



**AMM President Ralph Groening – Speaking Notes
May 13, 2019**

Manitoba Commission on K-12 Education

On behalf of the Association of Manitoba Municipalities (AMM), I would like to thank you for the opportunity to present municipal priorities related to the independent review of our province's elementary and secondary education system.

I will begin my presentation today by providing a brief overview of the AMM, then focus my remarks on financial sustainability, which is not only one of the key areas of focus identified by the Commission but also a fundamental principle to improving our education system going forward.

The AMM was formed in 1999 as a result of a merger between the Union of Manitoba Municipalities (UMM) and the Manitoba Association of Urban Municipalities (MAUM).

Our organization is independent and non-partisan, and our mission is to identify and address the needs and concerns of our members in order to achieve strong and effective municipal government.

Our membership consists of all of Manitoba's 137 incorporated municipalities, including the City of Winnipeg.



Firstly, let me preface my remarks by stating the AMM welcomes the establishment of the Manitoba Commission on Kindergarten to Grade 12 Education.

This is the first review of its kind in decades. This Commission is long overdue, and the AMM will anxiously await your report and recommendations.

As the public consultation Discussion Paper rightly recognizes, Manitoba has experienced several demographic, economic and societal transformations over the years but the main structures underpinning the K-12 education system have remained unchanged.

The Discussion Paper also notes that K-12 education does not exist in a vacuum. Therefore, when examining how to improve the system, **all** factors must be considered, including how the system is funded.

In short, the current funding model is both antiquated and inadequate, particularly given the ever-increasing demands on municipalities.

The AMM has repeatedly urged the Province of Manitoba to provide new, sustainable long-term funding to reduce school division reliance on property taxes.



To this end, our association along with other stakeholders such as the Manitoba School Boards Association (MSBA) have renewed discussions on this issue with the shared objective of establishing a provincially-endorsed Task Force to review opportunities and options concerning the education funding model in Manitoba.

While this review has noted that it will not include technical details about specific funding models, I would nevertheless like to take this opportunity to discuss how the education system is currently funded and prospects for sustainability going forward.

In Manitoba, the total operating costs for the public school system in 2018-19 exceeds \$2.4 billion. These costs are covered by a combination of provincial grants and education property taxes.

Approximately \$1.1 billion – or 46 per cent – out of the \$2.4 billion comes from property tax collected at the local level.

Compared to other Canadian provinces and territories, **only** Manitoba uses locally-determined school property tax according to Manitoba Education and Training.

In Manitoba, **38 per cent** of revenue sources come from property taxation – the highest percentage in Canada.



For our neighbours in Ontario and Saskatchewan, 27 and 29 per cent of revenue sources come from property taxation.

While property taxation is the most important single source of municipal revenue, municipal operating budgets must be balanced every year.

In the context of municipal budgeting and financial planning, local Councils must be cautious when determining the amount of taxes citizens and businesses must pay.

Municipal officials must take into account the impact of their decisions on the municipality as a whole and assess how they will affect the delivery of public services and day-to-day lives of their residents.

This constant balancing act can be extremely challenging for municipalities, particularly given ever-increasing expectations from citizens and downloading of responsibilities from other orders of government.

When property tax statements are mailed to residents, municipalities are required by law under *The Public Schools Act* to bill for and collect school taxes.

Thus, municipalities are forced to collect these levies on behalf of School Boards and the provincial government.



Municipalities have no say whatsoever over how these levy rates are set or how the money is spent.

However, when residents receive their annual property tax statement, the total amount owing at the bottom of the bill is often the first place that is checked.

If a resident sees a large increase at the bottom, the resident should also be mindful of where the largest increases are coming from.

While school taxes are calculated the same way as municipal taxes, continual year-over-year increases greater than the rate of inflation for the school tax portion often result in complaints to municipal offices.

These complaints are directed at the messenger rather than the source, which end up further frustrating ratepayers given the confusing nature of the current collection process.

Generally speaking, the school tax portions on property tax bills across Manitoba now represent more than half of the total tax bills overall.

In some cases, the school tax portion is greater than 60 per cent of the total bill.

These types of increases also put additional pressure of local Councils as they are hesitant to raise the municipal tax portion and put a greater burden on ratepayers.



Moving forward, there is a clear and definite need for better communication and public education regarding the setting and collection of school taxes.

Municipal officials or local Councils should not have to field complaints regarding school taxes.

In order to help address this issue, some municipalities have proactively inserted information materials into the tax bills that explain the difference between the municipal and school tax portions.

Moreover, other municipalities have offered their local School Board to provide their own informational inserts to explain their tax increases to residents, however these offers have not been acted upon.

In regards to financial accountability and sustainability, the AMM urges the Commission to closely consider how funds that support education are being collected and invested into the system.

The system's future and long-term sustainability cannot be de-coupled from how it is funded and paid for.

That is why further discussions should transpire about different funding models and local taxation – this is inevitable if the intention is to improve sustainability and overall system costs.



Throughout your deliberations, I also urge you to be mindful of the importance of local voices making local choices in local communities.

We live in a vast province with diverse needs and characteristics – this is something I can attest to as AMM President as we often travel throughout Manitoba visiting municipalities and meeting with local Councils.

As an association that has experienced first-hand forced amalgamation, I can also tell you that the process we experienced should have never happened in the manner in which it unfolded.

No organization should have to go through such an experience.

The process was not only disrespectful to municipal officials but also impulsive and rushed given the unforeseen consequences and negative effects that have come to light after the fact.

While the AMM does not have a formal position on the number of School Boards, we strongly urge the Commission to consult closely with MSBA and Manitobans.

School Boards provide essential programming, services and supports in local communities across Manitoba – their members and voices matter greatly.



In closing, thank you again for the opportunity to provide these comments and provide some insights into municipal priorities regarding this review.

Long-term sustainability of the K-12 education system is a goal we all share, and in order to achieve this goal focus will need to eventually shift to discussing how the system is funded overall.

If you have any questions for me, I would be happy to answer them.