



2021 PRE-BUDGET BRIEF

SUMMARY OF RECOMMENDATIONS

Recommendation 1: In view of the important role of the public education system as demonstrated during the current COVID-19 pandemic and beyond, the Manitoba School Boards Association (MSBA) recommends that the Government of Manitoba consider an increase to its base funding of between 2.0 and 2.2 percent for public education, as premised on the **2018/19 rate** of inflationary growth, when developing the 2021 Provincial Budget. This will help to appropriately baseline existing programs, services and supports in view of the Manitoba public education system's continuous and uninterrupted operations during the pandemic period, and will help to mitigate the ongoing impacts of inflation.

Recommendation 2: With gratitude for the \$100 million Safe Schools Funding allocated by the Province in August, 2020 (in combined one-time carry-over, federal and provincial funding, to help support extraordinary COVID-19 related expenditures during the first and second quarters of the 2020/21 School Year), MSBA appreciates the Government's openness to ongoing review of pandemic-related expenditures in partnership with Manitoba's public education system. In keeping with this spirit of cooperation, we would recommend that the Government of Manitoba continue to receive requests and allocate one-time extraordinary COVID-19 response funding to help meet the public education system's needs for pandemic response and mitigation strategies.

Recommendation 3: MSBA supports public statements made by the Minister of Education and Government of Manitoba regarding its intention of maintaining support for all base grants at the September 30, 2019 enrolment baseline, and would recommend that this enrolment baseline continue to inform ongoing allocation of all Funding of Schools Program and Other Operating Grants.

Recommendation 4: MSBA recommends that the Government of Manitoba enable all school divisions to maintain any accrued liabilities as reported on their 2019/20 Financial Statements, with provision of one-time special grant support to any other division that may require the same to address extraordinary staffing compensation requirements during the 2020/21 or 2021/22 Fiscal Years. Such recommendation will help to protect and sustain delivery of frontline programming and services in the 2021/22 Fiscal Year, contingent upon pending outcomes of compensation processes.

Recommendation 5: That the Government of Manitoba consider allocating new, dedicated, multi-year funding under the Manitoba Education Funding of Schools Program envelope, to support sustained, streamlined, and operationalized learning recovery and mental health/wellness programming and services in 2021/22 and future years, in recognition of the particular burden that the COVID-19 pandemic has placed on students and schools province-wide.

Recommendation 6: MSBA appreciates the recent investment of an additional \$50 million in 2020/21 to address Manitoba's school capital deficit. Going forward into 2021/22 and future years, sustainment of an equally elevated rate of capital investment by the Government of Manitoba through its Crown Services portfolio, for purposes of general maintenance and to address foreseeable depreciation of

assets given our aged infrastructure, would provide a positive contribution to help advance any locally supplemented capital requirements undertaken by school divisions themselves, many of which directly support legal and regulatory accessibility requirements that benefit all Manitobans.

Recommendation 7: MSBA also appreciated the opportunity to receive update from staff of the former PSFB as part of the Crown Services transition. We would recommend that the creation of a standing opportunity for education partners and school division senior staff to assemble for quarterly or semi-annual check-ins with those Crown Services staff who are dedicated to public education capital, will be important for promoting ongoing seamlessness in responding to our system's needs and requirements.

Recommendation 8: MSBA recommends that the Government of Manitoba extend consideration to the establishment of a specialized rural and northern technology grant to help promote greater accessibility and wider connectivity for rural and northern students, while also working with stakeholders and partners to proceed with the further establishment of critical fibre optic network services to meet community needs writ large.

Recommendation 9: MSBA recommends that the Government of Manitoba immediately move to establish a task force, with appropriate representation from divisional stakeholders, community and educational partners, including funded independent schools, to plan for the sustainment of educational programs and services in Manitoba in view of recently announced intentions to commence repealment of education property taxes in 2021/22.

Recommendation 10: MSBA recommends that the Government of Manitoba fully replace the normal 2.97 to 3 percent increase to education support and special levy revenues as would normally be approved in support of school division operating expenses, when proceeding to implementation of the education property tax repealment election commitment. In tandem with the sustainable, predictable and responsive funding recommendations that MSBA has earlier tabled, this combination of support would ensure that the needs of Manitoba's public education system are sufficiently addressed during this time of acute fiscal pressure and extra-ordinary pandemic related expenditure.



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**Submitted to the Honourable Scott Fielding
Minister of Finance**

Ongoing inflationary pressures

According to the most recent economic highlights, the COVID-19 pandemic period has demonstrated considerable stability in the price of goods during the 2020/21 Fiscal Year. In real terms, this signifies that our province's overall inflationary increase during the period from December 2019 to December 2020 now stands at 0.1 per cent.

Compared to the previous year's average inflationary adjustment of 2.2% (December 2018 to December 2019), this current year would therefore seem to suggest that cost factors ought remain neutral for the 2021/22 Budget Cycle. We would draw a careful and measured contradistinction to any such assumption however, in light of undisrupted and sustained expenditures on the part of a school system that has maintained continuous operations at elevated staffing levels and with significant expenditures to accommodate community needs and student/staff pandemic response safety measures throughout the 2020/21 School Year.

As the Minister is aware, the pandemic did not proceed without impact to our core and essential operations in spring 2020. Accrued savings attributable to year-end staff layoffs, alongside of deferment of select expenses in the final quarter of the 2019/20 Fiscal Year, were encompassed under your Government's extra-ordinary carry-over allowance to all school divisions in 2020/21.

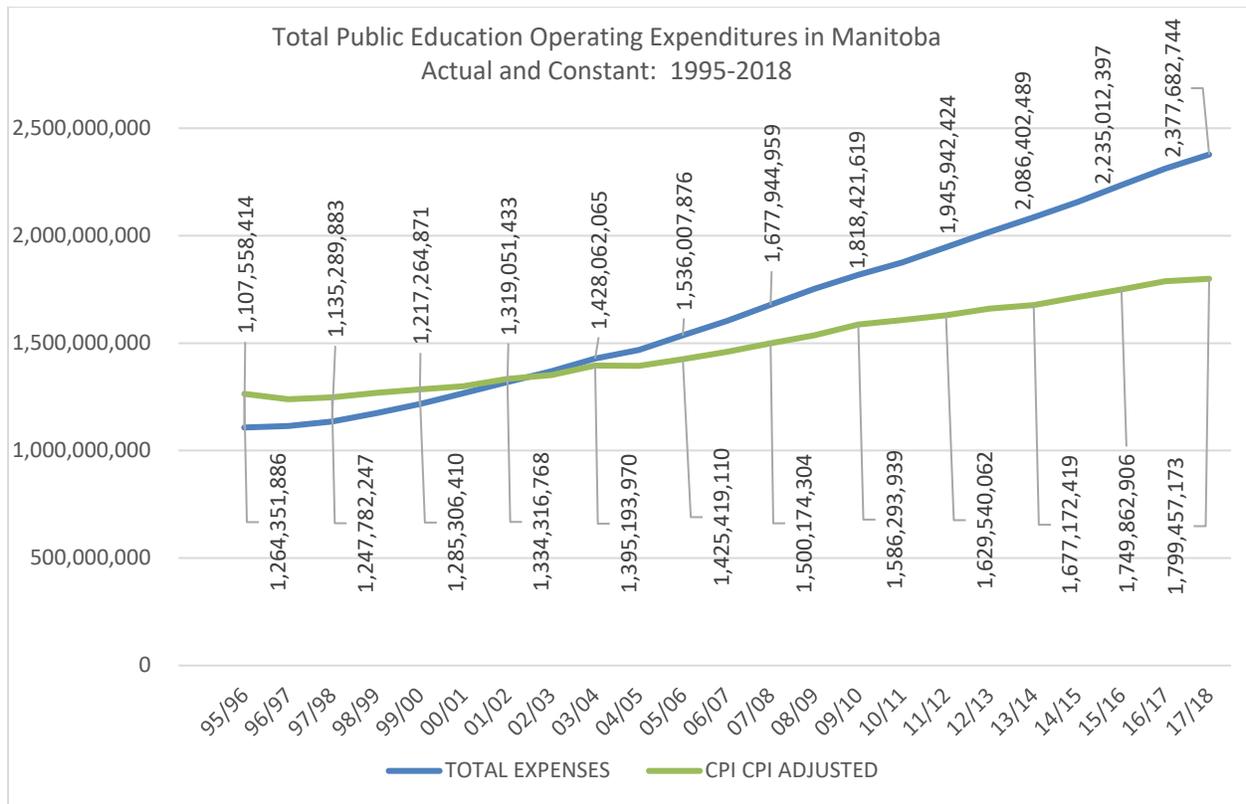
This special carry-over allowance has been of significant benefit, allowing for a majority of one-time extra-ordinary expenditures incurred throughout the first and second quarters of the 2020/21 Fiscal Year to be partially offset by the carried-over funds. As outlined in the covering letter, we are also grateful that these funds were then supplemented through the one-time combined Federal-Provincial Safe Schools Funding Grants as announced on August 24, 2020. That the carry-over reserve represents deferment of expenditures to a later date to cover one-time extraordinary costs beyond what the school system would normally incur for regular annual operations, largely belies the reality that public education continues to experience "business as usual" when it comes to overall inflationary impacts.

Further, it is important to consider that, following resumption of a "regular" school year in future years, it is anticipated that the one-time decrease to public education enrolment experienced during the 2020/21 School Year (given need for remote learning strategies for students and families in need of such options) will be restored to full balance. We would note that for this reason, it remains critical that all Funding of Schools Program and Other Operating Grants continue to be tied to September 30, 2019 enrolment levels. We sincerely appreciate both the Minister of Education and the Manitoba

Government’s continued and repeated pledge that no pandemic-related variation in enrolment will bear impact upon funding as we move forward.

Therefore, while the average 0.1 per cent CPI inflationary factor evidenced across 2020 has been significantly influenced by pandemic impacts and may remain valid for sectors where employment has particularly declined and/or where periodic closures or operational suspensions have taken effect, the reality of baseline expenditures for Manitoba’s continuously operating public education system would tend towards reflect a general growth factor as tied to the 2.2% average CPI increase for Manitoba that was evident in 2019/20. We therefore strongly suggest that this latter baseline remain applicable for projecting out public education costs and grant increases under the 2021/22 Budget.

Wage growth is picking up in Manitoba (see our discussion of staff compensation pressures below), even while we would note that the Consumer Price Index indices inform us that the costs associated with select goods and services as are essential to school operations continue to rise at an elevated rate of inflation. This includes such factors as water, fuel and electricity costs (which rose by 7.1%), construction costs (at 4.7%), natural gas (at 26.7%), the unabated implementation of federal carbon pricing (notwithstanding federal refund of \$5.4 million in climate action funds on a one-time basis to MSBA in 2020/21), and the ever increasing cost of foodstuffs, as impact our childhood nutrition and school meal programs which can then only do less as inflation eats up what was once possible.



According to the latest issue of the Fraser Institute’s annual report “Education Spending in Public Schools in Canada”, Manitoba’s trendline over the recent period from 2013/14 through to 2018/19 further underscores many important dynamics that point to the need for sustained inflationary

adjustments to ensure that core and essential operating expenditures can continue to be met by our schools. According to the report, Manitoba experienced the third highest growth in overall enrolment in Canada (at 3.1%) behind Alberta (9.5%) and Saskatchewan (6.2%). When adjusted for inflation however, Manitoba demonstrates the third lowest proportionate change in spending per student (at 0.01%) in Canada. Only Newfoundland and Labrador (-6.3%) and Alberta (-0.6%) have lower adjusted spending per student. At the same time, Manitoba featured the third lowest growth in adjusted difference (of \$18 million) which can generally be interpreted to mean that in the recent past, public education funding revenues in Manitoba have kept pace with general inflation.

Released three weeks ago the Fraser Institute Report accentuates that across Canada, education funding has tended to outpace both enrolment and inflation rates in every province except three, including Manitoba. These statistics therefore present some very good news. The opportunity for the Government of Manitoba to provide sustained support to address inflationary increases to base operating grants therefore remains critical as we enter the 2021/22 Budget Cycle.

In last year's pre-budget consultation brief, we presented the preceding graph, which also continues to remain applicable as we enter Fiscal 2021/22. Taken from FRAME and using Fiscal Year 2002/03 as baseline, it can be seen that inflation represents a differential of nearly \$600 million in total investment (CPI adjusted, out of the approximate \$2.4 billion currently invested in education). This continues to warrant special consideration.

As noted by the Fraser Institute and MSBA, this trend signifies that for public education in Manitoba, the cost of sustaining programs, supports and services is increasing due to inflationary impacts, meaning that it is sometimes challenging for schools to continue delivering the exact same programs, supports and services in

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schools as were delivered a generation ago. Contrary to misperception, there are no runaway costs in public education spending in Manitoba. There are no extraneous or “nice-to-have” programs in schools that continue to work with funding that, in real terms, reflect operating levels consistent with the 2002/03 Fiscal Year, even as Manitoba’s enrolment growth remains among the most elevated in Canada.

By assisting school divisions to respond to their ongoing inflationary pressures, the Government of Manitoba can ensure that its public education system will continue to maintain vital services upon which our students rely. Together, we can support the enhancement of a skilled and educated workforce through the graduation of young people who are immediately prepared to further their studies and to help restart our economy following the devastating trends caused by the COVID-19 pandemic. At the same time, the pandemic has demonstrated the adaptability, flexibility and responsiveness of our system to meet the needs of every community during a time of challenge and crisis. Such resilience requires sustained funding as will enable our system to meet every challenge with which it might be faced, as we enter the 2021/22 Budget Year.

Staffing compensation and program cost pressures

In Manitoba, beyond the inflationary adjustments described above, there remain two drivers of growth in expenditures: staffing and programming/services.

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Such recommendation will help to protect and sustain delivery of frontline programming and services in the 2021/22 Fiscal Year, contingent upon pending outcomes of compensation processes.

While in the recent past, labour relations between school divisions and employees had maintained an average of 0 per cent growth in salaries and benefits for the 2017/18 and 2018/19 Fiscal Years, the emergence of several new developments beginning in the third quarter of 2019/20 through to the present time, necessitate due consideration and reflection on the part of all decisionmakers.

The arbitrated settlement for the Louis Riel Teachers Association, which signified retroactive award of a combined three percent in salary adjustments, was soon followed by other public sector retroactive wage settlements that do provide a reference point for comparison. While these other settlements do not establish a pattern that would be applicable to Manitoba’s public education

system, the forthcoming arbitration decision in the matter of the Pembina Trails Teacher Association will be informative province-wide. In this matter, MSBA has maintained consistent communication for our members and stakeholders. We shall await the outcomes of the PTTA decision to determine future steps relative to all remaining 36 teacher bargaining units. Going into the 2021 Budget year, we must equally note that 81 out of a total of 82 non-teaching staff bargaining agreements will have expired, thereby becoming eligible for future negotiation of these units’ compensation.

Given that instructional and non-teaching salaries account for 76.7% of all operating expenditures in public education, with \$1.3 billion allocated to regular instruction (as of the 2018/19 FRAME Budget

report)— and not counting mandated progression of employees according to existing salary and classification schedules— it is certain that the 2021/22 Fiscal Year will bring a new set of realities.

In this respect, MSBA is careful to note the communications sent by departmental officials at the Office of the Provincial Comptroller and Schools Finance Branch to a variety of educational partners starting in May, 2020 regarding prospects for accrual of liabilities arising from the aforementioned scenarios. Response to MSBA's own inquiry seeking more concrete clarification into this matter (as sent to the Minister of Education on May 11, 2020) only arrived on 9 December, 2020, after many divisions had already proceeded to accrue liabilities to meet established deadlines related to preparation and submission of their 2019/20 Financial Statements. We note that select divisions therefore did not accrue, in keeping with correspondence as received from the other sources mentioned.

Beyond the formal pre-budget recommendations tabled in this brief, we would strongly recommend that in future, the Government of Manitoba through the Office of the Minister of Education, streamline communication of any financial statement preparation instructions as may affect divisional operating by sending memoranda directly to all School Board Chairpersons in matters of budgeting and financial planning. This process would then cohere with Ministerial powers under *The Public Schools Act* and each school board's legislated oversight and accountability for these matters. As it was, the communications process regarding this particular matter was not conducive to the proper administration and governance of Manitoba's public education system. In view of what took place during this period, MSBA therefore presents recommendation 4 for your consideration, as school divisions enter the 2021/22 Budget Year.

As staffing represents approximately 77 cents out of every dollar that is allocated to support classrooms in Manitoba, changes to compensation and benefits can come with very real impacts in terms of programming and services, when sufficient resources are not available to address increases to such staffing costs.

As noted before, Manitoba schools experience among the highest growth in Canada relative to our student and community populations— upwards of three percent as observed by the Fraser Institute. At the best of times, these changes do demand additional staff, programming, and services to continue to address needs. Public education must seek out opportunities to employ additional teachers, clinicians, and educational assistants, along with extension of programming and services to the nearly 2,000 additional students who are added to our schools require each year.

This growth to Manitoba's student and community populations is exciting and important for sustaining our economy and way of life. That it must be supported by strengthening existing infrastructure and program/service foundations, closely follows. In keeping with recommendation 1, we would note that in this last respect, many divisions province-wide are expected to run an educational marathon while staying on the funding treadmill.

MSBA is increasingly hearing from our members that programming and services designed to meet student needs are being discontinued as school divisions strive to reallocate funds for alternative purposes that are just as core and essential to helping these same students. Budget 2021/22 must see some positive change to this precarious funding balance. According to pure economics, the students and communities of Manitoba cannot afford Hobson's choices in matters of staffing and programming which are increasingly subject to a strict application of Occam's principle. Programs and supports must be multiplied out of necessity, with sufficient funds to allow staffing and/or programming priorities to be met in tandem, without sacrificing or detracting from the other.

In this respect, the COVID-19 pandemic has only brought further programming pressures. While the pandemic has meant that some families opted for remote or home-based learning pathways at the start of the 2020/21 School Year, pressures have recently increased and accentuated for these learners to be gradually reintegrated into the public education system.

The creation of regional virtual learning hubs to address the needs of immune-compromised and homeschooled students; extension of learning spaces to implement pandemic response measures; dual teaching requirements for in-person and remote or for contexts involving two, in-person student cohorts; hiring of additional Educational Assistants, substitutes and the need for reliance upon greater Limited Temporary Teaching Permits — each of these developments has meant that Manitoba’s public education system has become, in fiscal terms, fully extended.

Based on preliminary assessment of student learning across a sampling of divisions, requirement for ongoing efforts to address Learning Recovery efforts among students most affected by the pandemic will persist long after the last vaccination has been administered.

While gratefully, the vast majority of these pupils are early years learners whose needs can be addressed during their school progression, that demand for these learning recovery and mental health and wellness supports will persist long after operations “return to normal” must be carefully considered, appropriately budgeted, and sufficiently financed.

The final conclusion arising from this projected growth and expenditure is that maintaining status quo operations in 2021-22 will require a greater increase from the Province of Manitoba than in preceding fiscal periods. Maintaining and protecting frontline services will otherwise not prove possible, given the combination of projected cost drivers facing public education in our province.

Recommendation 5: That the Government of Manitoba consider allocating new, dedicated, multi-year funding under the Manitoba Education Funding of Schools Program envelope, to support sustained, streamlined, and operationalized learning recovery and mental health/wellness programming and services in 2021/22 and future years, in recognition of the particular burden that the COVID-19 pandemic has placed on students and schools province-wide.

Addressing a growing capital deficit

On behalf of our members, we remain grateful for the Government’s ongoing school capital investments, as were announced last week by both the Ministers of Education and Crown Services. The additional \$50 million in 2020/21 capital grant support is sincerely appreciated, given the mounting concerns that we raised to the K-12 Education Review Commission in 2019.

The Government’s ongoing plans to complete construction of twenty new schools province-wide over the next decade will also certainly support our students and their communities. Your commitment to accommodate growth in new urban planning developments while simultaneously demonstrating respect for minority language constitutional rights in support of francophone pupils and their families, in areas of high demand, could not be more important.

Along with our members we do remain however, very concerned by the growing capital deficit that will be faced by public education in Manitoba over the next eighty years. As we carefully noted for the K-12 Education Review Commission, the present age of school infrastructure, being between 50 and 60 years of age, means that most school buildings will celebrate their centennial anniversary by the time this current century draws to a close. This timeframe is not as futuristic as it might suggest: particularly when one appreciates that babies born today will see the dawn of the 22nd century at their eightieth birthday. This momentous challenge therefore continues to deserve utmost priority and we are happy to have the support of the Government of Manitoba in addressing such an overwhelming challenge.

Recommendation 6: MSBA appreciates the recent investment of an additional \$50 million in 2020/21 to address Manitoba’s school capital deficit. Going forward into 2021/22 and future years, sustainment of an equally elevated rate of capital investment by the Government of Manitoba through the Crown Services portfolio, for purposes of general maintenance and to address foreseeable depreciation of assets given our aged infrastructure, would provide a positive contribution to help further any locally supplemented capital requirements undertaken by school divisions themselves, many of which directly support legal and regulatory accessibility requirements that benefit all Manitobans.

Recommendation 7: MSBA also appreciated the opportunity to receive update from staff of the former PSFB as part of the Crown Services transition. We would recommend that the creation of a standing opportunity for education partners and school division senior staff to assemble for quarterly or semi-annual check-ins with those Crown Services staff who are dedicated to public education capital, will be important for promoting ongoing seamlessness in responding to our system’s needs and requirements.

Current levels of capital grant support, while expressed in hundreds of millions of dollars, must be contextualized in terms of the reality that retrofit of one elevator to promote student and community accessibility at an aged school facility can entail expenditures of up to \$1 million each, and investments in modular or portable classrooms can tend towards half a million dollars each.

Furthermore, the ongoing implementation of accessibility-related regulatory standards under *The Accessibility for Manitobans Act*, signifies that the definition of what constitutes a reasonable accommodation into the future shall continue to evolve, accompanied by a harmonized movement towards addressing infrastructure-related project backlogs. Accessible design features are a great advantage to all Manitobans and we can only highlight that special funding envelopes as have accompanied the development of regulatory standards in other Canadian jurisdictions has to date been absent from Manitoba’s implementation approach. Ensuring that such needs are met under the scope of capital grants and capital infrastructure initiatives therefore remains of utmost priority.

While we shall continue to monitor transition of the mandate from the former Public Schools Finance Board to the Department of Crown Services to ensure that public schools remain

front and centre amidst combined Crown Services capital mandates, we recognize that such a shift in function can indeed help to ensure that such needs become more affordably addressed into the future. We are therefore hopeful that in due course, this past year’s transition will signify that the Government can achieve new economies of scale in capital borrowing and expenditures related to schools, by way of meeting the above challenge. We also appreciated the opportunity to receive update from staff of the former PSFB as part of the Crown Services transition and do believe that the opportunity for school division senior staff to assemble for quarterly or semi-annual check-ins with Crown Services staff who

are dedicated to public education capital, will be important for promoting ongoing seamlessness in responding to our system's needs and requirements.

If there is one enduring take away from the early phase of this pandemic through to the present time, it is vested in the need for joint focus towards the construction of fibre optic networks and the expansion of internet connectivity across every region and community of Manitoba. At the best of times, technology and IT infrastructure, given an increasingly connected and automated world, has been spotlighted by MSBA for particular investment.

As we shared with the K-12 Review Commission in June, 2019:

Dependence on technology for educational applications and the need to equip students with increasing sophistication in those technological tools and applications that will ensure they are prepared for lifelong learning, means that we cannot shortchange this key priority. MSBA foresees that such needs will only grow and never diminish. There are countless examples across Manitoba of how local school board priorities for funding IT infrastructure and connectivity have benefitted entire communities with connectivity and access to technology, while providing students with access to a greater array of online and distance delivery course options that stimulate and respond to their interests.

Written nine months prior to the start of the COVID-19 pandemic, the prescience of this statement could not have been more timely. As a means of addressing system-wide requirements, we encourage that the Government of Manitoba extend consideration to the opportunity for the establishment of a specialized rural and northern technology grant to help promote greater accessibility and connectivity, while also working with Manitoba Hydro Telecom to expand Manitoba's existing fibre optic backbone. Such an initiative would serve to establish further access to broadband, especially for rural and remote communities.

At the start of the pandemic, MSBA consulted with all major telecommunications providers in Manitoba in an effort to understand how our school board members could rapidly respond to identified remote learning demands. Based on our research, we have learned that expansion of the fibre optic network shall continue to remain necessary even once Low-Earth Orbiting Satellite assets are launched in the near future. Even while LEOS hold out promise to provide coverage to a greater number of communities and households than ever before, expansion of fibre optic infrastructure must not fall into neglect.

Relative to such developments, MSBA appreciates the significant responsibility of the Federal Government in working with Manitoba to address these requirements. That the Federal Government itself recognizes that Manitoba's northern communities are the most underserved in Canada relative to network connectivity, certainly warrants enhanced joint efforts, not just inter-jurisdictionally but also inter-governmentally. Based on recent liaison meetings, the Association of Manitoba Municipalities and MSBA have discussed need for greater cooperation

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and collaboration in meeting community network and connectivity needs. We are also apprised of recent efforts by Keystone Agricultural Producers to assess network needs and requirements across rural Manitoba. The time could therefore not be more opportune for Manitoba and the many entities that serve as representatives for our community leadership, to work together to meet this critical infrastructure need.

What had earlier been identified as urgent priority under the Manitoba Government's commitment to develop and deploy the Emergency Broadcast Notification System has subsequently proven critical under the pandemic. For that reason, MSBA recommends enhancements to fibre optic network capacity and connectivity as a general objective of Budget 2021/22 and future years. Already, we have seen how innovation and change for student learning can be precipitated through such connectivity– the wider and ubiquitous benefits of the same for all Manitobans certainly deserves further consideration.

Repealment of Education Property Taxes

As of the 2020/21 Budget Year, 35.3 percent of school operating revenues come from local levies on property. This means that, to help support all of the above cited priorities, be it enrolment growth, critical staffing to provide students with better futures, or the ability to extend core and essential programming, supports and services to help meet the need of all who have a stake in our public education, over a third of this funding comes from investments made by the people of Manitoba through their property taxes.

To say that local funding to support the delivery of public education is of prime and critical importance is therefore an understatement.

While the relationship between the Manitoba School Boards Association, its members, and the Government of Manitoba certainly has helped to overcome many challenges facing this province since last March– and even well before the pandemic began– we must raise our grave concern in respect of the Government of Manitoba's present commitment to repeal education property taxes. To say that we, and our members, are disappointed by the lack of any discussion or consultation on the part of government officials regarding the election commitment to reduce the current reliance of school boards on local education property tax revenue, is an ever-present reality.

MSBA has understood, based on recent comments made by Premier Pallister, that repealment of education property taxes is set to begin later this year. Presumably, this means that the first steps towards implementation are set to occur under Budget 2021/22. While specific implementation plans continue to remain undisclosed, we were very surprised by this announcement in view of the fact that the pledge had specifically remained contingent upon the ability of the Government to balance the budget.

In this respect, as we were engaged earlier last spring by Government in an "all hands on deck approach" to identifying scarce funding resources towards pandemic deficit reduction management, we had understood that the Government's projected deficit arising from COVID-19 relief efforts had represented, in the term used by the Treasury Board Secretariat, an unexpected and "significant fiscal cliff" created by "collapsing revenues" and "spiking expenses."

Based on continuance of the Government's stated repealment plans, evidently the \$1.7 billion deficit that had earlier been projected, alongside of consideration for borrowing up to \$10 billion in funding to

support regular and extra-ordinary pandemic response, has been factored into the current plans. This said, it is very difficult to understand how such dynamics lay a secure foundation for education property tax repealment?

What we therefore seek, as part of the “Government 2.0” planning process is for more open, transparent and accountable discussions as to how Manitoba’s education system– one of the best education systems in the world– will continue to have core funding needs met notwithstanding intentions to repeal one third of its operational funding support. For now, the only foreseeable conclusion that MSBA and many of its members can draw is that what repealment of the Education Special and Support Levies propose in effect, is the same phenomenon of “collapsing revenues” amidst “spiking expenses” – albeit in a context where it is the children of this province who stand to have these revenues collapse and who will bear these expenses as their home school division carefully manages the repealment process. MSBA is also concerned for our partners in the funded-independent school sector, whose operations also depend upon the total level of funding revenues received by public schools, particularly in terms of access to specialized clinician, student service and select programming under special school board arrangements.

Recommendation 9: The Manitoba School Boards Association recommends that the Government of Manitoba immediately move to establish a task force with appropriate representation from divisional stakeholders, community and educational partners, including funded independent schools, to plan for the sustainment of educational services in Manitoba in view of recently announced intentions to commence repealment of education property taxes in 2021/22.

This said, we would note the tandem pledge by Government to repeal and replace required funding in support of public education. In this respect, MSBA wishes to remain very clear– it will be paramount for final planning processes to account not only for the inflationary, staffing/programmatic and capital-based fiscal pressure points we have described earlier in this brief, but also the need to ensure that any repealment addresses that portion of operating funding that supports the core and essential operations of our schools. In other words, repealment would not mean that a freeze on funding would in any way be acceptable. A freeze that would cap revenues at 2020/21 funding levels, combined with a decade-long roll-back of education taxes, would be equally as unacceptable.

Instead, repealment must take stock of mounting fiscal pressures at the same time that replacement revenues are directed towards sustaining core and essential programs, supports and services. Anything less would be the equivalent of robbing our children and communities of their very future.

As MSBA has made clear, it remains our positions:

- that all school boards continue to have the ability to exercise some measure of fiscal autonomy to meet community needs; and
- that school funding keep pace with the overall rate of economic growth and inflation under a new system of education finance, to ensure that our public education system does not become underfunded.

As we noted last year, this election commitment represents one of the most significant funding announcements in public education in the history of our province. We signalled then and will continue to signal that this important change must provide longer-term benefit and advantage to our

communities, students and schools. We know that the needs and requirements of each, must inform the other. Investment in our students and their future remains critical.

As always, our pre-budget brief therefore does not seek to minimize the significance of investments that have and will continue to be made by the Government of Manitoba for the advantage of our schools, students and communities. Nor do we wish to diminish what we as school boards continue to receive from our meaningful partnership with the Government, through the intricate balance of revenue sharing that we both contribute to the success of our public school system.

Rather, this briefing document is intended to highlight our member school boards' projected needs and requirements. Together with the Government of Manitoba, we seek to plan for coordinated funding that will prove of lasting benefit for all Manitobans.

Over the previous four budget cycles and, as we have noted prior, it has become evident that the costs associated with maintaining the formula guarantee will continue to involve a significant restructuring. For boards that remain on the guarantee, the last Fiscal Year saw a further two percent decrease. Overall reductions now approach ten percent overall.

The impact of formula guarantee loss is experienced to a greater degree by smaller boards. Overall funding reductions and the ongoing elimination of the \$61 million Tax Incentive Grant—an amount that equates to just under two weeks' of operating funds from the public school system—impacts many school boards to varying but significant degrees. School boards impacted by these changes have addressed budget pressures by eliminating reserves and implementing other controls. This has been achieved particularly in terms of discontinuing those programs or services where minimal impact will be experienced by students and communities.

As our association noted last year for the Minister, the current level of program and service delivery will prove increasingly difficult to sustain in the future, given the ongoing reduction of the formula guarantee and TIG support. This is even more so accentuated under annual inflationary pressures that constrain existing funding of such services. We therefore do anticipate that as 2021/22 begins, additional impacts will be experienced by frontline programming and services, particularly across rural and northern school divisions.

It is evident that moving forward with all the changes necessary to make a commitment such a taxation repealment happen, can only be facilitated by restructuring monies from within. To that end, MSBA would note that accumulated TIG repealment is nearly equivalent to the \$29 million in taxation revenues that would normally be forecast based on what has, in recent past, been approved by Government as a 2.97 to 3 percent increase to the education levies.

If it is indeed the Government's plan to reallocate accumulated TIG savings towards the first phase of tax repealment entering the next year, then it must be acknowledged that the significant operating revenues that this TIG once represented have to date not been replaced, and that this is already coming with significant frontline impacts vis-à-vis staffing and programming. To that end, we would therefore like to again signal our longer-term willingness to partner with the Government in working to address larger questions of sustainability and growth as may be necessary to achieve the Government's policy objective, even as we do advocate for a plan in 2021/22 to address sustained growth and cost pressures in an effort to avoid underfunding.

We therefore again advocate for consideration of an increase of between 1.5 and 2.2 percent to base operating as per recommendation #1, not only to address general inflationary impacts and anticipated staffing and programming pressures but to also cover off expenses incurred under what will presumably be the beginning of removal of the special requirement in 2021/22.

We cannot underscore enough how important it will be to address all inflationary impacts and cost pressures faced by schools. Only by doing so will the Government of Manitoba address basic ongoing needs and requirements without affecting frontline services.

Recommendation 10: MSBA recommends that the Government of Manitoba fully replace the normal 2.97 to 3 percent increase to education support and special levy revenues as would normally be approved in support of school division operating expenses, when proceeding to implementation of the education property tax repealment election commitment. In tandem with the sustainable, predictable and responsive funding recommendations that MSBA has earlier tabled, this combination of support would ensure that the needs of Manitoba's public education system are sufficiently addressed during this time of acute fiscal pressure and extra-ordinary pandemic related expenditure.

CONCLUSIONS

As always, Minister Fielding, our chief priority remains focused on the frontline— our students, staff and the supplies that they need for educational success. This remains the enduring reality of the public school system in Manitoba, and also of the mission of the Manitoba School Boards Association in championing its cause.

In addition to our usual focus on inflationary and revenue objectives and priorities, our inclusion of capital in this year's brief also reflects the Fraser Institute's freshly released "Education Spending in Public Schools in Canada" report, as there are several additional and salient figures that we would invite you and your Cabinet colleagues to consider.

Also included in the Fraser report for instance, are the striking facts that, between 2013/14 and 2017/18, Manitoba demonstrated the second lowest growth in school capital spending across Canada (at -25.1%). Every other province except for Newfoundland and Labrador (-64.2%) and Nova Scotia (-15.8%) invested in school capital infrastructure, with the Canadian average standing at 18% capital investment growth overall.

Also notable is that Manitoba experienced the greatest overall negative change in Canada, in terms of actual school capital funding at -\$63M. Again expressed in terms of annual average growth, Manitoba retains second last position (at -6.9% growth). Again, every other province except for Newfoundland and Labrador (-17.4%) and Nova Scotia (-3.5%) demonstrate positive annual average capital investment growth.

These are but some of the comparative findings and we cite them here for illustration. As the 2013/14 to 2017/18 period transcends the 2016 change in Provincial Government, so too come opportunities for decisions that will take this province in the right direction vis-à-vis the strengthening of its public school system. Decisions such as last week's efforts to supplement capital infrastructure funding by an additional \$50 million, to help pave the way for those who will see this province through to the dawn of the 22nd century and beyond.

As our province prepares to enter 2021/22 Fiscal Year, the significant realities that Government finance must address remain especially challenging. MSBA certainly appreciates the larger economic context posed by the current pandemic: in terms of overall GDP constraints; heretofore unprecedented access of fellow citizens to Employment Insurance and other emergency supports; the re-establishment of a considerable provincial budget deficit; and need for intensified need for credit access during what has been described by Treasury Board Secretariat as a “very bad period for borrowing.” That coming trade-offs must occur goes without saying. But that we cannot shortchange our children or their future also precedes any such trade-offs.

We therefore trust that the recommendations presented to the Government of Manitoba in this pre-budget consultation brief remain pragmatic and aligned with the expressed needs of our students and their schools, towards the development of Budget 2021. As always, the Manitoba School Boards Association is available for further consultation and advisement regarding the finalization of budget development, should you wish to discuss any of the above recommendations.

In closing, Minister Fielding, we wish you and your colleagues the best of luck in all of your endeavours, with sincere gratitude for your continued partnership and our wishes that, as we together move forward to “Restart Manitoba” our combined efforts will serve to better the cause of public education in Manitoba, on behalf of the hundreds of thousands of Manitobans who rely on this system and its immeasurably valuable programs, supports and services.