

Education Finance and the Board's Role

Module 4

Participate in this seminar to learn more about strategies for ensuring effective board of education stewardship of education finance. Module 4 workshop and resource materials include these important topics:

- The board of education's role in receiving and allocating educational funding from the government;
- Sources of revenue to support education programming;
- Strategies for allocating fiscal, human, material and time resources;
- Ensuring the budget is aligned with the priorities and goals of the organization; and,
- Reflection and discussion on issues in education finance.

STEWARDSHIP

RELATIONSHIP

LEADERSHIP

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Introduction

This handbook is intended to provide an introduction to education finance for school board members.

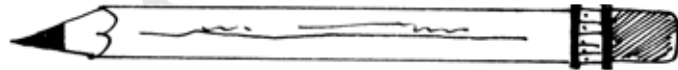
The introduction includes An Overview of Education Finance in Saskatchewan and the Saskatchewan School Boards Association Position on Education Funding. This module also takes a look at three important aspects of education finance:

- Part 1 – Revenue;
- Part 2 – Expenditure; and,
- Part 3 – Issues in Education Finance.

This handbook concludes with a bibliography of references and suggested readings.

The information offered in this handbook is introductory. For more detailed information on specific aspects of education finance refer to the publications listed in the bibliography at the end of this handbook or attend a Saskatchewan School Boards Association seminar on education finance. Check the Association's website www.saskschoolboards.ca for details.

Notes



An Overview of Education Finance in Saskatchewan

The critical components of education financing for board members are:

- Expenditure, or how much is spent; and,
- Allocation, or how the money is spent.

Financing the public education system in Saskatchewan is the responsibility of the provincial government:

- The government provides funding from general revenues and also raises education funding requirements from the property tax base; and,
- School boards have autonomy to deliver education services in their school division within the parameters of *The Education Act, 1995*.

Revenue

In the 2009-10 budget address, the Government of Saskatchewan announced significant changes to the education property tax system. As of April 1, 2009, the province sets the property tax mill rates used to levy education taxes for all public school divisions. This new arrangement can also be used by separate school divisions. Separate school divisions have constitutional authority to levy taxes to fund their educational system; therefore each separate school division can decide if it will retain authority to establish its own property tax mill rates or if it will participate in the new funding structure.

The government has cut and capped education property tax rates, and set province-wide mill rates for each of three major property classes – residential, commercial and agricultural. The overall net effect is lower education property taxes in the province.

Historically, education property taxes have varied among municipalities because education mill rates were set at the discretion of the school division. Under the new system, however, the province committed to reducing education tax mill rates and setting them on a province-wide basis. A permanent funding program for K-12 education is being looked at for the 2011-12 year.

About 98 per cent of funding comes from the provincial government through property tax and grants.

The remaining 2 per cent proportion of education funding is generated from other revenue such as interest on investments, donations and business partnerships, school fees and/or fundraising.

Some school divisions also receive revenue in the form of education service agreements (tuition fees) paid by First Nations or other school divisions.

Property Taxation

All properties in every municipality in Saskatchewan is valued, pursuant to rules set out in an assessment manual established by the Saskatchewan Assessment Management Agency pursuant to legislation. This value, or a percentage of this value as specified in regulation made by the provincial cabinet, is multiplied by a mill rate set by each municipality and for school boards by the government to determine the property tax payable on each property. Some properties, however, are exempted by legislation from property taxation. Property tax is collected by municipalities and the education portion is remitted to school boards.

Provincial Revenue

Provincial grants to boards of education are provided through education funding. A new K-12 formula for calculating grants for each board of education is in the process of being determined and is anticipated for 2011/12.

Prior to 2009, the formula used by the Ministry of Education did not recognize the actual expenditures and revenue. The recognized expenditures were less than the actual expenditures.

Other Revenue

The remaining 2 percent of school boards revenue comes from other sources such as interest income from low-risk investments of reserve funds, federal and provincial government grants (other than the Ministry of Education), municipal government grants, community organization grants, business donations, service fees, sale of school division products or services, and/or student fees.

Expenditure

The job of a board of education is to govern those aspects of the education system that, under legislation, fall under its jurisdiction. Most boards of education do this through policy leadership. They develop policies describing the results they want to achieve, hold school division staff responsible for producing the desired results and monitor progress to ensure that the desired results are being achieved.

Policy leadership is at the heart of board of education budgeting. The board must first describe the results they want to achieve then funds can be allocated in order to produce those results. During the budgeting process, board members should ask themselves, "Would this expenditure of money be consistent with our core beliefs and values, and with the outcomes we want to achieve?"

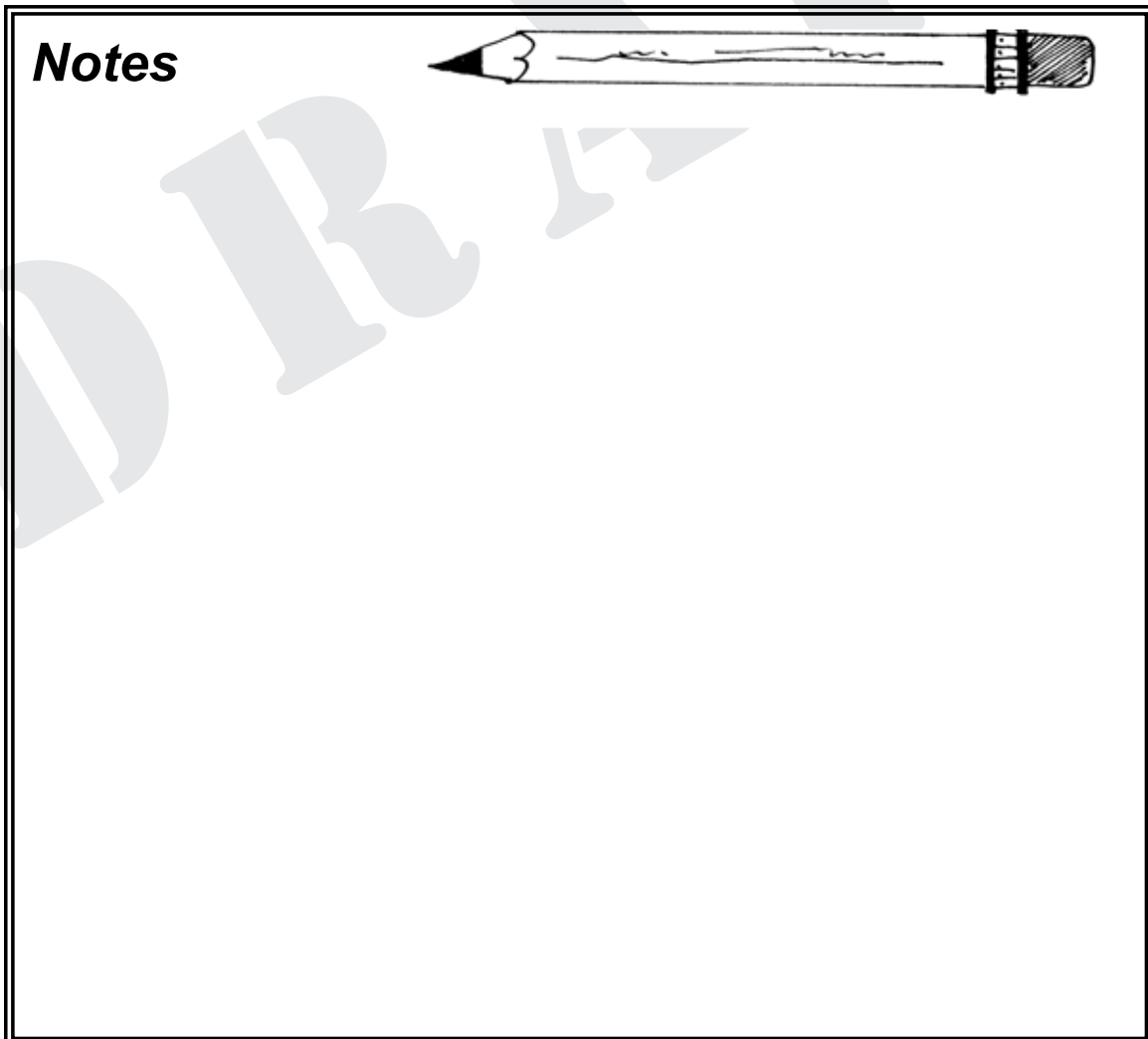
The budgeting process is a cycle that often begins with community consultations. It includes setting goals for the school division for the current year, reporting enrolment to the Ministry of Education, developing an educational program and budget, and adopting the budget by a date to be determined by the Ministry of Education.

There are many demands on boards of education and boards need to use every dollar wisely. Thus, it may be appropriate to challenge assumptions relating to programs, administration and transportation. For instance, there may be new ways of providing needed educational services.

Accountability

Accountability is an important aspect of education finance. Four types of accountability are important:

- **Financial Accountability** – Getting good value for money and implementing checks and balances to protect against misuse;
- **Accountability for Results** – Ensuring that progress is being made toward achieving educational goals and that a process is in place to achieve those goals;
- **Compliance** –
- **Fiscal Prudence** –



Saskatchewan School Boards Association

Position on Education Finance

Position on Education Finance

Saskatchewan's elected boards of education support funding for education to achieve Saskatchewan's Goals of Education, developing the potential of all students, affirming the worth of each individual, and laying the foundation for learning throughout life.

The fundamental principles that guide all decisions for education finance are:

1. **Adequacy** – The amount of funding provided to boards of education by the provincial government must be adequate to respond to the actual costs of provincial goals and priorities, to provide a high quality core program to all students, and to accommodate local innovation and initiatives.
2. **Autonomy** – Boards of education derive their authority from *The Education Act, 1995* which gives boards of education the authority to manage the school division in a way that reflects local needs and priorities.
3. **Balance** – Education finance is a balance within these stated principles, between conditional and unconditional funding, and desired funding and the ability to pay.
4. **Equity** – Funding is allocated so that all elected boards of education have the resources they need to achieve equitable student outcomes.
5. **Involvement** – Boards of education are equal partners, along with the provincial government, in meaningful decision-making regarding funding formulas, accountability processes and resolving issues.
6. **Predictability** – Clearly defined predictable funding formulas are needed to enable long-term and sustainable program planning by boards of education.
7. **Reciprocal Accountability** – Elected boards of education are responsible for achieving educational goals and objectives, and the provincial government is responsible for providing the resources needed to achieve those goals and objectives.
8. **Sustainability** – Reliable, factual data is used to establish funding formulas and to calculate funding allocations for each school division based on actual reserves and expenditure requirements.
9. **Transparency** – Straightforward information about education funding is monitored and available to the public.

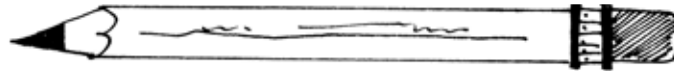
Part One – Revenue

Education Finance in Canada

As of 2009, the mechanism used to fund education varies from one province to another:

- In all provinces, some funds are provided through the province's general revenue fund;
- In B.C., New Brunswick and Prince Edward Island, a provincial property tax contributes to the general revenue fund;
- In Saskatchewan, Alberta, Manitoba, Ontario and Nova Scotia, the province also levies a property tax which is used specifically for education;
- In B.C., Alberta, Quebec, Prince Edward Island and Nova Scotia, local boards of education have the right to levy small amounts of property taxes to support education, with limits on the amount and usually with approval by agreement or referendum being required;
- In Manitoba, local boards of education have unlimited ability to raise funds from the property tax base;
- Newfoundland is the only province without provincial involvement in property taxation; and,
- As of the 2009 tax year, Saskatchewan is the only province where the provincial government finances unpaid property taxes for more than one year.

Notes



Provincial Revenue

Education is a provincial responsibility and in 2009 significant changes for funding the province's education system were introduced that were determined in the spirit and intent of MLA Jim Reiter's report, but within the province's fiscal capacity.

The recommendations contained in the report were considered, and government moved ahead with changes aimed at long-term education property tax relief.

Two categories of provincial funding are discussed below:

- Operational Funding assists with the routine day-to-day operation of schools, including information technologies and buses; and,
- Facilities Funding supports the construction of new school buildings and/or major renovations of older buildings.

Education Funding

The process for Education Funding is as follows:

- Municipalities will collect education property tax according to rates set by the provincial government. The tax levy will be remitted to the local school division(s).
- The Minister of Education will approve the total education budget for each school division. School division grant payments will be based on the government approved, total division budget less the education property tax revenue of the division.
- For 2009/10 and 2010/11, school division funding will be based on school division financial information including teacher salary requirements and inflation.
- The Ministry of Education, in consultation with school divisions, plans to develop a revised funding system by 2011/12 to determine allocation of education funds among school divisions.
- The Ministry of Education will meet with school divisions regarding changes in funding formulas which apply to the transition period and the new funding system. The meetings will also provide opportunities to clarify roles and responsibilities, including the continued authority for school divisions regarding day-to-day business, board elections, and budget allocations and planning.

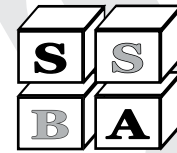
Facilities Funding

Capital funding is money for new schools or for major renovations/upgrading to existing facilities. This funding is separate from the Education Funding. This was shared funding but in the new world of financing all capital funding is dependent on government budget and revenue. School boards have to supply requests for capital funding projects to the government.

There are two major components of Facilities Funding:

- New construction; and,
- Maintenance.

Building Board Knowledge



1. *What are the principles that should guide the new education funding model?*
2. *What are the benefits of establishing a predictable and transparent funding formula for education finance?*
3. *In your view, what are the advantages and disadvantages of conditional funding?*

Other Revenue

Provincial contributions under the Education Funding model make up most school board revenue. Some school boards also receive revenue from Education Service Agreements fees paid by First Nations and/or other school divisions that purchase services. Some school boards also rely on these other sources of revenue:

Interest

Interest income from bank accounts and investments of reserves increases or decreases as interest rates change and the market fluctuates.

Provincial Government Grants

This includes grants from different ministries other than the Ministry of Education.

For example, some school boards receive grants from the Prevention and Support Grants Program and the Associated Entities Fund to support educational, health, cultural or recreational programs for children at risk.

Federal Government Grants

Various federal government grant programs are available to support children at risk and/or school-based community development projects.

Municipal Government Grants

Boards of education sometimes receive municipal grants for social development, cultural and/or recreational projects. The availability of those grants varies from one city, town and rural municipality to another across the province.

Community Organization Grants

For example, groups such as the Kinsmen or United Way may contribute to specific programs.

Business or Corporate Donations

These donations might be in the form of services, materials or cash.

Service Fees

For example, copying charges or application fees.

Sale of school division products or services

For example, sale of patio furniture built by industrial arts students, providing transportation services to other school boards, or renting out school board property land or unused buildings.

Student Fees

Occasionally, boards of education charge student fees within the authority conferred by *The Education Act, 1995*.

Education Service Agreements

A source of recognized revenue is Education Service Agreement fees paid by First Nations or other school boards. However, like all funding amendments, Education Service Agreements are anticipating changes to its model.

First Nations often purchase educational services for children resident on First Nation Reserves from local school divisions and pay Education Service Agreements fees for those services. The services that First Nations purchase vary with the situation. In some cases, they might send all of their students to schools operated by a school board. In other cases, they might operate elementary schools themselves and send high school students to a nearby school division, or the First Nation might purchase assistance for specialized programs such as services for intensive needs students, music or drama.

For some school boards, Education Service fees paid by First Nations is a substantial source of revenue; other school boards receive no money from this source. It depends on a school division's geographic location and on local circumstances.

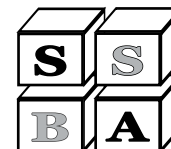
Boards of education sometimes purchase programs and specialized services from each other and pay Education Service fees pursuant to agreements. For example, School Division A might bus all its industrial arts students once a week to School Division B and pay Education Service fees for the programming provided. It is less costly for School Division A to pay the Education Service fees than it would be to equip an industrial arts lab.

Sources of School Revenue

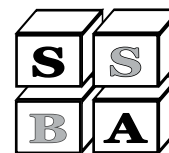
Individual schools also raise revenue to support the school, its programs, services or student activities. Some common sources of school revenue include:

- **School fees** – Schools often charge fees, in accordance with board policy, for transportation, special project, or special equipment or supplies. They might charge fees for the materials required for special art, music or sewing projects, and sometimes there is a cost for rental of musical instruments for students in band programs.
- **School fundraising** – Schools sometimes do community fundraising to buy new playground equipment, audiovisual equipment, library materials, etc. Student councils may also have fundraising programs.
- **Gifts and bequests** – Individual schools are sometimes named as beneficiaries in wills. Former students sometimes offer gifts and gifts may be given in memory of someone who has died.
- **Business partnerships** – Individual schools sometimes form partnerships with local businesses or corporations. The business partner may contribute money or equipment, but their contribution also usually includes mentoring and career development opportunities. It can be substantial but are not currently reported in school division financial statements. School boards are required to report those school generated funds in the financial statements.

Building Board Knowledge



1. *Does your school board receive any revenue from Education Service Agreements with First Nations or other school boards?*
2. *Do you pay any fees pursuant to Education Service Agreements to other school boards?*
3. *What programs and/or services are involved?*

Building Board Knowledge

1. *Does your school board receive revenue from any of the sources listed in this section? If so, what are these funds used for? What is your school board's policy on these sources of funds?*
2. *Do you know how much revenue is generated from school fees and fundraising in your school division from school fees?*
3. *Three approaches to budgeting are described in this section. What are the advantages and disadvantages of each approach for your school board to achieve desired outcomes?*
4. *What process does your board of education use to develop its budget?*

Part Two – Expenditure

Do greater expenditures equal a better education?

There is no clear answer to this question. Some argue strongly that there is a significant link between spending and educational outcomes. Indeed money spent per student is sometimes considered to be a proxy for quality education. Others argue just as strongly that greater expenditures do not necessarily result in better education. Each camp can cite research studies supporting its position.

This question is almost impossible to answer because:

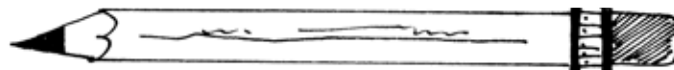
- There are widely differing opinions about what constitutes quality education; and,
- It is very difficult to get apples to apples comparisons of either the student body or educational costs.

What is clear is that expenditure is a very important part of the budgeting process. In these days of modest resources, every dollar is significant. It is essential to do what is most important and to use money on things that count.

This section on expenditure addresses the following topics:

- Policy Leadership;
- The Budget Process;
- Approaches to Budgeting;
- Changing Assumptions; and,
- Accountability.

Notes



Policy Leadership

A board of education's job is to govern those aspects of the education system that, under legislation, fall under its jurisdiction. Most boards of education do this through policy leadership. They develop policies describing the results they want to achieve, hold school division staff responsible for producing the desired results, and monitor progress to ensure that the desired results are being achieved (Thompson, 1999).

Policy leadership is at the heart of board of education budgeting. The board must first describe the results they want to achieve then funds can be properly allocated in order to produce those results.

When developing board policy, a good place to start is with the board's core values and beliefs. Boards of education often identify core values and beliefs such as:

- Providing a safe, orderly school environment;
- Providing equality of opportunity and of outcomes for all students (including students of both genders and of all racial and ethnic backgrounds); and,
- Creating a student evaluation program that promotes student learning.

These core beliefs and values can then be reflected by policies.

During the budgeting process, board members can ask themselves, "Would this expenditure of money be consistent with our core beliefs and values, and with the outcomes we want to achieve?"

Two examples:

- School Division B strongly believes that it is important that all schools have a safe, orderly (but not rigid) environment. After much discussion they decided to introduce a conflict resolution/peer mediation program so that students are better able to moderate and manage their own behaviour.
- School Division C strongly believes in equality of opportunity for all students. Therefore, they decided to introduce a choir program which welcomes the participation of all students regardless of musical ability. They decided against a band program which required students to demonstrate a high level of musical skill.

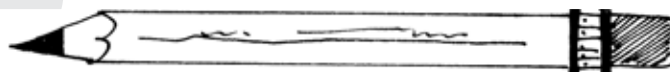
It may also be appropriate for board members to discuss among themselves and with the public what is meant by saying, “a quality education.” People have widely differing opinions as to what constitutes quality education and want different results from the education system. Getting differing opinions out into the open is the first step toward achieving statements of desired results that everyone can accept.

The trend is toward increasing public and community involvement in policy development. Generally, the more people a policy affects or the more controversial it is, the more public involvement is appropriate. The people who will be directly affected by a policy should always have input into its development.

The rest of this handbook addresses various issues relating to expenditure of school board funds. All of these sections are based on the assumption that the board of education has discussed and described the results they want to achieve. The key to successful budgeting is spending money on priority areas – on things that are important.

Once boards of education have identified their core beliefs and values, and established policies specifying the results they want to achieve, they make specific spending decisions through motions at meetings. They might pass a motion approving the entire budget for a specific year. Sometimes a change mid-year will necessitate revision of the budget. For example, if there is a sharp increase in natural gas prices, the board might pass a motion to cut back in another area. Some boards take money from their reserve funds (savings) when faced with an unexpected expense such as an increase in natural gas or electricity rates.

Notes



Budget Process

Boards of education and their administrators work closely together to develop a budget that reflects the educational objectives the board and community want to achieve. Currently, competing needs and scarce resources mean that a collaborative approach to budgeting works best. Boards of education are being challenged to deliver quality education with limited resources.

The budget-setting process must establish program priorities and ensure that people with competing interests have a voice.

Board of Education Core

Beliefs and Values

Many boards of education establish core beliefs and values that guide their decision-making. Some boards of education also develop policies describing the results they want to achieve. These provide a foundation for each year's budget development.

Typically, the board's core beliefs, values and key policies are reviewed every five or six years, but specific program priorities may vary from one year to the next.

The Budget Cycle

The process used to develop the yearly budget varies from one board of education to another. There is no single definitive approach. The steps and actions in the budget process combined with a timeframe for those actions is called the Budget Cycle.



Each of these elements of the budget cycle is described below:

- **Consult with relevant groups** – Boards generally undertake several types of consultation at the beginning of the budget cycle; and,
- **Consult with the public** – Consultation gives people with differing opinions an opportunity to express their views about the programs and services they consider important. It also gives the board an opportunity to explain the financial implications of various packages of programs and services. With education funding from the government, the board has lost power to set mill rates; therefore, boards must reallocate resources according to the budget and cannot as easily increase expenditures.

Every board will take a different approach to consultation. Consultation is sometimes done through public meetings, but that is not the only option. Other ways of gathering public opinion includes a tear-out form in the local newspaper, formal questionnaires, and meetings with community groups or service clubs.

- **Identify board priorities** – Some boards hold a formal goal-setting session each year; others set priorities through informal discussions. The board's priorities are usually influenced by what the public says, changes in community needs or demographics, trends in education, and the board's core values and beliefs.
 - **Consider provincial initiatives** – Provincial priorities may include the implementation of new curricula, activities relating to actualization of Core Curriculum, or similar projects. Yearly provincial initiatives may affect budget development.
 - **Report Enrolment to the Ministry of Education** – Enrolment figures as of September 30 must be reported to the Ministry of Education.
 - **Identify Desired Program and Set Preliminary Budget** – The board of education plans a package of programs and services and the director of education and the Chief Financial Officer (CFO) develop a budget that reflects the board's priorities.
 - **Budget Submission to the Ministry of Education** – A final budget must be approved by June 30 for the upcoming year.
 - **Revise Program and Budget as Required** – Sometimes school divisions have to adjust their preliminary program budget once they know exactly how much money they will be getting from the Ministry of Education. They may decide to cut back on programs or they may be able to add program components.
 - **Monitor the Budget and Educational Results** – To ensure money is being spent in accordance with priorities and that desired results are being achieved.
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Budgeting Process

School boards have always been required to provide a board-approved budget to the Ministry of Education.

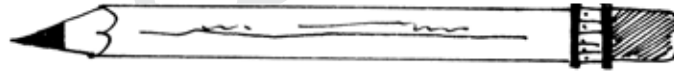
School boards are to submit their final proposed budget to the Ministry by June 30. Ministerial approval is required for a board's final budget.

Items to look for in the budget submission might include:

- Any deficits, and potential accumulated deficits;
- Budgeted operating revenues against the revenue expectation as developed by the Ministry;
- Examination of any school capital expenditures to ensure approval is in place; or,
- Comparisons of the budget to the prior year's budget and available actual information to look for any significant fluctuations.

Once the Minister is satisfied with the school board's budget submission, a letter approving the current year's budget will be sent to the school board Chair, the Director of Education and the CFO.

Notes



Approaches to Budgeting

Boards of education are required to submit a budget to the Ministry of Education on a form provided by the Ministry. Ask your CFO if you wish to see a copy of the budget submitted to the Ministry of Education. For their own internal use, boards of education develop each one of the following types of budgets:

- Line Budget;
- Program Budget; and,
- Performance-Based Budget.

Most other budgeting systems are variations of one of these approaches.

Line Budget

A line budget is the traditional budget in which there is a line for each category of expenditure. There may be lines for teacher salaries, textbooks, library resources, natural gas, electricity, support staff salaries, etc. Some school boards may break each of these categories down by geographic region or by school. This approach may be easy, however it is out of sync with the responsibilities of the board in connecting resource allocation to outcomes or priorities.

Program Budget

When you develop a program budget you calculate how much specific components of the school program cost. For example, when calculating the cost of an industrial arts program you would include the teacher's salary (or a portion of the salary if the teacher teaches other subjects as well), the cost of all lab equipment and supplies, and a portion of school operating costs.

Performance-Based Budget

The performance-based budget is basically a program budget that is linked to changes in the performance of some aspect of the school system. It is directly aligned with the Continuous Improvement Framework with which the Ministry of Education and boards of education strive to be in accordance with. For example, does a large expenditure on computers lead to greater administrative efficiency or an increase in students' computer skills? The board needs data in order to answer questions such as this. The board may ask administrators to collect data, which relates expenditure to performance of some aspect of the school system.

However, achievement (or lack thereof) depends on more than money. Therefore, a performance budget alone does not provide enough information for a board of education to make program or budget changes (Wagner & Sniderman, 1987).

Board Role and Expectations

Board and Administration Roles

The relationship between the board and its administration in the development of the school board's annual budget is fundamental to sound governance and clarity of direction. The relationship can be described in the following table:

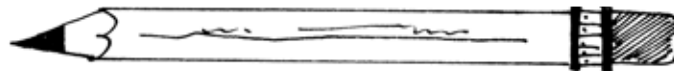
BOARD ROLE	ADMINISTRATION ROLE
<ul style="list-style-type: none"> • Set goals 	<ul style="list-style-type: none"> • Develop a budget proposal that aligns with board goals
<ul style="list-style-type: none"> • Obtain community feedback 	<ul style="list-style-type: none"> • Provide information to community and board
<ul style="list-style-type: none"> • Ensure budgetary controls exist 	<ul style="list-style-type: none"> • Develop appropriate controls system
<ul style="list-style-type: none"> • Monitor budget process 	<ul style="list-style-type: none"> • Provide needed information and documents
<ul style="list-style-type: none"> • Ensure good planning 	<ul style="list-style-type: none"> • Develop long-term capital plans

Board Questions of the School Division Administration

In reviewing the administration's proposed budget of the school board, the board should ask poignant questions such as:

- How will this allocation of resources move us toward our goals?
- What results do you expect from this allocation of resources?
- What alternative allocations have been considered?
- How will you measure and report the progress as a result of the allocation?

Notes

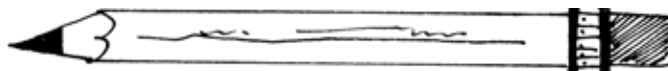


Changing Assumptions

Boards of education face numerous political and economic pressures which members need to be aware of in order to effectively govern.

Revenue Pressures	Expenditure Pressures
<ul style="list-style-type: none"> • The provincial government has many competing demands. Health care and highways are priorities, as well as education. Education must compete with other sectors for finite provincial funding. • With school boards now relying on the Ministry of Education for revenue, they need to be wary of the economy and the fluctuations between strong economies and recession. • Looking broadly at what boards do and look finitely at what best boards can do for education. 	<ul style="list-style-type: none"> • The cost of operating schools is increasing. Wages, utilities, services and supplies continue to rise, sometimes significantly. • New programs or components that become part of the educational program can add new costs. For example, technology implementation as an educational tool and as an aid to learning requires additional funding for hardware, software, access and personnel required to implement and maintain it. Similarly, the Continuous Improvement Framework requires resources to meet the objectives of the program and to monitor its progress. • Declining enrolments reduce economies of scale and efficiencies. A school with 95 students costs the same to heat as a school with 100 students, yet the provincial grant to the 95-student school is less than the 100-student school.

Notes



Boards of education face numerous political and economic pressures which members need to be aware of in order to effectively govern.

One of the problems is that boards of education often seek to implement new programs, but may be unwilling or unable to reduce or eliminate existing programs. As well, they may continue to offer programs and services in the same manner as in previous years despite reduced efficiencies.

In the face of both revenue and expenditure pressures, boards of education can appropriately challenge some of the assumptions of the past regarding educational services. Regardless of the process your board uses to develop its budget or whether you use a line, program or performance-based budget, it is appropriate to challenge assumptions.

With the changes in 2009 to the funding structure boards are able to allocate more time and resources towards:

- **Programs offered** – Can you provide a rationale for all the programs you offer, or do you offer programs because they have always been offered? Does your present package of programs and services reflect your school board's core beliefs and values? Does it reflect your policies describing the results you want to achieve? Have you asked the community what programs they consider important? Are you getting good results for the resources required for the programs?
- **Program delivery** – Is there any potential for delivering some programs via distance education? Can you purchase programs from another school board? What is preferable, a few large schools with a broad range of programs or more numerous small local schools with a narrower range of programs?
- **Administration** – How many consultants do you need at the board office? Can administration be reorganized to become more effective? Can technology reduce staff resources needed or provide more information for decision-making?
- **Transportation** – Can bus routes be rearranged for greater convenience and efficiency? Can you purchase some transportation services from another school board or a private business? Can you partner with another school board to buy buses or gas and get volume discounts?

Accountability

The demand for increased accountability of public authorities places additional pressures and new demands on any public funding system – including education – to be accountable. The Ministry of Education has begun a new accountability initiative and while it is not fully developed at this point in time, it is certain that it will impact on funding systems for education. The public wants to know what it is getting for its investment and how the funds are being managed.

Two kinds of accountability are described in this section:

- Accountability for Results; and,
- Financial Accountability.

Boards of education need to be concerned about getting good value and results for money spent and ensuring that all money received is accounted for.

Accountability for Results

With policy leadership, the board of education identifies its core values and beliefs, and sets policies, which define the results it expects. When the budget is set each year, the board works with the community to identify the programs and services that are priorities. Within this framework, school division staff is held responsible for achieving desired results.

Desired results sometimes relate to student retention rates or student achievement. Improvement in the student retention rate means that more students stay in school longer and there are fewer dropouts.

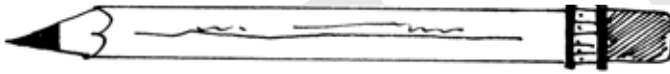
Measuring changes in student achievement does not necessarily mean using standardized tests. The benchmarking process is an alternate approach. Benchmarking relies on teachers' expertise and can be used for diagnostic as well as evaluative purposes. Benchmarking typically involves:

- Collecting samples of students' work;
- Identifying exemplars which illustrate student work at various achievement levels;
- Developing written rubrics which describe the characteristics of student work at various levels;
- Training teachers so they mark students' work consistently using the exemplars and rubrics;
- Scoring students work; and,

- Reporting the results – The first year this process is used provides baseline data against which future years' performance can be compared. Students work is typically returned to their teachers. Displaying a student's work next to rubrics and exemplars helps teachers, students and parents identify an individual student's strengths and areas for improvement.

The benchmarking process is used by Saskatchewan's Provincial Learning Assessment Program (PLAP) and the National School Achievement Indicators Program (SAIP). Some school boards in Saskatchewan also use this process, usually in math or language arts.

Although desired results often relate to retention rates and student achievement, many school boards address other areas as well, such as students' subjective experience of schooling, incidents of violence or bullying, and equality of outcomes for students of both genders and all cultural groups.

Notes 

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Key Program Expectations

The implementation of recent initiatives has brought with it a renewed emphasis on accountability and expectations. The basic funding recognition was accompanied by expectations in the following areas:

- Develop and publish an annual Continuous Improvement Plan (CIP) and Report;
- Report annual information on provincial program and service expectations;
- Help School Community Councils in the development of annual Continuous Learning Improvement Plans;
- Monitor Continuous Improvement Plans over the course of the year;
- Participate in joint monitoring conferences with the Ministry of Education personnel to monitor and support the Continuous Improvement Process;
- Report annual operational data for career development, core curriculum, facilities, First Nations and Métis Education, School^{PLUS}, and School Community Councils;
- Develop policies to support implementation and define composition of School Community Councils that are consistent with Ministry's policy direction, and legislative and regulatory requirements;
- Establish a School Community Council in every school;
- Facilitate School Community Council training and development opportunities;
- Provide each school community council with funding to support operations;
- Support for First Nations and Métis Education;
- Provide information to help develop a plan on working with Aboriginal communities and people within each school division;
- Implement the Middle Level Career Guidance curriculum; and,
- Implement the Blueprint for Life/Work Designs (Career Development Competencies).

Source: The Ministry of Education: Funding Manual.

Continuous Improvement Framework

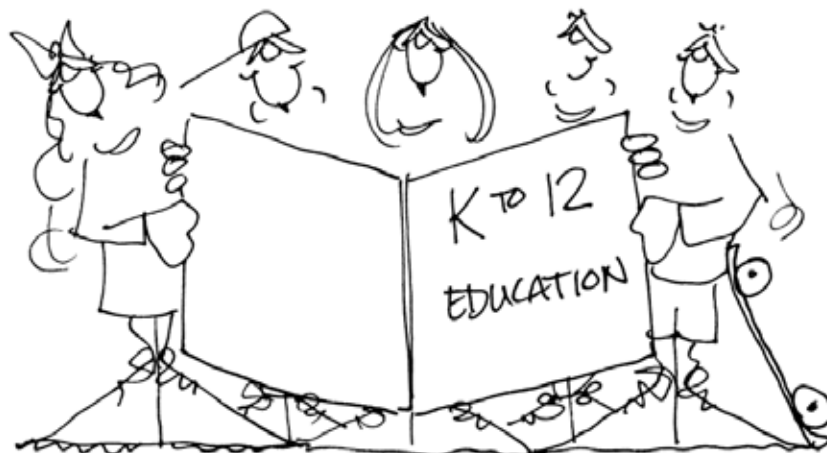
The Ministry of Education, as part of its K-12 Renewal, has developed a Continuous Improvement Framework (CIF) that provides a common strategic planning mechanism for the Ministry of Education, boards of education and school community councils to advance the provincial K-12 Renewal priorities:

- Higher levels of literacy and achievement;
- Equitable opportunities for all students;
- Smooth transitions into and through the system; and,
- Strong system-wide accountability and governance.

The principle-based approach also includes a shared commitment and shared responsibility among educators, administrators, trustees, School Community Councils, families and students.

The CIF places emphasis on advancing the development of children and youth, and supports a core set of broad-based learner outcomes enabling all learners to:

- Attain high levels of literacy and achievement in a broad range of studies commensurate with their ability;
- Demonstrate personal and social skills for well-being and citizenship;
- Attain high school completion; and,
- Make successful transitions to post-secondary education and/or employment.



In keeping with its commitment to a CIF, the Ministry of Education is committed to:

- Collecting and reporting broad-based information (context, process and outcome measures) to provide a comprehensive picture of the education system;
- Use authentic assessment practices that are bias-free, linked to curricula or learning objectives and are performance-based measures of what students can do as well as what they know;
- Support the central role of the teacher in assessment;
- Involve all stakeholders in an environment of mutual respect, collaboration and joint decision-making to ensure that outcomes are attainable and sustainable;
- Use ethical, inclusive and constructive practices in the interpretation and use of information; and,
- Support long-term planning and appropriate resources to foster improvements in teaching and learning.

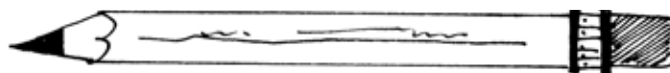
The CIF cycle includes the annual submission of data to the Ministry of Education as follows:

- **May** – All school boards present a CIP that establishes divisional priorities for the ensuing academic year. The plan is based on the provincial renewal priorities and indicates the strategies that the division will be undertaking to advance the priorities;
- **October** – School boards will make public a CIP Report that describes the extent to which strategies were implemented and identifies learner outcomes; and,
- **March** – The Ministry of Education requested that information be submitted in the areas of finance, facilities, governance and programs, and services such as First Nations and Métis education, School^{PLUS}, career development, etc.

The school division reports will include:

- 1. Context of the School Division** – An overview of the context of the CIP for the school division including elements such as the board's governance structure, mission, vision and goals, boundaries and schools, demographics and the programs and services provided.
- 2. Divisional Priorities and Strategies**
- 3. Division Financial Planning** – Shows how the financial plan supports the CIP. It will include:
 - Description of budgeted revenues and expenditures for the current year and actuals from the previous year;
 - Explanation for any predicted and/or actual surplus or deficit; and,
 - Board office address and website address where a full set of financial statements, public accounts and detailed information can be accessed.
- 4. Division Facility and Capital Planning:**
 - The school board will provide a summary of its facility and capital plan including budgeted expenditures for operation, maintenance and student transportation.
 - A summary of capital projects, purchases and leases relevant to the plan.
- 5. Educational Programs and Services Information (optional).**

Notes



Financial Accountability

Accountability is a term used to describe the obligation to answer for a responsibility that has been conferred. In education, school boards are held accountable for their financial and educational (student achievement) performance.

Financial accountability refers to the accountability that a school board has for the fiscal stewardship and management of the public resources to which it has been entrusted. School boards are accountable for the level, quality and costs of services provided, within the financial resources at their disposal. Financial accountability also encompasses oversight of internal control systems, policies and reporting systems to ensure that resources of the school division are properly managed and adequately safeguarded.

Effective fiscal management and accountability requires that financial resources be allocated in a way that is directed at delivering desired outcomes. Through the budget process, school boards determine and prioritize the allocation of financial and other resources to achieve the educational priorities of the school division. Through regular financial reporting, the school board monitors the performance of the school division relative to the approved plan (budget), including a review of the progress on and achievement of non-financial and financial performance indicators. The annual audited financial statements and annual report are important mechanisms that the school board uses to demonstrate its accountability to its community, the Ministry of Education and other stakeholders for the responsibilities and resources to which it has been entrusted.

Education Finance and School^{PLUS}

The School^{PLUS} initiative, introduced by the Ministry of Education, envisioned an education system that is relevant to the interests and aspirations of today's children and youth by providing a path of successful transitions to post-secondary education and employment. It is responsive to the changing needs of Saskatchewan's students, families and communities, and is results-oriented, focusing on improved outcomes for all students so that Saskatchewan's youth will be competitive in a global marketplace.

School^{PLUS} requires funding that addresses community needs, partnerships and new approaches to targeting, accountability and delivery of services and supports. Funding recognition, provided through the Education Funding, is intended to guide boards of education in planning their budgets with significant autonomy as to priorities and allocation of local resources. However, accepting School^{PLUS} funding carries with it a conditional or targeted responsibility to use it to support School^{PLUS} initiatives.

School^{PLUS} is supported by a number of government ministries and agencies and funding is allocated by those ministries and agencies and must be seen as being owned by all of them. The evolving vision is that schools work collaboratively with all departments and agencies. Money for this initiative has been put into education. Other departments have not yet allocated significant resources for implementation of School^{PLUS}.

Provincial School^{PLUS} funding includes amounts for:

- **School^{PLUS} implementation:**
 - School board improvement; and,
 - School^{PLUS} leadership.
- **Shared services program/community service delivery:**
 - Shared service program; and,
 - Community Service Delivery Mechanism Support.
- **Community education program:**
 - Community Schools Program; and,
 - Kindergarten.

Funding for facility accommodation of non-traditional School staff can be provided from the Ministry of Education Facilities Branch.

School^{PLUS} thinking is congruent with the belief that education funding is an investment in the development of individual human capacity, in building our economic future, in maintaining civil society and assuring that every student must have access to learning opportunities. It extends this belief by including the well-being of all children will lead to success in life and in working with the community.

Policy leadership is at the heart of board of education budgeting. The board must first describe the results they want to achieve, then allocate funds to produce results. Policy leadership means that the school division staff should have considerable independence in deciding methods and approaches they will use to get the desired results. There will never be enough money to do everything. Therefore, it is important to set priorities – do what you can to achieve what you can.

Achieving Outcomes Within the Education Funding Model

The greatest impact of the board approved budget is that it is the actualization of the board's goals. The Education Funding model provides resources that enable activities to work toward the construction and maintenance of the CI Framework. If resources are not provided for the goals of the board from the government, these goals will not be reached.

Reflection

1. Is the board's budget aligned with its goals?
2. Have the provisions of the budget given results that put us nearer our goals?
3. Could the resources have given us better results if reallocated to other areas?
4. Will the trend toward outcome-based change in which programs and services demonstrate progress toward defined student outcomes create a conditionality agenda?
5. How does the CI Framework and School^{PLUS} fit into the school board budget process?
6. How will the community participate in the budget development process?
7. What portion of CIF and School^{PLUS} funds will be directly allocated to schools?

Due Diligence

The board of education is required to exercise due diligence in performing its role as outlined in *The Education Act, 1995*. In order to do this in regard to its fiscal responsibility, board members and the board as a whole, must know:

- Board roles and responsibilities;
- Sources of revenue and budget processes;
- How to build school board fiscal fitness;
- How to monitor fiscal fitness of the school board; and,
- How to prevent mismanagement of school board resources.

Board Roles and Responsibilities

The board of education is the corporate body of the school division and, as such, is legally responsible for the fiscal management of the school division. In this capacity, boards play four major roles:

- Representative of the total community;
- Leader of the school division;
- Advocates for public education; and,
- Stewards for the school division's two most precious resources – its children and the public's funds (and all that those funds procure).

As steward, the board is the school division's designated caregiver and caretaker, charged to carefully safeguard, use and account for public funds entrusted to the school board and to use them wisely to improve student achievement and to ensure the school division's fiscal fitness.

The board needs to ensure that well-qualified staff are in positions of responsibility as the first step in financial stewardship.

The board must ensure that the roles and responsibilities of key finance officials are clearly defined.

Boards are required to establish an annual budget within its means and should stay within the approved budget, to obtain regular reports of school division finances, to assure proper accounting practices, and to publish an annual financial statement as a part of its annual report.

In exercising due diligence, the board must also:

- Take adequate measures to protect against misappropriation and fraud
Ensure that systems are in place to ensure that cheques are issued only for approved expenses, to record cash payments and to keep track of petty cash;
- Have all school division finances audited by an independent auditor each year. Boards and administrators may want to engage further external reviews of internal control systems, business processes or other parts of the board's operations to help ensure that adequate safeguards and controls are in place, and to increase the level of assurance; and,

- Ensure that adequacy controls exist so that errors are quickly detected and the risk of misappropriation or fraud are minimized. Identify the type of financial reports you require and ask administration to provide them. The board needs to get regular financial information to ensure that money is being spent in accordance with the budget priorities set at the beginning of the year. At the same time, too much detail is overwhelming. The board does not need the details of every cheque written nor of every bank transfer.

Building and Monitoring School Division Fiscal Fitness

In order to build school division fiscal fitness, school board members should have an understanding of financial conditions and work within the parameters of those conditions.

To properly oversee the school division's finances, the board must acquire, assess, and act upon factual information. It needs to identify the financial information it should receive regularly, in what form and from whom. It also needs to focus on elements of financial reports that warrant special attention as the board determines, and acts to ensure, the fiscal health of the school division. Reports that provide information include:

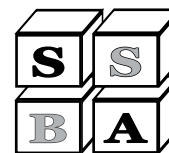
- Budget Status Reports; and,
- Annual audited financial statements, including management letter.

Minimizing Risk of Misappropriation and Waste of School Board Resources

To play well their role as stewards of school board funds and all that those funds procure, school board members must be aware of signs of possible board misappropriation and waste, and minimize those signs. They must also understand how the board's policies and oversight actions can do much to ensure that school division resources are properly protected. The board of education must also know what actions to take in the event of such action.

External reviews of control processes can help ensure that appropriate prevention techniques are in place.

Building Board Knowledge



1. What measures have your board of education taken to exhibit due diligence and the protection of assets?

2. What types of financial information do you get from administration? Does this information give you all the information you need, too little information or too much?

Part Three – Issues in Educational Finance

The new Education Funding model in development has altered the way boards deal with funding, and there is currently a greater need for boards of education to work with provincial politicians to advocate on behalf of school boards. The issues facing boards of education are grouped below in two categories:

- Provincial Issues; and,
- Local Issues.

Provincial Issues

- **New Education Funding Model** –
- **Facilities Funding Model** – Saskatchewan's school buildings are aging and some are gradually falling into disrepair. There is a need for increased capital funding to renovate existing facilities.
- **Student Achievement** –
- **Maintenance** – All school buildings require routine maintenance such as painting, roofing and air quality monitoring. Maintenance becomes even more of a concern with aging school buildings. Many school boards are concerned because they lack funds for appropriate maintenance.
- **Ambiguous Dates and Deadlines** – With the introduction of the Education Funding model in 2009, many dates and deadlines for school boards are vague and, in some cases, are difficult to attain. This is part of the transition into this new funding model and it will take several years to work out all the kinks within the system.
- **Diversity** – With an increasing immigrant population in Saskatchewan, issues around funding English as a second language (ESL) programs has become apparent.

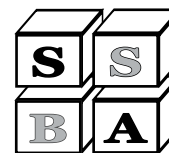
Local Issues

Some individual schools (and less frequently boards of education) undertake fundraising campaigns to buy equipment, etc. Issues related to fundraising include:

- For what purposes can funds be raised?
- How can boards ensure that accurate records are kept of all money raised and spent?
- Who makes decisions about how the money raised is used?
- Does the board need a policy on fundraising? If so, what should that policy include?

Schools in lower income communities usually have less capacity for fundraising than schools in higher income communities. Community members have less money to contribute, and parents who work at several part-time jobs may have little time to give to fundraising efforts. How can boards of education address this equity issue?

***Note:** School fees and fundraising activities can provide resources for educational and student activities. Many boards may not be aware of how and how much funding is generated at the school even though the board is ultimately accountable for it.*

Building Board Knowledge

1. What can a school board do to ensure that no students miss out on extra-curricular activities or special events because their families cannot afford school fees?

2. How do schools in your school division keep track of school fees received and spent? Of money raised through school fundraising? Are receipts given to parents/donors? What types of financial records are kept? What types of reports are issued?

3. Does your board have a policy dealing with how school fees are addressed?

For More Information



This booklet is a simple, basic overview of education finance in Saskatchewan. Refer to the following publications for more detailed information:

An Overview of School Division Budgeting

Wagner, I. D., & Sniderman, S. M. (1987). *Budgeting school dollars: A guide to spending and saving*. Alexandria, VA: National School Boards Association.

Alternate Funding Models

Brunas Consulting. (2001). *A proposed K-12 capital funding program for Saskatchewan schools*. (Saskatchewan School Boards Association Research Centre Report #1-01). Regina, SK: Saskatchewan School Boards Association. (<http://www.saskschoolboards.sk.ca/research/finance/01-01.htm>)

- Outlines a proposal for funding modernization and renovation of existing school facilities and for construction of new facilities as needed.

Corporate Involvement in Education

Newton, P. M. (2002). *Corporate involvement in Catholic education*. (Saskatchewan School Boards Association Research Centre Report #02-05). Regina, SK: Saskatchewan School Boards Association. (<http://www.saskschoolboards.sk.ca/research/finance/02-05.htm>)

- Although written from a Catholic perspective, this report contains much useful information about the nature of school business partnerships and a good overview of some of the issues these partnerships raise.

Education Finance in Other Provinces

British Columbia Teachers' Federation. (2001, November 16). *Education finance: Frequently asked questions*. Vancouver, BC: Author. (<http://www.bctf.ca/education/EdFinance/faq.html>)

- A position paper on education finance in B.C., which includes an overview of education finance in other provinces.

Ontario The Ministry of Education. (1997, April). Backgrounder. *Education reform in other provinces*. Toronto, ON: Author.
(<http://www.edu.gov.on.ca/eng/document/nr/97.04/keebegr1.html>)

- This chart describes the education finance system in each province and outlines recent educational reforms.

Establishing Benchmarks and Standards

Thompson, L. (1999). *Using standards and assessments to support student learning*. (Saskatchewan School Boards Association Research Centre Report #99-011). Regina, SK: Saskatchewan School Boards Association.
(http://www.saskschoolboards.sk.ca/research/evaluation_and_reporting/99-11.htm)

- Includes a summary of how to use the benchmark and standard setting process.

The Education Funding

Saskatchewan Association of School Business Officials. (n.d.). *Foundation Operating Grant*. Saskatoon, SK: Author. (www.sasbo.com/FOG.html)

- A highly technical overview of the Foundation Operating Grant.

An Historical Perspective on Education Finance in Saskatchewan

Bateson, J. (n.d.) Saskatchewan: *System of school grants (1870-1974)*. (Saskatchewan School Boards Association Research Centre Report #37). Regina, SK; Saskatchewan School Boards Association.
(<http://www.saskschoolboards.sk.ca/research/finance/37.htm>)

- A point-form outline of the history of school grants in Saskatchewan.

Hajnal, V. (1995). *Public school finance in Saskatchewan: An introspection*. (Saskatchewan School Boards Association Centre Report #95-01). Regina, SK: Saskatchewan School Boards Association.
(<http://www.saskschoolboards.sk.ca/research/finance/95-01.htm>)

- Describes education funding as it was in Saskatchewan in 1995 and looks at the historical foundations of school finance.

Volk, J. A. (1990). *A review of operating and capital grant formulas for education in Saskatchewan*. (Saskatchewan School Boards Association Research Centre Report #90-12). Regina, SK: Saskatchewan School Boards Association.
(<http://www.saskschoolboards.sk.ca/research/finance/90-12.htm>)

Policy Leadership

Thompson, L. (1999). *Policy leadership*. (Saskatchewan School Boards Association Research Centre Report #99-09). Regina, SK: Saskatchewan School Boards Association. (<http://www.saskschoolboards.sk.ca/research/governance/99-09.htm>)

- Describes policy leadership by boards of education and outlines the process of developing, implementing and monitoring policies.

School and School Division Fundraising

Walker, K., & Langlois, H. (1996). *Alternate and non-traditional funding for K-12 education in Saskatchewan*. (Saskatchewan School Boards Association Research Centre Report #96-14). Regina, SK: Saskatchewan School Boards Association. (<http://www.saskschoolboards.sk.ca/research/finance/96-14.htm>)

- The authors surveyed Saskatchewan school divisions to collect information about the type and extent of local fundraising activities. They found that the majority of both schools and school divisions participate in fundraising activities. They estimate that at least \$20 million is being raised in this manner.

Saskatchewan School Boards Association Briefs, Policies and Position Papers on Education Finance

Saskatchewan School Boards Association. (2001). *A discussion paper on equity and education funding*. Regina, SK: Author. (<http://www.saskschoolboards.sk.ca/communications/fundingequity.htm>)

- This discussion paper was prepared by the Saskatchewan School Boards Association Vision for the Financing of Public Education Committee and has been approved by the Saskatchewan School Boards Association executive.

Saskatchewan School Boards Association. (2001, November). *Education for the future. A Saskatchewan School Boards Association brief to the Government of Saskatchewan, November 2001*. Regina, SK: Author. (<http://www.saskschoolboards.sk.ca/communications/brief01.htm>)

- In this brief the Saskatchewan School Boards Association calls for government support in increased flexibility for school boards, for increasing emphasis on excellence as well as equity, and for increased resources to meet the goals of education.

Saskatchewan School Boards Association. (2000). *Budget 2000: Anything but good for K-12 education*. Regina, SK: Author.
(<http://www.saskschoolboards.sk.ca/communications/budget2000.htm>)

- A chart summarizing the education finance issues raised by the 2000 provincial budget. Includes links to Saskatchewan School Boards Association media releases and other documents that provide more information about each of the issues raised.

Saskatchewan School Boards Association. (2000, October). *Education matters: An investment in our future. A Saskatchewan School Boards Association brief to the Government of Saskatchewan, October 2000*. Regina, SK: Author.
(<http://www.saskschoolboards.sk.ca/communications/brief00.htm>)

- In this brief, the Saskatchewan School Boards Association calls for government support in addressing four concerns to school boards: meeting children's needs, improving learning opportunities, increasing operating funding, and improving the learning environment.

Saskatchewan School Boards Association. (1997). *How should education be funded in Saskatchewan? A Saskatchewan School Boards Association brief to the Government of Saskatchewan, November 1997*. Regina, SK: Author.
(<http://www.saskschoolboards.sk.ca/research/finance/howfund/.htm>)

- Contains many statistics about expenditures, costs and taxes in Saskatchewan and across Canada. Expresses concern about the strain that education funding places on the property tax.

Ward, D. (1999, April 29). *How little do we want to spend on education? Editorial on the 1999 provincial budget*. Regina, SK: Saskatchewan School Boards Association.
(<http://www.saskschoolboards.sk.ca/communications/letters.htm>)

- Presents the case for more provincial funding for education.

Reflection

Three key ideas from this module are:

-
-
-

My questions about education finance are?

-
-
-

	Ideas I Want to Learn More About	Ideas for My Board to Consider
To be an effective board member		
To be an effective board		

My Personal Plan of Action

In order to strengthen the financial position of our board of education, I make a commitment to:

Area – State the area you want to improve	Act – I commit myself to the following course of action:	Timeline – When will I do this and have it done?	Evaluation – How will I know I have been successful?





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