

**STATEMENT BY RAY BOUGHEN, COMMISSIONER**  
**On the Release of the Final Report of the Commission on Financing K-12 Education**  
**January 8, 2004 in Regina, Saskatchewan**

I'm pleased to release our final report – the culmination of eight months of study and consultation into how K-12 education is financed in this province.

This is an exciting day for me. I think we can be proud of the education system we've built in this province and improving that system is one of the most valuable investments we can make. I want to thank the government for the privilege of leading the work on this exciting and important issue.

The theme of our Commission has been “finding the balance”. I believe our recommendations do just that. They represent a balanced approach to funding education that provides the greatest degree of fairness and equity for students and taxpayers in Saskatchewan.

Before I get into our recommendations, I'd like to take a minute to thank **everyone** who took the time to participate in the Commission's consultation process. Over 600 people attended our public meetings. Nearly eighty individuals and groups arranged one-on-one meetings with us – some more than once – and 160 groups and individuals submitted written briefs

The participation has been tremendous and very valuable and I want to point out that what you see in the Commission's final report is based on **what we heard** in these consultations backed by research into how K-12 education is funded here in Canada and around the world. This was important to me and I would not have had it any other way.

The Commission's **12 recommendations** focus mainly around reducing Saskatchewan's over-reliance on property tax to fund education and reducing inequities created by the current K-12 financing system. Our first three recommendations reduce the over-reliance on property taxation to fund education.

**First** we recommend **reducing** education property tax across all property classes by \$200 million with a corresponding \$200 million **increase** in the provincial contribution to education expenditures. Virtually everyone told us education property taxes should be reduced and that the province should contribute more. Our research confirmed Saskatchewan's education property taxes are the highest in Canada, while the province's contribution is lowest.

**Second**, to replace the reduced property tax revenue, we recommend increasing the provincial sales tax to 7% and expanding its base to include restaurant meals and snack foods. We looked at a variety of alternatives, but determined that the **PST** made most sense. It was by far the most popular option with everyone we consulted. Unlike property tax, it's based on ability to pay... and ...at 7%, Saskatchewan's PST would remain the lowest in the country... among provinces that have a sales tax.

**Third**, we recommend that the government increase its contribution by an additional \$100 million over four years by reducing expenditures and/or assigning a portion of increased growth to fund further education property tax reductions. Again, this would be matched by a further \$100 million reduction in education property tax across all property classes.

These **first three recommendations** would reduce education property taxes by an average of **nearly 43%** for all property classes and bring Saskatchewan closer to the national average of \$360 per capita.

To **reduce inequity in the K-12 financing system**, we have two recommendations:

**First**, we recommend pooling the education property tax on all commercial and grants-in-lieu properties and redistributing it through the provincial operating grant program. This would not be a new tax, rather education property tax from these classes would be collected provincially, rather than locally.

Combined with our first recommendation, this would eliminate all so-called zero-grant boards. All school divisions in the province would receive a provincial grant and about 90% of school divisions would see a mill rate reduction.

**Next**, we recommend establishing a task force to recommend revised school division boundaries. Today, Saskatchewan has more school divisions than any other province. Voluntary restructuring of school divisions has been successful as a first phase. However, as many people told us, it cannot adequately address school divisions with widely varying mill rates which is what we have in this province today.

Restructuring school divisions will provide opportunities to enhance programs for students across the province and will further improve equity among school divisions.

Our next few recommendations **support education property tax reduction and improved equity**.

**First**, during the first three years of implementation, we recommend placing reasonable limits on local governments to ensure taxpayers realize education property tax reductions. In our consultations, we heard many people concerned that any reduction in property tax would be taken up by mill rate increases on the part of municipalities and school divisions. Our research showed that it has happened in Saskatchewan and other jurisdictions.

**Second,** we recommend that in conjunction with school divisions and the K-12 education community, the province revise and simplify the current Foundation Operating Grant program, which is used to distribute the province's share of education costs to school divisions.

**Third,** we recommend the province distinctly and transparently account for the full amount of funding appropriated from each government department for the School<sup>PLUS</sup> program. Schools have increasingly taken on responsibility for delivering justice, social and human services for our children. We heard from many that this important responsibility has come without sufficient funding.

**Fourth,** we recommend that the province and school divisions work together to improve financial and statistical information systems. Among other things, this will help to ensure that:

- program costs can be easily determined
- costs for human service delivery can be easily differentiated from traditional education program and service costs and
- the reasons for year-over-year cost increases are easy to determine

**Fifth,** we recommend the province support greater co-operation and sharing among public, separate, minority language, associate school and other school systems in the province. We heard often about opportunities for sharing costs in areas like facilities, transportation, technology and learning resource procurement and we believe this deserves further attention.

**Sixth,** we recommend that in conjunction with SAMA and local governments, the province should support greater stability in property tax policy, consistency in the application of property tax policy and transparency of the objectives of property tax policy for both levels of government. Within this, we recommend that the government remove education property tax from seasonal residential property.

**Finally**, to facilitate implementation, we recommend that in consultation with representatives of the education, local government and business sectors... the Departments of Learning and Government Relations and Aboriginal Affairs develop a plan to implement these changes over five years.

In summary, our recommendations would have the following impacts by 2009:

- the provincial/local ratio of education financing would be 80:20
- K-12 education would be funded 70% by general revenues and 30% by property taxes
- all school divisions would receive a provincial operating grant
- school divisions will have more equal assessment bases from which to raise local revenue

Today, we can be proud to say that education is a fundamental right for all children, regardless of ability and regardless of where they live. By the same token, Saskatchewan taxpayers expect – and deserve – to share the costs of that education equitably and fairly. I'm confident that in these recommendations, we have found the balance – a way to reduce the over-reliance on property taxes and address the inequities in the financing of K-12 education without increasing the overall demand on Saskatchewan taxpayers or adversely affecting the province's tax competitiveness.

It will now be up to the government of this province to determine how best to implement our recommendations. I know the government is committed to change and I've certainly seen people's willingness to be part of that change.

It won't be easy. The recommendations we have proposed are ambitious, but I believe they are necessary and more importantly – based on what they have told me – so do the people of Saskatchewan.

Thank you.