SASKATCHEWAN School Boards ASSOCIATION

Research REPORT

The opinions and recommendations expressed in this report are those of the author/s and may not be in agreement with Association officers but are offered as being worthy of consideration by decision makers.

Funding for the development and distribution of Saskatchewan School Boards Association Research Reports is provided by Saskatchewan boards of education. Saskatchewan school divisions may duplicate this report for their own use. Each copy should acknowledge the Saskatchewan School Boards Association as the source.

A copy of this report can be ordered from the Association for a nominal fee or viewed on the Association website.

Saskatchewan School Boards Association
400-2222 13th Avenue
Regina, Saskatchewan
S4P 3M7
Fax: (306) 352-9633
Email: admin@saskschoolboards.ca

Look us up on our website www.saskschoolboards.ca

Funding K-12 Public Education in Saskatchewan:

Some Ideas – A Discussion Paper

by
Ernie Dawson

This report was commissioned by the Saskatchewan School Boards Association to advance consideration and discussion of alternate approaches to funding K-12 education. Read this report for information regarding:

- ✓ Fundamental principles for the funding of public K-12 education in Saskatchewan
- ✓ A summary of how K-12 education is funded in other provinces
- ✓ Key questions for consideration and discussion

Research Report #08-01

Acknowledgements

The writer of this discussion paper gratefully acknowledges the challenge presented by Bill Wells, Executive Director of the Saskatchewan School Boards Association to develop a non-technical review of what must surely be among the most technical of topics confronting school divisions in Canada. Funding is never an easy issue. Describing funding in ways that are not technical, particularly when he is not a technical expert on funding has been a rare challenge. Bill has been superbly supportive of my efforts and deserves much credit and appreciation.

Background information was elicited from, and responses received by the writer from across Canada through connections enabled by the Saskatchewan School Boards Association. The writer thanks those respondents whose names and affiliations appear below:

Lee Southern, Executive Director
British Columbia School Trustees Association

David Anderson, Executive Director
Alberta School Boards Association

Carolyn Duhamel, Executive Director
Manitoba Association of School Trustees

Gail Anderson, Executive Director
Ontario Public School Boards Association

David Birnbaum, Executive Director
Quebec English School Boards Association

Ken Meech, Executive Director
Nova Scotia School Boards Association

Brian Shortall, Executive Director
Newfoundland and Labrador School Boards Association

Dr. Helen Horsman, Assistant Deputy Minister of Education – Saskatchewan Learning was encouraging with her support and enabled the writer to gain access to some of the background work that has been undertaken by Saskatchewan Learning over the past few years.

Valerie Lusk, also of Saskatchewan Learning provided insights through materials that the writer was able to read for understanding of the magnitude of this issue.

Lawrence Chomos and Lionel Diederichs were generous with their comments and insights into the work they had jointly undertaken in the preparation of a major report to Saskatchewan Learning on K – 12 Funding Model Options. Their contributions provided the writer with information about how education funding is handled in all provinces and territories of Canada.

Three friends, all former colleagues of the writer, were willing to spend some of their scarce private time reading various drafts of written material and kindly provided their constructive criticisms of that work to enable its readability. Thanks to them and specifically to Jim Shields and Dr. Donald Lloyd.

Paul Baskey, Executive Director of the Saskatchewan Association of School Business Officials provided the names of three members of his organization as a Reference Committee. Thanks to Rod Quintin, Lionel Diederichs and Dennis Moniuk.

Finally to the reader, this note. You have been asked to consider the paper that follows as a discussion. Please undertake your reading as if you are engaging in a dialogue with a colleague. At the conclusion of the paper you will be presented with close to forty questions, many of them taken directly from the discussion paper. Those are the basis of your next work. Thank you, good reading and good wishes.

Ernie Dawson
Saskatoon, Saskatchewan

Funding K-12 Public Education in Saskatchewan: Some Ideas

This is a discussion paper. It purports to be nothing more than that. A discussion paper attempts to examine facets of an issue and to raise pertinent questions about the issue for the purpose of opening a dialogue among an interested group of readers. Consequently, as you read the paper, recall that it is neither a technical examination of a complicated matter, that is the funding of Kindergarten to Grade Twelve public education in Saskatchewan, nor is it intended as an academic or scholarly review of funding of grade school public education in Canada.

This is a discussion paper

It requires the reader to consider himself or herself in a discussion, first listening to the comments of a writer who has thought about the issue of funding, who has examined the cross-Canada approaches to funding of K – 12 education, who has been aided by several members of The Saskatchewan Association of School Business Officials and who wishes to engage the reader in contemplation of some key features of the Saskatchewan model, some fundamental principles that are held dear by school board members in this province and some ideas for making changes to the funding approaches of K – 12 public education.

Initially, you are asked to suspend disbelief. Imagine you are one of the parents of a very large family. Like most parents your wish is that those in your care will thrive, be successful and healthy. Your experience has taught you that not all of your offspring will respond the same way you might anticipate when you say or do something. That is neither baffling, nor unexpected. What do you do? Usually, you make a little amendment to the way you deal with this one or that one. Occasionally, you need to get some help for another, perhaps you need a specialist to assist you, someone with expertise or experience who can show you how, or suggest ways to make things better for the one you perceive is struggling and who needs more assistance.

Consider this as a microcosm of the situation facing boards of education and departments of education or learning in the provinces and territories of Canada. Consider the times when your directors and superintendents and other specialists have presented your board with concerns about their attempts to provide opportunities for the children and young people in their care. What have you done about their requests? What have you tried to do about their requests? What successes have you had, what lack of success? Has that pleased or bothered you?

Move your thoughts to another level. Consider what it must be like for the provincial public servants whose job it is to provide you, the school board member with the fiscal resources, and perhaps the capital resources, to assist jurisdictions across the entire province? Think of the reasoned, logical and sometimes downright emotional arguments you, as a senior public servant, would formulate to convince your elected bosses to free up more, to tweak here and there a little, all to make a significant difference in the life of a child.

Think of the pressures on their bosses, those elected politicians. If they now form the government, they can no longer make the public pronouncements from their seats in the opposition, pronouncements that condemn this decision or that announcement, as uncaring or inept. They now have access to the finances of the province and it is their job to make the decisions. They are in the hot seat.

Think of this situation replicated across the entire nation. It applies not just to the several thousand students in your division, nor all of the 160,000 K – 12 students in Saskatchewan, but to the millions of Canadian children and young people from east to west and north to south. Where does the money come from? Where does it go? Doesn't everyone know that nothing is more important than education? Why are there scarcities? Why is there nobody willing to do something, to ameliorate a situation that is so obvious and needful?

Welcome to the real world of education finance. Welcome to the real world of democracy. Welcome it; rejoice that this system, flawed as it may be, provides us with opportunities unheard of in many places in our world. But then realize that your concern as a school board trustee is just as, and no less valid than, the concern of a health board trustee, or a municipal councilor as those people, your neighbors, worry about the pressures they feel to accommodate the demands placed on them and their portfolios. Education, roads and health care are major consumers of what we have come to call scarce resources in this country, scarce resources to be sure when one considers we are part of affluence unknown in so many parts of this world.

Education, roads and health care are major consumers of what we have come to call scarce resources in this country.

There are other major consumers of those scarce resources as well. Go back to the initial premise of this paper. That is you as the parent. What do you do when the children need supplies for their various activities? What do you do when your children need medical or dental care that is not covered by any benefit plan? Do you borrow to meet both needs? What if you were told you could not borrow? What

if you were told you could not take money from this account to pay for something that you deemed more important elsewhere? What if you were told you had to balance your budget? You had to make do with what you have.

School board members know that situation well. They know that despite their wants they have to address their needs. They know that every branch of government needs resources. They know that all branches of government get less money to operate than they want. Reflect on the number of cabinet members you know of who manage at least one and sometimes more than one portfolio. Every one of those portfolios is staffed by people trying to do their very best for those they serve. Small wonder those in education are sometimes surprised when their precious, incredibly important work is not perceived to be as precious or as important by others who are not quite so close to it. Education trustees know that the government, no matter what political persuasion it is, will not allow deficits. What do you do? You set priorities and you soldier on.

Those in education are sometimes surprised when their precious, incredibly important work is not perceived to be as precious or as important by others who are not quite so close to it.

These are tough times to be a school board member. Seldom does a board member travel to a meeting anywhere in Saskatchewan that he or she does not hear or make a comment about the terrible condition of the roads. Remember when those thin-membrane roads used to feel like pavement? Now many of them are being returned to gravel. Remember when it was common to see highway construction crews working throughout the province? Where are they now? Remember that when you start thinking again about the demands you want to make on government on behalf of education.

Remember those days, not too many months ago when what we have come to know as *wait times* were the subject of radio talk shows and newspaper editorials? Remember the promises to somehow or other rehabilitate the health care system of Saskatchewan so that someone needing care would not have to wait six months, or a year or longer for the requisite diagnostic, surgical or clinical care? We have heard reports of some successful reductions in *wait times* and that is good, but it doesn't take much to understand that those changes have cost money. Where did the money come from? Obviously the provincial treasury supplied the extra financial resources. Does that mean more money for education is unavailable because it has been spent elsewhere?

The following table, supplied by the Saskatchewan School Boards Association exemplifies the differences in provision of operating dollars for health and education sectors in Saskatchewan over a ten year period. Its inclusion here is intended to make no statement beyond what is visible and that is that health has consumed far more financial resources in Saskatchewan over the past decade than has education.

TEN YEAR OPERATING $ FOR HEALTH AND EDUCATION

	HEALTH		EDUCATION	
	Annual Operating $	**Year – to – Year**	**Annual Operating $**	**Year – to – Year**
1997/1998	1,203,027,561	n/a	370,364,000	n/a
1998/1999	1,288,565,380	7.1%	386,850,000	4.5%
1999/2000	1,407,804,659	9.3%	397,500,000	2.8%
2000/2001	1,483,499,369	5.4%	447,440,000	12.6%
2001/2002	1,590,031,641	7.2%	466,800,000	4.3%
2002/2003	1,691,512,410	6.4%	493,700,000	5.8%
2003/2004	1,823,124,784	7.8%	514,065,000	4.1%
2004/2005	1,928,817,785	5.8%	527,719,000	2.7%
2005/2006	2,121,736,180	10.0%	552,472,000	4.7%
2006/2007	2,231,159,518	5.2%	561,804,000	1.7%
10 Year increase	1,028,131,957	85.5%	191,440,000	51.7%

Operating $ increase difference past ten years – $836,691,957

% increase difference past ten years – 33.8%

It may seem like a small matter for consideration to express concern that school divisions in Saskatchewan are too visible when one reviews the tax bill. Certainly, municipal councilors make frequent references to the local school division whenever they refer to taxes and, sadly it seems, the common interpretation by electors is that the school divisions are the *bad guys* in the piece. Nobody is a bad guy. Everyone is simply trying to do the best possible given the circumstances. Trustees may want to consider a system that does not highlight the school division any more than the health system is not highlighted when one pays taxes. There are probably few trustees in this province who have not felt exasperated, almost on a weekly basis because they are so frequently confronted with concerns about how much the education system takes out of the municipal tax bill

Is the situation different in other provinces and territories of Canada? It is not really different at all. Across this country one can read news stories about the enormous demands being placed on governments to deal with the big three: health, education and transportation.

There are differences in the way K – 12 education is funded from province to province for certain, but the bottom line is that nowhere is there evidence that enough money is supplied to the K – 12 education sector to alleviate the concerns of boards that there is insufficient money to do all that should be done. This is particularly clear when school board members throughout the entire country discuss the operation of their schools.

Nowhere is there evidence that enough money is supplied to the K – 12 education sector to allow the concerns of boards that there is insufficient money to do all that should be done.

So far it appears that no system, no philosophy of funding, no provincial or local approach has been able to overcome the expressed concern for more financial resources. A review of approaches used among our country's ten provinces and three territories provides clear evidence of different ways to produce the funds to operate school divisions. *Refer to the chart entitled Funding Model Options in Canada on the next page.*

The following provincial and territorial governments provide all of the funding for K – 12 public education: British Columbia, Alberta, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Labrador, The Northwest Territories, Nunavut and The Yukon Territories. That leaves only Manitoba, Quebec, Nova Scotia and Saskatchewan as the places where other approaches to funding are taken, and it must be noted that in Nova Scotia school boards do not have the authority to tax property. Only in Manitoba, Quebec and Saskatchewan do school boards levy property taxes. The question must now be asked: are the latter three provinces following or

Is it desirable for boards of education to have authority to levy a mill rate and collect taxes?

leading in this first decade of the 21st Century? In other words is it desirable for boards of education to have authority to levy a mill rate and collect taxes within each school division, and is it an accurate perception that receiving the funds which come from some other source reduces autonomy and lessens the authority of boards to make their own decisions?

FUNDING MODEL OPTIONS IN CANADA

Model One

Only one source of funding for school boards – from provincial government's general or consolidated revenues.

School boards in British Columbia, New Brunswick, Newfoundland and Labrador, Yukon Territory and Nunavut receive funds this way.

Model Two

Funding is supplied from two sources by provincially determined decisions. Those are from provincial general revenues and by provincially determined property tax.

School boards in Alberta, Ontario, Nova Scotia, Prince Edward Island and two areas of the North West Territories receive funds using this model.

Model Three

Funding is supplied by three sources – provincial general revenues, provincially determined property tax and locally determined property tax.

Manitoba is the province where this system applies.

Model Four

School boards are funded by general provincial revenues and locally determined property taxes.

Three jurisdictions use this method – Saskatchewan, Quebec and Northwest Territories

Synopsis of Funding Methods for K – 12 Education Elseware in Canada

British Columbia

School funding is determined entirely by provincial government and sourced from Consolidated Revenue Fund. Within the General Revenue Fund (GRF) is a property tax levy called *School Tax*, but there is no direct connection between *School Tax* revenue and funds received by boards of education.

Boards of education have statutory authority to raise additional funds by local property taxation, but this requires voter approval through a successful annual referendum. Between 1990 and 1997 there were 13 referenda with 11 defeats. This measure has not been used since 1997. As in other provinces boards do raise other revenue apart from provincial revenue, for example: foreign student fees, property rentals, non-ministry of education funding from other ministries, (e.g. Ministry of Children and Families), federal funding for on reserve students and so on.

Alberta

School funding is determined entirely by provincial government. Separate school boards could determine their own property tax levels, ***but they are constrained to receive no financial advantage by doing so***.

School boards have authority to determine a special levy in addition to provincial contribution, but limited to no more than 3% of the school board's annual budget per year and only after successful local plebiscite permission. This measure has not been used.

Manitoba

Funding derives from both the province and school boards. Provincial share comes from the provincial consolidated fund and from property tax levies accessed through Education Support Levy. Government determines how much money will come from GRF and from its portion of property tax that does not include farming properties.

School boards access to property assessment is through Special Levy as a requirement of boards in this shared funding model.

Ontario

Funding comes from two sources including Consolidated Revenue Fund and provincially determined property tax with property tax levy going directly to school boards and differences between wealthy and poorer boards is made up by grants from the Consolidated Revenue Fund.

Quebec

Funding comes from the province's general revenues and property taxation. Property tax access is limited by the government. Any additional taxation by boards requires approval by electors through a referendum, a process that has not been used.

Nova Scotia

Education funding derives from two major sources, the Consolidated Revenue Fund and from a provincially determined property tax. School boards, with agreement of the municipalities in their regions may raise additional property tax revenue.

Prince Edward Island

Education is funded entirely from the Provincial Operating Fund.

School boards (both English and French language) have authority to seek ministerial and local approval for funding from additional local property levy, but this method has not been used.

Newfoundland and Labrador

This province does not use property taxation to fund education either at the provincial or local level. Funding is applied directly to school boards from the provincial General Revenue Fund.

Northwest Territories

Funding for education derives from the territorial consolidated fund and territorial education property taxation that contributes to the consolidated fund. Local property taxation within the boards of Yellowknife Education Authorities provides some funding as well.

Nunavut

A system based upon processes that existed at the time of its creation in 1999 has been used, but is being modified with development of a new funding system.

Yukon Territory

The Yukon government provides all funding for education from the Consolidated Fund, which includes property tax. School boards do not have taxation authority. All employees are employees of the government of the Yukon Territory with exception of one, the Yukon Francophone School Board.

In this province a long-standing position of school board members regarding education funding is found in Saskatchewan School Boards Association policy. That is reproduced below.

The Saskatchewan School Boards Association believes…

All citizens benefit from public education. Education funding is an investment in the development of individual human capacity, in building our economic and social future, and in maintaining civil society.

Every student must have access to learning opportunities that will enable the full development of their educational potential.

The Saskatchewan School Boards Association values …

Fairness: Education funding programs must be designed so that financial resources are fairly allocated among school divisions to address educational delivery circumstances beyond the control of school board and to compensate for variations in local fiscal capacity.

Adequacy: Financial support for school boards must be sufficient to fund provincial and federal policy expectations for education and to respond to the educational needs of students and the priorities of their families and communities.

Autonomy: School boards must be able to establish their own spending priorities and set their own levels of expenditure based on locally-determined educational needs and expectations. School boards must receive the major portion of their funding unconditionally and must retain access to the property tax base.

Partnerships: School boards must have the capacity to facilitate partnerships with other agencies, both public and private, to provide academic, social, physical and spiritual supports for students and the educational program.

Accountability: School boards must be accountable to their electors for the educational expenditure priorities they establish and for the efficient and effective use of the financial resources available to them.

Clarity: Education funding must be easily explained and understood and efficient to administer.

The last point, *clarity* begs a response. That the acronym chosen to describe the way K – 12 education is funded here bespeaks lack of clarity is worthy of a hearty laugh. The Foundation Operating Grant (FOG) has never been perceived by most people as anything but foggy. It has been commonplace, perhaps unfairly so, to suggest that few, if any really understood the FOG in Saskatchewan. That notwithstanding, the Saskatchewan School Boards Association valuing of clarity is not lost on anyone who has tried to understand, tried to see through the FOG.

Saskatchewan has the highest property and school taxes in the whole of Canada.

Among the concerns, expressed over the past couple of decades or more, is what has been called burdensome municipal and education tax levies. Saskatchewan has the highest property and school taxes in the whole of Canada. While some efforts to reduce the tax burden have been made by the provincial government with tweaking here and there, certain sectors of the Saskatchewan economy face growing taxation. We have seen what have been described as tax revolts in many places. Simply put, tax revolts are illegal and wrong-headed, but they are certainly reflective of the anxiety of rural people who have convinced their municipal councils, the tax collectors, to withhold the education portion of taxes from the school divisions which have levied the mill rates legitimately. School trustees need no reminding of the problems that come from non-payment of taxes, or withholding of taxes, particularly when somewhere between sixty and seventy percent of the money derived for the operation of school systems comes from property taxation.

Neither is the concern about the high education portion of property taxes limited to the rural sector. Increasingly, those municipalities that include resort communities and recreational properties have been hearing concerns about the enormity of the taxes payable by citizens who use their vacation properties only for a few months each year. Nevertheless, the collection system obliges those property owners to pay the school portion in what seems to many people disproportionately high amounts because the assessed value of recreational properties vis-à-vis rural properties makes taxing the former more lucrative than taxing the latter at the same mill rates. This is seen by many rural councilors to be a huge shift in who pays for education. Nor will the situation get better without intervention.

In a mid-summer, 2007 mailing to its taxpayers from the Council of the Rural Municipality of Lakeland reference is made to school taxes and property re-assessment. In part, the note expressed the following concerns:

Consider school taxes and property re-assessment.

> *Our tax bills have gone up dramatically over the last few years. This has been the result of increased values of property in our community.*
>
> *Our taxes this year [2007] are based on the assessed values from June 2002. Our tax bills in 2009 will reflect land values from June 2006. Assessment officers expect land values will increase nearly 50% and building values approximately 10 - 15%.*
>
> *In 2009 if the total assessment in the R.M. goes up by 30% we can lower the municipal mill rate by 30% and your municipal taxes would remain constant. However, the school division takes in a huge area from Kinistino to Big River, including Prince Albert. Their assessment will not increase as much as the lake areas and taxes will be shifted from other areas to us. In 1990 our ratepayers were assessed $498,000.00 for education property taxes. This year we will pay 3 million less 10% provincial rebate announced in the provincial budget. Our education taxes have increased 6 times.*
>
> *This is nothing more than a provincial government tax. The school division must give the province the amount of taxable assessment in their division and based on how much money can be raised locally, the provincial grants are given to raise the balance. The higher the taxation level the lower the provincial grant. Some school divisions in the province raise 100% of their budget on property taxes. The provincial government has stated it is their intention to try to limit the provincial/municipal split on education costs at 60/40 with the provincial government picking up 60%.*

The Lakeland R.M. note goes on to implore its taxpayers to raise the issue of funding education as an election issue with candidates of all political parties. At the time of writing Saskatchewan is in the early days of a provincial election. Early statements from parties show little change in approach to funding of education. One might extend the tax credit plan, another might consider rebates, and still another might remove education tax from the home quarter of a farmstead, but so far no party has suggested a dramatic overhaul of the funding system from what is in existence now.

While the issue of property taxation as a source of funds for support of K-12 public education in Saskatchewan is not a huge issue in the minds of voters, that group seems to have identified rebates as less than a satisfactory solution to a developing problem. However, some of the suggestions, such as refunding the education portion of property taxes to senior citizens are less than comprehensive in their coverage and beg the question about what is fair for all.

The growing economic development of Saskatchewan has occasioned large increases in property values. A glance at any current real estate brochure will confirm that. When the next general assessment takes place in 2009, that is less than two years from now, what now seems a pleasant phenomenon, the dramatically increased value of one's personal real estate will become less pleasant, perhaps even burdensome, because the re-assessment by Saskatchewan Assessment Management Agency and urban assessors throughout Saskatchewan will mean that increased property assessments will result in the unpleasant reality of much higher tax bills. Already we are hearing cautionary expressions of concern about what the increased property values will mean to the individual tax payer. That is why the clamor for change in the way public K – 12 education is funded keeps growing louder.

If the trend continues a major social change will accompany it.

A suggestion has been made that if the trend continues a major social change will accompany it, when those who bought recreational properties a couple of decades ago can no longer afford the taxes. On the other hand a less sympathetic counter commentary by some, suggests that if one can afford a recreational property he/she should accept the tax bill as a function of ownership, as a function of his or her personal wealth.

For years audiences at Annual Meetings of Electors, those mandatory and usually poorly-attended reporting times for boards of education, have heard trustees and their senior administrators speak about how efficiently educational operations are managed in Saskatchewan. It may be time to examine those statements to provide evidence that is convincing rather than hearing organizations such as the Canadian Federation of Independent Businesses calling for efficiencies in school system administration and operation.

In fact, there is no secret that senior financial officers in many school divisions question the effectiveness, the very meaningfulness of providing information at an annual meeting where few, if any, from the non-education community attend and those who do attend listen to financial statements up to eight months after the fiscal year end. Those officers would question how that is providing evidence

of accountability. Perhaps it may provide evidence of dollars and cents, but it really is not providing evidence of accountability for the education of the children and young people in their school divisions.

One trustee is on record as suggesting that he will, *"*celebrate the day when someone says at a board of education meeting, *I am concerned that my child is not getting a good education*, because that will signal a change from attention on too much tax to provision of a high quality school experiences.*"* *"*Then,*"* he notes, *"*we will know we have achieved the goal of removing the cost of education from the picture and focus on the reason we do the work we do.*"* His board of education has placed the topic at the very top of their advocacy agenda, to increase the provincial share of the total cost of K – 12 education.

I am concerned that my child is not getting a good education.

He and his board may be right. Seldom do we hear complaints about the cost of the health care system when someone is describing a wait for service. We hear demands for quicker service, not for a reduction of costs.

When he addressed a special provincial assembly of the Saskatchewan School Boards Association over three years ago, then Minister of Learning, Andrew Thomson referenced the work of the Boughen Commission earlier that year. Commissioner Ray Boughen recommended in his December, 2003 report some changes in the way education was funded, including increasing and expanding the Provincial Sales Tax. The predictable outcry from interest and lobby groups, many speaking from an emotional and largely speculative perspective without real evidence to support their concerns, dissuaded the provincial government from opting for that approach.

During that same speech the Minister laid out the plans for amalgamation of school divisions, using the work of the Education Equity Task Force, headed by Fred Herron. Admittedly, his plan for amalgamation and its attendant reforms focused only on reduction of the number of school boards and not classrooms. Doing that hardly made an impact on the available resources within school divisions, despite the Minister's hope that money not spent on boards or school division operations could, after amalgamation, provide some relief to schools throughout the newly amalgamated divisions in a more equitable fashion.

Minister Thomson spoke as well about review of the Foundation Operating Grant. Despite at least two major attempts at effecting changes none seems apparent at this time, although to be fair, in the last two years approximately one-half of the large number of factors in the Foundation Operating Grant have been consolidated and that work is ongoing.

His reference to provision of property tax relief for the citizens of Saskatchewan was contingent upon securing new and ongoing equalization funding from the Government of Canada. Despite having received, *"...letters from three federal parties indicating they will address this issue with us after the election...,"* nothing seems to have eventuated. At the time of writing this issue between the Federal and Provincial governments seems far from a resolution.

Readers will recall the Saskatchewan School Boards Association statements of beliefs and values cited earlier in this paper. Thomson noted that the desire of boards of education to act in an autonomous manner would be respected. It is time for a difficult question. Just what is autonomy when one considers the work of a school division? Does levying a mill rate really make a school board autonomous? Is there more to it than having the legislated right to levy? What would make a school board autonomous? In the **SASKATCHEWAN SCHOOL BOARDS ASSOCIATION** statement of beliefs and values the point dealing with autonomy speaks to school boards being able to establish their own spending priorities and setting their own levels of expenditure based upon the locally-determined needs and expectations, with boards being able to rely upon receiving the major portion of their funding without conditions. Now, it may be time to ask trustees whether that belief statement could remain with just the last part ellipted. Must school boards really retain access to the property tax base? Is that a proven or merely a speculative statement? That is, does it necessarily follow that not having access to the property tax base means that the school boards would have no control? Is it anathema to school boards that they might not have the access to the tax base if the source of funding were different?

School boards need to establish their own spending priorities and setting their own levels of expenditure based upon the locally-determined needs and expectations, with boards being able to rely upon receiving the major portion of their funding without conditions.

Additionally, one must ask where the 60/40 split idea comes from. Why should the province fund sixty percent of the costs of K – 12 public education in Saskatchewan? Why not seventy? Why not eighty? Why not more? In the last decade of the last century the President, of what was then called the Saskatchewan School Trustees Association, Rev. Bob Thompson spoke at the North/South Seminars and introduced a campaign complete with large lapel buttons declaring ***60 in 92***. Back then, there was hope that the provincial government would soon respond to the lobby of trustees and reward them with higher provincial grants and smaller property taxes. What happened? Why have the successive provincial governments since that day not made significant changes? It might be argued that the governments don't know what to do.

The issue of provincial funding of K – 12 public education has been studied over and over and we see few substantial changes. Can school trustees help to change the paradigm in the thinking about provincial funding? Can school trustees themselves move past some of their long-held notions about what should be, and try to contemplate a different way of receiving funds, without the concerns about capitulation or risk-taking regarding local levies?

Can school board members help to change the paradigm in the thinking about provincial funding?

Education of children and young people in the K – 12 system of Saskatchewan is serious business. It is not something that should be gambled with. For that reason the very notion of the money-raising capacity of casinos and lotteries will probably be dispatched out of hand. Readers are asked, however, to consider whether some potential for funding of certain aspects of the K – 12 system might not reside in one or both of those? Certainly the day-to-day operation of schools should not be part of that potential approach, but what about special funding for large projects, school construction, infrastructure, maintenance, transportation improvements? The point in raising what may seem like a ludicrous notion is that we in Saskatchewan, tend sometimes to think with our blinders on. Can we see more than just what we have done? Are we able to make some changes to the way we perceive funding?

There is developing in Canada a concern that voter disengagement from the electoral system, cynicism and apathy towards politics generally have reached critical points. In a recent provincial election campaign in Ontario only about 52% of the eligible population voted to elect the government. In several central Canadian provinces discussions about how few people have voted to elect school boards recently have led to speculation that with the numbers of voters dwindling, in at least one case to less than ten percent, school boards cannot lay claim to being representative of the people. Is there a concern that provincial governments might not heed boards of education that have been elected by so few people? Is there a further concern that such weak support for school boards could translate into their abolition by the provincial governments who might see them as redundant?

At the same time it is appropriate to question what is meant by the politicized phrase *full service school division*. Is one division a full service division and another near it not? What makes the difference? Is it the capacity to levy taxes, to collect those taxes from the municipality and because of its size to interact prominently on the provincial level, rather than simply in one's own area? It seems logical that if one school division is expected to be full service then

every school division in this province must also be full service or the aim of equity will be off mark. This clearly implies fair and adequate funding for every school division, wherever it is located in Saskatchewan.

For those who worried about an Alberta-like model being installed in this province, Minister Thomson noted that such a model would have had too major an impact on autonomy to work for Saskatchewan. Further, he made a commitment to removing disparities from the system in Saskatchewan, specifically the fiscal capacity of jurisdictions relative to others. In other words, tax fairness throughout the province was cited as a goal. That statement speaks to the concerns about adequacy, equity and fairness. It may also speak to an abiding position among provincial politicians that it is better to let locally elected politicians, (i.e. school board members) take the political heat for the high local share of education costs borne by property tax payers.

Saskatchewan Association of School Business Officials member, Dennis Moniuk cited many of the same concerns.

> As long as educational funding is based on school division access to assessment and taxation true equity will never be achieved as the assessment per student varies considerably between school divisions. Therefore, the capacity of each school division combined with the politics of local taxation impact on the education of our students. Through restructuring the province attempted to address a symptom of the funding issue, that of zero grant boards. This is a short term solution aimed at the symptoms and not a solution directed at the real problems. Long term sustainable and equitable funding is the goal that is unattainable under the current funding structure.
>
> Current tax legislation with respect to education taxation is not an effective way to obtain local funding for educational services. The number of taxing authorities, the capacity within taxing authorities, or the lack of capacity, flawed legislation, non-compliance with legislation, and illegal taxation procedures all contribute to the problematic issues surrounding educational taxation.
>
> Simply put the politics of purity and taxation at all government levels impact on the integrity of the system.

Long term sustainable and equitable funding is the goal that is unattainable under the current funding structure.

Fairness, equity and transparency are common watchwords within conversations about taxation for the purposes of education funding

in this province. Dr. Donald Lloyd, Superintendent – Administrative Services in a large urban Catholic school division has suggested that this may be an appropriate time for school board members to engage in meaningful discussions about a national, if not, world-wide phenomenon called home-based businesses. We have seen an explosion of home based occupations and businesses within the past decade, made possible in part by the advent of powerful computer and electronic connectedness throughout the world. The storefront or congested offices no longer appeal and are no longer necessary for many; a home office is sufficient and ample to conduct business on scales that most of us have not contemplated. The logical question that follows this awareness is whether trustees, or government really appreciate the vastness of this phenomenon. Why? Because home based businesses are not taxed as a source of local tax revenue even though such businesses are recognized for corporate and provincial taxation purposes. Why? Remember those watchwords: fairness, equity and transparency? This needs review.

What about home-based businesses and exempting property taxation for the purpose of economic development?

Lloyd also suggests that another issue requiring attention of school board members and provincial politicians deals with the reality of economic development. The good financial times of this era have produced major investments by developers in many places throughout Saskatchewan. To encourage those investments of hundreds of millions of dollars, some relief from property taxes has been provided by municipal councils. Typically there have been agreements exempting property taxation through legislation for the purpose of economic development. Such exemptions usually encompass a three to five year period and are not recognized as a deduction for the purpose of calculation for grant purposes. A grant program which compensates school divisions through grant payments that nullify the effect of economic exemptions benefits all Saskatchewan residents. The province receives additional provincial sales tax revenue on building materials and future retail sales for distribution to provincial programs and services. The school division receives additional tax revenue following the exemption period less the grant recognized assessment for the new retail development. Saskatchewan residents receive the benefits of a growing provincial population and economy. Some agreements have been in place to recognize the benefits of economic incentives, but recent directives from Saskatchewan Learning have disallowed the application of future agreements, because recent provincial directives disallow future boards of education from being obliged to recognize current agreements. This demands solution.

Earlier in this discussion paper reference was made to other methods of funding K – 12 public education in Canada. These have been examined in detail by Lawrence Chomos, a former school division and regional director of education in Saskatchewan and by Lionel Diederichs, a superintendent of finance and administration in one of the recently-amalgamated school divisions in this province. Unfortunately, from the perspective of many, their work remains on the shelf in a Saskatchewan Learning office. Some of those methods described by Chomos and Diederichs have effectively removed from boards of education the ability to raise funds locally through taxation. To be certain legislation in some cases permits local taxation, but only after the holding of a plebiscite seeking permission for local fund raising. Simply put, one should not expect that to happen in any of those jurisdictions where the plebiscite option is in place. The education landscape in the United States of America is littered with the history of excellent educational leaders who were dismissed because they were unable to convince a wary public that local fund raising should be pursued to build or even maintain programs and infrastructure. We do not want our educational leaders, our directors and superintendents to become fundraisers. We want them to be educational leaders.

Local authorities are better able to determine how to deal with local needs.

Without disparaging the good intentions of politicians and public servants in other places where the system of funding differs from Saskatchewan one must ask who knows best what needs within local jurisdictions really are. Is it possible that some well intentioned bureaucrat located in a senior office near the seat of government can really describe what are the needs of the school population in a remote school division better than, or even as well as, the people who are involved with that school population on a daily basis? Is it possible that someone located in that senior office can prescribe the solutions to the needs of that same school population with a single application of a funding formula based upon the province as a whole? Not likely.

If it makes sense that local authorities are better able to determine how to deal with local needs, then it also follows that a system of funding based upon a provincial determination of amounts of money for distribution to school divisions is not as appropriate. Can the Saskatchewan School Boards Association's set of beliefs be honoured without using a property tax collection system?

If there is validity in the contention that a dollar not paid as tax recycles twelve-fold through the economy then there may be merit in providing relief from property taxation. Consideration might be given to allowing tax credits for property taxes collected to fund education.

It is commonly noted that farmers are provided tax credits in such cases. The questions to be asked now relate to all other taxpayers. For example, why not property owners generally? Why not owners of recreational properties? Why not people who rent property, but who, through their monthly rent pay property taxes to their landlords? How much would tax credits cost the provincial treasury in reduced income tax payments? How much more would the economic engine of the province be stimulated by leaving money in the hands of property owners and renters to spend elsewhere than on taxes?

If one could assume that a provincial government would permit property taxes to be claimed universally for all Saskatchewan taxpayers as income tax credits one must then also assume that the funds for K – 12 public education support would have to come from somewhere else. What about returning to the notion of a provincial education tax? The Provincial Sales Tax was established as a way to funnel all money into the general revenue of the province without earmarking it as educational or hospital funding. It may be time to rethink how we use the PST. Boughen, cited earlier in this paper, proposed what was then a politically unpalatable solution several years ago. Despite the organized lobby against it his proposal may still have merit and should be reexamined.

One must examine critically the claims made by restaurateurs that their businesses would suffer great harm, that people would stop eating out as frequently, that customers would be angered at the payment of a one percent levy on restaurant meals, that business would be so poor staff would be laid off. Nowhere has there been evidence of any of this being true and yet the lobby was so strong that the provincial government ran from the Boughen notion. The successful lobby by the Saskatchewan Restaurant Association should not be construed as total condemnation of the Boughen Commission recommendation. The Saskatchewan Chamber of Commerce supported the notion of a one percent increase to the Provincial Sales Tax. Members of the Saskatchewan School Boards Association would do well to contemplate just how accurate are the claims that caused the Boughen suggestion to be nullified through inaction.

Adopting the Boughen Commission recommendation would have introduced what is known as tagged money to the funding of education?

Might it have been that adopting the Boughen Commission recommendation would have introduced what is known as *tagged money* to the funding of education? Federal and provincial governments and their bureaucrats have historically disliked tagged money because it is so obvious. Money that is collected into the General Revenue of the province is more easily moved about within portfolios. Occasionally officials of the government of Saskatchewan have mused about creation of a provincial mill rate, for example

like that in Alberta. The aim would be to bring about equity between commercial and industrial properties. There exists a strong possibility that at least one zero grant board will exist in Saskatchewan in 2008 and one or two others the next year. Without a funding injection from the government the same conditions will be recreated as existed prior to the forced amalgamations of school divisions in Saskatchewan. Doesn't this beg the question of whether or not school divisions can be continually increased in size as a mask for the funding issues?

Members of the Saskatchewan School Boards Association executive and senior staff have suggested to the provincial government that a provincial mill rate for commercial and industrial properties would focus the lobbying efforts of the business community on two or three cabinet ministers with the offer of more economic development, if the school rate mill rate determined by cabinet was reduced. It follows, of course that the question of where the backfill dollars might derive would then become a concern of the Association.

Representatives of the Association have proposed a provincial commercial/ industrial mill rate.

And as unique a suggestion as it might seem, those same representatives of the Association have proposed that if a provincial commercial/industrial mill rate was really an option the politicians could protect themselves and the funding of public education in Saskatchewan and ensure equity within the property taxation of commercial and industrial properties by giving the Saskatchewan School Boards Association the authority of a board of education to levy, collect and distribute the commercial and industrial mill rate to boards of education throughout the province. Might this solve everyone's concerns?

Trustees will have heard of schemes of requisitioning funds to support their school systems. Could it work? Think of the efforts of school board members and their senior administrators every year as they contemplate the needs of their system, the special needs of some elements of their system, the demands for structure and infrastructure development and maintenance, transportation of students and myriad other matters associated with what we commonly call budgeting. That hard work has consistently produced excellent results in excellent school systems. It is the backbone of Saskatchewan K – 12 public education autonomy. Local people know the local needs and they apply their local solutions to those needs. Why couldn't the same approach take place, but rather than setting a mill rate and expecting the municipal government to collect the taxes for the school system a requisition could be sent directly to the government?

No sooner will some internalize that as a possibility, than the existence of the role of municipalities in the process will come

to mind. Will the municipalities be necessary as tax collectors if a requisition system were used? Probably not, particularly if the requisition is not predicated on local assessments. It seems logical that school boards could receive annualized information about the assessed value of properties within each jurisdiction, but that amount would be aggregated throughout a school division and the total amount would be the basis upon which any claim would be made to the provincial government. It also follows that the provincial government may not need those annualized statement of property values if it were to move to some other system of funding K – 12 education.

Would there be limits set on how much money could be requisitioned? One might assume that there probably would be limits. Provincial coffers are not bottomless, but there appears to be no limits in funding health care provincially, so perhaps it assumes too much to speak of limits. Assuming there were limits imposed, however, provincial regulations would govern how much could be requisitioned in various categories, but those limitations would need to be based upon current awareness and financial realties determined through province-wide deliberations and negotiations among provincial politicians and school boards, probably using the structure of the Saskatchewan School Boards Association. This is a hugely important point and must receive discussion and debate among trustees. Some will quickly recognize that such discussions and negotiations will have to be fairly organized because the spectre of unfairness in representation in provincial bargaining concerns and provincial teacher salary negotiations will be quickly recalled and will have to be dealt with.

Saskatchewan is home to about 900 municipalities, both rural and urban.

Saskatchewan is home to about 900 municipalities, both rural and urban. At the same time this province now has only twenty-eight public school divisions. It seems much more efficient to consider sending a single requisition to the provincial government than it does sending hundreds of requisitions to hundreds of municipalities, which would really be acting only as brokers or collection agencies. The question of utilization of municipalities remains a political issue that will have to be addressed in a different forum. More simply put, the resident expertise to manage the system is already in place in those twenty-eight school divisions. Don't the mere cost effectiveness and the excellent management reputation of the school division system speak loudly?

Equity of opportunity for all students has been the watchword and a worthy goal of school division personnel for years. What does

it really mean? Surely we must not assume that anywhere in this province every student has opportunities that he or she might have if they were relocated to another part of the province. It is a laudable, but simply unachievable goal to speak of provincial equity of opportunity. Within any school division equity of opportunity may be more likely, but not so likely province-wide considering the diversity and density of population and the nature of the geography of Saskatchewan.

Acceptance of this point may support the notion that Saskatchewan's large school divisions are better able to seek equitable opportunities for their students than could small, often under-funded school divisions whose taxable assessments were small, often by multiples of what other school divisions blessed with higher assessments could have. Further, acceptance of this point may be the logical fulcrum upon which the province recognizes local decisions are better than province-wide decisions about school board operations. On the one end of this imagined teeter totter the province has a role, but at the other end the crucial role played by school divisions cannot be overlooked, so a balance of influence should result.

So, where are we headed?

This highlights a concern frequently raised by tax payers about some areas of school divisions actually supporting more of the costs of education within a school jurisdiction than others. A requisition system, based upon the needs of the entire system and not based upon the tax paying capacity or assessment of one area compared to another could circumvent that concern.

So, where are we headed? Is the potential for change in funding K – 12 education closer now in Saskatchewan than it has been? Results of the provincial election may see some changes in who governs, but will the efforts of the Saskatchewan School Boards Association to make education funding a genuine political issue reap results? One may expect to see some changes, but first it may be prudent to emphasize the need for a consensus among school board members about what system might be the best for this province. Will any government, new or reelected make changes quickly? That is doubtful. Governments don't tend to work that way. Will any government effect changes during the time of a four year mandate from the electors of Saskatchewan? Perhaps, but more likely is the potential for changes in a second mandate. Regardless, the efforts of the Saskatchewan School Boards Association to inculcate the idea of sufficient funding for the children and young people of Saskatchewan in the minds of politicians through changes that have been extensively modeled to determine their appropriateness and efficacy to the funding system are laudable and should be encouraged.

Questions for Consideration

1. Does it follow that when a provincial government in Saskatchewan supplies money to support initiatives in other departments that school board members should assume there is less money for education?

2. It seems that school divisions are more critically reviewed by taxpayers than are health boards. Why is this the case?

3. If you answered YES to the question above, do you think it would help if the schools portion of taxes were removed from the tax statement?

4. How might that removal be possible? Would property tax as a source of funding for education need to be abolished to make the schools portion less obvious and therefore more of a target for criticism?

5. Is it **really** desirable for boards of education to have authority to levy a mill rate and collect taxes?

6. What does autonomy really mean?

7. Is it an accurate perception that boards which receive funds for the K – 12 schools are subject to reduced autonomy?

8. Are those boards noting lessened authority in their work?

9. The Saskatchewan School Boards Association statement of beliefs cites six areas that are valued by board members. Those values are reproduced in the discussion paper and include: Fairness; Adequacy; Autonomy; Partnerships; Accountability, and Clarity. Are there any aspects of those six statements that deserve scrutiny regarding the property tax issue?

10. Have any of the political parties in Saskatchewan provided ideas to reduce the burdensome municipal and education tax levies that are so much talked about?

11. Concern was expressed in the discussion paper about the education portion of property taxes in the rural sector and increasingly in those areas where resort and recreational property is common. Is this a valid concern?

12. Beyond the rural, resort and recreation sectors are there other sectors in Saskatchewan where the education portion of property taxes is seen as too high?

13. Are rebates seen as appropriate, long term ways of reducing the impact of property taxes in Saskatchewan?

14. What are the problems associated with rebates?

15. Do you have concerns that the reassessment of properties in 2009 will create major problems for property owners? What are those concerns?

16. The Boughen Commission provided ideas for changes to the way K – 12 public education is funded in this province. Do you think Boughen had ideas that should be further reviewed?

17. Should the province wait until the Federal Government opens its treasury to provide new and ongoing equalization funding before it effects changes in the way K – 12 public education is funded now?

18. Could you accept the removal of the Saskatchewan School Boards Association statement about autonomy in its statement of beliefs? Do you believe that reduced authority to levy taxes carries with it threats to the existence of public boards of education?

19. Do you think it possible that because successive governments have not known what to do with the funding processes for K – 12 public education that they have done little?

20. If that is the case what role should be taken by the Saskatchewan School Boards Association to help the government know what to do?

21. The reference to funding K – 12 education or aspects of it from the proceeds of gambling may be outlandish to some. To others it might seem like a logical place from which to draw financial resources? What are your opinions?

22. If there is truth to the idea that voter disengagement is leading to lower numbers of voters across the country, is there a possibility that members of boards of education in Saskatchewan need to encourage involvement of voters to preclude those numbers falling even lower?

23. If the number of voters continues to decline is there danger that boards of education will be endangered because of conclusions about their representative value for the provincial government?

24. Do you know what a *full service school division* means? Is it the same in jurisdictions near your school division?

25. Do you believe provincial politicians truly value the local decision-making that is part of the current system of school board governance? How can this awareness be heightened and maintained?

26. Should a study be undertaken to determine the impact of home-based businesses on the property taxation in Saskatchewan?

27. Is there enough awareness among school board members of the kinds of incentives and encouragements being provided to investors in major economic developments in Saskatchewan?

28. Should some study be undertaken to provide a clearer picture of how incentives impact on school divisions in Saskatchewan?

29. What is your reaction to the potential of plebiscites being used to raise extra funds for K – 12 education in Saskatchewan the way plebiscites are enabled through legislation in other places?

30. What is your reaction to provincial income tax credits being awarded to match property taxes paid to school divisions?

31. Can a case be made for some tax credits being allowed to one segment of the tax-paying public (i.e. seniors) and not for all?

32. Do you have opinions about paying for K – 12 public education through some method such as a designated portion of the Provincial Sales Tax?

33. Do you have opinions about a requisition system of funding to pay for K – 12 public education in Saskatchewan?

34. Do you believe it is necessary to have municipalities involved in the collection of property taxes? Do you think school boards could do as well? Do you think school boards could collect taxes and distribute them to all parties in a tax collection system?

35. Do you have hope that if the provincial government changed the method of funding K – 12 public education in Saskatchewan that school board members could depend on fairness and full and equal representation on any committees whose job it might be to determine what grants to school divisions might be?

36. Do you believe that extensive modeling of various approaches to funding of K – 12 public education in Saskatchewan would be required?

37. Where might the expertise to help with the modeling come from?
    - Universities
    - Saskatchewan Government
    - Saskatchewan Association of School Business Officials
    - League of Educational Administrators, Directors and Superintendents
    - Chartered Accountants
    - Others ??

38. What questions have not been asked that you believe are necessary?