



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

October 19, 2021

there is an alternative.



Manitoba Education Finance Mess

Previously published in the Winnipeg Free Press, Oct 18, 2021

Thanks to the hard work of Manitoba Teachers, School Trustees, activists, and opposition parties, the hated Bill 64 is dead along with four other bad bills. However, what about Bill 71, *The Education Property Tax Reduction Act*, which is now law and very much alive? That bill was meant as the financial companion to Bill 64, and was based on the assumption that Bill 64 would become law. The Province would get control of all education matters; School Boards would be dust, local taxes would disappear, teachers would bargain centrally and have no right to strike, and 100% of education funding would come from the province, making cuts to the education budget simple and

surgical.

But that's not what happened. Now we are faced with a mandate in Bill 71 for a large and growing rebate of local school taxes, financed entirely by borrowing the money to pay homeowners. It's a gift that grows with the value of your house. Big rebates for big homes, and small ones for low cost homes, and nothing for renters. The local education property tax remains intact, and no alternatives are in sight. In effect, school boards get to set whatever special levy they wish, and in 2022 the Province must send property owners a rebate of 50% of the Special Levy on their tax bill.

CCPA-MB
301 - 583 Ellice Ave.
Winnipeg, MB
R3B 1Z7

phone

(204) 927-3200

email

ccpamb@policyalternatives.ca

website

www.policyalternatives.ca/manitoba

blog

www.policyfix.ca

twitter

@ccpamb

continued..

Nor is a provincial balanced budget in sight. Bill 71 will require that the Province borrow \$240 million in 2021, and a further \$480M in 2022, with no education finance plan to replace the current complex system. This is a \$720 million legacy of debt with huge future impacts for Manitobans.

What's the way forward? The answer is both short term and long term.

In the short term, Bill 71 must join the scrap heap with the five bills left on the order paper, including Bill 64. Because Bill 71 was passed and proclaimed, the Legislative Assembly must pass an act to repeal Bill 71. This could be done simply by unanimous consent of the Legislature. The current property tax rebate system would then stay in place, as will the Special Education Levy. Homeowners will have had a nice one-time gift, but then revert to the previous system where high-priced homes pay more, and low-priced ones less, a broadly progressive outcome.

In the longer term, Manitobans get a different, unexpected gift. As a community, we can now take some time to sort out what we expect of our education system and how we want to finance it.

Three values should drive this quest. The first is *equity*. Equity is not equality. Equity is making sure that kids of every region and of each level of individual capacity have access to high quality education opportunities. It's about reasonable access. Equity has a great deal to do with family circumstances. Poverty, poor housing, frequent moves and other socio-economic factors profoundly affect education outcomes, but cannot be changed by the education system itself.

The second is *fairness* to those of us who pay the costs of education. Taxation fairness can be understood to mean taxes based on ability to pay. The usual way of thinking about that is related to income, or wealth, or a combination of both. Today, we fund 60% of our education budget through the big basket of Provincial general revenues. In rough terms, our income tax system is roughly progressive; that is, low-income people

pay proportionally less than high income people. The other 40% is essentially a wealth tax, based on the value of property as reflected in the property assessment process. It is made more equitable by a system of property tax rebates, which reduce the cost of education property taxes for lower value properties, while having little impact on high value homeowners.

The third value is *quality* of education. This will always be a matter of debate between those who see education as broadly about preparing citizens of a democracy with literacy and numeracy, but also with critical thinking skills, creativity, capacity to collaborate, and adaptability, adjusting as the world demands change. Others see education as primarily about reading, writing and arithmetic, ready for the job market of today. This view leads to standardized testing and rote learning, pitting poor regions against wealthy ones. The losers are those who cannot compete, not because their kids are less able, but because their socio-economic realities often overwhelm the best efforts of educators.

But first, we need to get rid of Bill 71, take a deep breath and engage Manitobans in how to strengthen and then fund our public education system.

Tim Sale is a former Assistant Deputy Minister of Education for administration and finance and a Research Associate with the Canadian Centre for Policy Alternatives-Manitoba.

CCPA-MB
301-583 Ellice Ave.
Winnipeg, MB
R3B 1Z7

phone
(204) 927-3200

email
ccpamb@policyalternatives.ca

website
www.policyalternatives.ca/
manitoba

blog
www.policyfix.ca

twitter
@ccpamb

References available upon request.