadquacy and Inequity," Phi Delta Kappan, September, 1971.

- Brown, Ian. "Land sakes! Here comes the tax," The Financial Post, April 30, 1977.
- Chalecki, Richard. "Problems in School Finance," Bulletin of the National Association of Secondary School Principals, January, 1976.
- Leischuch, Gerald. "The Editor's Page," Phi Delta Kappan, September, 1978.
- Musella, Donald F. "Financing Education: Some Problems ... Some Solutions ...," OCLEA 8, The Ontario Council for Leadership in Educational Administration, September, 1976.
- Toews, Art. "Property Tax: Justifiably Maligned," The Manitoba Teacher, Vol. 55, No. 4, December, 1976.

C. PUBLICATIONS OF GOVERNMENT
AND OTHER ORGANIZATIONS

- Advisory Commission on Intergovernmental Relations. State Aid to Local Governments. Washington: United States Government Printing Office, 1967.
- Advisory Committee on Intergovernmental Relations. "Who Should Pay for Public Schools?" Report of the Conference on State Financing of Public Schools. Washington: United States Government Printing Office, 1971.
- Coleman, Peter. A Long Range Objective in the Financing of Education. Background Paper No. 3. Winnipeg: The Manitoba Association of School Trustees, January, 1972.
- Levin, Betsy, and others. "Public School Finance: Present Disparity and Fiscal Alternatives." Report of the Urban Institute for the President's Commission on School Finance, Vol. 1, 1972.
- Manitoba. Estimates, Detailed Estimates of Revenue of the Province of Manitoba for the Fiscal Year Ending March 31, 1979, as Presented to the Second Session, Thirty-First Legislature, 1979.
- Manitoba, Legislative Assembly. Debates and Proceedings, Vol. XXII, Second Session, 30th Legislature, 1975.
- Manitoba, Legislative Assembly. Debates and Proceedings, Vol. XXIII, Third Session, 30th Legislature, 1976.

- Manitoba, Legislative Assembly. Speech From the Throne, February 9, 1977.
- Manitoba. The Public Schools Act, Part XXIV, Regulation P250-R11, as amended. Winnipeg: Queen's Printer, 1967.
- Murray, Walter. Report Submitted by the Royal Commission on Education and the Carnegie Foundation for the Advancement of Learning, 1924. Winnipeg: King's Printer, 1924.
- Organization for Economic and Cultural Development. External Examiners' Report on Educational Policy in Canada. Toronto: University of Toronto Students' Administrative Council, 1976.
- Phi Delta Kappa. Financing the Public Schools: A Search for Equality. Bloomington, Indiana: PDK Commission on Alternative Designs for Funding Education, 1973.
- Swift, Fletcher H. State Policies in Public School Finance. Bulletin 1922, No. 6. Washington: Department of the Interior, Bureau of Education, 1922.
- The Advisory Committee on Education Finance. Report to the Honorable Keith Cosens, Minister of Education. Winnipeg: The Advisory Committee on Education Finance, 1977.
- The Advisory Committee on Education Finance. Report to the Honorable Keith Cosens, Minister of Education. Winnipeg: The Advisory Committee on Education Finance, 1978.
- The Manitoba Association of School Trustees. MAST Cost Study. Winnipeg: The Manitoba Association of School Trustees, 1976.
- The Manitoba Association of School Trustees. 1976 MAST Cost Study. Winnipeg: The Manitoba Association of School Trustees, 1977.
- The Manitoba Chambers of Commerce. Presentation to the Premier and Provincial Cabinet. Winnipeg: The Manitoba Chambers of Commerce, 1976.
- The Manitoba Teachers' Society. A Study of Education Finance in Manitoba. Winnipeg: The Manitoba Teachers' Society, 1970.
- The Manitoba Teachers' Society. A Study of Education Finance in Manitoba. Winnipeg: The Manitoba Teachers' Society: 1975.
- The Province of Manitoba. Report of the Manitoba Task Force on Government Organization and Economy. Winnipeg, Queen's Printer, 1978.

The Province of Manitoba. "Social Goods and Services." Volume 2 of Guidelines for the Seventies. Winnipeg: Queen's Printer, 1973.

D. NEWSPAPERS

Billinkoff, Arlene. "Under the Dome," Winnipeg Free Press, March 9, 1977.

Billinkoff, Arlene. "Under the Dome," Winnipeg Free Press, March 13, 1977.

The Winnipeg Tribune, February 21, 1978.

The Winnipeg Tribune, September 21, 1978.

The Winnipeg Tribune, March 22, 1979.

The Winnipeg Tribune, March 24, 1979.

The Winnipeg Tribune, June 18, 1979.

E. UNPUBLISHED MATERIALS

Atherton, Peter, "Recent Developments in Education Finance in Canada." Address delivered to the 53rd Convention of the Canadian Education Association, Halifax, September 22, 1976.

Benson, Ralph. "School Finance Reform in Canada." Paper presented to education finance officials, Toronto, March 4, 1975.

Bezeau, Lawrence M. "Recent Developments in Property Assessment and Taxation in Canada." Paper presented to the American Education Finance Association Conference, San Antonio, Texas, March 22, 1977.

Dalton, Robert W. "A Review of Education Finance in Manitoba." Address delivered to the Manitoba Association of School Superintendents, Winnipeg, March 30, 1978.

"Equity in Public School Financing." Resolution adopted by the Annual Convention of the Association for Supervision and Curriculum Development, New Orleans, March, 1975.

Fowlkes, John C., and Watson, George E. "A Report on State Financial Support and Local Educational Planning." Chicago: University of Chicago, 1954. (Mimeographed.)

Graham, John. "The Changing Concept of the School in Relation to Today's Society." Address delivered to a Conference on Financing Education, Canadian Teachers' Federation, Quebec City, February 17, 1975.

- Harris, Richard C. "Local Control Under Full State Funding." Paper presented to the Annual Meeting of the National School Boards Association, San Francisco, April 10, 1976.
- Levin, Betsy. "New Legal Challenges in Educational Finance." Address delivered to the American Education Finance Association Conference, San Antonio, Texas, March 21, 1977.
- Liberal Party of Manitoba. "Policy Statement on Education." Winnipeg: Liberal Party Convention material, December, 1976. (Mimeographed.)
- New Democratic Party of Manitoba. "Education for the Sixties." Winnipeg: New Democratic Party Convention material, 1961.
- New Democratic Party of Manitoba. "Convention Resolutions." Winnipeg: New Democratic Party Convention material, 1967. (Mimeographed.)
- New Democratic Party of Manitoba. "Convention Resolutions." Winnipeg: New Democratic Party Convention material, 1975. (Mimeographed.)
- Nyquist, Ewald B. "Full State Funding and Local School Board Policy-Making." Paper presented to the Annual Meeting of the National School Boards Association, San Francisco, April 15, 1972.
- Rumbaugh, S.A. "Cost of Education Differentials: The Search for the Missing Link." Address delivered to the American Education Finance Association Conference, San Antonio, Texas, March, 1977.
- Shalala, Donna, and Williams, Mary. "Political Perspectives on Efforts to Reform School Finance." Paper presented to the American Educational Research Council, April, 1976. (Mimeographed.)
- The Manitoba Association of School Business Officials Incorporated. "Minutes of the Fifteenth Annual Meeting and Seminar." Winnipeg: The Manitoba Association of School Business Officials, May, 1976. (Mimeographed.)
- The Manitoba Association of School Superintendents. "Brief to the Minister of Education." Winnipeg: The Manitoba Association of School Superintendents, 1974. (Mimeographed.)
- The Manitoba Association of School Superintendents. "Recommendations to the Minister of Education on the Financing of Education." Winnipeg: The Manitoba Association of School Superintendents, 1978. (Mimeographed.)

- The Manitoba Association of School Superintendents. "Brief to the Minister re Manitoba Task Force Recommendations." Winnipeg: The Manitoba Association of School Superintendents, July 27, 1978. (Mimeographed.)
- The Manitoba Association of School Trustees. "Brief Presented to Hon. Keith Cosens, Minister of Education, December 19, 1977." Winnipeg: The Manitoba Association of School Trustees, 1977. (Mimeographed.)
- The Manitoba Association of School Trustees. "Presentation to the Government of Manitoba on Resolutions Passed at the 1974 Convention." Winnipeg: The Manitoba Association of School Trustees, May 2, 1974. (Mimeographed.)
- The Manitoba Association of School Trustees. "Presentation to the Government of Manitoba on Resolution Passed at the 1975 Convention." Winnipeg: The Manitoba Association of School Trustees, May 15, 1975. (Mimeographed.)
- The Manitoba Association of School Trustees. "Presentation to the Premier of Manitoba and Members of the Provincial Cabinet on Resolutions Passed at the 1976 Convention." Winnipeg: The Manitoba Association of School Trustees, September 13, 1976. (Mimeographed.)
- The Manitoba Association of School Trustees. "Resolutions Passed at the 1978 Annual General Meeting." Winnipeg: The Manitoba Association of School Trustees, 1978. (Mimeographed.)
- The Manitoba Association of Urban Municipalities. "Proceedings of the 25th Annual Conference, Dauphin, Manitoba, September 20, 21, 1973." Winnipeg: The Manitoba Association of Urban Municipalities, 1973. (Mimeographed.)
- The Manitoba Association of Urban Municipalities. "Proceedings of the Mid-Season Conference, Gimli, Manitoba, May 23, 1975." Winnipeg: The Manitoba Association of Urban Municipalities, 1975. (Mimeographed.)
- The Manitoba Association of Urban Municipalities. "Proceedings of the Mid-Season Conference, Killarney, Manitoba, May 28, 1976." Winnipeg: The Manitoba Association of Urban Municipalities, 1976. (Mimeographed.)

The Manitoba Association of Urban Municipalities. "Proceedings of the 28th Annual Conference, Brandon, Manitoba, October 7, 8, 1976." Winnipeg: The Manitoba Association of Urban Municipalities, 1976. (Mimeographed.)

The Manitoba Association of Urban Municipalities. "Proceedings of the Mid-Season Conference, Neepawa, Manitoba, May 27, 1977." Winnipeg: The Manitoba Association of Urban Municipalities, 1977. (Mimeographed.)

Union of Manitoba Municipalities. "Final Report, Education Cost Study." Portage la Prairie: Union of Manitoba Municipalities, July 25, 1977. (Mimeographed.)

F. INTERVIEWS

Huband, Charles, January 11, 1977.

Lyon, Sterling, February 7, 1977.

G. STATISTICAL SOURCES

Assistant Director of Schools, St. James-Assiniboia School Division No. 2.

City of Winnipeg, Assessment Department.

Province of Manitoba, Letter to School Boards from the Minister of Education, January 30, 1979.

Province of Manitoba, Regulation 170/77, under The Public Schools Act.

Province of Manitoba, The Public Schools Finance Board.

Statistics Canada, Education Division. Preliminary Statistics of Education.

United States Government, Bureau of the Census of Comparative Analysis.

United States Government, National Centre for Educational Statistics, Department of Health, Education and Welfare. Digest of Education Statistics.