

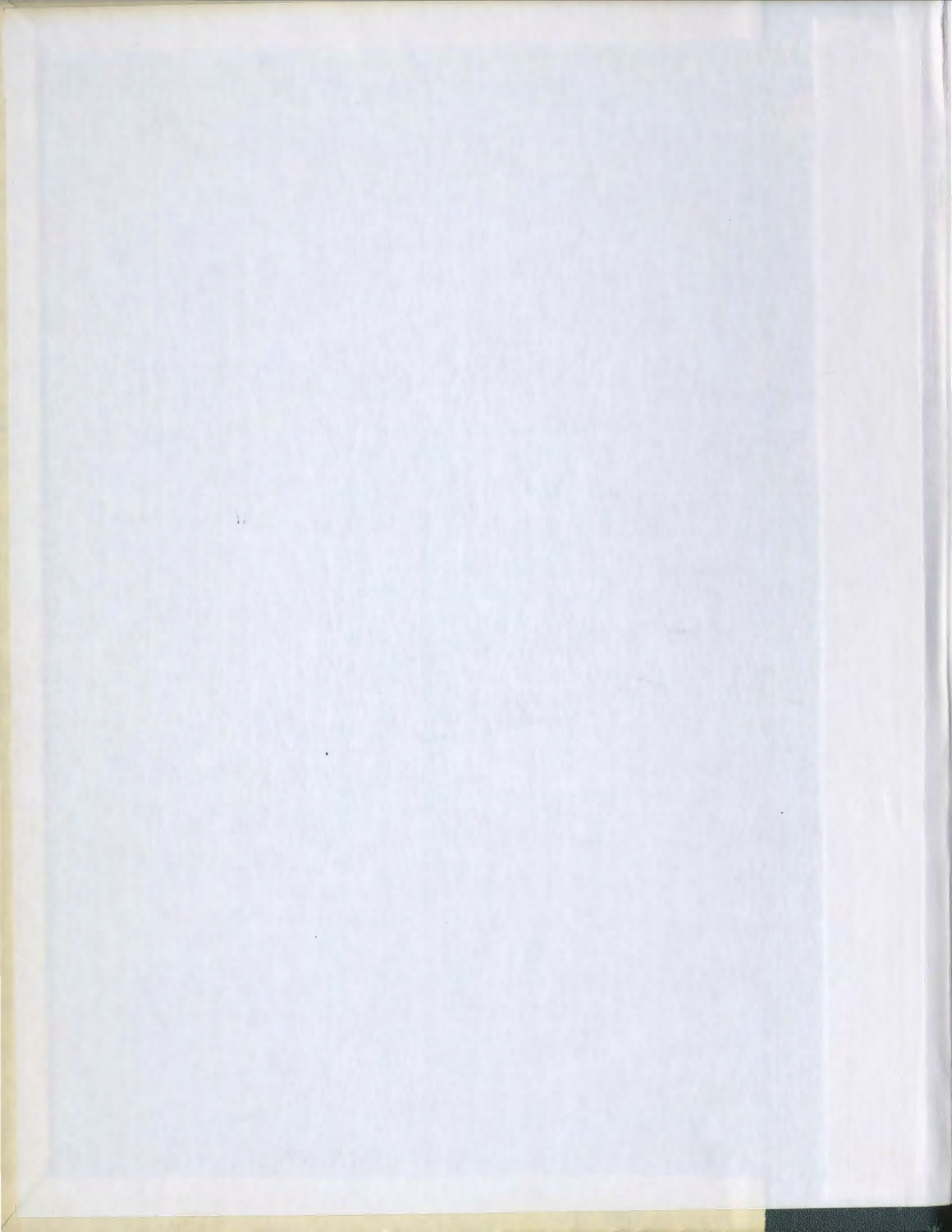
FINANCING EDUCATION IN NEWFOUNDLAND:  
1960-61 TO 1970-71

**CENTRE FOR NEWFOUNDLAND STUDIES**

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FRAZER WOODROW RUSSELL



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FINANCING EDUCATION IN NEWFOUNDLAND:  
1960-61 TO 1970-71

A THESIS  
SUBMITTED TO  
THE COMMITTEE ON GRADUATE STUDIES  
MEMORIAL UNIVERSITY OF NEWFOUNDLAND

IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE  
MASTER OF EDUCATION

by



FRAZER WOODROW RUSSELL  
SPRING 1973

## ABSTRACT

The purpose of this study was to review the program of public elementary and secondary school finance in Newfoundland from 1960-61 to 1970-71.

At a more specific level, the purposes of the study were: (1) to make an analysis of 1960-61 to 1970-71 trends in provincial revenues for public elementary and secondary education, (2) to make an analysis of provincial procedures for distributing provincial funds to local school boards, (3) to describe provincial organizational relationships — especially with reference to capital expenditures for public elementary and secondary education, (4) to make an analysis of 1960-61 to 1970-71 trends in local revenues for public elementary and secondary education, (5) to trace the development of local taxation for public elementary and secondary education during the period from 1960-61 to 1970-71, (6) to describe from the literature on public and school finance the foundation program concept of financing education, (7) to investigate the use of the foundation program in financing public elementary and secondary education in other Canadian provinces, (8) to make an analysis of 1960-61 to 1970-71 trends in public elementary and secondary school expenditures, (9) to examine the impact of increased price levels and increased

enrollment on public elementary and secondary school expenditures during the period from 1960-61 to 1970-71, and (10) to make a statement of implications for future financing of public elementary and secondary education in Newfoundland.

The data used in the study were obtained from: (1) Annual Reports of the Department of Education, (2) Annual Financial Reports of School Boards, (3) Public Accounts of the Province, (4) Newfoundland Federation of School Boards, (5) Provincial Association of School Tax Authorities, (6) Denominational Education Committees, (7) provincial statutes, (8) Canada Yearbooks, (9) other Statistics Canada publications, (10) regulations, files, and records of the Department of Education, and (11) Royal Commission Reports.

The principal method of research utilized in the study was the normative - survey method. The historical and analytical methods were also used at various stages of the study. The study presented its data in both descriptive and tabular form.

The findings of the study support the following conclusions: (1) In spite of substantial increases in expenditure for public elementary and secondary education in "current dollars" over the period from 1960-61 to 1970-71,

the increases in "constant dollars" have not been as dramatic; (2) The operating expenditure per student in public elementary and secondary schools of Newfoundland is substantially lower than that of any other Canadian province. Hence, there is ample justification for seeking federal assistance to public elementary and secondary education in this province; (3) There is a definite need for a systematic method of raising funds for public elementary and secondary education from local sources; (4) Newfoundland's school grants system has grown to become cumbersome by successive additions of special grants. Because of this, there must be a consolidation of grants based on the principles of the foundation program concept of education finance; and (5) The lack of a stable source of local revenue in Newfoundland school districts has discouraged school boards from going beyond the standard provincial program supported by provincial grants to school boards.

The study identified the following three areas of further research: (1) the development of an educational price index specifically designed to measure the change in price levels of educational inputs in Newfoundland, (2) an investigation of the extent of differentials in cost per pupil of educating elementary and secondary pupils in Newfoundland school districts, and (3) a cost - benefit study to determine the effectiveness of Newfoundland schools or school systems.



#### ACKNOWLEDGEMENTS

The writer wishes to express his grateful appreciation for the valuable assistance rendered by many persons who made this study possible. He is especially indebted to his supervisor, Dr. K.W. Wallace whose guidance and assistance were paramount in bringing the study through its various stages to completion.

Special credit is also due to the numerous persons who assisted in the collection of data for the study.

Finally, recognition is due to his fiancée, Sherry, for her help in the typing of this study and also for her patience and inspiration during the development of this study.

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## CHAPTER I

### THE PROBLEM

#### I. INTRODUCTION

The problem of financing public elementary and secondary school education has confronted educators and legislators across Canada for many years. In Newfoundland, however, this problem has assumed major proportions only in recent years.

In this province the signs are now unmistakably clear that the squeeze between increasing school costs and lagging revenues has caught up with our public elementary and secondary school boards. They are being confronted with insufficient funds from both provincial and local sources to meet increased operational and capital costs. As a result school boards are being forced to cut back on school services, thereby decreasing the quantity and quality of education being provided to the children of this province. The benefits of education to the individual and society are too great to permit the continuation of what appears to be an inadequate system of financing education.

As the Newfoundland public becomes more cognizant of the benefits of education to the individual and society, and as the Newfoundland public continues to demand more from its

schools while seeking a lighter tax burden, the need for review of the program of school finance becomes more manifest.

This study was designed to examine the program of public elementary and secondary school finance in Newfoundland during the period from 1960-61 to 1970-71.

## II. STATEMENT OF THE PROBLEM

The purpose of this study was to review Newfoundland's program of public elementary and secondary school finance during the period from 1960-61 to 1970-71.

More specifically, the purposes of this study were:

- (1) To make an analysis of 1960-61 to 1970-71 trends in provincial revenues for public elementary and secondary education.
- (2) To make an analysis of provincial procedures for distributing provincial funds to local school boards.
- (3) To describe provincial organizational relationships — especially with reference to capital expenditures for public elementary and secondary education.
- (4) To make an analysis of 1960-61 to 1970-71 trends in local revenues for public elementary and secondary education.
- (5) To trace the development of local taxation for

public elementary and secondary education during the period from 1960-61 to 1970-71.

- (6) To describe from the literature on public and school finance the foundation program concept of financing education.
- (7) To investigate the use of the foundation program concept in financing public elementary and secondary education in other Canadian provinces.
- (8) To make an analysis of 1960-61 to 1970-71 trends in public elementary and secondary school expenditures.
- (9) To examine the impact of increased price levels and increased enrollment on public elementary and secondary school expenditures during the period from 1960-61 to 1970-71.
- (10) To make a statement of implications for future financing of public elementary and secondary education in Newfoundland.

### III. BACKGROUND TO THE PROBLEM

This study is, in part, a continuation of a previous study completed by Philip J. Warren. In his study, Dr. Warren was concerned with the program of school finance as it developed in Newfoundland up to 1960. This present study, among other things, is an attempt to bring certain sections

of the earlier one up-to-date.

Warren's study contains an extensive review of the historical, demographic, and economic conditions affecting the financing of education in Newfoundland. This present study does not contain such an extensive review of these conditions. Rather, the study concentrated on a description of 1960-61 to 1970-71 trends in provincial and local revenues for public elementary and secondary education and 1960-61 to 1970-71 trends in provincial and local expenditures for public elementary and secondary education. Moreover, this study encompassed an analysis of provincial procedures for allocating provincial funds to local school boards and a description of the foundation program concept of financing education along with applications of this concept in other Canadian provinces.

Specifically, this study was concerned with public elementary and secondary school finance in Newfoundland during the period from 1960-61 to 1970-71.

#### IV. NEED FOR AND SIGNIFICANCE OF THE STUDY

An examination of the theses in education completed at Memorial University up to the present year shows that no study of financing public elementary and secondary education in Newfoundland has been undertaken. In fact, the last detailed study of education finance in Newfoundland

was completed in 1962 by Philip J. Warren. The Newfoundland Royal Commission on Education and Youth devoted a portion of its investigation to financing public elementary and secondary education. Thus, it is evident that this significant area of education has not received proper attention up to this date.

The need for this study is based primarily on the general need for an up-to-date review of public elementary and secondary school finance in this province. It is hoped that such a review will make a worthwhile contribution to the progress of education by providing necessary information in solving school finance problems.

The declining purchasing power of the dollar, increasing enrollments, expansion of services rendered by our schools, and an ever-increasing demand for education require increasingly larger revenues for public elementary and secondary education. In order to assess the effectiveness of our revenue system in providing these additional revenues, a review of provincial and local revenue patterns for public elementary and secondary education is indeed necessary and timely.

In dealing with financial statistics such as school expenditures, a problem of the relative instability of the dollar arises. In order to accurately compare expenditures of one school year with those of another school year, the concept of "constant dollar" is used. This means that a

base year is selected, and preceeding or succeeding years' expenditures are expressed in terms of the value of the dollar in the base year. The findings of this study showing expenditures on public elementary and secondary education in constant dollars should prove to be beneficial to educators. Such information indicates how real expenditure patterns have changed over the period under review. In addition, such information will permit educators and lay people to assess more accurately if our increased expenditures are sufficiently large to provide for the additional resources needed to improve the quality of educational services.

During the time period under review in this study, a major reorganization of the local school districts took place. These reorganized school districts will likely cost more money; for example, the amount of current expense needed for general administration has increased due to the creation of numerous administrative and supervisory positions. This study analyses selected school board expenditures for the years 1969-70 and 1970-71 in an attempt to detect the major items of current school board expenditure. Such an analysis could indicate a need to modify existing financial arrangements between the province and local school districts as a result of the reorganization of local school districts.

The financing of education in Newfoundland is achieved by a provincial - local partnership. Considering the large per-

centage of provincial financial support provided to local school districts by means of grants, it is obvious that the provincial government is the dominant figure in this partnership. But, the question arises as to how much autonomy the local district decision-maker does have in fiscal matters. This study attempted to answer the above question by examining the procedures used to allocate provincial educational resources to local school districts. In essence, this study examined trends in centralizing and decentralizing of decision-making in fiscal matters. Also, by analysing Newfoundland's school grant structure, it was hoped that existing inadequacies would be detected.

In summation, it is believed that the results of this study will prove to be significant in pointing out the weaknesses and strengths of our present program of public elementary and secondary school finance. Also, it is hoped that the recommendations resulting from this study will aid in the modification of the system of educational finance where this is deemed to be necessary.

#### V. SCOPE AND LIMITATIONS

This study was intended to be comprehensive in scope by considering a number of aspects of public elementary and secondary school finance rather than limiting itself to any one particular aspect. For example, this study dealt



with provincial and local revenues for public elementary and secondary education, the development of local taxation for public elementary and secondary education, public elementary and secondary school expenditures and factors affecting them, and provincial procedures for distributing provincial funds to local school districts.

This study was limited to a consideration of the program of public elementary and secondary school finance. No attempt was made to investigate other areas of educational finance such as post-secondary education. It is realized that resource allocations in this part of the system influence decisions made with reference to public elementary and secondary education.

Furthermore, this study was confined to the period from 1960-61 to 1970-71. The choice of this period was influenced by considerations of data collected and an earlier study. The year 1960-61 was chosen as a base year for the study, since the earlier study by Warren ended in the year 1959-60. The choice of the year 1970-71 as the final year of the study was dictated by the fact that this was the last year for which complete data were available.

#### VI. DEFINITION OF TERMS

The following terms are used in this study as defined below.

### Local School District

A local school district is an educational district established by or under or continued under The Schools Act, 1969.

### Local School Board

A local school board means a school board constituted by or under or continued under The Schools Act, 1969.

### Public School

A public school is a school operated by a local school board and receiving grants from public funds of the province provided for education.

### School Year

A school year is a year commencing on the first day of July in a calendar year and ending on the thirtieth day of June in the calendar year next following.

### Fiscal Year

A fiscal year refers to the Newfoundland provincial government fiscal year, commencing on the first day of April in a calendar year and ending on the thirty-first day of March in the calendar year next following.

### Foundation Program

A base minimum program of education for each district based on weighted costs (current and capital) below which no district would be permitted to operate and supported wholly or in part by the provincial government constitutes a foundation program.<sup>1</sup>

### Gross Provincial Product

Gross provincial product is defined as the market value of the unduplicated total of goods and services produced in a given period of time (usually one year) by the factors of production which are resident in a particular economy.<sup>2</sup>

### Personal Income

Personal income measures all income received by Canadian residents and includes factor incomes of persons, transfer payments from government (such as family allowances, unemployment insurance benefits, and war service gratuities), and types of investment income accumulated on behalf of

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<sup>1</sup>Llewellyn G. Parsons, "Financing Education in Newfoundland - A Challenge for the Seventies," Memorial University of Newfoundland, St. John's, March, 1970, p. 12.

<sup>2</sup>Province of Newfoundland, Department of Finance, Historical Statistics of Newfoundland and Labrador (St. John's: Queen's Printers, 1970), Vol. I, p. 104.

by life insurance companies, private pension funds, and similar institutions.<sup>3</sup> It does not include undistributed profits of corporations and other elements of the national income not paid out to persons.

#### Personal Disposable Income

Personal disposable income is calculated by deducting direct taxes (including income taxes and succession duties) paid by persons from personal income. Personal disposable income represents the amount out of which personal expenditure on goods and services is made.<sup>4</sup>

#### Current Expenditures

Current expenditures are defined as total expenditures less expenditures for interest, debt services, and capital outlay. Current expenditures include expenditures for administration, instructional aids and supplies, instructional salaries, school plant operation and maintenance, and pupil transportation.

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<sup>3</sup>Dominion Bureau of Statistics, National Accounts: Income and Expenditures, 1926-1956 (Ottawa: The Queen's Printer, 1958), p. 124.

<sup>4</sup>Ibid., p. 125.

### Price Index

A price index is a measure of the average price of goods and services at a given time or in a given place compared with the average price of the same quantity and quality of goods and services at a different time or in a different place.<sup>5</sup>

### Expenditures in Current Dollars

This term is used to refer to expenditures which have been made without reference to the influence of changing price levels.<sup>6</sup>

### Expenditures in Constant Dollars

This term is used to refer to expenditures which take into account the changing purchasing power of money as reflected by changes in price indices.<sup>7</sup>

## VII. DATA SOURCES AND METHODS

The majority of the data in the present study were

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<sup>5</sup>Peter J. Atherton, "The Impact of Rising Price Levels on Expenditures for School Operation in Alberta, 1957-1965" (unpublished Doctoral dissertation, University of Alberta, Edmonton, July, 1968), p. 26.

<sup>6</sup>Ibid., p. 26.

<sup>7</sup>Ibid., p. 27.

taken from:

- (1) Annual Reports of the Department of Education,
- (2) Annual Financial Reports of School Boards,
- (3) Public Accounts of the Province,
- (4) Newfoundland Federation of School Boards,
- (5) Provincial Association of School Tax Authorities,
- (6) Denominational Education Committees,
- (7) provincial statutes,
- (8) Canada Yearbooks,
- (9) other Statistics Canada publications,
- (10) regulations, files, and records of the  
Department of Education, and
- (11) Royal Commission Reports.

The principal method of research in this study was the normative - survey method. This method was used for analysing trends in educational expenditures and trends in provincial and local revenues for education. The historical method was utilized in tracing the development of local taxation for public elementary and secondary education during the period from 1960-61 to 1970-71. Finally, the analytical method was used in investigating provincial procedures for allocating provincial funds to local school boards.

This study presents most of its data in the form of tables. These tables are effective means of showing com-

parisons between data such as year-to-year "current" and "constant" per pupil costs. The statistical treatment of the data used in this study consisted simply of calculating percentages, means, and medians.

#### VIII. ORGANIZATION OF THE STUDY

The study contains six chapters. Chapter I has presented the statement of the main problem of the study. In Chapter II a brief examination of the relevant literature is presented as a background to the present study. Chapter III examines provincial revenue patterns for public elementary and secondary education. In Chapter IV local revenue patterns for public elementary and secondary education are reviewed. Patterns of public elementary and secondary school expenditures is the subject of Chapter V. The final chapter provides a brief summary and a statement of the major findings of the study, together with certain implications for educational finance arising from them. Recommendations and future research in related areas complete this final chapter.

## CHAPTER II

### REVIEW OF RELATED LITERATURE

A vast amount of literature has been written on public school finance. In this review the emphasis is placed on five major topics. The first topic is a brief history of public elementary and secondary school finance in Newfoundland up to the year 1960. The second topic is concerned with local - provincial relationships in educational finance. The foundation program concept of financing education and its underlying philosophy are introduced in the third section. The fourth topic is a description of the financing of public elementary and secondary education in other Canadian provinces. Finally, property taxation for education is outlined in the fifth section.

#### I. HISTORY OF PUBLIC ELEMENTARY AND SECONDARY SCHOOL FINANCE IN NEWFOUNDLAND

A study of Newfoundland's public elementary and secondary school finance during the eleven year period from 1960-61 to 1970-71 would not be complete without some reference to earlier developments in this area. It is the purpose of this section to trace some of the early developments in public elementary and secondary school



finance in Newfoundland in order that current issues and problems may be viewed in a much broader perspective.

In 1726 the first school was established in Newfoundland by the Society for the Propagation of the Gospel.<sup>1</sup> From the time of the establishment of the first school at Bonavista to the passing of the first Education Act in 1836, the task of educating the people in the various communities was carried out by religious denominational and philanthropic organizations. Since clergymen were often the only educated people in the isolated communities, this type of education was to be expected. Funds were provided to the organizations for educating the people, usually by quintals of fish or by voluntary labor in constructing and maintaining schools. These denominational and philanthropic organizations were primarily concerned with elementary education. To receive secondary education one had to obtain it privately or travel abroad.<sup>2</sup>

In 1832 Newfoundland was granted Representative Government, and four years later, in 1836, the Legislature

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<sup>1</sup>G.A. Hickman, "The History of Education in Newfoundland" (unpublished Master's thesis, Acadia University, Wolfville, Nova Scotia, 1941), p. 3

<sup>2</sup>P.J. Warren, "Financing Education in Newfoundland" (unpublished Doctoral dissertation, University of Alberta, Edmonton, 1962), pp. 24-27.

of Newfoundland passed its first Education Act.<sup>3</sup> Based on the major recommendations of a Select Committee of the legislature, immediate grants of money were put at the disposal of the several existing organizations to assist in their educational work. Also, to establish schools in other areas of the province, nine educational districts corresponding to the electoral districts were set up, and funds were set aside to encourage boards appointed under the Act to establish and maintain schools.<sup>4</sup> This Act marked the beginning of the government's responsibility for providing some share of the cost of education. "In effect, the Act marked the beginning of an active partnership between church and state."<sup>5</sup>

Under the 1843 Act the payment of school fees was made compulsory. These fees were to be expended towards the salaries of school teachers. The Act made it clear that children whose parents were unable to pay these fees because of poverty were not to be denied schooling. The Act also increased the number of educational districts

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<sup>3</sup>G. Llewellyn Parsons, "Our Educational Past: Some Unanticipated Consequences," Department of Educational Administration, Memorial University of Newfoundland, St. John's, Newfoundland, 1969, p. 1.

<sup>4</sup>Ibid., p. 2.

<sup>5</sup>Warren, op. cit., p. 30.

and specified the amount of grant to each district.<sup>6</sup>

The Act of 1852 merely stated that every community should share some of the burden of education costs. The Act also suggested that local contributions by a community towards teachers' salaries or the erection and maintenance of schools be made according to its ability to pay. The Act of 1853 stated explicitly the contributions that local communities were required to make. No grants were to be made to localities until such localities raised in cash or kind an amount equal to that granted by the government.<sup>7</sup> Both of these statutes were very important in that they permitted some local control over educational matters and marked the beginning of a policy whereby the government insisted that local communities share in the costs of providing education to its citizens.

The amount of money the government allocated to education rose slowly from 1836 onward. With the passing of successive acts and amendments, by the year 1896 the total government appropriation for education totalled \$151,180.<sup>8</sup> This amount consisted of a grant for general

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<sup>6</sup>F.W. Rowe, The Development of Education in Newfoundland (Toronto: The Ryerson Press, 1952), p. 65.

<sup>7</sup>Warren, op. cit., pp. 28-32.

<sup>8</sup>Ibid., p. 41.

education purposes and a large number of specific grants. The specific grants were allocated for destitute localities, teacher training, superintending and inspecting schools, school apparatus, special schools (Grammar, Commercial, and Academic), the encouragement of teachers with certificates, the encouragement of high school education outside St. John's, supplements to teachers' salaries, and districts with poorly developed schools.<sup>9</sup>

From 1896 to 1915 the grants outlined in the previous paragraphs increased greatly but were still considered to be insignificant when compared with the need. With the exception of a grant for "outports" which was designed to improve the education of people in the small, isolated areas of the province, very few new grants were added to the existing grant structure.<sup>10</sup>

With the passing of the 1916 Act the government took on a new role in the financing of education. The significance of this Act for the financing of education was summed up by Rowe. He states:

With the Act of 1916 the government's stake in education became preponderant and decisive. Hitherto, its chief role had been that of a contributor;

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<sup>9</sup>Ibid.

<sup>10</sup>Ibid., pp. 40-42.

now it had assumed major financial responsibility.<sup>11</sup>  
In that year the legislature provided a total grant of  
\$367,000 for educational purposes.<sup>12</sup>

The Education Act of 1920 was, according to Rowe,  
in several respects the most important in the history of  
educational legislation in Newfoundland.<sup>13</sup> This Act created  
the Department of Education and raised the level of gov-  
ernment support for education to \$815,810.<sup>14</sup> The devel-  
opment of education was rather slow in the 1920's, but  
by 1930-31 the government's allocation to education reached  
the one million dollar level.<sup>15</sup>

The year 1934 marked the beginning of Commission  
of Government in Newfoundland, and from that year onward  
expenditures on education increased rapidly in response  
to the prosperity of the 1940's, the immediate postwar  
period. The increase in support for education was re-  
flected in the government's contributions to school con-

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<sup>11</sup>Rowe, op. cit., p. 69.

<sup>12</sup>Ibid.

<sup>13</sup>Ibid., p. 70.

<sup>14</sup>Ibid.

<sup>15</sup>Warren, op. cit., p. 46.

struction and teachers' salaries.<sup>16</sup> In some of the government's grants to school boards, the fiscal abilities of the local school boards were taken into account in an effort to provide some measure of equalization of education opportunity.

The year 1949 marked Newfoundland's entry into Confederation. In the following years the amount of money expended for educational purposes rose considerably. In the year 1949-50 a total of \$4.4 million was allocated for education by the provincial government.<sup>17</sup> With the construction of new roads the provincial government saw a means of partially solving the problem of improving the education of pupils attending small schools with low qualified teachers and inadequate facilities. In 1953 the provincial government announced the provision of \$500,000 annually for a period of five years to assist school boards in the construction of regional high schools. This grant was divided on a denominational basis, and school boards received up to 75 per cent of the cost of regional high schools.<sup>18</sup>

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<sup>16</sup>Ibid., p. 54.

<sup>17</sup>Public Accounts, Province of Newfoundland.

<sup>18</sup>Rowe, op. cit., p. 160.

In order to implement a successful regional high school program, it was necessary for the provincial government to begin a subsidized transportation system. When the transportation system was introduced, school boards received up to 75 per cent of the annual costs for regional and central high school transportation and up to 90 per cent where transportation meant the closing of smaller schools. During the year 1959-60 the provincial government spent \$196,610 on transportation of children to schools.<sup>19</sup>

In the period following Confederation, the provincial government introduced a vast program of scholarships and bursaries in an effort to eliminate some of the inequalities of educational opportunity. For the year 1959-60, the provincial government expended \$305,867 on this program.<sup>20</sup>

In summation, Newfoundland's history of public elementary and secondary school finance evolved from a religious denominational and philanthropic supported system to a state - church partnership. After the passing of the 1916 Education Act, the provincial government gradually began to take over the dominant role in this relationship.

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<sup>19</sup>Annual Report, 1961, Department of Education, Province of Newfoundland.

<sup>20</sup>Ibid.

## II. LOCAL-PROVINCIAL RELATIONSHIPS IN EDUCATION FINANCE

In hierarchical terms the relationship between a province and a local school board is one of superior to subordinate. This type of relationship is to be expected, since local school boards can be both established and destroyed by provincial statutes. Such a superior to subordinate relationship involves a division of powers, since a province may delegate authority to local school boards. The financing of education is one area where there can be no clear-cut division of power between a province and a local school board. Some provinces have established a highly centralized system of education finance, while others have established highly decentralized systems with a large amount of local autonomy. The relationship that should or should not exist between a province and a local school board in financing education has been expounded by many writers concerned with educational finance.

Atherton et. al., in making some observations about the concept of local autonomy in educational finance, feel that a local school board must have some form of local discretion over expenditures if local autonomy is to continue to exist. They further say:

Admittedly, the degree of autonomy may be heightened and responsibility increased when there is



access to a local revenue source, but it is nevertheless true that even if provincial grants were the only source of revenue available to school boards there could be a considerable amount of discretion<sup>21</sup> in the local allocation of the total resources.

Thus, in addition to local discretion over expenditures, a local school board should have an access to a local revenue source or be provided with provincial funds that can be expended without any provincial directives.

The Ontario Committee on Taxation, reporting in 1967, wrote as follows concerning the suitability of public education to local government:

Whether the criterion is a reasonably open market for teachers' services, diversity and experimentation in education, or the need for school programs that are accomodated to regional peculiarities, local authority over education holds out greater promise than central administration. If it is to be more than an illusion, such local authority must be marked by a genuine degree of autonomy. And to be genuine, governmental autonomy<sup>22</sup> must have a basis in the revenue system.

Such a contention requires that provincial control over education be minimized and the local school boards given a higher degree of autonomy. Furthermore, local school districts ought to have complete access to local taxation. If not, this inevitably means enhanced provincial control.

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<sup>21</sup>P.J. Atherton et. al., Quality Education: What Price? (Edmonton: The Alberta Teachers' Association, 1969), p. 40.

<sup>22</sup>The Ontario Committee on Taxation Report, Province of Ontario, Vol. II, 1967, p. 407.

H.P. Moffatt in his address to the Second Canadian Conference on Education in 1962 voiced the opinion that if we are to have local school administration, then it is axiomatic that the local administrative units should share the burden of the costs. He contends:

Unless some of the money spent on the public schools comes in the form of direct taxation from the people whose schools are being served, the local administrative authority might just as well be a management committee with no policy-making powers, operating as a state or provincial authority.<sup>23</sup>

Johns and Morphet also support the notion of strong local control and support of public education. They point out:

Many believe that local financing increases local interest in the schools. They also assert that since the local people pay a substantial part of school costs, they insist upon more economical and efficient administration than if all funds were provided by the state.

The policy gives people in the local system an opportunity to provide better schools for their children than is possible through the foundation program of education usually provided by state governments.<sup>24</sup>

In essence, Johns and Morphet assert that we will have accountability in public education if people are

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<sup>23</sup>H.P. Moffatt, "What is the Community's Responsibility for Education?" in Fred W. Price, The Second Canadian Conference on Education: A Report (Toronto: The University of Toronto Press, 1962), p. 277.

<sup>24</sup>Roe L. Johns and Edgar L. Morphet, The Economics and Financing of Education: A Systems Approach (2d ed., Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1969), p. 198.

taxed in the form of direct taxation. People will not hold local school boards accountable when they provide money to these boards through indirect taxation. Also, the authors contend that by using its tax leeway a local school board may go beyond the minimally accepted level of education, whereas without sufficient tax leeway a school district's program would be standardized rather than become a "lighthouse" system.

The amount of money which a higher level of government allocates to a lower level of government is generally considered to be an index of how much control the higher level of government has over the lower level. According to Johns and Morphet, however, the procedures that the higher level of government uses in providing the support to a lower level of government furnishes a more suitable index.<sup>25</sup> Therefore, an analysis of a province's grant structure is necessary to ascertain to some degree how much autonomy a local school board has in the decision-making or policy-making sphere.

There are many kinds of grants apportioned to local school districts on a large number of bases. Some are provided for general purposes and others for specific

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<sup>25</sup>Ibid., p. 253.

purposes. There are also some grants designated as flat and others as equalizing. A more detailed classification and description of these grants is contained in Chapter III. In developing a plan to distribute central funds among local school districts, Johns and Morphet caution against the use of these grants. They point out:

Researchers have demonstrated that the goals of equalization of educational opportunity and of equalization of tax effort cannot be achieved by an unco-ordinated group of categorical grants or by a system for distributing state funds based on the school census or any other unweighted pupil or teacher measure.<sup>26</sup>

The foundation program concept is the most recent effort to co-ordinate a large number of general, specific, flat, and equalizing grants into a viable program of school finance while fulfilling the principle of equalization of educational opportunity and equalization of tax effort.

### III. THE FOUNDATION PROGRAM CONCEPT

The pioneer effort to translate the philosophy of equal educational opportunity and equalization of taxpayer burden into a viable state school finance program was made by George D. Strayer and Robert M. Haig in 1923.<sup>27</sup> The

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<sup>26</sup>Ibid., p. 246.

<sup>27</sup>John E. Coons et. al., Private Wealth and Public Education (Cambridge, Mass.: The Belknap Press of Harvard University Press, 1970), p. 63.

resulting program came to be known as the foundation program. Prior to that year, state aid to local school boards had been distributed using a percentage or flat grant basis. Strayer and Haig criticized these methods of distribution because of the inequities that developed among local school districts through their use.

Essentially, a foundation program is defined as the basic program of education that a province guarantees to every public school child in the province. This program is expressed in terms of the amount of money considered essential for each unit of educational need. The cost of this foundation program is then shared by the Province and local school district.<sup>28</sup> Strayer's and Haig's version of the plan is contained in the original statement of it:

To carry into effect the principle of equalization of educational opportunity and equalization of school support as commonly understood, it would be necessary (1) to establish schools or make other arrangements sufficient to furnish the children in every locality within the state with equal educational opportunities up to some prescribed minimum; (2) to raise the funds necessary for this purpose by local or state taxation adjusted in such manner as to bear upon the people in all localities at the same rate in relation to their tax-paying ability; and (3) to provide adequately for either the supervision and control of all the schools, or for their direct

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<sup>28</sup> Robert J. Garvue, Modern Public School Finance (United States: The Macmillan Co., 1960), pp. 218-219.

administration, by a state department of education.<sup>29</sup>

Since the time of its introduction by Strayer and Haig, the foundation program has undergone many changes, but the underlying philosophy has remained the same. It has also been increasingly accepted as an adequate program of school finance. There are a number of characteristics of a defensible foundation program which have been identified through various studies. Johns and Morphet identify the following:

1. The plan of financial support for schools in each state should be designed to ensure a foundation program providing essential, reasonably adequate, and well-rounded educational opportunities for all who should benefit from public education.
2. The foundation program should be supported by an equitable combination of funds from local, state, and, insofar as applicable, federal sources; it should constitute a bona fide partnership plan.
3. Each school district (or district and county) should be expected and required to make the same minimum local effort toward financing the foundation program.
4. The state should provide for each district on an objective basis, the difference between the funds available from the required uniform minimum tax effort and the cost of the foundation program.
5. The plan for financing the foundation program should assure reasonable equity for all taxpayers.
6. The educational and financial provisions for the foundation program should encourage sound and efficient organization, administration, and operation of local school districts and schools.
7. The foundation program plan should provide maximum opportunity and encouragement for the de-

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<sup>29</sup>Paul R. Mort and Walter C. Reusser, Public School Finance (3d ed., New York: McGraw-Hill Book Co., Inc., 1951), pp. 382-383.

velopment and exercise of local leadership and responsibility in education.

8. The citizens of each local school district should be authorized and encouraged to provide and finance such educational opportunities beyond the foundation program as they desire.

9. The foundation program plan should be cooperatively developed by representative citizens who have a genuine interest in and concern about public education.

10. The program procedures should emphasize continuous evaluation and sound long-range planning.<sup>30</sup>

Arvid J. Burke noted that the foundation program theory apparently provided a comprehensive framework for solving a wide variety of local fiscal problems. He states:

The framework allows for combining state and local funds in widely varying proportions. It is broad enough to permit a wide array of compromises on (1) the demands of state agencies and pressure groups for state direction, stimulation, or approval of local decisions or undertakings, (2) the conflicting demands of local administration units for special treatment for unique problems, and (3) the conflicting interests of local units in matters of benefits received versus taxes paid - state and local.<sup>31</sup>

In essence, the foundation program concept is the result of an effort to devise a plan to finance education on the basis of the following principles: (i) the equalization of educational opportunity, (ii) the equalization

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<sup>30</sup>Roe L. Johns and Edgar L. Morphet, Financing the Public Schools (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1960), pp. 268-270.

<sup>31</sup>"Financing of Elementary and Secondary Schools," The Theory and Practice of School Finance, Warren E. Gauerke and Jack R. Childress (Skokie, Ill.: Rand McNally and Co., 1967), p. 162.

of tax burden, and (iii) local access to taxation. To provide an insight into how these three principles have been incorporated into a viable program of school finance, a description of how other Canadian provinces finance public elementary and secondary education follows.

#### IV. FINANCING PUBLIC ELEMENTARY AND SECONDARY EDUCATION IN OTHER CANADIAN PROVINCES<sup>32</sup>

Under the British North America Act of 1867 every province is responsible for developing and carrying out its own system of education. As a result of this Act, there have evolved ten distinct provincial systems of public elementary and secondary education in Canada. There also exist ten distinct programs of financing public elementary and secondary education. A description of public elementary and secondary school finance programs in Nova Scotia, New Brunswick, Saskatchewan, Alberta, and Ontario is contained in this section.

##### Nova Scotia

Elementary and secondary education costs in Nova

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<sup>32</sup>The descriptions of provincial programs have been obtained primarily from (i) up-to-date descriptions provided by the departments of education in each province and (ii) the Canadian Tax Foundation publications, Provincial and Municipal Finances, 1971.



Scotia, excluding regional vocational school costs, are now shared between the Department of Education and the municipalities, according to legislation passed in 1956, based on the reports of the Pottier Commission. For educational purposes there are: (i) twenty municipal school boards, each of which operates the rural, village, and district schools within the municipality; (ii) thirty-four boards of school commissioners, each of which operates the school system within the incorporated town or city; (iii) thirteen regional school boards, each of which operates a school system for some or all of the pupils residing in two or more adjacent municipal units; (iv) three amalgamated school boards, each embracing the jurisdiction of two or more municipal units which have mutually agreed to co-operate.

The financing of public elementary and secondary education is provided as follows:

1. The equalized assessment of all property of each rural municipality, city, and town is determined annually by an assessment committee.

2. The amount that would be raised by applying the statutory rate to each \$100 of the equalized assessment is determined. This amount, or  $72\frac{1}{2}$  per cent of the cost of the foundation program — whichever is less — is the "municipal contribution" to the cost of the foundation program.

3. The cost of providing the foundation program of education is determined for the school year ending in the year equalized valuation is made.

4. The "municipal proportion" is the "municipal contribution" divided by the total cost of the foundation program.

5. The difference between 100 per cent and the "municipal proportion" is the "provincial proportion".

6. The province will pay a minimum of  $27\frac{1}{2}$  per cent even though the provincial proportion may be less than that amount.

7. The statutory rate referred to above may be altered by the Lieutenant - Governor in Council if in any year the provincial portion of the total shareable costs exceeds 55 per cent or is less than 45 per cent.

8. The operating cost of education to school boards is the "municipal proportion" of the foundation program at scale rates plus 100 per cent of the cost of additions to the foundation program such as salaries above scale rates, cost of administration, et cetera.

9. School boards must pay the municipal proportion of debt service charges and capital from revenue costs at scale rates plus 100 per cent of debt service charges and capital from revenue costs above scale rates. In this case

the true municipal proportion as the  $72\frac{1}{2}$  per cent ceiling does not apply.

10. To obtain its funds for the foundation program and supplements to it, school boards make a requisition to municipal, city, and town councils, each of which uses whichever rate is necessary to raise the required amount.

11. Special legislation respecting finance applies to amalgamation areas. These provisions are: (a) debt service charges for shareable capital costs are included in the foundation program costs; (b) the costs of administration, up to \$6 per pupil, are included in the foundation program costs; (c) the shareable salaries of the professional staff which may be included as part of the foundation program is the lesser of the actual salaries paid or \$410 times the number of pupils enrolled in the schools; (d) the shareable cost of capital projects is \$17.25 per square foot of the approved area of the project; and (e) the municipal and provincial proportions are calculated on the basis of actual costs for the current year and assessments for the previous year.

#### New Brunswick

Under the terms of the New Brunswick Schools Act proclaimed in 1967, the province reorganized its system

of public school administration by reducing the number of school districts from 422 to 33. These districts were further consolidated into seven regions comprised of two or more districts each.

The Province also assumed full responsibility for administering and financing a uniform program throughout the province and for administering supplements to the program where approved by the voters in the school districts concerned. However, the financing of the full cost of elementary and secondary education from provincial revenue sources has not meant the removal of the costs of education from the property tax base. The property tax has now become a provincial tax, as far as education is concerned, rather than a local tax.

Each school district receives funds for ordinary and capital expenditures on a budgetary basis from the Government of the Province. These funds are distributed through the Department of Education. The responsibility for the administration of these funds in any school district is delegated to the board of school trustees.

Each school district prepares annually a budget for the operation of its schools and submits it to the Minister of Education to be analysed by the Administration Branch of the Department of Education. After careful scrutiny,

the budgets of all school districts are submitted to the Treasury Board as part of the Department of Education budget. This budget, which is approved by the Treasury Board, is included as part of the provincial estimate and submitted to the Legislature. Upon approval by the Legislature, the Minister of Education advises each school district of its approved budget for the coming school year. Distribution of budget payments to school districts is made on a monthly basis beginning in July.

The province has established uniform salary schedules for all public school professional and non-professional personnel.

#### Saskatchewan

The foundation grant program, which provides financial assistance for primary and secondary education in Saskatchewan, can basically be represented by the formula,  $\text{Grant} = A - B$ , where  $A$  = recognized expenditures and  $B$  = recognized local revenues. Recognized expenditures are composed of several different items. The major portion is a standard amount per pupil to cover administration, instruction, plant operation and maintenance, repair and renovations, and non-capital furniture and equipment. This standard allowance is applied to all full time equivalent

students in attendance at the schools in any jurisdiction. Equivalent students are determined by applying a weighting factor to the actual physical enrollment at the various levels of education. The weights currently in use are 1.0 for Divisions I and II students (grades 1-6), 1.2 for Division III students (grades 7-9), 1.5 for Division IV students (grades 10-12), 1.7 for students in regional comprehensive high schools, and 2.0 for designated handicapped students.

The dollar amount of recognized expenditures applicable to each equivalent student is determined by dividing a departmental estimate of total expenditures in the province for a budget year by the total number of equivalent students. In 1972 the basic expenditure rate was \$506 per equivalent student. This meant that for the 1972 budget year the recognized expenditures varied from \$506 for students in grades 1-6 to \$1,012 for designated handicapped students.

In addition to the standard rate per pupil, the grant formula also recognized actual tuition fee expenditures, actual capital debt retirement expenditures, actual current revenue contributions to new capital construction programs, and an expenditure for the transportation of school students based on another formula (\$106 per daily

pupil transported and \$32 per daily mile of bus route).

Recognized local revenues are made up of two parts. First, a standard computational mill rate is applied to the equalized assessment in a school jurisdiction to obtain recognized local tax revenue. Secondly, tuition fees received from other school boards, from the federal government, and from individuals made up the miscellaneous revenue received by a school board. Property assessments are obtained by the Government of Saskatchewan through the Department of Municipal Affairs on a standard basis across the whole province. The basis of assessment differs from province to province across Canada, but as a rough measure, equalized assessments in Saskatchewan represent approximately one fourth of market value. Computational mill rates used in 1972 were 45 mills for cities and 40 mills for non-city systems.

The above describes the basic operation of the foundation program in Saskatchewan. It should be pointed out that the equalization factor is obtained by the varying amount of local tax input. For example, in highly assessed areas the standard mill rate will yield a relatively large amount of local revenue, while in poor or lowly assessed areas the standard rate yields a much smaller portion of recognized expenditures. Another equalizing factor is that

all students in the province are treated in exactly the same fashion. This includes students in Roman Catholic Separate schools as well as in public school systems.

In addition to the foundation grant program, the Department of Education also pays a capital grant for the construction of new school facilities. The amount of capital grant paid depends on the foundation grant percentage (i.e., the percentage of recognized expenditures covered by provincial grants or grant divided by  $A \times 100$ ). The capital grant percentage, which is a fraction of the foundation grant percentage (70%), is applied to the construction cost of new facilities, including architectural fees. The Department also pays several other small grants to school boards for each student involved in a driver education course.

### Alberta

In 1961 the province established a plan of school finance known as the School Foundation Program Fund. This fund derives its revenues from two main sources: the general revenues of the province from which a portion is voted into the foundation fund and a standard levy on equalized assessments which is a tax on the assessed value of rural and urban property in the province. It is from this foundation



fund that local school districts receive the bulk of their revenues.

If monies derived from the above sources are inadequate, school boards may raise additional monies locally by placing a tax levy on the assessed value of property under their jurisdiction. This local tax is additional to the provincial tax already mentioned. There are certain provincial government limitations upon local school boards in their use of supplementary requisitions.

Both separate and public school systems receive monies from the fund. Payments are made toward the cost of: (i) instruction, (ii) school construction and debt retirement, (iii) transportation of pupils, and (iv) administration.

The foundation funds are distributed to school boards in the manner outlined below.

Classroom Unit Grant (CRU). This grant is established as the average cost of qualified instruction, operation, and maintenance of a unit of 26 pupils. For 1970 this grant was a standard sum of \$10,150 for elementary pupils. The grant is increased by a "weighting factor" which compensates for the diversity in average costs from elementary to junior high to senior high school students.

Support Staff Grant (SSG). This grant is based on

current average salaries of well-qualified support personnel such as supervisors, specialists, principals, and superintendents. For 1970 elementary and junior high grades received one support staff grant per 143 pupils, while senior high grades received one support staff grant per 125 pupils.

School Construction and Debt Retirement. For approved school construction a basic formula allows up to \$15.50 per square foot for elementary schools and \$16.25 for junior and senior high schools. Portable construction qualifies for \$12.00 per square foot. There are special regulations dealing with payments to the boards for building costs and debt retirement.

Transportation Grants. In rural areas the foundation payment to school boards for transportation is based on the average cost per pupil over a three-year period plus depreciation allowances for buses owned by the boards. In urban areas school boards receive \$95 per pupil per year for transportation costs on buses which are either owned by the boards or contracted for from private carriers. Boards are also reimbursed for part of the cost of transporting pupils on regularly scheduled public transportation systems.

Other Foundation Support. Other foundation support provides school boards with an administrative grant equivalent to three per cent of the total funds received under the classroom unit, support staff, and transportation grants.

In addition to foundation funds, school boards receive miscellaneous grants from the province to cover the operation of vocational classes, special education classes and schools, extension classes, intern programs, reading programs, and innovation projects.

### Ontario

The basic philosophy of the Ontario Grant Plan is that the financial burden placed on a school board jurisdiction should be proportional to its level of expenditure and that the education mill rate should be identical for all school boards with comparable levels of expenditure.

School board expenditures are categorized as either ordinary or extraordinary. Ordinary expenditures are those which are common to all boards, such as salaries, heat, light, maintenance, supplies, supervision, administration. Extraordinary expenditures are those which, on a per pupil basis, vary widely from board to board, such as debt charges, transportation, room and board allowances for pupils, and capital expenditures from the revenue fund. When the above

expenditures are preceded by the word "recognized", such expenditures are eligible for grant assistance.

Grants payable to elementary and secondary school boards for operating purposes are composed of three main parts: a grant on ordinary expenditure, a grant on extraordinary expenditure, and an education mill rate subsidy.

Grant for Ordinary Expenditure. The average amount of equalized assessment throughout the entire province that is available to support one pupil has been calculated to be (i) \$48,500 for elementary school purposes and (ii) \$118,000 for secondary school purposes. The assessment index for a board is the ratio of its equalized assessment per pupil to that of the province as a whole. Thus, an assessment index of 2 would indicate twice the average amount.

The rate of grant on recognized ordinary expenditure is determined by a formula that is designed to pay 63.5 per cent for a board of average wealth.

$$\text{Grant Rate} = 100 - 36.5 \times (\text{Assessment Index})$$

There is a ceiling on recognized ordinary expenditure. For 1972 the recognized ordinary expenditure ceilings are \$595 for an elementary pupil and \$1,100 for a secondary pupil. These basic ceilings for a board are increased by weighting factors that recognize the need for the board to spend more than a normal amount for items such as special

education, vocational education, or French Language instruction, et cetera.

Table I illustrates the basic principle for boards which are spending for elementary school purposes at their grant ceiling levels of \$600 per pupil (\$595 x Grant and French weighting factor).

TABLE I  
ILLUSTRATION OF CALCULATION OF THE RATE  
AND AMOUNT OF GRANT FOR  
ORDINARY EXPENDITURES

	BOARD A	BOARD B
Eq. Assess/p.	\$97,000	\$48,500
Assessment Index	2	1
Rate of Grant	$100 - 36.5(2) = 27\%$	$100 - 36.5(1) = 63.5\%$
Amt. of Grant/p.	27% of \$600 = \$162	63.5% of \$600 = \$381
Local levy per/p.	\$438	\$219
Amt. raised by one eq. mill	\$97	\$48.50
Equalized Mill Rate	4,515 mills	4,515 mills

Source: Illustration provided to the researcher by the Ontario Department of Education.

Grant for Extraordinary Expenditure. The formula for the rate of grant on recognized extraordinary expend-

iture is designed to pay the rate of 95 per cent for a board of average wealth. These normal levels have been calculated to be approximately \$60 for an elementary pupil and \$90 for a secondary pupil. The rate of grant is as follows:

On first \$60 elementary or  
                                   \$90 secondary:  $100 - 25 \times (\text{Assessment Index})$   
 On the balance                                   :  $100 - 5 \times (\text{Assessment Index})$

Table II illustrates the rates and amount of grant applicable to a secondary school board which is spending at \$180 per pupil — twice the approximately \$90 normal level.

TABLE II

ILLUSTRATION OF CALCULATION OF THE RATE AND  
 AMOUNT OF GRANT FOR EXTRAORDINARY  
 EXPENDITURES

	BOARD A	BOARD B
Eq. Assess/p.	\$236,000	\$118,000
Assess. Index (Grant rate)	$100 - 25(2) = 50\%$	$100 - 25(1) = 75\%$
First \$90 (Grant (Local share)	\$45 \$45	\$67.50 \$22.50
(Grant rate	$100 - 5(2) = 90\%$	$100 - 5(1) = 95\%$
Second \$90 (Grant (Local share)	\$81 \$ 9	\$85.50 \$ 4.50
Total local share	\$54	\$27
Eq. Mill Rate	.229	.229

Source: Same as Table I

Education Mill Rate Subsidy. This additional financial assistance in the form of a mill rate subsidy was introduced as an interim measure designed to prevent municipal mill rates from rising unduly. This subsidy is paid to school boards to be applied against the amount that the municipality would otherwise be required to pay. However, the mill rate subsidy only applies to recognized expenditures (ordinary and extraordinary), unapproved debt charges, and a few other minor unapproved extraordinary expenditure items. The remaining unapproved expenditures have to be financed locally, irrespective of the effect on local mill rates.

#### V. PROPERTY TAXATION FOR EDUCATION

In most Canadian provinces property taxation is used extensively to finance public elementary and secondary education. However, according to E. Brock Rideout, there is "a definite trend towards the provinces assuming the primary responsibility for financing schools and allowing local boards to augment the provincial program through taxation or other means."<sup>33</sup> This has always been the case in Newfoundland, where the provincial government

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<sup>33</sup>E. Brock Rideout, "Problem Areas in School Finance," Ontario Education, September/October, 1970, p. 8.

assumes a large share of the burden of public elementary and secondary school costs from general provincial revenues. Consequently, a system of property taxation for education has not been fully developed in this province. In order to meet the rising costs of a well-developed system of public elementary and secondary education, property taxation may well be able to ease the financial crises that are gripping school districts throughout the province.

Where property taxation exists for public elementary and secondary education, it has been both criticized and applauded. Corbally contends that one of the crucial questions concerning the property tax revolves around the equity principle. He states:

The general criticism of the fairness of the property tax is based on the question of the degree to which the ownership of property is actually a measure of one's ability to pay taxes.<sup>34</sup>

Saunders has identified five weaknesses of the property tax. Firstly, the theoretical basis for the tax is weak, since it is difficult to decide if property taxation is a levy on income, on wealth, on benefits received, or on ability to pay. Secondly, assessment practices whereby a high degree of personal judgement is involved allow in-

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<sup>34</sup>John E. Corbally, Jr., School Finance (Boston: Allyn and Bacon, Inc., 1962), p. 74.



equities to enter the system of taxation. Thirdly, since the tax is usually paid out of current revenue, it is regressive in nature. Fourthly, this tax is usually considered an excise tax on housing and therefore restricts the consumption of shelter. Thus, it is considered un-neutral because it affects economic decision-making. Finally, the fifth major weakness of the property tax is that it is relatively inelastic compared to other forms of tax, and it does not reflect (without rate adjustments) changes in incomes and the economy.<sup>35</sup>

The most common criticisms of property taxation have been collected by the Canadian Tax Foundation. These criticisms are stated as follows:

It is alleged to be 'regressive' by falling more heavily upon the lower income groups; it is accused of unresponsiveness to economic change because it does not automatically become more productive with increased prosperity - and vice-versa - as income taxes and other sources of revenue open to the federal and provincial governments are supposed to do; it is denounced as unfair because real property is claimed no longer to measure a man's ability to pay; it is considered to be unrealistic because there seems to be no relationship between real property values and the worth of services received; and it is criticized as not being a suitable tax to support those municipal services such as public libraries, welfare, health and even education which are thought by some to be of no direct benefit

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<sup>35</sup>Robert Saunders, "Property Tax May Be Unpopular But It Still Works!," Ontario Public School Trustee's Association, Inc., Vol. III, No. 3, May/June, 1971, pp. 4-5.

to property. The uneven distribution between municipalities of industrial and other types of properties which are good revenue producers is another complaint that is often voiced against the principle of the property tax. And then there are the political type of difficulties that councils face in having to increase deliberately either assessed values or the rate of taxation to keep pace with the need for larger revenues. Either move is quickly observed by taxpayers and both are unpopular. Finally, people resent paying the tax in one, two or three large installments.<sup>36</sup>

Despite the numerous weaknesses of the property tax, the tax has many advantages which justify its widespread use. Benson states that "the prime case for the property tax rests upon its stability of yield."<sup>37</sup> Stability of yield is important to local school districts, especially if they are to participate in provincial foundation programs, since a predictable source of revenue is essential. Also, since borrowing rights of local districts are usually restricted, an unstable tax could result in inadequate expenditure and, hence, a loss of quality in services.

The Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick expressed the following view of property taxation:

The property tax, even confined to real property,

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<sup>36</sup>Canadian Tax Foundation, Local Finance, No. 3, Toronto, January, 1960, pp. 4-5.

<sup>37</sup>Charles S. Benson, The Economics of Public Education (2d. ed., Boston: Houghton Mifflin Co., 1968), p. 122.

is one of the least equitable taxes, imposing as it does fixed charges on owners of residential and business property that bear no clear relation to services or to ability to pay, as measured by income. The property tax is justified on the grounds that it is a source of considerable revenue and that it is the only major tax that can be administered satisfactorily by a small or medium size municipality.<sup>38</sup>

In his address to the Ontario Public School Trustees' Association in 1970, E. Brock Rideout pointed out that the property tax has long been criticized because it is regressive; that is, it represents a higher percentage of a low-income taxpayer than a high-income taxpayer; and because it is an inadequate measure of ability to pay. However, he states:

It continues to be justified because, of all major tax sources, it is the best suited for local government purposes because: (a) It is a stable, and hence predictable source of revenue, which is important for a government unit which does not have the power to borrow beyond one year on current account as senior governments have; (b) It is easily administered at the local level, being hard to avoid and requiring a minimum of compliance costs; (c) Everybody pays it and it is a highly visible tax, both properties that strengthen fiscal responsibility.<sup>39</sup>

The Quebec Royal Commission on Taxation recommended that the property tax continue to be a source for financing

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<sup>38</sup>Report of the New Brunswick Royal Commission on Finance and Municipal Taxation, Fredericton, New Brunswick, 1963, p. 125.

<sup>39</sup>Rideout, op. cit., p. 11

school boards. The Commission's reasons for this recommendation were: first, the tax is justified under the principle of benefits received, since school services benefit local residents; second, the tax is local in character and, hence, easy to apply; third, since such a large revenue is derived from this source, to eliminate the tax would require that other taxes be increased considerably.<sup>40</sup>

In considering whether the property tax is an appropriate source of revenue for financing a portion of educational cost, The Report of the Royal Commission on Education and Youth in Newfoundland states:

The question that, therefore, arises, is whether the property tax is a particularly appropriate source of revenue for financing a portion of educational cost. The answer is no; there is no inherent virtue in it as a source of revenue for education. But, if the localities are to pay a substantial share of the costs, it must be used, as it is the only major revenue source that can be satisfactorily administered by them. Even this claim must be qualified, for good administration of the property tax depends upon accurate and uniform assessment, which in turn requires skilled and largely qualified assessors, who cannot generally be supported in small municipalities. A solution to this problem is to have all assessment carried on by the provincial government, which can muster a highly qualified core of assessors.<sup>41</sup>

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<sup>40</sup>Report of the Royal Commission on Taxation, Government of Quebec, Quebec, December, 1965, p. 346.

<sup>41</sup>Report of the Royal Commission on Education and Youth, Province of Newfoundland and Labrador, Vol. II, 1968, p. 136.

To conclude, if local school districts are to have any degree of accountability, they must have a tax base of their own. At present, there seems to be no replacement for the property tax which is particularly suited to local government. Because of the large revenues it is able to produce, it is difficult to eliminate dependence on the property tax. The only alternative is to continue to use it while striving to overcome some of the major weaknesses pointed out in the preceding discussion.

## CHAPTER III

### PROVINCIAL REVENUE PATTERNS FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION

It was noted in Chapter I that the problem of providing adequate revenues for public elementary and secondary education has remained a persistent one for legislators and educators in Newfoundland. Education expenditures have continued to increase at a rapid rate and have resulted in a heavy demand on funds provided for Newfoundland's public elementary and secondary education by its present revenue system.

There are a number of factors which can explain the increase in educational expenditures. Some of these are: (i) increased pupil enrollment, (ii) decreased purchasing power of the dollar, (iii) increased average daily attendance, and (iv) improved quality of education in our schools due to improved teacher qualifications, enriched curricula, and modern school plants. The task of analysing the effects of the above factors on public elementary and secondary school expenditures is undertaken in Chapter V.

The present chapter considers Newfoundland's public elementary and secondary school revenues under the headings: (i) Trends in General Provincial Revenues, (ii) Trends in

Provincial Revenues for Education, (iii) Provincial Grants System, and (iv) Provincial Organizational Relationships in the Distribution of Capital Grants.

A second aspect of a study of provincial elementary and secondary school revenues, namely local revenues, is the subject of the next chapter.

#### I. TRENDS IN GENERAL PROVINCIAL REVENUES

The provision of adequate revenues for public elementary and secondary education is a part of the total domain of public finance. Nowhere in Canada is this fact more evident than in Newfoundland where a large percentage of public elementary and secondary school revenues is provided by the province. Thus, it is necessary to examine trends in general provincial revenues, since the fiscal position of the province determines to a large extent what portion of the provincial revenues is to be allocated to public elementary and secondary education.

The composition and growth of provincial revenues from 1960-61 to 1970-71 are shown in Table III. The total gross current account revenue for 1970-71 was approximately \$313.5 million, compared with approximately \$79.7 million for 1960-61. This represented an increase of 293 per cent. The gross current account revenue of the province is derived

TABLE III

GROSS CURRENT ACCOUNT REVENUE BY SOURCE,  
 NEWFOUNDLAND 1960-61, 1962-63, 1964-65,  
 1966-67, 1968-69, AND 1970-71  
 (\$'000)

Source	1960-61	1962-63	1964-65	1966-67 <sup>a</sup>	1968-69	1970-71 <sup>a</sup>
Taxes	17,071	30,357	39,843	54,362	81,447	105,154
Licences, Fees, etc.	3,676	4,643	4,694	7,634	9,240	10,696
Sale of Goods & Services, etc.	7,158	8,073	12,866	15,366	19,283	19,200
Contributions to Pension Funds	255	307	388	462	2,768	4,260
Interest	408	468	336	607	847	3,042
Other	939	1,132	1,990	1,720	1,691	2,921
Sub-total	29,507	44,980	60,117	80,152	115,277	145,272
Government of Canada	50,192	50,470	59,245	85,217	136,449	168,234
Total	79,699	95,450	119,362	165,370	251,726	313,506

Source: Public Accounts, Province of Newfoundland.

<sup>a</sup>Because of rounding, entries do not add exactly to equal totals.



from four major sources. The Government of Canada is the most important source, followed by taxation, sale of goods and services, and licences, rentals, royalties, permits, et cetera.

In 1970-71 the province received just over \$168.2 million from the Government of Canada, compared with just under \$50.2 million in 1960-61. Revenue sources as a percentage of the total gross current account revenue from 1960-61 to 1970-71 are illustrated in Table IV. Revenue transfers from the Government of Canada accounted for 53.7 per cent of the province's total gross current account revenue in 1970-71. This compared with 63 per cent for 1960-61. With the exception of 1964-65 when the proportion fell to 49.6 per cent, the Government of Canada contributed each year more than 50 per cent to the total gross current account revenue of the province.

The second major source of gross current account revenue in 1970-71 was taxation. Taxation yielded just over \$105.1 million in that year, which represented 33.5 per cent of the total gross current account revenue. In comparison, taxation totalled just over \$17 million in 1960-61. This amount constituted 21.4 per cent of the total gross current account revenue for that year.

As shown in Figure 1, the principal taxes for the year 1970-71 were sales tax, income tax, and gas and fuel

TABLE IV

REVENUE SOURCES AS A PERCENTAGE OF TOTAL GROSS CURRENT ACCOUNT,  
NEWFOUNDLAND, 1960-61, 1962-63, 1964-65,  
1966-67, 1968-69, AND 1970-71

Source	1960-61	1962-63	1964-65	1966-67	1968-69	1970-71
Taxes	21.4	31.8	33.4	32.9	32.4	33.5
Licences, Fees, etc.	4.6	4.9	3.9	4.6	3.7	3.4
Sale of Goods & Services, etc.	9.0	8.4	10.8	9.3	7.6	6.2
Contributions to Pension Funds	.3	.3	.3	.3	1.1	1.3
Interest	.5	.5	.3	.4	.3	1.0
Other	1.2	1.1	1.7	1.0	.7	.9
Sub-total	37.0	47.0	50.4	48.5	45.8	46.3
Government of Canada	63.0	53.0	49.6	51.5	54.2	53.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Table III

tax. During the 1970-71 year, when the tax rate was seven per cent, sales tax yielded slightly less than \$42 million. Also, for that year, combined individual and corporation income taxes yielded approximately \$34.6 million. Other taxes, which included a tobacco tax, a tax on premium income of insurance companies, an estate tax, an insurance premium tax, and a telegraph tax, yielded slightly over \$7.7 million.

Sale of goods and services was the province's third largest source of gross current account revenue in 1970-71. The province received just under \$19.2 million from this source, compared with just over \$7.1 million in 1960-61. As a proportion of the total gross current account revenue, the 1970-71 amount was 6.2 per cent. This represented a decrease from the 1960-61 proportion which was nine per cent of the total.

The fourth largest source of gross current account revenue in 1970-71 was licences, rentals, royalties, permits, fees, et cetera which yielded slightly under \$10.7 million. This figure represented 3.4 per cent of the total gross current account revenue. The corresponding figures for 1960-61 were just over \$3.6 million and 4.6 per cent of the total gross current account revenue.

It can be seen from Table V which illustrates the rates of selected taxes in all Canadian provinces that

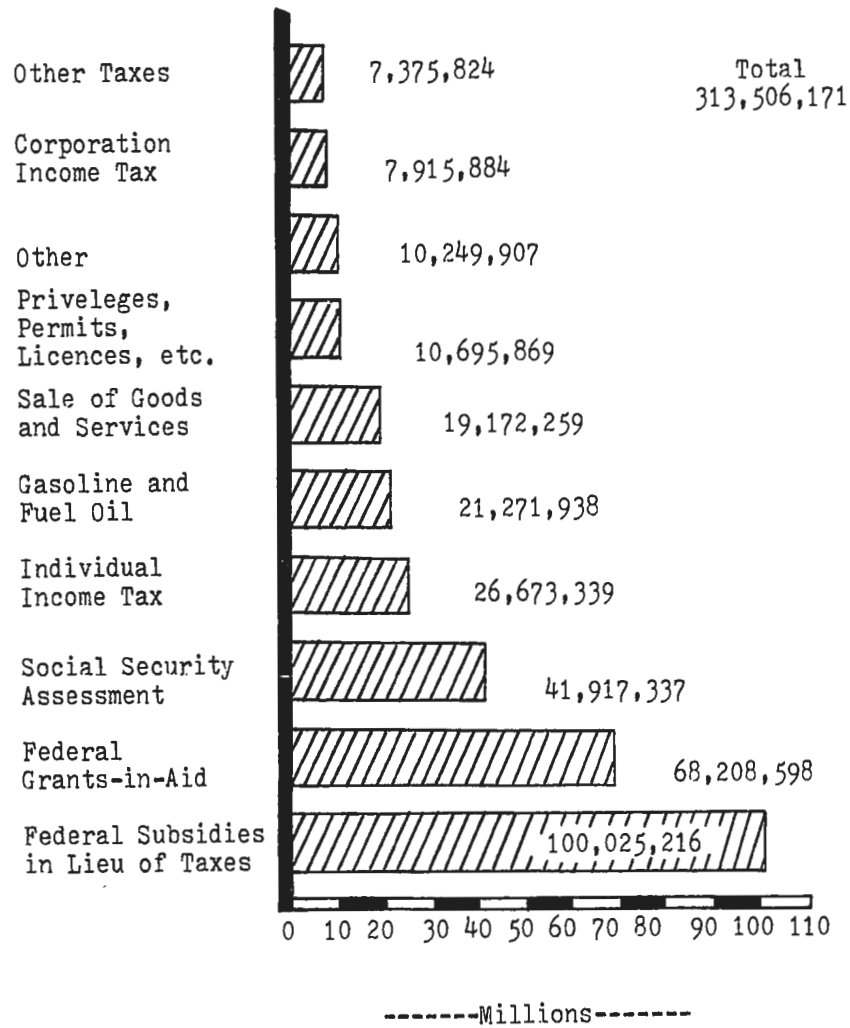


FIGURE 1

MAJOR SOURCES OF GROSS CURRENT REVENUE  
NEWFOUNDLAND, 1970-71

Newfoundland has only to make slight adjustments in its present tax rates to become the most tax-burdened province in Canada. Along with Manitoba, it has the highest corporation income tax in Canada — 13 per cent. Newfoundland's personal income tax rate of 33 per cent and its sales tax rate of seven per cent are surpassed only by three other provinces. In addition, Newfoundland has the highest gasoline and tobacco tax to be found in the Canadian provinces.

A large percentage of the revenues needed to finance rapidly increasing public elementary and secondary education expenditures will be collected as the economy grows, without any further adjustments in the present rates. However, there exist two alternatives for raising the additional revenues needed for public elementary and secondary education — the province could make tax adjustments, or it could find new tax sources. The possibility of making a more extensive use of the property tax for public elementary and secondary education is discussed in the next chapter.

It was not the intention of the researcher to make a detailed study of the provincial revenue system, since that would be a lengthy study in itself. This brief discussion of the province's general provincial revenues

TABLE V

RATES OF THE FIVE MAJOR PROVINCIAL TAXES  
AFTER 1971 BUDGET CHANGES

Province	Corpor- ation Income Tax	Personal Income Tax (% of Federal Basic Tax)	Sales Tax	Gasoline Tax	Tobacco Tax per Cigarette
Newfoundland	13%	33%	7%	25¢	1/2¢
Prince Edward Island	10%	33%	8%	21¢	10/25¢
Nova Scotia	10%	28%	7%	21¢	10/25¢
New Brunswick	10%	38%	8%	20¢	10/25¢
Quebec	12%	a	8%	20¢	10/25¢
Ontario	12%	28%	5%	18¢	10/25¢
Manitoba	13%	39%	5%	17¢	10/25¢
Saskatchewan	11%	34%	5%	19¢	8/25¢
Alberta	11%	33%	nil	15¢	8/25¢
British Columbia	10%	28%	5%	15¢	8/25¢

Source: Provincial and Municipal Finances, 1971, Canadian Tax Foundation, p. 14.

<sup>a</sup>Quebec effective rates under its own rate schedule range from 5.83% to 42.40%.

is to serve as a background for the following section pertaining to provincial revenues for education.

## II. TRENDS IN PROVINCIAL REVENUES FOR EDUCATION

A salient point to remember from the very beginning of this section is that under the B.N.A. Act, the legal and financial responsibility for education in Canada rests on the province. As noted earlier, nowhere in Canada is the reliance on provincial funds more prominent than in Newfoundland.

Table VI sets out data on provincial grants to school boards for the eleven year period from 1960-61 to 1970-71. In 1960-61 provincial grants to school boards amounted to just under \$15.5 million as compared with just over \$58.3 million in 1970-71. This represented an increase of 276 per cent over the eleven year period.

The percentage that grants were to the total expenditures on public elementary and secondary education fell from 87.9 in 1960-61 to 85.4 in 1970-71, with a mean of 88.5 per cent. The percentage that grants were to total educational expenditures decreased from 82.6 in 1960-61 to 60.7 in 1970-71, with a mean of 70.2 per cent. Grants to school boards as a percentage of total gross provincial revenue dropped slightly from 17.8 in 1960-61 to 17.0 in

TABLE VI  
GRANTS TO SCHOOL BOARDS, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Total	Index of Growth	As a % of Support for Elemen- tary and Secondary Education	As a % of Tot- al Edu- cation Support	As a % of Total Gross Provincial Revenue
1960-61	\$15,481,849	100	87.9	82.6	17.8
1961-62	15,792,719	102	86.7	81.5	16.8
1962-63	16,893,387	109	86.6	76.4	14.1
1963-64	19,364,452	125	87.6	70.2	15.6
1964-65	21,265,085	137	88.3	78.1	14.4
1965-66	23,142,024	149	87.8	76.1	13.5
1966-67	29,478,678	190	88.8	68.2	16.2
1967-68	39,035,929	252	91.1	50.6	16.2
1968-69	48,400,163	313	92.3	63.6	17.9
1969-70	51,923,069	335	90.8	64.3	17.1
1970-71	58,316,602	376	85.4	60.7	17.0

Source: Public Accounts, Province of Newfoundland.



1970-71, with a mean of 16.1 per cent.

The province provides support to public elementary and secondary education in forms other than grants to school boards. The provincial Department of Education performs many important services which are directly and indirectly related to public elementary and secondary education. These services include: (i) school supplies and textbooks, (ii) supervision, (iii) audio visual services, (iv) public examinations, (v) library services, (vi) assistance to student teachers, and (vii) teachers' pensions.

Table VII contains data on provincial support to public elementary and secondary education other than grants to school boards from 1960-61 to 1970-71. In 1970-71 these services cost the province just over \$10 million. This represented an increase of 267 per cent over the 1960-61 amount of just over \$2.1 million. As a percentage of the total provincial expenditure for education, these services accounted for 11.4 per cent in 1960-61, whereas in 1970-71 the corresponding figure dropped to 10.4 per cent. In 1960-61 Department of Education services accounted for 2.5 per cent of the total gross provincial revenue, while in 1970-71 it represented 2.1 per cent.

The growth of provincial grants to school boards and the growth of provincial support to public elementary

TABLE VII

PROVINCIAL SUPPORT TO PUBLIC ELEMENTARY AND  
SECONDARY EDUCATION OTHER THAN GRANTS TO  
SCHOOL BOARDS, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Total	Index of Growth	As a % of Total Ed- ucation Support	As a % of Total Gross Provincial Revenue
1960-61	2,140,272	100	11.4	2.5
1961-62	2,450,590	114	12.6	2.6
1962-63	2,617,458	122	11.8	2.2
1963-64	2,732,017	127	9.9	2.2
1964-65	2,809,027	131	10.3	1.9
1965-66	3,204,393	149	10.5	1.9
1966-67	3,710,855	173	8.6	2.0
1967-68	3,825,782	178	5.0	1.6
1968-69	4,017,485	187	5.3	1.5
1969-70	5,292,052	247	6.6	1.7
1970-71	10,002,082	367	10.4	2.9

Source: Annual Reports, Department of Education, Province of Newfoundland.

and secondary education other than grants to school boards is illustrated in Figure 2.

### III. PROVINCIAL GRANTS SYSTEM

Since the colonial government's intervention into educational affairs in 1836 with the provision of operational grants to both denominational and non-denominational schools,<sup>1</sup> Newfoundland's grant system has grown to become an enormous one, both in the kind and number of grants. In the preceding section of this chapter we noted that provincial grants to school boards accounted for a large percentage of the total support to public elementary and secondary education. In fact, during the period from 1960-61 to 1970-71, the proportion did not fall below 86.6 per cent, and it reached a high of 92.3 per cent.

The principal grants to school boards in terms of amounts of money allocated are: (i) grants for teachers' salaries, (ii) operational grants, (iii) transportation of school children, and (iv) capital costs. It is the purpose of this section to analyse provincial procedures for distributing grants to school boards. To this end,

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<sup>1</sup>K.W. Wallace, Newfoundland's School Grants System, Department of Educational Administration, Memorial University of Newfoundland, St. John's, 1971, p. 6.

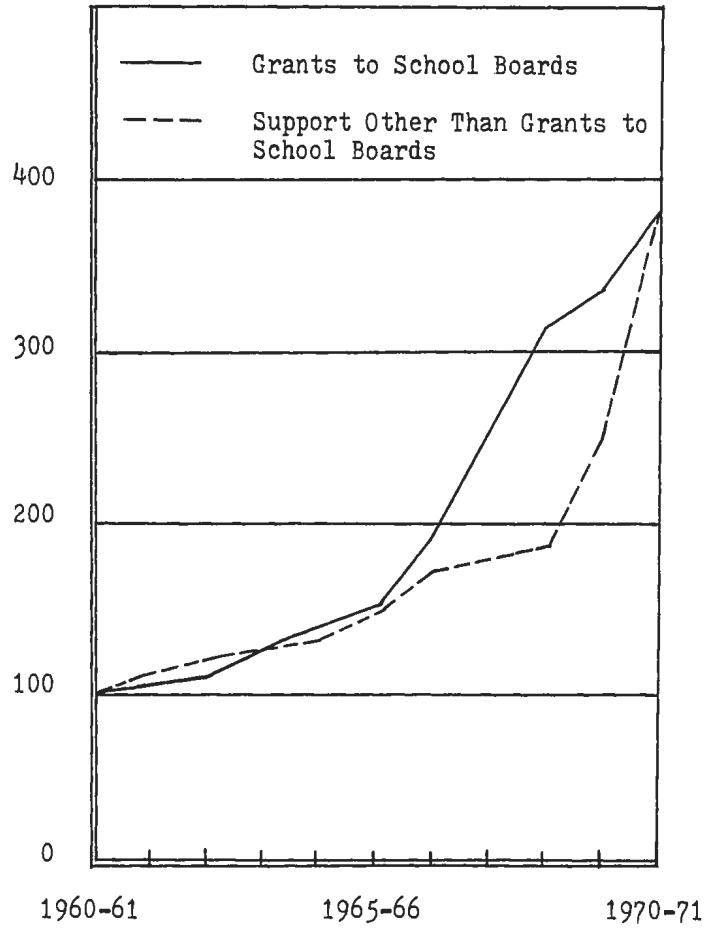


FIGURE 2

INDICES OF GROWTH OF PROVINCIAL GRANTS TO SCHOOL BOARDS AND PROVINCIAL SUPPORT TO PUBLIC ELEMENTARY AND SECONDARY EDUCATION OTHER THAN GRANTS TO SCHOOL BOARDS

this section consists of the following headings:

1. Classification of Grants
2. The Level of Grants
3. Provincial Grants and Provincial Control .

#### Classification of Grants

Many different plans have been developed for classifying provincial or state support to local school boards. The purpose for which grants may be used and the local effort required for participation are the most frequently used bases for classification. Using the two above-mentioned bases and a combination of them, the following classification results.

General-Purpose Flat Grant. This grant makes funds available to local school boards for general school purposes, although usually current expenses, without any restrictions. Under this type of grant, monies are allocated to local school boards without explicitly taking into account the local taxpaying ability of the local school district.

Specific-Purpose Flat Grant. This grant furnishes funds to local school boards for specifically designated purposes. As in the previous type of grant, no local effort or taxpaying ability is prescribed or needed to avail of this grant.

General-Purpose Foundation Program Grant. This grant, which may be used for all general school purposes, is made available to local school boards after consideration of the school board's local revenues and needs. Usually, a uniform tax effort is prescribed to avail of this grant, and the locally generated funds are subtracted from the cost of the foundation program, thereby determining the provincial funds needed by the local school board.

Specific-Purpose Foundation Program Grant. As with the previous grant, this grant takes into account the revenues of local school boards. The amount of allocation under this grant is the difference between the expenditure requirement of the local school board and its local revenues. This grant can only be utilized for the specific purpose designated in the appropriation.

Percentage or Matching Grant. Under this type of grant funds are distributed to local school boards in such a manner that the province or state pays a percentage of locally determined expenditures. This grant is a fixed percentage and is the same for all school boards, regardless of taxpaying ability or level of local revenues. It is a specific grant in the sense that the central authorities determine what expenditures they will pay a percentage of

to local school boards.

#### The Level of Grants

To facilitate a more systematic description of the level of provincial grants to local school boards during the eleven year period from 1960-61 to 1970-71, the researcher has chosen to discuss these grants under the four major categories mentioned earlier. Only the level of support in each of these categories is reviewed below. An analysis of the total expenditures in these four categories of grants is outlined in Chapter V.

Teachers' Salaries. The salaries of classroom teachers, vice-principals, principals, supervisors, and specialists are paid by the province on the basis of a provincial scale. From September to June specific-purpose flat grants are paid to school boards which in turn pay the teachers, vice-principals, principals, supervisors, and specialists. For July and August the salaries of the above personnel are paid directly by the Department of Education. The number of salary units that each board is permitted to receive is determined by the number of pupils enrolled and the type of school.

The 1960-61 salary scale made provision for recognition of up to and including four years of university training

and from six to eleven years of experience. For certified teachers the salary scale ranged from \$2,373 to \$5,080. Bonuses to teachers in sole charge of schools and in isolated communities, principals, and vice-principals were paid on the basis of the number of classrooms and the type of school.

The 1970-71 salary scale which was implemented in 1968 recognized up to and including seven years of university training and from five to eleven years of teaching experience. A person holding Certificate Grade I and having had no previous teaching experience received \$3600 per annum, while a person holding Certificate Grade VII and ten years of teaching experience received \$11,200 per annum.

The departmental regulations governing the allocation of salary units to school boards for teachers did not change over the period from 1960-61 to 1970-71, with the ratio remaining at one teacher per 35 pupils.

Operational Grants. The Education (Remuneration of Teachers and Grants to School Boards) Regulations, 1958, which governed the distribution of grants for maintenance, repairs, equipment, and supplies took on a variety of forms. The maintenance grant was a matching one whereby a school board was compelled to raise at least 25 per cent of this grant locally. This matching grant was provided on the basis of the number of classrooms, whether or not there was central



heating, and whether or not there was an auditorium or gymnasium. The amount of the grant varied from \$175 per classroom for a two room school without central heating to \$400 per classroom for a school containing more than 10 classrooms with central heating and an auditorium or gymnasium facilities. Central and regional schools received an additional \$100 per classroom and special room per year for equipment. Also, the above-mentioned regulations made specific flat grants to school boards for libraries, science laboratories, and domestic science classes on the basis of the number of classrooms. The three preceding grants were made only if the school boards provided proper facilities and programs.

The Education (Grants to Boards) Regulations, 1965, which were enforced up to and including the school year 1970-71 retained the same amounts of monies for the maintenance grant, regional and central high equipment grant. However, a commercial grant based on the number of business machines was introduced. In addition, a grant of the amount of \$1 per pupil per year, up to a maximum of \$4000 for a board with at least 1000 pupils under its jurisdiction, was brought into effect to be paid towards the salary of a business manager.

Transportation of School Children. Grants to school

boards for transportation costs are a matching type of grant. The Education (Transport) (Amendment) Regulations, 1959, governed the distribution of transportation grants in 1960-61. Under these regulations, a school board received up to 75 per cent of the total cost of transporting pupils to regional and central high schools. Also, where a school board closed a school and brought all children to a central all-grade school or decided to transport children instead of erecting a new school or providing additional classrooms to an existing school, it received up to 90 per cent of the total cost of transportation. This grant was made only if the total cost of the above transportation was less than the total cost of operating the school so closed or the school or classes not so erected or provided.

These above-mentioned regulations have remained unchanged over the period from 1960-61 to 1970-71.

Capital Costs. Grants to school boards for capital costs are also a matching type of grant. Under the Education Act of 1960, the province paid to school boards 60 per cent of the cost of purchasing land or buildings or the erection of elementary schools. Under the same Act, the province paid to school boards 70 per cent of purchasing land or buildings or the erection of regional

and central high schools.

In 1966 the percentage that school boards received from the province towards the cost of elementary schools was increased to 70 per cent. The percentage of the cost of regional and central high schools remained unchanged.

The Schools Act, 1969, provided that the province pay 90 per cent of the cost of the purchase of land or buildings or for the erection, extension, and equipment in the case of both high and elementary school buildings.

The above-mentioned capital grants are allocated to Denomination Education Committees on the basis of the proportion of the adherents of the recognized denominations in the total provincial population. These Committees in turn distribute their portions of the capital grants to their respective school boards according to provincial regulations. A more detailed description of the above process is found in the following section of this chapter.

#### Provincial Grants and Provincial Control

We have already seen the extent to which local school boards rely on provincial grants for the operation of its schools. We have also seen how these grants are distributed. The logical question to ask at this point is "Where are the really important decisions concerning educational finance

made?" In other words, has the provincial grants system restricted the decision-making powers of local school boards in the domain of finance?

It may be said that provincial grants to school boards during the period from 1960-61 to 1970-71 were nearly all confined to specific-purpose flat grants. These grants were very prescriptive and consisted of precise amounts which could only be spent for designated purposes. In that regard, there was very little decision-making to be done at the local school board level, since it was being carried out at the central Department of Education. The budgetary process for a local school board consisted of applying a provincial formula and then submitting its budget to the Minister of Education for approval. Thus, each local school board had to design an educational program and then find the resources to carry out that program.

The province made wide use of percentage grants whereby local boards had to raise a specified per cent of approved costs. That is, the provincial government enacted legislation according to its particular concern for certain aspects of the education program. The result of this type of grant was to force local school boards to accept provincial priorities. Thus, the percentage grant allowed a local school board the minimum exercise of

discretion to allocate funds to programs that it felt to be top priority in its own district.

Prior to school district reorganization in 1969, when the province had a large number of small, inefficient school boards, the Department of Education might have been justified in establishing tight central control in order to ensure efficient economic management of resources. However, since 1969 the province's local school districts have been adequately staffed by competent administrative and educational personnel. Therefore, the provincial Department of Education should now be in a position to allow more freedom of action at the local school board level in applying standards throughout the province. This means that in allocating its grants, the province ought to make limited use of specific-purpose flat grants and percentage grants in favour of general purpose aid.

In summation, Newfoundland's school grants system operating in the eleven year period from 1960-61 to 1970-71 with its wide use of specific-purpose and flat grants did not leave many discretionary powers to local school boards.

#### IV. PROVINCIAL ORGANIZATIONAL RELATIONSHIPS IN THE DISTRIBUTION OF CAPITAL GRANTS

Prior to July 1, 1969, the distribution of capital grants to school boards was achieved through denominational

superintendents within the Department of Education. These superintendents were agents of both the Church and the government, with their activities being harmonized through the Council of Education. There were five superintendents representing the Roman Catholic, Anglican, United Church, Salvation Army, and Pentecostal denominations.

Based on the recommendations of the Report of the Royal Commission on Education and Youth, the office of denominational superintendent was abolished with the passing of the Schools Act in 1969. After the abolition of the denominational superintendent's office, the Churches formally agreed to establish "Denominational Education Committees", independent of the Department of Education, which then became wholly a government agency. At present there are three Denominational Education Committees — the Integrated, the Roman Catholic, and the Pentecostal. These Committees are responsible, among other things, for the distribution of all capital grants under the Schools Act, 1969.

Figure 3 illustrates the various channels through which provincial capital grants reach school boards.<sup>2</sup>

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<sup>2</sup>This illustration and the description of it was provided to the researcher by the Roman Catholic Education Committee.

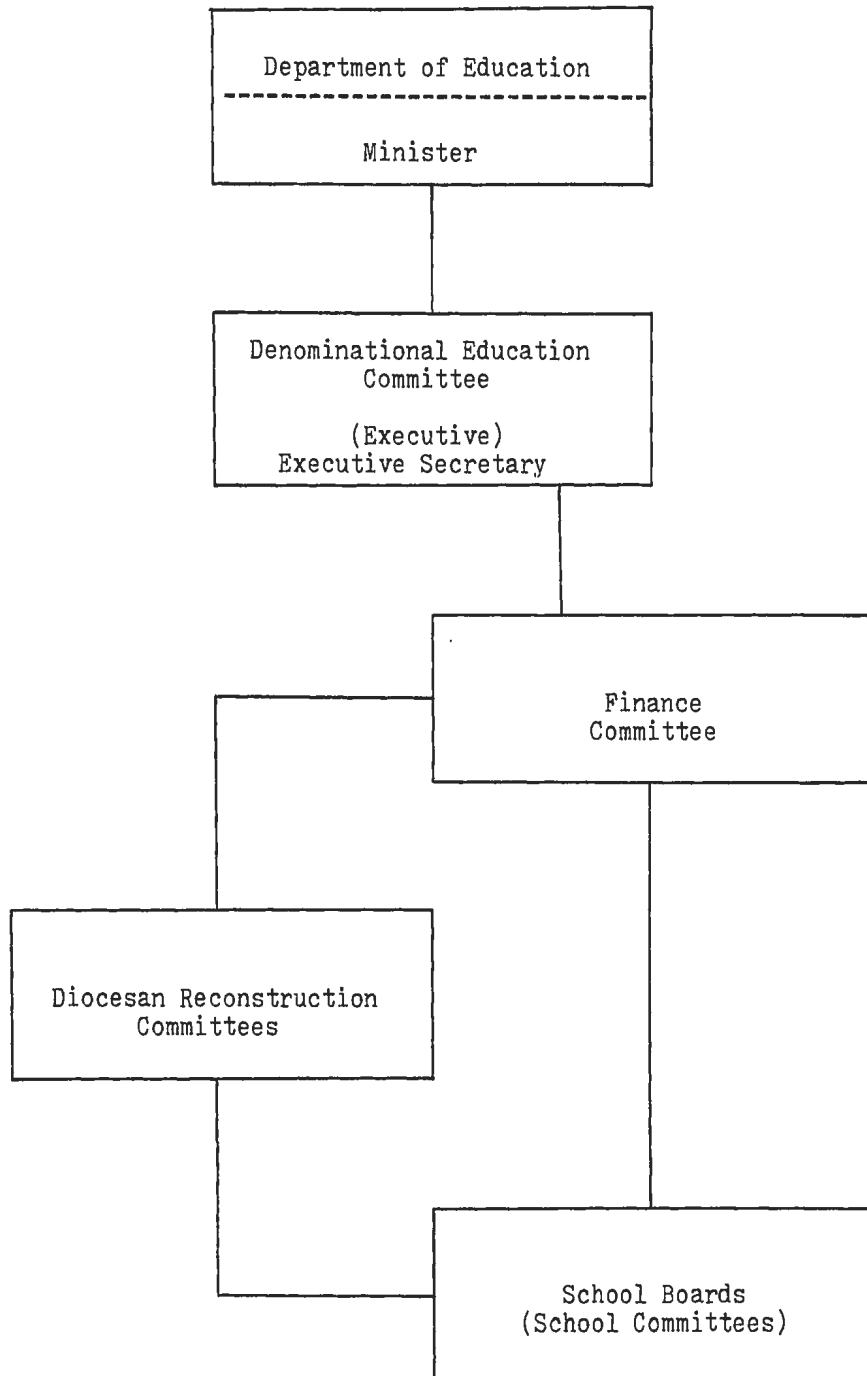


FIGURE 3

COMMUNICATIONS FLOW CHART ILLUSTRATING FLOW OF  
PROVINCIAL CAPITAL GRANTS TO SCHOOL BOARDS

Capital funds are voted by the Legislature each year. Each of the three Denominational Education Committees then receives its share of this amount on the basis of the proportion of the adherents of each denomination in the total provincial population. At the present time, for example, the Roman Catholic Education Committee's share of the amount voted by the Legislature is 35.74 per cent (pending new census figures).

The finance committee of each Denominational Education Committee then allocates these funds to the Diocesan Reconstruction Committees on a per capita basis. Within the Roman Catholic division there are four Diocesan Reconstruction Committees. Two of these distribute their funds on a priority basis, while one distributes to school boards on a per pupil basis, and the other Committee has only one school board.

An example should help make the above brief description more comprehensible. Let's assume that a school board intends to build a school according to the availability of money from the Reconstruction Committee. A committee of the school board will meet with the Reconstruction Committee, outlining its needs both orally and in writing. The Reconstruction Committee will then decide on the amount to be given to this school board while keeping in mind



requests from the other school boards under its jurisdiction. This amount will then be voted for that school board over the next five or more years. The school board is then in a position to proceed according to the amount of money it will receive from the Reconstruction Committee.

#### V. SUMMARY

The foregoing description and analysis of provincial revenue patterns for public elementary and secondary education makes it possible to report the following general conclusions:

1. The total gross current account revenue of the province grew from approximately \$79.7 million in 1960-61 to approximately \$313.5 million in 1970-71, representing an increase of 293 per cent.

2. The four major sources of gross current account revenue over the eleven year period from 1960-61 to 1970-71 were: the Government of Canada, taxation, sale of goods and services, and licences, rentals, royalties, permits, et cetera.

3. Taxation accounted for 21.4 per cent of the total gross current account revenue in 1960-61 and 33.5 per cent in 1970-71. However, since Newfoundland is one of the most tax-burdened of the Canadian provinces, new sources of revenue must be found in order to meet increasing

government expenditures.

4. Provincial grants to school boards rose from just under \$15.5 million in 1960-61 to just over \$58.3 million in 1970-71. This represented an increase of 276 per cent over the eleven year period.

5. Provincial grants to school boards in 1960-61 accounted for 82.6 per cent of the total provincial support to education and accounted for 17.8 per cent of the total gross provincial revenue. In 1970-71, the corresponding figures were 60.7 per cent of the total provincial support to education and 17.0 per cent of the total gross provincial revenue.

6. In 1970-71, Department of Education services to public elementary and secondary schools cost the province just over \$10 million. This amount accounted for 10.4 per cent of the total provincial expenditure on education.

7. Provincial grants to school boards during the period from 1960-61 to 1970-71 included: (a) teachers' salaries — specific-purpose flat grant, (b) maintenance and repairs — percentage or matching grant, (c) supplies and equipment — specific-purpose flat grant, (d) transportation of school children — percentage or matching grant, and (e) capital costs — a percentage or matching grant.

8. The wide use of specific-purpose flat grants

and percentage or matching grants during the period from 1960-61 to 1970-71 limited local school boards to very little decision-making concerning resource allocation, hence enhancing strong central control at the Department of Education.

9. In 1969, Denominational Education Committees were established to replace the office of denominational superintendent at the Department of Education. Under the Schools Act, 1969, these Committees are responsible for the distribution to local school boards of provincial allocations for capital grants.

10. The various channels through which provincial capital grants reach school boards include: (a) Denominational Education Committee Executives, (b) Finance Committees, and (c) Diocesan Reconstruction Committees.

## CHAPTER IV

### LOCAL REVENUE PATTERNS FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION

The financing of public elementary and secondary education in Newfoundland is achieved through a provincial - local partnership. In Chapter III provincial involvement in the financing of public elementary and secondary education was reviewed. As noted in that chapter, the provincial government is the dominant figure in that partnership. The present chapter is devoted to a review of local revenue patterns for public elementary and secondary education.

This chapter is divided into four sections. In the first section, a brief examination is made of the nature of local school district organization during the period from 1960-61 to 1970-71. In this section also, the fiscal powers of local school boards with respect to the raising of local revenues are reviewed, primarily to serve as background for the following section.

Local revenues for public elementary and secondary education of selected school boards in the province for the years 1969-70 and 1970-71 are discussed in the second section.

The third section of this chapter outlines the

development of local taxation for public elementary and secondary education during the period from 1960-61 to 1970-71. The final section consists of a brief summary of the chapter.

#### I. THE NATURE OF LOCAL SCHOOL DISTRICT ORGANIZATION

The nature of local school district organization changed considerably in Newfoundland during the period from 1960-61 to 1970-71. In this time period major changes took place in both the number of districts and the pupil populations of these districts. Despite changes in local school district organization, there were very few changes in the fiscal powers of local school boards with respect to the raising of local revenues during that time period. This section is concerned with a description of the nature of local school district organization under the following headings: (i) number of local school districts, (ii) student populations of school boards, and (iii) fiscal powers of local school boards with respect to the raising of local revenues.

##### Number of School Districts

Originally, the boundaries of local school districts in Newfoundland coincided with the boundaries of the various church parishes. This meant that the number of educational districts for each denomination was approximately equal to

the number of parishes the denomination had in the province. The boundaries of these local school districts have been listed in every Education Act since 1895.

As shown in Table VIII, the number of local school districts declined at a rapid rate during the sixties. In 1960-61 the province was divided into 285 local school districts; however, these decreased by 14, leaving a total of 271 by 1963-64.

A significant trend towards local school district consolidation began in 1964 when the Roman Catholic Educational Authorities adopted a policy of school board consolidation. From 1964-65 to 1968-69, the Roman Catholic denomination reduced its number of districts from 80 to 16. The other three largest denominations — Anglican, United Church, and Salvation Army — also began a major program of local school district consolidation, although not on as large a scale as the Roman Catholic denomination. However, by the year 1968-69, the number of local school districts in Newfoundland had decreased from a total of 285 in 1960-61 to a total of 151.

The greatest impetus to the consolidation of local school districts in Newfoundland came as a result of the Report of the Royal Commission on Education and Youth in Newfoundland, released in 1967. This Report contained the following statement concerning the need for the re-organization

TABLE VIII

SCHOOL DISTRICTS, NEWFOUNDLAND  
 1960-61, 1963-64, 1966-67,  
 1969-70, AND 1970-71

District	1960-61	1963-64	1966-67	1968-69	1970-71
Roman Catholic	80	80	41	16	12
Anglican	93	83	83	57	-
United Church	92	87	86	58	-
Salvation Army	18	19	19	18	-
Pentecostal Assemblies	1	1	1	1	1
Seventh Day Adventist	1	1	1	1	1
Integrated	-	-	-	-	21
Total	285	271	231	151	35

Sources: 1. Newsletters, Department of Education, Province of Newfoundland.

2. Department of Education files, Province of Newfoundland.

of local school districts:

In summary, it may be said that small school districts in Newfoundland have outlived their usefulness. They can no longer do the job that needs to be done. They are unable to provide (1) large schools with broad curriculums, (2) high-quality teachers and administrators, (3) special educational services, (4) adequate facilities, and (5) efficient use of financial resources. These and other problems necessitate the reorganization of school districts.<sup>1</sup>

The Commission concluded that small school districts provided one of the greatest single handicaps to educational progress and efficiency in Newfoundland. Based on this conclusion, the Report recommended that the province be divided into approximately 35 consolidated school districts.<sup>2</sup>

With the passing of the Schools Act, 1969, the Anglican, United Church, and Salvation Army denominations combined their school services under an integrated system. Thus, the province was divided into Integrated and Roman Catholic school districts with the Pentecostal Assemblies and Seventh Day Adventist having the whole province as their educational district.

In 1970-71 the province was divided into 35 local school districts which consisted of 21 Integrated, 12 Roman Catholic, one Pentecostal Assemblies, and one Seventh Day Adventist. In summation, during the period from 1960-61

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<sup>1</sup>Report of the Royal Commission on Education and Youth, Newfoundland, Vol. I, 1967, p. 79.

<sup>2</sup>Ibid., p. 84.



to 1970-71, the number of local school districts in Newfoundland decreased from a total of 285 to 35.

#### Student Population of School Boards

The distribution of school boards by number of pupils in Newfoundland from 1960-61 to 1970-71 is illustrated in Table IX. In 1960-61 there were 310 school boards including the amalgamated school boards.<sup>3</sup> In that year 43 of these school boards were serving less than 100 pupils each, 249 school boards were serving between 100 and 999 pupils each, and the remaining 18 school boards were serving more than 1000 pupils each.

In 1965-66, despite a reduction in the number of school boards to 270, there still remained a large number of school boards serving small student populations. As a consequence of the major reorganization in Newfoundland's local school districts in 1969, the pupil populations of school boards in 1970-71 was much higher than that of previous years. In 1970-71 there were 35 school boards in the province of which 30 were providing school services to more than 2000 pupils each. The remaining five were providing school services for between 100 and 999 pupils each.

To summarize, the student populations of Newfoundland's

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<sup>3</sup>The section of the Education Act that permitted the establishment of amalgamated school boards did not assign a district to each board.

TABLE IX

DISTRIBUTION OF SCHOOL BOARDS BY NUMBERS OF PUPILS,  
NEWFOUNDLAND, 1960-61, 1965-66, AND 1970-71

Number of Pupils	Number of Boards		
	<sup>a</sup> 1960-61	<sup>a</sup> 1965-66	<sup>a</sup> 1970-71
Less than 100	43	40	0
100 - 499	210	159	1
500 - 999	39	47	2
1000 - 1499	7	5	1
1500 - 1999	5	6	1
2000 +	6	12	30
Total	310	270	35

Sources: 1. Department of Education files, Province of Newfoundland.

2. Statistical Supplements to Annual Reports, Department of Education, Province of Newfoundland.

<sup>a</sup>Number includes amalgamated school boards.

school boards during the period from 1960-61 to 1970-71 increased considerably. In 1960-61 only six of the province's 310 school boards had over 2000 pupils each under their jurisdiction. In 1970-71, 30 of the province's 35 school boards each provided school services for more than 2000 pupils.

Fiscal Powers of Local School Boards with Respect to the Raising of Local Revenues

In Newfoundland, a local school board has many sources of local revenue for public elementary and secondary education. Wallace, in his analysis of Newfoundland's school grants system, classified the local sources of revenue available to local school boards as formal and informal, depending upon whether or not the source was set out in school law.<sup>4</sup> This section is concerned only with the formal sources of local revenues for public elementary and secondary education as defined by Wallace.

Prior to September 1967, local school boards were permitted under school law to enforce a schedule of school fees. The scale of fees to be charged was determined by the local school boards, but scales had to be approved by

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<sup>4</sup>Wallace, op. cit., pp. 10-11.

the Council of Education before any fees could be collected. With its decision to abolish school fees, the provincial government decided to reimburse the local school boards for their loss of revenue.

With the abolition of school fees, another formal source of local revenues for public elementary and secondary education was introduced — namely, school assessments. Section 97 of the Schools Act, 1969, states:

A school board may prescribe an assessment to be charged in respect of each pupil attending its schools, or of each family having pupils attending its schools, and such an assessment shall be paid by the parents or other persons having the legal custody of such pupil or pupils.<sup>5</sup>

The local school board determined the rate of assessment, but approval of the Minister of Education was necessary before assessments could be imposed or collected by the board. Local school boards were to use funds collected from assessments for (a) financing capital costs, (b) the provision of salaries for special teachers or staff for whom salaries were not provided out of provincial grants, (c) augmentation of salaries provided out of provincial grants, and (d) debt retirement.

In Newfoundland, no local school board has the power

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<sup>5</sup>The Schools Act, No. 68, 1969, Province of Newfoundland, p. 60.

to levy local taxes for public elementary and secondary education. Instead, local taxation is the responsibility of another unit of local government, established under the Local School Tax Act and called School Tax Authorities. These School Tax Authorities have the power to impose, assess, and collect a real property tax, a poll tax, or both. The monies raised by the Authorities are then distributed to local school boards in proportion to their school enrollments. Section III of this chapter considers the development of local taxation for public elementary and secondary education during the period under study.

In summation, the fiscal powers of local school boards with respect to the raising of local revenues for public elementary and secondary education changed very little during the period from 1960-61 to 1970-71. School fees were abolished, and school assessments were introduced in its place. Local taxation for public elementary and secondary education still remained the responsibility of local school boards.

## II. LOCAL REVENUES FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION OF SELECTED SCHOOL BOARDS

Table X contains data on local revenues for public elementary and secondary education of selected school

TABLE X

LOCAL REVENUES FOR PUBLIC ELEMENTARY AND SECONDARY  
EDUCATION OF SELECTED SCHOOL BOARDS,  
NEWFOUNDLAND, 1969-70 AND 1970-71

Board	Year	Local Revenue (\$)	Local Revenue as a % of Total School Board Revenue <sup>a</sup>	Local Revenue per Pupil Enrolled (\$)
A	1969-70	53,993	4	13.16
	1970-71	50,777	2	11.78
B	1969-70	40,922	2	5.73
	1970-71	25,676	1	3.50
C	1969-70	23,699	4	10.90
	1970-71	28,990	5	14.06
D	1969-70	105,004	13	36.05
	1970-71	96,372	8	33.95
E	1969-70	94,443	4	13.15
	1970-71	101,540	5	14.39

Source: Annual Financial Reports of selected school boards, Province of Newfoundland.

<sup>a</sup>Total school board revenue included revenue for both current and capital accounts.

boards for the years 1969-70 and 1970-71. There are three significant features of these data. One such feature is the low percentage of total school board revenue raised locally. For example, for the years 1969-70 and 1970-71, Board B raised two per cent and one per cent respectively of its total revenue locally. A second feature of these data is the substantial range of percentages of total revenue raised locally by the selected school boards. For example, in contrast to Board B, Board D raised 13 per cent and eight per cent of its total revenue locally in 1969-70 and 1970-71 respectively. A third feature of these data is the range in local revenue per pupil enrolled of selected school boards. In 1969-70 local revenue per pupil enrolled ranged from \$5.73 to \$36.05, while in 1970-71 it ranged from \$3.50 to \$33.95.

Table XI contains data on the sources of local revenues as a percentage of total local revenue of selected school boards. An analysis of the sources of local revenue utilized by the selected school boards illustrate the dominant importance of school assessments. For boards utilizing this source, school assessments as a percentage of total local revenue ranged from 60 per cent to 67 per cent in 1969-70, while in 1970-71 it ranged from 40 per cent to 78 per cent. In 1969-70 one school board reported

TABLE XI

SOURCES OF LOCAL REVENUES AS A PERCENTAGE OF TOTAL  
LOCAL REVENUE OF SELECTED SCHOOL BOARDS,  
NEWFOUNDLAND, 1969-70 AND 1970-71

Board	Year	Rentals, Fees, etc.	School Assess- ments	Parish Contri- butions	School Tax Author- ities	<sup>a</sup> Sundry
A	1969-70	19	67	-	-	14
	1970-71	31	59	-	-	10
B	1969-70	23	-	77	-	-
	1970-71	40	40	20	-	-
C	1969-70	22	64	-	-	14
	1970-71	15	78	-	-	7
D	1969-70	27	-	-	53	20
	1970-71	30	-	-	59	11
E	1969-70	17	60	-	21	2
	1970-71	18	56	-	20	6

Source: Annual Financial Reports of selected school boards, Province of Newfoundland.

<sup>a</sup>Sundry includes funds from canteen operations, interest, and donations.



receiving 77 per cent of its total local revenue from parish contributions. The other major sources of local revenues for public elementary and secondary education of selected school boards include funds from School Tax Authorities, rentals and fees, et cetera.

### III. THE DEVELOPMENT OF LOCAL TAXATION FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION

This section outlines the development of local taxation for public elementary and secondary education under the following headings: (i) developments leading to the School Tax Act, (ii) the School Tax Act, (iii) local taxation revenues, (iv) the problem of arrears, and (v) the extension of local taxation for education.

#### Developments Leading to the School Tax Act

Rapid increases in the school population of the Corner Brook area during the early 1950's promoted demands for an improved means of financing public elementary and secondary education in Newfoundland. At a public meeting held on April 17, 1952, residents of the Corner Brook area passed a resolution stating that whereas provincial aid was insufficient to operate schools and that other means of supplementing the provincial funds such as fees and donations were also inadequate, it be resolved that a local school

tax be imposed and collected by local municipal councils.<sup>6</sup> However, the Newfoundland Federation of Municipalities at its second annual convention in August 1952 rejected the idea of municipalities taxing their people for schools.<sup>7</sup>

Early in 1953, the Associated School Boards of Newfoundland expressed its concern over the inadequacy of the system of financing public elementary and secondary education in Newfoundland in a brief to the Minister of Education. This brief stated that "the right of local taxation, as an auxiliary to the present Provincial Government aid, is a dire necessity if the standard of education within the province is to be raised."<sup>8</sup> On May 6, 1953 a Bill entitled "An Act to Provide for the Raising of Funds for Schools in Certain Areas" was presented to the Legislature and was deferred. However, during the next session of the Legislature, the Bill was reintroduced and was passed on June 22, 1954.<sup>9</sup>

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<sup>6</sup>Warren, op. cit., pp. 172-173.

<sup>7</sup>Ibid., p. 174.

<sup>8</sup>Ibid., p. 176.

<sup>9</sup>Ibid., p. 177.

The School Tax Act

Since its passing in 1954, the Act has been amended on several occasions. The following is a list of the major features of the Local School Tax Act, 1970:

1. The Lieutenant-Governor in Council may declare
  - (a) one or more municipalities or any portion of them, or
  - (b) one or more municipalities or any portion of one or more of them together with any area outside of a municipalityto be a School Tax Area.
2. Before a School Tax Area can be established, the Minister of Education must have satisfactory evidence indicating that the establishment of such a Tax Area meets with the approval of the school boards conducting, in the proposed Tax Area, schools wherein the aggregate enrollment is at least 60 per cent of the total enrollment of all schools in the proposed Tax Area.
3. Before a School Tax Area can be established, the Minister of Education must give at least two months' notice of his intentions to establish the Tax Area and request that any observations or objections be sent to him by a specific date.

4. Whenever an area is declared to be a School Tax Area, the Lieutenant-Governor in Council may appoint for that area a School Tax Authority.
5. Every School Tax Authority must have as a member at least one representative of every school board conducting a school within the Tax Area for which the Authority was appointed. Every such representative must be a member of and be appointed by the school board concerned. Also, at least one person designated by the Council of a municipality or any portion thereof, included in the Tax Area, must be a member of the Authority appointed for that Tax Area.
6. Any Authority may impose the School Tax for the purpose of augmenting the funds of school boards within the Tax Area, but the imposition of the School Tax, the manner in which it is imposed and rate thereof must be approved by the Minister of Education.
7. An Authority may impose a real property tax on the owners of real property within the Tax Area and on the owners of real property outside of the Tax Area which is situated within the Tax Area.
8. An Authority may impose a poll tax on all persons

who are over 19 years of age and who reside in the Tax Area and all non-resident persons, companies, or firms who own real property within the Tax Area.

9. Every Authority must distribute all monies raised by the Authority to each school board in the Tax Area on the basis of its school enrollment to the total enrollment of all schools in the Tax Area.

#### Local Taxation Revenues

Data on the use of local taxation in the School Tax Areas of Corner Brook, Deer Lake, Grand Falls, Gander, Happy Valley, and Baie Verte from 1966-67 to 1970-71 are presented in Table XII. In Corner Brook net revenue from this source increased from \$261,000 in 1966-67 to \$504,000 in 1970-71. In Deer Lake net revenue amounted to \$21,000 in 1966-67. In 1970-71, however, it had increased to \$58,000. Grand Falls experienced a decline in net revenue from local taxation from 1966-67 to 1970-71. In 1966-67 net revenue amounted to \$108,000, while in 1970-71 net revenue amounted to only \$80,000.

In the Gander School Tax Area net revenue increased from \$112,000 in 1966-67 to \$133,000 in 1970-71. The

TABLE XII

GROSS REVENUE, NET REVENUE AND ARREARS, CORNER BROOK,  
DEER LAKE, GRAND FALLS, GANDER, HAPPY VALLEY, AND  
BAIE VERTE SCHOOL TAX AREAS, 1966-67 TO 1970-71

Year	Gross Revenue (\$)	Expenses (\$)	Net Revenue (\$)	Arrears (\$)
(Corner Brook)				
1966-67	285,683	24,539	261,144	92,444
1967-68	337,497	35,233	302,264	71,694
1968-69	316,587	25,371	291,216	107,252
1969-70	351,219	31,159	320,060	109,131
1970-71	536,375	32,204	504,171	166,257
(Deer Lake)				
1966-67	25,114	3,769	21,345	10,649
1967-68	30,359	4,423	25,936	13,818
1968-69	25,108	3,959	21,149	15,142
1969-70	34,413	4,570	29,843	14,716
1970-71	63,981	5,615	58,366	23,241
(Grand Falls)				
1966-67	122,930	14,593	108,337	20,378
1967-68	86,727	15,011	71,716	10,815
1968-69	81,760	14,026	67,734	14,865
1969-70	91,664	16,510	75,154	13,722
1970-71	94,776	14,937	79,839	14,344

TABLE XII (continued)

Year	Gross Revenue (\$)	Expenses (\$)	Net Revenue (\$)	Arrears
(Gander)				
1966-67	135,979	23,974	112,005	9,496
1967-68	115,352	30,128	85,224	11,847
1968-69	103,948	9,829	94,119	18,664
1969-70	145,062	13,426	131,636	28,689
1970-71	145,132	12,091	133,041	36,234
(Happy Valley)				
1966-67	27,220	5,823	21,397	35,712
1967-68	56,040	9,103	46,937	42,529
1968-69	95,203	9,375	85,828	35,506
1969-70	101,401	11,278	90,123	43,271
1970-71	119,420	13,116	106,304	37,954
(Baie Verte)				
1966-67	43,453	1,672	41,781	32,251
1967-68	51,523	3,476	48,047	12,225
1968-69	36,511	4,236	32,275	12,507
1969-70	40,966	3,971	36,995	12,523
1970-71	47,052	7,500	39,552	9,812

Source: Financial Statements of School Tax Authorities by the Auditor General.

increases in net revenue in the Happy Valley School Tax Area from 1966-67 to 1970-71 was five-fold. In 1966-67 local taxation amounted to \$21,000, while in 1970-71 net revenue amounted to \$106,000. Net revenue from local taxation in the School Tax Area of Baie Verte decreased from \$42,000 in 1966-67 to \$40,000 in 1970-71.

#### The Problem of Arrears

The now existing School Tax Authorities have been experiencing considerable difficulty in administering the property and poll tax. The problem of arrears is clearly indicated in Table XII. In 1970-71 the Corner Brook School Tax Area had arrears of \$166,000; Deer Lake, \$23,000; Grand Falls, \$14,000; Gander, \$36,000; Happy Valley, \$38,000; and Baie Verte, \$9,312.

Table XIII presents additional data on the problem of arrears. The table contains data on taxes levied, estimated percentage collection, and cumulated tax arrears for the province's School Tax Authorities for 1971-72. The estimated percentage of collection of the property tax levied ranged from 70 per cent to 85 per cent. The estimated percentage of collection of the poll tax levied ranged from 22 per cent to 85 per cent. The cumulated tax arrears of the province's School Tax Authorities ranged



TABLE XIII

TAXES LEVIED, ESTIMATED PERCENTAGE COLLECTION, AND CUMULATED TAX ARREARS,  
NEWFOUNDLAND SCHOOL TAX AUTHORITIES, 1971-1972

Authority	Property Tax Levy (\$)	Estimated Collec- tion (\$)	% Collec- tion	Poll Tax Levy (\$)	Estimated Collec- tion (\$)	% Collec- tion	Cumulated Tax Arrears (\$)
Gander <sup>a</sup>	-	-	-	-	-	-	-
Corner Brook	468,058	327,640	70	144,564	72,287	50	297,657
Notre Dame	N/A	N/A	N/A	186,730	112,038	60	46,700
Deer Lake	N/A	N/A	N/A	70,000	59,500	85	15,000
Green Bay	N/A	N/A	N/A	184,560	138,420	75	(new) 0
Grand Falls	93,988	75,190	80	13,260	10,608	80	33,671
St. Lawrence	N/A	N/A	N/A	19,680	13,776	70	(new) 0
Happy Valley	52,440	36,984	70	19,360	4,357	22	65,175
Port aux Basques	30,483	25,910	85	34,000	28,900	85	2,407
Total	644,969	465,724	72	672,154	439,886	65	460,610

Source: Data was provided to the researcher by the Provincial Association of School Tax Authorities.

<sup>a</sup>The estimate for the Gander Area (both property and poll tax) was \$661,000. The estimated percentage of collection was 53 per cent or \$350,000.

from \$2,407 in Port aux Basques to \$297,657 in Corner Brook. The total cumulated tax arrears for the School Tax Authorities shown in Table XIII totalled \$460,610 in 1971-72.

The Extension of Local Taxation for Education

The Report of the Royal Commission on Education and Youth in Newfoundland concluded that the province must greatly extend the use of the property tax. Upon that conclusion, the Commission made the following recommendation:

We recommend that a real property tax be levied at a uniform rate on equalized assessments throughout the province. The levy should be collected by the province and applied to the cost of the foundation programme.<sup>10</sup>

This recommendation which was stated in the 1968 Report has remained in the background of educational finance for the past three years. Today, however, it has reappeared in this area. At the annual meeting of the Federation of School Board Associations of Newfoundland, the following resolution was prepared for debate:

WHEREAS the capital and operating costs of providing adequate education programmes in Grades K to XI continue to rise, and

WHEREAS the local school boards are obligated to meet these increasing demands on the basis of inadequate revenue sources.

THEREFORE BE IT RESOLVED that the provincial

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<sup>10</sup> Report of the Royal Commission on Education and Youth, Province of Newfoundland, Vol. II, 1968, p. 166.

government introduce appropriate legislation for the establishment of a province wide tax to be administered by a provincial authority throughout the province, the monies to be collected by the province, deposited in a special fund, and disbursed equally in accordance with a defined school foundation programme. The monies so collected would be for the support of primary, elementary, and secondary education, and furthermore,

That local school boards be empowered by means of appropriate provincial legislation, to supplement their revenues through application of an additional school tax.<sup>11</sup>

If a province wide property tax were introduced, how much additional revenue would be derived from this source? Table XIV contains estimates of the amounts which would be derived at different mill rates. If to the estimate of taxable property is applied a rate of 5 mills, the tax would yield \$12,150,000. Similarly, a rate of 8 mills and 10 mills applied to this estimate of taxable property would yield \$19,440,000 and \$24,300,000 respectively. Thus, these calculations indicate that the amount of revenue which could be derived from a province-wide property tax is substantial.

#### IV. SUMMARY

There are a number of general conclusions arising from the foregoing sections of this chapter. These include:

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<sup>11</sup>The annual meeting of the Federation of School Board Associations of Newfoundland was held in Gander October, 1972.

TABLE XIV

ESTIMATES OF PROPERTY VALUE AND PROPERTY TAX FOR  
THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, 1968

Item	Value (\$'000,000)	At 5 Mills (\$'000)	At 8 Mills (\$'000)	At 10 Mills (\$'000)
Houses	1,200	6,000	9,600	12,000
Mines	380	1,900	3,040	3,800
Paper Mills	150	750	1,200	1,500
Factories and Fish Plants	200	1,000	1,600	2,000
Shops, Offices, Hotels, Garages, etc.	500	2,500	4,000	5,000
Total Property Value	2,430	12,150	19,440	24,300

Source: Premier J.R. Smallwood's address to the Education Conference, December 3-5, 1968.

1. Local school district reorganization during the period from 1960-61 to 1970-71 has been no less than phenomenal in bringing about a reduction of the total number of local school districts in the province from 285 in 1960-61 to 35 in 1970-71.

2. In 1960-61 there were six school boards, out of a total of 310, serving 2000 or more pupils each. However, pupil population of school boards increased enormously during the period from 1960-61 to 1970-71. In 1970-71 there were 30 school boards, out of a total of 35, serving 2000 or more pupils each.

3. The abolition of school fees and the introduction of school assessments marked the only change in the fiscal powers of local school boards with respect to raising local revenues for public elementary and secondary education during the period from 1960-61 to 1970-71.

4. Local revenues for public elementary and secondary education of selected school boards as a percentage of total school board revenue ranged from two per cent to 13 per cent in 1969-70. In 1970-71 the range was from one per cent to eight per cent. Also, local revenue per pupil enrolled of selected school boards ranged from \$5.73 to \$36.05 in 1969-70, while in 1970-71 it ranged from \$3.50 to \$33.95.

5. The major sources of local revenues of selected school boards for the years 1969-70 and 1970-71 were: school assessments, School Tax Authorities, and rentals, fees, et cetera.

6. The province's School Tax Authorities have been experiencing considerable difficulty in administering the property and poll tax. In 1971-72 the cumulated tax arrears of the province's School Tax Authorities ranged from \$2,407 to \$297,657. Also, the total cumulated tax arrears for the province's School Tax Authorities totalled \$460,610 in 1971-72.

7. Using \$2,430,000,000 as an estimate of the total property value in the province, a rate of 5 mills, 8 mills, and 10 mills applied to this estimate would yield \$12,150,000, \$19,440,000, and \$24,300,000 respectively. Hence, the revenue which could be derived from a province-wide property tax is substantial.

## CHAPTER V

### PATTERNS OF PUBLIC ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Provincial and local revenues for public elementary and secondary education were reviewed in the last two chapters. These two chapters completed the revenue aspect of this study. The present chapter is concerned with an analysis of public elementary and secondary education expenditures.

This chapter is divided into five sections. The first section deals with provincial expenditure patterns during the period from 1960-61 to 1970-71. In the second section provincial expenditures for public elementary and secondary education from 1960-61 to 1970-71 are considered. A brief analysis of factors affecting public elementary and secondary education expenditures is contained in the third section. The fourth section presents an analysis of public elementary and secondary education expenditures of selected school boards for the years 1969-70 and 1970-71. The final section is a summary of the chapter.

#### I. PROVINCIAL EXPENDITURE PATTERNS 1960-61 TO 1970-71

The total provincial expenditure in Newfoundland during the period from 1960-61 to 1970-71 is illustrated

in Table XV. In 1970-71 the province expended approximately \$417.1 million compared with approximately \$99.7 million in 1960-61. This represented an increase of 317 per cent over the eleven year period. During the same time period, per capita provincial expenditure rose from \$222.60 in 1960-61 to \$806.60 in 1970-71.

In 1960-61 total provincial expenditure accounted for 21 per cent of the province's gross provincial product. The corresponding figure for 1970-71 was 33 per cent. Total provincial expenditure in 1960-61 amounted to 24 per cent of the province's personal income, while in 1970-71 it represented 40 per cent of the province's personal income. Total provincial expenditure in 1967-68 of approximately \$338.5 million represented a high of 37 per cent of the province's gross provincial product and 44 per cent of the province's personal income.

In analysing provincial expenditures on education, it is imperative to consider other areas of provincial government expenditure. Table XVI contains data on provincial government expenditure by major function from 1960-61 to 1970-71. In 1960-61 the major area of provincial expenditure was highways. It accounted for 22 per cent of the total provincial expenditure. Highways was followed by education (19 per cent), health (17 per cent), social welfare (17 per cent),



TABLE XV

TOTAL PROVINCIAL EXPENDITURE  
NEWFOUNDLAND, 1960-61 TO 1970-71

Year	Total \$	<sup>a</sup> Per Capita \$	Index of Growth 1960-61=100	<sup>a</sup> Total Expend- iture as a % of	
				Gross Prov. Product	Personal Income
1960-61	99,732,770	222.6	100	21	24
1961-62	105,740,463	230.9	106	20	24
1962-63	133,951,686	286.2	134	24	28
1963-64	145,658,185	306.0	146	23	20
1964-65	173,174,355	358.5	173	25	33
1965-66	191,303,536	392.0	191	25	31
1966-67	257,772,625	522.9	258	30	37
1967-68	338,498,777	678.3	338	37	44
1968-69	336,806,846	665.7	337	33	31
1969-70	349,064,884	679.1	349	31	37
1970-71	417,104,702	806.6	417	33	40

Source: Public Accounts, Province of Newfoundland.

<sup>a</sup>Computed from Appendix A.

TABLE XVI

PROVINCIAL GOVERNMENT EXPENDITURE  
BY MAJOR FUNCTION, NEWFOUNDLAND  
1960-61 TO 1970-71

Year	Educa- tion (\$'000)	<sup>a</sup> Index of Growth 1960-61= 100	<sup>a</sup> % of Total Expend- iture	Health (\$'000)	Index of Growth 1960-61= 100	% of Total Expend- iture	High- ways (\$'000)	Index of Growth 1960-61= 100	% of Total Expend- iture
1960-61	18,734	100	19	16,937	100	17	21,940	100	22
1961-62	19,383	103	18	18,515	109	18	17,133	78	16
1962-63	22,114	118	17	19,445	115	15	22,509	103	17
1963-64	27,593	147	19	22,878	135	16	35,551	162	24
1964-65	27,215	145	16	25,582	151	15	55,235	252	32
1965-66	30,420	162	16	31,495	186	16	56,463	257	30
1966-67	43,193	231	17	35,470	209	14	40,641	185	16
1967-68	77,218	412	23	52,021	307	15	52,722	240	16
1968-69	76,131	406	23	58,460	345	17	57,607	263	17
1969-70	80,778	431	23	61,629	364	18	52,228	238	15
1970-71	96,054	513	23	70,413	416	17	50,573	231	12

TABLE XVI (continued)

Year	Public Works (\$'000)	Index of Growth 1960-61= 100	% of Total Expenditure	Social Welfare (\$'000)	Index of Growth 1960-61= 100	% of Total Expenditure	Total Expenditure (\$'000)
1960-61	4,309	100	4	16,479	100	17	99,733
1961-62	7,912	184	7	17,714	101	17	105,740
1962-63	20,603	478	15	19,537	119	15	133,952
1963-64	8,151	189	6	21,024	128	14	145,658
1964-65	5,130	119	3	22,021	134	13	173,174
1965-66	7,205	167	4	23,175	141	12	191,304
1966-67	26,405	613	10	28,633	168	11	257,773
1967-68	14,679	341	4	41,487	252	12	338,499
1968-69	8,108	188	2	45,812	278	14	336,807
1969-70	7,209	167	2	42,582	258	12	349,065
1970-71	6,903	160	2	46,758	284	11	417,105

Source: Public Accounts, Province of Newfoundland.

<sup>a</sup>All indices and percentages were calculated before expenditures were rounded.

and public works (4 per cent). Together, the above five areas of provincial expenditure utilized 79 per cent of the province's funds.

By 1970-71 education had emerged as the major area of provincial expenditure. It accounted for 23 per cent of the total provincial expenditure. Education was followed by health (17 per cent), highways (12 per cent), social welfare (11 per cent), and public works (2 per cent). In 1970-71 these five areas of provincial expenditure accounted for 65 per cent of the provincial government's total expenditure. Figure 4 compares the major areas of provincial expenditure in 1960-61 with those in 1970-71.

The amount expended by the province on education increased from approximately \$18.7 million in 1960-61 to approximately \$96.1 million in 1970-71. This represented an increase of 413 per cent. In comparison with expenditures for other functions of the provincial government, education has received a disproportionate increase. The growth in expenditures for health was 316 per cent; social welfare, 184 per cent; highways, 131 per cent; and public works, 60 per cent. Table XVI also illustrates the fluctuations in expenditures for the various areas over the eleven year period from 1960-61 to 1970-71.

Table XVII contains statistics on estimated

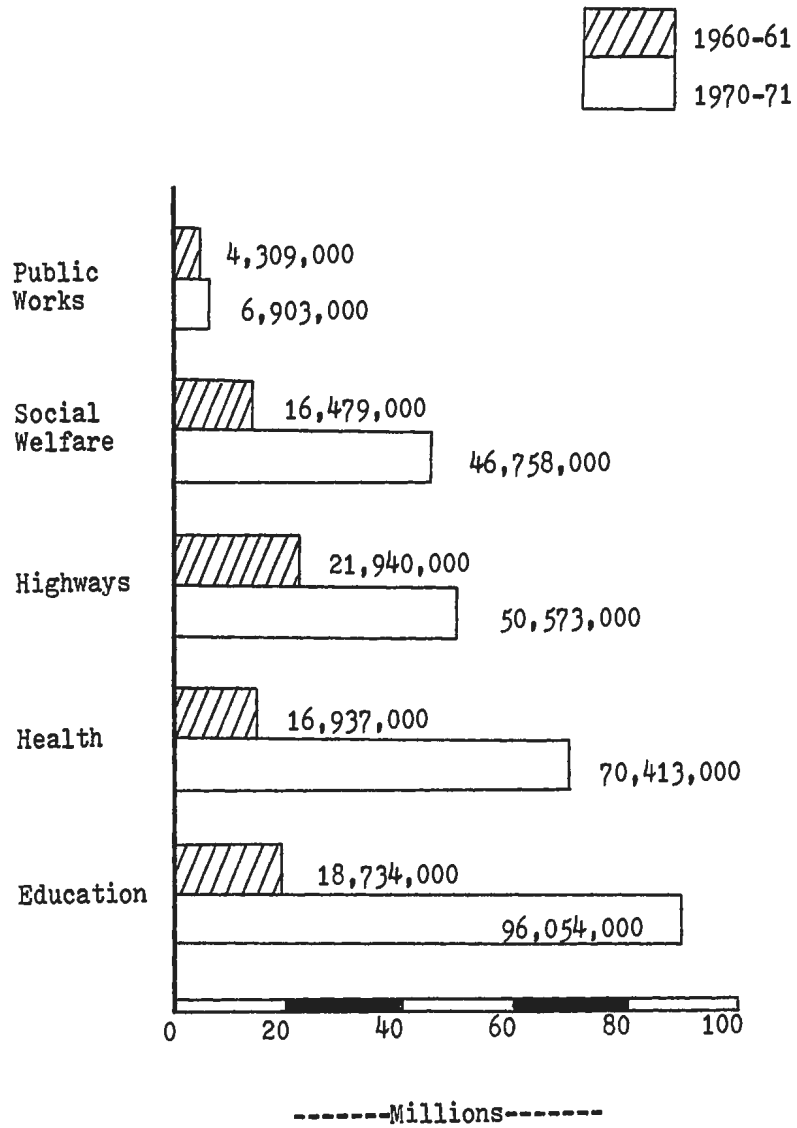


FIGURE 4

PROVINCIAL EXPENDITURE BY FUNCTION, NEWFOUNDLAND,  
1960-61 AND 1970-71

TABLE XVII

ESTIMATED EXPENDITURE BY FUNCTION,  
PROVINCIAL GOVERNMENTS,  
FISCAL 1971  
(Percentage Distributions)

Province	Educa- tion	Health	Social Welfare	Trans- portation and Communi- cation	Pro- tection of Persons and Prop- erty	All Other Expend- itures
Nfld.	24.9	16.7	9.6	10.6	1.8	36.4
P.E.I.	27.7	19.4	9.2	10.7	1.8	31.2
N.S.	26.6	33.8	9.4	6.6	1.8	21.8
N.B.	30.1	21.2	8.9	14.1	1.7	24.0
Que.	28.2	24.3	14.2	10.3	3.8	19.2
Ont.	30.7	27.3	6.3	9.6	4.2	21.9
Man.	28.0	31.1	10.6	7.7	3.2	19.4
Sask.	27.3	27.3	8.0	13.2	2.9	21.3
Alta.	31.5	27.4	7.0	8.1	3.5	22.5
B.C.	29.2	30.0	9.8	11.5	3.0	16.5
All Provinces	29.3	26.5	9.5	10.0	3.6	21.1

Source: Provincial Government Finance Revenue and Expenditure  
(Estimates) 1971 (Ottawa: Information Canada, 1971), pp. 30-40.

expenditure by function (percentage distribution) of provincial governments for the fiscal year 1971. Newfoundland's estimated expenditure on education was lower than that of any other Canadian province for that year. The province's estimated expenditure on education was 24.9 per cent of its total provincial expenditure. Newfoundland was followed closely by Nova Scotia, Saskatchewan, and Prince Edward Island which had estimated expenditures on education of 26.6 per cent, 27.3 per cent, and 27.7 per cent respectively of their total provincial expenditures. Alberta had the highest estimated expenditure on education for the fiscal year 1971. It was estimated that 31.5 per cent of its total provincial expenditure would be spent on education. Also, the estimated expenditure on education for all provinces was 29.3 per cent of the total provincial expenditure for all provinces.

The following section of this chapter is devoted to an analysis of provincial expenditures for public elementary and secondary education during the period from 1960-61 to 1970-71.

## II. PROVINCIAL EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION, 1960-61 TO 1970-71

This section considers provincial expenditures for public elementary and secondary education under the following

headings: (i) total expenditure for education, (ii) expenditures for public elementary and secondary education, and (iii) educational expenditures and personal income.

Total Expenditure for Education

Before focusing on provincial expenditures for public elementary and secondary education, it is necessary to consider total provincial expenditure for education. Total provincial expenditure for education includes funds allocated to vocational and adult education, grants to university education, and grants to organizations involved in education.

Table XVIII presents data on total provincial expenditure for education from 1960-61 to 1970-71. As noted earlier, total provincial expenditure for education rose from approximately \$18.7 million in 1960-61 to approximately \$96.1 million in 1970-71, representing an increase of 413 per cent. Expenditure per capita rose from \$41.82 in 1960-61 to \$185.79 in 1970-71 — an increase of 344 per cent.

Data on total provincial expenditure for education in each of the main categories, current and capital expenditures, are also presented in Table XVIII. Current expenditures include expenditures for administration, instructional aids and supplies, instructional salaries,



TABLE XVIII

TOTAL PROVINCIAL EXPENDITURE ON EDUCATION,  
NEWFOUNDLAND, 1960-61 TO 1970-71

Year	Total (\$'000)	Index of Growth 1960-61= 100	Expenditure per Capita (\$)	Index of Growth 1960-61= 100	Current Expenditure (\$'000)	% of Total	Capital Expenditure	% of Total
1960-61	18,734	100	41.82	100	16,090	86	2,644	14
1961-62	19,383	103	42.32	101	17,238	89	2,145	11
1962-63	22,114	118	47.25	113	18,543	84	3,571	16
1963-64	27,593	147	57.97	139	22,068	80	5,525	20
1964-65	27,215	145	56.35	135	24,979	92	2,236	8
1965-66	30,420	162	62.34	149	27,865	92	2,555	8
1966-67	43,193	231	87.6	209	37,085	86	6,108	14
1967-68	77,218	412	154.75	370	54,848	71	22,370	29
1968-69	76,131	400	150.46	360	68,616	90	7,515	10
1969-70	80,778	431	157.16	376	74,265	92	6,513	8
1970-71	96,054	513	185.79	444	84,460	88	11,594	12

Source: Public Accounts, Province of Newfoundland.

school plant operation and maintenance, and pupil transportation. Capital expenditures include the costs of buildings and major equipment.

In 1960-61 current expenditures accounted for 86 per cent of the total educational expenditure. In 1964-65, 1965-66, and 1969-70, current expenditures reached a high of 92 per cent of the total educational expenditure. Current expenditures in 1970-71 dropped to 88 per cent of the total educational expenditure. Although current expenditure as a percentage of the total educational expenditure remained stable during the eleven year period from 1960-61 to 1970-71, the amount expended on current expenditure rose from approximately \$16.1 million in 1960-61 to approximately \$84.5 million in 1970-71 — an increase of 424 per cent.

Capital expenditures in 1960-61 totalled approximately \$2.6 million or 14 per cent of the total educational expenditure. In 1970-71 capital expenditures amounted to approximately \$11.6 million or 12 per cent of the total educational expenditure. An expenditure of approximately \$22.4 million in 1967-68, or 29 per cent of the total educational expenditure, was the highest in the eleven year period from 1960-61 to 1970-71. Also, during this period capital expenditures increased by 346 per cent.

Expenditures for Public Elementary and Secondary Education

Provincial expenditures for public elementary and secondary education from 1960-61 to 1970-71 are illustrated in Table XIX. Total expenditure rose from approximately \$17.6 million in 1960-61 to approximately \$68.3 million in 1970-71 — an increase of 287 per cent. Current expenditure rose from approximately \$15.0 million in 1960-61 to approximately \$61.1 million in 1970-71 — an increase of 306 per cent. Capital expenditure rose from approximately \$2.6 million in 1960-61 to approximately \$7.2 million in 1970-71 — an increase of 177 per cent.

Total expenditure for public elementary and secondary education per pupil in A.D.A. rose from \$149.72 to \$465.04 over the eleven year period — an increase of 211 per cent. Also, during the same time period current expenditure per pupil in A.D.A. increased from \$127.56 to \$415.77 — an increase of 226 per cent.

The percentages that current and capital expenditures were of the total provincial expenditure for public elementary and secondary education are also shown in Table XIX. In 1960-61 current expenditure amounted to 85 per cent of the total expenditure, while capital expenditure accounted for the remaining 15 per cent. The corresponding percentages for 1970-71 were 90 per cent and 10 per cent

TABLE XIX

PROVINCIAL EXPENDITURES FOR PUBLIC ELEMENTARY  
AND SECONDARY EDUCATION, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Total		Current		Capital		
	Amount (\$'000)	Per Pupil in A.D.A. \$	Amount <sup>a</sup> (\$'000)	% of Total	Per Pupil in A.D.A. \$	Amount (\$'000)	% of Total
1960-61	17,622	149.72	15,014	85	126.56	2,608	15
1961-62	18,243	149.24	16,117	88	131.84	2,126	12
1962-63	19,511	155.02	17,474	89	138.84	2,037	11
1963-64	22,097	171.84	19,918	90	154.89	2,179	10
1964-65	24,074	183.24	21,949	91	167.07	2,125	9
1965-66	26,346	196.65	23,984	91	179.01	2,362	9
1966-67	33,190	244.34	28,563	86	210.28	4,627	14
1967-68	42,862	306.04	38,333	89	273.71	4,529	11
1968-69	52,417	363.05	48,000	91	332.46	4,417	9
1969-70	57,215	391.00	52,738	92	360.40	4,477	8
1970-71	68,319	465.04	61,079	90	415.77	7,239	10

<sup>a</sup>Index of Growth with 1960-61=100

1960-61	100	100	100	100	100	100	100
1961-62	103	100	107	104	103	82	80
1962-63	110	104	116	105	109	79	73
1963-64	125	115	132	106	121	84	67
1964-65	136	122	146	107	131	82	60
1965-66	149	131	159	107	140	88	60
1966-67	188	163	190	101	165	177	93
1967-68	243	204	255	105	215	173	73
1968-69	297	242	319	107	261	169	60
1969-70	324	261	351	108	283	171	53
1970-71	387	311	406	106	326	277	67

Sources: 1. Public Accounts, Province of Newfoundland.

2. Annual Reports, Department of Education,  
Province of Newfoundland.

<sup>a</sup>Indices and percentages were calculated before expenditures were rounded.

respectively.

The range of differences in operating expenditures per student in public elementary and secondary schools among the provinces of Canada from 1960 to 1968 are shown in Table XX. The range was substantial in 1968, varying from a low of \$239 per student in Newfoundland to a high of \$587 in Alberta. In 1968 the operating expenditure per student in public elementary and secondary schools for all Canada was \$522 per student. In 1960 the range was \$227, varying from a low of \$108 per student in Newfoundland to a high of \$335 in British Columbia. In that year the operating expenditure per student for all Canada was \$238. Operating expenditures per student in Newfoundland have been below the national average for the years 1960 to 1968.

Provincial funds provided for public elementary and secondary education are used to purchase a variety of goods and services. In terms of the amount of money expended, the major areas of expenditure for public elementary and secondary education are:

1. Teachers' Salaries
2. Buildings and Equipment
3. School Maintenance, Repairs, and Supplies
4. School Transportation.

Table XXI contains data on the above four major areas of

TABLE XX

OPERATING EXPENDITURES PER STUDENT IN PUBLIC ELEMENTARY  
AND SECONDARY SCHOOLS, CANADA, BY PROVINCE,  
1960 TO 1968  
(Dollars)

Province	1960	1961	1962	1963	1964	1965	1966	1967	1968
Nfld.	108	114	120	129	144	155	175	205	239
P.E.I.	125	132	151	180	188	206	248	331	376
N.S.	166	182	188	202	223	236	261	305	354
N.B.	158	166	177	192	200	220	246	276	328
Que.	180	205	237	271	319	372	407	470	526
Ont.	268	280	291	311	345	374	417	483	571
Man.	260	267	279	287	296	314	352	407	514
Sask.	282	296	301	318	337	370	407	449	497
Alta.	311	329	343	355	378	402	452	519	587
B.C.	335	340	341	355	370	395	436	479	524
Canada	238	253	269	290	322	356	395	455	522

Source: Economic Council of Canada, Staff Study No. 27, Some Economic Aspects of Provincial Educational Systems (Ottawa: Information Canada, 1971), p. 204.

TABLE XXI

MAJOR AREAS OF EXPENDITURE FOR PUBLIC ELEMENTARY  
AND SECONDARY EDUCATION, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Teacher Salaries			Buildings and Equipment		
	Amount (\$'000)	<sup>a</sup> Index of Growth 1960-61 =100	<sup>b</sup> As a % of Elem. and Sec. Expend- iture	Amount (\$'000)	Index of Growth 1960-61 =100	As a % of Elem. and Sec. Expend- iture
1960-61	10,569	100	59	2,608	100	14
1961-62	11,299	106	61	2,126	82	11
1962-63	12,509	118	64	2,037	79	10
1963-64	14,859	140	67	2,179	84	9
1964-65	15,802	149	65	2,125	82	8
1965-66	17,345	164	65	2,362	91	8
1966-67	19,300	182	58	4,627	177	13
1967-68	23,547	222	54	4,138	158	9
1968-69	29,352	277	55	4,351	166	8
1969-70	33,191	314	58	4,150	159	7
1970-71	36,097	341	52	7,239	277	10

TABLE XXI (continued)

Year	Maintenance, Repairs, and Supplies			School Transportation		
	Amount (\$'000)	Index of Growth 1960-61 =100	As a % of Elem. and Sec. Expend- iture	Amount (\$'000)	Index of Growth 1960-61 =100	As a % of Elem. and Sec. Expend- iture
1960-61	1,656	100	9	311	100	1
1961-62	1,603	97	7	408	131	2
1962-63	1,626	99	8	545	175	2
1963-64	1,605	97	7	678	217	3
1964-65	2,491	150	10	800	256	3
1965-66	2,453	148	9	936	300	3
1966-67	2,754	166	8	1,165	373	3
1967-68	2,641	151	6	1,655	531	3
1968-69	2,904	175	5	2,475	795	4
1969-70	3,251	196	5	3,130	1,004	5
1970-71	9,791	591	14	3,819	1,225	5

Source: Public Accounts, Province of Newfoundland.

<sup>a</sup>All indices and percentages were calculated before expenditures were rounded.



expenditure for public elementary and secondary education from 1960-61 to 1970-71.

Teachers' Salaries. Teachers' salaries constitute the largest area of expenditure for public elementary and secondary education. In 1960-61 expenditure for teachers' salaries amounted to approximately \$10.6 million and rose to approximately \$36.1 million in 1970-71 — an increase of 241 per cent. In 1960-61 expenditure for teachers' salaries accounted for 59 per cent of the provincial expenditure for public elementary and secondary education. This percentage increased to 67 in 1963-64 before dropping to 52 in 1970-71.

Teachers classified according to annual salaries for the years 1960-61, 1965-66, and 1970-71 are illustrated in Table XXII. In 1960-61, 31.6 per cent of the province's teachers were earning less than \$1,500 per annum. By 1965-66 the percentage had decreased to 18.8; however, no teacher earned less than \$1,500 per annum in 1970-71. In 1965-66 the largest percentage of the province's teachers was earning between \$3,000 and \$3,499 per annum. In 1970-71 the largest percentage of the province's teachers was earning between \$4,000 and \$4,499.

The average and median salaries of teachers from 1960-61 to 1970-71 are shown in Table XXIII. The average

TABLE XXII

TEACHERS CLASSIFIED ACCORDING TO  
ANNUAL SALARIES, NEWFOUNDLAND,  
1960-61, 1965-66, AND 1970-71

Salary Range (\$)	1960-61		1965-66		1970-71	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
Less than 1,500	1,363	31.6	1,041	18.8	-	-
1,500- 1,999	428	9.9	471	8.5	409	6.4
2,000- 2,499	519	12.0	391	7.1	75	1.2
2,500- 2,999	428	9.9	557	10.0	10	.2
3,000- 3,499	686	15.8	1,214	21.9	87	1.4
3,500- 3,999	320	7.3	459	8.3	268	4.2
4,000- 4,499	245	5.7	428	7.7	1,306	20.2
4,500- 4,999	127	2.9	196	3.5	500	7.8
5,000- 5,499	125	2.8	226	4.1	643	10.0
5,500- 5,999	45	1.0	204	3.7	414	6.4
6,000- 6,499	16	.4	84	1.5	604	9.4
6,500- 6,999	13	.3	117	2.1	372	5.7
7,000- 7,499	1	.2	82	1.5	427	6.6
7,500- 7,999	1	.2	24	.4	245	3.8
8,000- 8,499	-	-	21	.4	232	3.6
8,500- 8,999	-	-	14	.3	248	3.9
9,000- 9,499	-	-	8	.1	124	1.8
9,500- 9,999	-	-	3	.1	176	2.7
10,000-10,499	-	-	1	-	66	1.0
10,500-10,999	-	-	-	-	68	1.1
11,000-11,499	-	-	-	-	68	1.1
11,500-11,999	-	-	-	-	34	.5
12,000 and over	-	-	-	-	61	1.0
Total	4,317	100.0	5,542	100.0	6,437	100.0

Source: Statistical Supplements to the Annual Reports,  
Department of Education, Province of Newfoundland.

TABLE XXIII

AVERAGE AND MEDIAN TEACHER  
SALARIES, NEWFOUNDLAND  
1960-61 TO 1970-71

Year	Average		Median	
	Salary (\$)	Index of Growth 1960-61=100	Salary (\$)	Index of Growth 1960-61=100
1960-61	2,557	100	3,117	100
1961-62	2,622	102	3,124	100
1962-63	2,704	106	3,121	100
1963-64	2,916	110	3,206	103
1964-65	3,063	120	3,213	103
1965-66	3,285	128	3,416	110
1966-67	3,541	138	3,624	116
1967-68	4,393	172	4,444	143
1968-69	5,021	196	5,135	167
1969-70	5,394	211	5,269	169
1970-71	5,785	226	5,724	184

Source: Statistical Supplements to the Annual Reports,  
Department of Education, Province of Newfoundland.

salary of a teacher rose from \$2,557 in 1960-61 to \$5,785 in 1970-71 — an increase of 126 per cent. During the same time period the median salary of a teacher increased from \$3,117 to \$5,724 — an increase of 84 per cent.

Buildings and Equipment. Expenditures for buildings and equipment increased from approximately \$2.6 million in 1960-61 to approximately \$7.2 million in 1970-71 — an increase of 177 per cent. As a percentage of elementary and secondary education expenditure, expenditures for buildings and equipment dropped from 14 per cent in 1960-61 to a low of seven per cent in 1969-70 and then increased to 10 per cent in 1970-71.

Table XXIV contains data on school construction in the province from 1966-67 to 1970-71. In 1966-67 a total of 25 new schools or 168 new classrooms were constructed at a cost to the province of \$2,218,638. In 1970-71, 12 new schools or 80 new classrooms were constructed at a cost to the province of \$1,520,910. However, extensive renovations and the utilization of portable classrooms greatly increased the capital expenditure for elementary and secondary schools in 1970-71.

Maintenance, Repairs, and Supplies. Expenditures for maintenance, repairs, and supplies accounted for nine

TABLE XXIV

HIGH AND ELEMENTARY SCHOOLS CONSTRUCTED IN  
NEWFOUNDLAND, 1966-67 TO 1970-71

Year	High Schools	Elementary Schools	Number of Rooms	Cost to Government (\$)
1966-67	10	15	168	2,218,638
1967-68	14	15	395	5,773,559
1968-69	12	15	232	3,815,896
1969-70	3	10	136	2,194,515
1970-71	2	10	80	1,520,910

Source: Data were provided to the researcher by the Integrated Denominational Education Committee.

per cent of the total provincial expenditure for public elementary and secondary education in 1960-61. This percentage remained stable in the sixties before rising to 14 per cent in 1970-71. Expenditure for this area amounted to approximately \$1.7 million in 1960-61 and increased to approximately \$9.8 million — an increase of 491 per cent.

School Transportation. The amount of money expended for school transportation rose from approximately \$ .3 million in 1960-61 to approximately \$3.8 million in 1970-71 — an increase of 1,125 per cent. As a percentage of the total provincial expenditure for public elementary and secondary education, the expenditure for school transportation increased from one in 1960-61 to five in 1970-71. This large increase in expenditure for school transportation came as a result of the construction of regional and central schools and the consequent bussing of an increased number of pupils to larger centers.

Combined expenditures for teachers' salaries, buildings and equipment, maintenance, repairs, and supplies, and school transportation accounted for 83 per cent of the total provincial expenditure for public elementary and secondary education in 1960-61. The corresponding figure for 1970-71 was 81 per cent.

Educational Expenditures and Personal Income

It is the purpose of this sub-section to examine some aspects of "willingness to pay" or educational "effort" as they may be revealed through the relationship between personal income and educational expenditures. Atherton feels that expressing expenditures on education as a part of personal income can be a useful but deceiving comparative device.<sup>1</sup> However, in the context of this study the relationship of educational expenditures to personal income will at least provide useful insights into the educational "effort" of this province.

Educational expenditures as a percentage of personal income for Newfoundland from 1960-61 to 1970-71 are shown in Table XXV. In 1960-61 four per cent of the province's personal income was spent on education. This figure remained relatively stable until 1967-68 when it reached a high of 10 per cent. By 1970-71 the figure stood at nine per cent. Current expenditure for education as a percentage of personal income rose from three per cent in 1960-61 to eight per cent in 1970-71. The corresponding figures for capital expenditure were .6 per cent in

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<sup>1</sup>Peter J. Atherton, "Income Elasticity — A New Way to Look at Demand for Education," School Administrator, February, 1968, p. 28.

TABLE XXV

EDUCATIONAL EXPENDITURES AS A PERCENTAGE OF  
PERSONAL INCOME, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Education Expenditure			Expenditure for Elementary and Secondary Education
	Total	Current	Capital	
1960-61	4	3	.6	4
1961-62	4	3	.5	4
1962-63	4	4	.8	4
1963-64	5	4	1.0	4
1964-65	5	4	.4	4
1965-66	5	4	.4	4
1966-67	6	5	.9	4
1967-68	10	7	.3	5
1968-69	9	8	.9	6
1969-70	8	8	.7	6
1970-71	9	8	1.0	6

Sources: 1. Public Accounts, Province of Newfoundland.  
2. Appendix A.



1960-61 and one per cent in 1970-71. Expenditures for public elementary and secondary education as a percentage of personal income remained constant at four per cent from 1960-61 to 1966-67, increased to five per cent in 1967-68, and increased to six per cent for the years 1968-69, 1969-70, and 1970-71.

Table XXVI illustrates additional comparisons between educational expenditures and personal income. The increase in personal income from 1960-61 to 1970-71 was 150 per cent. Per capita personal income increased by 117 per cent. This compared with an increase of 413 per cent in total educational expenditure, 344 per cent in total educational expenditure per capita, 287 per cent in expenditure for public elementary and secondary education, and 211 per cent in expenditure for public elementary and secondary education per pupil in A.D.A. Thus, the increase in total educational expenditure and in total educational expenditure per capita was greater than that in total personal income and in personal income per capita. Also, the increase in expenditure for public elementary and secondary education per pupil in A.D.A. was greater than that in total personal income and in personal income per capita.

To this point educational expenditures have been considered without reference to factors affecting them such as increased price levels and increased enrollments. The

TABLE XXVI  
 PERSONAL INCOME AND EDUCATIONAL  
 EXPENDITURES, NEWFOUNDLAND,  
 1960-61 TO 1970-71

Year	Personal Income		Education Expenditure		Expenditure for Public Elementary and Secondary Education	
	Total (\$'000,000)	Per Capita (\$)	Total (\$'000)	Per Capita (\$)	Total (\$'000)	Per Pupil in A.D.A. (\$)
1960-61	412	920	18,734	41.82	17,622	149.72
1961-62	440	961	19,383	42.32	18,243	149.24
1962-63	462	987	22,114	47.25	19,511	155.02
1963-64	493	1,036	27,593	57.97	22,097	171.84
1964-65	531	1,099	27,215	56.35	24,074	183.24
1965-66	604	1,238	30,420	62.34	26,346	196.65
1966-67	680	1,379	43,193	87.61	33,190	244.34
1967-68	755	1,513	77,218	154.75	42,862	306.04
1968-69	837	1,654	76,131	150.46	52,417	363.05
1969-70	924	1,798	80,778	157.16	57,215	319.00
1970-71	1,032	1,996	96,054	185.79	68,319	465.04
Index of Growth with 1960-61=100						
1960-61	100	100	100	100	100	100
1961-62	106	104	103	101	103	100
1962-63	112	107	118	113	110	104
1963-64	119	112	147	139	125	115
1964-65	126	119	145	135	136	122
1965-66	146	134	162	149	149	131
1966-67	164	149	231	209	188	163
1967-68	183	164	412	370	243	204
1968-69	203	179	406	360	297	242
1969-70	224	195	431	376	324	261
1970-71	250	217	513	444	387	311

- Sources: 1. Public Accounts, Province of Newfoundland.  
 2. Appendix A.

following section is concerned with an analysis of factors affecting public elementary and secondary expenditures from 1960-61 to 1970-71.

### III. FACTORS AFFECTING PUBLIC ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

In general, increases in expenditures for education may be accounted for by three sets of factors: (1) increases in price levels, (2) increases in enrollment, and (3) increases in the quantity or quality of educational service provided.<sup>2</sup> It is the purpose of this section to examine the impact of rising price levels on expenditures for public elementary and secondary education in Newfoundland from 1960-61 to 1970-71. Also, it is the purpose of this section to provide an estimate of changes in the quantity or quality of education over the period from 1960-61 to 1970-71 by means of a "residual" approach. That is, expenditures not taken up by increases in price levels and increased A.D.A. could be attributed to increased quantity or quality of educational services provided.

The Canadian Consumer Price Index is widely used when calculating the effects of increased price levels on

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<sup>2</sup>Peter J. Atherton, "Real Expenditures on School Operation," The Canadian Administrator, Vol. VIII, No.6, March, 1969, p. 23.

educational expenditures. However, this measure of increased price levels measures price changes in the economy as a whole. The problem with using this price index to convert current dollars to constant dollars is that it is concerned primarily with price levels of food, clothing, and accomodation — factors which have no place in an educational budget. Education is labour intensive; it is highly dependent upon labour inputs in the form of teachers, administrators, bus drivers, clerical staff, et cetera.<sup>3</sup> Therefore, a price index specifically related to the education industry would have to reflect the labour intensity of education. This study used the Implicit Price Index for government current expenditure on goods and services because education expenditures make up a large part of the total.<sup>4</sup>

Table XXVII contains data on provincial expenditures for public elementary and secondary education in constant (1961) dollars from 1960-61 to 1970-71. As noted

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<sup>3</sup>Peter J. Atherton, "Inflation and Educational Finance," The Canadian Administrator, Vol. VIII, No. 3, December, 1968, pp. 10-11.

<sup>4</sup>Economic Council of Canada, Staff Study No. 27, Some Economic Aspects of Provincial Educational Systems (Ottawa: Information Canada, 1971), p. 107.

TABLE XXVII

PROVINCIAL EXPENDITURES FOR PUBLIC ELEMENTARY  
AND SECONDARY EDUCATION IN CONSTANT  
(1961) DOLLARS, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	<sup>a</sup> Im- plicit Price Index	Total		Current		Capital	
		Amount (\$'000)	Index of Growth 1960-61 =100	Amount (\$'000)	Index of Growth 1960-61 =100	Amount (\$'000)	Index of Growth 1960-61 =100
1960-61	96.6	18,242	100	15,542	100	2,700	100
1961-62	100.0	18,243	100	16,117	104	2,126	79
1962-63	102.6	19,017	104	17,031	110	1,986	74
1963-64	106.3	20,787	114	18,737	121	2,050	76
1964-65	110.1	21,866	120	19,936	128	1,930	71
1965-66	116.6	22,595	123	20,569	132	2,026	75
1966-67	124.3	26,702	146	22,979	148	3,723	138
1967-68	132.9	32,251	177	28,843	186	3,408	126
1968-69	142.4	36,810	202	33,708	217	3,102	115
1969-70	155.2	36,866	203	33,981	219	2,885	107
1970-71	163.6	41,759	229	37,334	240	4,425	164

Sources: 1. Public Accounts, Province of Newfoundland.

2. Data on Implicit Price Index was provided to the researcher by Statistics Canada.

<sup>a</sup>Implicit Price Index of 100 corresponds to the year 1961.

previously, total expenditures for public elementary and secondary education were approximately \$50.7 million higher in 1970-71 than in 1960-61. This represented an index of 387, beginning with 100 for the base year 1960-61. When deflated using the price index, the index of growth was reduced to 229. The index of growth for current expenditure in constant (1961) dollars was 240, compared with 406 prior to adjustment for inflation. The capital expenditure index of growth was reduced from 277 to 164. To this point increases in enrollments have not been considered as a contributing factor to increased expenditures for public elementary and secondary education.

The growth in enrollment and average daily attendance from 1960-61 to 1970-71 is illustrated in Table XXVIII. Elementary school enrollment increased by 17 per cent, high school enrollment by 71 per cent, and total enrollment by 25 per cent. Average daily attendance increased by 25 per cent.

Table XXIX illustrates the combined effects of increased price levels and increased school attendance. Total expenditure per pupil in A.D.A. in constant (1961) dollars increased from \$154.99 in 1960-61 to \$284.25 in 1970-71 — an increase of 84 per cent. The increase in current expenditure per pupil in A.D.A. in constant (1961)

TABLE XXVIII

GROWTH IN ENROLLMENT AND AVERAGE DAILY  
ATTENDANCE, NEWFOUNDLAND,  
1960-61 TO 1970-71

Year	Enrollment K-VIII	Enrollment IX-XII	Total Enrollment	Average Daily Attendance
1960-61	109,630	19,287	128,917	117,701
1961-62	112,316	21,431	133,747	122,245
1962-63	115,161	22,539	137,700	125,858
1963-64	117,307	23,428	140,735	128,591
1964-65	119,690	24,439	144,129	131,378
1965-66	121,443	25,060	146,503	133,978
1966-67	122,449	26,903	148,352	135,832
1967-68	124,954	27,022	151,976	140,052
1968-69	127,285	29,472	156,757	144,380
1969-70	127,911	32,186	160,097	146,332
1970-71	127,893	33,022	160,915	146,908
Index of Growth with 1960-61=100				
1960-61	100	100	100	100
1961-62	102	111	104	104
1962-63	105	117	107	107
1963-64	107	121	109	109
1964-65	110	127	112	112
1965-66	111	130	114	114
1966-67	112	139	115	115
1967-68	114	140	118	119
1968-69	116	153	122	123
1969-70	117	167	124	124
1970-71	117	171	125	125

Source: Statistical Supplements to the Annual Reports,  
Department of Education, Province of Newfoundland.

TABLE XXIX

PROVINCIAL EDUCATIONAL EXPENDITURES PER PUPIL  
 IN AVERAGE DAILY ATTENDANCE IN CONSTANT  
 (1961) DOLLARS, NEWFOUNDLAND,  
 1960-61 TO 1970-71

Year	Total		Current	
	Amount (\$)	Index of Growth 1960-61=100	Amount (\$)	Index of Growth 1960-61=100
1960-61	154.99	100	132.05	100
1961-62	149.24	96	131.84	100
1962-63	151.09	97	135.32	102
1963-64	161.66	104	145.71	110
1964-65	166.43	107	151.74	115
1965-66	168.65	109	153.52	116
1966-67	196.57	127	169.17	121
1967-68	230.28	149	205.95	156
1968-69	254.95	164	233.47	177
1969-70	251.93	163	232.22	176
1970-71	284.25	184	254.14	192

Sources: 1. Public Accounts, Province of Newfoundland.  
 2. Table XXIX.



dollars was 92 per cent. Hence, the original 387 index of growth for total expenditures for public elementary and secondary education has been reduced to 184 — less than half — by making adjustments for increased price levels and increased school attendance.

The amounts of the total increase in expenditures for public elementary and secondary education which were due to increased price levels and increased school attendance are shown in Figure 5. Of the approximately \$50.7 million increase in public elementary and secondary education expenditures from 1960-61 to 1970-71, increased price levels accounted for approximately \$27.9 million of that increase. Increased A.D.A. accounted for approximately \$7.9 million, while the remaining \$14.9 million could be attributed to increased quantity or quality of educational services provided.

In summation, the foregoing analysis provides little basis for optimism over the increase in public elementary and secondary education expenditures that has occurred from 1960-61 to 1970-71. The analysis reveals that approximately 71 per cent of the increase between 1960-61 and 1970-71 was taken up by increases in price levels and average daily attendance and that the amount of funds available to increase the quantity or quality of elementary and

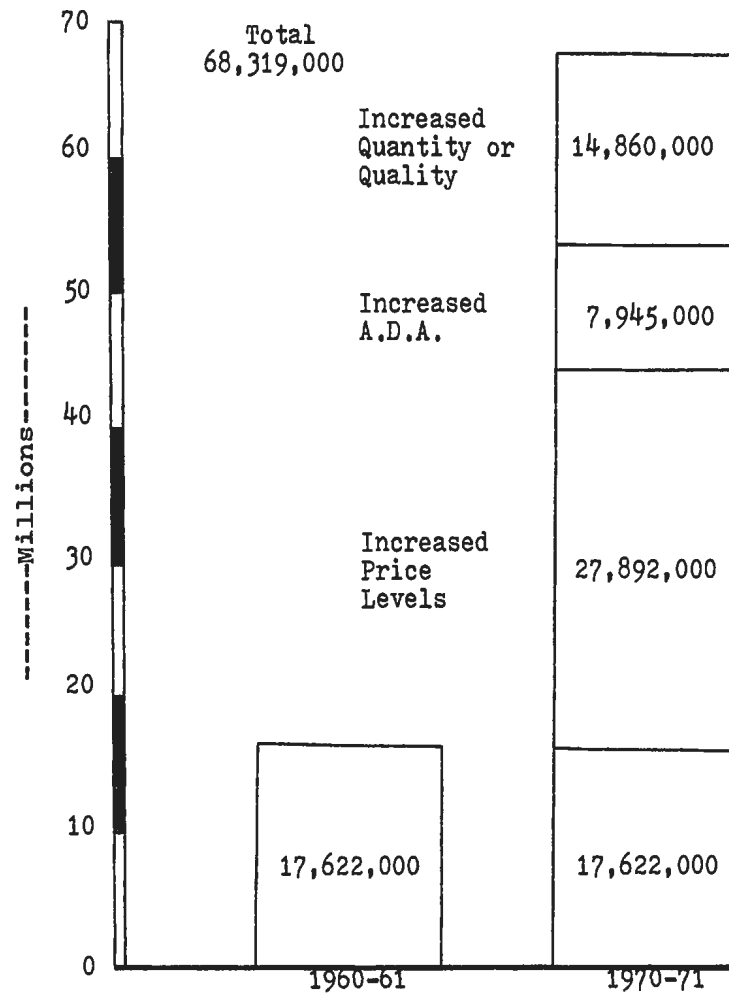


FIGURE 5

FACTORS CAUSING INCREASE IN PROVINCIAL  
EXPENDITURE FOR ELEMENTARY AND  
SECONDARY EDUCATION,  
NEWFOUNDLAND,  
1960-61 TO  
1970-71

secondary education was limited to approximately 29 per cent of the total increase in expenditure.

#### IV. PUBLIC ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES OF SELECTED SCHOOL BOARDS

Tables XXX and XXXI provide data on major areas of current expenditure of selected school boards for the years 1969-70 and 1970-71. In 1969-70 the total current expenditure per pupil enrolled ranged from \$218.64 to \$254.23. However, in 1970-71 the total current expenditure per pupil enrolled ranged from \$248.87 to \$295.52.

The percentage of the total current expenditure expended for teachers' salaries in 1969-70 and 1970-71 was markedly high. In 1969-70 the proportion devoted to teachers' salaries ranged from 56 per cent to 70 per cent. The proportion devoted to teachers' salaries in 1970-71, ranging from 54 per cent to 66 per cent, was slightly lower than the 1969-70 proportion. Expenditures for plant operation and maintenance in 1969-70 as a percentage of total current expenditure ranged from 13 per cent to 18 per cent. In 1970-71 the proportion devoted to plant operation and maintenance ranged from 12 per cent to 21 per cent.

The range in the proportion of total current expenditure expended on pupil transportation was substantial

TABLE XXX

MAJOR AREAS OF CURRENT EXPENDITURE OF SELECTED SCHOOL  
BOARDS, NEWFOUNDLAND, 1969-70 AND 1970-71

Board	Year	Teachers' Salaries	Admin- istration	Plant Operation and Main- tenance	In- struction	Trans- portation	Total Current Expenditure per Pupil Enrolled
A	1969-70	\$555,770	\$37,496	\$117,672	\$22,772	\$165,446	\$226.23
	1970-71	634,986	48,961	136,071	34,328	278,662	271.90
B	1969-70	1,042,570	45,997	245,666	24,798	199,039	245.18
	1970-71	1,168,057	59,505	270,807	54,790	270,966	273.82
C	1969-70	2,355,410	168,327	594,058	81,029	163,725	242.75
	1970-71	2,392,972	191,167	746,433	94,414	181,568	262.61
D	1969-70	950,739	44,468	257,113	36,518	228,511	218.64
	1970-71	1,065,654	47,114	293,937	51,024	274,820	248.87
E	1969-70	412,803	41,117	127,311	26,005	87,046	254.23
	1970-71	498,642	41,667	137,951	32,034	93,372	295.52

Source: Annual Financial Reports of selected school boards, Province of Newfoundland.

TABLE XXXI

MAJOR AREAS OF CURRENT EXPENDITURE OF SELECTED SCHOOL  
BOARDS AS A PERCENTAGE OF TOTAL CURRENT EXPENDITURE,  
NEWFOUNDLAND, 1969-70 AND 1970-71

Board	Year	Teachers' Salaries	Administration	Plant Operation and Main- tenance	Instruction	Transportation
A	1969-70	60	4	13	2	18
	1970-71	54	4	12	3	24
B	1969-70	60	3	14	1	11
	1970-71	58	3	13	3	13
C	1969-70	70	5	18	2	5
	1970-71	66	5	21	3	5
D	1969-70	61	3	16	2	15
	1970-71	61	3	17	3	16
E	1969-70	56	6	17	4	12
	1970-71	59	5	16	4	11

Source: Annual Financial Reports of selected school boards, Province of Newfoundland.

in 1969-70, varying from a low of five per cent to a high of 18 per cent. In 1970-71 the range was slightly greater, varying from a low of five per cent to a high of 24 per cent. Expenditures for administration as a percentage of total current expenditure ranged from three per cent to six per cent in 1969-70 and ranged from three per cent to five per cent in 1970-71.

Expenditures for instruction which include teaching aids and in-service training as a percentage of total current expenditure remained at a surprisingly low figure in 1969-70 and 1970-71. The proportion of the total current expenditure devoted to instruction ranged from one per cent to four per cent.

In summation, expenditures for teachers' salaries make up the largest area of school board expenditure, followed by plant operation and maintenance, pupil transportation, administration, and instruction.

#### V. SUMMARY

Briefly, the following conclusions have been derived from this chapter:

1. The period from 1960-61 to 1970-71 was one of rapidly increasing expenditure in Newfoundland. Total provincial expenditure rose from approximately \$99.7

million in 1960-61 to approximately \$417.1 million in 1970-71. This represented an increase of 317 per cent. Also, per capita total provincial expenditure rose from \$222.60 in 1960-61 to \$806.60 in 1970-71.

2. In 1960-61 the major area of provincial expenditure was highways which was followed by education, health, social welfare, and public works. In 1970-71 the major area of provincial expenditure was education which was followed by health, highways, social welfare, and public works.

3. Total provincial expenditure for education rose from approximately \$18.7 million in 1960-61 to approximately \$96.1 million in 1970-71, representing an increase of 413 per cent. The percentage of the total provincial expenditure devoted to education increased during the period from 19 per cent in 1960-61 to 23 per cent in 1970-71. Also, total provincial expenditure for education per capita rose from \$41.82 in 1960-61 to \$185.79 in 1970-71 — an increase of 344 per cent.

4. For the fiscal year 1971, Newfoundland's estimated expenditure for education was 24.9 per cent of its total provincial expenditure. This percentage was lower than that of any other Canadian province. In Alberta for the fiscal year 1971, it was estimated that 31.5 per cent of its total provincial expenditure would be expended for education.

5. Provincial expenditure for public elementary and secondary education rose from approximately \$17.6 million in 1960-61 to approximately \$68.3 million in 1970-71 — an increase of 287 per cent. In the same time period provincial expenditure for public elementary and secondary education per pupil in A.D.A. rose from \$149.72 to \$465.04 — an increase of 211 per cent.

6. In 1968 the operating expenditure per student in public elementary and secondary schools of Newfoundland was \$239. This compared with a high of \$587 per student in Alberta and \$522 per student for all Canada.

7. In 1960-61 the major areas of provincial expenditure for public elementary and secondary education were: teachers' salaries (59 per cent); buildings and equipment (14 per cent); maintenance, repairs, and supplies (9 per cent); and school transportation (1 per cent). In 1970-71 the major areas of expenditure were: teachers' salaries (52 per cent); buildings and equipment (10 per cent); maintenance, repairs, and supplies (14 per cent); and school transportation (5 per cent).

8. Total educational expenditure in 1960-61 amounted to four per cent of the province's personal income, while in 1970-71 the percentage was nine per cent. Provincial expenditure for public elementary and secondary



education in 1960-61 amounted to four per cent of the province's personal income, while in 1970-71 the percentage was six per cent.

9. The increases in total provincial education expenditure, in total provincial education expenditure per capita, in provincial expenditure for public elementary and secondary education, and in provincial expenditure for public elementary and secondary education per pupil in A.D.A. from 1960-61 to 1970-71 were greater than those in total personal income and in personal income per capita.

10. From 1960-61 to 1970-71, public elementary and secondary education expenditures increased by approximately \$50.7 million. Of this amount, increased price levels accounted for approximately \$27.9 million or 55 per cent of the increase. Also, increased A.D.A. accounted for approximately \$7.9 million or 16 per cent of the increase.

11. The foregoing analysis leaves only approximately \$14.9 million or 29 per cent of the total increase which could be attributed to increased quantity or quality of public elementary and secondary education.

12. Total current expenditures per pupil enrolled of selected school boards ranged from \$218.64 to \$254.23 in 1969-70. In 1970-71 the range was from \$248.87 to \$295.52.

13. The major areas of current expenditure of selected school boards in 1969-70 and 1970-71 were: teachers' salaries, plant operation and maintenance, pupil transportation, administration, and instruction.

## CHAPTER VI

### SUMMARY, DISCUSSION, AND IMPLICATIONS OF THE FINDINGS

#### I. INTRODUCTION

The purpose of this chapter is to present a summary of the problem investigated and the major findings of the study. Also, some general conclusions and implications for the financing of public elementary and secondary education arising from them are presented. Finally, some recommendations for further research are proposed.

#### II. SUMMARY

##### The Problem

The study was designed to review the program of public elementary and secondary school finance in Newfoundland from 1960-61 to 1970-71.

At a more specific level, the purposes of the study were:

- (1) To make an analysis of 1960-61 to 1970-71 trends in provincial revenues for public elementary and secondary education.
- (2) To make an analysis of provincial procedures for distributing provincial funds to local school boards.

- (3) To describe provincial organizational relationships — especially with reference to capital expenditures for public elementary and secondary education.
- (4) To make an analysis of 1960-61 to 1970-71 trends in local revenues for public elementary and secondary education.
- (5) To trace the development of local taxation for public elementary and secondary education during the period from 1960-61 to 1970-71.
- (6) To describe from the literature on public and school finance the foundation program concept of financing education.
- (7) To investigate the use of the foundation program in financing public elementary and secondary education in other Canadian provinces.
- (8) To make an analysis of 1960-61 to 1970-71 trends in public elementary and secondary school expenditures.
- (9) To examine the impact of increased price levels and increased enrollment on public elementary and secondary school expenditures during the period from 1960-61 to 1970-71.
- (10) To make a statement of implications for future

financing of public elementary and secondary education in Newfoundland.

### The Research Data

The data used in the study were obtained from:

- (1) Annual Reports of the Department of Education,
- (2) Annual Financial Reports of School Boards,
- (3) Public Accounts of the Province,
- (4) Newfoundland Federation of School Boards,
- (5) Provincial Association of School Tax Authorities,
- (6) Denominational Education Committees,
- (7) provincial statutes,
- (8) Canada Yearbooks,
- (9) other Statistics Canada publications,
- (10) regulations, files, and records of the Department of Education,
- (11) Royal Commission Reports.

### Methodology

The principal method of research used in the study was the normative - survey method. The historical and analytical methods were also used at various stages of the study.

The study presented its data in descriptive and

tabular form to facilitate easier comparisons among data.

### Findings

The following is a brief summary of the major findings of the study:

1. Provincial grants to school boards increased from just under \$15.5 million in 1960-61 to just over \$58.3 million in 1970-71 — an increase of 276 per cent. As a percentage of the total provincial support to education, provincial grants to school boards decreased from 82.6 per cent in 1960-61 to 60.7 per cent in 1970-71. Also, provincial grants to school boards in 1960-61 accounted for 17.8 per cent of the total gross provincial revenue.

2. Provincial support to public elementary and secondary education other than grants to school boards amounted to just over \$10 million in 1970-71. This represented an increase of 267 per cent over the 1960-61 amount of just over \$2.1 million. Such provincial support which includes expenditures for school supplies, audio visual services, public examinations, et cetera accounted for 11.4 per cent of the total provincial expenditure for education in 1960-61, whereas in 1970-71 the corresponding figure was 10.4 per cent.

3. Provincial grants to school boards during the

period from 1960-61 to 1970-71 included: (a) teachers' salaries — specific-purpose flat grant, (b) maintenance and repairs — percentage or matching grant, (c) supplies and equipment — specific-purpose flat grant, (d) transportation of school children — percentage or matching grant, and (e) capital costs — percentage or matching grant.

4. The wide use of specific-purpose flat grants and percentage or matching grants during the period from 1960-61 to 1970-71 limited local school boards to very little decision-making concerning resource allocation, hence enhancing strong central control at the Department of Education.

5. The various channels through which provincial capital grants reach school boards include: (a) Denominational Education Committee Executives, (b) Finance Committees, and (c) Diocesan Reconstruction Committees.

6. Local revenues for public elementary and secondary education of selected school boards as a percentage of total school board revenue ranged from two per cent to 13 per cent in 1969-70, while in 1970-71 the range was from one per cent to eight per cent. In addition, local revenue per pupil enrolled of selected school boards ranged from \$5.73 to \$36.05 in 1969-70. In 1970-71 local revenue per pupil enrolled ranged from \$3.50 to \$33.95.

7. The major sources of local revenues of selected school boards for the years 1969-70 and 1970-71 were: school assessments, School Tax Authorities, and rentals, fees, et cetera.

8. Using \$2,430,000,000 as an estimate of the total property value in the province, a rate of 5 mills, 8 mills, and 10 mills applied to this estimate would yield \$12,150,000, \$19,440,000, and \$24,300,000 respectively. Hence, the revenue which could be derived from a province wide property tax is substantial.

9. In 1970-71 the major area of provincial expenditure was education, whereas in 1960-61 it had been the second major area of provincial expenditure. The percentage of the total provincial expenditure devoted to education increased from 19 per cent in 1960-61 to 23 per cent in 1970-71. Total provincial expenditure for education rose from approximately \$18.7 million in 1960-61 to approximately \$96.1 million in 1970-71 — an increase of 413 per cent. Also, total provincial expenditure for education per capita rose from \$41.82 in 1960-61 to \$185.79 in 1970-71 — an increase of 344 per cent.

10. Provincial expenditure for public elementary and secondary education rose from approximately \$17.6 million in 1960-61 to approximately \$68.3 million in



1970-71 — an increase of 287 per cent. In the same time period, provincial expenditure for public elementary and secondary education per pupil in A.D.A. rose from \$149.72 to \$465.04 — an increase of 211 per cent.

11. In 1968 the operating expenditure per student in public elementary and secondary schools of Newfoundland was \$239. This compared with a high of \$587 per student in Alberta and \$522 per student for all Canada.

12. The increases in total provincial education expenditure, in total provincial education expenditure per capita, in provincial expenditure for public elementary and secondary education, and in provincial expenditure for public elementary and secondary education per pupil in A.D.A. from 1960-61 to 1970-71 were greater than those in total personal income and in personal income per capita.

13. From 1960-61 to 1970-71, public elementary and secondary education expenditures increased by approximately \$50.7 million. Of this amount, increased price levels accounted for approximately \$27.9 million or 55 per cent of the increase. Also, increased A.D.A. accounted for approximately \$7.9 million or 16 per cent of the increase.

14. The foregoing analysis leaves approximately \$14.9 million or 29 per cent of the total increase which could be attributed to increased quantity or quality of

public elementary and secondary education.

15. Total current expenditures per pupil enrolled of selected school boards ranged from \$218.64 to \$254.23 in 1969-70. In 1970-71 the range was from \$248.87 to \$295.52.

### III. DISCUSSION AND IMPLICATIONS OF THE FINDINGS

The analyses of expenditures for public elementary and secondary education indicate that in spite of the increases in expenditure in "current dollars" over the period from 1960-61 to 1970-71, the increases in "constant dollars" have not been as dramatic. This suggests that if expenditures for public elementary and secondary education are to keep pace with increasing price levels, a specially constructed index of price levels ought to be used by legislators in making adjustments to financial support for public elementary and secondary education. Such adjustments would indicate that an increased quantity of inputs are being made available and, to the extent that an increase in quantity may be indicative of an increase in quality, the quality of educational services provided would be improved.

The operating expenditure per student in public elementary and secondary schools of Newfoundland is

substantially lower than that of any other Canadian province. Despite the fact that in Canada the administration and financing of education is a function of the provinces, the low operating expenditure per student in public elementary and secondary schools of Newfoundland is ample justification for seeking federal assistance to public elementary and secondary education. This federal assistance to public elementary and secondary education is absolutely essential if there is to be equality of educational opportunity in Canada.

The analyses of local revenues for public elementary and secondary education reveal that a small share of the responsibility for financing public elementary and secondary education is born at the local level and that there is a need for a systematic method of raising funds for public elementary and secondary education from local sources. The extension of School Tax Authorities to cover all the province seems to be a partial solution to the problem of raising more money locally for public elementary and secondary education.

Newfoundland's school grants system is a sound one from the point of view of providing a satisfactory standard of educational service throughout the province. However, the grants system has grown to become a large, cumbersome

thing by successive additions of special grants. Because it has grown to become cumbersome and because it has resulted in certain inequities, there must be a consolidation of grants resting on an acceptable basis of cost. This consolidation of grants should be based on the principles of the foundation program concept which were outlined in Chapter II of this study.

The lack of a stable source of local revenue in Newfoundland school districts has discouraged school boards from going beyond the standard provincial program supported by provincial grants to school boards. If the province is to have "lighthouse" districts which will experiment with new methods, new curricula, new forms of school organization, new administrative processes, and new technological aids to learning, school districts must have revenue sources other than provincial grants.

#### IV. FURTHER RESEARCH

While this study reviewed the program of public elementary and secondary school finance in Newfoundland from 1960-61 to 1970-71, there are other problems which arose during the course of the study that might be considered appropriate for further research. These include:

1. The development of an Educational Price Index

specifically designed to measure the change in price levels of educational inputs in Newfoundland. Such an index would measure more accurately the change in price levels of educational inputs than generalized indicators of price level changes now being used.

2. A study to investigate the extent of differentials in the cost per pupil of educating elementary and secondary pupils in Newfoundland school districts. Such research findings could be of great significance in any restructuring of Newfoundland's school grants system.

3. A cost - benefit study to determine the effectiveness of Newfoundland schools or school systems. Such a study could indicate ways to achieve increased economic effectiveness in the province's schools or school systems.

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APPENDIX A

SELECTED NEWFOUNDLAND STATISTICS

TABLE XXXII

POPULATION, GROSS PROVINCIAL PRODUCT, PERSONAL INCOME,  
AND PERSONAL INCOME PER CAPITA, NEWFOUNDLAND,  
1960 TO 1970

Year	Population ( '000)	Gross Provincial Product (\$ '000,000)	Personal Income (\$ '000,000)	Personal Income Per Capita (\$)
1960	448	476	412	920
1961	458	522	440	961
1962	468	569	462	987
1963	476	622	493	1,036
1964	483	694	531	1,099
1965	488	762	604	1,238
1966	493	849	680	1,379
1967	499	912	755	1,513
1968	506	1,007	837	1,654
1969	514	1,125	924	1,798
1970	517	1,254	1,032	1,996

Source: Data were provided to the researcher by the  
Statistics Division, Department of Finance, Province of  
Newfoundland.

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