



# Canada's Approach to School Funding

The Adoption of Provincial Control  
of Education Funding in Three Provinces

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Juliana Herman May 2013



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# Introduction and summary

The academic success of Finland, South Korea, and others on recent international tests has sparked a renewed interest among educators and those concerned with education policy in the United States in looking to other countries for examples of how we might improve our education system. Teacher training and quality in leading countries has received a lot of attention, but we should also be paying attention to and trying to learn from the way other countries fund their schools. Many high-achieving countries have attained greater equity in their systems of school finance, and their methods and approaches can and should serve as examples for how U.S. states could implement more equitable funding schemes.

Specifically, this report looks at how our neighbor to the north, Canada—a country that has consistently preformed well on international tests—funds its schools. Several provinces have successfully implemented school-funding systems that are more equitable than those in most U.S. states. To determine how Canada has gone about designing a more equitable school-funding scheme, this report focuses on three provinces—Alberta, British Columbia, and Ontario—each of which has adopted provincial-level funding systems that aim to achieve greater school-funding equality and equity. In these systems the province—which in terms of government organization roughly parallels the state level in the United States—has taken on full responsibility for its own education funding.

This report explores the design of these three provinces' different school-funding systems. For each province, we look at where education dollars come from; who has the taxing authority; how school resources are allocated and whether that allocation is more or less equitable; and what other education money is raised and how that might impact the broader goal of equality and equity of school resources.

A few key findings emerge from this analysis:

- These three provinces have successfully transitioned from a joint provincial-local funding system to a provincial-level funding system—a system that has the potential to promote at least equality, if not equity, in school funding.

- Each province has taken a different approach to designing and implementing a provincial-level funding system, which has included tailoring their system based on specific needs and priorities. This is especially true regarding the role and use of local property-tax dollars under the provincial-level funding system. Alberta, British Columbia, and Ontario thus provide three different models of how such a system might work.
- There is a great deal of flexibility when it comes to determining how much power local boards and schools retain in terms of their ability to raise local taxes, fundraise, or charge school fees. To highlight this point, in no case were schools denied the ability to raise additional funding, but the parameters of that varied depending upon the province.
- Each province maintains and reinforces a strong commitment to local control of education. School boards, for the most part, have the power over and authority to decide how to spend and allocate funding, despite the provincial-level funding system. School boards are elected in Alberta,<sup>1</sup> British Columbia,<sup>2</sup> and Ontario.<sup>3</sup>
- A provincial-level funding system may allow for more stable and predictable school budgeting. Funding schools at the provincial level creates a broader tax base than the more traditional system that depends on local property wealth, which has inevitable yet less predictable and often very unevenly dispersed fluctuations in value and thus revenue.
- These provincial-level funding systems serve as a clear reminder of the key distinction between equality and equity and underscore the fact that how dollars are allocated is just as important as the amount and sources of funding.
- Provincial-level funding systems are not without drawbacks and are not a foolproof plan for either sufficient or equitable school resources, but they may offer a way to implement a more equitable funding system and therefore are worthy of study.

States in this country should not be afraid of undertaking systematic funding. Certainly, there will be political and implementation challenges, but a growing number of policymakers, voters, advocates, teachers, parents, and students are becoming dissatisfied with the status quo. Questions of education governance and school finance require both bold thinking and innovative action.



It is important to note that this report only looks at the method of funding school districts. It does not address the essential questions of how funds are distributed to schools within a district or the capacity of the provinces or school boards to do so. Yet for a system to be truly equitable, it must allocate dollars at all levels based on student needs—something that many school districts fail to do in the United States. Adopting a more equitable system of funding school districts and even moving to a state-level funding system would thus only be one element in creating and implementing a fully equitable school-funding system.<sup>4</sup>

Finally, we know that adopting equitable funding systems will not in itself lead to equal educational opportunities, but equitable school funding is an essential factor in creating a system in which all students have access to a high-quality education and therefore have the chance to achieve academic success.



# Background

For progressive education reformers, equity in school funding means that all districts and schools receive resources based on the educational needs of their specific students. Whether education funds are from federal, state, or local governments, they are allocated based on the differing needs of students and not based on the wealth of a district or school. Some students—students with special educational needs or English language learners, for example—require more resources in order to have equal educational opportunities. Without extra resources, such students are much less likely to be academically successful and to do well in today’s challenging and competitive global economy.

Education experts such as Marguerite Roza<sup>5</sup> and Professor Bruce Baker<sup>6</sup> have documented specific shortcomings with the current school-funding system in the United States. They point out that most states have failed to adopt and implement equitable funding systems. Instead, over time states have cobbled together a patchwork “system” of funding schools whereby school districts are funded by an illogical and disorganized combination of federal, state, and local resources.

For schools and districts across the country, funding from local sources makes up about 40 percent of all school resources.<sup>7</sup> The large majority of this funding comes from local property taxes. This means a district’s ability to raise money locally depends on its wealth. In practice, this means property-rich districts are able to raise more money, often with lower tax rates, while property-poor districts struggle to raise the needed resources for education, even when employing higher tax rates. In general, states have adopted state-funding systems that are aimed at “[a]ccounting for differences in the ability of local public school districts to cover those costs” to raise education dollars, according to a 2012 CAP report, “The Stealth Inequities of School Funding.”<sup>8</sup> But in most cases, these systems have failed to eliminate the gross inequities in funding that exist between low- and high-wealth school districts.<sup>9</sup> As a result, many high-poverty districts and schools continue to receive fewer state and local resources than their low-poverty counterparts, despite the documented need for greater resources in those districts and schools.

Policymakers have spent decades of work and millions of dollars trying to retool the existing state-funding systems in order to make them equitable and to provide resources to the students who need them most. But it is time to recognize that simply putting patches on the existing hodgepodge method of funding schools will not be enough. If a truly equitable system is to replace the current one, policymakers and advocates need to rethink entirely how public schools in the United States are funded.

Fortunately, there is no need to start from scratch. Former President Richard Nixon's Commission on School Finance and the Center for American Progress's Vice President for Education Policy Cynthia Brown, for example, have both proposed that, "State governments assume responsibility for financing substantially all of the nonfederal outlays for elementary and secondary education with local supplements provided up to a level not to exceed 10 percent of the State allocation."<sup>10</sup> This proposal is not unlike the systems implemented in Alberta, British Columbia, and Ontario.

A little background on education in Canada and in these three provinces: Unlike in the United States, there is no federal department or ministry of education in Canada. The Canadian Constitution gives exclusive power to "make Laws in relation to Education" to the provincial legislatures.<sup>11</sup> Despite this provision, provincial governments have historically shared responsibility for funding schools with local municipalities and school boards.

Over the past few decades, however, Alberta, British Columbia, and Ontario—three of the four most populous provinces<sup>12</sup> with student populations of a similar size to those in most U.S. states—each moved to a unique version of a provincial-funding system. These provinces also happen to be Canada's first-, second-, and third-ranked provinces on the 2009 *Program for International Student Assessment, or PISA*, reading section, and would have been the fifth-, sixth-, and eighth-ranked countries in the world<sup>13</sup> if ranked individually. On the more recent *Trends in International Mathematics and Science Study*, or TIMSS, both Ontario and Alberta scored above average in math and science for fourth grade, and statistically the same or better than the United States for eighth-grade math and science.<sup>14</sup> Their size, strong academic success, and unique approaches to funding make them instructive vehicles to study.

Let's take a closer look at each province in turn.

# Alberta

Alberta has almost 600,000 public-school students, which is roughly similar in size to each of the student populations in Oregon and Utah.<sup>15</sup> These students attend schools across 64 school boards with an education budget of about \$5.5 billion.<sup>16</sup> On the 2009 PISA, Alberta was second in the world in reading and eighth in math.<sup>17</sup>

Prior to its 1994 reform efforts,<sup>18</sup> Alberta's education-funding system was similar to the systems in many U.S. states. Schools were funded through a combination of local taxes levied and collected by municipalities and revenue from the provincial government. The Calgary Board of Education, for example, raised about "40 percent of its revenues through the local tax base."<sup>19</sup> Yet as the former Alberta Education Minister Gary Mar explained, under this dual-funding system, "the per-student amount that school boards had to spend was determined by the wealth of the local tax base," instead of by the needs of the students. As a result, "large inequities existed," said Mar.<sup>20</sup>

When the late Alberta Premier<sup>21</sup> Ralph Klein came to power in 1993, his government undertook a significant reform of the education-funding system—one that went right to the heart of funding inequality.<sup>22</sup> It adopted a new system under which the province would be responsible for providing all funding for Alberta's schools.<sup>23</sup> The province would set the funding level and determine the method of funding allocation. Individual school boards—with the exception of separate religious boards—would no longer raise general school funds through local taxation.<sup>24</sup>

Alberta took an innovative approach in designing its new provincial-level funding system. The minister of education determines each school board's education-operating budget using the province's allocation formula;<sup>25</sup> boards then receive this funding allotment from a combination of property taxes and general provincial revenues.<sup>26</sup> Overall, property taxes contribute about 32 percent of the total provincial education budget.<sup>27</sup> The key distinction is that under the provincial-level funding system, local school districts no longer set their own property-tax rates nor do they spend the money raised from property taxes locally.<sup>28</sup> Instead, under the

province's education statute, called the *School Act*, the Alberta provincial government has the authority to levy taxes for school purposes;<sup>29</sup> and the lieutenant governor in council<sup>30</sup> sets the property-tax rates for the entire province.<sup>31</sup> These rates are uniform across the province within a tax category but may vary by category.<sup>32</sup> To illustrate this point, in 2012 the residential and farmland rate was 2.7 mills and for nonresidential property it was 3.97 mills.<sup>33</sup> Interestingly, the provincial government states that “since assuming responsibility for education property taxes, the province has cut residential education property tax rates by 64.7 percent.”<sup>34</sup>

Alberta's *School Act* requires municipalities to levy these tax rates on all assessable property,<sup>35</sup> but instead of turning the money over to school boards, the municipalities pay the money to the province. Specifically, the money goes to a newly created entity called the Alberta School Foundation Fund, or ASFF.<sup>36</sup> The fund collects all of the property taxes raised for school purposes in the province and then makes payments to each school board on a per-pupil basis.<sup>37</sup> Each board thus receives the same amount per pupil. The amount is determined by simply dividing the total amount raised from property taxes by the number of eligible students in the province.<sup>38</sup>

According to Alberta's government, “Pooling the education property tax in the ASFF ensures that students receive a quality education regardless of their municipality's [property] assessment wealth.”<sup>39</sup> Or, as the Alberta Ministry of Municipal Affairs—the provincial department responsible for assisting municipalities with local government—phrases it, the fund creates “equitable funding for students no matter where they live.”<sup>40</sup> Logistically, property taxes could roll up to the provincial level without being segmented into a separate fund, but Alberta specifically chose to create the ASFF in order to allow for the “separate accounting of education property tax funding.”<sup>41</sup> The advantage of this approach is that the separate fund provides transparency to voters. Officials are able to ensure that all property-tax revenue raised for school purposes is spent entirely on students.

Alberta has traditional public school boards such as those in the United States, but they also have what are called “separate school boards.”<sup>42</sup> These separate school boards are, in essence, for public religious schools.<sup>43</sup> Members of either the Roman Catholic or Protestant faith can choose to form a separate school board in order to educate the children of their faith.<sup>44</sup> (Though if there is “sufficient space and resources,” any child regardless of faith may enroll in a separate school.<sup>45</sup>) In Alberta there are 17 separate school boards out of a total of 64 school boards.<sup>46</sup> This covers about 23 percent of students in public schools.<sup>47</sup> Unlike traditional

school boards, separate school boards are not required to participate in the Alberta School Foundation Fund.<sup>48</sup> They can instead choose to “opt out” and raise part of their operation funding from locally designed property-tax sources.<sup>49</sup>

Here’s how it works: If a separate board chooses to opt out, it “requisition[s] and collect[s] property tax money from the municipalities directly” and spends those dollars directly on its students, instead of depositing them into the fund.<sup>50</sup> These dollars come from taxes on the property of only those who share the same religious faith as those of the separate school board.<sup>51</sup> Thus, for example, a Roman Catholic separate school board would be funded by property taxes paid by Roman Catholics who live in the relevant municipality.

If an opted-out separate school board receives less from property taxes than the per-pupil amount it would have received if it had participated in the Alberta School Foundation Fund, then the fund “tops off”—provides additional money to—the separate board to bring its property-tax funding to the per-pupil amount received by every other school board in Alberta.<sup>52</sup> This ensures that the separate school board’s choice to participate in the fund is a true choice. On the other hand, if the separate school board receives more in property taxes than it would have received from the ASFF, the board must pay the difference to the fund.<sup>53</sup> This ensures that separate boards do not receive any financial advantage from opting out. All of Alberta’s separate school boards have opted out of the Alberta School Foundation Fund.<sup>54</sup> Opting out allows the religious community to use its dollars to fund its schools, potentially creating a stronger sense of religious community.

The United States, of course, does not have public religious schools, but the separate board system is a twist on the Alberta school-funding system and thus provides an alternative model for a provincial-level funding system. If local communities in a state feel strongly that they would like their tax dollars to fund primarily their own schools, rather than having that money pooled, states could set up a similar opt-out system. Equality would be maintained by limiting the amount per pupil that districts could spend from money raised locally to the same amount that the community would have received had it participated in the pooled system. Further, districts would be required to direct to the state pool any money they raise in excess of the amount they would have received had they participated in the state pool.

On top of each school board’s allotment from the Alberta School Foundation Fund—or the property taxes raised locally—each district receives the rest of its operating budget, as determined by the province’s allocation formula, from

Alberta's general revenue fund.<sup>55</sup> The general revenue fund is made up of "income tax, royalties, gaming, Federal transfers and investment income" and other revenue sources.<sup>56</sup>

Alberta's allocation formula is designed to "equitably distribute provincial funding to support the education of all Alberta children."<sup>57</sup> The formula has five categories:

1. Base instruction funding
2. Additional funding for differential cost factors
3. Targeted funding for provincial initiatives
4. Other provincial support funding
5. Capital funding<sup>58</sup>

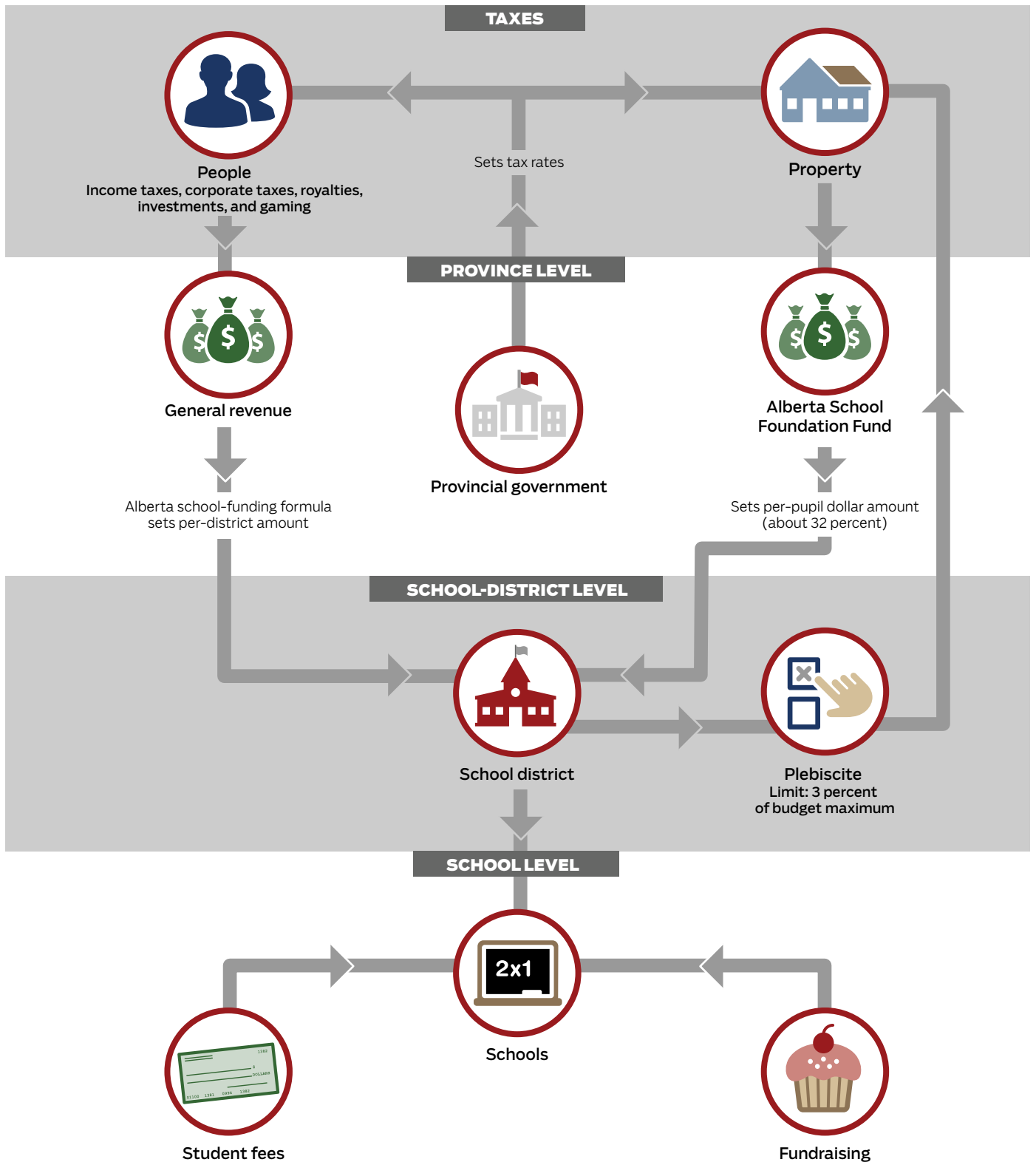
Together, these categories comprise about 25 different education grants.<sup>59</sup> The base instruction funding is provided per pupil based on the student's grade level and for 10th- to 12th-grade students on the type and number of course credits.<sup>60</sup> Additional funding is provided based on the additional needs of the district's students or the district as a whole.<sup>61</sup> The formula, for example, takes into consideration the socioeconomic status of the student population, the additional needs of English language learners, or the increased costs of operating small schools by necessity.<sup>62</sup>

In contrast to several state-funding formulas in the United States, in considering socioeconomic status the Alberta formula regards not only household income or a basic poverty measure, but also other factors such as the education of the students' mothers, the percent of single-parent households, homeowners, and parents without postsecondary education, and the rate of transience of the student population.<sup>63</sup> The additional funding is determined at the district level, not at the school level, and thus is based on the district's needs as a whole.<sup>64</sup> Targeted funding is provided for things such as student health or school improvement.<sup>65</sup>

Alberta does provide some public funding for private schools. About 4 percent of Alberta's students, or 24,000 pupils, attend private schools.<sup>66</sup> Private schools classified as "level 1" receive 60 percent of the base instruction rate for school jurisdictions, and "level 2" schools receive 70 percent of the applicable grants.<sup>67</sup>



# School funding in Alberta



To become a “level 2” school and receive additional funding, private schools must agree to additional accountability requirements dictated by the provincial government.<sup>68</sup> Private schools can also receive resources from other specific funding grants.<sup>69</sup> But public funding for private schools only comes from provincial general revenues.<sup>70</sup> Private schools receive no property-tax revenue.<sup>71</sup>

Although not directly related to the equity of the funding system, Alberta has also taken steps to increase the stability of school funding and has thus improved the ability of districts and schools to budget successfully. The province has tried to establish a three-year funding cycle for education, creating stability and predictability so that “students, parents, teachers, support staff and school boards can keep their focus on the classroom results that matter most”<sup>72</sup> and “make longer term plans for educational programming.”<sup>73</sup>

Despite changes in its school-funding system and the move to provincial-level funding, the Alberta education-governance structure continues to promote local control and local decision making by individual school boards. School boards are given a lot of flexibility when it comes to how they spend their school-funding allocations. According to Alberta school officials, approximately “98 percent of funding is flexible, meaning school authorities have discretion to use the funds to meet the needs of their students,” as long as the boards’ decisions are consistent with Alberta’s *School Act* and other statutory and regulatory requirements.<sup>74</sup> Even though the province may determine a board’s total school budget allocation through a complex funding formula with five categories and numerous subcategories, a school board is—with a few exceptions<sup>75</sup>—not actually required to spend the money it receives for a given category on only that category. It is up to the board to recognize the unique needs of its students and decide how to allocate funds appropriately to meet those needs.

The *School Act* does not strip school boards of all power to raise funds locally. The intent is to provide all the funding needed at the provincial level, but boards are still permitted to hold a “plebiscite” in order to get approval to levy a special school tax.<sup>76</sup> The *School Act* does limit the amount this levy can raise to be at most 3 percent of the board’s budget for the applicable year.<sup>77</sup> This ensures that if a board does choose to raise money locally, the amount does not significantly undermine the broader equality and equity principles of the funding system. Boards and schools are also permitted to collect fees and to fundraise, though only for specifically permitted purposes.<sup>78</sup> Schools cannot charge tuition fees for resident students, for example, as public education must be offered free of charge.

But they can charge fees for nonresidents or international students and can charge all students fees for “alternative programs, copies of student records, early childhood services, transportation fees, continuing education, instructional supplies, and materials.”<sup>79</sup>

Schools are also permitted to raise funds to support “extra services and activities,” but cannot spend fundraising resources on “core items.”<sup>80</sup> The definitions of these terms and the boundaries created by their limitations are not immediately apparent and thus may create an opening to undermine the equality in the province’s system. For the 2011–12 school year, fundraising, gifts, and donations made up almost 3 percent of total school revenues, while fees made up just more than 1 percent.<sup>81</sup> As a whole, this is generally consistent with the idea that a funding system might allow up to a 10 percent variation in funding levels not based on differences in needs and still be equitable. The actual impact on equality and equity, however, depends on the distribution of these resources among schools. If a few boards and schools raised the large majority of additional funds while others received only small additional amounts, this would be inconsistent with the goal of establishing an equitable funding system.

Alberta’s funding reform and current system is not without critics. Professors Dean Neu of the University of Calgary and Alison Taylor of the University of Alberta have noted that the impact of Alberta’s new, more equitable provincial-level funding system was not the same for all school boards.<sup>82</sup> After the system was reformed in 1994, some boards such as Calgary’s saw a disproportionately greater reduction in per-pupil funding, relative to the province as a whole.<sup>83</sup> This criticism is often found in discussions about changing or even merely adjusting school-funding systems. Moving from an inequitable system to an equitable system will impact districts differently depending on their current funding system and funding levels relative to other districts, but the specific impact can be alleviated by carefully designing a phase-in for funding changes that maintains, at least initially, current funding levels—that is, one that holds districts harmless by maintaining their current funding levels—or instead levels up all districts. It is important to remember that the goal of an equitable funding system is ultimately to provide resources based on the needs of students, and it is those needs, not current funding levels, which should drive future resource allocations.

In another paper, Neu and Taylor along with co-author Frank Peters, a professor at the University of Alberta, have also questioned whether the new funding system actually reduced variance in funding across districts. Their analyses “suggest that

the overall variability of funding has remained about the same under the new funding mechanism.”<sup>84</sup> But Taylor, Neu, and Peters point out that the reason for this may be that “the previous funding mechanisms did a reasonable job in compensating for the differential taxation capacities of school districts” in Alberta, something that researchers have found not to be true for many U.S. states.<sup>85</sup> It is also important to note that variance in per-pupil funding is not inherently bad. In fact, there often is variance in an equitable funding system because in such a system those students with greater needs receive greater resources. The key question is the source of the variance: property wealth or student need?

As a final caveat, it is not clear that the actual motivation behind Alberta’s funding-system reform was pro-education. Although the province’s minister of education stated that “one of the rationales for restructuring was to ‘provide more dollars for the classroom,’”<sup>86</sup> some believe that the true purpose of the reform was to cut costs and reduce the amount spent on education by restricting the ability of school boards to levy high property taxes.<sup>87</sup> The reform package did include an approximately 12-percent reduction in education funding over a four-year period.<sup>88</sup> Since at least 2006, however, the province has increased overall funding by about \$1 billion.<sup>89</sup>

Similarly, the Alberta School Boards Association has pointed out that the provincial-funding allocation “determines how funds are allocated to school boards,” but does not address the issue of whether that funding level is enough to meet the needs of Alberta’s students—“the amount of money distributed is determined by the provincial government’s budget.”<sup>90</sup> It is certainly possible to have an equitable funding system that fails to provide sufficient overall funding for schools, and the two issues must not be conflated.

# British Columbia

British Columbia has just more than 550,000<sup>91</sup> public-school students enrolled in 1,600 schools across 60 school boards.<sup>92</sup> For the 2011–12 school year, the province spent more than \$4.6 billion on education, excluding capital funding.<sup>93</sup>

British Columbia was one of the first provinces to move to a provincial-level funding system, instituting the reforms in the early 1990s. British Columbia’s school-funding system is similar to that of Alberta, embracing funding equality and provincial-level responsibility for the provision of education resources.<sup>94</sup> British Columbia’s *School Act* requires that all resident children must be provided with an education “free of charge,”<sup>95</sup> and that the goal of its funding system is to “allocate resources so that students in all districts have an equal opportunity to receive a quality education.”<sup>96</sup> The province has generally succeeded in implementing an entirely provincial-level funding system: For the 2012–13 school year, 94.4 percent of the total budgeted revenue for British Columbia’s 60 school boards will come from the province.<sup>97</sup> The rest will come from sources such as tuition paid by international students, fees, and facility rental charges.

The provincial government determines the total provincial education operating-grant level.<sup>98</sup> This grant is then allocated to school boards using British Columbia’s funding-allocation formula.<sup>99</sup> The provincial education grants are a combination of property taxes and general provincial funds.<sup>100</sup> The *School Act* gives the provincial government the power to levy a school tax on property and gives the lieutenant governor in council the power to set tax rates.<sup>101</sup> These property rates can vary among, and even within, school districts and among types of property, with the exception that there is a provincewide rate for nonresidential property.<sup>102</sup> Thus, for example, in 2012 the property-tax rate in Vancouver—the province’s largest city—was \$1.3646 per thousand dollars of valuation, while the rate for Abbotsford—an hour away—was \$2.2716 per thousand dollars.<sup>103</sup> Mill rates are determined through a process that considers property value and density. Vancouver has both high property values and high density, whereas Abbotsford is a mix of rural and city properties, and the values aren’t as high.

Residential property taxes fund about 13 percent of education costs, while nonresidential taxes fund about 19 percent.<sup>104</sup> Municipalities collect these taxes and then turn them over to the province’s minister of finance.<sup>105</sup> Unlike Alberta’s system, however, British Columbia does not allocate property taxes separately from the general revenue funds. They are allocated together through the funding-allocation formula. While there is a specific property tax known as the “school tax,” it does not necessarily fund only education or even directly correlate with the funding for schools.

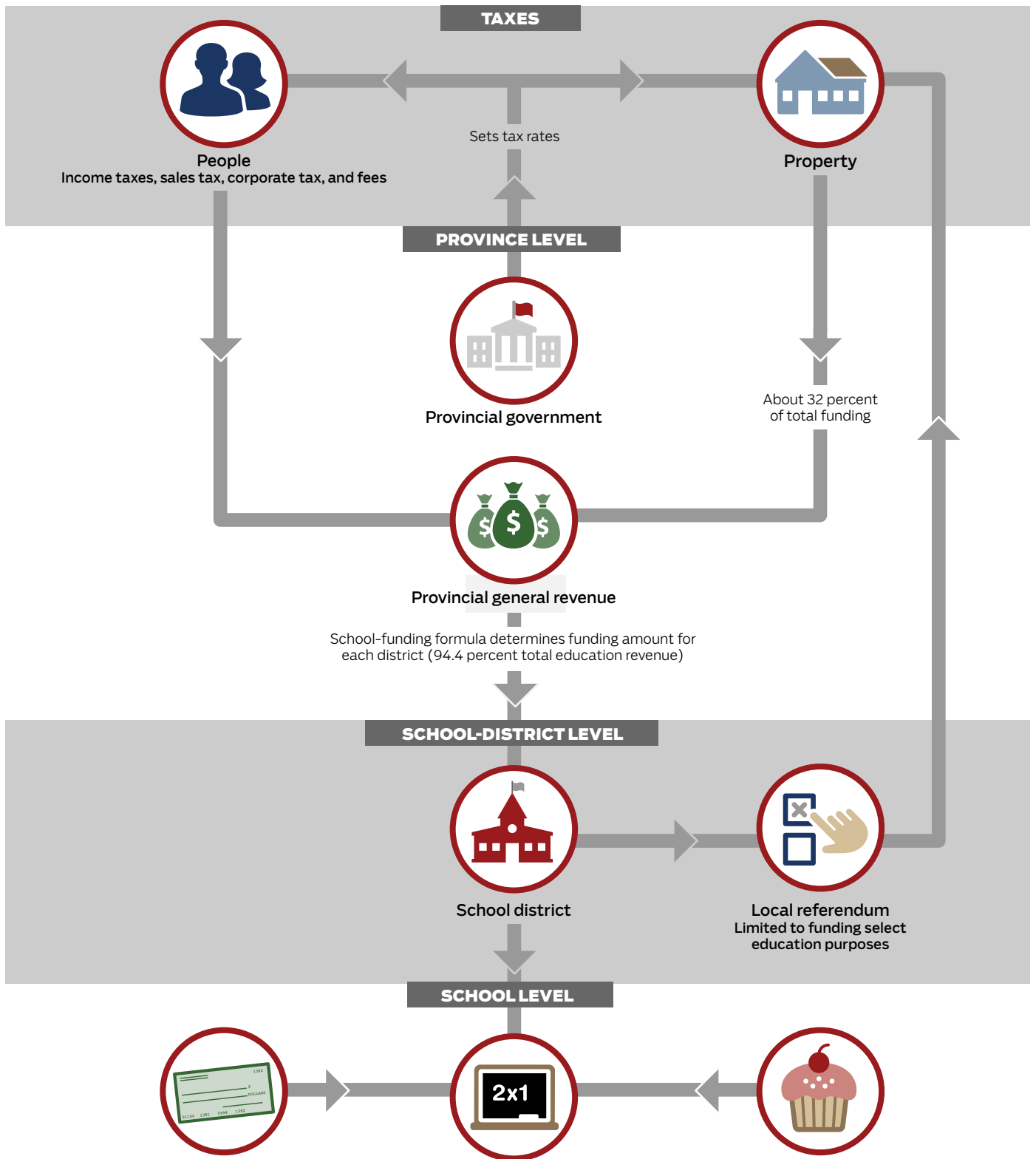
British Columbia’s allocation formula distributes operating funds in three chunks:

1. Basic allocation grant, which comprises about 80 percent of all provincial operating funding<sup>106</sup>
2. Grants based on unique student needs, which comprise about 12 percent of funding<sup>107</sup>
3. Grants based on unique district needs, which comprise about 8 percent of funding<sup>108</sup>

*Note: Capital funding is provided through a separate grant.*<sup>109</sup>

Under the heading of unique student needs are additional resources for the extra needs of English language learners, for special-education services, and for vulnerable students, the definition of which includes, among other characteristics, those living in poverty, and those from single-parent homes and with adults who did not graduate high school.<sup>110</sup> District needs include, for example, small size—less than 250 elementary students—low or declining enrollment, or the rural nature of the district.<sup>111</sup> The funding formula also provides additional resources to districts with higher average teacher salaries relative to the provincial average.<sup>112</sup> This adjustment is not inherently inequitable and in fact might promote equity if its purpose is to adjust for higher costs of living. But if in its implementation this provision compensates some towns for choosing to pay their teachers more than other districts or allows more experienced and thus higher-paid teachers to cluster in some districts by providing those districts with the extra money needed for those teachers, the inclusion of this adjustment might undermine equity.

# School funding in British Columbia



The percentage of funding allocated for each of these three chunks is important because it shows that the large bulk of funding is allocated on the grounds of equality—the same amount for each student, regardless of needs. Additional funding is provided based on student and district needs, but considering the research on the size of the additional resource weights needed for poor students, the British Columbia system is not as equitable as it might be. Yet even adopting an equal per-student funding system might be progress for many U.S. states.

Similar to Alberta, local control of education continues to be prominent in British Columbia, despite the provincial-level funding system. According to the provincial Ministry of Education, boards decide how to allocate their provincial grants “based on local spending priorities.”<sup>113</sup> Of course, school boards still have to follow provincial laws and regulations and, as is often true in the United States, personnel and teacher-salary costs can consume a significant portion of a district’s budget. School districts may therefore not feel that they have much control over their budgets. This, however, is the result of factors unrelated to the fact that the province employs a provincial-level funding system, and the two should not be unfairly linked.

Also as in Alberta, provincial-level funding and a focus on equality and equity does not mean that there is no variance in per-pupil expenditures among school districts. In the 2012–13 school year, Alberta’s average budgeted operating expenditure per pupil was \$9,092 in Canadian dollars, but the range for districts with at least 500 students was from \$16,952 in the town of Haida Gwaii to \$8,073 in the city of Chilliwack. Moreover, only 21 of the 60 districts are within \$500 dollars per pupil of the provincial average.<sup>114</sup>

Even with the provincial-level funding system, school boards in British Columbia still have the power to raise money locally and from local property taxes.<sup>115</sup> The *School Act* allows boards to authorize the holding of a local referendum to raise money for select education purposes—“to provide for new programs, to enhance existing programs[,] for additional activities for students or for local capital project initiatives.”<sup>116</sup> But the *School Act* is very clear that these funds cannot be “use[d] to fund operating deficits.”<sup>117</sup> Referendums are good for only one year and must be reapproved annually by voters for the additional funding to continue.<sup>118</sup> Unlike in Alberta, there is no maximum amount that a school board can raise through a referendum. British Columbia has instead chosen to protect its goals of equality and equity by restricting the use rather than the amount of funds, much akin to what Alberta does for fees and fundraising. Yet despite the fact that school boards have



this referenda power, this provision has rarely been used. According to British Columbia's 2012 to 2013 annual school district budgets report, no school district has included revenue from a school-referendum tax in its budget.<sup>119</sup>

School boards, however, do appear to use their power to charge fees—in certain circumstances—and to fundraise. According to the British Columbia Teachers' Federation, the provincewide umbrella teachers union to which all public-school teachers belong,<sup>120</sup> in the 2010–11 school year, districts raised \$175.4 million in school-generated funds<sup>121</sup>—about 4 percent of the total budget.<sup>122</sup> More significantly for equality purposes, the top fundraising districts raised a total of \$97,538,426—55 percent of the total amount raised—while the bottom 10 districts raised only \$2,423,502, or 1.4 percent of the total.<sup>123</sup>

It is important to recognize that merely implementing an equal-funding system on paper does not ensure this system is actually executed in any given year. During the 2011–12 school year, for example, the provincial-funding grant included a hold-harmless provision.<sup>124</sup> This means that regardless of what student enrollment was in fall 2011, or what the needs of the students actually enrolled were, each school board received at least the same amount in funding as it received in fall 2010.<sup>125</sup> Such hold-harmless provisions can be essential for stability when implementing a new funding system or in the wake of significant and unanticipated changes in district compositions; outside of such special circumstances, however, these provisions can undermine the principle that education funds be allocated based on the needs of students. This is particularly true if the legislature has allocated a limited amount of money for a given year; a hold-harmless provision in this case can take resources away from the students who need it the most. Thus, even though British Columbia seems to have adopted a more equitable funding system for the 2011–12 school year, its actual implementation may have been less equitable than appearances suggest.<sup>126</sup>

It is also important to note that British Columbia spends less on education in general than the rest of the country. In a 2012 document, the British Columbia Teachers' Federation outlined how the province has fallen behind the rest of Canada in terms of school-funding levels. According to the federation, the province ranks last among Canada's 10 provinces in operating expenditures, total expenditures, and total expenditures per student and per capita.<sup>127</sup> British Columbia also ranks 9th out of the 10 provinces in the percent of its gross domestic product spent on education.<sup>128</sup> This highlights a key distinction between the method of allocating funding and the level of funding, both of which are essential

to ensuring students have the resources they need to succeed. There are, however, two important caveats. First, it can be hard to compare sheer expenditures across provinces—as it is across states—because there are differences in cost of living, among other variations, and potentially differences in how education costs are categorized and counted. Second, spending funding more productively may lead to, and therefore allow for, lower levels of overall funding, while still providing the resources that each school needs.

# Ontario

Ontario has the largest number of students in public school of any Canadian province. With more than 2 million public-school students, its school system is larger than those of 45 states and the District of Columbia.<sup>129</sup> For the 2012–13 school year, Ontario spent more than \$20 billion on education.<sup>130</sup> Despite its large student population, Ontario has consistently performed well on international tests, including the 2009 PISA.<sup>131</sup>

Before Ontario’s education-funding-system reform efforts in 1998, school boards were funded through a joint provincial-local funding system. Boards had the power to set and levy local property taxes.<sup>132</sup> This allowed boards to raise additional revenue above and beyond the provincial allotment, and boards certainly exercised this option.<sup>133</sup> As a result, as seen elsewhere, there was inequitable variation in the spending by school boards, variations that “ranged from \$4,723 to \$9,148 per pupil.”<sup>134</sup> Boards with richer property-tax bases, particularly commercial property-tax bases, were able to raise and spend more than others.<sup>135</sup> Similar to U.S. states, the province provided additional grants to poorer school boards in order to offset the differences in property-tax wealth, but these grants “were only paid up to a set per-pupil ceiling.”<sup>136</sup> It was a ceiling that property-rich towns far exceeded through locally raised funding and thus the province’s equalization-grant measure failed to curb the education-funding inequity.<sup>137</sup> As R.D. Gidney, author of *From Hope to Harris*, a book detailing changes to Ontario’s school system, reminds us, “The excessive reliance on local tax wealth ha[d] lead to unacceptable differences in programs and services across the province.”<sup>138</sup> As a provincial education-finance commission explained at the time:

*[W]e have stressed the importance of equality of educational opportunity in Ontario’s education system ... Having looked at the distribution of wealth among school boards in terms of taxation revenues ... we have become acutely aware of wide disparities ... Fairness is the key ... and that mean[s] the ability “to provide a fair share of the available resources to each pupil, irrespective of location of residence.”<sup>139</sup>*

To address these inequities, Ontario—which at the time was led by the Tory conservative government of Mike Harris—moved the province to a provincial-level funding system. These efforts were ultimately part of a package of larger education-reform efforts started in 1995. Though Ontario’s school-funding system—similar to that of its counterparts in Alberta and British Columbia—employs equality and equity principles, it works slightly differently than the systems in those provinces. Akin to other provinces, school boards in Ontario lost the traditional power to raise significant amounts of education funding by setting and levying local property taxes. This power was transferred to the provincial government. But unlike in the other provinces, Ontario’s boards actually lost all power to raise any funding from local property taxes. They do not have the power to hold a plebiscite such as in Alberta or a referendum such as in British Columbia.

Each school board’s operational-funding level is determined by the Ontario minister of education using the provincial-funding formula.<sup>140</sup> Similar to the other provinces, this funding comes from a combination of property taxes and provincial general revenue.<sup>141</sup> The provincial government sets the property-tax rates and local municipalities levy that rate. But unlike in the other provinces, the education property taxes are not passed on to the provincial government; instead, revenue collected from taxes on local property is spent by the local school districts.<sup>142</sup>

Placing the power to set the local property-tax rates in the hands of the provincial finance minister instead of in the hands of the local school board means that the provincial government determines how much money each district has to spend from property tax dollars.<sup>143</sup> This process allows Ontario to implement the principles of equality and equity by setting the tax rates to ensure that the amount of revenue raised locally is at most equal to, if not much less than, the board’s operational-funding allocation. Under this system, districts receive varying percentages of their funding from property taxes, with property-rich districts getting a high percentage of total funding from property taxes, but the total amount of money received by a school district is the amount set by the provincial-funding formula and thus it has greater potential to be fair and equitable. As Ontario’s Fair Tax Commission explained, giving the provincial government the responsibility for setting education property-tax rates at the provincial level and thus the ability to control the amount of money raised locally, combined with the removal of local taxing authority “ensure[s] that [public] pressure is kept on the provincial government to maintain a realistic level of formula funding for education,” for all school districts in the province.<sup>144</sup>

Ontario regulates how much is raised by each locality, which enforces and ensures education funding equality and equity, but the specific design of its system also allows localities to spend their own tax revenues on their schools. The latter principle, spending local funding locally, is often perceived as an essential element of local control over and investment in education. Local communities can continue to feel invested in their schools because they know their tax dollars directly fund their schools.

Setting the property-tax rates at the provincial level also allows the province to regulate the total percentage of education funding that comes from property taxes, since whatever is not raised from property taxes is paid from the provinces' general revenue funds—with a few additional adjustments for other revenue sources. Overall, Ontario has made the decision to reduce the percent of funding that comes from property taxes. When the reform was introduced in 1998, for example, the province cut residential property taxes by half, amounting to \$2.5 billion in savings, and replaced this funding with general revenue funding.<sup>145</sup>

These provincially set tax rates can vary among, or even within, school districts and for different classes of property, but there is a uniform tax rate for all residential property and another uniform rate for all farm property.<sup>146</sup> In 2012 the residential-property tax rate was 0.221 percent of the assessed value of the property, while each school district had different rates for business properties.<sup>147</sup> The local municipality levies these tax rates and then turns the funds raised over to the applicable school board, whether it is to a public school board or to a separate religious school board.<sup>148</sup> As is the case in Alberta, property in Ontario can be taxed separately to fund a separate school board, and in these cases, funds are turned over directly to the separate board instead of being given to the general public school board.<sup>149</sup> A member of the Roman Catholic faith, however, is not required to allocate his or her property-tax dollars to the Roman Catholic school board; instead, these property owners and tenants can choose to direct their property-tax dollars to any board in their geographical area.

The provincial ministry of education determines the specific amount of general revenue funds that a district receives by subtracting from each school board's total funding allocation the amount received from local property taxes, tuition fees from certain classes of students, and expenses saved due to strikes.<sup>150</sup> Thus, general revenue funds “bring the total for each board up to the amount set out by the funding formula.”<sup>151</sup> This revenue comes from the consolidated revenue funds, which have several sources, including personal income tax, personal income-tax

surcharges, corporate income tax, excise and “sin” taxes, resource-extraction taxes, taxes on estates and capital gains, licensing, general sales tax, and payroll taxes.<sup>152</sup>

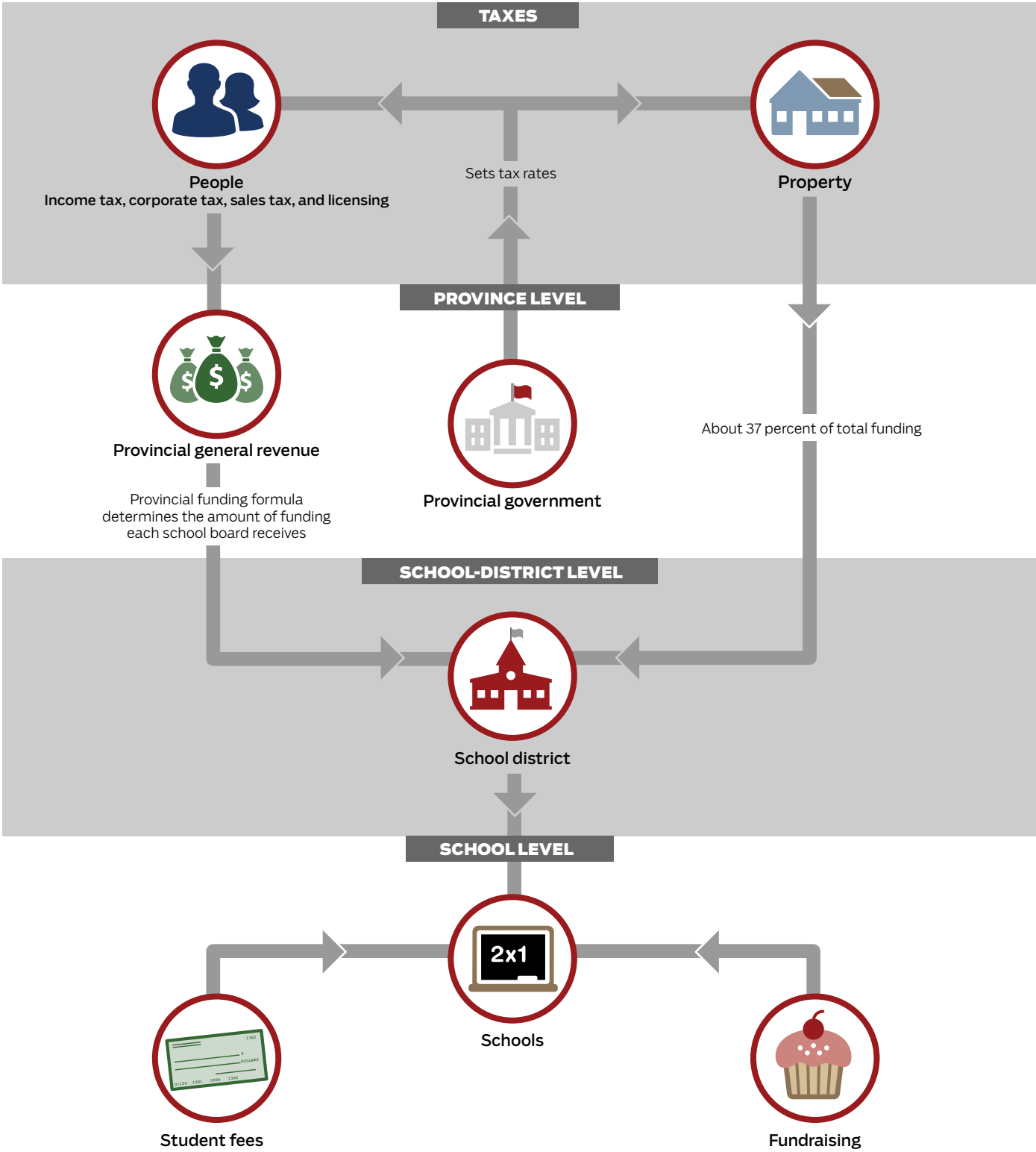
In 1998 Ontario, as part of its larger education-reform package, undertook a significant consolidation effort<sup>153</sup> that resulted in the province’s 2,051,865 students being governed by only 72 school boards, down from 129, of which only 31 are English public boards—the type of board most akin to those in the United States.<sup>154</sup> Since the reform, Ontario now looks more like Florida, which has 75 school districts for its 2.6 million students and less like the state of New York, which has 727 school districts, even excluding charter schools, for its 2.7 million students.<sup>155</sup> The smaller number of boards may impact the logistical elements of implementing and running a provincial-level funding system, making such a system easier for some states than others.

Much akin to the funding formulas of Alberta and British Columbia, Ontario’s funding formula allocates resources in three broad categories:<sup>156</sup>

1. Basic funding for “general costs such as staff salaries, textbooks, classroom computers and other supplies”
2. Funding for the unique needs of students and districts such as English language learners, special education services, and remote or rural schools
3. Capital funding

Notably, Ontario breaks its basic funding grant down further into a grant for student costs—the Pupil Foundation Grant, which covers classroom teachers, textbooks, supplies, and library services, among other things; and a grant for school administrative and leadership costs—the School Foundation Grant, which covers the salaries of principals, vice principals, school secretaries, and the cost of office supplies.<sup>157</sup> The distinction between these two grants is significant. School boards can spend School Foundation Grant funds on costs that would otherwise fall under the Pupil Foundation Grant, but they cannot do the reverse. Pupil Foundation Grant funds cannot be spent on expenditures that qualify as school administrative and leadership costs. In addition, the Pupil Foundation Grant is a per-student allocation based on the board’s average daily enrollment and is not based on the total enrollment.<sup>158</sup> The use of the average daily enrollment can adversely impact districts that have less consistent attendance of their students, reducing their funding even though the district is still responsible for educating all of its enrolled students.

# School funding in Ontario



For the 2012–13 school year, the Pupil Foundation Grant makes up about 45 percent of Ontario’s total grant allocations with special grants for unique needs making up another 44 percent and the rest—the remaining 11 percent—spread across the School Foundation Grant and a Debt Service Grant.<sup>159</sup> The specific details of these grants and the formulas used to calculate them are beyond the scope of this report, but they are, to say the least, complex.

Despite this complexity in funding-level determination, Ontario’s provincial-level funding system, as in other Canadian provinces, continues to give school boards the power and flexibility to decide how to spend their resources. According to the office of Ontario’s minister of education: “Boards use [the] money [provided by the province] to make the local decisions needed to educate their students.”<sup>160</sup> These decisions, of course, must be consistent with Ontario’s *Education Act* and other relevant regulations and memoranda.<sup>161</sup> There are some blocks of funding that are allocated for specific purposes and must be spent on those purposes, but this impacts only a small percentage of funding. For example, districts must meet certain class-size targets, and are not permitted to spend more money on board administration or governance than allocated under that specific grant, while the special-education grant must be spent on special-education services.<sup>162</sup>

School boards in Ontario, unlike boards in Alberta and British Columbia, do not have the power to raise money from local property taxes, having been stripped of this power entirely. But Ontario’s boards and schools are permitted to charge fees and engage in fundraising in limited circumstances and for certain purposes. The Ontario Ministry of Education recently released guidance for boards on these purposes.<sup>163</sup> Under these guidelines boards are permitted to charge all students fees for “enhancements or supplementary-learning materials beyond the core curriculum.”<sup>164</sup> The guidelines make clear that “there should be no fees charged for day-school programs.”<sup>165</sup> Moreover, the fees levied by boards must be “consistent with the board’s mission and values,” and they must be voluntary.<sup>166</sup> Students must be able to participate in school activities and events regardless of their ability to pay for them.<sup>167</sup> The guidelines also recognize that additional parental support of students can come in forms other than just money, but also in time volunteering in classrooms, which raises a different kind of inequity issue.<sup>168</sup> Interestingly, the guidelines consider Advanced Placement, or AP, courses as “optional programming” for which a fee can be charged.<sup>169</sup>



The fundraising guidance specifies that “[f]unds can be raised for a particular school or on a board level.”<sup>170</sup> Funds, however, cannot be used to “replace public funding for education” or “to support items funded through provincial grants, such as classroom learning materials, textbooks” and other specific purposes.<sup>171</sup> Together, fees for “enhancements”—programs and services beyond standard public education—and fundraising efforts can produce a significant amount of funding for districts and schools. As is the case in other provinces, this ability to raise fees creates the possibility that some schools—most likely richer schools—will raise more revenue than other less well-off schools, thereby undermining equity. But the degree of inequity depends on how much money is raised and whether it amounts to a significant percentage of the school’s provincially approved operating budget.

Ontario’s system has ultimately achieved fiscal neutrality, as under its education-funding system there is “no relationship between educational-spending per pupil and local-property wealth per pupil,” according to a report in the *Alberta Journal of Education*.<sup>172</sup> This should be the goal of all education-funding systems and something to which U.S. states should aspire in designing their systems. Still, the point remains that funding equity requires the equitable distribution of resources down to the school level and not just to school boards. This is an area where Ontario still needs to improve before it can consider itself as having a truly equitable education-funding system.



# Lessons: What can the United States learn from Canada?

There are seven key lessons that the provincial-level education-funding experiences of Alberta, British Columbia, and Ontario have for U.S. states looking to reform their school-funding systems.

First, the most significant takeaway from the Canadian experience is that a provincial- or state-level funding system can work successfully to create equity and not just in small states such as Hawaii. Ontario has a very large student population—more than 2 million—and has successfully implemented such a system.

Second, these three provinces were able to successfully transition from funding systems that looked more like those of U.S. states—where local boards set tax rates and raised some portion of funds locally—to a system funded at the provincial level with greater equality, if not total equity. This conversion debunks the idea that systematic change in school funding is not possible and that we are simply stuck with the status quo.

Third, on a more technical level, these three provincial examples show that there are several different models for implementing a provincial- or state-level funding scheme. In each case, the provincial government sets the property-tax rates and makes up the remaining funding gap with general revenue funds, but within this general framework, provinces decide which specific approaches work best for them based on their priorities and goals. U.S. states could do the same. If states, for example, adopted a state-level funding system and set the tax rates for education, they could decide whether property taxes continue to comprise a large portion of education funding or instead would make up only small portion of that funding. States could decide what happens to the property taxes that are raised: Do they roll up into a separate fund as is the case in Alberta, and if so, is there an option to opt out? Or are the funds raised and spent locally as is the case in Ontario? Is there even a separate property tax for education purposes, or, following the example of British Columbia, are property taxes funneled into the general revenue fund and

used to support a range of provincial services? Are tax rates consistent across the state or do they vary based on geographical location and/or property type?

These examples show that there is also a lot of flexibility when it comes to determining how much power local boards and schools might retain in terms of their ability to raise local taxes, fundraise, or charge school fees. The fourth lesson Canada can teach us is that states could decide whether local boards have the power to raise money; the amounts that could be raised; the mechanisms by which these funds might be raised such as property taxes, referendums, fees, and tuition; and the purposes for which these funds could be used. States could have the option of implementing an overall amount that could be raised or of setting a percentage cap—the approach used in Alberta—or states could simply limit the additional funding raised for specified purposes. If the latter, states would have the ability to define what those purposes are and to make decisions about how carefully and prescriptively such purposes are defined and laid out in governing regulations, or alternatively in nonbinding guidance.

These are very important decisions for a state to make, as it is certainly possible to imagine equality and equity being substantially undermined if wealthier schools engage in significant fundraising efforts that poorer schools are simply unable to match. This is a prevalent phenomenon in U.S. schools today. Even under former President Richard Nixon’s Commission on School Finance and the Center for American Progress’s Cynthia Brown’s proposals, schools would be permitted to raise up to 10 percent of their state-determined budgets from local sources. Thus, there is certainly leeway in what it means to “undermine equity.” It cannot be overlooked that boards in the three provinces, even when given the latitude to raise additional dollars, have not always exploited this power. School boards in British Columbia, at least for the 2012–13 school year, chose not to include in their budget resources from local fundraising, despite being permitted to raise such money. It is unclear whether school boards in the United States would make the same decision and different boards might make different choices, based on, for example, priorities or financial ability.

Fifth, a consistent theme of each provincial-funding system is that while funding may be provided at the provincial level, there is a strong commitment to local control over education. School boards decide how to spend and allocate the large share of funding based on the boards’ local needs and priorities. This is true even though the formula may allocate funding with a specific purpose in mind based on a complex list of factors. There are some restricted funding streams, much akin to

categorical education grants in the United States, but these are the exception and not the rule. Considering the nature of the U.S. education-funding system, school boards in these Canadian provinces may in the end actually have more local flexibility and control over how to spend their funding than some or many school boards in the United States.

Sixth, in addition to equality and equity in school funding, a provincial-level funding system offers the chance for a state to do what Alberta has tried to do and provide districts with a stable and predictable level of education funding by establishing a multiyear school-funding cycle. Funding schools entirely at the provincial level creates a significantly broader tax base, both in terms of property-derived and general revenue resources, which allows the province to make longer-term commitments. Stability and predictability in funding can be essential for districts and schools in terms of making hiring and resource-allocation decisions. This, of course, similar to funding formulas generally, depends on provincial follow-through. Stability is only actually created if Alberta sticks to the funding cycle it lays out; it is possible for such commitments to be more rhetorical than real.

The seventh and final takeaway is that these three provincial approaches clearly demonstrate that there is an important distinction between equality and equity. The funding formulas employed by Alberta, British Columbia, and Ontario seem to do a good job of achieving equality in funding, allocating large chunks on a per-pupil basis, but it is less clear whether these funding formulas are fully equitable. In British Columbia, for example, the basic allocation grant, which is in essence a per-pupil grant, comprises 80 percent of the total provincial-operating funding grant while the funding allocations based on the unique student needs—the “equitable” funding—is only 12 percent. Professor Joe Garcea and Dustin Munroe of the University of Saskatchewan commented:

*How much it has enhanced equity, however, is open to question. Given that the funding formulas are based largely on a per-student basis, it may be more accurate, appropriate, and prudent to say that there has been an increase in the level of “equality” rather than the level of “equity” per se.<sup>173</sup>*

It would be remiss not to point out that provincial-level or state-level funding systems certainly have limitations and potential drawbacks. The success of a provincial- or state-level system, for example, depends on having a solid funding formula and sufficient funding levels so that all schools actually receive the resources they need to educate their children. Equality and even equity in funding speaks to the

method of funding, not to the amount. Choosing to fund at the provincial level means that the amount of funding is at the whim of voters in the province as a whole, rather than to a smaller geographical subset of voters as is the case in a municipality or school district. This broader pool of voters may not have the same commitment to education as some smaller groups do if allowed to make their own fiscal-effort determinations. Harvard University professors Jal Mehta and Robert Schwartz believe that Canada’s—and specifically Ontario’s—academic success is due in part to a strong cultural commitment to education for all children: “[T]here is a broadly shared norm that society is collectively responsible for the educational welfare of all of its children.”<sup>174</sup>

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### A caveat

Canada, similar to the United States, is a large, geographically dispersed, and culturally heterogenous nation.<sup>175</sup> But its level of child poverty is almost half the United States’—12 percent compared to 22 percent<sup>176</sup>—and poverty in the United States is often concentrated in certain school districts and schools, which often magnifies the effects that poverty can have on student achievement.<sup>177</sup> The level of income inequality in Canada is also less than it is in the United States, particularly in the case of disposable income, though inequality in both countries exceeds the average among Organisation for Economic Co-operation and Development countries.<sup>178</sup> These differences may mean it will be more challenging for the United States to adopt and execute a school-funding system similar to Canada’s provincial-level funding system.

# Conclusion

The United States can learn a lot from the education systems in other countries, and in the case of school finance, U.S. state governments have a lot to learn. Alberta, British Columbia, and Ontario, the three Canadian provinces explored in this report, provide models highlighting how one type of education-funding system—a provincial-level system, or in the United States, a state-level system—might work. This model is just one way and certainly not the only way to implement a more equitable method of funding schools.

Ultimately, what matters most is that all schools receive the resources they need to successfully educate their students. The current system in most U.S. states—a joint local-state funding scheme—has often failed to achieve this goal, even after years of improvement efforts and numerous reforms. When the status quo isn't working, despite repeated attempts to fix the situation, it may be time to try something new.





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## About the author

**Juliana Herman** is a Policy Analyst with the Education Policy team at the Center for American Progress, where her work focuses on school finance and governance. Juliana received her law degree from Yale Law School and her bachelor's degree in political science and American history from the University of Pennsylvania.

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## Appendix

### Education in three provinces

Province	Year of reform	Student population	Number of school boards
Alberta	1994	593,677 <sup>179</sup>	64 <sup>180</sup>
British Columbia	1993	564,530 <sup>181</sup>	60 <sup>182</sup>
Ontario	1998	2,051,865 <sup>183</sup>	72 <sup>184</sup>

### Provincial-level funding systems

Province	Who sets funding level?	Who sets property-tax rates?	What makes up the funding allotment?	Local funding authority?
Alberta	Province	Provincial lieutenant governor in council <sup>185</sup>	Property taxes and general provincial revenues (income tax, royalties, gaming, federal transfers, investment income, and other revenue sources) <sup>186</sup>	Yes; districts and schools
British Columbia	Province	Lieutenant governor in council	General revenue funds, of which some are property taxes	Yes; districts and schools
Ontario	Province	Provincial finance minister	Property taxes and provincial general revenue (including personal income tax, personal income-tax surcharges, corporate income tax, excise and "sin" taxes, resource-extraction taxes, taxes on estates and capital gains, licensing, general sales tax, and payroll taxes) <sup>187</sup>	Yes; schools No; districts

### Education property taxes

Province	Who sets property-tax rates?	Can the rates vary?	What way do the rates vary?	Where do local property-tax dollars go?	Percent of education funding
Alberta	Provincial lieutenant governor in council	Yes	Uniform across the province within a tax category, but may vary by category <sup>188</sup>	Roll up to the Alberta School Foundation Fund	32 percent <sup>189</sup>
British Columbia	Lieutenant governor in council	Yes	Vary among and within school districts and among types of property; but there is a province-wide rate for nonresidential property <sup>190</sup>	Municipalities collect these taxes and then turn them over to the province's minister of finance. They are then deposited into general revenue funds	32 percent <sup>191</sup>
Ontario	Provincial finance minister	Yes	Vary among and within school districts and for different classes of property, but there is a uniform tax rate for all residential property and derived from that rate, for all farm property <sup>192</sup>	Spent by the local district	37 percent <sup>193</sup>

## Alberta funding formula

Categories of operational funding	Description	Amount in 2012-2013 <sup>194</sup>
Base instruction funding	Per pupil based on the student's grade level and for 10th- to 12th-grade students on the type and number of course credits	\$3,853,471,000
Additional funding for differential cost factors	Based on the additional needs of the district's students or the district as a whole, for example, socioeconomic status of the student population or the increased costs of operating necessary small schools	\$1,658,729,000
Targeted funding for provincial initiatives	Specific programs such as student health or school improvement	\$78,802,000
Provincial total operating budget		\$5,591,002,000

## British Columbia funding formula

Categories of operational funding	Description	Amount in 2011-2012 <sup>195</sup>
Basic allocation grant	About 80 percent of provincial-operational funding <sup>196</sup>	\$3,642,882,790
Grants based on unique student needs	About 12 percent of funding; additional resources for the extra needs of English language learners, for special education services, and for vulnerable students, considering poverty, those from single-parent homes, crime, and adults without a high school diploma <sup>197</sup>	\$539,079,610
Grants based on unique district needs	About 8 percent of funding; small size, the rural nature of the district, districts with higher average teacher salaries. <sup>198</sup>	\$342,806,523
Other grants	Holdback allocation, enrollment-decline protection, formula transition, and funding protection	\$107,840,997
Provincial total		\$4,632,609,920

## Ontario funding formula

Categories of operational funding	Description	Amount in 2012-2013 <sup>199</sup>
Basic funding	About 45 percent of funding; for general costs, such as staff salaries, textbooks, classroom computers, and other supplies <sup>200</sup>	\$9,777,100,000
Funding for the unique needs of students and districts	About 44 percent of funding; such as English language learners, special education services, and remote or rural schools <sup>201</sup>	\$9,254,400,000
School foundation grant	About 7 percent for school administrative and leadership costs <sup>202</sup>	\$1,404,900,000
Provincial total		\$20,436,400,000

## Local funding authority

Province	Can districts raise money locally?	Restrictions?	Can schools raise money locally?	Fees: Restrictions or guidelines?	Fundraising: Restrictions or guidelines?
Alberta	Yes	Up to 3 percent of the board's budget for the year	Yes	Fees: for alternative programs, copies of student records, early childhood services, transportation fees, continuing education, instructional supplies, and materials <sup>203</sup>	Fundraise: to support "extra services and activities," but not for "core items" <sup>204</sup>
British Columbia	Yes; local referendum	For select educational purposes: "to provide for new programs, to enhance existing programs[,] for additional activities for students or for local capital project initiatives." <sup>205</sup> But not to fund operating costs  Only good for one year and must be reapproved each year to continue <sup>206</sup>	Yes	Fees: The School Act lists several purposes for which boards may charge student fees, including for specialty academy, defined as in addition to the standard education program and "reflect[ing] an emphasis on a particular sport, activity or subject area" <sup>207</sup>  Fees cannot be charged for "educational resource materials necessary to participate in the educational program" <sup>208</sup>	
Ontario	No	N/A	Yes	No fees charged for day-school programs;  fees for enhancements or supplementary learning materials beyond the core curriculum; must be "consistent with the board's mission and values" and voluntary <sup>209</sup>	Funds not "replace public funding for education" or "to support items funded through provincial grants, such as classroom learning materials, textbooks . . ." <sup>210</sup> and other specific purposes.



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