

## **BACKGROUNDER – MINISTRY OF EDUCATION**

More Information is provided below on:

- New Funding Distribution Model for Education
- School Operating Funding
- New Provincial Shared Ownership Capital Funding
- Literacy Camps
- Early Years Funding

### **THE NEW EDUCATION FUNDING DISTRIBUTION MODEL:**

#### **INTRODUCTION**

In 2009, the provincial government fulfilled its promise to the people of Saskatchewan by increasing the amount of government funding for education and providing the largest reduction in the education portion of property taxes in Saskatchewan history. Under the new system, the province cut and capped education property taxes (mill rates) by setting province-wide tax rates for each of the three property classes – residential, commercial, and agriculture - in accordance with tax relief commitments. The balance of school division funding is provided through the province's General Revenue Fund.

Prior to the introduction of province-wide education property tax rates, each taxing school division set an annual mill rate. There was substantial variation in school division mill rates and the assessment base on which the mill rates were applied, contributing to a significant variation in fiscal capacity among school divisions. As a result, the Government of Saskatchewan developed the new model to address inequities in the education funding distribution system and ensure funding is provided in an equitable way among school divisions throughout the province.

#### **CONSULTATION PROCESS**

The Ministry of Education began working with members of the education sector in June 2009 to support the development, integration and implementation of the new funding distribution model. One of the main objectives was to ensure that the funding model was integrated with all ministry programs and initiatives, within government and the education sector. It was developed with the principles of equity, transparency, accountability, mutual responsibility and sustainability to achieve a fairer balance for education funding.

The structure consisted of an Advisory Committee, six subcommittees and two technical committees. The Advisory Committee consisted of three representatives from the Saskatchewan School Boards Association (SSBA), two representatives each from the League of Educational Administrators, Directors and Superintendents (LEADS), Saskatchewan Association of School Business Officials (SASBO) and Saskatchewan Teachers' Federation (STF), and one representative each from the Federation of Saskatchewan Indian Nations (FSIN) and Métis Nation Saskatchewan (MN-S).

#### **FUNDING IMPACT**

The education funding model will allocate funding to Saskatchewan boards of education through the provincial general revenue fund and education property tax revenue.

Under the new model, the entire amount of property tax revenue is equalized across the province. Change to a school division's tax revenue is offset by provincial funding: if a school division's tax revenue increases, their grant funding will decrease to compensate. The total approved funding for the division will not change. Therefore, a school division will no longer benefit from having a richer tax base than another division.

The implementation of the new funding distribution model will cause shifts in funding, as historical inequities are addressed. Provincially, approximately \$30 million will be redistributed among school divisions and this is less than two per cent of total operating funding. Funding shifts may range from -15 per cent to +11 per cent. There are a few main reasons why the funding shifts will occur:

- Historical tax wealth: school divisions that had greater access to revenue simply spent more on their operations. Other divisions that had comparatively low fiscal capacity were not able to spend at an equitable level. Achieving equity on a provincial level will result in some school divisions receiving an increase and others receiving a decrease.
- Frozen-in inequity of operating capital: the interim funding model utilized from 2009-10 to 2011-12 was based on school division budgets from 2008-09, with adjustments for items such as inflation, enrolment change, etc. The interim model continued to provide funding at the level of spending each school division planned for 2008-09. In some cases, school divisions had a higher-than-average spending year in 2008-09 if they had large operating capital projects like renovations or a large technology update.
- Operational choices: school divisions have always had a high level of autonomy in their operating and expenditure decisions. School divisions have historically made decisions based on their local circumstances, needs and priorities.

## **TRANSITION STRATEGY**

The Government of Saskatchewan understands the impact the new funding model will have on school divisions, so a transition strategy has been developed to alleviate the short-term impacts for school divisions facing potential shifts in funding.

The transition strategy will provide school divisions with a transition period of two to four years to realign their spending to the new funding levels. It will also allow them to strategically plan for changes to their service delivery and look for operating efficiencies rather than staff layoffs.

An additional \$10 million will be provided to school divisions for transition assistance in 2012/13. As a result of the new funding formula together with the funding increase, school divisions will see funding increases this year ranging from 1.7 to 14.4 per cent.

## **SCHOOL OPERATING FUNDING**

The Government of Saskatchewan's overall funding to school divisions has increased by approximately 20.7 per cent since 2007.

The charts below provide detail on the specific amounts provided for school operating, school capital and teacher pensions and benefits.

(Note - Please see Appendix A, B, (attached) for more information on school division fiscal year vs government fiscal year operating funding distribution.

The variation in these two charts represents the difference between the government fiscal year and the school division fiscal year. There are timing differences between the two fiscal years. The government fiscal year is April 1 to March 31, while the school division fiscal year is September 1 to August 31. The school division fiscal year extends five months past the government fiscal year, which requires a pro-rating of funding over two fiscal periods. This has the impact of having government year amounts being 'blended' over school division fiscal periods and creating variances in the rate of funding increases.)

	<b>Provincial Funding (Provincial grant and Education Property Tax credit) (\$M's)</b>	<b>Government's Share</b>	<b>Education Property Tax (\$M's)</b>	<b>Property Tax Share</b>	<b>Grant + Tax Funding (\$M's)</b>	<b>Percentage Increase</b>
2007-08	694.9	48.3%	742.4	51.7%	1,437.3	
2012-13	1,128.7	65.0%	606.5	35.0%	1,735.2	20.7%

<b>School &amp; Child Care Capital Infrastructure</b>	2007-08 (\$M's)	2008-09 (\$M's)	2009-10 (\$M's)	2010-11 (\$M's)	2011-12 (\$M's)	2012-13 (\$M's)	Total (\$M's)
<b>Total Government Commitment</b>	13.1	259.967	57,141	5.039	45.268	116.412	496.927

<b>Teachers' Pensions And Benefits</b>	2007-08 (\$M's)	2008-09 (\$M's)	2009-10 (\$M's)	2010-11 (\$M's)	2011-12 (\$M's)	2012-13 (\$M's)	Total (\$M's)
<b>Total Government Commitment</b>	135.783	194.083	173.169	176.815	198.507	244.892	1,123.249

## **NEW PROVINCIAL APPROACH TO CAPITAL SHARED OWNERSHIP:**

Through a new provincial shared ownership model, the Government of Saskatchewan is changing the funding formula for construction of various capital projects, such as new schools and long-term care facilities – by amortizing the costs over the expected life of the facility rather than expensing the entire capital cost in the first year. This is similar to how the province funds construction of highways.

Saskatchewan's population is growing very rapidly and there is a need for new schools in a number of communities. By expensing these projects over the life of the asset, rather than all up front, the province can afford to get them started sooner. It's a different way of accounting for capital dollars and is in line with Public Service Accounting Board (PSAB) principles.

This year, six major school capital projects will be funded through the new provincial shared ownership model:

- St. Joseph/Oman – Swift Current
- Willowgrove School - Saskatoon
- Holy Family School - Saskatoon
- White City Elementary – Regina
- Warman School – Warman
- College Park Elementary - Lloydminster

## **EFFICIENCY INITIATIVES**

The education sector has 28 school divisions, each with a full complement of support and administrative services to deliver their educational programs. By looking broadly at the sector as a whole, government believes there are opportunities to act together to improve overall capacity and to lower operating expenses – such as shared services or group purchasing.

Government is taking steps to ensure smart, principled and sustainable spending in the education sector. The ultimate goal is to maintain the future sustainability of the education system for all children and youth in Saskatchewan. This efficiency agenda is about making strategic decisions that utilize existing resources more wisely in order to leverage the investments for greater impact on positive outcomes for students.

## **LITERACY CAMPS:**

Partnering with six school divisions, the Pakkison Nuyeh Library and Frontier College, the Ministry of Education is working to reduce summer reading loss by investing in summer literacy camps. Held in 20 communities across the province, these camps will engage over 750 children aged five to 14 in camp activities rooted in literacy and numeracy.

Saskatchewan school divisions (SD) taking part in the literacy camps include:

- Northern Lights SD
- Creighton SD
- Ile a la Crosse SD
- Light of Christ RCSSD

- Living Sky SD
- Prairie Valley SD

**EARLY YEARS FUNDING:**

The Government of Saskatchewan has committed to an additional 2,000 licensed child care spaces to be added across the province within the next four years – 500 of which will be added in 2012-13. Government has increased the total number of child care spaces by 3,935 since 2007, an increase of 42 per cent.

To support the province's vulnerable three and four-year-old early learners, 15 new prekindergarten programs will be developed in 2012-13. Since 2007, the Government has invested \$7.6 million into prekindergarten program operations to support 131 new prekindergarten programs and an additional \$7.5 million for prekindergarten capital projects in schools. There are now 4,576 vulnerable three and four year olds benefitting from this important program.

Together, this brings the total target number of licensed child care spaces to approximately 13,240 and the total number of designated prekindergarten programs to 286.

**APPENDIX – A**

**Education Funding for Saskatchewan School Divisions**  
(Government Fiscal Year)

**2011-2012 vs. 2012-2013**

	Budget Day 2011-12 (\$000s)	Budget Day 2012-13 (\$000s)	Variance	
			Dollars (\$000s)	%
Chinook School Division	78,304	80,589	2,285	2.9%
Christ the Teacher Roman Catholic Separate School Division	15,921	16,944	1,023	6.4%
Conseil des École Fransaskoises	21,755	24,887	3,132	14.4%
Creighton School Division	5,664	5,851	187	3.3%
Englefeld Protestant Separate School Division	1,121	1,183	62	5.5%
Good Spirit School Division	63,322	66,820	3,498	5.5%
Holy Family Roman Catholic Separate School Division	10,482	11,121	639	6.1%
Holy Trinity Roman Catholic Separate School Division	20,288	21,780	1,492	7.4%
Horizon School Division	68,069	71,269	3,200	4.7%
Ile a la Crosse School Division	5,077	5,315	238	4.7%
Light of Christ Roman Catholic Separate School Division	17,852	18,939	1,087	6.1%
Living Sky School Division	63,838	64,953	1,115	1.7%
Lloydminster Roman Catholic Separate School Division	5,739	6,124	385	6.7%
Lloydminster School Division	12,820	13,344	524	4.1%
North East School Division	53,087	55,219	2,132	4.0%
Northern Lights School Division	50,545	52,321	1,776	3.5%
Northwest School Division	50,945	52,729	1,784	3.5%
Prairie South School Division	80,965	83,457	2,492	3.1%
Prairie Spirit School Division	93,803	97,406	3,603	3.8%
Prairie Valley School Division	88,022	90,236	2,214	2.5%
Prince Albert Roman Catholic Separate School Division	26,585	28,308	1,723	6.5%
Regina Roman Catholic Separate School Division	84,413	89,882	5,469	6.5%
Regina School Division	181,461	193,318	11,857	6.5%
Saskatchewan Rivers School Division	82,082	86,856	4,774	5.8%
Saskatoon School Division	187,151	198,357	11,206	6.0%
South East Cornerstone School Division	85,041	88,602	3,561	4.2%
St. Paul's Roman Catholic Separate School Division	132,492	140,598	8,106	6.1%
Sun West School Division	53,818	55,851	2,033	3.8%
<b>Provincial Total</b>	<b>1,640,665</b>	<b>1,722,257</b>	<b>81,593</b>	<b>5.0%</b>

**APPENDIX – B**

**Education Funding for Saskatchewan School Divisions**

*(School Division Year)*

**2011-2012 vs. 2012-2013**

	Budget Day 2011-12 (\$000s)	Budget Day 2012-13 (\$000s)	Variance	
			Dollars (\$000s)	%
Chinook School Division	78,010	81,382	3,372	4.3%
Christ the Teacher Roman Catholic Separate School Division	16,093	17,226	1,133	7.0%
Conseil des École Fransaskoises	22,589	24,331	1,742	7.7%
Creighton School Division	5,752	5,844	92	1.6%
Englefeld Protestant Separate School Division	1,139	1,195	56	4.9%
Good Spirit School Division	63,992	67,747	3,755	5.9%
Holy Family Roman Catholic Separate School Division	10,554	11,323	769	7.3%
Holy Trinity Roman Catholic Separate School Division	20,685	22,131	1,446	7.0%
Horizon School Division	67,937	72,475	4,538	6.7%
Ile a la Crosse School Division	5,036	5,392	356	7.1%
Light of Christ Roman Catholic Separate School Division	17,977	19,322	1,345	7.5%
Living Sky School Division	63,278	65,205	1,927	3.0%
Lloydminster Roman Catholic Separate School Division	5,829	6,250	421	7.2%
Lloydminster School Division	13,044	13,349	305	2.3%
North East School Division	53,485	55,565	2,080	3.9%
Northern Lights School Division	50,634	52,755	2,121	4.2%
Northwest School Division	51,158	53,029	1,871	3.7%
Prairie South School Division	80,990	83,934	2,944	3.6%
Prairie Spirit School Division	94,846	97,656	2,810	3.0%
Prairie Valley School Division	88,353	90,224	1,871	2.1%
Prince Albert Roman Catholic Separate School Division	26,771	28,791	2,020	7.5%
Regina Roman Catholic Separate School Division	85,360	91,545	6,185	7.2%
Regina School Division	182,595	196,939	14,344	7.9%
Saskatchewan Rivers School Division	82,862	88,288	5,426	6.5%
Saskatoon School Division	188,629	201,876	13,247	7.0%
South East Cornerstone School Division	84,963	89,855	4,892	5.8%
St. Paul's Roman Catholic Separate School Division	134,192	142,063	7,871	5.9%
Sun West School Division	54,168	56,287	2,119	3.9%
<b>Provincial Total</b>	<b>1,650,921</b>	<b>1,741,981</b>	<b>91,058</b>	<b>5.5%</b>

**APPENDIX – C**

**Education Funding Distribution Model – Chart of Accounts**

**School Division Operating Funding**

<b>School Division Operating Funding</b>	=	<b>Expenses</b>	-	<b>Revenues</b>
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**Expenses**

Governance	Administration	Instruction	Plant Op & Maintenance	Complementary Services	Transportation	Tuition Fee Expense	Debt Repayment
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Base Instruction	School Based Support	Supports for Learning	Locally Determined	Instructional Resources
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Transportation Operations	School Bus Renewal
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**Revenues**

Property Tax	Tuition Fee Revenue
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Taxable Assessment	Grants in Lieu of Taxes
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