

# **NEWFOUNDLAND AND LABRADOR**

Financial Services  
Department of Education and Training

## **I. GENERAL BACKGROUND**

### **Provincial**

In 1998–1999, the provincial government provided approximately 100% of the revenue for primary, elementary and secondary education. In 1990-91, the provincial government provided 94% of the revenue while the other 6% was raised locally through poll and property taxes. In June 1992, the local taxes were abolished.

According to the June 30, 1998 Audited Financial Statements from the school districts the total school board revenue in 1997–1998, including teachers' salaries, was \$513.9 million; enrolment totaled, for an average of \$5,057 per pupil. Revenues included provincial payment of teacher salaries, \$389.5 million; grants for transportation, \$27.6 million; other grants, \$85.8 million; donations, \$1.5 million ancillary services, \$1.0 million; miscellaneous, \$8.5 million.

According to the June 30, 1998 Audited Financial Statements from the school districts the total school board expenditures for 1997–1998 were \$528.1 million, or \$5,197 per pupil. Expenditures included \$13.8 million for administration (2.61%); \$431.9 million for instructional (81.78%); \$48.7 million for operations and maintenance (9.22%); \$28.3 million for pupil transportation (5.36%); \$0.6 million for ancillary services (0.12%); \$.2 million for interest expense (0.04%); \$0.1 million for miscellaneous (0.02%) and \$4.5 million for transfer to capital (0.85%). Net funding for capital purposes through the Newfoundland and Labrador Education Investment Corporation for fiscal year 1998–1999 was \$26.9 million. With full provincial funding for fiscal year 1998–1999, expected expenditures will total \$552.8 million.

### **Local**

Changes have occurred in the structure of education in the school year 1996–1997 as recommended by the Royal Commission. The Commission proposed that school boards be organized along non-denominational lines and that the number of boards be reduced from the 27 to between 8 or 10. Children would generally

attend the nearest schools. Teachers would be employed by boards without reference to denomination. Funds (particularly for capital construction) would be distributed on the basis of provincial priorities. The Denominational Education Councils should be dissolved. On January 1, 1997, the 27 school boards were dissolved and 10 school districts were established. (Subsequently in the 1998–1999 school year an eleventh school district was added, the Conseil Scolaire Francophone Provincial de Terre-Neuve et du Labrador.) As part of this new structuring, the Newfoundland and Labrador Education Investment Corporation was established to provide capital funding to the school districts.

Other funding covered by the provincial government for 1998–1999 is as follows: 100% cost of pupil transportation, 100% cost of school board elections, \$7.767 million Student Assistant program to further assist with the integration of the disabled into regular school system, 100% cost of salaries and employer's cost of employee benefits for teachers (as per the prevailing NLTA collective agreement), directors, assistant directors and program specialists, 100% of cost of textbooks prescribed for grades K-8, 40% of cost of textbooks prescribed for grades 9–12

There are 11 nondenominational school boards in Newfoundland and Labrador

Total enrolment in elementary and secondary education was 101,608 in 1997–1998 and 97,401 in 1998–1999. Full-time equivalent (FTE) pupils was 98,379 in 1997–1998 and 94,493 in 1998–1999. Full-time equivalent teachers was 6,705 in 1997–1998 and 6,453 in 1998–1999 (excluding directors, assistant directors, and program specialists). Full-time equivalent pupils means grade kindergarten at 50% and all other grades and programs headcount. Full-time equivalent teachers means headcount of full-time teachers, plus part-time teachers according to the percent of allocated unit.

The number of public schools reported for 1997–1998 was 391 and 365 in 1998–1999. There are four private schools, one institutional school, one native school and two other schools.

The Newfoundland and Labrador Education Investment Corporation was established with full powers to accept proposals from school districts, establish criteria for funding, determine priorities, receive all capital funding appropriated by the Legislature and distribute funds on the basis of the criteria and priorities established.

The members of the School Boards are elected at the time and in the manner

directed by the Minister of Education subject to approval of the Lieutenant Governor in Council. Each board is a corporation.

Special Education - prior to 1989-90, all students receiving special education services were reported under the category "Special Education" and not under their grade levels. Since 1989-90, all students are reported in their home-based classroom even if they are receiving special education services. The category of "Special Education" now refers to students who receive all of their program in a special education environment.

The school year is September 1 - August 31. The fiscal year for the school boards is July 1 - June 30, which funding for school boards is based. Government fiscal year is April 1 - March 31.

Funding for all school boards is for the school fiscal year based on enrolment reported as of the previous year.

Teachers' salaries are negotiated on a provincial basis; teachers' salaries are paid directly by the provincial treasurer.

In 1992–1993, a Grant Review Committee developed a new funding model comprised of seven major components; instructional, school building operations, janitorial and maintenance, school secretarial, administration, debt service and repair and maintenance. The allocation of funding within each of these components is based on a number of cost factors, including student population, school building size and number of schools.

On January 1, 1997, the 27 denominational school boards were abolished and 10 nondenominational school districts were established. In the 1998–1999 school year the eleventh school district was established.

## **II. LOCAL SCHOOL REVENUE**

The province abolished the local taxation for education in June, 1992.

## **III. TAX AND SPENDING LIMITS**

Tax Limits. The province abolished the local taxation for education in June, 1992.

Spending Limits. The province controls the limit of monies that can be borrowed by the school districts, e.g., line of credit with banks. The district can request a line of credit to be approved by the province, but there are restrictions involved, such as the amount and time frame for the line of credit.

#### **IV. STATE/PROVINCIAL EARMARKED TAX REVENUE**

No provincially raised revenue is specifically earmarked for education.

#### **V. BASIC SUPPORT PROGRAM**

**Funding in 1998–1999:** \$494.7 million.

**Percentage of Total Provincial Aid:** 89.5%.

**Nature of Program:** Direct payment by the provincial government of teachers and directors in the school boards plus grant payments based on a model comprised of seven major components, instructional, school building operations, janitorial and maintenance, school secretarial, administration, debt service and repairs and maintenance.

**Allocation Units:** The allocation of funding within each of the seven components is based on a number of cost factors, including student population, school building size and number of schools. The use of multiple cost factors recognizes that all education costs are not a direct function of student population.

**Local Fiscal Capacity:** none.

**How Formula Operates:** Teacher Salary Units are allocated to individual school boards on the basis of need. One teacher is allocated for approximately every 16 pupils (enrolment 97,407 and teacher allocation 6,007). Actual salaries, including the cost of fringe benefits, are paid by the provincial treasurer, so differences in salaries due to experience and education do not affect a school district's fiscal position. Note: The collective agreement with the Newfoundland Teachers' Association restrict the number of teacher layoffs (usually caused by declining enrolment) to 2% per year. In 1994–1995, as a result of a teacher's strike, one of the concessions was that this "2% rule" was abolished.

The grant allocations are based on a seven components as follows:

Instructional. The instructional allocation is calculated as a sum of several components, which are:

- a. Per pupil grant at \$80 per pupil;
- b. Block funding for schools of various sizes (in number of students); \$7,500 for each school of less than 100 pupils; \$7,750 for each school of 100–199 pupils; \$8,000 for each school of 200–299 pupils; \$8,250 for each school of 300–399 pupils; \$8,500 for each school of 400–499 pupils; \$8,750 for each school of 500–599 pupils; \$9,000 for each school of 600–699 pupils; \$9,250 for each school of 700–799 pupils; \$9,500 for each school of 800 or more pupils;
- c. Allocation for teachers' travel;
- d. Special allocation to cover programs for severely handicapped children formerly provided through the Department's developmental center.

School Building Utilities. Funding is provided for the projected actual costs of operating school buildings (electricity, fuel, municipal service fees, telephone, snow clearing and gym rentals). The allocation is based on the lower of three years of actual, projected actual and projected expenditures of the school districts. To assist the new school districts in the reorganization of schools in the new districts, in 1997–1998 Government decided that for three years the funding to the districts would not decrease due to the closure of schools.

Janitorial and Maintenance. Funding is provided for costs related to the salary and benefits for janitorial and maintenance personnel and for contracted services. The allocation of this component is based on standard levels of service costed at current local wage rates. In 1998–1999, the standard service levels are based on 2.6 hours per 1,000 square feet of the total square footage. The allocation of hours per week is multiplied by 52 weeks to give the total allocation of hours for the year. The Board's allocation of hours for the year is multiplied by the current local wage rate for Janitorial and Maintenance staff to calculate the regular funding allocation. The wage rate used for each Board is calculated as the weighted average of current wage rates for the Board's Janitorial and Maintenance staff.

Allocations for employee benefits and northern benefits, where applicable, are added to the regular funding allocation to give the total allocation for Janitorial and Maintenance. Employee benefits are calculated as 15% of the regular funding allocation, while northern benefits are based on information submitted by Boards.

School Secretarial. Funding is provided for the cost related to the salary and benefits for school secretaries. The allocation of this component is based on standard levels of service costed at current local wages rates. In 1998–1999, the standard service levels are based on one hour per week per 10.2 pupils. The allocation of hours per week is multiplied by 42 weeks to give the total allocation of hours for the year. The Board’s allocation of hours for the year is multiplied by the current local wage rate for School Secretarial staff to calculate the regular funding allocation. The wage rate used for each Board is calculated as the weighted average of current wage rates for the Board’s School Secretarial staff.

Allocations for employee benefits and northern benefits, where applicable, are added to the regular funding allocation to give the School Secretarial allocation. Employee benefits are calculated as 15% of the regular funding allocation, while northern benefits are based on information submitted by Boards.

Administration. Funding is provided for the cost of operating the district offices, excluded are costs related to the repairs and maintenance of the district office (this is included under the category Repairs and Maintenance) and the salaries and benefits of Directors and Assistant Directors (Personnel and Curriculum & Programs), (these are included under teachers salaries and benefits). Allocations are based on a predetermined operating grant for the 11 district offices.

Debt Service. Allocations are based on actual principal and interest cost. This category is not used at this time. When the 27 boards were abolished, Government decided to pay off most of the debt rather than encumber the new districts (there are two loans that were not paid off due to particular reasons).

Repairs and Maintenance. Funding is provided for the cost of repair and maintenance of the school buildings and the district office operated by a district. Allocations are calculated as a fixed rate per square foot of floor area for both school building and the board office. The rate for 1998–1999 is \$0.55 per square foot .

**Provincial Share:** Provincial share is 100%.

**Local Share:** None.

**Weighting Procedures:** See “How Formula Operates.”

**Adjustments for Special Factors:** Extra Teacher Salary Units are allocated for small schools, remote locations, for native and French-language students, and for special services.

**Aid Distribution Schedule:** Grant payments are distributed on every month based on the school districts cash flows, with the restriction that the first nine months, July - March taking up 65% of the grant payment. The fourth quarter, April-June, is 35% of the total grant allocation.

**Districts Off Formula:** None.

## VI. TRANSPORTATION

**Funding in 1998–1999:** \$27.1 million

**Percentage of Total Provincial Aid:** Not reported.

**Description:** There are two types of services under pupil transportation, district owned and contracted. District owned system funding depends on the size of the fleet. The school district submits a budget to the province, which is analysed and a reasonable amount is agreed upon. There are limits on expenditures for repairs and maintenance on the fleet and salaries are for the most part negotiated. Contracted system funding is based on the tendered value of the contracts. An application for each contract is submitted to the province for either a renewal or for a newly tendered contract. These are reviewed and the province approves the contract.

Transportation for special needs students are included in the overall transportation grant, approximately \$2.5 million in 1998–1999.

**Provincial Share:** The province pays 100% of the cost of pupil transportation for both district owned and contracted systems.

**Local Share:** none.

**Extent of Participation:** All 11 school districts received benefits for the pupil transportation funding. Seven school districts have systems which are fully or partially district owned. The remainder are fully contracted systems.

## **VII. SPECIAL EDUCATION**

**Funding in 1998–1999:** Funding included under Basic Support Program.

**Percentage of Total Provincial Aid:** N/A.

**Description:** For staffing purposes, extra Teacher Salary Units are allocated to school boards for special education; for operating, funds are included in the formulas under the Basic Support Program, e.g., a special allocation to cover programs for severely handicapped children formerly provided through the province's developmental centre. There is an additional grant (\$7.767 million in 1998–1999), the Student Assistant Program to further assist with integration of the disabled into the regular school system. Special transportation costs are included in the transportation category.

**Provincial Share:** 100%.

**Local Share:** None.

**Extent of Participation:** Funding available to all 11 school districts.

## **VIII. COMPENSATORY EDUCATION**

Newfoundland and Labrador have no provincially funded compensatory education program. It has signed the Federal/Provincial Native Peoples Agreement which provides special funding for communities with large proportions of indigenous peoples.

## **IX. GIFTED AND TALENTED EDUCATION**

Newfoundland and Labrador have no provincially funded gifted and talented education program.

## **X. BILINGUAL EDUCATION**

**Funding for 1998–1999:** Funding included under Basic Support Program.

**Percentage of Total Provincial Aid:**

**Description:** One of the eleven school districts is a Francophone District established in the 1998–1999 school year. Provincial funding is provided in most areas of the Basic Support Program. Some of the services are cost shared with the Federal Government. Funding is also provided for several French-first language and French-second language programs through a bi-lateral agreement between the province and the federal government.

The majority of native people in the province reside on the coast of Labrador (Inuit and Innu) or the south coast of Newfoundland (a Micmac community). The latter formed its own school board; the former have not. There are 7 native schools listed under one school district funded by the province, with an enrolment of 1,443 students in school year 1997–1998. The private school has an enrolment of 175 students. Financial Assistance is provided under the Federal/Provincial Native Peoples Agreement.

## **XI. EARLY CHILDHOOD EDUCATION**

No provincial aid is provided for pre-school programs under the mandate of the Department of Education. Head Start, Even Start, Smart Start and subsidized day care operate in province.

## **XII. OTHER CATEGORICAL PROGRAMS**

**Funding for 1998–1999:** \$4.1 million.

**Percentage of Total Provincial Aid:** less than 1%.

**Description:** There are a number of categorical grants funded by the province as follows:

100% of the cost to a school board of school board elections; province-wide application of the Textbook Credit Allocation program; 100% of the cost of the insurance premium covering schools and other school board property; 100% of the cost of textbooks prescribed for grades K-8; 40% of the cost of textbooks prescribed for grades 9–12; Bursary program for students required to live away from home to attend high school. Eligible students receive a bursary of \$2,500 per year.

### **XIII. TEACHER RETIREMENT AND BENEFITS**

#### **Teacher Retirement**

**Funding in 1998–1999:** \$28.9 million. (Included in Basic Support Program)

**Percentage of Total Provincial Aid:** Not reported.

**Description:** Pensions for teachers are the responsibility of the province. The funding above is the employer match the contributions to the Teachers' Pension Fund for 1998–1999.

**Provincial Share:** 100%.

**Local Share:** None.

**Extent of Participation:** All 11 school districts receive the benefit of this funding.

### **XIV. TECHNOLOGY**

There is no funding provided at this time.

### **XV. CAPITAL OUTLAY AND DEBT SERVICE**

#### **Capital Outlay**

**Funding in 1998–1999:** \$26.9 million.

**Percentage of Total Provincial Aid:** 4.9%.

**Description:** The province has transferred the responsibility of the province's capital outlay to the School Districts to the Newfoundland and Labrador Education Investment Corporation. The responsibility includes the approval of sites for school construction, and approval of plans for all new buildings and renovations, the payment of funds to the districts and the insurance policy on the school districts' buildings which covers the first \$1,550,000 of losses. The former is necessary to ensure that the plans meet labour and safety standards and that the planned school or extension meets the specifications required to accommodate the program to be offered.

**Provincial Share:** Provincial share is 100%.

**Local Share:** None.

**Extent of Participation:** The use of these funds was open to all 11 school districts.

### **Debt Service**

This category is listed under the Basic Support Program.

### **Local Capital Project Financing**

None.

## **XVI. STANDARDS/ACCOUNTABILITY MEASURES**

The Departmental Business Plan is being developed at this time. This plan will include the accountability framework and performance measurement guidelines.

## **XVII. REWARDS/SANCTIONS**

Rewards and sanctions will be included under the Department Business Plan mentioned under the previous heading.

## **XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS**

There is no funding for these categories at this time.

## **XIX. AID TO PRIVATE SCHOOLS**

No provincial aid is given to private schools.

## **XX. RECENT/PENDING LITIGATION**

There is no pending litigation at this time.

## **XXI. SPECIAL TOPICS**

None reported.