



# Solving the Problem

**Fixing Saskatchewan's antiquated K-12 funding system**



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## Solving the Problem

### **About the Canadian Taxpayers Federation**

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan, advocacy organization dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has over 65,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and offices in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the CTF has a working partnership with the Montreal-based Quebec Taxpayers League. Provincial offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published six times a year. An issues and action update called *TaxAction* is produced each month. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationally.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Contributions to the CTF are not tax deductible.

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### I. Introduction

The school portion of property tax needs to go down. The message is clear from almost every school stakeholder in Saskatchewan. School boards, farmers, businesspeople, everyday property taxpayers (whether rural or urban), and people of all political persuasions are convinced the status quo is inadequate and unfair. The last vestiges of an antiquated system must be replaced with one that pays for schools in a more equitable way and with better results.

This view isn't new. In 2003, the Commission on Financing Kindergarten to Grade 12 Education, headed by Ray Boughen, noted, "Almost every person we spoke to expressed that property taxes are unfair."<sup>1</sup> The levies were heavier on farmers and rural communities than their urban counterparts. Moreover, property tax was regressive, taking a higher percentage of income for those making less than it did for those earning more. The commission concluded that property taxes to fund education were unfair because they neither reflected one's ability to pay or the services received for such levies.

Even worse, Saskatchewan relied more on property taxes to fund schools than any other province in Canada, and more than most countries in the world. This has not changed much. The Boughen Commission made recommendations that, if fully implemented, would have increased the provincial share of education from 40 percent to 80 within five years. Five years have passed; yet, the province's current share is only 50.2 percent.

When the Canadian Taxpayers Federation made its submission to the Boughen Commission, it called for schools to be funded in a 75/25 ratio between provincial revenues and local property taxes as an intermediate step to taking them off of property tax entirely. Because so little progress has been made on this issue, our recommendation remains the same in 2008. A 3-to-1 ratio of provincial funds to local property taxes would be a significant and important step forward. Thanks to the province's current economic progress, this benchmark is more achievable than ever.

Although much the government's impetus for change in school funding centres around addressing the problem of property taxes, this juncture is also an opportunity for the province to facilitate school choice. Saskatchewan trails Alberta and other jurisdictions in providing funding for independent schools. Lowering the taxation penalty for private schools will help encourage school choice and innovation. Ultimately this will be a help to taxpayers, communities, parents, and—most important—students.

It is our hope that the government will seize this opportunity and make positive, lasting changes for schools and taxpayers in Saskatchewan.

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<sup>1</sup> Commission on Financing Kindergarten to Grade 12 Education. "Finding the Balance" 2003: 35. Regina, Saskatchewan, Canada. This report is commonly called the Boughen Commission after its author, Ray Boughen, and is available online at <http://www.sasked.gov.sk.ca/cfe/rpt/index.html>.

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### II. Current School Funding in Saskatchewan and Canada

Each year, Statistics Canada compiles data on the revenue and expenditures of school boards in Canada.<sup>2</sup> From this data, Saskatchewan's inordinate reliance on property taxes and paltry provincial funding for schools becomes apparent.

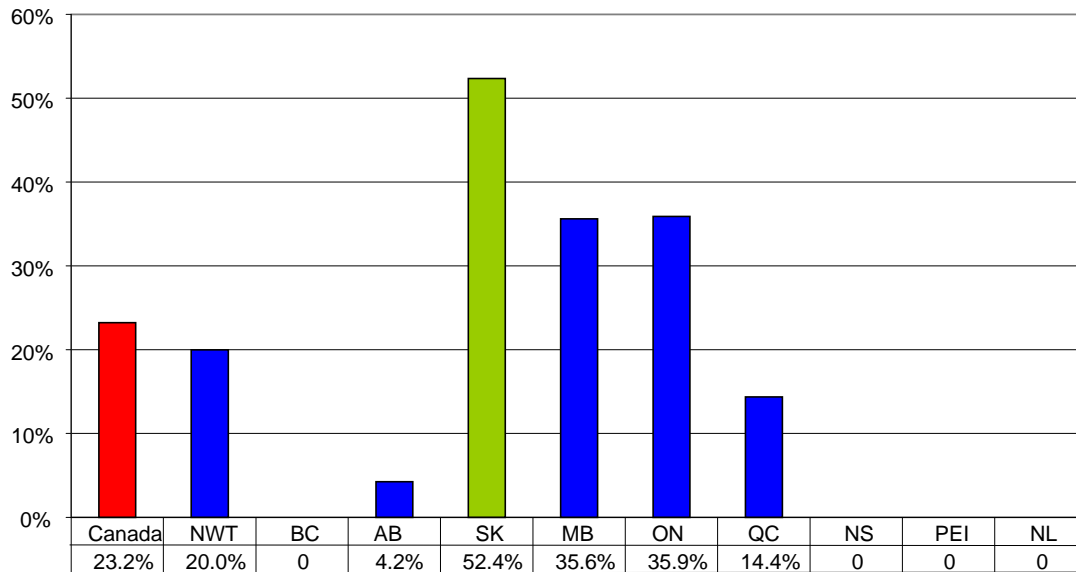
<b>School boards revenue and expenditures, 2007 calendar year (\$1000s)</b>										
	<b>Canada</b>	<b>BC</b>	<b>AB</b>	<b>SK</b>	<b>MB</b>	<b>ON</b>	<b>QC</b>	<b>NS</b>	<b>PEI</b>	<b>NL</b>
Total Revenue	43,930,479	4,821,667	4,776,657	<b>1,630,667</b>	1,822,574	19,284,992	9,628,411	1,032,051	177,720	705,449
Own Source Revenue	11,822,085	296,012	444,986	<b>888,339</b>	696,802	7,144,736	2,999,939	31,825	1,243	6,875
<b>Property &amp; Related Taxes</b>	<b>9,625,796</b>	..	<b>191,252</b>	<b>815,211</b>	<b>620,841</b>	<b>6,761,403</b>	<b>1,227,703</b>	..	..	..
Other Taxes	782	..	..	<b>782</b>	..	..	..	..	..	..
Sales of Goods and Services	2,054,926	267,695	231,937	<b>60,569</b>	70,399	313,972	1,072,236	29,219	1,115	6,150
Investment Income	99,603	18,713	16,357	<b>9,098</b>	4,695	49,117	..	1,239	2	180
Other own-source revenue	40,978	9,604	5,440	<b>2,679</b>	867	20,244	..	1,367	126	545
Transfers	32,108,394	4,525,655	4,331,671	<b>742,328</b>	1,125,772	12,140,256	7,328,472	1,000,226	176,477	698,574
Federal Government	104,084	10,834	66	<b>349</b>	3,798	72,960	10,451	..	41	4,213
<b>Provincial/ territorial gov't</b>	<b>31,816,258</b>	<b>4,514,821</b>	<b>4,327,004</b>	<b>741,979</b>	<b>1,121,974</b>	<b>12,067,296</b>	<b>7,314,056</b>	<b>820,740</b>	<b>176,436</b>	<b>694,361</b>
Education	31,396,304	4,514,821	4,296,436	<b>741,979</b>	1,081,537	12,067,296	6,965,107	820,740	176,436	694,361
Debt charges (interest)	419,954	..	30,568	..	40,437	..	348,949	..	..	..
Municipal governments	188,052	..	4,601	..	..	..	3,965	179,486	..	..
<b>Total Expenditures</b>	<b>44,154,296</b>	<b>4,619,221</b>	<b>5,443,445</b>	<b>1,692,690</b>	<b>1,797,719</b>	<b>18,639,235</b>	<b>9,939,289</b>	<b>1,042,773</b>	<b>180,356</b>	<b>723,191</b>
Education	43,464,931	4,618,774	5,410,014	<b>1,686,167</b>	1,759,676	18,370,211	9,597,718	1,042,530	180,356	723,108
Debt charges	689,365	447	33,431	<b>6,523</b>	38,043	269,024	341,571	243	..	83
<b>Surplus or Deficit</b>	<b>223,817</b>	<b>202,446</b>	<b>-666,788</b>	<b>-62,023</b>	<b>24,855</b>	<b>645,757</b>	<b>-310,878</b>	<b>-10,722</b>	<b>-2,636</b>	<b>-17,742</b>
Note: New Brunswick not available.										
Source: Statistics Canada										

<sup>2</sup> "School boards revenue and expenditures, by province and territory." 2007: Statistics Canada. 8 Aug 2008.  
<http://www40.statcan.ca/101/cst01/govt43a.htm?sdi=school%20boards%20revenue%20expenditures>.

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The following chart compares school board revenues for Canadian provinces and territories during the 2007 calendar year. Saskatchewan still uses property taxes to fund education more than any other province in Canada.

### Municipal Property Tax as % of Provincial School Spending

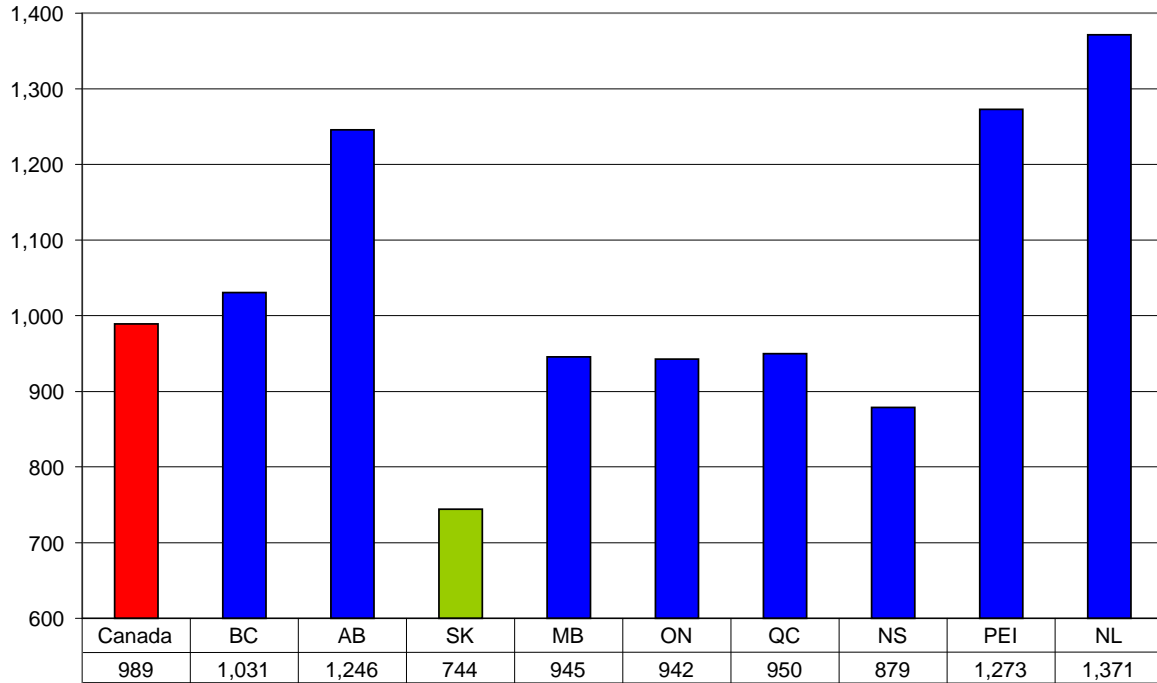


Source: Statistics Canada<sup>3</sup>

Correspondingly, Saskatchewan's provincial government spends less per capita on K-12 education than any other Canadian province. However, high property taxes have ensured that total K-12 spending in Saskatchewan is close to the Canadian average on a per-capita basis.

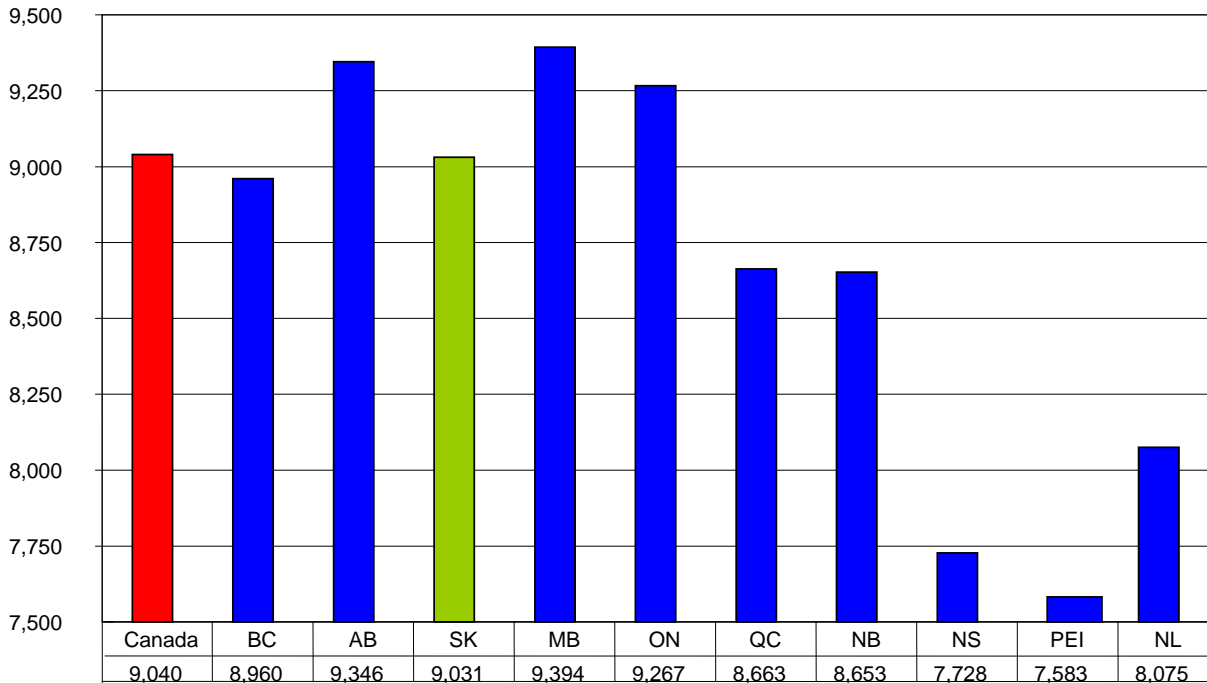
<sup>3</sup> Ibid. This chart adds property and related tax revenues to provincial transfers, and then expresses property taxes as a percentage of the total. This methodology disregards other miscellaneous incomes, such as school board own source revenues, investment income, sales of goods and services, other taxes, federal transfers, and municipal government transfers.

**2007 per capita provincial K-12 school spending  
(excluding property tax component)**



Source: Statistics Canada, calculations by CTF<sup>4</sup>

**2004-05 Total expenditures per student in public schools**



Source: Culture, Tourism and the Centre for Education Statistics<sup>5</sup>

<sup>4</sup> Ibid.

### III. Current problems

It's true there is only one taxpayer. However, the province's current funding formulas, with their heavy reliance on property taxes, create a number of inequities. These were outlined by the Boughen Commission.<sup>6</sup>

#### 1. Disparities between classes of property owner

Agricultural land, business properties, and residential properties are all taxed at different mill rates. It has already been noted that farmers are feeling the brunt of a school funding system based on property, since farms of necessity are growing in size. Businesses are also taxed at a higher mill rate than residential areas. Some of this could be mitigated through legislation that required municipalities to have equivalent business and residential mill rates. Yet, some disparities would still exist between agricultural lands and those that are not.

<b>Property Taxes Collected in Saskatchewan, 2004</b>				
	<b>Municipal</b>	<b>School</b>	<b>Total</b>	<b>School Tax as % of whole</b>
Agricultural Land	\$93,968,118	\$169,615,922	\$263,584,040	64.3%
Rural Municipalities	\$167,042,959	\$311,886,089	\$478,929,048	65.1%
Urban Municipalities	\$373,226,289	\$403,963,770	\$777,190,059	52.0%
All Municipalities	\$540,269,248	\$715,849,859	\$1,256,119,107	57.0%
<i>Source: CTF compilations for the 2005 Saskatchewan Property Tax Review<sup>7</sup></i>				

#### 2. High, uncompetitive property taxes

Although school taxes on urban municipalities represent a smaller portion of the whole, they are still quite punitive. The City of Edmonton annually compares property taxes throughout major Canadian urban centres. It cites a sample home as a 25 to 30 year-old detached 3-bedroom bungalow with a main floor area of 1,200 square feet, finished full basement and a double car garage, on a 6,000 square foot lot. For such a house, school taxes are 55 percent of total property taxes in Saskatoon and 48 percent of total property taxes in Regina. Even after the 10 percent rebate is included, school taxes respectively remain 53 and 46 percent of the total.

The combination of municipal and school taxes mean the total property tax bite in Regina and Saskatoon is worse than in all but one-third of major Canadian cities.

<sup>5</sup> Culture, Tourism and the Centre for Education Statistics. "Summary Public School Indicators for the Provinces and Territories, 1998/1999 to 2004/2005" by Patric Blouin and Marie-Josée Courchesne. <http://www.statcan.ca/english/research/81-595-MIE/81-595-MIE2007050.pdf>. Accessed August 15, 2008.

<sup>6</sup> Pp. 40-49.

<sup>7</sup> Maclean, David. "2005 Property Tax Review." 2005. Canadian Taxpayers Federation: Regina. Available at [http://www.taxpayer.com/pdf/SK\\_Prop\\_Tax\\_Report\\_2005%20\(2\).pdf](http://www.taxpayer.com/pdf/SK_Prop_Tax_Report_2005%20(2).pdf).



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Comparative Property Tax Levy on a Sample House in 2007 [a] (Selected Canadian Cities, \$)							
City	Property Tax Levy				Home-owner Grants or Credits	Net Property Tax Levy	Rank
	Municipal	School	Other [d]	Total			
St. John's	1,540	0	0	1,540	0	1,540	1
Surrey [b]	1,022	910	230	2,162	570	1,592	2
Medicine Hat	991	659	15	1,665	0	1,665	3
Calgary	945	844	0	1,789	0	1,789	4
Edmonton	1,131	681	0	1,812	0	1,812	5
Red Deer	1,217	615	0	1,832	0	1,832	6
Lethbridge	1,295	568	22	1,885	0	1,885	7
Burnaby [b, c]	1,264	962	262	2,488	570	1,918	8
Winnipeg [f]	1,275	1,254	0	2,529	525	2,004	9
Halifax [f]	1,366	622	164	2,152	0	2,152	10
Saint John	2,165	0	0	2,165	0	2,165	11
Grande Prairie	1,576	601	9	2,186	0	2,186	12
Fredericton	2,319	0	0	2,319	0	2,319	13
Victoria [b]	1,627	895	388	2,910	570	2,340	14
<b>REGINA [e]</b>	<b>1,265</b>	<b>1,308</b>	<b>140</b>	<b>2,713</b>	<b>131</b>	<b>2,582</b>	<b>15</b>
<b>SASKATOON [e]</b>	<b>1,168</b>	<b>1,626</b>	<b>131</b>	<b>2,925</b>	<b>163</b>	<b>2,762</b>	<b>16</b>
Laval	2,200	627	0	2,827	0	2,827	17
London	2,233	488	141	2,862	0	2,862	18
Vancouver [b, c]	1,685	1,347	412	3,444	570	2,874	19
Montreal	2,279	705	0	2,984	0	2,984	20
Ottawa	2,383	676	0	3,059	0	3,059	21
Toronto [f]	2,143	961	0	3,104	0	3,104	22
Hamilton	2,704	581	0	3,285	0	3,285	23
Brampton	1,269	752	1,386	3,407	0	3,407	24
<i>Average</i>	<i>1,628</i>	<i>737</i>	<i>138</i>	<i>2,502</i>	<i>129</i>	<i>2,373</i>	<i>n/a</i>

Source: The City of Edmonton's 2007 Residential Property Taxes and Utility Survey.<sup>8</sup>

- a. The sample house is defined as a 25 to 30 year-old detached 3-bedroom bungalow with a main floor area of 1,200 square feet, finished full basement and a double car garage, on a 6,000 square foot lot.
- b. Grant is \$570 for school levy for homeowners with age 64 years or under and \$845 for senior citizens or handicapped.
- c. Based on the averaged value of single-family houses, which may not correspond to the sample house described above.
- d. Other includes regional and other tax levies.
- e. Grant is for school levy. For Regina and Saskatoon the grant is 10% of school tax.
- f. Based on the median value of single detached houses; which may not correspond to the sample house described above.

<sup>8</sup>City of Edmonton. "2007 Residential Property Taxes and Utility Charges Survey." 2007: 13. Edmonton, Alberta. 18 Aug. 2008.  
<http://www.edmonton.ca/infraplan/Economic%20Information/property%20tax%20and%20utility%20charges%20survey/tax%20report%202007.pdf>

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The competitive position of Regina and Saskatoon improves significantly when education taxes are taken out of the picture. Saskatoon moves from 16<sup>th</sup> to 8<sup>th</sup> best, while Regina moves from 15<sup>th</sup> to 10<sup>th</sup>. The fact Saskatoon trails Regina in the first survey, but is two ranks better in the second suggests further problems with fair distribution of provincial K-12 school funding.

<b>Sample House Comparison Without School Tax, 2007</b>						
City	Property Tax Levy			Tax Without School	Rank	School Tax as % of Whole
	Municipal	Other	School			
Calgary	945	0	844	945	1	47.2%
Medicine Hat	991	15	659	1,006	2	39.6%
Edmonton	1,131	0	681	1,131	3	37.6%
Red Deer	1,217	0	615	1,217	4	33.6%
Surrey	1,022	230	910	1,252	5	42.1%
St. John's	1,540	0	0	1,540	6	0.0%
Winnipeg	1,275	0	1,254	1,275	7	49.6%
<b>SASKATOON</b>	<b>1,168</b>	<b>131</b>	<b>1,626</b>	<b>1,299</b>	<b>8</b>	<b>55.6%</b>
Lethbridge	1,295	22	568	1,317	9	30.1%
<b>REGINA</b>	<b>1,265</b>	<b>140</b>	<b>1,308</b>	<b>1,405</b>	<b>10</b>	<b>48.2%</b>
Burnaby	1,264	262	962	1,526	11	38.7%
Halifax	1,366	164	622	1,530	12	28.9%
Grande Prairie	1,576	9	601	1,585	13	27.5%
Victoria	1,627	388	895	2,015	14	30.8%
Vancouver	1,685	412	1,347	2,097	15	39.1%
Toronto	2,143	0	961	2,143	16	31.0%
Saint John	2,165	0	0	2,165	17	0.0%
Laval	2,200	0	627	2,200	18	22.2%
Montreal	2,279	0	705	2,279	19	23.6%
Fredericton	2,319	0	0	2,319	20	0.0%
London	2,233	141	488	2,374	21	17.1%
Ottawa	2,383	0	676	2,383	22	22.1%
Brampton	1,269	1,386	752	2,655	23	22.1%
Hamilton	2,704	0	581	2,704	24	17.7%
<i>Average</i>	<i>1,628</i>	<i>138</i>	<i>737</i>	<i>945</i>	<i>n/a</i>	<i>43.8%</i>

*Source: City of Edmonton Property Tax Survey, 2007, calculations by CTF*

### **3. Inequities between school divisions**

The Boughen Commission believed that larger school divisions would diminish inequities, as each division would have enough population to prevent wide disparities. In 2007, the Ministry of Education (or department, as it was then called) reviewed the Foundation Operating Grant to see its effect now that board amalgamations were complete. The department concluded that the grant was adequate. However, it's clear that inequities remain.

For example, the Prairie South and Chinook School Districts respectively had a 22 and 48 percent reduction in their operating grants since the amalgamation of school divisions in 2006. This forced property taxpayers to generate an additional \$9.7 million over the past two years.<sup>9</sup>

Larger school divisions have not and cannot solve all disparities between divisions. They will continue to exist to the extent that property taxes are used to fund schools.

### **4. Property Tax is regressive**

In contrast to income taxes, the Boughen Commission found that property taxes account for a lower percentage of income the higher that household earnings were. For those making less than \$20,000, property taxes accounted for ten percent of one's income, whereas for the \$100,000 earner, it was two percent. This means that school taxes are a greater burden on low-income earners, an unfortunate legacy of an outdated form of school funding.

### **5. Taxation without representation**

The connection of taxation and representation is integral to both the political theory of democracy and its historic development. Intuitively, it is only fair that those paying taxes should vote. However, this does not always happen for property taxpayers in Saskatchewan. An urban resident who also owns a cottage, and a farmer who has land in two school divisions, pay taxes to each jurisdiction, but can only vote in one.<sup>10</sup> Eliminating the use of property taxes to fund schools would at least eliminate one aspect of this anomaly where taxation and democratic rights diverge.

### **6. Municipal property taxes pay for provincial decisions**

Although teachers' salaries and pensions are negotiated on a provincial basis, school boards must absorb the increased costs through higher mill rates. They face the wrath of property taxpayers for expenses that are incurred through no choice of their own. The province must provide more funding through other means.

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<sup>9</sup> Litke, Wayne. "Varying mill rates cause discomfort for some divisions." March 17, 2008. The Leader-Post: Regina, Saskatchewan. 19 Aug. 2008. <<http://www.canada.com/reginaleaderpost/news/story.html?id=436b2210-32fa-4ba1-b2e9-50c2e8f9ae04>>.

<sup>10</sup> Whitaker, Christine. "Paying for Class." March 31, 2008. The Leader-Post: Regina, Saskatchewan. 19 Aug. 2008. <<http://www.canada.com/reginaleaderpost/news/viewpoints/story.html?id=39fe1b75-c642-4d45-a0b3-04740d628bee&p=1>>.

#### IV. Property tax can be reduced

Saskatchewan’s eastern neighbour has proven that a province can wean school funding from municipal property taxes. Manitoba, a province with similar population and some parallels in its economy, has reduced school property taxes for a decade and continues to do so.

On January 29, 2008, Manitoba’s provincial government announced<sup>11</sup> it would inject another \$53 million into school funding to bring its provincial share to 74.5 percent. Its stated goal is to bring the provincial share up to 80 percent. Already, Manitoba has increased its school funding by 31 percent since 1999, thereby lowering school property taxes by \$230 million annually. While it may not be advisable for Saskatchewan to use the same methods, Manitoba’s example proves that our province can and must do much more to lower property taxes.

<b>Manitoba 2007/2008 School Spending (\$ millions)</b>			
	<b>Total Expenditure on Public Education</b>	<b>Provincial Portion</b>	<b>Provincial Portion as %</b>
FRAME Operating Fund	\$1,659.3	\$1,045.0	63.0%
School division capital (transfers to capital fund)	\$14.4	\$0.0	0.0%
Provincial Capital Grant Funding / Other	\$77.4	\$77.4	100.0%
Manitoba Education Property Tax Credit (a)	n/a	\$82.5	100.0%
Farmland School Tax Rebate	n/a	\$28.8	100.0%
Pensioners' School Tax Assistance	n/a	\$2.3	100.0%
Teachers' Pensions	\$221.0	\$221.0	100.0%
<b>Adjusted Total</b>	<b>\$1,972.1</b>	<b>\$1,457.0</b>	<b>73.9%</b>
(a) Balance of the Education Property Tax Credit (EPTC) delivered through the income tax system. Total EPTC is \$222.9 million.			
<i>Source: FRAME report<sup>12</sup></i>			

The Financial Reporting and Accounting in Manitoba Education (FRAME) reports provide an excellent standard that Saskatchewan should follow. A wide variety of statistics are made available and accessible, far more than Saskatchewan’s annual list of operating grants for school divisions.<sup>13</sup> Stakeholders can compare net provincial contributions per student for each division. The report facilitates an easily accessible, transparent methodology to see if funding processes and local property taxes are fair.

<sup>11</sup> Government of Manitoba. “Public School Funding Increases 5.6 Percent.” January 29, 2008: Winnipeg, Manitoba. 14 Aug. 2008. <<http://news.gov.mb.ca/news/index.html?archive=2008-1-01&item=3020>>.

<sup>12</sup> Manitoba Education, Citizenship and Youth. “FRAME Report 2007/08 Budget” 2007: i. Winnipeg, Manitoba: 14 Aug. 2008. <[http://www.edu.gov.mb.ca/k12/finance/frame\\_report/2007-08\\_frame\\_budget.pdf](http://www.edu.gov.mb.ca/k12/finance/frame_report/2007-08_frame_budget.pdf)>.

<sup>13</sup> The 2007-08 version was available as of August 19, 2008 at <[http://www.sasked.gov.sk.ca/branches/ed\\_finance/funding/pdfs/07\\_08\\_op\\_grant\\_SD.pdf](http://www.sasked.gov.sk.ca/branches/ed_finance/funding/pdfs/07_08_op_grant_SD.pdf)>.

## V. School Choice

At this historic juncture, where the province is poised to remove itself from antiquated systems of school funding, it is also time for the province to reconsider its funding for independent schools. Strides towards funding historic schools and facilitating associate school status have not gone far enough.

At present, eight schools in the province have associate status with their respective school divisions. All of them have a religious emphasis, something that was common in the province for decades. At one time, all public schools in Saskatchewan had a Christian worldview, with the default religion being Protestant, and the separate school division being Catholic. Over time, Protestant Public Schools evolved into what is alternately called a-religious, pluralistic, or humanistic.

This change in approach was not satisfactory to some, whose worldview continued to be informed by their faith and believed that proper schooling could not be done in a moral void. Founders of alternative schools paid dearly for their convictions and struggled for years with no government funding, low-paid teachers, and limited facilities. However, the schools endured, buoyed by donors and tuition-paying parents who overcame the financial disadvantage of paying taxes towards a school system they could neither endorse nor enjoy.

The schools have proven to be an enduring success, one recognized by public school boards themselves, which have adopted them as associate schools. By this means, the alternative framework in religious schools can continue, along with some of the staff training and supports that public school boards offer. As well, these schools get provincial funding<sup>14</sup> for the basic student rate, funding for special education transportation, and money for diversity and “intensive supports.”

However, not even these dollars always reach their intended target. Some school divisions, such as Prairie South, give all of the provincial per-capita funds to schools, and withhold only a small fraction for administrative costs.<sup>15</sup> Others, such as the Regina Public School board, withhold the portion of funds that municipal property taxes would have paid for if the school was a regular part of the school board.<sup>16</sup> This means approximately half of the funds are withheld.

Fortunately, to the extent that the province increases its per-student funding, it will reach associate schools, regardless of how local school boards have chosen to deal with them. However, it would be in the interests of the province to authorize independent and charter schools for funding as well, as has already been done with historic schools such as Athol Murray College of Notre Dame, Luther, and Western Christian.

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<sup>14</sup> Department of Learning. “2007-08 Funding Policy Manual.” 2007: D1. Regina, Saskatchewan. 14 Aug. 2008. <[http://www.sasked.gov.sk.ca/branches/ed\\_finance/funding/pdfs/funding\\_manual\\_07-08.pdf](http://www.sasked.gov.sk.ca/branches/ed_finance/funding/pdfs/funding_manual_07-08.pdf)>.

<sup>15</sup> Personal Interview with Prairie South representative, 17 Aug. 2008.

<sup>16</sup> Debra Burnett. Personal Interview. 18 Aug. 2008.

## 1. Alberta's Sound Approach

Alberta has perhaps the best approach to choice in school funding in Canada. To put its funding into context, one must examine how it funds schools generally.

In 1994, the Alberta government began to provide almost all of the province's school funding, split between 70 percent general revenues, 30 percent provincial school property tax. School boards were stripped of the ability to freely increase property taxes. However, school boards could propose a tax hike of up to 3 percent for each of the following three years, should voters agree to it in a referendum. Since 1994, such tax hikes have only been proposed five times, and not once have they received the approval of voters.<sup>17</sup>

In Alberta's system, only public and Catholic school boards receive funds from property taxes. Even so, the province fully funds autonomous charter schools as well.<sup>18</sup> The province makes up the difference through its general revenues so that charter schools get the same amount of total funding as their public and Catholic school counterparts.

Furthermore, Alberta's provincial government has partially funded private schools since 1967. Of the province's 193 private schools, 127 are accredited for provincial funding. In all, private school enrollments comprise about 3.5 percent of the student population in Alberta.

The success of such schools led the province to increase its funding levels for the 2008-2009 school year. The \$8 million increase bumps total funding to \$117 million—about 1.9 percent of the provincial education budget. A government press release explains.

Accredited funded private schools will receive 70 per cent of applicable per student instruction grants such as the base instruction and English as second language grants, Alberta Initiative for School Improvement grants, and plant operations and maintenance per student grants. In exchange, eligible schools must agree to increased accountability measures or choose to remain at the current 60 per cent level of eligible per student grants.<sup>19</sup>

The Alberta Commission on Learning heard positive feedback on how the province approaches education funding and facilitates choice.

The ability to choose among public and separate schools, francophone schools, private schools, charter schools, home schooling, distance learning, and a variety of alternative programs within the public system was viewed as a strength that is unique to Alberta. Respondents suggested that diversity enhances the quality of education, enhances accessibility, provides more options for parents and students,

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<sup>17</sup> Hennig, Scott. "Most school boards too gutless to tax." Canadian Taxpayers Federation. May 2, 2008: Edmonton, Alberta. 18 Aug. 2008. <[http://www.taxpayer.com/main/news.php?news\\_id=2861](http://www.taxpayer.com/main/news.php?news_id=2861)>.

<sup>18</sup> Hennig, Scott. "Increased private school funding a boon to public education." Canadian Taxpayers Federation, August 27, 2008: Edmonton, Alberta. 27 Aug. 2008. <[http://www.taxpayer.com/main/news.php?news\\_id=2948](http://www.taxpayer.com/main/news.php?news_id=2948)>.

<sup>19</sup> Government of Alberta: "Province Maintains Commitment to Educational School Choice." July 30, 2008: Edmonton, AB. 18 Aug. 2008. <<http://alberta.ca/acn/200807/2408975000324-B618-C6E0-3D9BA025B69126AF.html>>.

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provides parents with a right to choose, strengthens the overall system, and allows for religious instruction.<sup>20</sup>

### 2. Ontario

Independent schools do not receive funding in Ontario, but parental hunger to attend such schools is indeed large. Since 2003, the Fraser Institute has offered its “Children First: School Choice Trust” to help children from low income families attend the school of their choice. The program provides tuition assistance grants worth up to \$4,000 per child per year to Ontario families whose average household income is less than \$29,000 per year. More than 1,800 children have received grants with more than 34,000 children applying since the program’s inception.

In June 2008, the Fraser Institute released the results of a survey showing that private schools delivered better educational results at almost half the cost. The average cost of tuition at the private schools attended by Children First recipients was \$4,398, while the cost of providing public schooling that year was more than \$8,000 per child in Ontario. The Fraser Institute surveyed students attending these schools (not just those funded by their grants) and those in public schools. “In every case, a larger proportion of families with children at public schools reported that the child’s academic performance, social skills and behaviour had worsened than did families with children at a private school.”<sup>21</sup>

### 3. Sweden

In many ways, Sweden has been an international frontrunner for state-funding of independent schools. In 1991, Sweden began to offer funding to approved independent schools equivalent to 85 percent of the cost of educating a student in the municipal school system. The policy change was a success for public and private schools alike.

“The fastest growing schools were started by teachers, parents, and educators who were dissatisfied with the education provided by their municipal schools.”<sup>22</sup> Private schools, chosen by just one percent of students in 1991, are now attended by almost seven percent.

Initial fears that private schools would be substandard or undermine public schools proved unfounded. Tests of private school students proved they provided a superior education. Yet, competition helped public schools to improve as well.

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<sup>20</sup>Alberta Commission on Learning . “The home work continues ... a status report from Alberta's Commission on Learning” Feb 24, 2003: 165. Edmonton, Alberta. 6 Aug. 2008. <<http://education.alberta.ca/media/413388/appendix2.pdf>>.

<sup>21</sup> “Low income parents find inexpensive private schools better than public schools.” June 17, 2008. Fraser Institute: Canada. 6 Aug. 2008. <<http://www.fraserinstitute.org/newsandevents/news/5691.aspx>>.

<sup>22</sup>Hepburn, Claudia and Merrifield, John. “School Choice in Sweden: Lessons for Canada.” November 2006: 7. Fraser Institute, Canada. 11 Aug. 2008. <[http://www.fraserinstitute.org/commerce.web/product\\_files/SchlChceSweden2.pdf](http://www.fraserinstitute.org/commerce.web/product_files/SchlChceSweden2.pdf)>.

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An important balance can be provided to ensure that such funding does not undermine the public system.

How well the Swedish model works depends heavily on a strong, non-partisan, National Agency for Education. If a local government can prove that the funding of independent schools would significantly damage its own capacity to provide education, it may take the issue to the National Agency. The impartial Agency then must assess whether or not a new school would be truly detrimental to the municipality as a whole. So far, out of the hundreds of cases brought to it, in every case but one the Agency has found that the establishment and equal support of the independent school would not materially encumber the provision of education to the community.<sup>23</sup>

Now, it is difficult to find detractors of the program. Already by 1993, 85 percent of Swedes valued their new school choice rights. Parents were also pleased, as a public system that seemed indifferent to their concerns now had swift reason to respond. In 1997, 59 percent of parents polled said they believed school choice made teachers work harder. In time, even the teachers' union came to appreciate the essence of the reforms. Teachers themselves appreciate better working conditions in independent schools, and increased choices for their own employment.

No wonder, then the Fraser Institute said in 2006 that the Swedish example was a good one for policy makers in Ontario, Saskatchewan, and the Maritimes to consider, where financial support for independent schools is minimal. Pointing to past precedents, it says a radical change in school policy is more tenable than incremental changes, which tend to get regulated out of significance.<sup>24</sup>

The Swedish example is also a helpful model to help avoid poorly considered school closures. The possibility of an independent school replacing a public one makes school boards carefully consider closures.<sup>25</sup> A similar policy here would allow truly unviable schools to close, but others to remain open. It would also avoid the helplessness that some parents and communities have felt when their schools were closed.

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<sup>23</sup> “Eriksson, Ann Carlson, head of department of National Agency for Education (1998). Interview with author, January 20, Stockholm.” As cited on *ibid.*, 9.

<sup>24</sup> *Ibid.*, 15.

<sup>25</sup> Seymour, David. “How Swedish Education Policy Thwarts School Closures” (audio). March 21, 2008. Frontier Centre for Public Policy: Regina, Saskatchewan. 18 Aug. 2008.

<[http://www.fcpp.org/main/media\\_file\\_detail.php?StreamID=850](http://www.fcpp.org/main/media_file_detail.php?StreamID=850)>.



## VI. Solutions

### 1. Increase school funding to a 75/25 ratio over the next three years, and eliminate it entirely in six.

This year, the province will provide half of school funding, about \$750 million of \$1.5 billion in total funding. To achieve the 75 percent target, the province would need to offer \$1.1 billion annually, an increase of \$350 million. Considering that this year’s surplus is expected to be more than \$3 billion, this is easily possible.

If this schedule of school tax reduction continues for the following three years, the province would cover 100 percent of school tax revenues after just six years. Should Saskatchewan’s good economic times continue, this will prove easily possible. In 2008, picking up the property tax portion of school funding would cost about \$725 million—a mere quarter of the expected surplus.

The following chart illustrates what the provincial contribution would have to reach a 75/25 ratio in three years, and to pay for all school funding in six years.

<b>School Funding Schedule</b> (2008 dollars, assuming school expenditures keep to inflation)			
<b>Year</b>	<b>Provincial Percentage</b>	<b>Provincial Contribution</b>	<b>Municipal Contribution</b>
2008	50.8%	\$750,152,651	\$726,073,253
2009	59%	\$870,973,283	\$605,252,621
2010	67%	\$989,071,356	\$487,154,548
2011	75%	\$1,107,169,428	\$369,056,476
2012	84%	\$1,240,029,759	\$236,196,145
2013	92%	\$1,358,127,832	\$118,098,072
2014	100%	\$1,476,225,904	\$0

*Source: Saskatchewan Chamber of Commerce, Ministry of Education, CTF calculations<sup>26</sup>*

As the province covers an increasingly higher portion of K-12 school funding, it would also be advisable to enact a school board tax hike policy similar to that mandated in Alberta in 1994. Increased provincial help should prove so substantial that school property tax hikes should be subject to voter approval. As well, incentives to mitigate school board spending would be welcome. Statistics Canada reports that Saskatchewan’s education price index rose higher than any other province from 1992-2003—an increase of 31.8 percent.<sup>27</sup>

<sup>26</sup> These numbers are cited in “Briefing Note – Property Tax.” Saskatchewan Chamber of Commerce. June 2008: 5. Regina, Saskatchewan. 27 Aug. 2008. <[http://www.saskchamber.com/files/documents/8\\_Briefing%20Note%20-%20Property%20Tax-corrected-2008.pdf](http://www.saskchamber.com/files/documents/8_Briefing%20Note%20-%20Property%20Tax-corrected-2008.pdf)>.

<sup>27</sup> “Education price index, by province.” 2007. Statistics Canada. 18 Aug. 2008. <<http://www40.statcan.ca/101/cst01/educ46.htm>>.

## **2. Direct increased funding towards the per-student rate**

The most preferable change to provincial funding is to increase its portion of the per-student funding rate. The amount, shared almost equally between property taxpayers and the province, was \$6,426 in 2006-2007.<sup>28</sup> Directing increased funds in this way would ensure provincial dollars follow the student whether a parent decides to educate their children in a public school, a Catholic school, or an associate school. This approach alleviates current disadvantages against associate schools that are not eligible for other aspects of provincial funding, including transportation.

Also, by not increasing funds for such expenditures, the province gives an incentive for school boards to be more prudent in transportation and capital costs. This may mitigate school closures, especially in rural areas, and reduce bus usage and pollution. Focusing on per-student funding may also help minimize complaints by certain school divisions that they are not fairly treated by the formulas given for operating grants.

Using per-student rate to increase the provincial share of K-12 school funding also offers another advantage. Property tax relief can be offered more quickly and without massive study and overhaul of other aspects of provincial funding formulas. Those programs can stay intact, while per-student funding grows, choice is improved, and property taxes are reduced.

## **3. Increase transparency for divisional school funding**

The Financial Reporting and Accounting in Manitoba Education (FRAME) reports provide an excellent standard that Saskatchewan should follow. This would be an invaluable tool for the education ministry and all stakeholders to assess whether current taxation and funding arrangements are fair and are helping achieve intended goals.

## **4. As at-source funding rises, eliminate school property tax rebates**

The Saskatchewan Party promised in the last campaign to increase education funding at the source by 20 percent, as well as double rebates to residential, business, and agricultural properties. However, this is not a preferable course of action for reasons the Boughen Commission explained.<sup>29</sup>

Property tax rebates mean added administration and lack a means of income-testing. It is far more preferable for the province to increase funding at the source and eliminate the need for rebates altogether. An exception might be considered for agricultural lands, since the school property tax bills of farmers are usually disproportionately high compared to residential or business owners.

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<sup>28</sup> Department of Learning, "2007-08 Funding Policy Manual." 2007: B1. Regina, Saskatchewan. 14 Aug. 2008. <[http://www.sasked.gov.sk.ca/branches/ed\\_finance/funding/pdfs/funding\\_manual\\_07-08.pdf](http://www.sasked.gov.sk.ca/branches/ed_finance/funding/pdfs/funding_manual_07-08.pdf)>.

<sup>29</sup> Boughen Commission, 2003: 71-72.

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The current government has emphasized fidelity to its election promises. Provided the province gives enough funding to education at the source, thereby lowering property taxes more than increased rebates would, it can consider its promise fulfilled. If better ends can be achieved by better means, why not?