



# Talking about Education Funding and Spending



## Overview

In Manitoba, the funding of public schools is a joint responsibility of the provincial government and locally-elected school boards.

Annually, the province allots **operating funds** to each school division in accordance with a complex formula that takes into account things like overall student numbers, population density, transportation needs, and the number of students with special needs. These funds take the form of either **block grants** (which are generally unrestricted funds) or **categorical grants** (funds which must be used for a specific purpose, and which may require a separate application process). Operating funds are used to support the delivery of programs and services to students. In addition to operating funds, the province provides **capital funding** (funding for school construction and major renovations) through the Public Schools Finance Board, and funds the employers' contribution to the Teachers' Retirement Allowance Fund, which is the teachers' pension plan.

Annually, each school board sets a budget. Through the budgeting process, the board establishes its priorities in terms of programs and services. As part of the budgeting process, each school board holds public consultation meetings to give community members a chance to share their views on where money should be spent. When the operating funds provided by the province fall short of the budgetary requirement as determined by the school board, the school board raises the additional funds required by levying a tax on property called the **special levy**.

## Key Points

- On a province-wide basis, the provincial government provides school divisions with approximately 64% of the funds required to operate public schools, although this percentage can vary widely from division to division. This compares to the 80% of operating costs that the province covered in the early 1980s.
- The provincial government sometimes mandates new courses, programs and services. These new mandates may come with some additional provincial funding, but that is not always the case. Even when there is new funding, it rarely covers all implementation costs, leaving school boards to fund the difference.
- No program is funded 100% by provincial operating grants, not even those thought of as core curriculum.

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## Q&A

***The provincial government gives school boards most of the money they need to run the schools, and increases that funding each year. Why do my property taxes keep increasing?***

In total, the provincial government provides 64% of the operating funds needed to run public schools. The amount of provincial funding varies from one school division to another. Some divisions receive less than 50% of their operating revenues from the provincial government. A 3% increase in provincial operating grants does not equal a 3% increase in operating revenues unless there is a corresponding increase in the special levy. As well, increases in provincial funding often come in the form of categorical grants targeted at specific programs or circumstances. This money cannot be used to offset general “cost of living” increases that schools are facing.

***Manitoba’s school-aged population is shrinking, so why are education costs increasing?***

Actually, student numbers in Manitoba are growing. While there may have been more school-aged kids during the peak baby-boom years than there are now, provincial student enrolment has been increasing annually since 2010, and the rate of growth has accelerated in recent years.

Some areas of the province are facing declining enrolment, however, and the impact of that decline is often higher rather than lower per-pupil costs. For example, when a school division’s student population declines by 30, that decline is spread across schools and grades—it doesn’t translate immediately into a reduction in the number of classrooms and teachers. A legislated moratorium on school closings can add to this problem, as the ability of school boards to consolidate schools and programs to achieve cost-savings and efficiencies has been severely restricted. A sparser student population also adds directly to costs such as transportation, as fewer students are transported on longer bus routes.

Beyond numbers, the makeup of our student population is also changing. The number of students with special needs, as a percentage of the population, is increasing. These students’ may require medical, behavioural or emotional supports, one-on-one learning assistance, or structural modifications. Schools are also seeing a huge influx of newcomer students. Some of these student require English or French as an additional language supports, while other require intense remediation to help them fill gaps created by interruptions in their education. School boards have a moral and legal obligation to ensure all students succeed. Fulfilling that obligation comes with a cost, and provincial funding pays that cost only in part.

***Why do school divisions spend so much money on administration? Shouldn’t they be spending it in the classroom?***

Public schools are no different from any other business in that there are necessary administrative functions—employees have to be paid, resources have to allocated, and programs have to be supported. What is different in our public schools is that those administrative costs are capped by law, to a maximum of 5%. Our public school system spends significantly less on administration as a percentage of overall operating costs than do municipal governments, where that number frequently tops 10%.

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***I wouldn't mind paying my school taxes if I thought the money was needed, but don't school boards have big surpluses that they could be spending instead of raising taxes?***

Most school divisions do have some surplus money, or a financial reserve. Maintaining such a reserve makes good financial sense, and is recommended by the independent auditors that review school division finances each year. Some of these funds are earmarked for specific projects, such as new classroom equipment which may be funded from several years' budgets. Some may be held to pay for anticipated expenses, such as retroactive salary adjustments where employee contracts have expired, and some money is needed to make sure school boards can pay for those unexpected expenses, such as utility increases. When reserves are used to offset tax increases, any reprieve is short-lived. A revenue shortfall that is made up from reserves one year will have to be recovered from regular revenue sources in subsequent years.

***Why don't school divisions control spending instead of always looking for more money?***

School divisions work hard to control spending, but they have to weigh any cuts in spending against the possible negative impact on students. Education is a labour intensive enterprise, with 85% of operating costs attributable to salaries and benefits. Most of these salaries and benefits are for employees such as teachers, classroom assistants, bus drivers, and custodians—employees that have an immediate and direct impact on students' learning and school experience. In order to realize significant cost savings, school boards would need to increase class size, cut programs, or consolidate facilities in order to allow them to reduce their payrolls. Community consultations on school board budgets, which are required each year by law, have shown repeatedly that rather than wanting fewer services to save money, most community members are looking to schools to do more. Doing more comes with a cost.

***My municipal taxes are staying pretty much constant, while my school taxes keep increasing. Why the difference?***

It's misleading to look at tax rates in isolation. In the city of Winnipeg, for instance, property tax rates remained virtually unchanged for many years. But property taxes accounted for as little as 43% of the city's revenue during that time. Municipalities also have access to revenues generated by user fees for goods and services, licensing and permit fees, and a portion of provincial VLT revenues. Revenue from these other sources has increased significantly as fees have been steadily hiked. Schools boards do not have access to alternate sources of revenue such as these—their only sources are provincial grants and the special levy.

The no-tax-increase policy some municipalities adopted created an infrastructure deficit. Addressing that deficit will require several years of regular and significant property tax increases, but it can be corrected. When we talk about road repairs, postponement may be an option, but it's not an option when we are talking about kids' futures.

