



Canada's Approach to School Funding

The Adoption of Provincial Control
of Education Funding in Three Provinces

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Introduction and summary

The academic success of Finland, South Korea, and others on recent international tests has sparked a renewed interest among educators and those concerned with education policy in the United States in looking to other countries for examples of how we might improve our education system. Teacher training and quality in leading countries has received a lot of attention, but we should also be paying attention to and trying to learn from the way other countries fund their schools. Many high-achieving countries have attained greater equity in their systems of school finance, and their methods and approaches can and should serve as examples for how U.S. states could implement more equitable funding schemes.

Specifically, this report looks at how our neighbor to the north, Canada—a country that has consistently preformed well on international tests—funds its schools. Several provinces have successfully implemented school-funding systems that are more equitable than those in most U.S. states. To determine how Canada has gone about designing a more equitable school-funding scheme, this report focuses on three provinces—Alberta, British Columbia, and Ontario—each of which has adopted provincial-level funding systems that aim to achieve greater school-funding equality and equity. In these systems the province—which in terms of government organization roughly parallels the state level in the United States—has taken on full responsibility for its own education funding.

This report explores the design of these three provinces' different school-funding systems. For each province, we look at where education dollars come from; who has the taxing authority; how school resources are allocated and whether that allocation is more or less equitable; and what other education money is raised and how that might impact the broader goal of equality and equity of school resources.

A few key findings emerge from this analysis:

- These three provinces have successfully transitioned from a joint provincial-local funding system to a provincial-level funding system—a system that has the potential to promote at least equality, if not equity, in school funding.

- Each province has taken a different approach to designing and implementing a provincial-level funding system, which has included tailoring their system based on specific needs and priorities. This is especially true regarding the role and use of local property-tax dollars under the provincial-level funding system. Alberta, British Columbia, and Ontario thus provide three different models of how such a system might work.
- There is a great deal of flexibility when it comes to determining how much power local boards and schools retain in terms of their ability to raise local taxes, fundraise, or charge school fees. To highlight this point, in no case were schools denied the ability to raise additional funding, but the parameters of that varied depending upon the province.
- Each province maintains and reinforces a strong commitment to local control of education. School boards, for the most part, have the power over and authority to decide how to spend and allocate funding, despite the provincial-level funding system. School boards are elected in Alberta,¹ British Columbia,² and Ontario.³
- A provincial-level funding system may allow for more stable and predictable school budgeting. Funding schools at the provincial level creates a broader tax base than the more traditional system that depends on local property wealth, which has inevitable yet less predictable and often very unevenly dispersed fluctuations in value and thus revenue.
- These provincial-level funding systems serve as a clear reminder of the key distinction between equality and equity and underscore the fact that how dollars are allocated is just as important as the amount and sources of funding.
- Provincial-level funding systems are not without drawbacks and are not a foolproof plan for either sufficient or equitable school resources, but they may offer a way to implement a more equitable funding system and therefore are worthy of study.

States in this country should not be afraid of undertaking systematic funding. Certainly, there will be political and implementation challenges, but a growing number of policymakers, voters, advocates, teachers, parents, and students are becoming dissatisfied with the status quo. Questions of education governance and school finance require both bold thinking and innovative action.

It is important to note that this report only looks at the method of funding school districts. It does not address the essential questions of how funds are distributed to schools within a district or the capacity of the provinces or school boards to do so. Yet for a system to be truly equitable, it must allocate dollars at all levels based on student needs—something that many school districts fail to do in the United States. Adopting a more equitable system of funding school districts and even moving to a state-level funding system would thus only be one element in creating and implementing a fully equitable school-funding system.⁴

Finally, we know that adopting equitable funding systems will not in itself lead to equal educational opportunities, but equitable school funding is an essential factor in creating a system in which all students have access to a high-quality education and therefore have the chance to achieve academic success.

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