

The Main Sources of Operating Revenue

Supporting Manitoba Public Schooling

There are three main sources of operating revenue supporting education program and service delivery by Manitoba public schools.

Provincial Direct Funding

The Province of Manitoba distributes funds directly every year to each school division and district via a public school finance model.

Dollars to support the public school finance model are drawn from two sources, the provincial treasury of Manitoba and the education support levy of the province. The education support levy applies to commercial and industrial property assessment.

Canadian provinces outside Manitoba rely on a the provincial treasury and property taxation set by the provincial government to generate revenue in support of the public school finance model of the province. Some provinces place full reliance on the provincial treasury. The public school finance model fully funds the annual costs of program and service delivery by the public schools in the province.

Provincial Indirect Funding

There is a second type of payment system used by the Province of Manitoba to distribute funds in support of public schooling. This method consists of two types of provincial payments. Such payments are known as indirect funding.

Since the 1972 tax year, the provincial government has paid, on behalf of the residential ratepayer, a set uniform dollar amount of the yearly property tax levied by a school board on each principle residence. The dollar amount of the tax credit has been increased from time to time over the years. Initially, the amount of the tax credit was paid by the provincial government to each civic and municipal jurisdiction which collected property taxes on behalf of school divisions and district. In recent years, the provincial government began paying the amount of the tax credit to each school division and district. This revenue is reported clearly by FRAME.

Since the 2004 tax year, the provincial government has made payments known as the farmland school tax rebate. A set uniform percentage of the yearly property tax levied by a school board on farmland is rebated to the farmland ratepayer. The percentage

rate of the tax rebate has been increased each year since its introduction. In the 2009 tax year, the farmland school tax rebate offsets 75% of the amount of school board taxation on farmland.

Property Taxation by Public School Boards

Manitoba is the only Canadian province to preserve the practice of school boards having to rely on property taxation at the school division or district level to provide revenue for education program and service delivery.

The Basic Structure of the Provincial Public School Finance Model

- The Funding of Schools Program

The public school finance model implemented by a provincial government generally sets out the methods by which provincial dollars will be allocated to support the delivery of education programs and services by school division or districts.

The current model of public school finance, the Funding of Schools Program (FSP), was introduced by the Manitoba government for the 2002/2003 operating year. It consists of four main parts:

Base Support

A series of allocations paid on the basis of full-time equivalent student enrollment.

Base Support accounts for approximately 60% of the operating funds distributed by the funding model.

Categorical Support

A series of allocations paid on the basis of full-time equivalent student enrollment.

The categorical allocations account for approximately 20% of the operating funds distributed by the funding model.

Equalization Support

There are two calculations determining the annual amount equalization funding which a school division or district is entitled to receive from the funding model.

This part of the funding model is particularly important because it targets the allocation of provincial dollars to school divisions and districts, in general terms, on the basis of the relative value of the property assessment base of the jurisdiction to the number of students enrolled.

The equalization allocations account for approximately 20% of the operating funds distributed by the funding model.

Capital Support

The Importance of Equalization Funding

Equalization funding is the one component of the current model of Manitoba public school finance which gives a school board an instrument to apply fiscal policy and to augment the flow of provincial dollars into the school division or district in support of program and service delivery.

The calculations of the annual amount of equalization funds which a school division or district is entitled to receive from the funding model recognize such factors as:

- the relative worth of the property assessment for school purposes underlying each division or district in relation to the number of resident students
- education program and service expenditure by each school division or district
- the mill rate effort being contributed toward public schooling within each school division and district

The approach toward a degree of revenue equalization among jurisdictions set out by the public school finance model of Manitoba is useful in the context of a funding system which continues to place reliance on property taxation at the community level.

The most effective form of revenue equalization in support of public schooling and equity is taxation at the provincial level in support of a funding model which fully funds the annual cost of public school programs and services.

The Purpose and Scope of the Annual Funding Announcement for the FSP

During the end of January, the Government of Manitoba announces the level of provincial support for the public school finance model for the next fiscal year beginning on July 1st. This announcement of intentions for funding the public school finance model serves as a preview to the overall fiscal policy of the provincial government for the forthcoming fiscal year which is unveiled in the provincial budget.

The January announcement identifies the change in the total annual value of the public school finance model, the Funding of Schools Program. In making the funding announcement, the Manitoba government is not identifying the precise change in the value of provincial funding to each school division or district for the next fiscal year.

However, as a result of the January announcement when the provincial government has identified an increase of a specific percentage, the media generally reports each year that public schools have been provided that specified percentage. The assumption arises that most if not all school divisions and districts should be receiving the specified percentage increase.

In recent years, the FRAME reporting system shows that the total operating funds distributed to school divisions and districts by the provincial public schools finance model have been equivalent to 55% to 56% of the total annual operating costs of Manitoba public schools. The January announcement about the future total value of the funding model is related to the 55% to 56% coverage provided by the funding model.