



LEADERSHIP, ADVOCACY AND SERVICE FOR MANITOBA'S PUBLIC SCHOOL BOARDS

January 17, 2020

Honourable Scott Fielding
Minister of Finance
Room 103, 450 Broadway
Winnipeg, MB R3C 0V8

Dear Minister Fielding:

As the Government of Manitoba moves forward with the planning of its 2020 Budget, the Manitoba School Boards Association and its membership would like to thank the Minister and his colleagues for their ongoing support of public education in Manitoba.

We are grateful that provincial per pupil funding remains competitive when compared with both the national average and that of neighbouring Canadian jurisdictions. We also recognize the significant ongoing investment made by the Government in the future of our students and communities, through operating funding, new school construction and continued capital infrastructure renewal.

Over the past year, your investment of pilot funding for mental health support in communities with demonstrated need, your plan for expanded access to diagnostic services for pre-school children, and the creation of an important new innovation fund to support creative, frontline solutions to improve the delivery of public education, have each been welcome developments. By building upon such initiatives into the future, we can together respond to the most urgent and critical requirements of our communities and their schools.

The Government's plans to build and/or complete construction of twenty new schools province-wide over the next decade will certainly support community growth, while also making a difference when it comes to the mounting capital deficit that will be faced by public education in Manitoba over the next eighty years. Given the age of school infrastructure at present, that most school buildings will celebrate their centennial in this timeframe, deserves our utmost focus.

At the same time, the Government's commitment to reduce the current reliance of school boards on local property tax revenue, while pledging to maintain required funding in support of public education, represents one of the most significant funding announcements in public education in modern times. School boards across Manitoba look forward to working with you as these plans and blueprints take shape. 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 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 members 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.

We therefore look forward to working with you and your colleagues in the Government of Manitoba, going into Budget 2020 and beyond.

Sincerely,

A handwritten signature in black ink, reading "Alan M. Campbell". The signature is written in a cursive, flowing style.

Alan M. Campbell
President

Cc. Honourable Kelvin Goertzen, Minister of Education



2020 PRE-BUDGET BRIEF

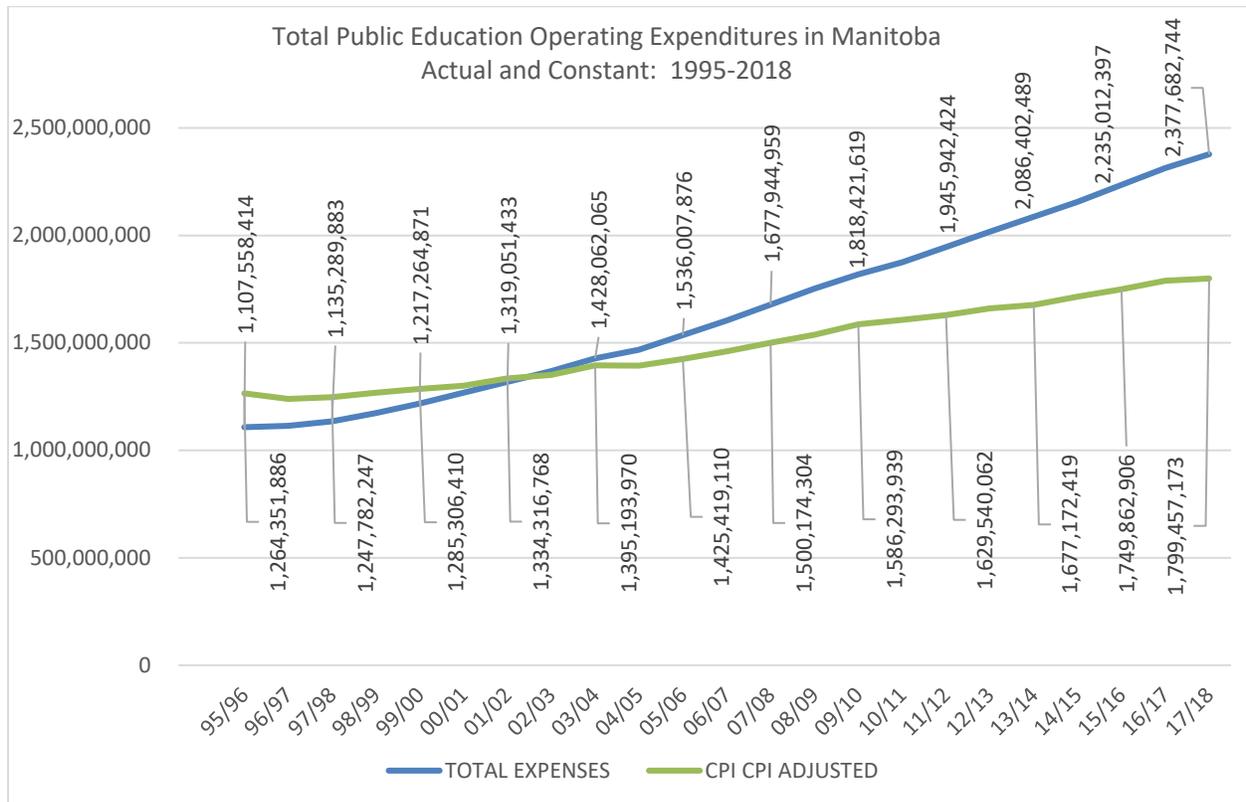
**Submitted to the Honourable Scott Fielding
Minister of Finance**

Inflationary impacts

According to the most recent economic highlights produced by Manitoba Finance, our province’s average inflationary increase going into 2020 is 2.2 per cent.

At the same time, Manitoba’s Real Gross Domestic Product (real GDP) is forecast at only 1.5 per cent growth in 2020. Wage growth is picking up in Manitoba, even while we note a Consumer Price Index whose indices inform us that the cost associated with select goods and services continues to rise at an elevated rate of inflation.

This includes goods and services that are essential to the ongoing operation of Manitoba’s schools and includes such factors as hydro and water costs, the implementation of federal carbon pricing, and the cost of foodstuffs.



Using Fiscal Year 2002/03 as baseline, that inflation represents outlays of nearly 600 million dollars in total investment (out of the approximate \$2.4 billion currently invested in education) warrants special consideration. These monies ensure that we are able to deliver the exact same programs, supports and services in schools as were delivered a generation ago. That the cost of sustaining such programs, supports and services is increasing due to inflationary impacts alone, is more than evident based on this trend. It is a trend firmly demonstrated through the most recent reporting under FRAME (see graph, above).

Recommendation 1: In view of the important role of the public education system as a driver of our overall rate of provincial economic growth, the Manitoba School Boards Association recommends that the Government of Manitoba consider an increase to its funding for public education, as based on projected rates of economic growth, when developing the 2020 Budget. This will help to maintain existing programs, services and supports, by mitigating the ongoing impact of inflation.

By assisting school divisions to respond to the ongoing inflationary pressures that we experience, the Government of Manitoba can ensure that ongoing investment in its public education system will continue to maintain vital services. 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 build our economy.

Real investment growth relative to cost pressures

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

Recommendation 2: The Manitoba School Boards Association recommends that the Government of Manitoba consider approving between a 1 per cent and 1.5 per cent increase to the education budget, with the understanding that this level of investment will help to address identified needs and protect delivery of frontline services in the 2020/21 Fiscal Year.

In terms of staffing, school boards continue to carefully manage compensation reviews and bargaining outcomes according to the contemporary context. To date, this approach has resulted in an average of 0 per cent growth in salaries and benefits for the 2018/19 and 2019/20 Fiscal Years.

Going into the 2020 Budget year however, we must note that 16 out of a total of 82 non-teaching staff bargaining units will become eligible for consideration of increase to their compensation. Additionally, all 38 teacher bargaining units (representing 14,500 FTE teaching staff) will also become eligible. Given that expenditures related to teaching

compensation alone accounted for \$1.2 billion as of the 2017/18 budget year– and not counting mandated progression of employees according to existing salary and classification schedules– that the 2020/21 Fiscal Year will bring new growth to well over half of annual expenditures incurred by school divisions, will be our reality.

In terms of programming and services, we must also look to changes in our student and community populations, along with key demographic projections and influences, to inform the 2020 budget estimates. In terms of the student population, the public school system continues to witness annual growth of nearly 1 percent in enrolment. Concurrently, overall community growth in Manitoba has approached 1.2 percent. These changes do demand additional staff, programming, and services to

continue to meet needs. In real terms, it must be stated that the public education system cannot absorb nearly 2,000 additional students each year without additional teachers, clinicians, and educational assistants, and without expanding the services that these students use for learning and developing. 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 foundations, closely follows.

The final conclusion arising from this projected growth and expenditure is that maintaining status quo operations in 2020-21 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 projected cost drivers of public education in our province.

Changes to the Formula Guarantee and Tax Incentive Grant

Over the previous three budget cycles, 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 an additional two percent decrease. If the 2020/21 Budget foresees a further two percent reduction, then total reductions will approach eight percent overall.

Recommendation 3: The Manitoba School Boards Association recommends that the Government of Manitoba maintain funding under the Tax Incentive Grant in 2020/21 to avoid impacts upon smaller, mainly rural and northern school divisions, with further consideration for maintaining the formula guarantee at status quo.

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 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, if the formula guarantee and TIG support are further reduced. This is even more so accentuated under annual inflationary pressures that constrain existing funding of such services. We therefore do anticipate that as 2020/21 begins, frontline programming and services across particularly rural and northern school divisions will continue to be impacted in far greater proportion. It is because of this context that we request your special consideration under recommendations 1, 2 and 3, in an effort to mitigate these impacts.

Achievement of education property tax reduction

It has long been advocated by our Association, in partnership with the Association of Manitoba Municipalities and other partners, that efforts be undertaken to examine the overall share of provincial and school board revenues that fund the public school system. To this end, the Government's announced intention to disestablish the education support and education special levies is viewed as a positive development for our province, even while it does come with concerns:

- 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 the Government has indicated that the ten year process of repealing educational levies will only commence at such time that the provincial budget is balanced, there remains time to ensure that funding sources will be appropriately dedicated to sustaining programs, supports and services that remain responsive and flexible to meet student and community needs.

It is evident that moving forward with the changes necessary to make this commitment happen can only be facilitated by maintaining affordable mill rates on both levies in an effort to repeal taxes and replace them with sustainable funding sources. To that end, we would like to signal our longer-term willingness to partner with the Government in working to address larger questions of sustainability and growth necessary to achieve the Government's policy objective, even as we do advocate for marginal interim growth under this vital revenue source to avoid underfunding.

We therefore advocate for consideration of an increase to the special requirement of two percent or greater in 2020/21, to address inflationary impacts and cost pressures faced by schools. This will be necessary to address basic needs and requirements without affecting frontline services.

Recommendation 4 and 5:

We recommend that all school boards be enabled to establish an increase of two percent or greater to the special requirement, in order to maintain frontline programs, services and supports for the benefit of our students and communities.

The Manitoba School Boards Association further recommends that a joint task force be convened, with the Province of Manitoba, to explore options and opportunities to support sustainment of local fiscal autonomy to meet community needs and requirements following the repeal and replacement of educational levies, at such time that the provincial budget is balanced.

CONCLUSIONS

Communicating the needs and requirements of one of the world's best public education systems is no small undertaking. It is one that deserves the most careful reflection, inspection and decision.

We have therefore chosen to put forward five of the most essential recommendations, to inform this year's pre-budget consultation brief. By adopting a summarized approach, we trust that the broadest needs of our education system, and the communities that it serves, shall continue to be met.

By addressing the key priorities and objectives outlined in this brief, the Government can make the most meaningful differences— differences that at all times remain focused on our children and meeting their needs. At the beginning and end of every budget cycle, it is our students who drive and motivate our work and advocacy, more than any other priority.

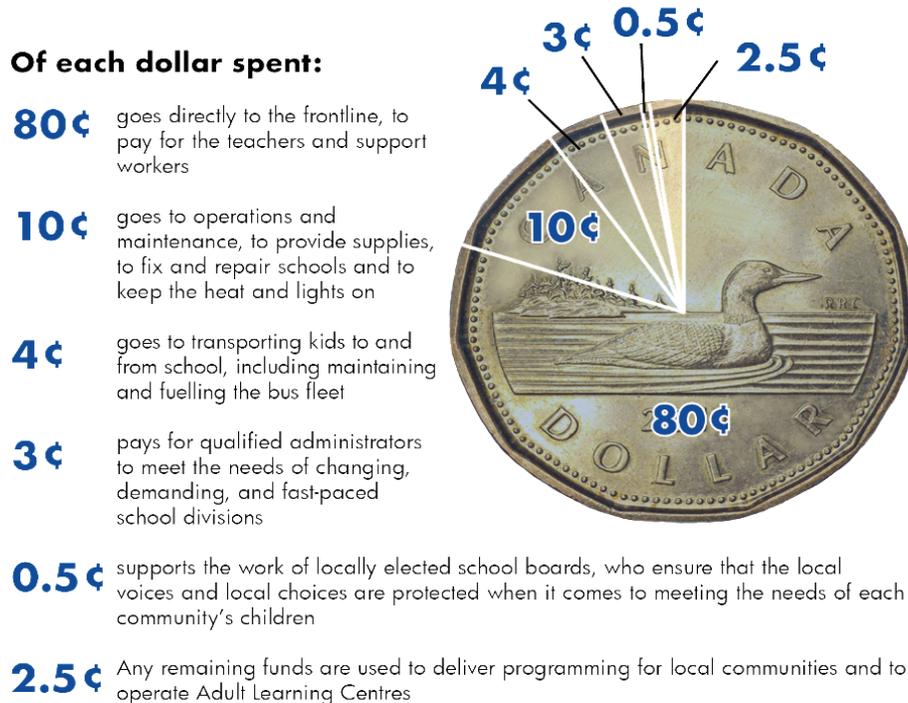
No mistake should be made that there are not additional items and issues that remain of signature importance to the delivery of public education in Manitoba. Many of these we previously shared in our 2019 Budget brief to the Minister. We feel that these remain equally valid to inform the present year’s projections of needs and requirements. For ease of reference, the 2019 budget brief can be accessed by visiting:

<http://www.mbschoolboards.ca/documents/Advocacy/MSBA%202019%20Pre-Budget%20Brief%20Executive%20Summary%20and%20Full%20Analysis.pdf>

Over the past year, our Association has also provided significant feedback to the K-12 Education Review Commission. Chapter 6 of our full-length “2020 Vision” report is dedicated entirely to the question of funding. We do trust that our observations and recommendations have proven beneficial to the work of the Commission. To review the full range of recommendations that we provided, please visit:

http://www.mbschoolboards.ca/documents/Advocacy/MSBA_Submission.pdf

We would therefore like to conclude Minister, by sharing a graph that showcases the relative and proportionate share of where every cent of every dollar goes, when it comes to the operational investments in public education that are made by the Government of Manitoba and school boards.



As seen, 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. That we have worked within established limits to constrain governance and administration costs closely follows. This will remain our motivating ethic into the year 2020 and beyond.

We trust that the recommendations presented to the Government of Manitoba in this brief will serve to inform the development of Budget 2020. 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, we look forward to receiving the forthcoming Funding of Schools Program announcement in the coming weeks, along with full announcement of the Government's 2020 Budget later this spring. We wish you and your colleagues well in all of your endeavours.