



# Education Funding and Taxation REALITY CHECK

There are a number of myths about education funding and property taxation in Manitoba that are frequently offered and accepted as fact. Here are some of the more common assumptions - or myths - and the realities behind them.



## 1. Myth:

Manitoba is the only province which uses property taxation to support public education.

## Reality Check:

The majority of Canadian provinces utilize some level of property taxation revenues in support of public education. The exceptions are Prince Edward Island, Newfoundland and New Brunswick.

## 2. Myth:

Education property taxation is a disincentive to home ownership.

## Reality Check:

Housing sales in Manitoba in recent years have reached unprecedented highs and home buyers have not been deterred either by rising housing costs or property taxation levels. Provincial tax credit programs have been established and exemption levels increased to offset the impact of education property taxes on residential and agricultural properties. The Farmland Tax Rebate rate is now at 80%. The Seniors' Education Property Tax Credit will increase from \$950 in 2011 to \$1,100 in 2013.

## 3. Myth:

Education has no relationship with property ownership.

## Reality Check:

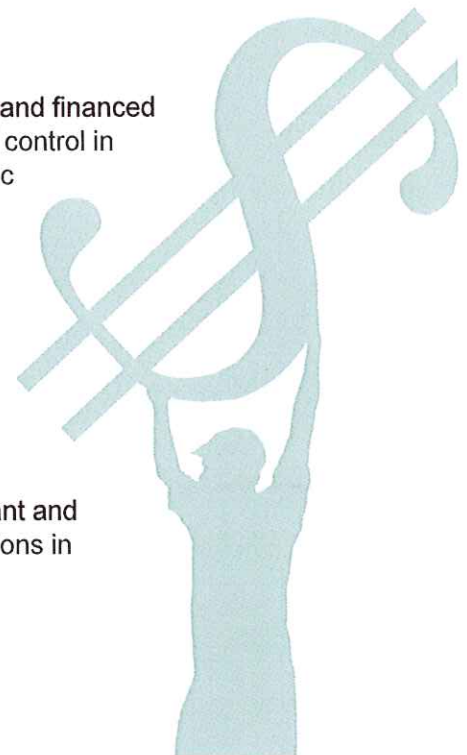
Historically, public education in both Canada and the US has been governed and financed by local property owners. This model allows for greater community voice and control in public education matters. Local dollars mean local choices for Manitoba public schools.

## 4. Myth:

Full provincial funding for education will ensure quality and equity for students in Manitoba public schools.

## Reality Check:

Full provincial funding in several Canadian provinces has resulted in significant and chronic under-funding of public education with concurrent losses and restrictions in programming and service offerings for students.



## 5. Myth:

Full provincial funding will reduce high-priced administration costs for public education.

### Reality Check:

School division administration costs in Manitoba are restricted to less than 5% of total operating expenditures. This percentage is lower than that of most Manitoba municipal governments for similar operating functions.

## 6. Myth:

Provincial funding increases for public education make property tax increases unnecessary.

### Reality Check:

Provincial funding formula grants apply to a portion of total school division operating expenditures and may vary significantly from one division to another. The Tax Incentive Grant (TIG) introduced in 2008 provides additional funds to school divisions where tax rates are frozen at the previous year's level. School division property tax revenues address the gap between actual operating costs for public schools and total provincial grant support including the TIG.

## 7. Myth:

The province funds 75% of operating costs for Manitoba public schools.

### Reality Check:

The 75% figure includes amounts for capital funding, property tax credits and the teachers' pension plan which are not part of school division operating budgets. The provincial contribution to school division operating budgets in 2010-2011 is 65.4%.

## 8. Myth:

If education property taxes are eliminated, home owners will experience significant tax savings.

### Reality Check:

There is only one taxpayer. Revenues lost through the elimination of property taxes will have to be raised elsewhere. Moreover, there is no guarantee that municipal taxes will not increase to fill the tax room left by eliminating school tax levies.

## 9. Myth:

Higher property taxes are a result of school boards' unwillingness to control costs.

### Reality Check:

Provincial policy directions and new legislation often introduce new and unfunded costs for school boards. Provincial policy and community expectations can also limit school board options for significant cost reductions. Moreover, proposed cost reduction strategies in school divisions are often met with strong and vocal community opposition.