

THE UNIVERSITY OF MANITOBA

A STUDY OF EDUCATIONAL FINANCE IN ALBERTA

1958--1971

by

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ABSTRACT

Educational finance is one of the major determinants in the quality of educational service to be rendered. It embodies all of the factors that relate to the collection of revenue and disbursement of expenditures.

This thesis comprises a study of the history and development of educational finance in the Province of Alberta. Its purposes are to (a) compile, organize and interpret educational finance information and data, (b) to study various factors pertaining to educational finance before and after the inception of the Foundation Programs, and (c) to try to ascertain any changes that may have occurred as a result of these programs.

The study is somewhat historical in nature since it traces various aspects of educational finance in Alberta from the 1800's to the present. Special emphasis is placed on the periods 1958-1960, 1961-1963 and 1969-1971; the years immediately prior to and following the Foundation Programs.

An examination of financial support for education indicates that the basic principles of fiscal responsibility started before Alberta became a province.

The equalization grant was the first major change in principle and became an essential part of the Foundation Programs.

A survey of several educational cost factors indicate the growth in student enrollment, teacher count, physical facilities, instructional supplies and salaries. Each of these is responsible

for a portion of the total increase in educational expenditure.

The study examines the total operational revenue for the years 1958-1960, 1961-1963 and 1969-1971 and then indicates the sources of the revenue.

The findings of the study indicate the following:

1. The 1960 and 1971 Foundation Programs both tended to reduce the rate of increase in educational expenditure.
2. There was a shift in fiscal responsibility; from the local authorities to the Provincial Government.
3. There appears to have been some reduction in local autonomy.
4. A minimum standard level of education was made possible to each local school area.
5. There has been some progress in the area of reassessment of programs and cost analysis of operations due to limited revenue from special levy.
6. Educational costs are continuing to rise while student enrollment is presently declining.

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CHAPTER I

INTRODUCTION AND DEVELOPMENT OF THE STUDY

I. INTRODUCTION

Education in Canada is the individual responsibility of each of the ten provinces, and consequently the pattern of events in Alberta is inherently related to this historical fact. Under Section 93 of the British North America Act of 1867, education is the exclusive prerogative of the provincial legislatures. Section 93 of the Act begins; "In and for each Province the Legislature may exclusively make Laws in relation to Education . . ." ¹

Despite this exclusive constitutional right of provincial governments to make their own educational laws there have been efforts to develop inter-provincial cooperation, particularly since 1968 when the education ministers of Canada's ten provinces established the Council of Ministers of Education to provide a means of communication and perhaps some degree of consistency in educational patterns. Notwithstanding Section 93 of the B. N. A. Act, the Federal Government does play a considerable role in education. For example, this level of government provides for the education of Indian and Eskimo children as well as children whose parents are in the armed services and live on Department of National Defence Bases. The Federal Government also makes money avail-

¹M. Oliver, (compiler), "British North America Act and Selected Statutes, 1867-1962", Ottawa: n.d., p. 87.

able in the form of grants for special, vocational and post-secondary education in addition to providing research grants. Thus it will be seen that even though diversity remains one outstanding characteristic of Canadian education, all of the provincial systems share some common features.

II. PROBLEM AND SIGNIFICANCE OF THE STUDY

This thesis comprises a study of the history and development of educational finance in the Province of Alberta. Its purposes are to (a) compile, organize and interpret educational finance information and data, (b) to study various factors pertaining to educational finance before and after the inception of the Foundation Programs, and (c) to try to ascertain any changes that may have occurred as a result of these Programs. The analysis is designed to give the reader a reasonably complete understanding of the development of the system of educational finance through the years and particularly from 1958 to 1971, including implications for financing education in other provinces. The study will also provide facts and data indicating growth patterns in enrollment, physical facilities and expenditures. Particular emphasis will be placed on the financial structure of public education during the period immediately prior to and following the implementation of the Foundation Program. In this way the research will make such educational information readily available for interested persons. Such data are necessary for the understanding of present educational practice in Alberta, and in Canada, and therefore should provide another vantage point from which

educators can plan future educational developments relating to finance. It would consequently be useful if similar treatment or consideration could be applied to the remaining provinces and in this way, modestly add to the level of understanding about educational finance in this country.

III. METHODOLOGY AND SOURCES OF INFORMATION

Due to the nature of the study most of the information will be derived from a review of the literature, or from the data published by both the Federal and Provincial Governments, and from reports of studies undertaken by Royal Commissions, individuals, the Alberta Teachers' Association, the Alberta School Trustees' Association and other educational groups. Finally, information will be gathered through interviews with educators and administrators at school, municipal and provincial levels. In this manner a fairly complete account of Alberta educational finance should be described.

IV. DELIMITATIONS OF THE STUDY

Although the results of the study, in terms of information provided, have a bearing upon the Canadian educational scene, the focus of attention will be on the financial aspects of education in the Province of Alberta. However, some consideration will be given to Canadian education in general.

No attempt will be made to trace the development of any particular level of education in detail and there will be only passing atten-

tion given to school programs, curricula and teacher education. A brief description with supporting facts and data will indicate the financial trends that have taken place in recent years and will also serve to forecast the likely direction of educational finance in Alberta over the next few years.

A brief description of the School Foundation Programs in operation in North America will be undertaken, followed by a concise analysis of the programs instituted in Alberta in 1961 and 1970. An overview of the historical and developmental factors affecting educational finance in that Province will provide the background information leading to the implementation of the Foundation Program and also provide a rationale for this type of support for education.

Three periods, each three years in length, will be studied in greater detail. These periods will be the years 1958-1960, 1961-1963, and 1969-1971. The factors affecting educational costs will be examined followed by an analysis of the operating expenditures, operating revenues, sources of revenue, and the equalized assessment. This will indicate some of the changes that have taken place, perhaps partly as a result of the Foundation Programs, the financial situation at the present time, and also provide some basis on which to predict future trends in Alberta educational finance.

The study will essentially include all public and private schools in the Province of Alberta. Post-secondary education will not be considered at this time.

V. LIMITATIONS OF THE STUDY

While every attempt will be made to ensure accuracy and reliable analysis, the writer is mindful of the following limitations:

1. the subjective judgement of those interviewed.
2. the existence of bias in the literature, reports and data.
3. the incompleteness of available data.
4. the obsolescence of some of the data.
5. the inevitable human error in predicting future trends.
6. the possibility of attaching too much credit to certain factors for bringing about changes.

VI. DEFINITION OF TERMS

The terms used in this study have the following connotation:

Equalized assessment: the full value of real property and $\frac{2}{3}$ of the value of all buildings subject to assessment and taxation, including the amount of the assessment:

- (a) of railways, roadways, pipelines and power lines;
- (b) of any property of an industry or utility that has been fixed by agreement or statute below its assessed value, at the amount so fixed;
- (c) of grants in lieu of municipal taxes paid to a municipality which would produce taxes equivalent to the amount of the grants;
- (d) of the amount of assessment that, if the mobile houses were subject to municipal assessment and taxation, would produce taxes equivalent to the amount of the fees received; where fees are charged for

licences issued to the owners or occupants of mobile homes.

Balanced assessment: equalized assessment plus the personal property within the division less the assessed value of property not subject to school tax.

Standard level of education: an acceptable minimal level of education possible in all districts and divisions under the Foundation Program.

Operating expenditure: those costs involving administration, instructional services, supplies and equipment, plant operation and maintenance, and transportation of students.

Capital expenditure: the expenditure for equipment, existing buildings or land, major ground improvements, additions to, construction or remodelling of buildings.

Operating revenue: All monies received for the operation of the educational system.

VII. ORGANIZATION OF THE STUDY

Chapter 2 constitutes a brief review of the Federal and provincial jurisdictions in regard to education, including their legal positions. The chapter shows some of the differences and similarities among the provinces and also indicates patterns of growth that have taken place. Chapter 3 is a review of the history and development of public educational finance in Alberta and will include the influence of the church in education, the first schools and their growth, education in the formative years, as well as a survey of the changing student enroll-

ments accompanied by the changing human and material requirements.

Chapter 4 examines the student population, and other factors affecting the cost of education. It also provides an analysis of the operating expenditure, operating revenue, sources of revenue, and the equalized assessment. The years 1958-1963, 1969-1971 are of particular interest in this chapter. Chapter 5 provides a summary of the findings, an assessment of the effects of the Foundation Programs, and an indication of the present trends in Alberta's educational finance.

CHAPTER II

EDUCATIONAL FINANCE IN CANADA

I. THE ROLE OF THE FEDERAL GOVERNMENT

All levels of government are involved in the financing of education to varying degrees; municipal, provincial and federal.

In spite of the provisions of Section 93 of the British North America Act, which gave the provinces complete jurisdiction over education, there is a long history of federal government participation in educational matters. From very modest beginnings involving education for Indians and Eskimos, the Federal Government now spends vast amounts to support education. Between 1867 and 1960, for example, this legislative body has passed over eighty pieces of legislation relating to expenditure on education.¹ Although a few of these Acts related to the education of the Indian and the Eskimo, a phase of education always governed by federal authorities, many have dealt with technical, vocational and university education. The national government provides funds for the operation of all elementary and secondary schools for Indian and Eskimo children, children of members of the armed forces, and grants and allowances for vocational training and for post secondary education. These included sizeable funds during the 1960's for the construction and

¹W. H. Toombs, "Federal Aid to Education: A National Controversy", *Canadian Administrator*, 11:6, March 1963, p. 10.

equipping of many technical vocational schools across Canada. As the educational programs which were subject to federal jurisdiction expanded there was a corresponding increase in federal aid for education. Increased enrollments, better facilities, more highly qualified teaching personnel and inflation were other factors involved in a rapid rise in educational costs.

Federal participation in educational finance has been predominantly in the area of post-secondary education. Since this study concerns itself mainly with education from Kindergarten to Grade XII, no details will be considered concerning the various post-secondary programs or the federal contributions made toward their establishment or operation.

The basic purpose of the financial contribution by the Federal Government to education is based on economic equality for the provinces, and equality of educational and employment opportunities for all Canadians.

When addressing the provincial premiers of Canada in October 1966, at the Federal Provincial Conference, the Honorable L. B. Pearson said:

The proposals we have made, based on the appreciation of the needs imposed on the provinces by their responsibility for education, carry one stage further the principle underlying the concept of equalization. The provision of a basic economic equality for the provinces, together with equality of educational and employment opportunity for all Canadians is, in my judgement, one of the most important and beneficial goals of our confederation. To help achieve it is one of the most vital services the federal

government can provide to the people of our country.²

Table I provides some details of the growth of the Federal Government's share of educational expenditure from the year 1954 to 1968. The Table also provides figures to show the expenditure of the other levels of government making it possible to compare the contributions made by the three governing bodies.

The Federal Government's contribution to education increased at an average annual rate of nearly twenty percent during the period 1958 to 1971 while at the same time the proportion grew from seven to more than ten percent of the total expenditure on education.

In the future, the importance of local taxation will continue to increase substantially in terms of dollars, but will likely decline relative to the total expenditure on education. The contributions of the provincial and federal governments will therefore have to continue to increase both in absolute and relative terms. The allocation of responsibilities between federal and provincial governments will depend upon the fiscal arrangements between these two levels of government.

II. THE ROLE OF THE PROVINCIAL GOVERNMENT

As stated earlier, the provincial authority in and responsibility for education has historical roots reaching back to the British North America Act. This Act assigned the responsibility for education

²Address by the Honorable L. B. Pearson, Federal-Provincial Conference, October 1966.

TABLE I
 TOTAL EXPENDITURE ON FORMAL EDUCATION IN CANADA
 BY SOURCES OF FUNDS - 1958-1963; 1969-1971
 (in millions of dollars)

Year	Local Gov't.	Provincial Gov't.	Federal Gov't.	Other Sources	Total Expenditure
1958	497	522	100	117	1235
1959	583	604	114	125	1426
1960	653	706	113	149	1622
1961	691	845	147	190	1873
1962	740	997	340	204	2281
1963	826	1091	282	239	2439
1969	1690	3595	672	640	6597
1970	1961	4002	739	641	7343
1971	2155	4484	830	729	8198

Source: ^aCanada, Queen's Printer, "Survey of Educational Finance, 1964", Ottawa, 1964.

^bCanada, Queen's Printer, "Preliminary Statistics of Education", Ottawa, 1965-1971.

^cCanada, Queen's Printer, "Advance Statistics of Education", Ottawa, 1968-1973.

squarely on the shoulders of the provincial governments in 1867 and very little substantial change in this principle has taken place since.

Section 93 of the British North America Act states:

In and for each Province the Legislature may exclusively make Laws in relation to Education, subject and according to the following Provisions:

1. Nothing in any such Law shall prejudicially affect any Right or Privilege with respect to Denominational Schools which any Class of Persons have by Law in the Province at the Union:
2. All the Powers, Privileges, and Duties at the Union by Law conferred and imposed in Upper Canada on the Separate Schools and the School Trustees of the Queen's Roman Catholic Subjects shall be and the same are hereby extended to the Dissentient Schools of the Queen's Protestant and Roman Catholic subjects in Quebec:
3. Where, in any Province a System of Separate or Dissentient Schools exist by Law at the Union or is thereafter established by the Legislature of the Province, an Appeal shall lie to the Governor General in Council from any Act or Decision of any Provincial Authority affecting any Right or Privilege of the Protestant or Roman Catholic Minority of the Queen's Subjects in relation to Education:
4. In case any such Provincial Law as from Time to Time seems to the Governor General in Council requisit for the due Execution of the Provisions of this Section is not made, or in any case any Decision of the Governor General in Council on any Appeal under this Section is not duly executed by the proper Provincial Authorities in that behalf, then and in every such Case, and as for only as the Circumstances of each Case require, the Parliament of Canada may make remedial Laws for the due Execution of the Provisions or this Section and of any Decision of the Governor General in Council under this Section.³

This legal arrangement has continued to the present and in Canada today the provinces are still responsible for the education of all persons with the exception of Indians, Eskimos, children in the territories, inmates in federal penitentiaries and children of members

³M. Oliver, (compiler), "British North America Act and Selected Statutes, 1867-1962", Ottawa, n.d., p. 87.

of the Armed Forces on Department of National Defence stations.

Since Canada as a nation has chosen to decentralize the responsibility for education and place it under the control of the provincial governments, the problems associated with financing have largely fallen on the provinces. However, each province has further decentralized the process by delegating certain responsibilities to local education authorities. It is a long-standing tradition that along with local autonomy and local decision-making powers, must fall some local responsibility for raising revenue with which to finance the different educational programs resulting from local decisions.

There are essentially two methods by which a province can provide revenue for the financing of education. The first method is to assign one or more tax sources to local authorities and require them to pay for education by taxing these. Some of the sources have been real property tax, personal property tax, income tax and poll tax. The second method of financing community education is to allow the local authorities to administer one major tax source, usually the real property tax, and to supplement this tax by grants provided from provincial revenues. This second method is preferred by most provinces primarily because it tends to offset a major weakness of regional disparity. The chief problems in the first method of educational finance, using the previously mentioned tax bases as sources of local educational funds, is that the revenue per child to be educated varies widely from one community to another. Rich communities with broad tax bases can raise money to support a sophisticated level of education,

while those areas at the opposite end of the scale can scarcely provide for the bare necessities. Generally, the smaller the unit, the greater the spread in tax revenue per pupil at a uniform rate. Either the smaller or poorer unit of school administration has to increase its tax rates and offer a comparable service or be content with lesser services. Whichever method is chosen, and it has already been indicated that provinces now operate under the second method, both are integral parts of the province's fiscal policy. One of the principles involved in the method of provincial taxation based on a province-wide equalization formula, with grant provisions to the local school authorities, is to achieve greater equalization of opportunity. This principle is at least partially realized when the province pays grants in inverse proportion to the local tax-paying ability. The purpose is to compensate school boards in economically underprivileged areas for their relatively lower revenue from the local property tax, to permit them to provide a more equitable level of education. One particular adaptation of the equalization principle is that of the foundation grants which combine the ideas of a provincial standard of school service, and an equalization grant. The equalization grant makes up the difference between the standard level of service and the service that can be provided by funds raised by a uniform rate of taxation on real property. This foundation program is simply a formula for the collection and distribution of money by the provincial government. Each year an amount from the general revenues of the province is allotted to the Department of Education, which along with a portion of the

property tax collected by each municipality, is paid into the Foundation Program. This portion is established by regulations decided upon by the cabinet. Such grants from the provincial government to the local school authorities can be applied to capital expenditure, transportation, salaries, supplies and text books. Basically the grants are calculated on a per student basis, and of course, this is related to the economic base of the locality. The Foundation Program will be examined at greater length in CHAPTER III, particularly as it applies to the Province of Alberta.

In concluding this section, provincial governments in Canada have the ultimate responsibility for providing educational services, but for social, historical and political purposes there has been provision for some local autonomy and authority in the management of education. The division of responsibility has been extended to school districts by legislative prerogative of the provinces for some degree of fiscal liability with respect to securing revenues and also in regard to expenditures. Notwithstanding this dependence on local taxation for part of the cost of education, provincial support has been in such proportion that a lesser share is being borne by school district residents as a direct burden.⁴ Table I on page 11 indicates that, whereas in 1958 the proportions paid toward financing education in Canada by the provincial and local governments respectively were

⁴A. Bredo, "Financing Education", Second Alberta Seminar On Education Finance, p. 77.

42 percent and 40 percent, by 1971 these proportions had changed so that the provincial share was 54 percent and the local share was 26 percent.

III. DIVERSITY AND COMMON FEATURES

Canada is a very large country with a wide variety in cultural, geographic, social and economic conditions. This makes it difficult to consider education on a national level. However, although there are many differences that exist between provinces, they nevertheless do have some things in common.

In every province, the Provincial Department of Education and the local school boards participate cooperatively in the operation of the public schools. Each department of education has been responsible for setting a defined curriculum with appropriate text books, setting any external examinations, inspecting the schools and assisting in public school financing. Each provincial and local government is jointly empowered to establish and maintain schools, levy taxes for the support of education, engage and dismiss teachers, and ensure that schools under their jurisdictions comply with the regulations of the Provincial Department of Education. Each province has a form of foundation grant program for the purpose of aiding local governments in providing equitable services. In every case the percentage and aggregate provincial contribution toward the financing of education has been increasing.

The diversity of Canadian education can best be seen in a com-

parison of the various areas. The province of Quebec and those to the east of that province have a long tradition of denominational schools. In Newfoundland, for example, most public schools have been operated by one of five different denominations. In the provinces to the west of Quebec the occurrence of denominational and private schools is somewhat different and less common.

Whereas all provinces provide grants to the local school authorities, the size of the grants and the methods of calculation are not all the same. Another important regional difference between provinces is the economic situation. The provinces of British Columbia, Alberta Saskatchewan, Manitoba and Ontario all show higher student retention, higher teacher qualifications and salaries, smaller pupil-teacher ratios, and a higher per-pupil expenditure than do the provinces east of Ontario.⁵ According to John E. Cheal,

. . . the ability of British Columbia to support the education of its children is almost three times that of Newfoundland. The total ability of the Western Provinces is almost double that of the Eastern Provinces. In Central Canada,⁶ the ability of Ontario is a third greater than that of Quebec.

Provinces in Canada share the common desire of educating their people. However, the difference due to regional economic disparity are evident in the varying degrees of sophistication of programs and facilities available to the students.

⁵R. Magnuson, "Education in the Province of Quebec" (Washington: U. S. Government Printing Office, 1969), p. 3.

⁶J. E. Cheal, Investment in Canadian Youth (Toronto: The MacMillan Company Ltd., 1963), p. 77.

IV. CHANGING ENROLLMENTS AND COSTS

Several factors are in a constant state of change thus causing the financial requirements for education to change.

Students

Since Confederation the size of Canada's school population has continued to grow. However, the growth pattern has not been an even one. The general population of the country was one of the factors determining the school population. Other factors include the attitude of the people toward formal education, availability of educational facilities and the level of economic development. In recent years there has been a general upswing in school population. Two major forces behind this influx into the schools have been: (1) the post-war baby boom; and (2) the growing desire for more schooling, necessitated by the increasing technology and complexity of society. Table II indicates that the elementary and secondary school population in Canada nearly doubled between the years 1951 and 1965. From 1965 to 1971 the total population in schools continued to rise but this has been at a reduced rate, and has caused a levelling-off effect in the services to be provided.

The entry of a much higher percentage of pre-Grade I students accounts for a significant increase in school population. In 1960 there were approximately 145,000 pre-Grade I students in schools across the country; by 1963 the number rose to 168,805, and by 1971 the total had reached 400,131. This represents a growth of 138 percent. This interest in early childhood education was not common to all provinces, how-

TABLE II
 TOTAL NUMBER OF STUDENTS ENROLLED IN ALL CANADIAN
 PUBLIC AND PRIVATE SCHOOLS AT THE ELEMENTARY
 AND SECONDARY LEVELS FOR THE YEARS
 1951, 1959, 1965, 1971
 (In Thousands)

Level	Year			
	1951	1959	1965	1971
Elementary	2230	3294	3922	4062
Secondary	394	715	1205	1760
Total	2624	4009	5127	5822

Source: ^aEconomic Council of Canada, "Enrollment in Schools and Universities: 1951-52 to 1975-76." Ottawa: Queen's Printer, 1967, pp. 130-132.

^bStatistics Canada, "Preliminary Statistics of Education and Advanced Statistics of Education", 1972-1973, p. 36.

ever. The Province of Alberta still has comparatively few students in pre-Grade I classes, although the number is rising, as indicated in Table III. Also shown are the increases in Grades I - VIII and Grades IX - XII or XIII. The heightened interest in education is particularly noticeable as one compares the category which includes high-school students. This is shown by 27 percent increase between the years 1960 and 1963. Between the years 1963 and 1971 the increase is 66.44 percent. The over-all percentage increase between 1960 and 1971 is 113. Comparatively, in Grades I - VIII, the increases are 5.2, 10.9 and 16.7 percent for corresponding periods. The increase in the Grades I - VIII category is due largely to increased population as most of these students are within the compulsory school attendance age. However, from Grade IX to the end of high school, students are of school leaving age. The higher percentage increase therefore, represents not only a total increase in the population, but also the higher retention rate, due at least partially to the increased emphasis on education and a recognition of its importance.

As the number of students enrolled in educational institutes increased there was a corresponding increase in the number of teachers required. Other staff increased as a result, since the administrative personnel, maintenance and cleaning employees, clerical staff and transportation personnel were required to meet the new demands of an increased enrollment. Then too, new facilities put a strain on budgets as old buildings and equipment were no longer adequate to meet the growing needs. Not only were the old buildings and supplies too small and

TABLE III
 TOTAL NUMBER OF STUDENTS ENROLLED IN ALL CANADIAN
 PUBLIC AND PRIVATE SCHOOLS BY LEVELS FOR THE
 YEARS 1960--1963--1970

Year	Level				Total
	Pre- Grade I	Grades I-VIII	Grades IX-XIII	Blind Deaf	
1960	145,571	3,267,259	788,777	2,695	4,204,302
1963	168,805	3,438,227	1,002,445	3,102	4,612,579
1971	400,131	3,813,265	1,668,531	3,871	5,885,798

Source: ^aCanada, Queen's Printer, "Education in Canada", Statistics Canada, Ottawa, 1973, p. 90.

TABLE IV
 TOTAL NUMBER OF TEACHERS IN ALL CANADIAN ELEMENTARY
 AND SECONDARY SCHOOLS BY LEVELS
 1960 1963 1971
 (in thousands)

Year	Pre- Grade I	Grades I-VIII	Grades IX-XIII	Total
1960	5.5	121.0	37.1	163.6
1963	6.5	130.2	48.5	185.2
1971	14.7	156.7	100.2	271.6

Source: ^aIbid., p. 106.

too few but the increased emphasis on education also brought with it a demand for the latest in improved equipment and facilities. A new era had arrived and with it came the greatly increased financial needs to meet the costs of these new and expanded educational services.

Teachers

As a direct result of the expanding school population the number of teachers required also rose correspondingly, as indicated in Table IV. The figures here indicate not only the increase in the number of teachers but also show that the greatest percentage increase was in the category of Grade IX - XIII. This was closely followed by the pre-Grade I category with a 167 percent increase.

This corresponds closely with the increases in the number of students. However, the total increase in the number of teachers is not merely the result of greater school population. Also reflected in the teacher increase is the change in pupil-teacher ratio. Statistics indicate that since 1960 the number of pupils has not increased at the same percentage rate as the number of teachers. Hence, the pupil-teacher ratio has declined steadily. In 1960 for example, the pupil-teacher ratio was 25.6:1. in 1963 the ratio was 24.8:1 and in 1970, 21.3:1.

All other things remaining equal, the greater the number of students and teachers, the higher the cost of education. However, all other things have not remained equal and the costs have increased at a more rapid rate than can be explained by an increased number of teachers. Two important factors here are the higher qualifications

of the teachers and the increase in salaries. These two factors may be considered individually or together. Salaries at each particular step in teacher classification have shown a marked increase in the last decade, and of course this has caused education budgets to rise. When a teacher moves upward in grant classification by increasing his or her qualifications the increase in salary is compounded. Since these two factors have been operative simultaneously, especially during the period since 1960, the rise in educational costs due to higher teachers' salaries has been substantial.

Capital and Instructional Supplies

But teachers' salaries have been only one of the various factors chosen to illustrate the rise in educational expenditure. Instructional supplies have also risen in cost and the amount of money required for capital outlay has obviously expanded. In addition, the total number of educational institutions accomodating elementary and secondary students has decreased continually from 1960 to 1971, but the average number of classrooms in each school has increased. Table V indicates this change in size and number.

The schools not only have become fewer and larger, they have become much more sophisticated in terms of materials and equipment used and also in their structural design.

Needless to say, debt charges to school boards make up a substantial portion of the budget. This figure has also increased steadily and rapidly between 1960 and 1970. Table VI gives a breakdown of the costs to school boards across Canada for the years 1960, 1963, and 1970.

TABLE V
TOTAL NUMBER AND AVERAGE SIZE OF ALL CANADIAN
ELEMENTARY AND SECONDARY SCHOOLS
1960--1963--1971

Year	Number of Schools	Average No. of Classrooms
1960	27,388	154
1963	26,282	176
1971	18,841	312

Source: ^aIbid., p. 104.

TABLE VI
SCHOOL BOARD EXPENDITURES IN
CANADA 1960--1963--1970
(In millions of dollars)

Year	Teachers' Salaries	Other Operating Expenses	Capital Cost	Debt Charges	Total Costs
1960	626.1	276.1	72.2	158.0	1132.4
1963	883.6	382.4	91.6	209.2	1566.8
1970	2430.6	1167.7	70.4	463.6	4132.3

Source: ^aIbid., p. 121.

One other way of considering educational costs is to view the per pupil expenditure. This figure does not necessarily reflect the quality of education available to students, since many factors unrelated to the educational program must be taken into consideration when calculating the per pupil cost of education. The figure is, however, an indicator of educational cost trends and very definitely affects the total monies expended for education. The cost per pupil for education in Canada has been on the rise for more than a decade, according to figures released by Statistics Canada. In 1960 the average per pupil cost for education in elementary and secondary schools was \$305.00. In 1963 the cost per pupil rose to \$383.00, and in 1970 to \$797.00.

V. SUMMARY

In summary, Canadian education generally falls under the jurisdiction of the individual provinces, even though both the federal and municipal governments have a long tradition of involvement. All three levels of government contribute toward the financing of education but not on an equal basis. The province assumes the greatest financial responsibility, followed by the local government and the federal government, in that order. Whereas, the size of the financial commitment by each of the three bodies has increased considerably, the provincial government has assumed a much higher percentage of the total expenditures in recent years. The Federal Government's percentage has increased slightly but the share assumed by the local government has decreased in terms of percent of the total costs of education even

though the actual costs have also risen for the local authorities.

Various factors have contributed to the rise in educational costs in recent years. Although current figures indicate that the school population is decreasing, present trends in operating costs will probably continue to swell the over-all educational costs in Canada, notwithstanding the probable decline in student numbers.

CHAPTER III

THE HISTORICAL BACKGROUND AND DEVELOPMENT OF EDUCATIONAL FINANCE IN ALBERTA

I. DEVELOPMENTS PRIOR TO 1905

When the Province of Alberta was officially recognized in 1905, there were operating within its boundaries, 560 school districts, and the majority of these were rural. These districts continued to function and as time went on, the settled rural parts of the province were organized into smaller districts each from sixteen to twenty square miles in area; each with its own school board and an autonomous unit of administration. How this happened and the effects it had on finances will be the focus of this section.

In The Beginning

Education in the Province of Alberta, as in other areas of Canada, had a very modest start. From a remote sparsely populated territory in the early 1800's, with no formal provision for education, with vast stretches of uncleared land useful mainly for fur trade, the present progressive Province of Alberta has come a long way in educational services.

The first endeavour was undertaken by the missionaries. As in many other areas these early educators ventured out to teach the elements of their faith and hopefully to assist the resident population to

become "peaceful and provident citizens". Education not only made it possible for the people to read the literature the missionaries distributed, but it also provided a service that was of interest to the fur trader and later to the permanent settler.

As early as 1823, the Council of the Northern Department, a branch of the territorial government, established the first governmental policies on education in the area later to become the Province of Alberta. The policies were endorsed each year until in 1839 certain "resolves" became part of the Standing Rules and Regulations, a piece of legislation drawn up by the Council for the governance of the Territory. Number 3 of these Regulations reads as follows:

As a preparative to education, that the mother and children be always addressed and habituated to converse in the vernacular dialect (whether English or French) of the father, and that he be encouraged to devote part of his leisure hours to teach the children their A. B. C. and Catechism together with such further elementary instruction as time and circumstances may permit.¹

However, the Council not only adopted a number of regulations, it also endorsed a kind of "do-it-yourself" educational policy, and provided some assistance in the form of grants to church schools.

Roman Catholic missionaries were the earliest educators to enter Alberta when in 1836 a mission station was established in Edmonton. Father Thibault, the first missionary to enter this part of the country, founded the original mission school at Lac Ste. Anne in 1842. Other mission schools were soon organized at Fort Edmonton in 1852 and at

¹E. H. Oliver, The Canadian North-West (Ottawa: Government Printing Bureau, 1914), II, p. 756.

Lac La Biche in 1854, by the Grey Nuns of Montreal. However, these schools were extremely simple in terms of structure and facilities. The place of instruction was no more than "a circle around a campfire, a smoke-filled tent, at best a room in a fort."² The students were not instructed on a systematic basis until Father Lacombe established the first permanent school giving regular instruction in 1862, which was attended primarily by families of Hudson's Bay Company officials.

Protestant missionaries sent out by the Methodist Church in England also came to the area around Edmonton shortly after the arrival of the Roman Catholic missionaries. Their purposes were very similar to those of the Catholic faith and they followed much the same pattern in getting established. Their initial efforts at providing an education made it necessary for them to follow the hunters as they pursued the buffalo. By 1864 a permanent school was established in the Victoria settlement on the banks of the North Saskatchewan River, about one hundred and eighty miles east of Edmonton. Before long other schools were established, one being a night school which was established in Edmonton in 1870 for employees of the Hudson's Bay Company.³

Regardless of how primitive the educational facilities and how few and simple are the programs, there inevitably occurs the necessity for financial support. In those early days it took very little money

²I. Goresky, "The Beginning of Growth of the Alberta School System", (Unpublished Masters Thesis, University of Alberta, 1944), p. 10.

³C. E. Phillips, The Development of Education in Canada, (Toronto: W. J. Gage & Company, Ltd., 1957), p. 156.

to sustain the educational system. At the outset the cost was borne by the particular missionary society providing the service, but local support was soon solicited and assistance for the missionary teacher first appeared in the form of produce, clothing, or perhaps accommodation. Before long the local people provided the funds and the manpower necessary for instruction.

Needless to say the scope of the educational enterprise in those early days was very small, but soon more ambitious programs for financing education were established. Part of the revenue was derived from the local mission providing the educational service; the remainder had to be furnished by the local residents, a practice continued in some form within our present system. Although the financial support was extremely meagre in comparison to today's budgets, nevertheless the burden was definitely felt by those settlers with their limited resources. For example:

In Edmonton there appears to have been a school in the lower town from 1874, but it was closed in 1882 because of financial difficulties and lack of pupils. In the upper town there was a schoolhouse, but there, too, difficulty was encountered in keeping it in operation. A committee of nine men came to the rescue in 1881 by assuming a liability of \$150 each in order to guarantee the teacher's salary.

When financial difficulties were beyond the means of the local people, petitions were circulated and requests were made of the government to cover costs of operation and those of a capital nature. In 1877 assistance was requested for the erection of a schoolhouse. Al-

⁴Ibid., p. 157.

though the matter was given careful consideration by the Council of the Northern Department, funds were just not available and the request was turned down. However support was soon to come from without the local area for the financing of education. "In 1878 the governor included in his estimates an item of \$2000, from which he intended to pay half the salaries of teachers in schools founded by voluntary agencies or local subscribers."⁵ In 1879 the Lieutenant-Governor wrote Ottawa urging aid to schools to the extent of paying half the teacher's salary where there was a minimum average attendance of fifteen students. After 1880 government assistance for education in Alberta became a fairly well established practice with a greater share of the costs being borne by that body.

It must be noted however, that until 1885 the population in Alberta was relatively small and therefore there were only a few students to be educated. In that year the Northwest Rebellion proved to be a turning point for settlement and for education in the area. With the crushing of the rebellion and the gradual establishment of a safer environment, Alberta experienced a rapid increase in population. This population explosion aroused further demands for education and created an additional financial burden on the people. But education was also gaining in popularity and one of the first school inspectors reported:

As there is no factor in the national greatness of a country of more importance than its Public Schools, no more powerful lever to turn the tide of immigration, no more potent agent to attract

⁵Ibid., p. 157.

the European settler to make a home here, any expenditure that tends to enlarge and solidify our school system must be more effectual in bringing settlers from the Old World to this vast undeveloped land.

However, the reaction to education was not all favourable, and educational progress was not without its problems. With the influx of immigrants around 1887 to 1890, came a number of religious and ethnic groups. Approximately ten thousand Mormons settled in the southern part of the territory while the Irish settled around Red Deer. These groups adjusted to the growing educational system fairly well as many had lived in the United States for a time and were at least somewhat familiar with the system. Posing a more serious problem was the group of fifteen thousand immigrants of Ukrainian origin who settled in a colony to the east and north-east of Edmonton. At least half of the group were illiterate with customs, attitudes and ideas very different from the other new settlers. The government attempted to cope with the local situation by setting up an organization to encourage the gradual development of local educational independence. But difficulties were encountered when the members on the local board could neither write nor speak English. In one case a board member was even unable to write or speak Ukrainian. Frequently there was some suspicion toward the English and their customs, and this also deterred the process of education. Eventually, bilingual teachers were sought and gradually greater trust was established. In time, interest developed and with it an increase

⁶Dominion Bureau of Statistics, The Organization and Administration of Public Schools in Alberta, Ottawa, 1966, p. 3.

in the number of students entering school. Other religious groups that encountered acculturation problems were adherents of the German-Lutheran Church and the Hutterites. The Lutherans insisted on using their own teachers, with most of their instruction related to religion and the German language. However, the government took steps to offset this by refusing to certify teachers who presumably were not doing efficient work. To compound the problem many of the parents were held liable under the Truancy Act. By 1914, many of these schools had closed due to lack of sufficient enrollments.

The Hutterites presented a less serious problem as they agreed to operate Public Schools with certificated teachers, providing they were permitted to use the school buildings for religious purposes during the time that school was not in progress. At these times therefore, Hutterite children were able to receive instruction in the religion and history of the group.

School Organization

As noted previously, when the first Canadian government took office in 1870, there were already numerous Protestant and Roman Catholic schools established. With schooling largely under the control of the Protestant and Roman Catholic churches, it was natural that the new government should adopt an educational policy similar to that in the Province of Quebec. This was a policy which envisaged schools mainly as public and tax supported but church affiliated. Nevertheless, the Protestant and Roman Catholic minorities in different communities

retained the right to establish separate, tax supported schools.⁷ However, due to complications, disagreements and lack of clear-cut policy concerning authority and fiscal matters, it took some time before the Alberta school organizational plan became fully operative.

The first School Ordinance in the North West Territories occurred in 1884. The Church, through its missionaries, had borne the burden of education in the West for two generations before the government decided to provide substantial assistance. No doubt the Church was quite content to relinquish this burden, especially when the government was prepared to educate on the basis set out in that first School Ordinance of 1884. Here was a piece of legislation that put education on an organized basis with the functions of the parent, the Church and the State properly delineated.

The fundamental feature of the Ordinance of 1884 was that of a dual denominational school system. Curriculum and teacher training was the exclusive function of the Territorial Board of Education which consisted of two separate and independent sections: one Protestant and the other Roman Catholic. Government of the school was delegated to the District Board made up of representatives of the parents.

This system was not a public and a separate school system but was in essence a denominational system. The Protestant section of the Board of Education had jurisdiction over not only the Protestant Separate schools but over the Protestant Public schools as well, and sim-

⁷J. W. Chalmers, Schools of the Foothills Province (Toronto: University of Toronto Press, 1967), p. 11.

ilarly the jurisdiction of the Roman Catholic section was both the Roman Catholic Separate and Public schools. This school system, as earlier mentioned, was patterned after the system established in Quebec six years before Confederation.

Between the time of the establishment of the dual school system in 1884 and the turn of the century many changes took place. Population had increased considerably; power struggles took place in government circles and educational policies were strongly debated. For a number of years, the lieutenant-governor was the man with the power and authority. But as the struggle for a responsible government continued the Assembly gained in importance and power. Finally, on September 16, 1893, the lieutenant-governor conceded that the Assembly had achieved the power for which it had long fought.

Having achieved this authority the Assembly moved to replace the Quebec-modelled, dual education system, with one patterned more closely after the Ontario system. This new arrangement replaced the dual system by a Public school system which also made the provision for Protestant and Roman Catholic minorities. The first step in this direction was to abolish the bifurcated Board of Education, which was subject to criticism from two directions. The Assembly regarded the Board as a tool of the Crown, represented by the lieutenant-governor. The Protestant majority regarded the Board as an instrument of the Roman Catholic Church. In 1893 it was superseded by a new Council of Public Instruction, which differed from its predecessor in that it was made up of one section instead of two. Its main purpose was to achieve

a common inspectorate, common examinations, uniform qualifications for teachers and a single approved list of texts. An important feature of the new legislation was the principle that when a separate school was established, all members of the minority were taxed for its support. This feature differed from the Ontario system, where members of a religious minority could choose whether they would support the separate or the public school system.

School Grants

Under the Board of Education a comprehensive system of school grants was established. In 1885, this system paid from \$250 to \$350 per year per teacher, depending on whether the teacher had a third, second or first class certificate. For each student who attended one hundred days in a school term, an additional \$2.00 was paid; for those present one hundred and sixty days the figure was raised to \$2.50. Grants were not paid if the minimum enrollment was less than eight. However, if it rose above forty, an additional \$150 per year was granted for an assistant teacher. Other grants were made available for advanced classes and for good attendance.

By the time the territory was granted provincial status as the Province of Alberta in 1905, there had been considerable progress toward an organized educational system. From the early independent efforts there had evolved a much more unified effort with the government replacing the various religious and ethnic groups as the primary directive body. However, the rights and privileges of Protestants and Roman Catholics were respected. First there was the establishment of the

dual system, and later legislation provided a public school system and the privilege for both Protestant and Roman Catholic minorities to operate separate school systems.

Financial obligations toward education also underwent changes. From the period of the missionary the cost burden was eventually shared with the people of the local area and later by the government. This latter form of support for education developed from very limited aid, usually at the whim of the lieutenant-governor, to a somewhat increased lump-sum allotment; and later to a more systematized and organized system of grants based on enrollment and attendance.

Thus it can be seen that along with the growth in demand for education there developed a means of support.

II. DEVELOPMENTS FROM 1905 TO 1958

Early Conditions

On September 1, 1905, Alberta became a province under the leadership of the Honorable A. C. Rutherford, the first Premier and Minister of Education for the new province. He inherited 560 school districts from the Northwest Territories administration and forty more were added by the end of that same year. During the next few years between one and three hundred school districts were added annually, and still every district did not have a school of its own. For example, in 1910 there were 1501 school districts but only 1323 schools in the province. There were three main reasons why not every district had a school: (1) lack of teachers, (2) lack of funds, and (3) lack of children. Sometimes

this shortage appeared to be induced, as Deputy Minister D. S. MacKenzie reported in 1914:

In a few cases school trustees have been known to watch closely the number of children of school age within the district, and . . . even to offer inducements to leave the district temporarily and thereby so reduce the number as to give the board the legal right to close the school.

Many of the schools that did operate were compelled, due to limited resources, to use instructional materials that were inadequate and sold at prices that were often too high. As early as 1906, Inspector Thibaudeau of Lacombe reported: "It is irritating to find many instances where school boards have been allured into buying almost useless apparatus, especially highly-colored maps, paying double prices."⁹

School-houses in the rural areas were usually white-painted frame buildings with pitched roofs and cedar shingles. The village, town and city schools were often built of brick or sandstone and were much larger than those in rural areas. Many were two and three story structures with a bell tower, decorated pillars, arches and cornices. The differences in structures were a clear indication of the economic status of the school district. The school was most often the center of the community as it served not only as an educational center but as a social center.

In the early stages following the building of a school there

⁸D. S. MacKenzie, Annual Report of the Department of Education, 1914, p. 14.

⁹P. H. Thibaudeau, Annual Report of the Department of Education, 1907, p. 47.

appears to have been great interest on the part of the people in their particular district. "In many districts, people point with pride to their schools and ask whether their building is not the best in the country,"¹⁰ reports Inspector J. F. Boyce. Yet this pride did not extend itself into the maintenance and janitorial services provided for the building. There appears to have been many cases where the cleanliness of the school was neglected and the grounds were not properly worked. In 1912, Inspector McNally of Calgary stated that, "the condition of school grounds in the inspectorate is far from satisfactory."¹¹ This apparent contradiction of interest, and disinterest in schools is a reflection of two things: (1) the limited financial resources available, and (2) the priority of the early settler to clear their land and become established in their new homes.

Due to the lack of both teachers and funds, the classrooms of town and city schools were quite large; at least they would seem so to the teachers of today. The average enrollment for these classrooms in 1905 was 58, in 1906 it was 56 and in 1907 it stood at 54. This was the average, however, and it was common for rooms to contain sixty or more.

Teachers' salaries were comparatively low in the early years

¹⁰J. F. Boyce, Annual Report of the Department of Education, 1906, p. 45.

¹¹G. F. McNally, Annual Report of the Department of Education, 1912, p. 45.

of the Province of Alberta. In 1905 the highest paid teacher, a principal in Edmonton, received a salary of \$1500. The lowest paid teacher received \$400, while the average for the province was \$599.29. By 1913 the situation had improved only slightly with the highest salary being \$3000, the lowest at \$360 and the average \$819.71.

During the years 1914 to 1918, the years of the First World War, there are evidences of a gradual worsening of the educational situation, at least in some directions. The war years by and large were quite prosperous for the province but this increase in the general level of affluence did not have a corresponding effect on all aspects of education. Despite the rising school populations and the establishment of one to two hundred new school districts a year, new school building slowed almost to a standstill. Approximate indicators of the extent of a new school building can be seen in the values of school debentures authorized and registered for the two periods 1911-14 and 1915-18. In the former period debentures of \$8,949,740 were authorized and \$9,128,185 worth were registered. In the latter period only \$1,557,530 was authorized and a total of \$1,401,830 in debentures was registered. With the heavy demands of the war it is apparent that school debentures were running a very poor second to Victory Bonds.

It was even difficult to find money for operating costs when most of such money came from local revenue. At a time of new and rising federal taxes every effort was being made to keep local and controllable levies at a minimum, especially as school taxes were virtually uncollectable if the ratepayer was in the armed services. The success of

school boards in keeping school costs down during a period of almost uncontrolled inflation, is evidenced by a three-year record of the per capita cost of Alberta education as set out in Table VII.

Consolidated School Districts

During the War years only one significant change appeared in the province's education system. This was the rise of the consolidated school district, which actually began in 1913 and 1914. After this, one such district was established each year for several years. The concept of the consolidated school district was new to Alberta but was familiar to many of southern Alberta's settlers who had come to the province from the United States. Consequently they reacted with enthusiasm when the legislature provided legislation for the erection of such institutions in Alberta. From the consolidated school district its supporters apparently expected three things: (1) less expensive school service because a single classroom and teacher could serve two or more districts, (2) better instruction, including high school instruction, and (3) transportation of their children from home to school.

After a somewhat slow start in 1913 and 1914, the consolidated school district movement over-ran the southern part of the province and later extended to the central and northern areas. The life of the consolidated school district is summarized in the following short paragraph by Chalmers.

In 1915 and 1916 the school consolidation movement swept across Alberta like a prairie fire, with 10 to 15 new districts formed every year until 1919. Then the movement faltered: four only in 1920, two in 1921, one the following year, and not until 1931 was there another, which died at the tender age of two. Shortly

TABLE VII
THE PER CAPITA COST OF EDUCATION IN ALBERTA
SCHOOL DISTRICTS FOR THE YEARS
1914--1915--1916

Year	City Districts	Town and Village Districts
1914	\$67.06	\$36.79
1915	\$60.29	\$35.98
1916	\$54.26	\$36.69

Source: ^a Annual Report of the Department of Education, 1916, p. 14.

afterwards, the formation of school divisions made the consolidated school districts obsolete; in fact, most of them sooner or later disappeared into school divisions by inclusion agreements.¹²

What accounted for the short life of the consolidated school district? Surely consolidation was less expensive than building and maintaining a school in every district, and paying a teacher to teach fewer students than was practical for her to teach. However, apparently overlooked in the initial planning of the scheme was the expense of providing a means of conveying students to and from school. During the war when wheat sold for approximately two dollars per bushel rural people found it possible to send their children to school with the additional expense of transportation. However, following the war when the price of wheat dropped to eighty-five cents and less, the cost of operating under the consolidated school system was simply financially impossible for most rural Albertans. As a result these people turned to other solutions to the problem of high school instruction.

Decreasing Finances, Increasing Enrollments

In spite of the worsening financial conditions accompanying the depression of the 1930's, interest in high school education increased and therefore so did enrollment. Inspector Smith noted,

On account of the general financial depression throughout the province, the provision of accomodation has not kept pace with the increasing attendance in our secondary schools.¹³

¹²Chalmers, op. cit., p. 177.

¹³J. D. Smith, Annual Report of the Department of Education, 1930, p. 14.

By 1931, confidence that hard times were going to last for a short time had given way to the belief that the hard times were here to stay. Yet despite steadily worsening conditions, Chief Inspector Gorman found evidence of substantial progress in Alberta education. He lists the points as follows:

1. A general tendency to extend the period of school operation;
2. An improved percentage of school attendance;
3. An increased demand everywhere for advanced (i.e. secondary) instruction;
4. A distinct improvement in the quality of instruction provided;
5. Better teaching conditions and more permanency in the teaching force;
6. Greater emphasis upon the health and physical well-being of school children.

By 1931 the average cost to educate a student had risen to the new high of \$65.24, another sign of educational development.

Educationally, the most serious result of the economic depression was felt in the operation of existing schools and the building of new ones. Unable to borrow money for capital projects by the sale of debentures, trustees solved their problems by recruiting voluntary labour for school construction or by operating schools in temporary buildings for which only a small cash outlay was required, plus the government's grant of \$200 for establishing schools. Other assistance from the province came in the form of a new Tax and Rate Collection Act. This transferred to municipalities the responsibility for collecting school taxes for those rural districts which heretofore had collected

¹⁴G. W. Gorman, Annual Report of the Department of Education, 1931, p. 79.

their own taxes. Equalization grants from the provincial authorities to the particularly impoverished districts made possible the operation of many schools which otherwise would have had to close.

World War II brought an end to the long years of depression but did not solve all the problems faced by education. During the war Alberta prospered from her oil wells and also from high agricultural production. Still there were problems. Enrollments were on the increase in the schools; transportation of students was being demanded; school buildings were becoming old and dilapidated, and teachers were in very short supply because of recruitment into the armed services and because of low salaries. Following the war many of those who had previously taught did not return to the classroom as salaries had not improved significantly. School boards were eventually forced to raise the wages in order to secure enough teachers to meet the growing demands. They were also faced with the task of replacing old schools and constructing new ones. This increased pressure for funds could not be borne entirely by municipal governments. It was partially transferred to the provincial government who supplied financial relief by means of grants, a review of which will be considered at this time.

New Grants And School Divisions

School grants and organization as referred to earlier in this paper, were in existence prior to Alberta's entry into Confederation in 1905. At that time, according to Dent, the province's educational legacy from the Territories as related to grants was as follows:

1. Rural areas were favoured over others,
2. As the financial burden of operating the schools increased, there was a tendency to force it back on the districts, although their revenues were even more static than were those of the central government.¹⁵

In 1913 a new school grants act was introduced. In summary the changes in the Act included the following: the class of certificate held by a teacher was no longer significant for grant purposes; the number of teachers became more important than the average daily attendance; the area of a rural district was no longer considered; grants were made for non-teaching personnel such as supervisors, and special grants were made for special subjects such as agriculture and manual arts. These latter grants are known as incentive grants. If the government felt that a certain discipline was needed for the benefit of the province, it would supply additional monies in that area and thereby make it possible for the local authorities to purchase additional equipment required for the course. In 1914 grants were provided for adult education. The government would pay up to a maximum of \$250 per year per student, being not more than fifty percent of the instructional costs. The government also provided one third the cost of a teacherage and furnishings, providing the total cost was in excess of \$1000. In 1918 the government cut the rural school grants from \$1.10 to 90¢ per day but on the other hand they increased transportation grants and instituted a grant for newly opened schools.

¹⁵I. G. Dent, "The Evolution of School Grants in Alberta", (Unpublished Master's Thesis, University of Alberta, 1956), pp. 27-28.

During the 1920's grants remained almost static. Costs however, did not. In order to keep the tax rate stable school districts simply decreased the number of days that they remained open. Many schools would stay open for one hundred and sixty days and then dismiss both teacher and students. This phenomena caused the government of the province to present its first true equalization grant. Each district with an assessment of \$70,000 or over, but less than \$75,000, received a grant of 20¢ per pupil, per day of operation. For each decrease of \$5,000 in assessment, an additional 20¢ per day was allowed, to a maximum of \$2.80 per day. In 1926 there was evidence of schools' remaining open for a greater length of time and this trend continued.

The 1930's were very difficult years indeed. Many grants went unpaid because often taxes were uncollected, and uncollectable. Buildings fell into disrepair and teachers salaries were in arrears. At one point in the 30's the provincial government provided up to \$200 for the construction of new schools. Later this figure was cut to \$50.

The organization of the school divisions in 1937 was a most important event in the educational history of Alberta. Each division replaced fifty to one hundred and fifty school districts. More competent secretary-treasurers were hired for the larger units. The divisions had greater purchasing power due to their size and they could effect savings by tendering in larger quantities. Smaller schools were closed and students were transported to the larger schools. The establishment of the school division appears to have been much more successful than that of the consolidated school district. However, probably

not all of the improvement in school finances can be attributed to the establishment of school divisions. Teacher salaries started to rise as did the per capita cost of education. It was evident that the people were making use of some of the financial benefits derived from the school division to improve the general quality of education in the province.

Besides providing better education at the same cost, the divisions had another profound effect on educational finances. This was the equalization of school tax rates over the wide area which each division embraced. As far as was practical each school division included both prosperous and impoverished districts. Because of the equalization factor a reasonable standard of education was now possible in the poor sections.

During the war years very little change took place in the grant structure. One feature was added however; teachers in isolated areas were given "isolation pay".

In 1945 a new grant scheme was put into effect. Basic grants of varying dollar amounts per teacher employed were provided. The amount allotted depended upon the type or level of instruction given. In general, these per-teacher grants recognized the basic need for funds as reflected by the number of classrooms rather than by the number of pupils, with no explicit recognition of a school division's fiscal capacity. The following are the principal features of the grant structure of 1945:

1. For each elementary classroom: \$100. For each junior high school classroom; \$250. For each senior high classroom: \$500. For

each combined elementary and junior high classroom: \$150. For each combined junior and senior high school classroom: \$300.

2. Supervisors: the grant will be as for the grade level of the classrooms supervised.

3. Special education: the grant will be one half of the teacher's salary.

4. Transportation: the formula worked out to approximately 10¢ per vehicle mile per year.

5. Equalization: This was an amount varying inversely with the assessment per "weighted classroom". The number of weighted classrooms equalled the number of operating classrooms plus the number of supervisors, plus the number of special teachers, plus a proportion of closed schools whose pupils were conveyed to centralized schools. This last varied with the distance the pupils were transported. For city, town, village, and consolidated school districts, the equalization grant amounted to \$9 per weighted classroom for each \$1000 that the average per-classroom assessment was below a base figure. The base figures were \$100,000 for town and city systems, \$105,000 for village systems, and \$110,000 for consolidated districts. For rural systems, district and divisional, not only was the base figure higher, (it was \$120,000), but the greater the deficiency, the greater the amount and the greater the rate, ranging from \$9 up to \$16 if the average per-classroom assessment was below \$25,000. This preserved the rural tradition in Alberta.

6. Special subjects: (Vocational, technical, home economics, commercial) A grant of \$1500 per teacher plus twenty five percent of initial equipment to a maximum of \$250 per teacher.

7. Special subjects: (Science, art, music, physical education) Twenty five percent of cost of equipment, to a maximum of \$300 per system per year, or \$10 per teacher per year, whichever was greater.

8. Night schools: If not more than thirty teachers, fifty percent of instructional costs for ordinary and sixty percent for vocational subjects. If more than thirty teachers, forty percent of such costs.

9. Unorganized territory: The grant provided for the operation of a private (mission) school was \$500 per year and for parents sending children to school, \$1.50 per day per child.

10. Special or Contingency: (for emergency conditions) Grants were provided at the discretion of the minister.

Establishment grants: at the discretion of the minister (a maximum of \$5,000)

The maximum grant that school divisions could receive was an amount equal to eighty percent of their operating expenditure. This total maximum grant available was later raised to ninety percent and

then the limit was finally removed altogether.¹⁶

In the years following 1945 the grant system continued to undergo changes--usually upward. However, one exception to this was the equalization grant which was reduced in 1948 and again in 1949 and 1950. This grant became less important as areas underwent reassessment and as other grants were increased. A major change in 1955 was the introduction of the Tax Reduction Subsidy Grant. Under this provision school districts which kept requisitions below a specified mill rate (25) were paid a subsidy related to the difference between twenty five mills and the lower mill rate levied. For a number of reasons the grant was dropped in 1958. In general, districts found it necessary to exceed the twenty five mill rate and as a result the plan was not satisfactory.

In 1958 a number of grants were consolidated into a basic grant equal to fifty five percent of the "Standard Operational Cost". The latter was defined to include one hundred percent of pupil conveyance costs, eighty percent of teachers' salaries, \$900 per classroom for operation and maintenance, and certain percentages of costs of administration and instructional materials. Equalization grants were increased.¹⁷

For the 15-year period from 1946-47 to 1960-61 provincial operational grants increased at an average annual rate of about twenty

¹⁶Chalmers, op. cit., pp. 245-246.

¹⁷E. J. Hanson, The School Foundation Program in the 1960's, Research Monograph # 17, The Alberta Teachers' Association, (Edmonton: Barnett House, 1971), p. 6.

percent from \$3.7 million to \$46.8 million. In 1945-46 the operational grants provided by the province covered approximately one fifth of school board revenue while in 1960-61 the grant accounted for approximately forty five percent of the revenue.

Operating Revenue 1950-60

A tabulation of the operating revenue of school districts and divisions for the period 1950 to 1960 is provided on Table VIII. The revenue comes chiefly from two sources, local taxation and provincial grants. Other sources of revenue are the federal government and fees. For the period in question local taxation increased at a rate of 11.1 percent per yearly average while the provincial grants rose by 20.0 percent per year.

Table IX, indicates the percentage distribution of revenue sources. Whereas in 1950 local taxation accounted for 69 percent of the operating revenue, the amount declined to 50 percent in 1955 and then rose to 53 percent by 1960. Provincial grants, on the other hand, increased from 28 percent in 1950 to 46 percent in 1955 before falling off slightly to 44 percent in 1960.

From the time of Territorial days to the inception of Alberta as a province of Canada in 1905 until 1960 Alberta has had a varied pattern of growth and economic development. Economic growth had a slow beginning and then suffered severe setbacks, especially during the depression years. During the war period of the early 1940's, agriculture experienced prosperity, and after the war major petroleum discoveries generated substantial economic development. Education has

TABLE VIII
 REVENUE TO SCHOOL DISTRICTS AND
 DIVISIONS IN ALBERTA FOR
 1950-1960

Year	Local Taxes	Provincial Grants	Other ^a	Total Revenue
In millions of dollars				
1950	19.6	7.8	0.8	28.2
1951	21.9	9.7	1.2	32.8
1952	25.2	10.9	1.4	37.5
1953	28.1	12.8	1.6	42.5
1954	31.3	15.8	1.8	48.9
1955	26.9	25.0	1.9	53.8
1956	30.4	26.7	2.0	59.1
1957	35.7	29.3	2.6	67.6
1958	41.1	35.3	2.7	79.1
1959	46.7	40.2	2.7	89.6
1960	54.3	45.8	2.9	103.0

^aIncludes fees, receipts from federal government

Source: ^bAnnual Reports of the Department of Education, Government of Alberta.

TABLE IX
 PERCENTAGE DISTRIBUTION OF REVENUE SOURCES FOR
 SCHOOL DISTRICTS AND DIVISIONS IN THE
 PROVINCE OF ALBERTA
 1950-1960

Year	Local Taxes	Provincial Grants	Other	Total
1950	69	28	3	100
1951	67	30	4	100
1952	67	29	4	100
1953	66	30	4	100
1954	64	32	4	100
1955	50	46	4	100
1956	51	46	3	100
1957	53	43	4	100
1958	52	45	3	100
1959	52	45	3	100
1960	53	44	3	100

Source: ^aIbid.

also had its good and bad periods, closely tied to the economic conditions of the day. In the early years very little could be expended for education. The total output for education, although it has suffered setbacks, has increased fairly steadily through the years. Whereas for a number of years the brunt of the financial burden fell on the local taxpayer, there has been almost continuous trend for the provincial government to increase its contribution toward education costs and therefore to assume a greater portion of the overall cost. This has been done through a system of grants which started before the turn of the century and has been revised many times. The year 1961 is very important in the history of Alberta education in that the grant structure was revised considerably. The Alberta School Foundation Program was established.

III. THE FOUNDATION PROGRAM, 1961

It has already been pointed out that provincial governments in Canada are ultimately responsible for providing educational services but that for various social and political reasons they have passed on part of their responsibility to municipal governments. It has also been established that in order to function economically the school district or division was dependent on the provincial government to supply funds, most commonly in the form of grants. The problems of support for education can be divided into two kinds, those of revenue and those of distribution. It is common in all provinces in Canada for the local authorities to administer one source of major tax, usually

the real property tax, and to have this amount supplemented by grants from the provincial government. The type of grants supplied by provincial governments and the size of the grants to be supplied are problems of collection and distribution.

Most of the provinces in Canada have systems of educational finance providing for educational support that may be described generally as foundation programs. However, there are a variety of methods from province to province.

Foundation Program Principles

The concept of a foundation plan is generally credited to Strayer and Haig in the 1920's. Prior to this time financial aid was provided on the basis of shared costs or flat grants. The problem with this type of grant is that the rich districts were able to collect the grant and provide, with greater local revenue, a standard of education far above that of the poorer district. In some cases the underprivileged areas could not even provide an acceptable level of education with the grant. They were faced with having to raise their mill rate or remaining with their inadequate level of education.

The Strayer-Haig Plan had two essentials: first it considered that there should be uniformity in the rate of school taxation to be levied for the provision of a satisfactory minimum level of education throughout the province, and secondly it considered there should be a degree of state control over the expenditure of the proceeds of the school taxes to ensure a satisfactory level of education at a reasonable cost. By entering into a foundation plan the province of Alberta

had at least two objectives: (1) to curb the rapidly-rising school operational costs, and (2) to equalize the burden of financing education while providing a minimum defined standard of education, a principle inherent in the plan. This principle is partially realized when the province pays grants in inverse proportion to the local tax-paying ability. This Foundation Program is simply a formula for the collection and distribution of money by the provincial government. Each year an amount from the general revenues of the province is allotted to school districts and divisions by vote in the legislature. Each municipality pays into the School Foundation Program on the equalized assessment of the municipality (as determined under The Municipalities Assessment and Equalization Act). The government then distributes the money to the local school authorities.¹⁸

1959-1960 Grants

Immediately prior to the establishment of the Foundation Program the grants for education were as follows. For each board, a standard operational cost was determined by taking 2.5 percent of administrative costs, 80 percent of teachers' salaries, 3.5 percent of expenditure on instructional material, 100 percent of transportation of pupils, plus \$900 per classroom in operation. The basic grant was then 57 percent of this standard operational cost. Obviously, the larger a board's expenditure, the larger its grant. In addition there

¹⁸S. C. T. Clark, Effect of the Foundation Program on the Quality of Alberta Education, (Edmonton: Barnett House, 1964), p. 2.

was paid a pupil equalization grant varying from \$2 to \$9 per pupil - based on the assessment per pupil in the school district; a \$100 per pupil grant for exceptional enrollment increases; and an equalization grant of from \$14 to \$23 based on the per classroom assessment of the district. This description while rather sketchy, serves to point out that there were grave inequities in the system as the size of the grant was tied to the amount that a school division spent. Therefore the rich areas collected the large grants while the areas most in need of financial assistance were still left without sufficient funds.¹⁹

Formulation Of The First Alberta Foundation Program

In order to offset the inadequacies of any previous grant scheme the province looked toward a foundation program, a variety of which were in operation in various parts of North America. It was necessary to establish a minimum level of service to be provided. The usual approach has been to include operating expenditures but not capital. Some of the factors most commonly used have been: Teachers' salaries, pupil-teacher ratio, equipment, supplies, maintenance, administration and supervision.²⁰

The present system of school support in Alberta was introduced into the second session of the fourteenth legislature of the Province of Alberta in 1961. This was declared to be the new scheme for school

¹⁹Ibid., p. 2.

²⁰F. I. Henderson, School Foundation Programs in North America, (Edmonton: Barnett House, 1972), p. 14.

finance for the province. The principles upon which it was based are as follows:

1. The main grant should be of an equalization type.
2. Its purpose should be to raise local school revenue up to some previously defined level.
3. The previously defined level, known as the foundation program, should be set realistically so that it compares closely to the cost of essential services at current prices.
4. All school units should raise tax funds at a common mill rate to provide their share of the foundation program.
- 5.²¹ The balance of the foundation program should be secured by grant.

This support for education was not the first offered by the Province of Alberta as we have already seen, but the Foundation Program did represent the first attempt to establish a rationale for the financial partnership between provincial and local jurisdictions, and was the first effort to establish a basis for provincial support that could be defended in terms of the principles outlined above.

There are basically two types of Foundation Programs used, or partly used, in Canada. Since the Alberta scheme uses parts of both, the Mort Plan and the Maryland Plan are briefly described below.

The Mort Plan measures the foundation level in terms of dollars per pupil, or in some cases, per teacher. The plan usually applies only to ordinary operating expenditure, excluding expenditure on transportation, debt-servicing and capital expenditure out of current revenue. In its earliest formulation, the per pupil amount was to be determined by calculation of the number of dollars per pupil that would

²¹Annual Report of the Department of Education, Alberta, 1969.

be needed to provide qualified teachers at a reasonable pupil-teacher ratio with the necessary equipment, supplies and books, and with an allotment for adequate maintenance and operation of school buildings and for administration. In practice it frequently turned out that the per-pupil amount was set at or near the average expenditure per pupil in the province or at the expenditure of a board of average ability to pay. The method for determining the uniform local mill rate was to calculate the mill rate that would be needed in the wealthiest large district to raise the total of the foundation level for that district and then require all districts to levy the same rate. This method ensures (a) that all districts as wealthy as or less wealthy than the above mentioned district can provide the foundation level of school support at the same mill rate, and (b) that all provincial aid to such districts is equalization aid. It also means (a) that districts wealthier than the "key" district can either provide the foundation level at a lower mill rate than the rest of the districts or at the same mill rate, provide a higher level program, (b) that the total amount of state aid is entirely dependent on the variability of the school authorities inability to pay. The Mort Plan also employed the concept of the weighted pupil. The cost of education per pupil at various levels and in various programs was not always equal. Therefore Mort reasoned that pupils in the various categories could be weighted so as to compensate for the differences in unit cost for educating them.

The Maryland Plan differs from the Mort Plan mainly because it is not based on a uniform per-pupil or per classroom amount. The chief

feature of the plan is its dependence, for the major portion of the foundation level (teachers' salaries) on a provincially determined salary scale based on qualifications, years of experience and position held. The foundation level of each district is determined by (1) placing each of its allowed teachers (according to a centrally determined staff-student ratio forming part of the plan) at his or her place on the provincial scale and summing the amounts; (2) by allocating a further sum for other operating expenses by one of three methods: a) a percentage of the teachers' salary portion; b) the flat number of dollars per allowed teacher to cover all such expenditures, or c) actual expenditures for such things as administration, maintenance, operation of school plant and instructional supplies and equipment, up to individual maxima stated in the formula: and (3) by adding on approved transportation expenditures and sometimes debt-service charges.

This plan does not result in a uniform per pupil or per classroom amount for each board. The "key" district concept is not used in determining the mill rate to be levied. The mill rate 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. This plan results in a higher foundation level in those districts which can (a) attract more of the better qualified teachers and (b) have teachers with a higher average number of years of experience. It also has the built-in incentive for

all boards to upgrade their teachers.²²

As mentioned earlier the Alberta Foundation Program is a cross between the Mort Plan and the Maryland Plan. In a variation of the weighted pupil concept, the Foundation Program is defined as so many dollars per elementary school pupil with higher rates for junior and senior high school pupils. The Alberta Foundation Program incorporates part of the Maryland Plan whereby differentiated amounts are allowed for teachers' salaries as well. This is done by allotting a certain amount per teacher varying with the number of years of training. It differs from the Maryland Plan in that no allowance is made for teachers with greater experience in teaching. The province encourages boards to employ teachers with more years of academic and professional training. The Alberta Foundation Program also differs from the Maryland Plan in that the number of teachers that can be included in the foundation grant calculation is not related to the number of pupils enrolled. These features increase the decision making power of local boards, particularly for those with above average ability to pay. Another feature of the Alberta plan is that it includes all elements of the school board expenditure in the Foundation Program including transportation expenditure and debt charges on capital expenditure approved by the School Buildings Board. The local contribution was set at a uniform 28 mills on the provincially equalized assessment. Each municipal council is required to levy the tax on the equalized assessment

²²Manitoba Teachers' Society, A Study of Education Finance in Manitoba, 1970, pp. 3, 4, 9, 11, 12.

And pay into the Foundation Program fund of the provincial government. From these monies, together with the contributions of the provincial government, is paid to each local school authority the full amount of its calculated foundation program. Thus it is possible, and indeed happens in the case of two or three wealthy, small boards, that the province receives more in local property tax than it pays out to that district in Foundation grants.²³

The 1961 regulations provided for payment of the Foundation Program grants as follows:

1. Instruction -
 - a) for each pupil enrolled in Grades I to XII a sum of \$105; and
 - b) for each teacher employed to teach pupils enrolled in Grades I to XII a sum based on the teacher's years of training and education, varying from \$2,100 for teachers with less than two years of teacher education to \$3,700 for teachers with six years or more;
2. Maintenance and School Plant - For each teacher employed a grant of \$1,000;
3. Instructional Aids and Materials - For each teacher employed a grant of \$300;
4. Transportation and Maintenance of Pupils - Various mileage and boarding per pupil allowances;
5. Administration - A grant of 2 percent of the sum of the first four categories above; and
6. Capital Expenditure - A basic grant of \$17²⁴ per pupil with adjustments in the light of debt charges payable.

The actual regulations governing the Program were revised several times in the 1960's to meet changing demands and to overcome var-

²³E. B. Rideout, Practices and Trends in Provincial Financing of Schools, 1967, p. 20.

²⁴Hanson, op. cit., p. 7.

ious problems.

The regulations provided for annual increases of no more than six percent over the previous year, in the grants which make up the formula. R. C. Clark, former Minister of Education, said that the six percent is an arbitrary figure, but it's fairly close to the increased productivity of the province and of the country.²⁵

School boards unable to finance all their operations with the funds received from the Foundation Program were able to obtain additional revenue from local property taxes or special levy. This was intended to enable districts, particularly those with relatively high assessments, to provide a higher level of education. At first it was thought that supplementary requisitions would be quite low. However, before the end of the 1960's special levies were running very high. Until the passage of the new School Act in 1970 school boards could requisition from local property owners whatever amounts they deemed necessary, unless the Local Authorities Board ruled otherwise in the case of a dispute. On April 15, 1970, when Section 119 of the new School Act came into force, the Cabinet had the power to limit the amount which a school board could obtain by special levy. Other changes took place in 1970 as the Province of Alberta adopted a new Foundation Program.

²⁵G. Kilgannon, "School Financing", Alberta Education Council Newsletter, October 1971, p. 13.

IV. THE FOUNDATION PROGRAM, 1970

The new Foundation Program introduced in Alberta in 1970 retained the same basic principles contained in the 1961 Foundation Program. Although on the whole the grants were increased, there have been imposed limitations upon the spending powers of the school board beyond the funds allotted by the Foundation Program.

The New Foundation Program

The features of the new Program are as follows:

1. The old School Foundation Program provided for grants for the instructional purposes based upon the number of pupils and teachers, providing school boards with some flexibility in their decisions on school programs. The program introduced in 1970 abolished these regulations and provided a set of grants for instruction based upon what it termed a "classroom unit". The classroom unit grant was set at a standard amount of \$10,150, estimated to cover a provincial average cost of qualified instruction, operation, and maintenance of a unit of twenty six students. Since average costs varied for different grade levels, weighting factors were introduced with elementary pupils assigned a weight of 1.0, junior high school pupils a weight of 1.2, and senior high school pupils a weight of 1.8.
2. Support Staff - (superintendents, principals, supervisors, specialists, etc.) A support staff grant of \$10,200 was provided. Seven support staff grants were allowed for every 1,000 elementary and junior high pupils, and eight for every 1,000 senior high pupils. Fractional allowances were made if the school population was mixed, i.e. junior and senior pupils together.
3. Capital Expenditure and Debt Charges - This grant remained much the same. The basic formula allowed up to \$15.50 per square foot for elementary schools, and \$16.25 for junior and senior high schools.
4. Transportation - remained much the same. Rural school boards receive payment based upon the average cost per pupil for a three-year period. Boards also receive depreciation allowances on buses they own. In urban areas boards receive grants on a per pupil basis.
5. Administration - The new Program provided for the continuation of separate grants for costs of administration (3%) for vocational education, and for various special educational programs.

Some Restrictions

In 1970 school boards were prohibited from increasing supplementary requisitions above level determined by three options, without conducting a plebiscite of the electors. The three options are based on requisitions and equalized assessment of previous years. An additional grant was made available for the years 1970, 1971, and 1972 only. This was a grant of \$28 per pupil over and above the Foundation Program. School boards had the option of spending the money in one year or spreading it over any of the three years.²⁶

Section 119 of the new School Act gave the Cabinet power to limit the amount which a school board may obtain through special levy.

This Section reads:

119. The Lieutenant Governor in Council may make regulations (a) limiting the amount of money a board may requisition from a municipality and may base the limit (expressed in an amount of as a percentage) on any criteria he considers proper.

The Lieutenant Governor in Council may make regulations (b) providing any method, including a poll or plebiscite of electors, by which a board may exceed the limit specified pursuant to clause (a).²⁷

Concern has been clearly expressed in at least two areas covered in the 1970 regulations. First, a concern that the six percent ceiling placed on cost increase per year for education was not realistic in the face of the actual increase in expenditure in all phases of education. As a result the Alberta government has instituted a change

²⁶E. J. Hanson, Alberta Seminar on Education Finance, Symposium of papers, (Edmonton, 1972), p. 33-34.

²⁷The Alberta School Act.

in this area. Under Alberta's proposed three year Education Finance Plan announced by Education Minister Lou Hyndman, the six percent guideline is replaced by one of seven and a half percent. Increases in 1974 and 1975 will be related to the fluctuations in the gross provincial product or some other index of economic productivity.

The Cabinet's decision to use the powers which Section 119 allows it to have concerning supplementary requisition limits have set off many heated debates in the province. A combined effort by the Alberta Teachers' Association, the Alberta School Trustees' Association and Edmonton Public School Board sponsored a task force to examine the success of the plebiscite in British Columbia and in Washington. Both trustees and teachers are strongly opposed to the plebiscite. The negative tone of the report is reflected in some of the statements made by members of the task force.

The plebiscite approach to financing education is consistently viewed as wrong in principle", it, "consistently reduces educational progress and services for children," and even "the threat of the plebiscite, let alone its outcome, can have a deleterious effect on the schools.²⁸

It was generally agreed by task force members that one positive aspect of the plebiscite was that it brought into focus educational accountability.

Retiring Alberta Teachers' Association president, I. P. Stonehocker, in his address to the 1971 A. T. A. Annual Representative

²⁸Task Force, Alberta Education Council Newsletter, 1972, p. 14.

Assembly, posed the following significant question: "Why should school boards be singled out for this adverse treatment?"²⁹

Writing in the Alberta School Trustees' magazine, T. E. Giles, Faculty of Education, University of Calgary, said:

A main concern would be the opportunity to use education as a medium to express many and varied dissatisfactions, some of which are beyond the control of school boards. There is a real concern over accelerating costs. Property taxes are increasing, for some people at an alarming rate. While we must sympathize with property owners--it should still be recognized that education is not the only "culprit". There is no plebiscite for road maintenance and construction, for health services, for tax on gasoline, for the cost of hiring a tradesman. It seems unfair that education should bear this extra burden of responsibility.³⁰

There was sufficient dissatisfaction with the plebiscite and enough pressure exerted on the government that there was a change in policy. Controls over school board spending affecting supplementary requisitions from the taxpayer was retained but the plebiscite system was dropped. Replacing the plebiscite is the "petition for a vote" method presently available to taxpayers under the School Buildings regulations. Under this method, if two percent of the ratepayers sign a petition, a public referendum must be held to approve expenditures.

The 1970 Foundation Program is Alberta's newest complete program of educational support. Since its inception many changes have been made and more will be made as needs arise.

²⁹I. P. Stonehocker, "Address to the A. T. A. Annual Representative Assembly", Edmonton, 1971.

³⁰T. E. Giles, Alberta School Trustees' Association Magazine, Edmonton, 1971.

CHAPTER IV

EDUCATIONAL FINANCE IN ALBERTA

1958--1971

I. INTRODUCTION

It has been evident from the study of the history and development of educational finance in Alberta that public expenditures for education have increased markedly in the last twenty to twenty five years. This is not only true for the Province of Alberta but for all provinces in Canada.

There are a variety of factors influencing the total expenditure for education: the size of the school population, the number of teachers, their qualifications and salary level, the kinds and quality of programs to be offered, the cost of building materials, equipment, instructional materials, maintenance and transportation, and the socio-economic level of the community.

This chapter will examine several of the above mentioned cost factors, particularly for the three periods 1958-1960, 1961-1963, and 1969-1971.

II. EDUCATIONAL COST FACTORS

Student Enrollment

The number of students within a school system is a major deter-

minant of educational expenditure. In the Province of Alberta the population of the age group five to seventeen increased by 56 percent in the decade from 1951 to 1961. During this period, with greater importance attached to education, pupils remained in school for a greater length of time, and this along with the increase in population of school age children, resulted in a net increase of 69 percent over the previous decade. School enrollments continued to increase in the following ten-year period, 1961 to 1971, but at a slightly lower rate of growth. The total increase for this period was 44 percent. Table X gives a comparison of the total school enrollment by grade, from Kindergarten to Grade XII, for these three periods and the average enrollment for each is indicated in Table XI.

It can thus be seen that the average percentage increases from the three year period 1958 to 1960 to the three year period 1961 to 1963 was 18 percent; and from 1961-1963 to 1969-1971 there was an average rise of 32 percent. The greatest percentage increase was to be found in the urban schools.

The increase in enrollment necessitated additional revenue to maintain and expand educational services. New facilities had to be provided and the number of elementary and secondary classrooms increased from 9,287 in 1958, to 12,293 in 1963, and to 16,587 by 1971.

Table XII shows this increase in the total number of classrooms required. The percentage increase in the number of rooms in operation is slightly higher than the percentage increase in the number of students for the same period. This was caused by additional services

TABLE X
 ENROLLMENT IN ALBERTA ELEMENTARY
 AND SECONDARY SCHOOLS BY GRADES
 1958-1960 1961-1963 1970-1972

Grade	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
K									
1	28955	30716	32536	34520	35257	36554	39567	39128	35173
2	26679	28112	30105	31765	34908	34504	37850	38235	37387
3	26291	26895	28378	30346	33048	34221	37445	37682	37866
4	25859	26061	27042	28166	31407	32918	36991	37445	37364
5	26026	26056	26211	27070	29980	31319	36599	37211	37310
6	22799	25631	25903	26019	27775	29612	35375	36659	37124
7	20309	22944	26020	26409	27123	28485	34851	36130	37312
8	19213	19569	22222	25042	25537	26219	33482	34582	35706
9	18114	18586	19161	21757	25104	25319	32667	32783	33863
10	13738	15227	15707	16097	20799	21490	30837	32521	32462
11	10780	14033	13347	14021	16597	19314	26631	28708	30022
12	8456	9724	11291	13223	14692	16697	27138	28793	30009
Other							4286	4087	3870
Total	247219	261554	277920	294435	322227	336652	413719	423964	425468

Source: ^aAnnual Reports of the Department of Education, Alberta, 1958-1963, 1969-1971.

TABLE XI
 AVERAGE ENROLLMENTS IN ALBERTA ELEMENTARY
 AND SECONDARY EDUCATION
 1958-1960 1961-1963 1969-1971

<u>Period</u>	<u>Average Enrollment</u>	<u>Average Percent- age Increase</u>
1958-1960	268,898	
1961-1963	317,771	18
1969-1971	421,047	32

Source: ^aAnnual Reports of the Alberta Department of Education, 1958-1963, 1969-1971.

TABLE XII
 NUMBER OF ELEMENTARY AND SECONDARY CLASSROOMS
 IN OPERATION AND NUMBER OF TEACHERS
 1958-1960 1961-1963 1969-1971

Year	Number of Classrooms	Number of Teachers	Pupil-Teacher Ratio
1958	9287	10735	24.09
1959	9931	11639	23.60
1960	10605	12434	23.42
1961	11142	13165	23.48
1962	11664	13804	23.36
1963	12293	14783	22.70
1969	15516	20532	20.10
1970	16250	22054	19.20
1971	16587	22400	19.20

Source: ^a Annual Report of the Alberta Department of Education, 1958-1963, 1969-1971.

and probably a decline in the pupil-teacher ratio. It also indicates an increased cost per student for space alone, even if all other factors had remained stationary. However, other factors did not remain stationary.

Teacher Count

The number of teachers employed in all schools increased from 10,735 in 1958, to 14,783 in 1963, and to 22,400 in 1971. This represents a more rapid increase in the number of teachers than either the increase in the student enrollment or the number of classrooms. The number of teachers increased at the average annual rate of 6.4 percent during the ten year period from 1951 to 1961, while for the same duration the student population rose at an annual average rate of 5.4 percent.¹ The more rapid increase in the number of teachers than in the number of pupils can be attributed partly to the greater number of students remaining in high school where the pupil-teacher ratio is lower than at the elementary level. However, even at the elementary level the pupil-teacher ratio has declined, necessitating the hiring of more teachers for the same number of students. The reader may recall that in the 1920's and 1930's the pupil-teacher ratios were often close to fifty or sixty to one. A comparison of the number of classrooms, the number of teachers and the pupil-teacher ratio is given in Table XII.

¹Hanson, op. cit., pp. 40-41.

Increased And Improved Services

The decline in the pupil-teacher ratio is often considered to be a move in the direction of improved instruction as there can be more effective teacher-pupil contact and greater individual attention to students. However, this point is seriously questioned by some educators. Several other factors under this general heading have tended to increase the cost of education in Alberta in recent years. They include the following:

1. Increase in teacher qualifications. Due to factors such as general increase in the cost of living, new specialized programs, pressure by the public for better qualifications, job competition, and prestige, there has been a definite drive on the part of educators to up-grade themselves. Table XIII indicates the number of teachers in the province who held at least one degree during the years 1958, 1963 and 1971.

The number of degrees held by teachers in 1963 was approximately double the number held in 1958. However, the number of degree teachers in 1971 exceeded the number of degree teachers in 1963 by almost three times. Since the total number of teachers increased over the same period of time, a better indicator of the overall increase in qualifications is a comparison of the percentage of all teachers holding degrees for the three years noted, as shown in Table XIV.

In 1958, 21.6 percent of Alberta teachers held at least one degree, but by 1963 this had risen to 27.9 percent. However, by 1971, 51.4 percent of all teachers held at least one degree, and this

TABLE XIII
NUMBER AND TYPE OF DEGREES HELD BY
ALBERTA TEACHERS FOR THE YEARS
1958-1963-1971

Type of Degree In Education	1958	1963	1971
Bachelors	1381	2721	7659
Masters	90	184	553
Doctors	4	8	23
<u>Other Degrees</u>			
Bachelors	697	1073	2422
Masters	152	145	441
Doctors	3	5	21
Others			400
Totals	2327	4136	11519

Source: ^aAnnual Reports of the Alberta Department of Education, 1958, 1963, 1971.

TABLE XIV
PERCENTAGE OF ALL ALBERTA TEACHERS
HOLDING A DEGREE FOR THE YEARS
1958- 1963-1971

Year	Number of Degrees Held	Total Number of Teachers	Percentage of Teachers Hold- ing Degrees
1958	2327	10735	21.6
1963	4136	14783	27.9
1971	11519	22400	51.4

Source: ^aAnnual Reports of the Alberta Department of Education, 1958, 1963, 1971.

represents an increase over 1963 of 23.5 percent, affecting the total expenditure for education appreciably. The formal education of the Alberta teacher is one example of an attempt to improve the quality of elementary and secondary education and is a significant factor in the cost of education.

2. New programs. In an attempt to increase the quality of education during the last two decades, instructional programs have tended to become more numerous, complex, and generally more costly. Changes in program increase expenditures immediately due to the planning and research of materials, printing and publishing of the new or revised curriculum and the implementation and evaluation of the same. There is also the factor of retraining or additional training on the part of the teacher.

3. Increased facilities. New programs often require additional space. This factor, combined with the general expectations and demands for newer and more modern facilities has forced the building of many new, and sometimes elaborate, structures. It remains, nevertheless, that to those providing better buildings and equipment, this represents an increase in the quality of education.

4. Increased support staff. Another factor having a bearing on the cost of education is the increase in the number of non-teaching and support staff. In recent years the demand for counsellors, supervisors, psychologists and special education teachers has increased the staffs of many Alberta schools, and greatly reduced the pupil-teacher ratio; each of which contributes to the total expenditure.

Materials, Supplies And Services

It is expected from the increase in total enrollment seen in Table X, that there will also be a rise in the educational materials, supplies, facilities and services required. It also has been established that the latter-mentioned group of requirements have not only increased but have done so at an accelerated rate when compared to the enrollment in elementary and secondary education. Therefore this rise in cost is not only due to the increase in the number of students to be educated but also to inflation. To give an example used by P. J. Atherton in his investigation into rising costs of education in Alberta:

Using the rate of price level indicated by the Implicit Price Index of government expenditures on goods and services, and the crude increases in enrollment, it is possible to provide a rough estimate of what education costs in 1966 would have been had enrollment distribution and the quality of educational inputs remained at the 1949 level;

Total expenditure in 1949-----	\$29 Million
Add 67% for increased price levels-----	\$51 Million
Add 120% for increased enrollments-----	\$112 Million

This figure of \$112 million may² be compared with the actual expenditure figure of \$191.3 million.²

It is evident therefore, that although factors such as increased enrollment, improved quality of services and pupil-teacher ratio have caused some of the rise in costs, inflation is responsible for a significant portion of the increase.

²J. P. Atherton, "The Impact of Rising Price Levels for Expenditures for School Operation in Alberta, 1957-58", (Unpublished Ph. D. Thesis, University of Alberta, 1968), p. 181.

Salaries

Salaries have always constituted the largest portion of educational expenditures in the past and they still continue to do so. Not only have teachers had large increases in salary but so too have non-teaching personnel. Given the condition that the average level of teacher qualifications is to be maintained, the salaries of teachers have to be closely related to the changing wages of other segments of the work force. This salary relationship has fluctuated greatly in the last thirty years. During the 1940's the average teacher salary fell well below that of the average earnings in other occupations. One result was a shortage in the number of qualified teachers. In the 1950's salary conditions improved greatly and by 1961 the average Alberta teacher salary was 45 percent above the average earnings of the Canadian labour force.³ This helped bring about an increase in the number of teachers and also led to better qualifications. Since 1961 teachers' salaries have continued to rise but at a slightly decelerated rate in comparison to the average salary of the Canadian labour force. A comparison of Alberta teachers' salaries for the three year periods 1958-1960, 1961-1963, and 1969-1971 appear in Table XV. Teachers' salaries rose only gradually for the first six years under consideration, but the latter three years show a marked increase. The total average expenditures for the three-year periods indicate an increase of \$22.1 million from the 1958-1960 period to 1961-1963, and \$126.7 million from

³Hanson, op. cit., p. 129.

TABLE XV
 MAXIMUM, MINIMUM AND AVERAGE TEACHER SALARIES
 IN ALBERTA FOR THE YEARS
 1958-1963 1969-1971

	1958	1959	1960	1961	1962	1963	1969	1970	1971
Highest	14250	13600	15000	15219	16000	16000	27000	*	34000
Lowest	1800	1800	1800	2000	2175	2500	3528	*	4203
Average	4049	4446	4786	5143	5354	5487	8174	8950	9552

Source: ^a Annual Reports of the Alberta Department of Education, 1958-1963, 1969-1971.

* Highest and Lowest salaries for 1970 not available

1961-1963 to 1969-1971. This large rise in salaries, as suggested earlier, is due primarily to three factors: (1) inflation, or the increase of cost of living with corresponding rise in actual salaries. (2) an increase in the total number of teachers required due to increased enrollments and a decreased pupil-teacher ratio, and (3) a general increase in the qualifications of teachers.

Table XVI gives the comparison of average teacher salaries for each of the three year periods. It serves to point out again that teachers' salaries continued to rise in the late 1960's and early 1970's, but at a somewhat slower rate.

It is interesting to note however, that for the three three-year periods in question, very little difference exists in the proportion of expenditures on teachers' salaries as compared to the total expenditure for elementary and secondary education in the Province of Alberta. Reference should be made to Table XVII and Table XVIII for the total average expenditure on education and for teachers' salaries as a percentage of total expenditures on education in that province.

It is a common occurrence that the higher the income level in an area the higher is the expenditure on education. A high income economy becomes very complex and technical in nature and creates a need for high standards and great variety in the programs of a school system. Staff salaries must remain closely related to the salaries of others in the community labour force as has been previously noted. The higher the income level the greater is the ability to increase

TABLE XVI
 AVERAGE TEACHER SALARIES IN ALBERTA
 FOR EACH THREE-YEAR PERIOD
 1958-60 1961-63 1969-71

	<u>1958-1960</u>	<u>1961-1963</u>	<u>1969-1971</u>
Highest	16283.33	15739.66	30500.00
Lowest	1800.00	2225.00	3865.50
Average	4427.06	5327.85	8892.09

Source: ^a Ibid.

TABLE XVII
 AVERAGE EXPENDITURE FOR TEACHERS' SALARIES
 1958-60 1961-63 1969-71
 (in Millions)

	<u>1958-1960</u>	<u>1961-1963</u>	<u>1969-1971</u>
Average Expenditure	\$53.5	\$75.6	\$202.3

Source: ^aIbid.

TABLE XVIII
 TEACHERS' SALARIES AS A PERCENTAGE OF
 TOTAL EXPENDITURE ON ELEMENTARY AND
 SECONDARY EDUCATION IN ALBERTA
 1958-60 1961-63 1969-71
 (in Millions)

Year	Total Salaries	Total Expenditures	Salaries as Per cent of Expenditures
1958-60	\$53.5	\$91.8	58.2
1961-63	\$75.6	\$126.6	59.7
1969-71	\$202.3	\$341.1	59.3

Source: ^aIbid.

levels of service and as a result costs go up. In Alberta, personal income rose from about \$2,000 million in 1960 to approximately \$4,000 million in 1969.⁴ The rise in personal income and ensuing increase in educational standards complement each other and thus costs continue to rise.

III. OPERATING EXPENDITURES

The trend in total expenditure on elementary and secondary education has been to increase. Some of the figures pertaining to the rising costs of education have been given above and a number of reasons for the increases have been discussed. Table XIX indicates the total operating expenditure for elementary and secondary education for the years from 1958 to 1963, and from 1969 to 1971 inclusive.

During the three year period 1958-1960, the total operating costs increased from \$30.3 million to \$104 million or 29.5 percent. For the next three year period costs rose from \$118 million, an increase of 15.1 percent. The 1969 total expenditure was \$305 million while the 1971 figure amounted to \$376 million, representing a percentage increase of 23.3 percent. This would suggest that the introduction of the School Foundation Program in 1961, had some effect on reducing the rate of increase of the total expenditures for elementary and secondary education. However, as the figures indicate, the total expenditure continued to rise toward the end of the 1960's

⁴Hanson, op. cit., p. 131.

TABLE XIX
TOTAL OPERATING EXPENDITURE FOR ELEMENTARY
AND SECONDARY EDUCATION IN ALBERTA
1958-60 1961-63 1969-71
(in millions)

1958	1959	1960	1961	1962	1963	1969	1970	1971
\$ 80	91	104	118	126	136	305	343	376

Source: ^aIbid.

and during the first two years of the 1970's. To give a clearer picture of where the money was spent, Table XX indicates the average total expenditure for elementary and secondary education for each of the three year periods, 1958-1960, 1961-1963, 1969-1971, according to expenditure category.

As noted above, Table XX indicates that more money is being spent in each category in the last three year period. In some cases the increase is substantial. However, in Table XXI it is seen that only three of the categories: administration, instruction (salaries) and other instruction, take a greater percentage of the total budget than they did in the previous two periods. All other categories take a smaller percentage of the total monies.

A corresponding pattern of increasing expenditures can be observed from Table XXII which gives a comparison of the per pupil and per teacher expenditure on education for the same periods of time. From 1958 to 1971, the per pupil costs for education have increased 284.2 percent while the per teacher cost has increased 228.0 percent.

IV. OPERATING REVENUE

The operating revenue of all elementary and secondary schools in the Province of Alberta comes primarily from two sources: that of local taxation and grants from the provincial government. Other contributions come from fees, federal grants and miscellaneous receipts. During the two decades from 1950-51 to 1970-71, the total operating revenue expanded from about \$28 million to \$340 million. Local

TABLE XX
 AVERAGE OPERATING EXPENDITURE ELEMENTARY AND SECONDARY
 SCHOOLS, ALBERTA BY EXPENDITURE CATEGORY
 1958-1960 1961-1963 1969-1971
 (in thousands of dollars)

Expenditure Category	1958 to 1960	1961 to 1963	1969 to 1971
Administration	2108.6	2945.6	10818.9
Instructional (salaries)	49313.0	71391.3	202256.2
Plant Operation and Maintenance	11894.3	15439.0	39291.4
Transportation	8662.3	10334.6	20123.8
Auxiliary Services	261.0	218.3	600.6
Capital from Current Revenue	1887.0	3471.6	5639.0
Debt Charges	11040.3	15068.0	40054.4
Other Instruction	3111.0	4612.0	15711.7
Other	1304.0	1361.6	1260.8
Totals	90572.3	84473.0	335757.0

Source: ^aIbid.

TABLE XXI
 AVERAGE OPERATING EXPENDITURE ELEMENTARY AND
 SECONDARY SCHOOLS, ALBERTA BY EXPENDITURE
 CATEGORY PERCENTAGES OF TOTAL
 1958-1960 1961-1963 1969-1971

Expenditure Category	1958 to 1960	1961 to 1963	1969 to 1971
Administration	2.33	2.35	3.22
Instructional (salaries)	54.32	57.15	60.23
Plant Operation and Maintenance	13.15	12.36	11.70
Transportation	9.61	8.29	5.99
Auxiliary Services	.29	.17	.18
Capital from Current Revenue	3.23	2.80	1.68
Debt Charges	12.16	12.07	11.92
Other Instruction	3.45	3.68	4.68
Other	1.44	1.09	.37

Source: ^a Ibid.

TABLE XXII
TOTAL PER PUPIL AND TEACHER EXPENDITURE
FOR ELEMENTARY AND SECONDARY
EDUCATION IN ALBERTA
1958-1960 1961-1963 1969-1971

	1958	1959	1960	1961	1962	1963	1969	1970	1971
Per Pupil	305	329	352	374	386	401	652	794	867
Per Teacher	7345	7761	8247	8772	9018	9103	14830	15562	16768

Source: ^aIbid.

taxation grew from a total of \$20 million to approximately \$135 million while provincial grants for operational purposes rose from about \$8 million to about \$192 million. Other revenue rose from about \$1 million to nearly \$14 million.⁵

Table XXIII illustrates the total operating revenue for all elementary and secondary schools in the province for the years 1958 to 1963, and from 1969 to 1971. The vast increase over these few years cannot go unnoticed. The revenue sources indicated separately in Table XXIII give a clear indication of where the money is derived. Although in each category the total amount increases the proportion of the total revenue changes. This shift in percentage derived from the various sources is indicated in Table XXIV.

The biggest shift in responsibility for revenue occurs between local taxation and provincial grants. In 1958, local taxation provided 52 percent of the operating revenue while the provincial government was responsible for 44.6 percent. By 1971 the situation had more than reversed. Local taxation accounted for only 38.7 percent of the revenue and the provincial government assumed responsibility for 56.4 percent. Although "other" sources of revenue did increase, the change was not nearly as pronounced as the change between local taxation and provincial grants.

⁵Hanson, op. cit., p. 170.

TABLE XXIII
 TOTAL OPERATING REVENUE ALL ELEMENTARY AND
 SECONDARY SCHOOLS IN ALBERTA
 BY SOURCES OF FUNDS
 1958-1960 1961-1963 1969-1971
 (in millions of dollars)

Year	Local Taxation	Provincial Grants	Other	Total
1958	41.1	35.3	2.7	79.1
1959	46.7	40.2	2.7	89.6
1960	54.4	45.7	2.9	102.9
1961	58.8	55.2	2.7	116.7
1962	65.6	56.5	3.0	125.1
1963	71.0	59.9	3.1	134.1
1969	135.4	153.2	13.3	302.0
1970	134.6	191.8	13.9	340.2
1971	145.3	211.5	18.2	375.0

Source: ^aIbid.

TABLE XXIV
 TOTAL OPERATING REVENUE ALL ELEMENTARY
 AND SECONDARY SCHOOLS IN ALBERTA BY
 SOURCE OF FUNDS PERCENTAGES
 OF TOTALS
 1958-1960 1961-1963 1969-1971

Year	Local Taxation	Provincial Grants	Other
1958	52.0	44.6	3.4
1959	52.1	44.9	3.0
1960	52.8	44.4	2.8
1961	50.4	47.3	2.3
1962	52.5	45.2	2.4
1963	53.0	44.7	2.3
1969	44.8	50.7	4.4
1970	39.6	56.4	4.1
1971	38.7	56.4	4.9

Source: ^aIbid.

V. SOURCES OF REVENUE

With minor exceptions, all revenue for educational purposes must come from some form of taxation at the federal, provincial or municipal level. In general terms a tax is simply a compulsory payment collected by the government from individuals and corporations for the support of governmental operations.⁶

A major source of income for the Province of Alberta consists of taxes placed on oil and gasoline sales. With the marked increase in the number of motor vehicles in the last two decades the revenue from gasoline and oil sales has also risen. For example, the revenue from this source for the year 1968 was approximately \$70.5 million, about 40 percent more than the amount received in the previous year.

Another major source of revenue is the imposition of a tax on a variety of fees, licences, fines and penalties. Between 1950 and 1968 the total revenue from this source increased from \$59 million to \$270 million. For this period petroleum revenue averaged about 40 percent of the total received on income account. This includes the total amount from sales of leases and reservations, and royalties. The total petroleum revenues have averaged over six percent of the personal income in the province for the period 1950 to 1968, and has increased in the last few years. They represent tax relief almost to their full extent since the payments are made largely from non-resident

⁶W. E. Gauerke, and J. R. Childress, The Theory and Practice of School Finance (Chicago: Rand McNally & Co., 1967), p. 37.

funds.

Profits from trading provide revenue, and by far the largest contributor in this category is the beer and liquor industry. Revenue from this source increased from \$12 million to \$40 million for the same period mentioned above.

Refunds of expenditure consist of payments made by the federal government, municipalities, institutions and individuals for government programs. The largest item among the refunds to the provincial government are the grants of the federal government followed by payments by municipalities regarding hospital insurance from property tax levy for that purpose, and other health and welfare reimbursements.

Monies are also derived from interest on loans, rentals of government properties, contributions toward pensions and other small receipts. Capital receipts consist mainly of proceeds from the sale of assets, loan payments and contributions of the Government of Canada toward capital projects, including vocational education.

Several other taxes are levied by the Government of Alberta, such as a levy on pari-mutuel betting, premium of income of fire insurance companies, mileage tax on buses, special taxes on mineral acreage, and a fur tax.

Income taxes from individuals, corporations, and public utilities are collected by the federal government and a portion returned to the province. The Province of Alberta could levy an additional income tax over and above the federally administered income tax,

to meet their operating expenses, but to date this has not happened.⁷

Yields from the various sources have increased considerably during recent years and must continue to do so if the present rate of increase in expenditure continues.

VI. EQUALIZED ASSESSMENT

If revenues from real property were used only in the area in which they were collected the concern for equity would only be of concern in the local area. However, when the government undertakes to provide funds from a central source to local school areas with the aim of equalizing services and effort across the province, then comparability of assessment becomes very important.

The "equalized assessment" figure was first introduced when the present hospitalization program came into being and the government sought to support such a program on an "ability to pay" basis. Like the hospital fund, monies raised by the uniform levy for education are placed in the School Foundation Program fund.

The school foundation uniform levy is made on the basis of the equalized assessments determined by the Alberta Assessment Equalization Board. The assessment is adjusted periodically. The initial levy from 1961-1963 was 32 mills and was based partly on the average of requisition rates in the previous year. With further reassessment the mill rate was set at 26 mills from 1964-1966, 28 mills from 1967-1969, and

⁷Hanson, op. cit., pp. 47-62.

now stands at 30 mills. The average increase in assessment between 1958 and 1961 was 16 percent while the following three year period experienced an increase of 42 percent, due largely to reassessment in 1964. In the six years prior to the new assessment the equalized assessment per pupil declined slightly. A sharp increase occurred, however, in 1964.

The equalized assessment is based on all classes of real property that are not exempt from taxation, (e.g. crown land). A local area contributes to the equalization fund on the basis of its equalized assessment, and receives money from the fund on the basis of the number of students enrolled in the local jurisdiction. The money derived from the equalization grant by the local authorities exceeds the money paid in by that same area in all but three cases. This is the result of the three areas having a very high assessment, therefore paying high taxes, and a low student count, resulting in a smaller grant.

To illustrate the principle of the scheme, some jurisdictions with high assessments per pupil may pay in sixty cents for every dollar received while a lower assessed area may pay in thirty cents for every dollar received. Table XXV illustrates the breakdown for the total equalized assessment in Alberta for all municipalities in 1969.

The total equalized assessment for the three three-year periods under consideration are set out in Table XXVI. Between 1958 and 1960, the total increased from \$1,391 million to \$1,618 million. Between 1961 and 1963 the increase was from \$1,618 million, (a slight drop from the 1960 figure), to \$1,796 million. In 1969 the total assessment was

TABLE XXV

TOTAL EQUALIZED ASSESSMENT FOR ALL
MUNICIPALITIES IN ALBERTA 1969

Land.....	951,467,255
Buildings and Improvements.....	1,554,824,583
Machinery and Equipment.....	117,661,373
Pipe Lines.....	183,121,920
Power Lines.....	33,945,744
A. G. T. Land.....	1,256,538
A. G. T. Buildings and Improvements.....	9,123,006
A. G. T. Works and Trasmmissions.....	17,325,476
Provincial Grant Land.....	32,983,460
Provincial Grant Buildings and Improvements.....	36,680,056
Federal Grant Land.....	9,635,579
Federal Grant Buildings and Improvements.....	45,093,642
Municipal Property Land.....	4,061,036
Municipal Property Buildings and Improvements.....	33,983,009
Total.....	.\$3,031,162,677

Source: ^aAnnual Report of the Department of Municipal Affairs, Alberta, 1969.

TABLE XXVI
TOTAL EQUALIZED ASSESSMENT IN ALBERTA
(in millions of dollars)

1958	1959	1960	1961	1962	1963	1969	1970	1971
1391	1439	1628	1639	1728	1796	3031	3108	3193

Source: ^aAnnual Report of the Department of Municipal Affairs, Alberta, 1958-1963, 1969-1971.

\$3,031 million and in 1971, \$3,193 million.

With increasing prosperity and economic development the total assessment increases. Since a mill will raise more money if there is a higher assessment, the reassessment put into effect in 1973 was reflected in a somewhat lower mill rate.

As previously mentioned, the greatest portion of money raised for educational purposes comes from some form of taxation. Assuming a constant equalized assessment the mill rate must fluctuate with demand for revenue. If, however, the equalized assessment rises then a given mill rate will raise a greater amount of money.

There was a continual rise in average provincial mill rate from 29.5 in 1958 to 41.8 in 1963. With the reassessment in 1964, mill rates decreased slightly. In the years preceding 1969 and immediately following, mill rates continued to rise again until most recent reassessment. Data indicates that the Foundation Program instituted in 1961 has decreased the spread in tax burdens between the relatively poorer and richer areas as expressed in terms of mill rates on the equalized assessment. The poorer areas experience a lower level of taxation while the richer areas experience a higher level of taxation.

Table XXVII compares the mill rates for the years 1958 to 1963 and from 1969 to 1971, as levied by the province and applied to the equalized assessment.

TABLE XXVII
MILL RATES ON EQUALIZED
ASSESSMENT IN ALBERTA
1958-60 1961-63 1969-70

<u>Year</u>	<u>Mill Rate</u>
1958	29.5
1959	32.4
1960	33.4
1961	35.9
1962	38.0
1963	39.5
1969	40.6
1970	41.0
1971	42.2

Source: ^aIbid.

CHAPTER V

SUMMARY AND CONCLUSIONS

This chapter will present a brief summary of the information obtained in the study, along with some general conclusions and observations in regard to financial developments in Alberta, including the Foundation Programs, during the years 1958-1960, 1961-1963 and 1969-1971. In the light of present trends, the probable direction of education in the foreseeable future will be considered.

SUMMARY

This thesis comprises a study of the history and development of educational finance in the Province of Alberta. The purposes of this study were to (a) compile, organize and interpret educational finance information and data, (b) to study various factors pertaining to educational finance before and after the inception of the Foundation Programs, and (c) to try to ascertain any changes that may have occurred as a result of these Programs.

The financing of education is of great importance because it is inter-related with the province's economic situation, also because the ways in which funds are received and dispersed is a major determinant in the amount and quality of services to be offered. As a result the total expenditure for education in Alberta has been governed by at least two major factors: the economic condition of the Province and

the desire of the people for education.

It has been mentioned previously that while Alberta was still part of the North West Territories, school finances were provided by donations from missionary societies, the residents, and from fur companies. Later, small local tax levies and Territorial grants were established. Following the entry of Alberta into Confederation the system of provincial assistance was expanded and gradually evolved into the present complex grant structure. However, until 1945 operational grants were generally allocated according to the number of rooms in operation multiplied by the number of days that schools remained open. Grants gradually became available for the conveyance of students and for special instructional programs. An equalization grant, paid on a per teacher basis became part of the grant structure and finally, the Minister of Education was empowered to make special grants to meet "fiscal needs" or to cover costs for special requirements. Total provincial support for education in Alberta rose from \$170,000 in 1960 to approximately \$14.5 million by 1945.

During the first four decades of the Province, the government attempted to establish a system of grants that was somewhat more equitable and fair to all school jurisdictions. Since there were numerous small districts with varying fiscal capacity, the idea of equalization, although desirable, was difficult to achieve. With the elimination of many small districts and the organization of fewer but larger school divisions, a new grant program was adopted. Basic teacher grants, designed to encourage centralization, and equalization grants

varying inversely as the level of average assessment per classroom were introduced at various times. A number of minor changes occurred until 1958 when grants were consolidated under the concept of "Standard Operational Costs". These remained in operation until 1961 when the first school Foundation Program was introduced.

The reader may recall that a major purpose of the Foundation Program was to provide support to local school authorities for a standard level of education. The grant would be of an equalization type; i.e. the amount of support received by local school areas would be in inverse proportion to their equalized assessment. It is also thought by many educators in the Province of Alberta, that a second intent of the new grant system was to act as a restraint on educational expenditures. At the same time it may have been an attempt to assume greater control of education by the Provincial Government. The above-mentioned grants were described in some detail in Chapter III; they will therefore not be discussed further at this time. However, a summary of the data indicating changes that occurred in the years 1958-1960, 1961-1963, 1969-1971 and affecting educational finance provides a kind of educational perspective.

Student enrollment increased 18.1 percent between the first and second period and 32.5 percent between the second and third period. The retention of more pupils in high schools accounts for much of the increase. This fact has affected educational finance in at least two ways; the cost of high school programs is approximately double that of elementary courses, and increased facilities were required to accom-

moderate the greater numbers of educational clients. Between 1958 and 1971 the total number of classrooms increased from 9,287 to 16,587, a rise of 78.6 percent. Consequently there was an increase in the number of teachers which paralleled an over-all decrease in the pupil-teacher ratio. However, according to a survey taken among principals in Alberta, there appears to have been a slight increase in the number of pupils per class in elementary schools during the first Foundation Program period. Between 1958 and 1963 the number of teachers holding university degrees increased from 21.6 percent to 27.9 percent, and further to 51.4 percent by 1971. Due to the increase in total number of teachers, improved professional qualifications and to inflation, the expenditure for teachers' salaries increased substantially. The total average disbursements for salaries during the three periods were \$53.5, \$75.6 and \$202.3 million.

The gross expenditure for education then, rose from \$80.3 million to \$104.0 million during the pre-Program period; an increase of 29.5 percent. During the 1961-1963 period the increase in total cost increased only 15.1 percent. It would appear from these figures that one of the objectives of the Government's Foundation Plan was achieved: that of controlling the rate of increase in educational expenditure. However, probably other factors also affected spending during this period. If the Program was responsible for the above-mentioned phenomena, other factors responsible for educational costs and discussed earlier, continued to force the cost of education upward. Hence between 1969 and 1971 the school costs rose 23.3 percent. But this rate of

increase is still below that which occurred in the pre-Program period.

It is obvious that total operating revenue must increase with the rise in total expenditures, therefore a marked jump occurred over the three periods of the study. Worthy of note here is the fact that there was a considerable shift in the percentage contribution source of the revenue. During the period 1961 to 1969 the revenue from the school foundation levy payable by municipalities, increased at the modest rate of 6.1 percent. For the same interval the contribution of the provincial government grew at an average annual rate of 13.7 percent. Consequently, in 1958 the provincial contribution toward educational finance accounted for 44.6 percent of the total operational revenue to school jurisdictions, but in 1961, 1969, and 1971, the contribution from the province provided 47.3, 50.7 and 56.4 percent respectively.

In order to secure the required revenue there was noted a gradual but continual increase each year in the mill rate for the three periods under consideration. Although a reassessment in 1964 allowed for a reduction in the mill rate, by 1969 the special levy due to supplementary requisitions by school boards caused the mill rate to rise again, and thus a continued rise in the taxes.

CONCLUSIONS

It is evident from the study that many changes have taken place in the nature of educational finance since Alberta became a province. What effect have the two Foundation Programs had on Alberta education? To what extent can the changes since the inception of the first Program

in 1961 be attributed to the new grant schemes? It is always difficult to ascribe the cause of events to any one circumstance, since no one factor usually operates in isolation. However, some observations may be tentatively made concerning the effect of the Foundation Programs on Alberta educational finance and on the quality of education:

1. It would appear that both the 1961 and 1970 Programs have tended to reduce the rate of increase in the province's educational expenditure.

2. There has been a clear shift in fiscal responsibility; from the local authorities to the provincial government.

3. There appears to have been some reduction in local autonomy resulting from this restriction on local levies.

4. By means of taxation based on an equalized assessment, and the payment of grants in inverse proportion to the amount of an area's equalized assessment, the Foundation Programs guarantee at least a minimum standard level of education throughout the province. Such programs however, did not mean that there was equality of education throughout Alberta since school boards still had recourse to supplementary local levies. Thus the richer areas could still raise more money than poorer school units and thereby they could offer better educational services. As a result of this apparent inequality the 1970 Foundation Program imposed a 6 percent limit on supplementary requisitions, and special levies beyond this limit were permissible only if approval has been given by the electors in a local referendum.

5. There has in some areas been a reassessment of programs

and a cost analysis of operations. This was made necessary by the limited revenue to be derived from special levy.

Whether or not the Foundation Programs in Alberta have achieved all of the desired objectives is difficult to determine with certainty. They appear however, to have fulfilled their main purpose in providing the means for every school district or division to offer an acceptable and defined minimum standard of education.

What is the outlook for Alberta education and educational finance in the next few years? This is a question of concern to many educators in Alberta and elsewhere at the present time. Since the last period reviewed in this study, 1969-1971, total expenditures for education have continued to rise from approximately 10 to 12 percent each year. The grant structure that was part of the 1970 Foundation Program has been revised on two occasions in an attempt to keep abreast of inflation. Further, since the cost of education will probably continue to rise in the 1970's any viable program of support must be flexible to changing needs. According to the Worth Report, examining schooling in Alberta, future costs of education will inevitably grow. The Report states that education costs will rise a little faster than our increase in income; up from about 10 percent of Gross Personal Income in 1970 to about 12.3 percent by 1975.¹

It should be noted that in spite of the increased costs for

¹Walter H. Worth, "A Choice of Futures", (Edmonton: The Queen's Printer, 1972), p. 284.

education there has been a decline in school enrollment, and statistics indicate that this trend will probably continue. Writing in the Edmonton Journal in March, 1973, Editor Andrew Snaddon reflects on this matter in regard to the Edmonton Public School System:

This fall some 2,662 fewer students are expected to enrol in the school system's elementary, junior high and high schools. The corresponding figure last September was 2,231 and in the year before 983. If demographic projections throughout North America are correct, this trend will continue.²

As fewer students attend school it seems that the number of teachers that are required will decline. Quoting from the same source:

It is estimated that 164 fewer staff members, primarily teaching personnel, will be required in the coming school year. Declines in the previous two years were 149 and 197, respectively.³

Expected to offset the effect of the decreased enrollment, and provide additional jobs for teachers is the increased emphasis on early education. Alberta has tended to lag behind most other provinces in this area of service, but since 1971 the number of children in Kindergarten classes has been increasing rapidly; and most would consider this trend as a progressive development in education.

The majority of Alberta citizens are interested in and committed to the best education possible, and this they have demonstrated by their financial support. However, with educational expenditures continuing to rise accountability is becoming a greater concern to the public.

²Andrew Snaddon, Edmonton Journal, March 29, 1973.

³Ibid.

RECOMMENDATIONS

In view of the foregoing summary and conclusions the following general recommendations are suggested in order that the Province of Alberta continue to offer an acceptable level of education under the burden of increasing costs.

1. An extensive evaluation of present programs should be carried out in order to determine their relative value and suitability. A thorough reappraisal of the priorities of various courses might well save the time of pupils and teachers, not to mention the saving of tax dollars.

2. Closely associated with the first point is the necessity to assess the value of new programs and innovations more carefully before they are introduced into the curriculum. This would reduce the possibility of spending money on programs that were of little value or interest to students.

3. It would seem advisable in the light of studies conducted on Preschool education that all five-year olds have the opportunity to attend a school-operated Kindergarten, even though this would add to the total cost for education.

4. Since it is the basis for the ultimate quality of schooling, primary education should probably be assigned a somewhat higher priority.

5. It appears that support for education must continue to increase in the foreseeable future. Indications suggest that this could be possible as a result of the increased revenue from petroleum products which will raise both personal income and provincial revenue. This need not imply a greater percentage share of the Provincial

budget, but it almost certainly suggests a greater allocation in the Province's total expenditure specifically for education.

6. Alberta is the only province that does not have a general sales tax. The imposition of such a tax would increase the revenue to the Province and a portion could be allocated to education. However, in its present state, perhaps Alberta does not require such a tax and some would oppose it as inflation.

7. Although the Provincial Government has increased its percentage contribution to education in the past few years, this trend will probably continue. If other expenditures were to remain stable some measure of relief to the local taxpayer would result by reducing the proportion of the total educational revenue coming from local property tax. Such a trend would enable local authorities to disperse a larger share of local tax revenues on services designed primarily to meet local needs. However, the reduced local revenues for education may also lead to reduced local control.

8. If education is to maintain local support and interest the local authorities should presumably retain some financial responsibility and control on education.

9. In view of studies on pupil-teacher ratio, support staff and staffing patterns it would seem profitable to examine carefully the present situation to determine methods of best staff utilization.

10. If local property taxes are to be kept at a reasonable rate, Provincial and Federal grant schemes should have a built-in factor to at least maintain their proportion of expenditure.

11. This has been a modest attempt to examine the matter of financial support for education in the Province of Alberta. But this is only a small part of the total examination of educational finance in Canada. Therefore it is suggested that organizations concerned with education encourage further study in this field and in this manner provide more complete information on which to base future decisions.

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