The study reported in this paper looked at the manner in which education in Canada is being financially supported and the potential consequences this support will have for the future. For the most part, Canadian provinces have in-place funding mechanisms that put them in sole control of finances; local fiscal autonomy has all but disappeared. Canadian courts have said essentially that provincial governments have the right to change the funding of education as long as the change results in a fair and nondiscriminatory distribution of funds. The generation and allocation of funds for public education appear to have been replaced in priority with local use of funds and the professional competence of educators. This shift in priority has the potential to affect a significant degree the current and upcoming generation of students more than the more traditional priority of funding alone. Equity of educational opportunity not only demands fiscal equalization, but also education equalization--both must work together in practice. This study concludes that the finances for public education in Canada are not in bad shape. What is slowing progress, however, is the friction among those within the system and those interacting with the system. This is a communication problem, not a finance problem. (DFR)
REFLECTIONS ON CANADIAN EDUCATION FINANCE DEVELOPMENTS¹

by

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The last century of work within the education finance area has provided us with the knowledge that inequalities are situationally defined. The complexity of the situation is made more intense with the desire to remain distinct while becoming part of the new global economy. This paper explores these dynamics within Canada in an attempt to further understand the manner education is being financially supported and the potential consequences this support will have for the upcoming generation.

The provinces, for the most part, have in place funding mechanisms that put them in sole control of finances. Local fiscal autonomy has all but disappeared. The current situation did not go unchallenged. Although the challenges were unsuccessful, they did force legal resolution on important fiscal issues. What appears to have been resolved is the issue of the relationship between power of taxation and a local school system’s right to manage and control their schools. The necessity of the former to be present in order for the

¹This paper was prepared for the American Education Research Association Conference in Seattle, WA., April 2001.
latter to exist has not been established in the courts. Instead, the courts appear to be of the position that the absence of the former does not interfere with the latter. This position rests on the caveat that the boards maintain control of their budget and expenditures. In adopting their position, the courts have in essence said that the provincial governments have the right to change the funding of education so long as the change results in a fair and nondiscriminatory distribution of funds. Without the language, the courts have endorsed the principle of fiscal equalization.

The relationship between the church and the state also gathered attention in the latter part of the twentieth century. The issue was one of concern to two provinces, Quebec and Newfoundland. Each province had a history of linking education and religion in justifying their multiple denominational school boards. Finally, the government initiated legislation to separate education and the church in so far as the basis for the establishment of local school systems. Politically the battlefield was tense but at the end of the day the will of the government prevailed. A school board is now established on the basis of linguistics, English or French. This division reflects the official bilingual nature of the country. In financial terms, funding became a nondenominational process.

With these factors and challenges addressed, the generation and allocation of funds for public education appear to be replaced in priority with local use of funds and the professional competence of educators. This shift in priority has the potential to more significantly affect the current and upcoming generation of students than the more traditional priority of funding alone.
There are at least two reasons for concern.

1. The possibility of a false sense of assurance in operating mechanisms to guarantee *equity of educational opportunity*. Should this false confident level prevail there will be a tendency toward a softer monitoring of the mechanism as opposed to the more rigorous approach normally assumed. The mechanism will have moved extensively to the achievement of fiscal equalization. Why? The inconsistency of achieving fiscal equalization while allowing local taxation on differing local tax bases has been removed (please see above). This is a positive and progressive movement. However, equity of educational opportunity not only demands fiscal equalization but also educational equalization. The former is concerned only with removing financial constraints affecting the range and quality of services for the purpose of educational equalization. The two must in practice work together. It is the separation of practice that leads us to the second reason for concern.

2. The presumption that there is a vast problem in the sincerity and competence of individuals working within the education system is destructive to the quality of the learning environment. When the confidence in the ability and skills of individuals and organizations at the local level are put in question, educational inequity has a greater chance to flourish. Why? Resentment, resistance, and a job as opposed to career minded approach to engagement of learning are allowed to grow. A great personal wound is created. The price unfortunately will be the quality of education the children and students will have access to. Quality is not something that can necessarily be brought; quantity can.
The true reasoning for this movement is somewhere in the tangle web of politics, statistics, and perceptions. One is unable to unravel the web with absolute certainty. Nevertheless, when change in priority is perceived as a personal attack more dollars are no longer a real solution to the problem and fewer dollars just inflames the situation. It is one thing to ask more to be done with fewer dollars and rely on the professionalism of educators to find a solution. It is another to ask for more and decide that the professionalism is not there to draw upon. Examples of movements under the latter are the introduction of teacher testing programs, language proficiency testing of teachers, and the revolving re certification of teachers. The perceived de professionalization of the act of teaching are diluting the effectiveness of funding mechanisms regardless of the dollars attached. The very individuals the government, parents, and students need in an ever growing complex and difficult working environments are the same individuals who are micro-managed. The required level of energy and creativity within the new and more tasking relationship is likely to lead to a demand for more compensation. Government and taxpayers have shown a reluctance to pay more. But, even if more dollars were made available, the real problem would not be addressed.

No system or organization is without flaws but all parts must respect the talents of each. Unless the evidence shows otherwise, the belief that the talents will be used toward a common end in the most creative way possible needs to exist. The required integrative energy of all was evident when the school systems underwent mandated amalgamations without arguably sufficient transition funds. Again, we witness a massive overhaul of the
curriculum without arguably sufficient in-service. And again, we saw efficiency together with equity reasonably addressed by the pooling of talents and resources at all levels. These structural and financial changes in public education were to achieve a greater level of educational opportunity. This opportunity is being compromised by allowing a mistrust to enter and develop within the system.

The finances for public education in Canada are in not bad shape. Public education throughout Canada has experienced an explosion of demands from the exponential development of knowledge of the learner to the need for revolutionary means to ensure that today and tomorrow generation of youths are able to function in the knowledge and information-based society. What is slowing the progress is the friction among those within the system and those interacting with the system. This is a communication problem, not a finance problem. Until the problem is resolved, only minimal expectations can be reasonably set for what can and cannot be achieved in terms of funding. Nevertheless, government will need to ensure that their monitoring of operating funding mechanisms remains rigorous.
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