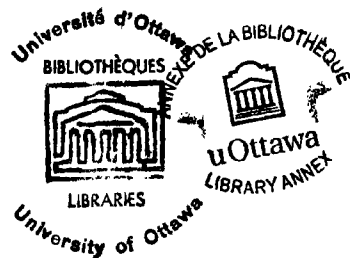


(A STUDY OF SOME OF THE ESSENTIALS IN THE FINANCING
OF EDUCATION IN CANADA.)

D. Ph., A. G. O., June, 1935.

by.

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INTRODUCTION--THE PROBLEM OF THE STUDY.

Because education is constitutionally a matter of almost purely provincial jurisdiction in Canada, its many and varied problems are seldom subjected to study on a Dominion-wide basis. Yet such investigations should possess a definite value, for the full advantage of provincial autonomy can not be realized unless each province has knowledge of, and is thus able to benefit by, the mistakes as well as the successes of its neighbours.

The study in the pages that follow is an attempt to view one aspect of education, the financial, on a national scale. The recent years of economic adversity have served to concentrate attention on this particular aspect, though there has for a longer time been an undercurrent of dissatisfaction with the fundamentals of the system of school support in most of the provinces. At the time that the state-supported school systems of the Canadian provinces were founded, or even as late as the beginning of the present century, formal schooling occupied a much smaller and less costly place than it does to-day. The provision made for its financing, largely on the basis of the comparatively small and self-sufficient pioneer communities, was doubtless the natural one at the time; but with the school as an institution greatly increased in importance, and with the community organization of the twentieth century much more complex and interdependent, weaknesses in the original structure were becoming apparent, at least to those most closely in touch with the facts, before they were laid bare in the last five years.

One frequent criticism of the schools in the recent years of economic difficulty is that they are too expensive, that the burden of their support has become excessive. Part I. of the three parts into which the present study is divided, aims to present evidence that will help to show whether or not such criticism is justifiable. In other words, it attempts to provide certain broad and basic standards for

judging the adequacy or excessiveness of the financial demands made by the schools. This it does first by calculating the cost of raising a child to the age of maturity in Canada, and showing what part of the cost is devoted to schooling, indicating that the latter is only a minor part of the total, and on a purely economic basis probably not difficult to justify. It proceeds then to examine how the total income of the country is spent, showing what proportion goes to scholastic institutions, as well as to certain other types of service of a social nature. It ends by comparing the schools of to-day with those of pre-war years, in the matter of costs, and shows the extent to which the increase in cost is accounted for by the increased work that the schools are doing.

With this background, or picture of school finance in context as an economic activity, Part II. proceeds to bring out the details of the mechanism of school administration and support. Whereas the basis of Part I. is primarily the census of Canada and allied sources of information obtained by the Dominion Bureau of Statistics, Part II. draws heavily on the School Law, Education Department Reports, and Public Accounts of the several provinces. Both the outline and the detail pictures, being without precedent in print, have involved long and laborious searching of sources and compilation of findings; and although the resulting presentation is admittedly short of perfection, it should provide an intelligible view of a field heretofore unsketched in its entirety.

With the mechanism so portrayed in Part II. as to indicate some of its potential weaknesses and resulting problems, it is convenient in Part III. to turn special attention on these and examine them more closely, showing their present status and attempts at meeting them in the different provinces. The weakness that is regarded as most fundamental is that of the small size of the main contributory units of support, and it accordingly receives first and greatest attention. Other problems, such as those of maintaining salaries adequate to attract the type of

teacher desired, are at bottom rooted in this difficulty. The general aim of Part III. however, as well as for the preceding parts, is not the advocacy of specific remedies. The entire study is based on the belief that the first step toward the solution of problems is an intelligent grasp of them, and it is not within the compass of an initial thesis in the field of educational finance to do more than contribute to such an understanding.

PART I.

THE PROVISION OF SCHOOLS AND COLLEGES CONSIDERED IN PERSPECTIVE
AS AN ECONOMIC ACTIVITY IN CANADA.

CHAPTER I.

EXPENDITURE FOR SCHOOLING AS A FACTOR IN THE COST OF RAISING
THE CANADIAN CHILD.

In the seven^{1/} Canadian provinces for which a record of the ages and school grades of children is available, it can be shown^{2/} that the average child completes more than eight years, or grades, of school work. Two-thirds of all children go as far as the final year of the elementary school, about half do some high school work, one-fifth or more reach the final or matriculation year, more than one-tenth continue to a professional school or university, and about three per hundred get as far as a university degree. Although the number of girls and boys at the outset is about equal, girls in school are considerably more numerous than boys from the fifth or sixth grade right up to normal school or university entrance, when the proportions are reversed. Consequently, the average girl when leaving school is about half a year's work in advance of the average boy.

The Cost of a Child's Schooling.

Knowing thus the extent of the average child's schooling it is comparatively easy to show the cost. The cost of providing a year's school training varies according to the degree of advancement of the child, but sufficient statistical data exist to make an approximate calculation of the cost of a year in elementary grades, secondary grades, and university years respectively. The current cost of operating the Ontario elementary schools (average over the last five years, on the basis of average daily attendance) has been \$66 per pupil per annum, as compared with \$137 in the secondary schools. In making a similar calculation for Manitoba,

^{1/} Quebec and British Columbia do not keep records on which such a calculation can be based.

^{2/} See the Annual Survey of Education in Canada, 1930: pp. XIII, XXVI. Published in 1932 by the Dominion Bureau of Statistics, Ottawa. The present summary is from the table shown there at length, and based on school records of the preceding half dozen years.

Mr. Andrew Moore's figures^{3/} show a five-year average cost of \$59 for elementary pupils, and \$108 for secondary, on the basis of the total year's enrolment. Saskatchewan secondary schools in the last five years show an expenditure of \$119 per pupil of the yearly enrolment, while the corresponding elementary schools show \$59. The correspondence between the Saskatchewan and Manitoba costs is thus very close, and if they were based on average daily attendance as the Ontario figures are, or vice versa, the three would differ very little. Apart from these three provinces there are no complete records published except for a few cities. But because of the similarity in the provinces examined, and the observable tendency for school costs to be much the same in Alberta and British Columbia, but to be somewhat lower in the provinces east of Ontario, it must be very near the facts to say that the cost per pupil of the average day's attendance in the elementary grades is \$60-\$70, in the secondary grades \$120-\$140.

Attention is drawn to the cost per pupil of the average day's attendance rather than per pupil who attended school at any time during the year, for it is the former number rather than the latter who complete a full grade or year of work in a school year. And it is the cost of completing a year's work that we need to decide, for we know, from the opening paragraph above, the number of years' work that a child completes.

Without taking account of board, lodging and other personal expenses, the annual cost of a student to a Canadian university is shown, in the Annual Survey of Education in Canada, 1930, to be between \$500 and \$600. In view of the many activities of universities in addition to the instruction of regular students it is probably not necessary to add anything to this sum to obtain a fair figure per student completing a year's work in an academic year. If we use the figure \$550, the cost of a

^{3/} In The Manitoba Teacher, Dec. 1932. An address delivered over the radio, entitled High School Costs - Some Comparisons, by Andrew Moore, Inspector of Secondary Schools for Manitoba.

university year is about four times the cost of a secondary year, which in turn is roughly double the cost of an elementary year.

On this basis the cost of a formal education that lasts until university graduation is about \$3,200,--i.e. the cost to the school and university only, and not including the students ordinary cost of living at any time. On the same basis, the cost to the community of a schooling that ends with a complete high school training is about \$1,050, and the cost of a full elementary schooling is roughly \$500.

Using the table of school survival in the Annual Survey of Education to which reference was made above, the expenditure on schools and universities is found to be \$690 per child. To obtain the complete cost, something should be added to this to include the education costs met directly by the parents, such as books and other school equipment, and any private tuition that the child receives. Such a figure has to be chosen more or less arbitrarily, but \$50 or \$60 would probably be a sufficient allowance,^{4/} and it could accordingly be said that the cost of the Canadian child's schooling, in round numbers, is \$750.

The Cost of Raising a Child without Schooling.

Having found the amount spent on providing schools, it will be of interest to calculate, and place alongside of this amount, the other expenditures involved in raising a child. All of these other major items are met directly out of the family purse, and not via the road of taxes and the public treasury as is the cost of education, and the approach to them is most readily made by a study of family budgets and related data.

Length of Period of Dependence.

But the first question to be settled is: How long a period of dependence is involved in raising a child? Or, at what age

^{4/} In Prices and Price Indexes, 1913-1931, published by the Dominion Bureau of Statistics, it is shown on page 222, that the average annual expenditure of a group of civil servants' families on books and the education of their children is about \$7 per child.

does the average child become self supporting? The census^{5/} of 1931 suggests the answer. It shows that there were 294,457 young people under the age of 20 working for wages, and that their aggregate earnings of the year were \$100,457,300. A further 164,877 were working, but not for a settled wage, as is commonly the case with farmers' sons. If it be allowed that their earnings were equivalent to the earnings of those who were working for a definite wage, the total earnings of the year for everyone under the age of 20 who was gainfully employed were \$156,706,900. This sum may also be considered to approximate the accumulated earnings of the group who became 19 years of age two or three years later, on the condition that the rate of earnings remained the same as in 1930-31, since the number at each single year of age does not differ greatly. Thus \$156,706,900 represents the accumulated earnings of about 206,000 young people of age 19; the average boy or girl at age 19 has earned \$760.

When speaking of age 19 we mean all those who are in their twentieth year, their average age being 19 years and 6 months. In order to know the total earnings when the age of 20 is reached, it is necessary to add something for the last six months. As the average annual earnings per person at ages 18 and 19 was \$237, and at ages 20-24 was \$396, the earnings of the 6 months in question would be about \$145, and the average total at the end of the teens would accordingly be \$905.

How many years of self support has the \$905 provided? It would allow \$38 per month for two years. If we allow that they are independent on \$38 per month, then their dependency ends with their eighteenth year. To place the period of dependence at 18 years is obviously being conservative.

^{5/} Bulletin No. XXXIII, Earnings Among Wage-Earners for Canada and the Provinces; Bulletin No. XXXIV, Ages of the Gainfully Employed Ten Years of Age and Over for Canada and the Provinces.

The next question to be answered is: What does it cost the parents to raise a child to the age of 18?

Cost of Food.

Probably the most convenient way of calculating the cost of food that a child consumes in 18 years, will be by using the family budget compiled by the Department of Labour and Dominion Bureau of Statistics.^{6/} Here it will be found that a family budget of staple foods, in the year preceding the date of the 1931 census, cost about \$505. Allowing five members to this family, two adults and three children, we can find what the annual consumption of a child is worth, providing we know what proportion the value of a child's diet bears to that of an adult's. There have been some careful calculations of these ratios made for the United States, and there is no apparent reason why they should not be applicable to Canada.

A bulletin of the United States Bureau of Labor Statistics,^{7/} based on an investigation of over 12,000 families, shows the values of food consumption for different ages to compare as follows:

Adult male	\$1.00
Adult female90
Child, 11-14 years90
Child, 7-10 years75
Child, 4-6 years40
Child, 3 years or under15

Using these ratios, and the ages of children under 18 as shown by the census of 1931, it can be found that the family of five, when eating \$506-worth of food is consuming the equivalent of 3.8 adult male units. Thus one adult male unit is worth \$134, and since 11.25 units are required to feed the child to the age of 18, the cost of his food for 18 years, on the basis of 1930-31 prices, is \$1,508.

^{6/}Prices and Price Indexes 1913-31, p. 132.

^{7/}Cost of Living in the United States, p. 70. Government Printing Office, Washington, 1924.

Dr. Graham Lusk, in his book, The Fundamental Basis of Nutrition,^{8/} gives a somewhat different table of ratios for consumption of children at varying ages, on the basis of which the Canadian child in 18 years would consume 12.68 adult male units, worth \$126 each, or a total of \$1,598. For our purposes it can not be far from the truth to take a figure half way between these two, say \$1,550.

Cost of Clothing.

The budget in Prices and Price Indexes, used for the calculation of food costs, does not contain a record of clothing costs. The study of budgets of civil servants' families in the same report, however, shows for the year an average expenditure on clothing amounting to \$52.24 for the first child and \$35.33 for the second child, in four-person families. If the \$52.24 could be taken as an average for the older children, and the \$35.33 for the younger children, the expenditure in 18 years would be \$788.

For the purpose of measuring the change in the cost of living in working men's families in Canada, the Department of Labour prepares an index,^{9/} in which clothing is given a weight of 18.5 p.c. as compared with a weight of 35 p.c. for food. If this ratio were used in the case of children alone, in conjunction with the figure of \$1,550 for food, the cost of clothing in 18 years would be \$820.

On the basis of this, and other evidence that might be set down, it seems safe to say that, on the basis of 1930-31 prices, the cost of clothing for the 18 years of dependence would be in the neighbourhood of \$800.

Cost of Shelter.

The expenditure on rent, fuel, and light shown in the family budget in Prices and Price Indexes, for the year preceding the date of the census, is almost identical with the amount allowed for food,--\$503

^{8/}Yale University Press, Second Edition, 1923, p.48.

^{9/}In the Monthly Labour Gazette.

as compared with \$505. On this basis, the cost of these items to the family would be \$9,054 in 18 years.

What proportion of this cost should be charged to each child, it is difficult to decide. When one looks for guidance to a table which shows the amount of rent paid by families of different sizes, he sees that families without children pay the highest rents, and that the more children there are in a family the lower is the rent. But it does not follow that children are an asset offsetting the cost of rent, or that no rent is chargeable to them! Perhaps a reasonable, if arbitrary, way of calculating the rent, light, and heat costs chargeable to a child is to allocate to it one-sixth^{10/} of the amount paid in 18 years by the family of five. This would amount to \$1,509.

Under the heading of shelter an entry should also be made for the cost of furniture and household equipment used by the child. The study of civil servants' budgets, to which reference has already been made, shows the year's expenditure under this heading for a four-person family to be \$78. In 18 years this would total up to \$1,404, and be mainly replacement costs. One-sixth of this charged to each child, which is probably a very conservative proportion, would be \$234. It might also be permissible to charge the child with a part of the cost of equipping the home when the parents first started to keep house, but against this there is the consideration that, if the child is charged with his share of replacement costs, the home is left equipped when he reaches the age of independence.

In addition to the cost of rent, fuel, light and furniture there are such items as laundry and cleaning supplies, domestic service, telephone, toiletries, etc., to be considered in connection with the housing of a child. Calculated in the same way as furniture costs, these amount to \$300 at least, per child, in 18 years.

^{10/}This is the proportion adopted in the book, The Money Value of a Man, by Louis I. Dublin, Ph.D., and Alfred J. Lotka, D.Sc. The Ronald Press Company, New York, 1930. See p. 32.

Putting all of these items together, we have a total of \$2,043 in connection with housing or shelter during the period of the child's dependence.

Health, Recreational and Social Costs.

Using the expenditures of civil servants as the only available guide, the four-person family spends \$60 per year on medicine, hospital bills, doctors' and dentists' fees. A full fourth of this, it seems, should be charged to each child, as health expenditures for juveniles average quite as high as for the parents.^{11/} In 18 years this would mean \$270. It is not unlikely that a further sum could fairly be added to this to cover medical and related charges at the time of the child's birth. In the families averaging \$60 per year, it is not stated what proportion of confinement cases are included.

Recreation charges include toys, sporting goods, vacations, frequently automobile buying and operating costs, theatres and other amusements. One-sixth of this charged to the child makes an accumulation of \$255 in 18 years. Dues for insurance, junior organizations, church, etc. would easily raise this to \$300, judging by the evidence available, making a total under this general heading of health, recreational, and social expenditures, of something like \$600.

The Cost of Schools vs. the Other Costs.

The only major item in connection with rearing a child that has not now been considered, is the value of the parents' services and sacrifices, especially the mother's. While it is not in any sense intended to overlook these, they must be passed over with the barest mention as they do not permit of measurement in dollars, for comparison with the other costs. Bringing together the costs under the several headings now, we have the following summary for the average Canadian child during its 18 years of dependence, on the basis of economic conditions in 1930-31.

^{11/} See Cornell University Agricultural Experiment Station Bulletin No. 423.
by E. L. Kirkpatrick.

Food	\$1,550
Clothing	800
Housing, and related costs	2,050
Health, recreational and social costs.	<u>600</u>
Total without schooling	5,000
Schooling	<u>750</u>
Total including schooling	<u>5,750</u>

Since a very considerable proportion of the cost of schools is met out of property taxes, which in turn are in part covered by the rent charged against the child, it might be contended that there is some duplication between the costs shown for education and for shelter, but all of the estimates have probably been made on a basis conservative enough to make allowance for any duplication of this nature.^{12/}

It is well worth while to reflect now on the proportions that exist between the cost of schooling, and the other outlays involved in raising a child to maturity. Figures for the United States as well as for Canada go to show that barely 13 p.c. of the total is spent on formal school training. In other words, it costs no more to raise six children and give them an average schooling than to raise seven completely illiterate. More is spent on clothing a child than on sending it to school, twice as much is spent on nourishing it, and nearly three times as much on housing it. The money devoted to its formal education can scarcely be

^{12/}Dr. Dublin and Dr. Lotka, in the book mentioned in a previous footnote, give the following comparable figures for the United States a few years earlier. Prices at that time were higher, of course, than in the years to which the Canadian figures apply.

Cost of being born	\$ 250
Food	2,755
Clothing and shelter	3,333
Education, paid directly by family.	50
Health	283
Recreation	130
Insurance	54
Sundries	<u>570</u>
Total paid by family	7,425
Education costs paid by community	<u>1,100</u>

considered a very formidable fraction of the total sum involved in bringing a child to the age of self support. It would no doubt seem smaller still if seen in comparison with the amount that it adds to the earning power of the child, and perhaps insignificant when considering the wider mental life that an education opens up to the individual. It is quite probable that the \$750. could be made to yield better returns in both of these respects than it does at present, and it will be made to do so as educators further adjust present-day schools to these ends, but in the meantime, it is difficult to regard the proportion of a child's cost going to its education as excessive.

Repayment of Cost of Rearing.

With the aid of a compilation by Mr. M. C. MacLean of the Dominion Bureau of Statistics^{13/} it is possible to see about how long it would take the children to earn the sum that is required to raise them. The compilation is necessarily based on persons working for wages or salary, and not on persons in business for themselves, but the wage earners include the great majority of workers at the earlier ages. At the earnings rate of 1930-31 they would be 32 years of age before they had earned the original sum required to raise them, without interest. But during the 14 years of self-support (18-32) they would have to pay their current cost of living, and this would take the greater part of their earnings as they went along. Before they had saved enough to pay the costs of their dependency, in addition to their living expenses as adults, they would be well past their prime of life, and it would not require a very high rate of interest on the original investment of their parents to make it impossible for them ever to pay off the principal.

Actually, of course, parents and society do not demand repayment in this way. The young people marry before they have paid back the cost of their dependency period, and give to society another generation of children, the cost of whose upbringing they pay instead of their own.

^{13/}The Earning Power of Canadian Male and Female Workers, by Ages. Based on data collected from the Census of 1931 and from the Annual Reports on Vital Statistics. Published 1934 by the Bureau.

CHAPTER II.

EXPENDITURE FOR SCHOOLING CONSIDERED IN RELATION TO NATIONAL INCOME
AND OTHER ITEMS OF NATIONAL EXPENDITURE.

The expenditure for all Canadian schools and institutions of higher learning, public and private, is shown in the Annual Surveys of Education for 1930 and 1932 to have been about \$165,000,000. The intervening year is the only one in which it was ever higher. About \$20,000,000 of this is the share of universities and colleges, something like \$35,000,000 is spent on the high school students, and \$110,000,000 on the elementary.

By considering this sum of \$165,000,000 for schools as one item in the total amount of money that we spend in a year, we are setting it in perspective in such a way as to make clear its real weight or burden from a national standpoint. It is scarcely possible to see clearly all the details of the panorama of national expenditure, of which education is one, but there are parts of it that stand out in full view--as for instance in the 1931 Census of Retail Trade--and we know from a variety of sources the approximate extent of the whole.

Canadian Income and Expenditure.

The census of 1931 found that the earnings of 2,477,038 persons in Canada working for wages or salaries were \$2,102,877,400 in the preceding year. There were also 88,963 wage-earners whose earnings were not recorded and 1,361,590 gainfully-occupied persons who were not on salary or wages; these were the employers, and people working on their own account, like farmers, small storekeepers, doctors, etc. If we suppose that these earned from their businesses and professions on the average the same as the earnings of those who were working for a fixed salary or wage, the combined earnings of all would have been \$3,392,854,200. This is probably a conservative assumption, because the earnings of the average independent worker or employer may be higher than those of the employees. So without calling this figure an estimate, it may be considered to provide an idea of the proportions that the aggregate income from labour or services probably assumed. In addition to this type of income--the reward of labour

or effort--there is the income received from capital, which appears as interest, dividends, rentals, gains from sale of assets, etc., and income from insurance or pensions. These sources provide the entire income of a group of people not included at all among the gainfully-employed, to whom we have attributed probable earnings of the magnitude of \$3,392,854,200, and they also yield sums to many of those in the larger group, which must be added to their earnings to make their total income. For the United States, the National Bureau of Economic Research^{1/} finds that the effort-income represented only 73.5 p.c. of the total in 1929. If a similar ratio should be considered to exist in Canada, it would point to an aggregate income in the vicinity of \$4,600,000,000. It is probably a liberal assumption to suppose that the proportion of unearned income in the total is as high in Canada as in the United States, but offsetting this is the fact that the figure for earned income is likely conservative.

The Canada Year Book^{2/} by quite a different approach, estimates the national income of 1930 to have been in the neighbourhood of \$4,750,000,000. The method used in reaching this figure is to find the value of goods produced (using the term in the narrow sense of primary production and manufacture) and the number of people engaged in producing these goods, then to assume that all others who were working (e.g. people engaged in transportation, professional and personal services, etc.) produced the same value per capita. From the total thus obtained 8 p.c. is deducted for the replacement of equipment used up in the process of production, leaving a net income of \$4,750,000,000, a figure which differs only about 3 p.c. from the one calculated from earnings. Moreover, the earnings figures apply to a year ending five months later than the production figures, at a time when productive activity was on the decline. So it can perhaps be safely assumed that either figure presents a reasonably accurate conception of the dimensions of the national income.

^{1/}The National Income and Its Purchasing Power, 1930.

^{2/}p.203, 1933 edition, Published by Dominion Bureau of Statistics.

In some countries an attempt has been made to find the annual turnover of money by summing up different kinds of disbursements. A comprehensive study^{3/} for the United States finds that such a record of expenditures persistently exceeds the record of incomes prepared by the National Bureau of Economic Research. This is due to a variety of reasons, among them being the fact that income derived from odd jobs, gratuities, bonuses, sales, bribes, graft, gambling, bootlegging, etc., does not find its way into the records. It may also be due in part to the rapid extension of consumer credit or instalment buying in recent years; an increasing number of people have been enabled to buy more goods, or spend more money in a year, than their income of the year pays for. Judging from such a study it might be expected that Canadian expenditure exceeded \$5,000,000,000, in the year under consideration, but no such compilation seems to have been attempted for Canada, and it is near enough for present purposes to know that an exaggerated conception of expenditure is not being obtained in regarding it as the full equivalent of the figure for income, say \$4,750,000,000. Expenditure, in this sense, includes, of course, all forms of disbursement, - investments, bank deposits, etc.

Having settled on this figure, we are in a position to see that the \$165,000,000 in support of schools and colleges was about 3.5 p.c. of the money that there was to spend in the year; and we can proceed to compare this amount with what was spent for other purposes.

How the Canadian Consumer Spends His Income.

As already mentioned, anything like a complete classification of the aggregate expenditure of Canadian consumers is not to be had, but there are complete or partial records of some types of expenditure that are sufficient to help toward a sense of balance, or proportion, in judging of the real weight of any one.

Food, Clothing, Shelter.

Expenditure for food, clothing and housing is, in one sense, in a class by itself, since the human body must have these if life is to be

^{3/}The Business Week. Issues Apr. 27 to Sept. 7, 1932, McGraw-Hill Pub. Co., New York.

sustained. It is quite certain that all the money actually spent for these purposes is not strictly essential for maintaining the population at its existing level of vitality, as there are probably few who cannot recall outlays of this kind made needlessly, if not unwisely. But under post-war conditions of life on this continent and in Great Britain, various calculations^{4/} seem to show, about 55 p.c. of our expenditures come under these categories. The Feavearyear estimates for Great Britain (1924-27) show 54.4 p.c., the Business Week estimates for the United States (1919-30) show 55 p.c., and the Hoyt (1926) show 56 p.c. When the difference is so small between these two countries that are nearest to us in ways and standards of living, it seems a safe assumption that the proportion is much the same in Canada.

Broadly speaking then, nearly half of our income remains after the bare physical necessities of life have been met. If we suppose that one dollar in each eleven spent for food, clothing and shelter, is unnecessary or superfluous, fully half remains, and about 7 p.c. of this half goes to the support of schools and colleges, though it is not paid by the consumer for educational institutions as such. Much the greater part of it leaves the person who has earned it, in the form of taxes, and is spent by the various governmental bodies acting in a collective capacity for the aggregate of individuals.

Direct Taxes.

This fact invites consideration of a second call upon the consumer's funds in the form of taxes, a necessitous call also, but differing in the nature of its necessity from the demand for food, clothing and shelter. The combined amount of taxes paid to the Dominion, provincial and municipal governments in 1930-31 was approximately \$700,000,000,^{5/} or about 15 p.c. of the sum of consumers' expenditure.

^{4/}As summarized by The Business Week in the study to which reference is made in the preceding note.

^{5/}See Cost of Government in Canada, a pamphlet prepared by the Research Committee of the Canadian Chamber of Commerce, of which Mr. Sanford Evans was chairman, and other studies.

Only a fraction of the total, however, was paid directly as taxes; the remainder was paid in the form of higher prices for commodities or services and is included in the cost of clothing, rents, and the like. The knowledge of taxation incidence is not sufficiently complete to divide all taxation into the two classes completely, but the total of real and personal property taxes, income taxes and succession duties, which would be mainly in the direct class, amounted to less than \$400,000,000, whereas the aggregate of customs, excise, gasoline and sales taxes, profit on liquor sales, and other indirect taxes was over \$300,000,000. A considerable part of the former sum, especially since two-thirds of it represents real property taxes, must have been paid in the form of higher rent rather than out of the profits of the person owning the property. This amount is included in shelter costs, and it accordingly seems safe to suppose that at least half of all taxes were paid indirectly, leaving not more than \$350,000,000. and probably less, to be paid directly. Something like 7 p.c. of consumer expenditures, then, seems to be paid out in taxes, as such.

A General Classification.

The foregoing would indicate that the Canadian consumer's expenditure could be classified roughly as follows:

1. Food, clothing and housing, including taxes paid as part of the purchase price 55 p.c.
2. Direct taxes (being mainly on real estate and thus paying much the greater part of school costs) 7 p.c.
3. Savings, probably 8 p.c.
4. Other expenditures, including taxes paid as part of the purchase price 30 p.c.

Indirect taxation, which we have taken to be about 8 p.c. of all expenditure, is probably more than proportionately included under the last heading as compared with the first. That is, the rate of taxation averages higher on the commodities included in the latter group. For instance, the profits of provincial governments from liquor traffic (included as taxes) exceeded \$30,000,000 and the Dominion Customs and Excise on

alcoholic beverages exceeded \$36,000,000 in the fiscal years ending in 1931, whereas the census of merchandising in 1931 showed sales of \$131,375,000 by liquor stores and taverns in the preceding year, indicating that something like half of the purchase price of spirituous beverages on the average represents taxes. Similarly with tobacco and its products. Tobacco manufactures in 1930 were valued at \$85,672,000, and something like half of this sum must have represented excise duties, for the excise collected on tobacco in the nearest fiscal year was over \$42,000,000. Liquor and tobacco are rather exceptional, among the commodities purchased in important quantities, in the high proportion of their cost constituting taxes, but other much-used commodities, such as motor vehicles and gasoline, include a relatively high proportion of taxes in their purchase price, as compared with food and clothing.

How the Residual 30 p.c. is Spent.

The summary above shows a balance of about 30 p.c. after allowing for food, clothing, shelter, direct taxes and savings. This 30 p.c. would represent a sum in the neighbourhood of \$1,425,000,000.

The Census of Retail Merchandising and Service Establishments, 1931, indicates how a part of this money was spent, but the census classifies sales according to the kind of store in which they were made, and it is only in relatively few cases that the sales of any particular type of commodity or service can be obtained from such a compilation. The receipts of motion picture houses, for instance, are recorded at \$39,233,200, and this is probably very near the total amount spent on the movies, but the receipts of bowling alleys and billiard parlours are shown to be \$7,772,600, those of barber shops and beauty parlours \$23,085,700, and these sums are likely to be short of the total amount spent for the services that establishments of these kinds offer, since many hotels, tobacco stores, etc., have barber shops or pool rooms, the receipts from which are not included. Nevertheless the Census of Retail Establishments provides much useful data for studying the details of Canadian expenditure.

A second method of obtaining knowledge of the amount spent for different commodities is to add the value of imports and subtract the value of exports from the value of goods produced, as shown in the production figures, and Census of Manufactures, of the Dominion Bureau of Statistics. Thus a conception of the expenditure for medicine might be gained by noting that the value of medicinal and other pharmaceutical preparations manufactured in Canada in 1930 was \$17,769,000, and imports of such products exceeded exports by \$3,428,000. Similarly manufactures and net imports of scientific and professional equipment (a large proportion of which would be for the use of doctors, dentists, etc.) had a value of \$10,392,000. With these figures as a basis it would be possible to obtain a conception of the total expenditure for health purposes. The Census of Institutions in 1931 showed the budgets of hospitals to be in excess of \$58,000,000. If the earnings of all doctors, nurses and other health professionals such as dentists, opticians, etc., were the equivalent per capita (in each group) of those on hospital staffs or otherwise on salary, the amount paid to all health professionals would have been \$53,400,000. The five sums added together make some \$143,000,000 definitely attributable to health purposes, though because some of the hospitals are supported by taxation not all of the total can be called consumer expenditure.

Various other methods can be used for obtaining an approximation of other types of expenditure. A special compilation of the Dominion Bureau of Statistics^{6/} estimates the expenditure of Canadian tourists abroad to have been \$100,389,000 in 1930. In the three preceding years it was substantially higher, but in 1931 dropped to \$76,452,000. Expenditure for personal travel and holidays at home would have to be estimated from a variety of sources.

The amount provided for the support of churches is published by three of the five religious denominations in Canada claiming the most adherents. These three show a total of \$23,200,000 raised for all church purposes in 1930, and the census of 1931 shows that their adherents

^{6/}The Tourist Trade in Canada. An annual publication.

constituted 32 p.c. of the population. If the supporters of other denominations contributed the same per capita, the amount raised by all churches would have been about \$73,000,000.

Such are some of the probable sums included in the 30 p.c. of Canadian consumer expenditure that remains after food, clothing, housing, savings and direct taxes are paid for,--and some indications of the manner in which other of these expenditures may be ascertained. The sums mentioned scarcely account for half of the 30 p.c. The largest item of the group for which a figure is not indicated is undoubtedly motor cars and other means of passenger transportation, another important one is expenditure for personal adornment including cosmetics, jewelry, etc. Still others are confectionery, fees for membership in societies, the cost of correspondence, reading material, music, sports, and other private educational, social or recreational activities.

CHAPTER III.

EXPENDITURE FOR SCHOOLING IN 1931 AS COMPARED WITH 1913.

In the preceding chapter it was recorded that some \$145,000,000 in recent years has been spent annually on elementary and secondary schools. All but some \$5,000,000 of this is for publicly-controlled schools, and the \$140,000,000 compares with \$54,000,000 in 1913, the last entirely pre-war year, and the year which it has become customary to regard as most appropriate for a long-term comparison. The increase in terms of percentage is 160 p.c., substantial in itself, and in comparison with the increase of 40 p.c. in population during the period; but it is scarcely more adequate evidence for concluding at once that too much is now being spent for schools, than the fact that during the same time telephones increased 200 p.c., and automobiles 2300 p.c. is proof that too much is now being expended on these commodities. Times change and the role of the school in society may grow as does the place for means of communication or transportation. The paragraphs that follow, using the provincial reports on schools, will show how the increased cost of schools is explained by the increased demands that have been made upon them, but before examining the provincial records it will be of interest to note from an entirely independent set of figures--the decennial census returns--how the place of the schools in Canadian life has grown.

Census Records of School Attendance.

The census of 1931 shows that the schools claim the daily attention of more Canadians than does any other occupational activity. Each year sees one-fourth of the population of Canada appearing in the classroom either as pupil or teacher. There are about twice as many school children as there are farmers, and as many as there are men in all other occupations combined. The average child of to-day goes to school for about ten years of his life, completes the seven or eight years of elementary schooling and puts in some attendance at high school, whereas his parents stopped about two years short of the high school. When he

starts to school he may expect to spend there one year of his life for every five that remain when he leaves school.^{1/}

It is true, of course, that during the years he is at school many more of his waking hours are spent out of school than in, and that in these hours, as also during the six or seven years before he starts to school, his home is likely to be the dominant factor in his life. As a formative influence the school can hardly be expected to approach the weight of the home. But in relation to other influences its weight is heavy. If from the time that he starts to school he spends an hour and a half weekly in church, at the theatre, at the athletic stadium, reading the daily press, or listening to the radio, the young Canadian of to-day will have to live to the age of 90 years in order to spend as much time with any one of these as he spends in school. Moreover the time in school, like the time in his parental home, is concentrated in his earlier and more impressionable years.

Each decennial census of the Dominion ascertains the number of children who have attended school during that school year and the number of months attended by each. From this information it is possible to calculate the amount of schooling being received by the average child, and such calculations are shown in the following summary for 1911, 1921 and 1931.

Average Number of Years of Each Child's Life during which some Time was Spent in School under School Attendance Conditions of 1911, 1921 and 1931.

	At age 5-6	At age 7-14	At age 15-17	At age 18-24	Total
Canada, 1931	.64	7.44	1.41	.40	9.89
" 1921	.67	7.12	1.04	.30	9.13
" 1911	.58	6.38	.81	.19	7.96

Average Number of Years Schooling Received by Each Child, under School Attendance Conditions of 1911, 1921 and 1931. (Counting 10 months of Actual Attendance as a year's Schooling).

	At age 5-6	At age 7-14	At age 15-17	At age 18-24	Total
Canada, 1931	.48	6.49	1.23	.35	8.55
" 1921	.47	5.98	.88	.25	7.58
" 1911	.42	5.34	.67	.15	6.58

^{1/}A life-table prepared by Mr. M.C. MacLean, on the basis of the 1931 census, shows the expectancy of life at the age of 7 to be about 61 years.

As well as an absolute change of two years in the amount of schooling, one year in each decade, there has been a considerable relative shifting of positions among provinces, as a more detailed table would show. In pre-war years schooling was shortest in the western provinces, especially Saskatchewan and Alberta, the two in process of most rapid settlement. Among the older provinces there was not a great deal of difference, all showing between 6.7 and 7.0 years, except New Brunswick. In the twenty years following 1911 the western provinces overtook the others in average length of schooling, in spite of the fact that the older provinces went continually ahead. In Alberta this meant increasing the average schooling by nearly four years. Quebec had the smallest increase, about one year, with the result that whereas its schooling was one of the longest in 1911, the others all exceeded it in 1931. It and New Brunswick were the only provinces at the later date not exceeding eight years. The Prairie Provinces and the other two Maritime Provinces at the same date show between eight and nine years; Ontario and British Columbia slightly over nine years.

The time spent at school under the age of seven has shown very little change in twenty years, being less than half a year on the average, in both 1911 and 1931. Attendance between the ages of seven and fourteen, the regular years of elementary schooling, has increased from 5.34 to 6.49 years. Much the greatest relative increase has been among pupils of age 15 and over, viz: from .82 to 1.58 years.

If boys and girls were shown separately in the summary, the girls would be seen to receive more schooling than boys,--about half a year more at the present time. This has been a characteristic of Canadian education in the 20th century. For a still longer time there has been less illiteracy among native born Canadian women than men,--a situation that is quite the opposite to that existing among the people who have come to Canada from foreign countries.

A phenomenon that it is of interest to view, in the light of this relationship between Canadian men and women in the matter of

schooling, is the fact that mothers appear to take more concern for the education of their children than do fathers. Is this partly because they have more schooling themselves? The census shows that the children of widows and deserted wives, up to the age of fifteen at least, receive more schooling than children who are left with only their father. More wonder still, the school attendance of the widows' children, up to this age, is as good as, or better than, that of children who have both parents living.

The Cost of a Day's Schooling in 1931 and 1913.

With this census picture of the growing importance of the schools before us, we can proceed to examine the changes that have occurred since pre-war years in the realm of school finance.

In the first place a dollar in recent years has not represented the same amount of purchasing power as in 1913. The retail price index of the Dominion Bureau of Statistics (1926=100) which was 66.0 in 1914, was 99.9 in 1929, 99.2 in 1930, 89.6 in 1931. It has since moved lower, as also has expenditure on schools. The retail index, since it indicates the changed cost of food, fuel, rent, clothing, etc., will be the best available guide as to the relative value of a dollar in the hands of the consumer in the two periods. And since the present problem is to compare the real cost to him of schooling in the two periods, it will be the proper guide to use. Thus, it appears at once that in terms of the things he buys every day--food, clothing, shelter, etc.--the Canadian taxpayer was spending, for schools in 1931 not 160 p.c. more than in 1913, but only 91 p.c. more.

Over the period 1913-31 there was an increase in enrolment at the publicly-controlled schools from 1,438,000 to 2,214,000. This fact considered together with the changed value of the dollar shows that the cost per pupil enrolled in the schools was only 30 p.c. more in 1931 than in 1913.

Regularity of attendance has improved much in recent years, or in other words, the proportion of the year's enrolment in average daily attendance at school, is higher than formerly. The number of pupils in actual attendance is a better guide to what the schools are accomplishing than is the number on the roll, and since the present problem is to show what the schools are giving in return for what is being spent on them, it should be recorded that the average daily attendance has risen from 942,000 in 1913 to 1,756,000 in 1931, indicating that the cost per pupil at school on the average day in terms of the purchasing power of the consumer's dollar, was only 2 p.c. higher in 1931.

Further, the number of days that the average school keeps open in a year has increased considerably in the last two decades. And as it seems reasonable to suppose, for example, that a teacher can do for her pupils in five days five-fourths of what she can do in four days, it is necessary to show the effect of the longer year on the value that the schools are giving. In the western provinces the school year has lengthened a full month, but they are exceptional. Not all of the other provinces have kept records to show the change, but available evidence would indicate that the average for the Dominion is in the neighbourhood of two weeks, or ten teaching days. From this it can be calculated that the amount of purchasing power expended for a day's instruction in the schools of 1931 was about 3 p.c. less than in the schools of 1913.

Moreover this achievement of 1931 took place in spite of the fact that a much higher proportion of the students were in the higher grades, which are more costly to accommodate. As compared with an increase of about 50 p.c. in the enrolment of the elementary grades, there was an increase of more than 200 p.c. in the secondary grades, and pupils in the latter category are just about twice as expensive as those in the former. From this situation it can be deduced that the real cost of a day's instruction in 1931, if the distribution between elementary and secondary grades had been the same as in 1913, would have been only 90 p.c. of what it was in the earlier year.

From this it is obvious that what might be called the mechanical efficiency of the schools is higher now than in the pre-war years,--i.e. a day's schooling is now given at a cost that is really lower. It follows that if criticism of school costs is to be made on the basis of a comparison with 1913, it must be on the ground that children are now receiving too much free schooling. And as to whether or not this is so, the figures on school survival may be recalled: In summary, two-thirds of the children who start to school go as far as the end of the elementary years, about half do some high school work, and one-fifth reach the final or matriculation year.

The Quality of Schooling Now as Compared with Pre-War Years.

Let it be repeated that the foregoing comparison is made on a purely mechanical basis; it has simply shown the schools to have become more efficient "businesses" in the production of units that might be called "pupil-days instruction". Whether there has been any change, in the quality of the product is another question.

There are numerous statistical grounds for believing that there has been an improvement in this respect,--e.g. the more thorough training that has been received by the average teacher of to-day, and the improvement in school equipment. Such a change, qualitative in nature, can not be measured directly with the precision of the quantitative change in cost per unit of work done, but some of the relevant numerical facts can readily be arrayed.

In all of the provincial school systems, except the Roman Catholic system of Quebec, teachers in 1931 and in 1913 can be grouped in three classes according to their professional qualifications as follows: First class or higher (the higher representing high school teachers' licences and bearing a variety of names), second class, third class or lower. This grouping, without implying that the certificates of any one of the classes represent the same standing in all, or even in any two, of the provinces, is a permissible device for measuring the relative change in the status of the teachers of all provinces together. In the period 1913-31 the first-

class group increased its proportion in the total from 17 p.c. to 38 p.c., the second-class group increased from 50 p.c. to 55 p.c. whereas the third-class group decreased from 33 p.c. to a mere 7 p.c. More than a quarter of those in the third group in 1913, or 9 p.c. of all teachers, had no recognized qualifications at all, but were allowed to teach simply because qualified teachers could not be secured. Such teachers had all but disappeared in the records of 1931.

The improvement in class-grouping is very considerable but it tells only a part of the story. The qualifications required for standing in any one of the classes have been continuously made higher throughout the period. Higher academic standing, more normal school training, summer school attendance, and so on, have been demanded of the teachers who are now in the schools, as compared with those who were teaching twenty years ago. The changes in this respect have been so numerous and diverse as not to lend themselves readily to classification, but there are probably few people who are not in some measure familiar with them in one province at least, for every province has participated in the improvement. Such changes must have tended to produce more capable teachers, or in other words, to improve the quality of the educational process which it is the teachers' task to direct.

Another characteristic of present day teachers which should make for better teaching is their tendency to stay longer in the profession. Half of the Maritime teachers of 1913 had taught less than $3\frac{1}{2}$ years; those of 1931, more than $4\frac{1}{2}$ years. Half of the Quebec lay teachers had taught no more than about three years in 1913, but five years in 1931. There was a corresponding change in Ontario, though not as great, for the Ontario teachers were more permanent in the earlier year. The western provinces have not kept a record of teachers' experience since 1913. But the Education Branch of the Dominion Bureau of Statistics has compiled a record for Manitoba for about half of the period, and if it is a fair indication of what has been happening in these provinces, as there is good reason to believe, the increase in length of tenure has been even more pronounced than in the more easterly provinces.

Apart from what appears to be more capability on the part of the teachers, they have, on the whole, better buildings and equipment at their disposal, and in the secondary grades particularly there is now a greater diversity of opportunity open to the students in the selection of courses. (The Agricultural Instruction Act of 1913 and The Technical Education Act of 1919 have exerted almost their full force in the period under consideration). Though these things in themselves do not ensure a corresponding improvement in the quality of education, they make its attainment easier of realization; and, considering that their arrival has been accompanied by all the evidences of a more competent teaching body, it is probably safe to assume that they have made a considerable contribution to improvement in the output of the schools, whether that output be considered in the form of an isolated day's schooling, the aggregate of day's schooling that a child receives, or that unity, transcending the aggregate of component days again, which is the child's education.

Paying for the Schools in 1913 and in 1931.

What has been shown in the preceding pages may be summarized as follows: In 1931 as compared with 1913, we were unmistakably getting better value for the money spent on schools than the money spent for other things. In other words, the cost of everything averaged higher in 1931, but the cost of a day's schooling had not increased in as high a proportion as the cost of the other things the consumer buys, and there is strong evidence that the quality of it was at the same time definitely improved. If the component parts of the retail price index are considered, it will be seen that the only purchases yielding anywhere near as good value as schools (1931 as compared with 1913) were food and clothing; rents, fuel, services, etc., were comparatively much dearer.

But the fact that a day's schooling was cheaper in 1931 does not imply that the schools were more easily supported financially. Much more schooling was being given, and it may be that ability to pay for it had not increased at a corresponding rate.

We have already seen that in terms of retail purchasing power the schools were costing 91 p.c. more in 1931 than in 1913. This does not mean, however, that the increase in burden was 91 p.c., for there were more people to pay it. In 1931 there were 3,924,523 persons gainfully employed; in 1911 there were 2,723,624, and if it was the same proportion of the 1913 population (Dominion Bureau of Statistics estimate) that was employed, there were about 2,885,000 gainfully employed in that year. From this it can be readily calculated that the cost of schools per person gainfully occupied, was about 40 p.c. higher in 1931 than in the earlier year.

There are other sources of income than an occupation, but it is hardly possible to compare their relative importance in the two years, and in any case their yield is small in the aggregate as compared with the income of the gainfully-occupied, for this expression covers all those who are working on their own account, such as farmers, shopkeepers, lawyers, etc., as well as those who are working for salary or wage. So it is probably not far from the truth to say that the difficulty of school support, from a national standpoint, was somewhere about 40 p.c. greater in 1931 than in 1913, in spite of the fact that a day's schooling was cheaper in the later year.

The statement is true only insofar as the number of people gainfully-occupied is an index of the purchasing power produced. In the long run, and from the national standpoint, it is probably reliable as such an index. But in any single year, or as regards any particular group of producers, it may be very far from it. Consequently the statement is likely to be more valid in expressing the weight of school costs in recent years as compared with pre-war years, than in comparing one recent year with one pre-war year.

The fact that the statement applies to the country as a whole, but not necessarily to any particular section or group in the whole, has a very important significance for the study of school support, because schools are supported by groups or sections of the population independently.

and not on a national or provincial basis. In rural communities particularly, the group supporting a school is generally not larger than a few dozen ratepayers, all or nearly all of whom are farmers. Though the country's schools as a whole may be only 40 p.c. harder to support than they were twenty years ago, for any particular community its school may be 80 p.c. or 100 p.c. more burdensome, and the school of another community correspondingly less. Since it is the ratepayers of the former school from whom more is likely to be heard on the matter of school costs, there is danger that an exaggerated impression may be created as to the increased costliness of schools generally.

The rural school is the most common case of violent fluctuation in the difficulty of school support, but other less common cases where the difficulty may become equally acute are fishing villages, mining or pulp and paper towns, and other communities where there is a lack of diversity in occupation or of stability in population numbers.

In the last few years, rural schools as a group have undoubtedly suffered more from failure of support than urban schools.^{1/} For example, salaries of rural teachers in Manitoba in two years have declined 33 p.c. as compared with 10 p.c. for urban teachers; in New Brunswick rural reductions have been 19 p.c., urban 10 p.c. The condition producing this result has been the exceptionally depressed level of prices for agricultural produce, the index^{2/} for which stood ^{at} 46.9 in 1931, and 40.4 in 1932, as compared with 69.6 in 1913. If the volume of produce per farmer had been the same in 1931 as in 1913, the farmers' school costs would have been about 50 p.c. harder to meet even though they had not risen in dollars at all.

Violent fluctuations of this kind in the conditions affecting any industry may be in the main unavoidable, but the effects of them on a particular group of schools and on the people in that industry in their

^{1/} See the Annual Survey of Education in Canada 1932, Chapter I. Dominion Bureau of Statistics.

^{2/} Monthly Bulletin of Agricultural Statistics, Dominion Bureau of Statistics.

capacity of school supporters, can in a considerable measure be offset by making the entire population of a large and diversified area responsible for all of the schools in the area. A recent survey of school support in Manitoba^{3/} has recommended the province as a whole to be the most desirable area for this purpose, supplemented by municipal areas, and a New Brunswick^{4/} survey has recommended the county unit. As this point constitutes one of the specific problems of school finance, further examination of it will be reserved for Part III of the present study.

^{3/}Report on the Administration and Financing of Schools. By a Committee composed of representatives of the Manitoba School Trustees' Association, The Manitoba Union of Municipalities, The Manitoba Teachers' Federation, The Department of Education, and The Manitoba Tax Commission, 1933.

^{4/}Report of Commission on Education for the Province of New Brunswick, 1932. A commission appointed by the provincial government in 1931.

PART II.

ANALYSIS OF THE MECHANISM OF SCHOOL ADMINISTRATION
AND SUPPORT IN CANADA.

CHAPTER IV.

ADMINISTRATION OF SCHOOLS

As is well known, the administration of schools in Canada, except those for the native Indian population, comes under the jurisdiction of provincial governments. These, in turn, have delegated certain responsibilities, in connection with the provision and maintenance of schools, to municipalities (their creations for performing the general functions of local government), and to school boards (with powers and duties only in connection with the one type of governmental activity). The function of municipalities in connection with schools is mainly confined to acting as tax collector for the school boards, so in describing, in the present chapter, the administrative framework in which the schools are operated, attention is confined to the other two groups of bodies concerned,-- provincial governments, and local school authorities.

Nearly 95 p.c. of school enrolment in Canada is in the schools thus operated, i.e., by local public bodies, with supervision and financial assistance from provincial governments. The remaining 5 p.c. or thereabouts ~~are~~ ^{is} in three general types of schools: (1) Private Schools, with little or no provincial aid or supervision; (2) The Dominion government's schools for native Indians; (3) Special schools for defectives and delinquents, a few agricultural and other technical schools, and normal schools for teacher training, generally operated by the provincial governments independently. of local authorities. Administrative arrangements concerning these are not set out in the present chapter, but are included incidentally in the succeeding chapters on financial support, as is also the case with institutions of higher education,--universities, colleges, seminaries and professional schools--thus completing an outline picture of the management and support of formal institutions of learning.

Provincial Administration

The Department of Education is the permanent central body in charge of public education in each of the provinces. With the exception of Quebec the department in all of the provinces is under the direction of

the Provincial Government. In Ontario, Manitoba, Saskatchewan and Alberta the department is under the jurisdiction of a Cabinet Minister, the Minister of Education. There is also a Minister of Education in Prince Edward Island and British Columbia, but in both provinces his authority is shared by several members of the Legislature. In Prince Edward Island all the members of the Treasury Board, and four other persons appointed by the Lieutenant Governor in Council, form the Board of Education, while in British Columbia all the members of the Executive Council (Cabinet Ministers) are designated the Council of Public Instruction.

In the remaining provinces there is no Minister of Education. The administration of the department is under the Council of Public Instruction (the members of the Executive Council) in Nova Scotia; and the Board of Education (the members of the Executive Council, the President of the University of New Brunswick, and the Chief Superintendent of Education) in New Brunswick. The administrative body in the Province of Quebec is the Council of Education, made up of two committees, one Roman Catholic and the other Protestant. The Catholic Committee consists of: all the Roman Catholic Bishops, or Vicars Apostolic whose dioceses or parts thereof are in the Province, ex officio; an equal number of Roman Catholic laymen; and four Roman Catholic teachers, two of whom must be priests. The Protestant Committee consists of a number of Protestants equal to the number of Roman Catholic laymen. The members of the Council, with the exception of the Roman Catholic Bishops are appointed by the Crown and hold office during pleasure. The appointed members of the Protestant Committee may co-opt six additional Committee members, and the Provincial Association of Protestant Teachers may annually elect one of their members to the Committee. The Council is represented in Parliament and in the Cabinet by the Provincial Secretary.

Advisory Bodies.- In most of the provinces the Department of Education is provided with a means of drawing upon the advice and assistance of educational leaders of the province. The most common form is in

the appointment of an Advisory Board or Educational Council such as is found in Nova Scotia, Manitoba, Saskatchewan and Alberta. Prince Edward Island, New Brunswick and Quebec as shown above carry out this principle by the appointment of leaders in education to the administrative body. Ontario and British Columbia are the only provinces that do not include this feature of educational control in their systems of education.

Permanent Officials.- In addition to the members of the government of the day who change with the political parties, and the members of the educational boards or councils who are appointed or elected for varying terms, each province has as an important part of the central executive authority one or more permanent educational officials. In Ontario, the Prairie Provinces and British Columbia the chief permanent official is the Deputy-Minister of Education; in Prince Edward Island and New Brunswick, the Chief Superintendent of Education; and in Nova Scotia and Quebec the Superintendent of Education. The above officials are appointed in each of the provinces by the Lieutenant Governor in Council. The number of assistants and the size of the clerical staff required by these officials depend largely upon the school population and the number of schools in the province, and the different services undertaken by the Department.

Inspectors of Schools.- The Departments of Education of the various provinces exercise a direct supervision over their schools through a staff of inspectors who make periodic visits to all the schools. These school inspectors with the exception of those employed in Winnipeg, in the Ontario City Elementary schools, and in the Province of Quebec are appointed and paid by the Department of Education. In Winnipeg they are appointed by the school board, and in the cities of Ontario by the public school board or the board of education. The Ontario Government makes a grant of a sum equal to \$6.00 for every teacher in the city occupying a separate room, towards the payment of the inspectors employed. The inspectors in the Province of Quebec are appointed by the Lieutenant Governor in Council and paid through the Department of Education.

Local Administration

Administrative Units.- In all of the provinces except Nova Scotia, Quebec and Ontario the local unit of school control is known as the school district. Nova Scotia uses the term school section for all its local units, and the term district for a division of the province over which presides a Board of School Commissioners whose principal duty is to divide the district into school sections. Ontario uses the term district for its high school units and school section for its elementary school rural units. In the Province of Quebec the local unit is the school municipality and the term district is used to indicate a division of a rural school municipality containing as a rule a single school.

The urban schools in all the provinces are administered under a system of municipal ownership. Cities, towns, and villages form separate administrative units, and in some cases a part of the territory adjacent to them is included in the unit. The system of municipal ownership is extended in some provinces to the administration of their rural schools. In Quebec the rural unit coincides with the township, and in British Columbia with the district municipality. In Ontario, since 1932, the council of a township may declare that the township as a whole, or any part thereof, shall be taken as a unit. Manitoba has a provision in its School Act by which a rural municipality, at its option, may become a single school district, and has had two municipal school districts for several years.

With the exception of the cases mentioned in the previous paragraph the rural school unit is in no way synonymous with the unit for municipal government. It is usually formed out of an area which has enough children to make a school and which is not too large for all the children to reach the school on foot. Thus a rural municipality may contain several rural school units, and a rural school unit may be situated partly in two or more rural municipalities. Several of the original school units however, have taken advantage of the provision, included in the School Acts of all the provinces, which permits at the option of the units concerned the consolidation of two or more rural schools, or of rural schools and a

town or village school. There are over 100 such consolidations in Manitoba, 60 in Alberta, 40 in Saskatchewan, 40 in Quebec, 30 in Ontario, and smaller numbers in the remaining provinces. In Saskatchewan some of them were large districts with conveyance provided from the time of first organization.

Local School Authorities.- In all of the provinces, except Ontario and Saskatchewan, elementary and secondary education come under the same local authority. The Ontario and Saskatchewan Acts relating to secondary education provide for the appointment or election of a separate local board to manage high schools, but in many cases in both of these provinces the same local authority is in charge of elementary and secondary education. In Saskatchewan it is only in 18 or 20 of the larger towns and cities that there are two boards. The continuation schools in Ontario are managed by the same board as the elementary schools, and under the Board of Education Act most of the Ontario Cities, and several of the towns and villages, now manage their public elementary schools and their high schools by means of one board.

In Quebec, Ontario, Saskatchewan and Alberta the local authorities may be divided on denominational lines, the religious minority (Roman Catholic or Protestant, the latter term in practice including all who are not Roman Catholics) electing a separate board. In Quebec, and in a few cases in Alberta, this separation applies to both elementary and secondary schools, but in Ontario and Saskatchewan, and for the majority of cases in Alberta, it is confined to the elementary schools. In Quebec the schools are generally known as "Catholic" and "Protestant". In Ontario, Saskatchewan and Alberta the schools of the separating minority are known as "Separate schools" and the schools of the majority as "public schools". Most of the dissentient or minority schools of Quebec are Protestant, and with few exceptions the separate schools of Ontario, Saskatchewan and Alberta are Roman Catholic.

The local school authorities are most commonly called trustees. In the Province of Quebec however, trustees is the name applied to the managing authority of the minority schools whether Protestant or Catholic, while the members of the local governing body of the schools of

the majority are referred to as commissioners. The only other exception is in Nova Scotia where the term commissioners is used in cities and incorporated towns.

In most of the provinces the members of the local school boards are elected by vote. Exceptions to this rule are found in the cities and incorporated towns in the Maritime Provinces, the Cities of Montreal and Quebec, and in the high school districts of Ontario. The school boards in the cities and incorporated towns in the Maritimes, and in the cities of Montreal and Quebec are appointed in part by the Lieutenant Governor in Council, and in part by the Council of the city or town. In the high school districts of Ontario the trustees are appointed by the council of the municipality in which the district is situated, and in some cases the public and separate school boards within the high school district, each appoint a member to the high school board.

Size of School Boards.- The number of members to be elected or appointed to a school board is usually determined by the School Acts of the province concerned. While the membership of the different urban school boards varies greatly in most of the provinces, the rural school boards are generally composed of three members. In the Province of Quebec, however, where the rural school unit coincides with the township, a board of five commissioners manages the schools of the majority, and the schools of the dissenting minority are under the management of a board of three trustees. This same rule applies to the school boards in the urban municipalities in Quebec but has been amended in some cases to enable larger cities to increase the membership of their school boards. In Montreal, for example, the Roman Catholic school board is composed of fifteen members and the Protestant Board is made up of six.

In some of the other provinces the number of trustees is increased to five in the larger rural school units, e.g. township school areas in Ontario, consolidated rural school districts in Manitoba; large rural districts containing continuation schools in Saskatchewan; and district municipality districts in British Columbia. The Manitoba Act further

provides that where any school district employs more than four teachers the number of trustees may be increased to as many as seven.

The urban school board is generally larger than the rural board in all of the provinces, and in some cases the size of the board increases with the population of the municipality. In Prince Edward Island the school boards of Charlottetown, Summerside, and any incorporated town with the approval of its council, are composed of seven members, while all the other school boards of the province are made up of three members. In Nova Scotia the incorporated towns have a board of five, and this number is increased for cities, the city of Halifax having a board of twelve. In New Brunswick, St. John has a board of eleven trustees while Moncton, Fredericton and twelve of the larger towns are reported in the Annual Report on the Schools of New Brunswick as having nine trustees on their school boards.

In Ontario a city, town, or village elects two school trustees to the public school board for each of its wards. A city with a population over 100,000, however, can decide to elect a board of nine trustees by a general vote for the whole city, and towns and villages not divided into wards elect a board of six trustees. In this province the school board of a high school district is composed of three members. Where one board controls the public elementary schools and the high schools--Board of Education--it is made up of fourteen members in cities of 50,000 or more, ten in smaller cities, and eight in towns and villages. When a board of education has jurisdiction over a school in the county, three additional members are appointed to the board by the county council. In the election of separate school boards two trustees are elected in each ward in a city, and six trustees are elected by a general vote in a village. A town divided into wards may elect two trustees from each ward, or in towns not divided into wards, six by a general vote.

Manitoba is the only other province in which the practice of electing school trustees by wards is in use. In cities, except Brandon, where ten trustees are elected by a general vote, two trustees are elected

by a general vote, two trustees are elected from each ward. The towns and villages may also elect two from each ward, but have the option of reducing this number to one per ward. Towns and villages not divided into wards elect three trustees, but this number can be increased to as many as seven by decision of the municipal council, approved by the Lieutenant Governor in Council.

In Saskatchewan and Alberta each village school district elects three trustees, and town districts (cities and towns) elect five. In the former province when the population of a city reaches 10,000 the public school board is increased to seven members, and any large village district containing a continuation school is entitled to a board of five trustees. A Saskatchewan high school board has five members.

The number of school trustees on a city school board in British Columbia depends on the attendance at the schools of the board. Seven trustees are elected in a city where the attendance is 1,000 or more, five for an attendance of 250-1,000, and three for an attendance of fewer than 250 children.

Number of School Boards.- According to the latest figures issued by the Provincial Departments of Education--for the year 1933 for the Maritimes, Quebec and British Columbia and 1932 for the other provinces-- there were approximately 23,099 school boards operating schools in Canada. Ontario had the greatest number of boards with about 6,600, with the rest of the provinces in the following order: Saskatchewan 4,880, Alberta 3,395, Manitoba 1,944, Quebec 1,843, Nova Scotia 1,761, New Brunswick 1,376, British Columbia 821, and Prince Edward Island 479. In Quebec and British Columbia, where there are rural administrative units of municipal size, there is a much smaller number of boards than in other provinces of equal population.

CHAPTER V.

ULTIMATE SOURCES OF SCHOOL SUPPORT.

The chief sources of income of the publicly controlled schools in Canada are as follows: (1) local taxation; (2) Provincial Government grants; (3) the sale of bonds and debentures. Another source of revenue in some of the provinces is fees from pupils; in Quebec a fee may be exacted for all children of school age, whether attending or not. The current expenses of the school boards in all the provinces are met by the money raised by taxation, Government grants, fees and other minor receipts such as gifts, rentals from school property, etc. Capital or extraordinary expenditures, such as the cost of school sites and school buildings, are generally paid through the sale of bonds or debentures. These must be retired by the school board from money raised by local taxes, either by annual or less frequent installments, or by the creation of a sinking fund. Therefore the Canadian school boards receive their real support from two main sources, local taxes and Provincial Government Grants.

The following table shows the proportions of the current expenditure of the school boards of the different provinces since 1925, that were received from school taxes, Government grants and fees. The expenditure includes any payments made on the debenture debt or towards the creation of a sinking fund. It does not include any revenue such as gifts, rentals from school property, etc., but as incomes of this nature are usually very small, the percentages shown in the table would not be affected to any great extent by their inclusion. The year 1933 is the last included in the data for the Maritimes, Quebec and British Columbia, and the year 1932 for Ontario and the Prairie Provinces.

Sources of revenue used for current expenses by the school boards of the Provinces of Canada since 1925:

	Per Cent Received From				
	Taxation in			Fees	Government Grants
	School District, Section, or Municipality ^x	Township	County		
Prince Edward Island	42.4	-	-	-	57.6
Nova Scotia	73.0	-	14.2	-	12.8
New Brunswick	81.0	-	7.2	-	11.8
Quebec	90.4	-	-	3.1	6.5
Ontario	74.1	7.6	5.3	.6	12.4
Manitoba	86.1	^f	-	-	13.9
Saskatchewan	79.6	-	-	1.3	19.1
Alberta	85.4	-	-	1.3	13.3
British Columbia	68.4	-	-	-	31.6

^xIn other words, the local unit of school administration. As explained in the preceding chapter, these are larger in Quebec and British Columbia than elsewhere.

^fThe general school levy of Manitoba rural municipalities would more properly appear in this column, but is not separable.

It can be readily seen from the above table that in all the provinces except Prince Edward Island the amount of money raised by school taxes greatly exceeds that received in the form of Government Grants. It will also be noticed that in three of the provinces, Nova Scotia, New Brunswick and Ontario, the taxes levied in support of a school board's schools are not confined to the Administrative area of the board. The school boards in the two Maritime Provinces share in a tax levied by the council of the county in which they are situated. In Ontario the rural public schools receive aid from a township tax, while rural public and separate schools and the majority of secondary schools share in a tax levied by the county council.

School District (or Section, or Municipality) Taxes.

Determining the Amount of the Local Levy.- In all of the provinces the school board is the body that determines the amount of money to be raised by taxation within the area served by its school or schools. The amount arrived at must meet with the approval of the local municipal council in some provinces and of the school supporters in others. In Charlottetown and Summerside, Prince Edward Island, and in Saint John and Fredericton, New Brunswick, the amount to be raised yearly is set within a certain limit

by statute. A Quebec school board must raise a sum large enough to pay the salaries of all its teachers, while the council of a rural municipality in Manitoba must raise \$2.50 per teaching day (\$3.60 before 1933) for every teacher employed in the municipality.

Who Collects the Local Taxes.- When the amount has been decided upon, it is collected either by the school board or the local municipal council, usually the latter. In Ontario, the Prairie Provinces and British Columbia the local municipal council is the body that collects school taxes. The council of a city, town or village, of an Ontario township, a Prairie Province rural municipality, or a British Columbia district municipality collects the school taxes for any school section or district, or for any part of a school section or district, within the limits of the municipality. The only exception to this rule is in Ontario where the separate school boards are given the option of appointing a tax collector. In rural school sections or districts situated outside of organized municipalities the taxes are collected by the school board, except in British Columbia where they are collected partly by the Provincial Collector and partly by the school board.

In the Maritimes the city and town councils usually collect the taxes for the school board. The taxes of a New Brunswick rural school board may be collected by the parish collector or the board, but in the other school sections and districts they are collected by the school board. The school boards in the Province of Quebec may collect their own taxes or may request the council of the local municipality to collect them.

What the Local Taxes are.- In the Maritime Provinces a poll tax is used as one means of raising the money required by a school board. Residents of a Prince Edward Island school district who are assessed for real property, and householders not so assessed, pay a poll tax of \$1.00 to \$3.00 per year till they become 65 years of age. All other male residents under the age of 65 are liable to a tax of \$1.00 per year. In Charlottetown, Summerside, and any incorporated town that has adopted the provisions of the Act relating to these municipalities, a tax not exceeding \$5.00 is levied on every male over 21 years of age. In Nova Scotia and New Brunswick the poll

tax is levied on all males between 21 and 60 years of age. The tax amounts to \$1.00 or \$2.00 in the former province and \$1.00 in the latter. With the exception of Charlottetown, Summerside and some incorporated towns, the balance of the sum required by a Prince Edward Island school board, is raised by a levy on the real property in the school district. This tax is payable by the occupant of the property or the owner of unoccupied property. In the above mentioned urban municipalities in Prince Edward Island, in the school sections of Nova Scotia, and in the school districts of New Brunswick the balance of the school taxes is raised by a levy on the amount for which a resident of the school district or section, is assessed on the assessment roll of the local municipality.

In all the other provinces the property liable for taxation by the local municipality is taxed for the support of the schools of the school municipality, section or district in which the property is situated. The school boards whose territory is outside the limits of organized municipalities collect their taxes by a levy on the property that would be subject to a tax in a municipality. In Alberta and British Columbia such a school board may levy a poll tax on certain residents over 21 years of age and may set a minimum amount to be paid as a property tax.

In Quebec, Ontario, Saskatchewan and Alberta the dissentient or separate school boards receive the taxes collected on the property owned or occupied by individuals who choose to support these schools. (Actually there is freedom of choice legally only in Ontario. In the other three provinces the taxes must go to the Catholic schools if the taxpayer is a Roman Catholic, and vice versa). The practice in regard to taxes on property owned by corporations is not uniform. In Quebec the majority board, or commissioners, collect taxes from all of the corporations in their area, and the proceeds are divided between the two boards on the basis of the number of children in the schools of each. In Ontario a corporation (except a publicly-owned utility) may by resolution of its directors require that a part of its property, equal to the proportion

owned by separate school supporters, shall be assessed for separate school support. In Saskatchewan a division is made on the same basis, but instead of being optional with the directors of the company, it can be made obligatory upon them by an informant, such as the separate school board. In Alberta, as in Ontario, a company may designate the distribution of its assessment between the two boards, but in the case of companies not specifying what the distribution shall be, then their taxes are divided on the basis of the amount raised for each board by other taxpayers of the district. This same practice is followed in the case of undesignated taxes in Saskatchewan.

County Taxes (in 3 Provinces)

The school tax levied by the counties of Nova Scotia and New Brunswick is known as the Municipal School Fund in the former province and the County School Fund in the latter. In both provinces the amount to be collected depends upon the population of the county at the last census. In Nova Scotia an amount equal to at least \$1.00 for every inhabitant of the county at that time is collected and in New Brunswick 60 cents for every inhabitant of the county. The cities, towns and other municipalities within the limits of a county assist in the collection of this tax, each being apportioned according to its population a part of the amount to be collected. The tax is collected at the same time as the other municipal taxes and turned over to the treasurer of the county. The largest part of the sum collected is divided among the different school boards of the county, according to the number of teachers employed and the attendance at the schools. Each Nova Scotia school board receives \$120 per year of employment for each teacher employed, and a New Brunswick board receives \$60 per year of employment for each teacher. After certain smaller grants have been made, the remainder of the fund is distributed among the various school boards in proportion to the attendance at their schools. The School Acts of both these provinces state that the money received by the school boards from these funds is to be applied to the payment of the teachers' salaries.

The only other province in which a school board receives financial support from the county council is Ontario. In this province a rural school board (public or separate) receives a grant from the county council at least equal to that part of the ~~Legislative~~ Grant received on the basis of the equipment and the accommodation in its schools, and for the operation of a fifth class (two years of high school work). Collegiate institutes and high school boards in townships, villages and unincorporated towns receive grants from the county council amounting to about 50 p.c. of the cost of the education of the pupils in attendance, or at least equal to the ~~Legislative~~ Grant received. In cities and incorporated towns these boards may enter into an agreement with the county council by which 80 p.c. of the cost of education of county pupils in attendance at these urban schools is paid by the county. The county council raises the necessary sum for the above grants by a levy on the taxable property listed on the county assessment roll.

Township Equalization.-- As already mentioned the administrative school unit is larger in Quebec and parts of British Columbia with the result that the local levy is equalized over a larger area than elsewhere,--an area corresponding to townships or rural municipalities in the other provinces, rather than to their school districts or sections. In Manitoba, however, the greater part of the local school levy is equalized over the entire area of the rural municipality (a sum equal to \$3.60 per teacher before 1933), the individual school district being self-reliant only for what is needed over and above this sum and the legislative grant.

In Ontario the rural public schools receive assistance from the township council in the form of a grant to be used in the payment of the teachers' salaries. The sum required is raised by a levy on the taxable property of the public school supporters as shown on the assessment roll of the township. Under this grant a public school section receives a set amount for every principal or assistant teacher employed for two consecutive terms. The grant is \$150 a year for a principal teacher and \$100 a year for an assistant teacher, in a public school section with an assessment of

less than \$30,000, and increases with the assessed value of the taxable property of the section to a maximum of \$600 for a principal and \$400 for an assistant, when the assessment is \$100,000 or more.

Pupils' Fees

In the Province of Quebec the school board is empowered to charge a monthly fee for all children in the school municipality between the ages of 7 and 14, whether they are attending school or not. The amount of the fee is fixed by the board and may range from 5¢ to 50¢ per month for elementary and primary elementary schools, while a larger fee may be fixed for pupils attending primary complimentary, intermediate or high schools. The fees collected in Ontario, Saskatchewan, and Alberta are for the attendance of pupils in secondary schools. In the former province fees are charged for pupils whose parents or guardians are non-residents of the area taxed for the support of the school. In the two Prairie Provinces, however, the board may charge fees for both resident and non-resident pupils. The maximum fee chargeable by a Saskatchewan high school board for a resident pupil is \$10.00 first term and \$7.50 for each of the second and third terms. The maximum fee chargeable for non-resident pupils is twice the maximum chargeable for resident pupils.

Provincial Government Grants.

Maritime Provinces.- The greater proportion of the Government Grants in aid of schools in the Maritime Provinces is not actually received by the school board but is paid directly to the teachers as a part of their salary. The grants are made on somewhat the same basis in each of these provinces but the grant received by the individual teacher is much higher in Prince Edward Island than in the two other provinces. In the year 1933, for example, 76 p.c. of the salaries received by the teachers in this province was paid to them by the government, as compared with 18 p.c. in Nova Scotia and New Brunswick. In all three provinces a set amount is payable to each teacher according to the classification of his certificate and the number of days taught during the year. In Nova Scotia and New Brunswick this amount increases to a certain maximum with the length of

service. The grant received by the male teacher in Prince Edward Island is about 15 p.c. larger than that received by a female teacher of the same classification, and in New Brunswick certain superior and grammar school teachers are entitled to larger grants. The Prince Edward Island Government also pays to the teacher a grant equal to 50 p.c. of any amount the school board may pay him in addition to the minimum payable by a school board (maximum grant \$50.). In addition to the grant to teachers the Nova Scotia Government makes smaller grants to high schools conforming with certain standards, to schools giving instruction in domestic or mechanic science and to certain assisted schools. The School Acts in Prince Edward Island and New Brunswick also make provision for smaller grants to certain school boards.

Quebec.- The Quebec Government makes annual appropriations for the following funds from which the grants to schools are made: (1) Public School Fund; (2) Superior Education Fund; (3) Poor Municipality Fund; (4) Elementary School Fund. The Public School Fund is distributed among the school municipalities in proportion to the number of children attending school in the previous year. The Superior Education Fund is divided among the Roman Catholic and Protestant institutions in proportion to the Roman Catholic and Protestant population of the province at the last census. Municipalities unable to support their schools are given additional grants from the Poor Municipality Fund. The School Act states that the Elementary School Fund is to be used to assist poor municipalities, for the benefit of the working classes in cities and towns and for the establishment of primary complimentary or high schools in poor municipalities.

Ontario.- In the Province of Ontario the Government makes grants to public, separate and secondary schools from the money appropriated for that purpose. The grant to public and separate school boards is apportioned in proportion to the attendance at the schools, the value of property liable for school taxes, the expenditure of the board on education, and any other consideration that in the opinion of the Minister of Education should affect the apportionment. The grant to collegiate institute and high school boards is apportioned on the basis of salaries paid to the

teachers, the character of the accommodation, and the value of the equipment, after providing a minimum grant for each school equipped in accordance with regulations.

Prairie Provinces.- The Government Grants to the school boards in the Prairie Provinces are based on the number of days during the year that a teacher is employed in each class room maintained by the board. The school board is paid a certain amount for each day taught by each teacher employed by the board. The number of days in a year for which the grant is payable is limited by statute in all three provinces. This grant per teaching day is usually larger for rural schools, and in Saskatchewan and Alberta it is much larger for high schools.

The Manitoba school board receives a grant of 75¢ per teaching day per teacher employed. Rural school boards employing only one teacher receive an increased grant if they employ the same teacher for two or more consecutive years. This increase amounts to 15¢ per teaching day for the second year of employment and 25¢ per day taught for subsequent years. In addition to these grants a rural school district situated in a rural municipality with an average assessment of less than \$100,000 per teacher employed, or situated in unorganized territory, is entitled to receive an extra grant. The school district itself must have an assessment of less than \$50,000 per teacher to qualify for the minimum grant of 25¢ per teaching day per teacher. The amount of this extra grant increases for school districts with lower assessments and a maximum of \$2.25 per teaching day is payable to all school districts where the assessment is less than \$10,000 per teacher.

In the Saskatchewan cities and towns the grant of \$1.00 per teaching day a class room is open payable in rural and village districts is reduced to 87¢ where the board maintains from 6 to 10 class rooms. The amount is further reduced to 73¢ when 11-25 rooms are maintained and a minimum grant of 60¢ is payable to school boards maintaining more than 25 school rooms. In addition to these grants every Saskatchewan school district that does not include a collegiate institute or high school is paid \$2.00 per teaching day open, for a room maintained exclusively for

pupils above grade VIII. Boards of collegiate institutes or high schools receive \$3.00 for every teaching day a teacher of grades IX to XII is employed. These boards receive additional annual grants amounting to \$200 for collegiate institute and \$100 for high schools, if these schools are provided with equipment, apparatus and library required by regulations. The last mentioned grants cease when the maximum equipment prescribed has been provided.

In Alberta the school board receives a larger grant for teachers employed in secondary education than for elementary teachers. The grants for elementary teachers (grade VIII and under) are as follows, 50¢ per school room per teaching day open, for a district employing over 100 teachers, 70¢ where 41-100 teachers are employed, and 90¢ where 40 or fewer teachers are employed by a board. School boards that maintain one or more rooms exclusively for pupils above grade VIII, in cities, towns or villages, receive \$3.00 per teaching day such a room is open when the number of teachers employed in these rooms is 30 or less, and \$2.50 per teaching day if over 30 are employed. Rural high school districts receive \$4.00 for every day a room is open. The School Act also provides for several further grants for rural schools giving instruction above grade VIII.

British Columbia.- The school board in British Columbia receives a Government Grant for each teacher, nurse or dentist in its employ. The amount of the grant payable in respect of each teacher is arrived at in the following manner. In a city district a sum equal to $1\frac{1}{4}$ mills on the dollar of the taxable property of the district is divided by the number of elementary teachers employed in the district during October of the preceding year. The difference between the sum obtained and the salary paid to an elementary teacher (under the schedule drawn up by the Department) is the amount of the grant payable to the board in respect to that teacher. The amount of the grant for an elementary teacher is arrived at in the same manner in other school districts but the rate is reduced to one mill on the dollar. An amount equal to $1\frac{1}{4}$ mills on the dollar of the taxable property, divided by the number of high school teachers employed during October of the preceding year, provides the base

for arriving at the grant for high school teachers. For junior high school teachers, superior school principals, nurses and dentists the amount regulating the grant is found by dividing a sum equal to one mill on the dollar of the taxable property by the number of junior high school teachers and superior school principals.

The minimum grant payable for an elementary teacher is set at \$305. Grants for junior high school teachers, principals of superior schools, nurses and dentists must be at least \$50. a year greater than those paid for elementary teachers. The grants for high school teachers must exceed those paid for elementary teachers by \$75. and those paid for the other group by \$25. Additional grants are made to any board that provides accommodation for classes in manual training, home economics, agriculture, commercial, technical or vocational education, physics or chemistry. The grants amount to 50 p.c. of the cost of such classes, with a maximum of \$500. payable in respect to any one course.

Other Provincial Government Expenditures

In addition to the grants paid to school boards or teachers, there are other substantial sums provided by the provinces in connection with maintaining the schools. There is the administrative cost of the Departments of Education and their staffs of inspectors, the cost of operating the provincial normal schools for the training of teachers, and special schools for the blind, deaf, delinquent, or mentally defective. In Québec, provincial money for normal schools and special schools usually takes the form of grants to religious congregations which in turn operate the schools, the Government's liability being thus limited to a fixed sum each year; elsewhere such schools are actually operated by the Government Departments. Further, in six of the provinces correspondence courses are offered by the Departments of Education, for children living out of reach of a school, either for elementary studies alone, or for both elementary and secondary, including technical. Three of the provinces provide a few agricultural schools for boys of secondary-school age, and there are a few other specialized provincial schools, notably those of fine arts.

In Nova Scotia (coal-mining schools) and in Alberta (the Provincial Institute of Technology and Art) technical education is provided in provincial institutions outside of the responsibility of local school boards, and at the expense of provincial funds. In Quebec, the general technical schools are not operated by the school boards as in other provinces, but they are not supported solely by the Government,-- rather by grants from the Government and the city council in cities, where they are established.

Dominion Government Expenditure

Assistance to Provincial Schools.-- In 1913 the Agricultural Instruction Act of the Dominion Parliament provided for the distribution of \$10,000,000 among the provinces in ten years for the encouragement of agricultural education. The Technical Education Act of 1919 made provision for the distribution of a similar sum in aid of technical education. By 1935 six of the provinces had qualified for their full share (Ontario as early as 1929) and three are still drawing on theirs in 1935. In 1931 a further Act was passed, proposing to pay to the provinces an annual sum of \$750,000 for fifteen years for the same purpose, but the Act has not been proclaimed, and consequently no money has been paid under it to date, for reasons of economy.

Thus for more than 20 years the Dominion Government has been providing some assistance in the support of provincial schools,-- something under \$1,000,000 per year on the average. This has been paid to the Provincial Governments, and in their reports is generally included as part of the legislative grants to schools.

Indian Schools.-- From the time of the formation of the Dominion, the Federal Government has been charged with the education of native Indian children, and in co-operation with the churches has maintained a system of schools for them quite distinct from the provincially-controlled schools. They are administered by the Department of Indian Affairs at Ottawa, at a cost in recent years of about \$2,000,000 per year.

Since 1919, attendance of all physically-fit children between the ages of seven and fifteen has been compulsory, and in 1931 the upper age

limit was raised to sixteen years. This raised the enrolment above 17,000 in 1932, and the average daily attendance in excess of 13,000. The total number of Indians in Canada is in the neighbourhood of 110,000, and the scattered locations in which they live make residential schools necessary in many cases. This type of school is, moreover, found more effective as an instrument of education, and it is used for nearly half of the Indian children. The cost per child in a boarding school is four or five times as great as in a day school.

Private School Expenditure

The picture of school support would not be complete without some reference to schools not controlled or financed publicly. In eight provinces, Quebec excepted, there are between 30,000 and 35,000 pupils, or about 2 p.c. of school enrolment, in elementary and secondary schools conducted by private, or church enterprise. About half of these schools are conducted by Roman Catholic congregations, about one-quarter by Protestant or other denominations, and the remaining quarter are undenominational. There is a wide range in the type of institution, from orphanages to expensive preparatory schools. Practically none of them receives government grants, few receive any considerable sum from endowments, their income except from church or religious sources being mainly confined to fees. The majority at the high school level prepare students for the standard Departmental examinations, and some ask for inspection by the Department to obviate the need of having their pupils sit at the examinations.

In Quebec there is a larger attendance at private or "independent" (as they are called in provincial reports) primary schools than in the other eight provinces combined,--about 60,000 pupils, or over 10 p.c. of the school enrolment. In this province, as not elsewhere, a majority of the independent schools receive provincial grants in the same way as the publicly-controlled schools of the school municipalities.

The classical colleges, or academic secondary schools of the Catholic system in Quebec, are conducted and financed in the same

manner, but in a Dominion-wide discussion of this kind they fit in more conveniently with the institutions of higher education than with the common schools.

In addition to the private elementary and secondary schools, there are, in all provinces, proprietary schools offering business or trade courses. The most numerous group of these, and the only group for which a statistical report exists, is the business or commercial schools, generally called business colleges. Their courses average the greater part of a year in length and are designed to give to young people at the end of their general schooling a training for office positions. Until three or four years ago their annual enrolment was in the neighbourhood of 25,000, but because they are dependent entirely on tuition fees for their income, attendance has dropped nearly 50 p.c. in the depression years.

CHAPTER VI.

TEMPORARY SOURCES OF SCHOOL SUPPORT.

The preceding chapter has shown whence the money for schools ultimately comes. There are also temporary sources which may be tapped in a particular year, the ultimate payment by taxes or grants being postponed. These are, generally speaking, of two kinds: (1) Bank loans of a very temporary nature, frequently used to keep the teacher's salary and other current expenses paid up to date toward the end of the school board's financial year, when it may be awaiting the receipt of the next year's tax levy; (2) The sale of debentures, or bonds, to be repaid during, or at the end of, a considerable period of years,--sometimes 35 years or more. This latter type of postponement is used in financing capital expenditures, such as buying school sites and erecting or repairing school buildings.

Bank Loans

The long-term loans, or debentures, are much the more important of the two types, but the short-term loans run to considerable sums every year, and it is necessary to take note of them in studying figures of school finance in provinces where they are reported. Their inclusion in a financial statement, except the interest paid on them, is in reality only a bookkeeping entry, and not a genuine receipt or expenditure in support of schools. The amount attributed to them under receipts and expenditures each year is about the same, and for this reason the gross financial figures of cost of schools in the Prairie Provinces, where they are included, are about 10 p.c. too high.

The loan figures are of interest, however, in indicating the extent to which short-term borrowing is practiced. In the Prairie Provinces it appears that school boards on the average find it necessary to finance about one month each year in this way. The Ontario records do not always show the amount separately, but from available records it appears to be a somewhat lower proportion of the year's requirements. In Quebec it is somewhat higher, about $1\frac{1}{2}$ to 2 months of the year apparently

being financed by temporary loans. Records of school finance in the other provinces do not show the amount.

Borrowing of this character, unlike long-term borrowing, receives little statutory regulation except that the loans may be made by statute a first charge on the revenues of the new school year. The source of the loans is usually the chartered banks, and they see to it that the loans are not beyond the school board's ability to pay, inasmuch as they are not allowed to accumulate from one year to another.

Long-Term Loans

The sale of debentures, as has been said above, is used to finance capital outlays. The debentures are usually retired in equal annual or other installments, the necessary sum being included each year in the school board's estimate of expenditures, which forms the basis of the tax levy. In most cases, the annual sum thus raised is not paid to the holder of the debenture, but set aside in a special fund, usually called a sinking fund, which, by the time the debenture comes due, is calculated to have in it a sufficient sum to meet the obligation.

The power of school boards to make such loans is in all provinces regulated to some extent by statute, with a view to keeping the borrowing on a safe and business-like basis. A brief summary of the regulations, province by province, follows:

Prince Edward Island.- In the city of Charlottetown and incorporated towns the school board may issue debentures redeemable in 20 years. In all other school districts the debentures are to be retired in 12 or less equal yearly installments if the loan is under \$3,000 and in 20 or less if the loan is more. When any loan is over \$5,000 the debentures must be countersigned by the Provincial Treasurer.

Nova Scotia.- The debentures are issued by the school board or in incorporated towns by the town council and normally retired in 20 or less equal yearly installments.

New Brunswick.- Debentures issued by school boards are to be retired by 7 or less equal annual payments unless the board is given

permission from the Board of Education to borrow for a longer term. In cities and incorporated towns the term can be extended to 25 years if sanctioned by the city or town council.

Quebec.- The school municipalities of Quebec can issue debentures for any term authorized by the Lieutenant Governor in Council and the Minister of Municipal Affairs. Instead of general regulations being offered, within which each school board may use its own discretion, the case of each board is rather the subject of individual consideration.

Ontario.- In a city, town or village the debentures to finance the capital expenditure of a public school board are issued by the municipal council. The loan can be for any amount and any term, not exceeding 30 years, that the council decides on. The municipality having jurisdiction over the high school district issues the debentures for any loan required by the board. When the high school board applies for the loan it may state the minimum number of years, not exceeding 30, in which it is to be repaid. The township council issues the debentures for a loan approved by the ratepayers of a rural public school section. In the case of separate school boards the debentures are issued by the board and must be retired within 30 years.

Manitoba.- A loan made in this manner by a city school board is to be repaid within 50 years, by the board of a consolidated or municipal district in 30 years. In all other districts the loan must be repaid within 15 years and 9 months if it is under \$2,000 and within 20 years and 9 months for a larger amount. The total debt of a rural school district is not to exceed \$5,000. In Winnipeg the debentures are issued by the City Council.

Saskatchewan.- Loans by school boards in cities and towns may be repaid within 30 years, and by boards in villages or rural districts in 20 years when the school building is constructed of brick or stone. The loan in any district having a frame school building must be retired within 15 years.

Alberta.- In incorporated cities when the school building is constructed of solid brick, concrete or stone the loan can be repaid in 50 years. In towns, consolidated and rural high school districts the debentures are to be retired within 30 years when the school building is of solid brick, concrete or stone, and in 25 years if it is of brick veneer or tile. In all other school districts the loan must be repaid within 20 years if the building is of solid brick, concrete or stone, 15 years if it is a frame or brick veneer building, and 10 years if it is constructed of logs.

British Columbia.- In a school district situated in any municipality the debentures are issued by the municipal council and are payable within the time decided upon by the council. In rural school districts the debentures are issued by the board and must be retired in 12 equal yearly installments unless a longer term has been authorized by the Council of Public Instruction.

Present Debenture Indebtedness

From municipal and school reports it is possible to obtain a record of the indebtedness outstanding on account of schools in seven of the provinces,--Nova Scotia and Prince Edward Island excepted. In some cases the indebtedness of schools in unorganized territory, i.e. outside of municipalities, is not included, but their debt must be a very small sum. Such areas are not numerous, and moreover are rural; the indebtedness of all the rural schools in a province is only a small fraction of the total. The 1931 figures for debenture indebtedness of schools in the seven provinces are approximately as follows:

British Columbia	\$ 15,937,000
Alberta	12,026,000
Saskatchewan	15,946,000
Manitoba	15,006,000
Ontario	88,782,000
Quebec	65,886,000
New Brunswick	<u>4,186,000</u>
Total (seven provinces)	<u>217,749,000</u>

If there were a record for the two remaining provinces the Dominion total would be in the neighbourhood of \$225,000,000. These are gross figures, and make no deduction for the amounts that have been set aside in sinking funds to meet the obligations. The net amount of school debt unredeemed in 1931 was probably something like \$200,000,000. This is equivalent to the entire revenue of the schools for $1\frac{1}{2}$ to 2 years. The interest on this sum, supposing it to be 5 p.c., takes about \$1 in every \$12 to \$15 of the school revenue. The proportion is much higher in cities, of course, much less in rural areas, as will be seen in a later chapter.

CHAPTER VII.

FINANCES OF THE PROVINCIAL SCHOOL SYSTEMS.

The description of the three chapters immediately preceding has paved the way for a comparison of the actual sums of money involved in supporting the publicly-controlled schools of the several provinces. With the aid of Public Accounts, Departmental Reports, and other sources, figures for the different provinces have been obtained that are believed to represent as high a degree of comparability as is obtainable with existing records. The methods of accounting and recording are so diverse among the provinces, as to have made such a compilation a long and painstaking task,--a task that it is believed has never been carried through before.

In making the comparison it has been found convenient and logical to compile costs in two separate categories: (1) The money that is used in the actual operation of the ordinary schools, i.e., the money that passes through the hands of the local school board, or teacher (where grants are paid directly to her); (2) The money, over and above this sum, that is spent by the provincial governments in support of the school system, such as the cost of inspection, training teachers, etc.

Finances of School Operation.

The latest year for which records are available for all provinces is 1932, and in the following table the most comparable summary possible is given for this year.

	Taxes raised in local school ad- ministrative units (including Ontario township taxes)	County Taxes	Pupils' Fees	Provincial Grants	Total Revenue Listed	Approximate average annual increase of debenture debt in last five years
	\$	\$	\$	\$	\$	\$
P.E.I.	218,477	Nil	-	263,034	481,511	-
N.S.	2,697,691	490,949	-	588,008	3,776,648	-
N.B.	2,389,050	214,008	-	430,449	3,033,507	75,000
Que.	19,027,988	Nil	632,792	1,627,810	20,475,601	3,100,000
Ont.	37,217,288	2,864,146	400,000 (approx.)	6,090,276	46,571,710	3,550,000
Man.	6,834,536	Nil	-	1,299,625	8,134,161	50,000
Sask.	6,870,606	Nil	142,381	1,919,153	8,932,140	800,000
Alta.	8,360,781	Nil	151,586	1,675,229	10,193,596	265,000
B.C.	5,704,260	Nil	-	3,264,443	8,968,703	765,000

Where blank spaces appear in the table they indicate that the information is not available; but they are confined to the column for fees (where the sums are small), except as regards debenture records in Nova Scotia and Prince Edward Island.

In addition to showing the amounts finally raised by the taxpayers and pupils, the ultimate sources of practically all revenue, the statement shows approximately the amount spent in a year that is not currently paid for, by showing the average net annual increase in long-term indebtedness during the preceding five years.

In Chapter V. attention was drawn to the relative proportions of current revenue derived from the several sources, so it remains here only to gain a conception of the absolute amounts, and this can be best done by calculating the costs per pupil. The following table does this for 1932 with the costs shown above, both paid and postponed.

	Average daily attendance	Revenue raised per pupil \$	Postponed cost per pupil \$
Prince Edward Island	13,119	36.70	no record
Nova Scotia	89,513	42.20	no record
New Brunswick	71,423	42.50	1.05
Quebec	468,000	43.75	6.60
Ontario	606,867	76.75	5.85
Manitoba	122,843	66.20	.40
Saskatchewan	176,916	50.50	4.50
Alberta	136,711	74.55	1.95
British Columbia	103,510	86.65	7.40

The year 1932 is fairly representative in all provinces except Saskatchewan, where two successive crop failures had preceded, and school expenditure had been reduced substantially. With this qualification in mind it becomes apparent from the figures of current revenue per pupil that expenditures are substantially higher in the five most westerly provinces, than in the four to the east,--the extreme case being British Columbia where the sum per pupil is double that of the Maritimes and Quebec.

In the matter of postponed costs per pupil the same relationship between the two groups of provinces appears to hold with some exceptions, notably that Manitoba's postponements have been extremely low in the last few years, while Quebec's have been relatively high, second only to those of British Columbia.

Other Departmental Expenditures

To find a complete record of the expenditures in connection with the school systems which do not pass through the hands of the local school boards or teachers, is very difficult. The following table, applying to the year 1932, is offered as the closest approach that can be made with existing sources of information. There are a few schools, notably agricultural, and for delinquents, in some provinces, which are omitted because not administered in Departments of Education. Apart from these few the table shows all the remaining expenses of provincial governments on their school systems, and the amount that they are reimbursed by fees from the pupils.

Expenditure of Education Departments (Apart from grants to school boards and teachers)					Reimbursements from Pupils	
Normal and Summer Schools	Schools for Blind and	Payment to Super- annuation Fund	Administration and Miscellaneous	Normal and Summer School Fees	Examin- ation and Cert- ificate Fees	
\$	\$	\$	\$	\$	\$	
P.E.I. (College)	With N.S.	3,892	24,557	(College)	x	
N.S.	68,340	29,935	96,944	195,036	x 70,953	
N.B.	28,090	20,203	39,989	58,892	x x	
Que.	315,500	90,100	57,000	478,708	x x	
Ont.	795,547	197,125	735,115	1,126,594	x x	
Man.	72,735	74,286	6,050	400,794	10,684 77,058	
Sask.	116,575	21,419	x	646,619	17,910 150,346	
Alta.	114,911	50,790	None	447,205	25,543 89,301	
B.C.	84,615	23,744	x	289,377	16,949 26,197	

^xRecord not obtained.

The total expenditures of the Departments of Education in this residual grouping appear to reach nearly \$7,000,000, less than \$1,000,000 of which is repaid by the pupils. As will be seen in the next chapter, this is a sum about equal to the amount contributed by the Provinces to universities and colleges; and as may be seen from the first table in the present chapter, it is equal to more than one-third of the amount contributed by the legislatures in grants for the operation of the ordinary schools.

CHAPTER VIII.

FINANCES OF INSTITUTIONS OF HIGHER EDUCATION.

To round out the account of support for scholastic institutions, it is necessary to mention those, to the number of about 150, giving instruction beyond the elementary and continuation or high school years in the ordinary schools. These are the universities and colleges, comparatively few in number, but important financially. Over 60 of them offer only arts courses (some only two years of an arts course), a further 35 are theological colleges or seminaries, and 15 others confine their instruction to one line of professional training such as agriculture or engineering. Some of the 110 grant degrees, but the majority are affiliated for degree purposes to one of 18 larger university institutions (among the remaining 40) which grant more than 95 p.c. of all degrees in the country. Affiliation, however, does not generally involve any measure of financial control by the university, and institutions of very diverse financial constitution may be grouped together for academic purposes.

From the standpoint of control and financial support there are three fairly distinct classes of institution, which might be designated as provincial, endowed, and denominational, respectively. The types are not distinct and mutually exclusive, for a university may, for instance, be partially endowed, yet under either provincial or denominational direction and support. But any single institution is usually predominantly dependent on one of the three types of support. Six of the provinces have universities that rely mainly on grants from provincial treasuries, and the remaining three (Quebec, Nova Scotia and Prince Edward Island) have colleges in this class. Among the endowed institutions, with little other assistance in finance, are Dalhousie, Acadia, McGill and McMaster Universities. In the church-controlled group, especially those offering theology courses, financial assistance is commonly received out

1/A descriptive directory of these, showing location, control, work taught, and inter-relationship, appears in the Annual Survey of Education in Canada, 1930.

of church funds from year to year rather than from endowments, but the Roman Catholic section of this group generally have the equivalent of an endowment, which does not appear in financial statements. This is the capitalized value of the lives of the men in teaching congregations, whose life-long efforts go to the service of their communities with little remuneration to themselves individually.

By reason of more than one type of support being available in some institutions the three groups can not be compiled separately, but it is possible to obtain a fairly complete record of the total amounts coming from two of the three sources, as well as the amounts contributed by students in tuition fees. Such a record for the year 1933 is reproduced herewith, the figures for government grants being particularly necessary for comparison, in the different provinces, with those of the preceding chapter on schools.

	Revenue from -				Total
	Lands and Investments	Government Grants	Tuition Fees	Other Sources	
	\$	\$	\$	\$	\$
<u>1933</u>					
P.E.I.	1,100	92,830	17,700	32,400	144,030
N.S.	225,556	81,553	319,279	331,748	958,116
N.B.	33,512	40,000	115,877	181,808	371,197
Que.	1,003,181	972,382	1,010,439	2,801,458	5,787,460
Ont.	635,120	3,102,259	1,726,706	1,186,316	6,650,401
Man.	24,989	400,000	419,570	141,685	986,244
Sask.	4,220	490,364	178,667	288,608	961,859
Alta.	29,207	540,388	223,296	176,806	969,697
B.C.	4,793	260,898	257,409	88,854	611,954
<u>CANADA</u>	<u>1,961,678</u>	<u>5,980,654</u>	<u>4,208,943</u>	<u>5,229,683</u>	<u>17,440,958</u>
<u>1930-33</u>	<u>p.c.</u>	<u>p.c.</u>	<u>p.c.</u>	<u>p.c.</u>	<u>p.c.</u>
P.E.I.	1.02	48.32	9.51	41.15	100.0
N.S.	22.94	7.18	27.91	41.97	100.0
N.B.	8.39	9.40	27.59	54.62	100.0
Que.	20.38	15.31	13.56	50.74	100.0
Ont.	9.75	48.05	22.80	19.40	100.0
Man.	7.17	45.21	25.56	22.06	100.0
Sask.	6.74	60.23	15.46	23.53	100.0
Alta.	3.05	55.91	18.98	22.06	100.0
B.C.	2.25	54.49	28.82	14.44	100.0
<u>CANADA</u>	<u>12.57</u>	<u>35.09</u>	<u>19.85</u>	<u>32.49</u>	<u>100.0</u>

To enable the proportions in the different columns to be visible at a glance, and to remove any peculiarities that there might be

in the figures of a single year, the lower half of the table is expressed in percentages, and is calculated on the basis of four years' records,-- 1933 and the three years immediately preceding.

From the first column it is evident that only in two provinces, Nova Scotia and Quebec, do endowments meet more than 10 p.c. of the financial needs of institutions of higher education, and in these two the great bulk of the revenue-yielding property is owned by three universities, McGill in Quebec, Dalhousie and Acadia in Nova Scotia.

Government contributions constitute the mainstay of the higher institutions in Ontario and the Western Provinces, meeting about half or more of all costs. In Nova Scotia, New Brunswick and Quebec, to the contrary, they account for proportions more of the size of those contributed to elementary and secondary budgets. In Quebec, of course, a majority of the college students are in the junior, or high school, years of the classical course.

Tuition fees are not always separable from the "other sources" represented by the fourth column in the table, especially in Quebec and other places where there is a considerable proportion of the students in residential institutions such as the classical colleges,--the cost of instruction being not always reported separately from fees for board and lodging. Due also to boarding colleges, the amount reported in the fourth column in some cases, notably Quebec, includes too high a proportion of residence fees to make it strictly comparable as between provinces, and this in turn affects the comparability of the percentages as between columns in the second part of the table. In the existing state of records these difficulties can not be overcome in a Dominion-inclusive table, but by making adjustments for the institutions with residential accommodation it is possible to compute what the cost is per student, to the university or college, and to show how this cost is met.

Such a compilation for 1930 was made by the writer and reported as in the next paragraph in the Annual Survey of Education for that year. As it was necessary to make allowances for any students of high school grade, or in partial courses, as well as those in boarding colleges,

the figures must be considered approximate rather than accurate to the last digit, and as applying to Canada as a whole rather than any one part of it.

The financial reports of the institutions attended by the 33,081 students of the full academic year show that the average current cost of a year's instruction in a Canadian university (not counting the student's board and lodging, and other personal expenses for books, etc.) is about \$494. Of this amount the average student pays \$116 in fees, has \$231 paid for him by the provincial government, \$94 paid from the income of property set aside for the purpose, and the remaining \$53 paid from a number of sources, the most important of which is probably church contributions. In addition to the current cost an allowance must be made for depreciation of the university property used, the value of which for each student is \$2,745, including lands and buildings, as well as classroom and laboratory equipment. This is calculated, from a record of capital expenditures, to be in the neighbourhood of \$100 per year, the cost of replacement being, in the long run, borne by gifts from individuals and corporations, and grants from provincial governments. In other words, the total annual cost to the university for each student (which takes no account of the student's own outlay for board, books, etc.) is about \$600. A university course lasting four years costs the university about \$2,400, of which it collects \$464 or slightly less than 20 per cent from the student.

If the student's outlay for board, lodging, books, and other necessities paid for by himself, are added to the sums in the foregoing paragraph, it is apparent that the total cost of a year's university education approaches \$1,000, and that about half of it, roughly, is paid by the student.

CHAPTER IX.

SUMMARY OF SCHOOL AND COLLEGE SUPPORT.

In the light of the five preceding chapters it is now possible to present a summary view of the cost of formal institutions of learning in Canada, showing the comparative responsibilities resting with different bodies in the matter of meeting these costs. Such a summary, using figures for the year 1932, the most recent year for which records of all groups are available, will appear as follows:

Type of Institution	Amount contributed by -			
	Dominion Government	Provincial Governments	County Councils	School Administrative Units ^x
	\$	\$	\$	\$
1. Ordinary Provincial Schools	283,000	16,875,027	3,569,103	89,326,677
2. Special Schools and Provincial Administration of 1.	-	6,180,000	-	-
3. Private Schools	-	180,000	-	-
4. Indian Schools	2,004,957	-	-	-
5. Universities and Colleges	385,000	6,899,279	-	-
6. All Institutions	2,673,957	30,134,306	3,569,103	89,326,677

	Pupils' Fees	Endowments	Other Sources	All Sources
	\$	\$	\$	\$
1. Ordinary Provincial Schools	1,750,000	-	1,100,000	112,903,807
2. Special Schools and Provincial Administration of 1.	650,000	-	-	6,830,000
3. Private Schools	4,850,000	-	830,000	5,860,000
4. Indian Schools	-	-	Churches	2,004,957
5. Universities and Colleges	4,280,000	2,308,259	2,500,000	16,373,538
6. All Institutions	11,530,000	2,308,259	4,430,000	143,972,302

^xIncluding township contributions in Ontario and the general levy of Manitoba rural municipalities.

As the round numbers suggest, some of the entries in this table are only approximate, but there can not be a very considerable margin of error in any one. Under No. 1, ordinary provincial schools, the element of conjecture is limited to the two smallest items,--pupils' fees and other sources--and for both of these the actual figures are available in some of the provinces.

Under No. 2 are entered all expenditures of Departments of Education not included under No. 1, the reimbursement that they receive by way of examination fees and normal school fees, being shown as a contribution from the pupils. The records of a few provincial schools, those not operated by Departments of Education, are not included.

The third group in the table, private schools, is financed mainly by pupils' or parents' contributions direct to the school, though some in Quebec receive legislative grants, and in all provinces there are orphanages included with assistance from charitable organizations. A few of the schools have some endowment. Board and lodging costs are not included in calculating the distribution.

For the Indian schools, practically all the money outlay is made by the Dominion Government, though it is said that the assistance of the churches makes it possible to keep the expenditure lower than it would be without them.

In entering the figures for universities and colleges, a deduction has been made for the colleges including board and lodging among their receipts. The entry for the Dominion Government is in connection with the Royal Military College. The sum entered as coming from Provincial Governments includes small amounts from cities, because municipal contributions to institutions of higher education are not recorded separately.

In regard to the total for all institutions, it should be borne in mind that this is the amount paid for during the year, not the amount spent. The latter sum is larger by the amount of long-term borrowing, to which attention has been drawn in Chapters VI and VII.

Expressed in percentages, the total amounts shown in the table are paid for from the different sources as follows:

Dominion Government	1.8 p.c.
Provincial Governments	20.8
County Councils	2.1
School Administrative Units .	61.8
Pupils' Fees	8.0
Endowments	1.7
Other Sources	3.8
All Sources	100.0

PART III.

CURRENT PROBLEMS OF SCHOOL FINANCE

CHAPTER X.

THE NATURE OF THE PROBLEM OF THE SMALL FINANCIAL UNIT.

The most striking fact of the table in the last chapter is the high proportion of all costs borne by the local school administrative units independently of one another:- over 60 p.c. of the cost of all formal institutions of learning; about 80 p.c. of the cost of the general publicly-controlled schools. In other words, on the average each school district (called school section in Nova Scotia and Ontario, school municipality in Quebec) is individually responsible for the payment of more than 60 p.c. of all the institutional education that its children receive, and for the cost of about 80 p.c. of all the schooling they receive in the public elementary and secondary schools. As there are over 23,000 independent local administrative units, or school districts, this means that on the average each community of 450 people (or 100 families) is obliged to rely on its own resources for the greater part of the cost of its children's education. Actually there are a few larger cities where there is pooling of responsibility among a relatively large population, and a great many small school communities where the pooling is limited to a small fraction of 100 families, making the median size of school district very much smaller than the mean. Above the mean there are approximately 1,000 school areas (there are 859 centres with a population of 500 or more), about half of which have two school boards due to denominational differences. Their population is more than half of the Dominion total, leaving the remaining 5,000,000 or thereabouts with more than 21,000 school districts, of an average population of fewer than 250 persons.

Among such small communities there is great divergence in ability to pay for schools, and in consequence great variation in the quality of schooling available to children in different localities, although some of the smaller and poorer communities assess themselves very much more heavily for school support than do the larger and more wealthy. The following summary indicates the variation in assessment in two provinces

for the year 1931. Quebec and New Brunswick are the provinces shown, for the reason that they are the only two for which published records of rates are available. In New Brunswick they are available for a single year only, and then in the report of a special commission investigating the education system.^{1/}

<u>School Assessment Rate</u>	<u>No. of Districts with Rate Shown Opposite</u>	
	<u>Quebec</u>	<u>New Brunswick</u>
Less than $\frac{1}{2}$ p.c.	266	3
$\frac{1}{2}$ p.c. but under 1 p.c.	688	32
1 p.c. " " 2 p.c.	692	364
2 p.c. " " 3 p.c.	122	448
3 p.c. " " 4 p.c.	31	253
4 p.c. " " 5 p.c.	14	123
5 p.c. " " 6 p.c.	-	61
6 p.c. " " 7 p.c. ...	-	27
7 p.c. " " 8 p.c.	-	14
8 p.c. " " 9 p.c.	-	8
9 p.c. " " 10 p.c.	-	4
10 p.c. and over	-	4
Total No. of Districts ...	1,813	1,341

The rates in Quebec average considerably lower than in New Brunswick, the mean for the former being about 1.2 p.c., for the latter about 2.9 p.c., but apart from this difference there is apparent in the table a much wider range in the New Brunswick figures. In no Quebec district does the rate exceed 5 p.c., whereas in New Brunswick it rises as high as 10 p.c., a situation probably attributable in part to the larger average size of the Quebec districts. (It will be noted that the

^{1/} Report of Commission on Education for the Province of New Brunswick, 1932. For Quebec, the annual "Financial Statements of School Corporations" shows the rate of assessment for each corporation individually.

total number of school districts (municipalities) in the larger province is not much greater than in the smaller though its population is more than seven times as great, and over 300 of its school areas are duplicated due to the dual-denomination system, which does not exist in New Brunswick). A school tax rate of 10 p.c., 100 mills on the dollar, or even a rate of 5 p.c. such as exists in every eleventh school district in New Brunswick, must be a severe if not an impossible burden on the taxpayer, and it is more than likely that these are the areas in which a bare minimum of school facilities is available.

The New Brunswick Commission comments^{2/} on this situation as follows:

"There are many cases of contiguous school districts with very similar requirements where valuations, and consequently the tax rates, vary greatly. Two districts lying side by side in King's County, with practically identical requirements, have valuations of \$132,000 and \$33,000 respectively. Two districts in Carleton County voting identical sums for school purposes have tax rates of \$4.45 and \$2.64 on the \$100 respectively. Such examples could be multiplied indefinitely, and much more glaring instances of inequalities produced, but these are typical. ..In the province as a whole the range is from 50 cents to \$11.65 on the \$100, while in every county there is a range almost as great....These figures prove conclusively that the most glaring inequalities exist in the school taxes required of different taxpayers throughout the province, and, unfortunately, the man who pays the most in many cases gets the least for his money. This is a situation which should not exist in a democratic country, and which need not exist if all valuations for taxing purposes were placed on the same basis and the cost of education spread over the whole province".

In these words there is a definite plea for an equalization of costs among all of the school districts in the province. And not only in New Brunswick, but in all provinces, serious students of education are convinced of the need for reform in this direction. A Manitoba Committee^{3/} expresses itself on the point thus:

^{2/}Idem, p. 14.

^{3/}Report on the Administration and Financing of Schools, by a Committee composed of representatives of the School Trustees' Association, Union of Municipalities, Teachers' Federation, Department of Education, and Tax Commission, 1933.

"It may have been possible to consider school districts as communities forty years ago, but certainly they are only small sections of communities to-day. The province made these divisions largely responsible for the financial support of the public school. Thus the Provincial Government assumed that the local district could administer and finance the public school system of the province under the guidance of a central administrative body. In the light of what has been stated it will be seen that it is necessary to bring the united efforts of all the people to the support of their greatest social institution....The financial foundations of a great system of public instruction must not be limited to the resources of the smallest possible unit.... The system of school finance, built for a day when the majority of rural schools derived their revenue from grain lands of relatively equal producing power, has not been adjusted to the great variety of economic situations that have developed in rural Manitoba during comparatively recent years....The past fifteen years has demonstrated that a progressive educational programme for all cannot be administered and maintained by a system built for the economic conditions of pioneer times."

Here again we have the plea for a wider pooling of the responsibilities involved in school support, on the ground that the present arrangement militates against that equality of opportunity on the part of children, and equality of responsibility on the part of the adult population, which distinguishes a democratic society.

There is a further argument, well-grounded in the principles of economic science, against the existing practice of supporting schools primarily out of taxation on real property, the source of revenue on which all services provided by local taxing authorities are almost wholly dependent. Reference is made to this contention in the Manitoba survey quoted above:

"The method of raising school funds by means of a tax levied on property valuations has remained on the same basis as that for municipal services, even though the benefits for the two services differ widely."

From the time of Adam Smith economists have recognized two outstanding criteria for measuring the equity of taxation incidence,-- the benefit or quid pro quo basis, and the ability to pay basis. For services such as water supply, sewerage disposal, roads and sidewalks, fire protection, police protection, etc., which are primarily of local concern, and confer a fairly definite and measurable benefit that is reflected in the value of property in the area served, taxes on real

estate are considered the most equitable means of raising revenue. But there is another category of services, of which education is one, for which it is impossible to assess the cost on the quid pro quo basis (the beneficiaries being children in this case) and which are at the same time primarily of national or provincial rather than of local importance. Another service of this kind consists in measures for maintaining or improving the health of the population generally. Contributions for the maintenance of such services, it is contended, should be made by persons on the basis of their ability to pay, and ownership of property is only one index of such ability.

Adherents to the Single Tax theory of Henry George, contending that private property in land is no more to be countenanced than private property in fresh air and sunshine, contend that the taxation of land holding is justifiable and even desirable to the extent of government confiscation, and it is probable that this attitude has had some influence in producing or maintaining the present tax system of the Canadian provinces, but apart from these, and other minority groups who deny the desirability of private property, there is undoubtedly a general feeling that schools should not be so predominantly dependent on real property taxes, the mainstay of local taxing authorities. This feeling finds expression in the Manitoba report when it recommends "that the Provincial Government assume responsibility for minimum instructional costs throughout the Province", leaving to local authorities only the responsibility of providing any "extras" desired. But in addition to the reticence of provincial treasuries toward increasing their own responsibilities to this extent, there is the difficulty that they are not likely to undertake the greater financial load without demanding a correspondingly greater increase in their control of school affairs; and fear of losing any of the local autonomy now exercised by school trustee boards makes them slow to approve of any plan involving increased centralization of control. Thus, linked with the problem of changing the present basis of school support is the more difficult problem of altering the existing equilibrium of administrative powers between provincial and local bodies.

The status quo in legislative or administrative powers is always difficult to alter, as is testified on a grander scale by the difficulty of amending the Canadian or United States constitution. But it seems likely that the years immediately ahead will yield reform in the school system as certainly as in the national field. At the moment British Columbia appears to be taking the lead, and with eyes fixed on such countries as Australia (where the six states exercise completely centralized financial and administrative control of the schools) a School Survey Commission appointed by the provincial government in 1934 has recommended that "until such time as the government assumes the entire cost of education the grant toward teachers' salaries should be progressively increased", it being taken for granted that assumption of the entire cost is the ultimate aim of the province.

CHAPTER XI.

THE PRESENT STATUS OF THE PROBLEM OF THE SMALL FINANCIAL UNIT.

After seeing in the last chapter the need for a wider pooling of financial responsibility, and something of the difficulties standing in the way of reform in this direction, it will be of interest to note the present state of progress. Let us start on the east coast and move westward through the provinces.

In Prince Edward Island, as may be seen in Chapter V. the Government now contributes nearly three-fifths of school costs, and even though it be allowed that the province in area and population corresponds to certain counties in other provinces, rather than to the larger provinces as a whole, the fact remains that it practices a more general equalization of school responsibilities than pertains in any other single section of the Dominion of equal area.

The present Superintendent of Education in Nova Scotia since assuming office in 1926 has held steadily before the public the ideal of a large unit of school support and administration. In his Annual Report for 1934 he writes as follows:

"It is well to reflect that the training of teachers may be raised to higher levels and the content and quality of instruction be more related to the needs of the age and yet all be nullified in large part through a faulty system of school organization and support. As this should be the next reform to be considered, perhaps it may be in point to repeat what was said in previous Reports where this question of reform of the school system was fully discussed.....

"What was written in 1927-28 holds still more true to-day, after this outworn system of school finance has been shown to be helpless in the face of an economic crisis."

Thus in Nova Scotia reform is being urged, but up to the present with little in the way of tangible results.

In New Brunswick the School Survey Commission, to which reference has been made in preceding chapters, recommends as follows in its report (1932):

- "(a) That the county be established as a unit for taxation and financial management of schools.
- (b) That cities and incorporated towns may become a part of the county educational unit or remain separate as they themselves decide.

- (c) That a County School Commission be appointed, consisting of seven members....
- (e) That the County School Commission shall receive from the Trustees of each school district in the county.....a detailed budget showing the amount of money needed to maintain the school for the year....Having determined the amount of money needed in the county for all school purposes, the Commission shall forward a statement of the same to the Chief Superintendent of Education. The Chief Superintendent, upon receipt of all the budgets for the province, shall determine a rate which will be necessary to assess upon all the counties to make up, with the (provincial) Equalization Fund, the sum total of all the budgets....."

Thus a representative group of the leading educationists in the province advocate for New Brunswick the complete equalizing of school costs throughout the province, though primarily by equalizing the county assessments rather than by having the Provincial Treasury assume the cost.

With reference to Quebec it will be as well to quote the words of a Quebec educator,- Dr. G. W. Parmelee, retired English Secretary of the Department of Education, speaking before the conference of the Canadian Education Association in 1929.

"In the Province of Quebec we have avoided what you elsewhere in Canada are feeling to be a very essential weakness in your systems. We have had from the first here a township system and it has worked most advantageously to us....In some townships we have fifteen to twenty or perhaps twenty-five schools under one board....and our law distinctly states that within a school municipality--that is the name we give to the whole group of districts, each municipality being divided into districts--the school law distinctly states that the rate of taxation shall be uniform for the whole municipality. It further states that the tax shall form one common fund, and it states, too, that from that fund all the necessary expense for providing education in the various districts shall be met."

As may be seen in Part II the contribution of the provincial government constitutes a lower proportion of school expenditure than in other provinces. In other words, there is less equalization of school costs over the province as a whole. But offsetting this difficulty there is equalization of the remainder of the cost over township areas, which are much larger than the corresponding units in other provinces. In some cases several school municipalities have combined to pool their responsibilities, as for instance the eleven Protestant municipalities on Montreal Island. The tax basis is, of

course, not as broad as is recommended in the New Brunswick report, or as is anticipated in some of the other provinces, but it appears to work satisfactorily enough that there is not the active campaign for reform that there is elsewhere with the exception of Prince Edward Island.

In Ontario a bill providing for "an equalization of school taxes throughout the whole township", such as exists in Quebec, was introduced in the Ontario legislature ten years ago. In commenting upon the non-passage of the bill, the Minister of Education writes as follows in his Annual Report for 1925.

"The present cost of education is a subject for supreme consideration. There is no better investment than the money put into the maintenance of schools, but if there is overlapping, needless expense, wornout administrative machinery, or some other vital defect, the suggestion of a remedy should be placed before the people for their decision. No reform should, or could, be forced upon a self-governing community, but where costs have increased from any of these causes the actual information ought to be supplied for the guidance of popular opinion. For this reason, the bill suggesting the municipal unit of school administration (and support) in rural, as it exists now in urban centres, was placed before the Legislature and withdrawn."

Public opposition was sufficient to prevent the passing of the bill, and the matter stood as before until 1932 when the Public Schools Act was amended to enable any township council, by the passing of a by-law, to set aside any portion of the township, or all of it, as a school area, to be administered by a ^{single}~~small~~ board of five trustees. The legislation is permissive, not compulsory. The Chief Inspector of Public and Separate Schools reports in 1933 that "a few changes are already taking place in this direction," but a later report makes no further mention of them; and the absence of news of change from any other source seems to indicate that very few areas are making use of the legislation. Meanwhile, it will be recalled, about 8 p.c. of school costs are contributed on a township basis, 5 p.c. on a county basis.

The situation in Manitoba may be recorded by extracting from the ~~Manitoba~~ report quoted in the last chapter:

"The movement toward the larger unit of school administration was first introduced to the public of Manitoba by Dr. R. Fletcher, Deputy Minister of Education (which office he still holds), at the Annual Trustees' Association meeting held in Brandon in 1907. In 1910 permissive legislation looking to the formation of larger local units was placed on the statutes, and in 1919 the Municipal School District of Miniota was formed. For many years administrative efficiency appears to have been the main thought underlying the agitation for the larger unit of local control. More recently.....the operation of the larger unit.....has demonstrated that in addition to administrative efficiency, the problem of school revenue involves not only the resources of the larger local unit, but as well, the resources of the whole province or state."

In short, from the administrative standpoint the Miniota experiment has worked well, but on the financial side it is not considered to be a sufficient advance on the general practice,--for it will be remembered that other Manitoba rural municipalities equalize the greater part of their school costs by the general levy of so much per teacher. The aim is toward equalization over the entire province. But a Committee of the 1934⁴ Legislature, investigating educational finance and administration, being faced with the necessity of demonstrating "ways and means" if they did so, did not feel free to recommend a change in this direction.^{1/}

In Saskatchewan the idea of larger units for school support has been officially before the Department of Education at least since 1918. A survey made at the instigation of the Government at that time includes the following among its recommendations:

"The establishment of municipal school districts in place of the present local districts.....The establishment of the municipality (as the basis) for school taxation."^{2/}

The recommendations, however, appear to have made little headway, the first experiment in municipal organization still remaining to be made.

^{1/}Vide: Report of a Select Committee of the Legislative Assembly Appointed to Enquire into and Report upon the Administration and Financing of the Public Educational System. Department of Education, Winnipeg.

^{2/}The report quoted is: A Survey of Education in the Province of Saskatchewan: A Report to the Government of the Province of Saskatchewan by Harold W. Foght, Ph.D. King's Printer, Regina.

The larger unit has had consistent advocates in Alberta, in the Teachers' Alliance and other groups or individuals, for some years, but only in the last two years, and then as the result of extremely difficult financial conditions in the area concerned, has the first experiment been made. This was in the Berry Creek area in central Alberta where the school districts of four rural municipalities united. An outstanding feature of this plan was the closing of some schools in districts where there were few children, and moving of the buildings to central locations for dormitory purposes, alongside schools that were continued in operation. Apart from two cases in the Quebec Protestant system, this appears to be the only case in the Dominion where the dormitory plan is being used in the publicly-controlled school systems. That the cost was substantially lowered is evident from the fact that in the first year (ten months, 1933-34) of operation under centralized management the cost of all the schools in the four municipalities was \$24,400, where it had been \$26,600 for the preceding term of six months.

British Columbia has a municipal organization of schools, although there are over 600 schools, with about 17 p.c. of the total provincial enrolment, outside of the municipalities. As noted in the preceding chapter the provincial treasury pays a higher proportion of school costs than in other provinces, and the intention now appears to be to have it assume a continually increased proportion until such time as the greater part of costs is equalized over the entire province.

CHAPTER XII.

ENLARGEMENT OF THE UNIT BY CONSOLIDATION OF SCHOOLS.

Twenty years ago in the Prairie Provinces there was a considerable movement in the direction of larger school districts, to which the term "consolidated" was applied. A consolidated school district resulted from the amalgamation of two or more rural schools, or of rural schools with a town or village school, free transportation being provided daily for children at a distance. In some of the newer areas, as in Saskatchewan, where the first settlement was taking place at the time, the original districts were organized on this plan, and were called simply "large districts".

In more recent years, while this type of organization has been practically at a standstill in Western Canada, it has made headway in other parts, especially in the Protestant municipalities of Quebec. Manitoba still has the largest number of consolidated school districts with slightly over 100, Alberta comes next with 65, Saskatchewan and Protestant Quebec next with 40 each; Ontario has 28 and there are a few in the Maritime Provinces and British Columbia. As this is the most general type of school unit enlargement, and is in fact common to all provinces, it has seemed advisable, in place of referring to them along with isolated experiments in the last chapter, to examine the relevant statistics at more length. Little in the way of separate statistical record is available except for the Prairie Provinces, but here the consolidated schools can be compared with the small rural schools in regard to both their services and costs.

Comparative Services.

Manitoba shows a very marked advantage in favour of the consolidated school. The table below gives the average grade attained by pupils at each year of compulsory school age in both classes of schools. After starting together at the age of seven each year produces a wider gap between the average pupil in the two kinds of school, until at the age of fourteen the consolidated school pupil is well advanced in the work of grade

eight, and the pupil of the one-room school has not completed grade six. Apart from this advantage of distinctly more than a year on the part of the pupil of the larger school, when attendance becomes no longer obligatory, there must be a much stronger incentive for him to remain in school and complete the entrance grade. He is already well started on his final year, while the pupil of the small school sees the entrance examination more than two years distant. Indeed only 45 p.c. of the fourteen-year-olds continue in the small school after they have reached fifteen, whereas in the consolidated school the fifteen-year-olds are 85 p.c. as numerous as those a year younger. This means unmistakably greater opportunity for the rural children within the larger school unit.

Nor does all the advantage accrue to the rural district. The table below also shows the average attainment of pupils in town, village, and rural schools of more than one room that are not consolidated, and they too are seen to be at a disadvantage compared to those of the consolidated districts. Their average pupil at fourteen has not finished grade seven. True, this is nearer than the rural school comes to producing the consolidated school's results, but there appears to be a definite gain to be made by the central school through amalgamation. Moreover where the drop in enrolment between the ages of fourteen and fifteen is only 15 p.c. in the consolidated schools, it is 27 p.c. in this third group.

Age	Average grade at each year of age		
	Rural	Consolidated	Town and Village not consolidated
7	1.61	1.66	1.66
8	2.12	2.48	2.33
9	3.05	3.39	3.19
10	3.85	4.33	4.01
11	4.68	5.21	4.92
12	5.46	6.17	5.88
13	6.36	7.14	6.83
14	6.95	8.21	7.97
	<u>Enrolment at each year of age</u>		
14	3,165	1,272	2,649
15	1,439	1,087	1,930

In Saskatchewan the same general relations hold between consolidated and each of the other two classes of schools as in Manitoba.

Comparative Costs.

The teacher of the Manitoba one-room school has on the average 3.7 years experience and receives a salary of \$867, the consolidated school teacher 0.6 years experience and \$1,213 salary. The 40 p.c. higher salary naturally secures not only a more experienced but also a better trained teacher. But in the larger school she teaches 35.6 pupils in comparison with 28.6 in the country school, with the result that her salary means only 13 p.c. more per pupil taught. And since she succeeds in getting her pupils through 7.2 grades in place of the other teacher's 5.9 grades, her cost per year of work successfully completed by her pupils is only 93 p.c. of the cost of the much lower-salaried teacher of the ungraded school. In other words, the consolidated school teacher, although she gets a salary 40 p.c. higher actually costs 7 p.c. less in terms of work successfully done. This, of course, should not be construed as derogatory of the work of the rural teacher. Her average pupil attends only 139 days in the year while the consolidated school's pupil attends 167 days. She can not be expected to cover as much work with the pupil in a year that is 28 days (almost a month and a half) shorter. Expressed in terms of attendance the one-room teacher puts her average pupil through each grade in 188 school days, the consolidated school teacher in 185. In other words, the fact that the latter's pupil attains only 5.9 grades and the former's 7.2 in eight years is accounted for practically entirely by poorer attendance; and the greater cost of the former in terms of work accomplished is more than accounted for by this irregular attendance together with her smaller number of pupils.

The teaching staff of the bigger school, then, provides instruction from Grades I to XI or XII at a smaller cost per pupil per grade than the rural teacher is able to do for Grades I to VIII, (in some cases to Grade IX). This much can be said for the comparative costs of teachers, and teachers' salaries represent about one-third of the total

expenditure of consolidated schools. While all of the foregoing except the last statement is deduced from Manitoba data, there is no apparent reason why it should differ substantially in other provinces.

There is a marked difference between provinces, however, in the matter of the second major factor in consolidated school outlay,-- conveyance costs. In Saskatchewan, where the size of such districts is particularly large, transportation costs practically as much as teachers' salaries, in Ontario only half as much. But economies of operation of the larger school unit, including the saving on salary, heating and maintenance of buildings, etc., go to offset the cost of conveyance, with the result that available data show the total cost of the larger school in terms of work accomplished to be, like teacher's salaries alone, less than the cost of the smaller. To illustrate: In Alberta the annual cost per pupil enrolled in one-room schools is recorded as \$61.08, in consolidated schools \$86.29,--or 41 p.c. higher. When allowance is made for the rate at which the grades are covered in the two classes of schools (on the basis of what is shown above to take place in the Manitoba and Saskatchewan schools) the cost per pupil per grade is only 18 p.c. higher. Allowing further for the greater proportion of high school students in the larger schools, again on the Manitoba and Saskatchewan basis, (the cost of a year in high school averages more than twice the cost of an elementary year) the expenses of the consolidated schools are less than 98 p.c. of the small ones. The larger school, then, appears at least as cheap in terms of work done, and its added conveniences (such as healthier buildings, absence of the necessity of parents transporting their own children, the provision of continuation or post-elementary school facilities, etc.,) are at the same time obtained.

The Future of Consolidation.

Statistical evidence, such as the foregoing, undoubtedly commends the consolidated schools. The system of organization has the further advantage that it can be adopted by communities with a natural centre, irregardless of their location in terms of county, township, or municipal boundaries. On the other hand, although it achieves a measure

of diversification in the basis of support by uniting town and surrounding countryside, the size of the consolidated area is strictly limited by the physical difficulties of conveyance. Motor roads and conveyance have made only a limited difference in this respect, for the school vans must travel all roads leading to town, some of which at the origin of the driver's route are not likely to be "improved". Moreover the winters of the Canadian climate make parents hesitant about school provision that involves a long ride for small children twice daily. Difficulties of this kind brought the movement toward consolidation practically to a full stop in the Prairie Provinces 15 or 20 years ago, but at the same time there is scarcely an instance on record of a district adopting consolidation and later abandoning it. There is a possibility of a revival of interest that would result in a considerable addition to the number of consolidations, and in any case, experience with them has been satisfactory enough that municipal units, if and when formed, may be expected to make greater use of provided conveyance.

CHAPTER XIII.

EQUALIZATION OF COSTS BETWEEN URBAN AND RURAL AREAS.

While the present objective, in some provinces at least, as Chapters X and XI show, is equalization of school costs over the entire province, it should be noticed that the principle involved is not new. Legislative grants are by no means entirely distributed over the province on the basis of the number of teachers or pupils (although the one or the other of these is at the bottom of the system of apportionment in each case) without regard to the ability of districts to support a school.

As recorded in Chapter V. there are special funds out of which extra grants are paid to weak districts in the Maritime Provinces and Quebec. In Nova Scotia "special assistance", "extra assistance" and "remote grants" amounted to \$23,848 in 1934. In New Brunswick "aid to poor districts" amounted to \$10,308 in 1934. The "poor municipality fund" in Quebec spent \$45,000 in 1933, and the "elementary school fund", of over half a million dollars, is distributed in part according to the municipalities' financial inability.

In Ontario the property valuation of a school section is a factor in determining the amount of the grant to a section, and rural sections receive from two to three times as much per teacher or pupil as do urban sections, as is shown in the following summary for 1932:

	<u>Rural Elementary Schools</u>	<u>Urban Elementary Schools</u>
Legislative grants	\$ 2,729,076	\$ 1,118,619
Average daily attendance	183,593	318,324
Grant per pupil in daily attendance ..	\$ 14.80	\$ 3.50
Number of teachers	7,892	9,438
Grant per teacher	\$ 346	\$ 118

In the Prairie Provinces the main grants are based on the number of days teaching. In Manitoba an extra grant is payable to districts with a low assessed valuation, while in Saskatchewan and Alberta

the grant per teaching day is scaled according to the number of teachers in a district, being highest where the number of teachers is lowest, thus discriminating in favour of the rural districts as appears in the summary herewith for 1932:

	<u>Rural Schools</u>	<u>Urban Schools</u>
<u>Saskatchewan</u> (Secondary schools not included)		
Legislative grants	\$ 984,515	\$ 700,391
Average daily attendance	96,458	72,317
Grant per pupil in daily attendance	\$ 12.00	\$ 9.70
<u>Alberta</u>		
Legislative grants	\$ 960,658	\$ 714,571
Enrolment of pupils ..	83,384	88,061
Grant per pupil enrolled	\$ 11.50	\$ 8.10

Though the difference between rural and urban is not as great^{as} in Ontario, it does nevertheless very obviously exist in Saskatchewan and Alberta.

In British Columbia the provincial grants are based on teachers' salaries (together with a hypothetical equalized assessment that differs for city and country) and amount to a much higher sum per teacher in rural than in urban areas, as appears hereunder for the year 1933-34:

	<u>Grants</u>	<u>Teachers</u>	<u>Grants per Teacher</u>
	\$	\$	\$
Cities	814,667	2,067	394
District municipalities ...	389,881	693	562
Rural districts	741,794	1,113	667

A distinctive feature of many grants not distributed purely on a "per pupil" or "per teacher" basis, it will be seen, is the tendency to give extra assistance to rural communities. Assessment valuations are much lower per pupil or teacher in the countryside and the small districts

are obliged to levy a higher rate in order to maintain a school.^{1/}

Single Source of School Tax Makes Urban-Rural Equalization Necessary.

Here then we find an attempt by means of provincial grants to counteract the anomaly arising out of the existing practice of raising the greater part of school revenue from property taxes. The provincial revenues come from more varied sources, such as Dominion subsidies, income taxes, inheritance taxes, gasoline and amusement taxes, liquor sales, etc.

The same difficulty, as regards the United States, was emphasized by Governor Gifford Pinchot of Pennsylvania in an address to a body of educators at Harrisburg not long ago, in these words:^{2/}

"For a hundred years we have been going along on the theory that the owners of real estate should pay the bill. This is basically wrong. Real estate bears 85 p.c. of the school burden and represents less than 40 p.c. of the wealth of the state. This means that nearly 60 p.c. of our wealth is escaping and evading paying its proper share of our school costs. What is the answer? I respectfully submit that the only possible answer is a graduated state income tax. I urge that the educators of Pennsylvania go to work, and go to work now, to have the entire burden of the cost of our schools lifted from the real estate and placed on incomes."

The problem, of course, is not quite as simple as this. One can not stop at a consideration of the public money raised for schools alone. It has to be viewed in the broader setting as a part of the total that is raised for public purposes. Taking this broader view, some of the other sources of ability to pay taxes may be found to contribute as heavily as real estate, but the fact remains that when one particular type of public service is dependent for four-fifths of its support on one particular tax levy, there is certain to be an embarrassing

^{1/}Prima facie it might be expected as a result of this situation that the rural districts would be piling up debts and the urban districts paying their way from year to year, but as a matter of fact, as will be seen in a later chapter, the opposite is true. From the debt standpoint it is the city and town districts that need help. The extra governmental grants are made to assist or encourage the smaller districts to provide better facilities, or to obtain better teachers, than they would, without such grants, be disposed to afford.

^{2/}As quoted by Dr. C. Sansom of the Calgary Normal School, in the A.T.A. Magazine, February, 1934.

lack of elasticity in the provision that it is possible to make for that service. It amounts to ear-marking a tax for a special purpose. Students of public finance find it difficult to justify ear-marking, even in such cases as the gasoline tax for the upkeep of highways, where there is a definite relationship between the source and the purpose; but when there is no such relationship, as in the case of real estate and schools, the artificial one that exists in taxation practice is nothing short of an anomaly. Since the provision of schools is one of the essential public services that is everybody's concern, it seems logical that the main support should come from a broad and elastic revenue system in which the income tax, by reason of being the tax conforming best to the criterion of ability to pay, should have an important place. There is an income tax in a few Canadian cities, but its use on this basis is not increasing, and is generally conceded to be less satisfactory than on a provincial or Dominion scale, whereas in recent years a majority of the provinces have adopted it. Other sources of municipal revenue, apart from real property are so few, that it seems quite outside of possibility for them to aspire to revenue systems that can by any stretch of meaning be termed "broad and elastic".

Thus, it is probably to be expected that, in the evolution of school financing, central treasuries will aim to bear an increasing share of costs, not only because the local units of support are too small (as has been seen in Chapters X and XI) but because their only recourse is to property taxes, in the revenue-yielding value of which rural communities are at a serious disadvantage. Provincial grants, as has been seen above, recognize this handicap of rural areas, in the deferential grants made to them. In other words, they have endorsed the principle, and they would probably practice it in an increasing degree, but for other pressing demands on their revenues, as will be seen in Chapter XIV.

Need for Urban-Rural Equalizing Illustrated.

Salaries.- The weakness of the basis of rural school support is emphasized by a consideration of teachers' salaries, in the years just past, and it will be as well before leaving the subject, to gain a

conception of what it means to the teachers. The trend in two provinces, one in the east and one in the west, in the last few years, will serve to illustrate.

	<u>Median Salary</u>		
	<u>1931</u>	<u>1934</u>	<u>P.C. Decrease</u>
<u>New Brunswick Teachers</u>			
In one-room schools	\$ 621	\$381	38.7
In larger schools	\$ 960	\$850	11.5
<u>Manitoba Teachers</u>			
In one-room schools	\$ 867	\$494	43.0
In larger schools	\$1,191	\$985	17.3

As is evident from the figures, the rural teachers of New Brunswick in three years suffered a reduction of more than one-third in salaries, those in Manitoba nearly one-half, whilst the urban teachers escaped with cuts of 11.5 p.c. and 17.3 p.c., respectively. Moreover, these two provinces are not chosen because the comparison in them is most startling; rather because they are the only two for which the data may be separated for teachers in one-room schools and others. The contrast in Saskatchewan would probably be still more pronounced. A somewhat comparable picture for Quebec can be given by regarding the lay teachers as representative of rural schools and the religious as representative of urban. Whereas the average salary of the two groups was about the same in 1931, in the three years 1931-34, the salaries of the female religious teachers showed little change, while the median salary of lay female teachers dropped from \$331 to \$243, or more than 25 p.c.

As appears from the New Brunswick and Manitoba figures for 1931 (and as holds for the other provinces) the rural teacher even in normal times receives substantially smaller remuneration than the urban; and in times of financial stringency the gap is widened. Under these circumstances rural schools have found it difficult or impossible to attract and retain qualified and experienced teachers, in spite of the fact that the need is great, inasmuch as the teaching load of the average rural school room is probably a more difficult one than that of the urban. In 1931 the average one-room school teacher of New Brunswick and Manitoba had taught about four years, teachers in the larger schools more than

twice as long. In Nova Scotia (and in all of the western provinces until very recent years) the contrast was much more striking. The rural and village teacher of 1931 in Nova Scotia averaged less than two years in experience, other teachers about eight years. Over one-third of the rural teachers tried teaching for a year or less, then gave it up for something else.

A comparison of their professional training similarly shows the rural teacher at a disadvantage. Three-fourths of the urban teachers in Nova Scotia held the higher classes of certificates in 1931, as compared with few more than one-quarter of the rural. Two-thirds of the New Brunswick urban teachers had first class certificates or better, one-fifth of the rural. Half of the Saskatchewan urban teachers had first class diplomas, one-third of the rural. In Ontario the proportions were closer together, but in Manitoba further apart, than in Saskatchewan.

Thus unless salaries in the two types of community are more nearly equal, the rural schools are likely to continue, as they have been in the past, at best merely the training ground for city and town teachers, at worst just jobs for young people who have found nothing else to do. The growing spread in salary levels during the last few years is not reassuring for the long-term prospect. Though general conditions are such that the rural teachers have for the present had to choose between reduced salaries or unemployment, and have generally accepted the former, alternatives sooner or later are bound to present themselves, probably in many cases before the former salary level for teaching has been recovered.

In short, a canvas of the salary situation makes a greater pooling of costs as between rural and urban seem desirable. Salaries for the countryside may not need to be as high in dollars as for the city in order to be worth as much, due to the difference in cost of living, but there is the practical difficulty that city life has its attractions and conveniences which the teacher may prefer to a savings account in a rural location. Remuneration may need to be quite as high in the one type of community as the other in order to offer the same inducement. A system

of pooled costs could experiment with different ratios in a salary schedule until the proper balance was found.

Buildings.- Nor are the inequalities as between rural and urban confined to the salaries of teachers. These constitute only from one-half to two-thirds of the cost of operating the schools. In spending for buildings the urban schools likewise have an advantage. As will be seen in a later chapter these are by no means as fully paid for as the school property in rural communities, but by making allowance for the debt factor, as can be done in two of the provinces, a fairly reliable comparison of building payments can be made. The summary below shows for Alberta and Saskatchewan the value of rural and urban school property and the debts against it.

<u>Alberta Schools, 1931.</u>	<u>Urban</u>	<u>Rural</u>
Value of land and buildings	\$16,594,070	\$ 6,657,902
Debenture Indebtedness	\$10,446,560	\$ 1,579,597
Value of property paid for	\$ 6,147,510	\$ 5,078,305
No. of pupils	89,357	81,438
Paid property per pupil	\$ 69	\$ 62
Total property per pupil	\$ 184	\$ 82
<u>Saskatchewan Schools, 1931 (Secondary Schools Omitted)</u>		
Value of land and buildings	\$15,951,985	\$13,999,129
Debenture indebtedness	\$10,395,549	\$ 3,539,634
Value of property paid for	\$ 5,556,436	\$10,459,595
No. of pupils	90,729	130,827
Paid property per pupil	\$ 61	\$ 80
Total property per pupil	\$ 176	\$ 107

When reduced to a population basis, by showing the approximate value of paid property per pupil, the urban communities in Alberta are seen to have paid for little more than the rural; for Saskatchewan, urban secondary schools in the 18 largest towns are unavoidably omitted from the table, but it is probable their inclusion would make the ratios much the same as for Alberta, likely more nearly equal, for without including them the rural payments are nearly one-third higher per pupil. If the payments on debenture interest were added to the amount of property paid for, thus showing the total payments "on account of property", the urban outlay per pupil would show higher in relation to the rural, but on the whole the striking fact is that the cities and towns do not appear to have paid much, if any, more liberally

for buildings, especially in view of the fact that a substantially greater proportion of their property payments must have been made for land. They have, of course, spent more, but by the time this spending is paid for out of taxes, as distinguished from loans, the rural payments will also have increased. The greater measure of their spending is suggested by the total property value per pupil,--more than double in Alberta-- but part of this will not be paid for 30 or 40 years.

As well as in the salaries of teachers, then, there is in the second major element of school costs the suggestion of a need for urban-rural pooling, if the country children are to have comfort and convenience in their school buildings such as town children have. Apart altogether from provincial school accounts the present superiority of urban school accommodation is too well known to require emphasis. Even though the value per pupil were greater in the country, it would be no guarantee that its suitability or comfort were equal. A country school costing \$2,500, with ten pupils to attend it, would represent an investment of \$250 per pupil, whereas a village school costing \$15,000 for 100 children would represent only an investment of \$150 per pupil, but would in all probability constitute as high a level of accommodation. In rural communities it is the large number of buildings required, with only a few children to patronize each, that causes the high capital investment per child; the urban schools enjoy advantages in the matter of costs comparable to the advantages of big over little businesses. In business terminology, their overhead expenses are not as high in relation to the volume of their business.

Equipment.-- This same drawback is experienced by the small schools in the matter of equipment,--library books, maps, globes, and apparatus of all kinds. At first sight, when one observes that the rural schools of Nova Scotia, for instance, with 61,297 pupils have equipment of this kind to the value of \$143,808, or \$2.35 per pupil, as compared with the urban schools with 54,744 pupils and equipment valued at \$113,451, or only \$2.08 per pupil, it may seem that the small schools are comparatively very well equipped indeed. But on second consideration, it is noticed that there are 2,087 rooms in the small schools, in contrast

with 1,232 in the larger, making the value of equipment per rural room or teacher only \$59, per urban room \$92. Expressed in this way the comparison is less favourable to the smaller school, and the urban teachers have the further advantage of being able to pool the equipment of several rooms, making it available to all the children in a large school, whereas the one-room school is obliged to be self-reliant and self contained.

The situation is not peculiar to Nova Scotia, but in some measure probably common to all provinces. Although records of equipment valuation do not exist elsewhere, there are in a few cases itemized accounts of expenditures for rural and urban schools. Going back to 1930 before crop failures and depression prices upset the normal relationship seriously, it is found that the rural and urban schools of Saskatchewan both spent in a year about \$8 per class room for library books. In Alberta the urban schools spent less than the rural per room. But the rural schools average only slightly over one room per school, while the urban average five or six, thus making the library expenditure per school proportionately higher, and making it possible to put a much larger assortment of books at the disposal of pupils for similar or even smaller, expenditure per capita.

Summary.- Thus, in the effort to provide equipment, as in the provision of buildings, the rural schools operate under a serious handicap. In the light of the preceding paragraphs, it is now clearer why, as expressed in Chapter X., the school districts paying the highest assessment are often those able to provide only the barest minimum of facilities. The small, isolated schools, from the nature of the circumstances under which they must operate, are costly institutions in terms of the accommodation and service that they are able to provide. This costliness no doubt contributes to the underpayment of their teachers as compared with the pay in cities and towns. Since farming is probably not above the average occupation in the matter of remuneration, it is difficult to see why it should be called upon in a democratic society either to be content with markedly inferior school facilities or to pay an unduly high school rate, one of which alternatives it is generally obliged to accept under the existing system of school support. This is the justification for provincial grants deferential to rural schools, and the remedy lies in a still more

CHAPTER XIV.

THE PROBLEM OF SCHOOL FINANCING IN THE BUDGETS OF PROVINCES.

In previous chapters the desirability of provincial treasuries assuming a larger share of school costs has at several points appeared, but such a tendency has not been evident in recent years. Their proportion in 1930 was almost identical with what it had been in 1914, being at both times about 14 p.c. of the ^{current} money passing through the hands of school boards or teachers. The prime reason for this situation should no doubt be sought in the increasing difficulties of provincial finance during the period, rather than in any general conviction that the existing situation is satisfactory, or in any active opposition to change, and it will therefore be desirable to glance at the condition of provincial finances in retrospect, and the place of education therein.

In the first place, it may be said, the records^{1/} reveal that provincial budgets, since 1913, have more often than not, failed to balance. In the last few years they have failed without exception. This is rather strong circumstantial evidence that the provinces have not been finding enough money to carry all of the charges that they considered it desirable they should shoulder. But before examining the evidence more closely it will be as well to consider the possibility that they have been undertaking with the revenues at their disposal, other loads to the neglect of the schools. To examine this possibility the following table is presented:

^{1/} See Financial Statistics of Provincial Governments published by the Dominion Bureau of Statistics.

	Expenditure of Provincial Governments		Per cent Increase, 1931 over 1916
	1916	1931	1916
	\$	\$	
Total Ordinary Expenditure	53,826,219	190,754,202	254.4
Education	9,964,552	34,487,613	246.0
Health, Sanitation and Hospitals	4,085,838	15,437,223	277.8
Charities (including mothers' allow- ances and old age pensions)	611,642	11,009,561	1,700.1
Legal Administration and Correctional Institutions	5,866,930	11,844,223	101.9
Public Buildings, Roads and Works ...	10,652,373	36,707,703	244.6
Interest on Debt	7,817,844	36,748,366	370.1
Sinking Funds	627,632	4,725,131	652.9
Civil Government and Legislation	5,844,801	14,963,715	156.0
Agriculture and Forests	2,798,751	11,916,865	325.8

The table shows that ordinary expenditures for the nine provinces combined have increased 254.4 p.c. in the last fifteen years. Compared with this, provincial money spent on education has increased 246.0 p.c., so that its appropriations are now a slightly smaller part of the whole than formerly, but the change is almost negligible. In 1916 education was second in importance among the broad divisions into which expenditures are classified here, being exceeded only by the cost of public buildings, roads and works. Now it is also exceeded by interest on provincial indebtedness. Another informative comparison provided by the table is that between the cost of education and what might be called other social services. Expenditure for health and hospitals has grown a little faster than for education, while an expenditure of a similar amount for charitable purposes has grown from a relatively small sum in 1916, due mainly to the introduction of mothers' allowances and old age pensions' schemes in most of the provinces. Much the smallest increases are in the appropriations for civil government and for legal administration. Compared to these the increase in the amount taken for education is considerably bigger, but compared to the increase in other branches of expenditure, education is substantially below the average.

On the whole, however, the prominent fact about education's ratio to the total of provincial expenditure is that it has shown practically no change, being just over 18 p.c. at both times. And since about half of this 18 p.c., or 9 p.c. of ordinary provincial expenditure,

represents the grants to school boards and teachers, which in turn pay about 14 p.c. of the total regular school costs, it follows that if the provinces were to assume full responsibility for maintaining the schools, about nine-fourteenths, or roughly two-thirds, of their present revenues would be required. (This may also be seen by comparing the figure for total provincial expenditures in the table above with the figure for public school expenditure shown in Chapter IX). If the full cost of universities, colleges and private schools were also taken over by the provinces, almost their entire present revenue would be needed.

Trends in provincial finance since pre-war days, of which 1913 will be taken as representative, will now be consulted for indications of the provinces' ability to undertake additional commitments of this kind. As the years since 1931 have been extremely abnormal in the matter of relief costs and depleted revenues, and the preceding year or two characterized by unusually buoyant revenues, one can probably not do better than use 1928 for comparison. This gives a fifteen-year period, which as will be seen, was a time of important developments in the field of provincial finance. The increase in these years, due to its rate between 1913 and 1916, was somewhat greater than in the period of the same length (1916-1931) for which the figures are shown in the table above.

Provincial Revenues have Failed to Keep Pace with Expenditure.

The increase in ordinary^{2/} provincial expenditure in 1928 over 1913 was 210.7 p.c. Of this approximately 30 p.c. may be accounted for by the increase in population, and 50 p.c. by the rise in prices. This leaves 130 p.c. to be attributed to the broadening of old and the appearance of new services of the provincial governments. Included in the 130 p.c. is almost 20 p.c. representing expenditure on public utilities which in the long run paid most of their own expenses. The remaining 110 p.c. consists of added disbursements for services that were

^{2/}The term "ordinary" as used of both revenue and expenditure has the meaning given it by the Dominion Bureau of Statistics in its analyses of provincial finances. Unless otherwise stated the terms "revenue" and "expenditure" imply the presence of this qualifying "ordinary".

non-revenue producing, or only incidentally revenue producing, such as education. The increased outlay for education was more than 300 p.c. for maintenance of highways more than 400 p.c., for interest charges on the public debt more than 600 p.c.; and such important new items as mothers' allowances and old age pensions had appeared.

The most flexible revenue system could not have been expected to adjust itself to these new and broader avenues of expenditure, though its yield might reasonably have risen in a proportion similar to that of population and prices. The provincial systems were so inelastic as to be incapable even of this.

The amount of Dominion subsidies was only 46.7 p.c. greater in 1928 than in 1913, whereas to have kept pace with population and prices an increase of 80 p.c. would have been necessary. In the earlier years they constituted 23.8 p.c. of all provincial receipts, in the later year only 10.3 p.c. In the Prairie Provinces alone, where a portion of the subsidies has been meant to take the place of receipts from crown lands, the drop was from 38.1 p.c. to 16.8 p.c., and it is there, together with Prince Edward Island where the public domain was alienated before the formation of the province, that the increasing inadequacy of these federal payments has been most keenly felt.

Those provinces administering their own resources found them more responsive to increased demands than the western provinces found the federal treasury, and were to this extent more fortunately circumstanced. In Manitoba and Alberta the receipts "in lieu of lands" were precisely the same in 1928 as in 1913, in Saskatchewan they had increased only one-third. The five provinces controlling their own domain enjoyed an advance of 112 p.c. in net receipts from timber lands and mines which together regularly produced more than four-fifths of all revenue from crown lands. Superior as this percentage increase is to that of the subsidies "in lieu of lands", it is little more than one-half the rate of increase in total expenditures.

A selection of the more important fees collected by all of the provinces in 1913 produced just under 10 p.c. of all revenue then, in

1928 just over 3 p.c. Their absolute increase of 38 p.c. contrasts sharply with the increase of over 200 p.c. that would have been necessary to enable them to maintain their former relative importance.

The only taxes in general use prior to the Great War were succession duties and corporation taxes. These being practically the only sources that permitted of substantial increases at the will of the legislatures, were tax-farmed to a disproportionate intensity to offset the deficiencies in other branches of the revenue systems. Inheritance taxes by 1923 in Manitoba claimed as high as 47 p.c. of estates and were only slightly less in other provinces. Since then a realization of the bar that this rate presented to the influx of English and American capital for developmental purposes caused substantial reductions to be made, in which British Columbia and New Brunswick took the lead.^{3/} But the yield is still a major component of revenues. Its uncertainty in any particular year makes a direct comparison between any two years apt to be misleading, but a comparison of the average yield in the years 1912 and 1913 with the average in 1927 and 1928 shows that it had increased 391 p.c.,--a ratio almost double that of the advance in total expenditure. Similarly, the enhanced productivity of corporation taxes between 1913 and 1928 was over 400 p.c. Over and above this the Dominion government received considerable sums from the taxation of corporations during this period. The prime object of all the taxing authorities seems to have been to obtain a maximum of revenue with a minimum of trouble and expense, and has resulted in the present heterogeneous and unscientific systems.^{4/}

But such increases as these two taxes could be made to produce were found quite incapable of maintaining the balance between receipts and expenditure, and it was realized that the tax systems would

^{3/}See the Financial Post Year Book, 1928, p. 177.

^{4/}See "The Taxation of Corporations in Canada", (McGill University Economic Studies), J.H. Blumenstein.

have to be broadened to correspond with the broadening fields of expenditure.

New Sources of Revenue.

Changed conditions have made it possible for motor vehicles to advance from a position of relative unimportance to that of the second largest source of receipts in all of the provinces. In some sections there has been a sentiment in favor of regarding the charge for motor licenses as a fee for the use of roads, in that some have advocated earmarking the proceeds for highway construction and maintenance. Licenses could, however, be justified as a tax conforming roughly to ability to pay, except in the case of commercial vehicles, if the basis of the rate charged were value of the vehicle, but the difficulty of determining the value of all but new cars has brought about abandonment of this test in all provinces where it has been tried.^{5/} As a means of producing revenue, motor licenses are moderately susceptible to changing requirements and comparatively easy of collection. In Quebec where the revenue under the Motor Vehicle Act has been set aside for road purposes the amount charged to administration has been just over one-tenth of gross receipts.

Liquor traffic control in all provinces but Prince Edward Island has become a major item of income. In 1913 it produced a negligible sum, in 1928 more than any other single source. But within this period it has shown itself to be entirely unreliable, being subject to violent fluctuations in yield with every change in the liquor law. Within individual provinces variations of 50 p.c. to 100 p.c. between two successive years have not been uncommon. And because of the general practice of determining liquor policies by referendum these changes are directly dependent on the changing mood of the people at large rather than on the will of the provincial treasurer, making the regulation of revenue on this score to an unusual degree beyond his control.

^{5/} See Convention Proceedings of Canadian Tax Conference, 1928, pp. 37-46.

No other phase of provincial finance demonstrates more forcefully the universality and intensity of the quest for additional springs of revenue than the history of the gasoline tax. In 1923 Alberta and Manitoba were the only provinces in which it had been introduced. In the next year Prince Edward Island, Quebec and British Columbia adopted it, and in 1925 Ontario. Nova Scotia and New Brunswick followed in 1926 and Saskatchewan in 1929. Seven years ago it was an experimental levy; to-day only two taxes bring more into the provincial treasuries. Since the introduction of any new impost necessitates the establishment of new facilities for its collection, its proportion of net to gross yield is likely to be smaller than would be the case had additional increments of existing taxes been received in its place. But the gasoline tax has not been a serious offender in this respect. In Quebec where the cost of collection has been recorded in order that the net receipts might be applied on road expenditure it has proven to be only about 5 p.c. Happily its legality has not been seriously questioned. Had it been, it is probable that it would have been declared an indirect tax, and as such beyond the jurisdiction of the provinces.

The tax on amusements is another that has come into general use. Almost one-half of its yield comes from race track meetings. Constituting less than 3 p.c. of all provincial receipts and being in the nature of a tax on luxuries it calls for little comment, but its general use may be pointed out as further evidence of the crusade that has been in progress for added sources of income.

A land tax in some form has found its way into each of the nine systems with the exception of Quebec's. The four western provinces each use it in two or more forms, one levy in all cases but that of British Columbia being a supplement to municipal levies, and a second invariably a tax on wild or unoccupied lands. The former must be regarded as a distinct encroachment on the field of municipal taxation justifiable only, if at all, as an emergency measure. The determination that the

Prairie Provinces have expressed to follow in the earlier steps of Ontario and Nova Scotia by abolishing it can only be applauded by all interested in a more equitable distribution of the tax burden. For the notorious over-taxation of land values in western Canada, beyond being an outrage to property holders, has brought disastrous results in its train. The city of Vancouver in 1928 carried as much as \$5,000,000 worth of property acquired through tax sales, when Toronto with more than double its population had on hand less than \$250,000 worth. The wild lands taxes were introduced ostensibly for the purpose of reaching the unearned increments supposedly being gained by those who had bought land on speculation with no immediate intention of bringing it under cultivation. But their use has frequently been abuse, and too often for the absentee landlord, who was at one stroke called upon to bear the capitalized value of the tax, has meant confiscation.^{6/}

Aside from the taxes that have found a place in all of the nine provinces many others are in use in one or more, while still others such as the Grain Futures' Tax in Manitoba have been tried and proven ultra vires the province. There is British Columbia's present poll tax dating from 1917 collectible from males over eighteen years of age with certain exemptions, and the road taxes in the Maritimes of a similar nature. Prince Edward Island and British Columbia still cling to a personal property tax despite the recognized impossibility of equitable apportionment. Manitoba, British Columbia and Prince Edward Island each have an income tax duplicating in a measure that of the Dominion government. And so might be continued the list of minor levies, the unfairness or ineconomy of which prima facie condemn them but in which all of the provincial legislatures excepting those of Quebec and Ontario have sought relief in their insistent need and limited opportunity of obtaining further springs of revenue.

^{6/}See "An Outline of Provincial and Municipal Taxation in British Columbia, Alberta, and Saskatchewan",--by Professor A.B. Clark, pp. 75-73.

The Present Situation.

The deficiencies in provincial systems that have appeared in the foregoing examination may be briefly stated:

1. Sources of revenue have been insufficient. Budgets have more often than not failed to balance since 1913.
2. This has led to the adoption of taxes that are unfair to certain classes of taxpayers. Most of the provinces at some time in this period have been forced to penalize land owners by means of a supplementary municipal levy or other form of land taxation. In the western provinces these still flourish. In three of the provinces income was subject to double taxation in 1928, in still more now.
3. Certain sources are unreliable, notably the liquor traffic, the largest single source of receipts in most of the provinces, constituting over 15 p.c. of the total in 1928. Further, the gasoline tax might be proven unconstitutional.
4. The high proportion of Dominion subsidies, income from natural resources, licenses and fees to the total make the systems relatively inflexible or independent of changing expenditures.

From this it is evident that what is needed to offset in a measure the shortcomings of the systems as they now exist is an additional source or sources of revenue that will be sufficiently lucrative to balance provincial budgets even after certain taxes now in use have been abandoned, that will be reliable, that will be self-adjusting to changes in the value of money and population, and that will be readily adjustable to the changing demands arising from other causes.

That such a panacea is not to be found among the revenues now at the disposal of the provinces may safely be inferred. Otherwise they would have availed themselves of it before now. The whole tendency has been to seek increased increments from existing sources and to make trial of any new avenues that seemed promising, until the possibilities

in these directions have well-nigh reached exhaustion. But the area of their search has been closely circumscribed by a power beyond themselves. From the time of their constitution they have been limited to the field of direct taxes, licenses and fees within their boundaries; and since the pressing exigencies of federal war finance arose the Dominion has persistently encroached upon this sanctum by seizing and retaining the income tax. It is as far beyond the power of the local authorities forcibly to dislodge their sovereign power from this position as to compel it to substantially increase their subsidies,-- which might be considered an alternate solution. But when awakened to the urgency of local needs it is not unreasonable to expect that some concession will be voluntarily, though perhaps reluctantly made, as utterances of the Minister of Finance have shown.

It is clear enough that relief must come through the Dominion government. Past experience with subsidies justifies considering them only as a final resort. Their complete inflexibility is sufficient to condemn them, and they further fail to conform to the accepted maxim of public finance that the spending should wherever possible be also the taxing authority. The income tax, on the other hand, conforms admirably to the fundamental requirements of the local legislatures. It is at once reliable, flexible, and highly productive. Its yield of \$50,571,047 to the federal treasury in 1928 is probably much more than the sum required to remedy the shortcomings of the nine provincial budgets totalling \$168,109,505.

But to acknowledge that use of the income tax offers the best solution for the difficulties of the provinces is not to admit that it should without qualification be granted to them. There is the need of the federal exchequer to consider. And it embodies very good reasons why the Dominion should not completely relinquish its hold:

1. More than four-fifths of federal revenue is regularly accounted for by taxation, and of this the income tax in the five years preceding 1928 produced 16.2 p.c. The loss of a source that has attained this importance could not be undergone without some major compensating adjustments even though the federal treasury in the five years ending with 1928 enjoyed successive surpluses over expenditure on Consolidated Fund and Capital Account aggregating 57.7 p.c. of the revenue from the income tax.
2. The tax on incomes gives a much needed balance to the Dominion system. Without it federal taxes are almost entirely commodity taxes and as such operate regressively on smaller incomes, while it, operating progressively, counteracts this tendency and makes the whole system conform more nearly to the criterion of ability to pay.
3. The elasticity of the income tax is required in central as well as in local circles. The complete inability of the customs and excise, being mainly specific duties, to meet a critical situation in federal finance was amply demonstrated during the World War. In spite of repeatedly enhanced rates between 1913 and 1919 their yield was augmented only 33.1 p.c. while prices had more than doubled. English and other experience, as well as our limited experience in this country, has shown the income tax to be vastly more responsive to changing requirements whether of a revolutionary character as in the case of war or of only moderate dimensions.^{7/}
4. Its use ensures a lively public interest in federal finance that acts as a wholesome check on extravagant expenditure of the nature that occurred in the decade preceding the war when, due to the complete preponderance of indirect taxes, people as a whole were quite oblivious to the weight of the tax burden.

^{7/}See "Canadian Federal Finance". (Queen's University Bulletin, #55), by J.S. Prentice, pp. 19-24.

It is to be admitted that both provinces and Dominion have strong claims to this coveted engine of revenue. But this, per se, demonstrates that neither party has an exclusive claim and suggests that in division of spoils may lie the fairest basis of settlement. That the Dominion could manage with only a part of it in normal times is intimated by the fact that a sum representing over one-half of it, in the five years ending in 1928, appeared as surplus and was applied to the reduction of debt. That the provinces do not normally require all of it is indicated by the fact that if used by them to produce as much as it has recently done for the Dominion it would enhance their revenues to the extent of one-third. And even with remunerative possibilities of these proportions, the Canadian income tax in recent years has produced only about one-fourth as much per capita as in Australia, and a still smaller fraction of the amount raised by it in some other countries, indicating the possibilities in Canada of giving it a larger place as a revenue producer.

There is, of course, an alternative to granting the provinces additional sources of revenue, viz., assumption by the Dominion of direct responsibility for some of the services now administered and financed by the nine legislatures. This procedure involves the knotty problem of provincial rights under the British North America Act, but the extraordinary circumstances of the years since 1929 have brought such increased difficulties upon provincial finances, there does in 1935 appear a genuine possibility of something happening in this direction.

But whether decreased obligations or added revenues, in the light of the foregoing discussion it is now reasonably certain that provinces must experience the one or the other before they can expect to assume a much greater proportion of school costs. Under the terms of the British North America Act the Dominion Government retains the right to raise public revenue from any source whatsoever, whereas the field of provincial taxation is rigidly circumscribed. This problem has repeatedly been a subject of discussion at Dominion-Provincial conferences, and is still perhaps the basic reason for the provinces condoning and even

desiring constitutional reform. If they are willing for the Dominion to assume greater legislative powers it is primarily because they themselves can not finance them, and must conserve their limited resources for the services such as education which they can not think of yielding. Thus there is more than a superficial connection in the parallel drawn in Chapter X. between constitutional reform and school administrative-financial reform. The latter, in the final analysis, is probably awaiting the former. Local opinion may stand in the way of a more general equalization of costs and what it entails in the loss of local powers of administration, but there seems little doubt that it would be overcome by a more aggressive attitude on the part of provincial authorities, such as they would probably assume in the interests of progressive and democratic education if they had the necessary funds at their disposal.

CHAPTER XIV.

THE PROBLEM OF SCHOOL FINANCING IN THE MUNICIPALITIES
WITH SPECIAL REFERENCE TO DEBTS.

The last chapter viewed the place of school financing in the budgets of the provinces and considered the provinces' ability to maintain or increase their responsibilities for school finances. Ideally the present chapter would do the same with the municipalities, but the existing state of municipal records makes as complete a view quite out of the bounds of possibility. The best that can be done is to obtain a glance here and there where financial statements are available. In the first place, published reports do not permit of comparing the present place of school finance in municipal revenues and expenditure with its place any considerable number of years ago, for it is only in very recent years that most of the provinces have printed the necessary data, -- introduction of the practice probably being an accompaniment of the increasingly closer supervision that legislatures have lately been finding it necessary to exercise over the financial condition of their subordinates.

School Taxes in the Municipal Total

To obtain a conception of the real importance of schools in local financing it will be preferable to look at the figures of a year for which they are not so distorted, by the inclusion of relief costs, as the last two or three years have been. The year 1931 will probably be as satisfactory as any for this purpose, and Ontario figures will be first consulted.

Ontario. - "Municipal Statistics 1931", compiled by the Ontario Municipal Board, show that in a total of \$128,657,684 raised by local taxes, \$42,122,358 or nearly 33 p.c. was designated for the schools. In 1921, the schools claimed \$27,252,507 out of a total of \$83,017,612, the percentage being practically identical with that of 1931, and local taxes of all kinds having increased about 54 p.c. In the largest and most urban municipalities the proportion going to the schools was highest, though the difference is not great, as the following summary indicates:

	Local School Taxes <hr/> \$	Local Taxes for All Purposes <hr/> \$	Per Cent School Taxes <hr/>
Ontario Townships	9,255,978	31,138,921	29.7
Ontario Towns and Villages .	6,403,410	19,947,625	32.1
Ontario Cities	26,462,970	77,571,138	34.1
All Municipalities	42,122,358	128,657,684	32.7

Per capita, taxes are higher in urban centres for all purposes, schools included. As shown herewith, they are more than twice as high in cities as in townships.

	Population <hr/>	Local School Taxes per Capita <hr/> \$
Townships	1,109,226	8.35
Towns and Villages	600,405	10.66
Cities	1,484,612	17.82
All Municipalities	3,194,243	13.20

The assessed value of land and buildings in the three types of municipality are as follows. The average rate on these required to raise the school tax is also shown.

	Land <hr/> \$	Buildings <hr/> \$	School Tax as Per Cent of Total Real Estate Assessment <hr/>
Townships ..	551,920,698	249,603,675	1.15
Towns and Villages	108,527,922	250,630,874	1.79
Cities	667,157,388	983,922,678	1.60
All Municipalities .	1,327,606,008	1,484,157,227	1.49

This summary gives a somewhat exaggerated impression of the higher tax rate in urban municipalities as compared with rural, for although it is land and buildings on which the school tax is levied,

there are other important urban tax bases which help to bear the total tax load, thus lightening the burden on real estate of levies other than those for school purposes. So by including the income and business assessments we probably obtain a more reliable index of the relative weight of school taxes in the different classes of municipalities.

	Total Taxable Assessment Including Business and Income	School Tax as Per Cent of Total Assessment,--Real Estate, Business and Income
	\$	
Townships	814,000,972	1.14
Towns and Villages	404,165,203	1.58
Cities	1,904,986,240	1.35
All Municipalities ...	3,183,152,415	1.32

Looked at in this way, the urban school taxes still appear heavier, especially in towns and villages. Both cities and townships are *near* below the average, only towns and villages above. The better quality of school services in cities probably ensures that their residents are getting better value for their money than are the rural people, and the same holds as between towns and townships, but the relationship between the rate in *small* urban centres and in large is difficult to justify.

Rather than to discuss its relative weight in municipalities of different types, however, the aim of the present chapter is to *gain* a conception of the importance of the school tax in municipal finance as a whole. Having viewed it in Ontario from the foregoing different angles, we will proceed to do similarly, insofar as this is possible, for other provinces.

Quebec.- "Municipal Statistics for the Civil Year 1931" published by the Quebec Bureau of Statistics, shows that the total tax receipts for rural municipalities (schools excepted) was \$4,707,031. For towns the corresponding sum was \$3,153,217, for cities \$46,586,614, making a total of \$54,447,462. The same Bureau's "Financial Statement of School Corporations for the year ended June 30, 1931" shows that school taxes collected during the year amounted to \$18,097,182. Thus, out of \$73,144,644

collected from local taxes in a year, the schools claimed 25.6 p.c. "Municipal Statistics" do not permit of a comparison with a decade earlier, and the "Financial Statement of School Corporations" does not make a separation of urban and rural.

Manitoba.- For the provinces east of Quebec no data of the required kind are available. To the west, a record of tax levies, as distinct from tax collections, may be had for Manitoba, in a statement issued by the Municipal Commissioner. For 1931 it shows the school tax imposition to compare with the total as hereunder:

	Total Tax Levy	School Tax Levy	Per Cent School Levy of Total
	\$	\$	
Rural Municipalities ...	5,991,439	2,810,848	46.9
Suburban Municipalities.	1,323,013	493,658	37.3
Villages	244,615	128,176	52.4
Towns	1,091,119	398,347	36.5
Cities	10,432,788	3,677,765	35.2
All Municipalities.	19,082,974	7,508,795	39.4

The relative importance of school taxes in municipal affairs, it will be noted, is higher in Manitoba than in either Ontario and Quebec, constituting about 40 p.c. of the total. And the rural percentage as well as being absolutely higher is higher in comparison with that of the cities and towns. Records do not allow a comparison with a former year more than seven years earlier.

As a percentage of the total assessed valuation of the municipalities, the annual school levy may be calculated as follows:

	Total Assessment	School Levy as Per Cent of Assessed Valuation
	\$	
Rural Municipalities	229,976,136	1.22
Suburban Municipalities ..	18,490,351	2.07
Villages	5,646,178	2.27
Towns	25,536,356	1.56
Cities	277,454,108	1.33
All Municipalities ..	557,103,129	1.35

By combining rural and suburban, the school levy per capita may be obtained.

	<u>Population</u>	<u>School Levy Per Capita</u> \$
Rural and suburban	384,170	8.61
Villages	13,784	9.22
Towns	43,416	9.18
Cities	258,769	14.20
All Municipalities	700,139	10.73

Saskatchewan.- The expected local tax receipts, as indicated by the amount levied, are shown in the Annual Report of the Department of Municipal Affairs for Saskatchewan 1931, to have been \$26,459,090, of which \$10,597,540 or just 40 p.c. was intended for schools. The proportions in the different types of municipality were as follows:

	<u>Total Tax Levy</u> \$	<u>School Tax Levy</u> \$	<u>P.C. School Levy of Total</u>
Rural Municipalities	16,394,423	6,248,239	38.1
Villages	1,614,835	779,411	48.2
Towns	1,990,143	797,520	40.1
Cities	6,459,688	2,772,370	42.9
All Municipalities ...	26,459,090	10,597,540	40.1

Saskatchewan is here seen to resemble Manitoba in the proportion of its local taxes being taken by schools, but as in Ontario and unlike Manitoba, the city percentage is higher than rural.

The school levy, per capita, may also be computed.

	<u>Population</u>	<u>School Tax Levy Per Capita</u> \$
Rural Municipalities	583,129	10.72
Villages	77,497	10.06
Towns	24,817	12.31
Cities	149,015	18.33
All Municipalities	874,458	12.12

The average rate on the total taxable assessment, represented by the school levy, may also be obtained for the four classes of municipality.

	Total Taxable Assessment	School Levy as Per Cent of Total Assessed Value
	\$	
Rural Municipalities	905,733,216	.69
Villages	58,776,715	1.33
Towns	46,360,780	1.72
Cities	123,590,064	2.24
All Municipalities	1,134,460,775	.93

Ontario, Manitoba and Saskatchewan Compared.- Records do not contain comparable data for Alberta and British Columbia, so in summarizing we are confined to four provinces, and of these the different types of municipalities are not separable in Quebec. With the qualification that Manitoba and Saskatchewan records represent tax levies, and Ontario figures tax collections, (the latter being somewhat lower than the former) there are several comparisons that can be made for the three provinces, in the matter of ratios, as distinct from absolute quantities, and the first of these to be made will be of the proportions of local taxes taken by schools in the different types of municipality.

	<u>P.C. of Local Taxes Taken by Schools</u>		
	<u>Ontario</u>	<u>Manitoba</u>	<u>Saskatchewan</u>
Rural Municipalities	29.7	45.2	38.1
Towns and Villages	32.1	39.4	43.8
Cities	34.1	35.2	42.9
All Municipalities	32.7	39.4	40.1

Suburban municipalities in Manitoba are here included with rural, and opposite "rural municipalities" the data for Ontario townships are entered. This gives three fairly comparable groups for each province, and it is of interest to note that no two of the provinces show the same relationship between the different kinds of municipality. The percentage of local taxes going to schools in Ontario is lowest in rural communities,

higher in towns and villages, and highest in cities; in Manitoba this order is reversed, while in Saskatchewan the proportion is highest in the intermediate group. There is some suggestion of a higher village and rural proportion in the west, possibly associated with their youth as compared with the age of similar communities in Ontario, but on the whole it must be said that the figures are not distinguished for uniformity as much as for the lack of it. The greatest uniformity is, of course, in the average for all municipalities, showing roughly from 33 p.c. to 40 p.c. of local taxes going to schools. Having in mind that this percentage is lower in Quebec, it is probably not misleading to suppose that the Ontario percentage is near the Dominion average, and that in the Dominion as a whole about one-third of local taxes are used to operate the schools.

In the matter of school taxes per capita, the three provinces compare as follows:

	School Taxes Per Capita		
	<u>Ontario</u>	<u>Manitoba</u>	<u>Saskatchewan</u>
	\$	\$	\$
Rural Municipalities	8.35	8.61	10.72
Towns and Villages	10.66	9.19	11.82
Cities	17.82	14.20	18.33
All Municipalities	13.20	10.73	12.12

Here there is more uniformity, the school rates per capita in all three provinces being lowest in rural municipalities, higher in villages and towns, highest in cities. A similar gradation on a property basis might also be expected, but insofar as the lower rural sum per capita is due to a larger number of children in the farm population, the same relationship between rural and urban would not be expected to hold in the matter of wealth; and in fact, does not, as is witnessed by the following summary:

	<u>School Levy as P.C. of Total Taxable Assessment</u>		
	<u>Ontario</u>	<u>Manitoba</u>	<u>Saskatchewan</u>
Rural Municipalities	1.14	1.33	.69
Towns and Villages	1.58	1.69	1.50
Cities	1.35	1.33	2.24
All Municipalities	1.32	1.35	.93

From the standpoint of wealth, it is the towns and villages rather than the cities, that appear to be paying heavily, presumably because they have neither the valuable factories and company buildings of the cities, nor the acreage of the rural municipalities, to swell their assessment.

Thus, from the available evidence it is difficult to make any generalization regarding the weight of school taxes in different types of municipalities, except that there is tremendous variation, and that it tends to be heavier in urban communities. This latter tendency is prominent in the per capita figures, but is doubtless there overemphasized by reason of urban prices, money incomes and values being higher all round in the cities. When allowance is made for this factor, by expressing the school tax as a rate of assessment, the inequalities between city and rural weights are very much less obvious, except in Saskatchewan, and with the drastic deflation of farm values in this province since 1931 there is certain to be a marked increase in rural school tax rates as compared with urban.

Insofar as the urban rates may be genuinely, and not only apparently, higher, there is justification for their heavier debts. And now after having seen the place of school taxes in the municipal total it will be of interest to compare with this the place of school debts in the municipal total.

School Debts in the Municipal Total.

Though not entirely satisfactory, there is a better record of municipal debts than of revenues and expenditure. Between reports of the Departments of Education and Municipal Affairs, a fairly complete record of debts can be obtained for seven provinces for nearly twenty years,

and the summary that follows shows figures for 1916 and 1931. It aims to separate urban and rural school debts, as far as this is possible, and to show for each in the two years the number of people that could share the responsibility of the debts. The school debt problem in rural communities is seen to be so small as to require little attention, but for urban communities the table shows, for comparison with school debt, the debt outstanding for all purposes, and the assessed valuation of property responsible for it.

Urban and Rural School Debts, by Provinces.

<u>British Columbia</u>	<u>1 9 3 1</u>	<u>1 9 1 6</u>
City school debentures outstanding	\$ 14,531,024	7,061,000
Total non-revenue city debentures	\$ 94,422,903	57,305,000
City assessed valuation	\$534,047,153	410,512,724
City population	387,821	-
District municipality school debentures ...	\$ 1,405,729	1,950,000 [†]
Total non-revenue district municipality debentures	\$ 8,802,090	16,845,000 [†]
District municipal assessed valuation	\$149,619,806	199,727,750
Debentures of schools not in municipalities		No record
<u>Alberta</u>		
Urban school debentures outstanding	\$ 10,446,560	9,101,914
Urban debentures for all purposes	\$ 78,661,596	48,481,992
Urban assessed valuation	\$218,433,507	290,206,772
Urban population	278,508	188,749
Rural school debentures outstanding	\$ 1,579,597	1,255,979
Rural population	453,097	307,693
<u>Saskatchewan</u>		
Urban school debentures outstanding	\$ 12,406,301	6,500,000 [†]
Urban debentures for all purposes	\$ 40,484,695	37,036,127
Urban assessed valuation	\$228,727,559	247,473,410
Urban population	290,905	176,297
Rural school debentures outstanding	\$ 3,539,634	2,077,332
Rural population	630,880	471,538
<u>Manitoba</u>		
Winnipeg school debentures outstanding	\$ 8,250,000	3,500,000
Winnipeg debentures for all purposes	\$ 65,741,780	40,553,680
Winnipeg assessed valuation	\$246,103,836	278,832,370
Winnipeg population	218,785	163,000
School debentures outside Winnipeg	\$ 6,756,997	5,188,559
Population outside Winnipeg	481,354	390,860

[†]Approximate.

Urban and Rural School Debts, by Provinces.

<u>Ontario</u>	<u>1 9 3 1</u>	<u>1 9 1 6</u>
Urban school debentures outstanding	\$ 75,149,712	25,940,842
Urban debentures for all purposes	\$420,000,656	216,744,086
Urban real property valuation	\$1,585,717,240	930,715,572
Urban population	2,095,992	-
Rural school debentures outstanding	\$ 13,032,222	2,672,126
Rural population	1,335,691	-
<u>Quebec</u>		
City and town school debentures outstanding	\$ 56,476,364	14,358,403
City and town debentures for all purposes.	\$348,653,986	166,562,949
City and town taxable assessed value	\$1,578,546,215	909,439,161
City and town population	1,546,767	-
Rural and village school debentures outstanding	\$ 9,409,741	6,211,951
Rural and village population	1,307,488	-
<u>New Brunswick</u>		
Urban school debentures outstanding	\$ 3,686,400	1,100,000 ^f
Urban debentures for all purposes	\$ 18,542,603	9,500,000 ^f
Urban assessed valuation	\$ 91,778,864	69,200,000
Urban population	128,940	-
Rural school debentures outstanding	\$ 499,980	No record
Rural population	279,279	-
<u>Total Seven Provinces</u>		
Urban school debentures outstanding	\$180,946,361	68,568,159
Urban debentures for all purposes	\$1,078,574,219	576,183,834
Urban assessed valuation	\$4,483,354,374	3,130,380,009
Urban population	4,947,718	-
Rural ^x school debentures outstanding	\$ 36,823,900	19,700,000 ^f
Rural ^x population	4,600,000 ^f	-

A study of the table reveals that the urban school debts of 1931 constitute a rather uniform sum per capita in the different provinces, all of them being of the magnitude of \$35 - \$40, or thereabouts. This was not so 15 years earlier; in other words, the rate of school debt increase has varied greatly as between provinces since 1916. It has been much the fastest in the older provinces, presumably because the newer provinces attained the higher level at an earlier date. The greatest

^fApproximate

^xThe division between urban and rural is not exact in all provinces, the chief difficulties being that it has been necessary to leave Quebec villages, and Manitoba towns, villages and smaller cities with rural. For purely rural districts the debt in 1931 was not more than \$30,000,000, and probably not more than \$20,000,000 if suburban areas were not included.

increase in the period was that of Quebec, amounting to nearly 300 p.c.; the smallest was in Alberta where it was less than 15 p.c.

There is considerable variation between the provinces in the proportion that school debts constitute in the total of urban municipal debts, it being as high as one-quarter or one-fifth in Saskatchewan and New Brunswick, elsewhere one-sixth or less. An important factor determining this relationship is the extent to which cities have undertaken public ownership of utilities, the total debts tending to appear highest where the most utilities are publicly-owned.

The relationship between urban school debts and the assessed valuation responsible for them is about \$5 per \$100 in three provinces, but in the other four it is as low as \$3 or \$4 per \$100. As noted earlier in the chapter, however, figures of valuations have many pitfalls, and should not be expected to yield precise comparisons between provinces.

Looking now at the total for the seven provinces, it appears that urban school debts, standing above \$180 million dollars in 1931, had increased about 164 p.c. in fifteen years. While not enormously greater, still this was a substantially greater rate than the rate of increase in indebtedness of other kinds, which was below 100 p.c. In 1916 schools accounted for scarcely 12 p.c. of all municipal indebtedness in urban communities, whereas in 1931 they accounted for over 17 p.c. Unfortunately it has not been possible to take out of the total the indebtedness attached to revenue-producing utilities. This would have made it possible to compare the percentage of total indebtedness attributable to the schools with the proportion of tax revenue going to them,--viz. about one-third. As it is, however, the 17 p.c. can not be placed against this ratio.

The fifteen-year increases in assessment valuations, and in population, have both been of much more moderate proportions than debt advances. The assessment rolls show valuations somewhat more than 40 p.c. higher, and the urban population increase of the period has been about 30 p.c.

The urban school debt per capita in 1931 was about \$37; per gainfully-occupied person, about \$98; per family of five, about \$185. Other urban municipal debts per capita were about \$183. The debts of provincial governments amounted to about \$120 a head for everybody in the Dominion, rural and urban, and those of the Dominion government to \$53 per head.^{1/} Thus the gross total public debt per capita in Canadian cities, towns and villages was nearly \$400 in 1931, of which about \$37 or less than 10 p.c. was incurred on behalf of schools.

Taking the population as a whole, urban and rural, the total public debt in 1931 was somewhat under \$400 per capita. It is, however, probable that the heavy borrowing of the last three or four years has brought it to this figure, and that school debts consequently constitute about 6 p.c. of the public debt of Canadians. Viewed from this angle, school debts do not seem imposing, but the fact remains that they, in common with other municipal debts (and provincial debts, as is evidenced by the increased interest payments shown in the last chapter) have in recent years been increasing at a rate sufficiently in excess of the growth of population and assessable wealth to embarrass public finance seriously. Dominion debt, to the contrary, in spite of the cost of the Great War and accumulated deficits on a transcontinental railway system, bears a much easier relationship to the revenue powers that can be brought to bear on it. Its debts are less than half those of the provinces, and its budget normally more than twice as great.

Here again, then, in considering the municipal aspect of school finance as well as in considering the provincial, the way to a sounder arrangement seems to lie in the direction of constitutional changes that will give provincial legislatures more revenue sources, or relieve them of some of their responsibilities, so that they may in turn be enabled to come to the relief of their subordinates, the municipalities and school districts, and prevent the continuation of a growth in debt so alarmingly

^{1/} Figures of provincial indebtedness are published in the reports of the Finance Branch of the Dominion Bureau of Statistics, figures of Dominion debt in the Auditor General's report, figures of both in the Canada Year Book.

out of proportion to the growth in population and wealth. An adequate system of schools will unavoidably remain difficult or impossible to sustain, so long as they are dependent to the present overwhelming extent on a single type of taxation that lends itself to "quid pro quo" rather than "ability to pay" usage, and from which they demand one-third of all monies raised.

Financing City School Debts

Over half of the urban school debt shown in the foregoing table, and indeed over half of all in the nine provinces, is in a dozen of the largest cities. By taking the financial statements of school boards in these cities individually,^{2/} for the year 1930 or 1931, a working picture can be obtained of the way in which debentures are used.

These cities in the last fairly normal year of public financing required \$39,303,000 for the current operation of their schools, and in addition incurred a capital expenditure of \$7,148,000, raised by the sale of debentures, making a total of \$46,451,000. The proportions existing between the two figures appear to be near the average of recent years, although in individual cases it varies widely from year to year, the less frequent variations generally being in the largest cities where the building of new schools is a more regular necessity.

Included in the current expenditure was \$7,507,000 for interest and repayment of earlier debentures, \$2,225,000 being made on principal, the remaining \$5,282,000 for interest. This sum, it will be noted, is approximately the same as the amount of new obligations assumed. Combining the two, it is seen that \$14,656,000 or 30.1 p.c. of the money required for the year was on account of sites, buildings and equipment,-- either the acquisition of new, or payment for those previously acquired. From the taxpayer's standpoint, the cost of education for the year does not include the seven million obtained from debentures, and to add it to

^{2/} School boards in the larger cities, until some of them stopped as an economy measure since 1930, published annual statements of their accounts.

the amount paid on debentures is in the long run to duplicate the record of the former amount. But from the position of the school board of the year, both of the amounts have to be raised, and it is of interest to keep this in mind when considering that the sum required for teachers' salaries is only about half as much again as this amount spent for property. The teachers received \$22,032,000 or 47.4 p.c. of the total. This is in sharp contrast with the proportions existing in rural districts where debentures call for less than 10 p.c. instead of 30 p.c., and teachers' salaries amount to 60 p.c. or thereabouts, in place of 40-odd. It means that to enable better remuneration of teachers the city boards have the possibility of choosing in some degree between provision for new schools and provision for salaries, within the limits of their current rate of outlay, whereas the problem of rural boards is almost entirely one of raising more money. Conversely, when economies are necessary the urban board has alternative possibilities to explore before cutting salaries.

The gross debenture debt of the twelve city boards was \$97,356,000, against which there were accumulated sinking funds of \$18,788,000, leaving a net debt of \$78,568,000, or almost exactly double the amount of the year's current expenditure. That is to say, if the schools were all closed, and if the revenue required to operate them were applied to debt redemption, they would be clear of debt in two years, with probably enough interest saved to have kept the properties in good condition. This, of course, applies only as an average for the twelve cities, and could happen only on the supposition that funds were pooled. Individually, three years would be required in some cases where the ratio of debt to annual revenue is as high as three to one. But such a statement is only of use in considering the accumulated debt in relation to paying ability. In the absence of figures for a series of years it is not possible to calculate for these cities the propriety of the rate at which the debt is growing. An annual net increase of the amount in the year under consideration would double it in sixteen years, but the figures for total urban school debt in seven provinces, shown in the table of the preceding section of this chapter, would indicate that the increase a few years earlier was

more rapid. At the actual rate of amortization in 1930-31--\$2,225,000 per year--the existing debt would be completely paid in 35.3 years, which may be considered the average period for which debentures have been issued, the most common terms having been thirty and forty years. There is evidence of a tendency in some of the cities, where longer terms have in the past been in favour, to use now the thirty-year period. It is the period regularly chosen by more of the boards than any other. Use of the shorter term has a tendency to prevent the debt eventually reaching as high a total as it otherwise would, and it is probably some misgivings as to the possible ultimate effect on municipal credit that has brought about the reductions in debenture terms.

Postponed payment is a convenience, and a logical arrangement where the ratepayers of a later year will enjoy a share in the use of the schools built this year, but its danger when used for a non-revenue producing service such as schools, lies in the burden of fixed interest charges that it brings into being. Before the original loan has been repaid its face value has usually been paid three times over. In the payments on debentures, noted in the last paragraph but one, \$52.82 went in interest for every \$22.25 devoted to wiping out of principal.

The larger and stronger districts are particularly susceptible to finding such a millstone about their necks, for it is only they, generally speaking, whose credit is good enough to obtain the loans required to produce it. The comparatively light load of debt in smaller school communities is not by any means entirely due to caution or prevision of consequences, but is in large measure the result of their more limited credit and restricted borrowing powers. This fact should be kept in view if and when a general change to a larger school financial unit takes place, and legislative safe guards provided; otherwise the ground will be prepared for a growth in rural school debt comparable to that which has occurred in urban.

CHAPTER XVI.

GENERAL SUMMARY AND OBSERVATIONS

The Introduction to this study stated that its objective was to view the financing of education in Canada on a Dominion-wide scale. Thus Part I sought to draw attention to the national importance of education as an economic factor; Part II undertook to sketch the mechanism of school support and the work of each part, and Part III focussed attention on difficulties common to all provinces. Regional or provincial problems, as such have been avoided, and even the descriptive matter concerning individual provinces has been, as it were, only the lines on the face common to the country as a whole, not the component strokes of nine separate portraits. The justification of this treatment was revealed in the closing chapters where it became reasonably obvious that the basic problems involved in financial provision for the increasingly important service of public education can not be satisfactorily solved except by national action, either by the Dominion granting additional means of revenue to the provinces, or by relieving them of some of their present responsibilities, thereby leaving more of their revenues for the support of education.

Growth of Formal Schooling and Consequent Costs.

Part I showed the place of schooling in the life of the Canadian child of to-day, and how its place had increased in the two decades that elapsed between the census of 1911 and the census of 1931. More space might have been devoted to showing that it is still on the increase, and that the general trend in the years ahead is likely to be in the same direction. The fact revealed in Chapter I, that the child of 1931 was not reaching economic independence until the age of eighteen, is a striking portent of the growing and changing task before the schools. They are now far removed from pioneering days when they were, for the majority of young people, a place to spend the slack winter months and acquire something of the traditional three R's,--places mainly incidental to life on the farm

where the round of learning and making a living was largely complete in itself. We have now become predominantly an urban nation, as is testified by the census, and there is little of educational value for the child on the city street, as compared with the simplest farm. Advancing into adolescence, the city child used to find an easy transfer from school to an office, store, or apprenticeship in a trade, but each decade has put this time later in the life of boys, until in recent years it is the exceptional youth who is not faced with a transitional period of idleness between school and a job. Chapter III showed that schooling in 1931 amounted to about eight full years of attendance spread over ten years of the child's life, and this leaves a gap between the end of school and the termination of the eighteen years of dependency, without taking into consideration the increase in length of dependency during the last four years. The census found there were 36,588 boys between the ages of 16 and 19 who had neither been at school nor had any kind of money-making employment in the year preceding, and 149,765 girls who were neither at school, employed nor married. The number without regular employment, as distinguished from those not employed at any time, would be much larger. These are the type of young people that H.R.H. The Prince of Wales seeks to assist by the establishment of a fund in commemoration of the Silver Jubilee in Great Britain, comparable to the Cancer Fund in Canada. Most of them are in the cities and towns, of course. What is to be provided for them in Canada if not an extension of the guidance, discipline and occupation of schools up to the time when other employment is within reach?

The unoccupied and out-of-school group, moreover is not the entire problem,--rather only symptomatic of it, indicative of the lengthening school life of everyone, amounting to about one year more each decade, as shown in Chapter III. Many factors, psychological, social, and economic, have contributed to this phenomenon, and there is no reason to believe that their full strength has been exhausted. One of the most potent, psychological in nature, has been pointed out by an astute observer of life and education

on the North American continent in these words:^{1/}

"With the growth of population, however, and the wide extension of economic opportunity that have marked the last generation or so, there came a change....It concerns the conflict between the popular democratic ideal of equality, as that is interpreted in America, and the equally popular bourgeois ideal of individual "success"....With the "closing" of the frontier and the sharpening of competition that followed it, the bourgeois motive of success was inevitably thrown into contrast with that of democratic equality. High school training, and, if attainable, university training too, now tend to become much more definitely avenues to "success" and a career. The cash value of a high school education has even been worked out by sanguine and indefatigable statisticians, and the lure of economic success is more and more held out, overtly or by implication, by both teachers and parents, as a stimulus to assiduity at school. The clouds of depression have, for the moment, dimmed the brightness of the landscape and belief in the school tends to decline with the increase of unemployment. But the sun will shine again and faith will return with the rise of stock prices in Wall Street."

Probably the most powerful social and economic factor making for longer schooling is the continued displacement of human labour by mechanical. On all sides there is compelling evidence that the possibilities of the machine age, in the direction of producing leisure time for the average man, have only begun to be sounded. In recent years this displacement has contributed, and doubtless in the years ahead will continue to contribute, to the difficulty of the oncoming generation in "breaking into" economic life. In this tendency there is the suggestion too of a possible coming extension of school service into adult life, not a regimental schooling such as during the years of childhood, but a systematic provision of facilities that will enable the grown-up population to spend that increasing part of their time off-work in an interesting and beneficial manner.

The factors of urbanization and mechanization of occupations have probably lengthened the period of dependence for youth in all western countries, but there has been an additional factor at work in Canada that is perhaps not so well known or realized. This is the influence of

^{1/}Professor F. Clarke, in the Year Book of Education 1934, (Evans Bros., London), p. 577: Secondary Education in Canada, Past and Present.

immigration.^{2/} The positions that might have gone to the young man coming of age in Canada have doubtless often been filled by older and more experienced men from abroad, for the age of immigration coincides very closely with the prime working years of a man's life. Another influence affecting the young man has been the competition of girls, which received such an impetus during the Great War and has never subsided. For this the girls are perhaps often held too directly culpable, for with mechanization, urbanization, and non-assimilable immigration delaying the entry of their prospective husbands into gainful employment, and consequently postponing the date of their marriage, it is not altogether to their discredit that they sought useful employment for the intervening years, especially since they were as costly to raise as the boys, and their parents in as much need of relieving or repaying for their upbringing. But, however this may be, the competition exists. If it persists there is the likelihood of a greater call on educational institutions for a longer period of training for boys, and if it should be removed, either by force of public opinion or legislation, there would still be the need of providing a longer period of educational activity for the girls, for it is not to be desired that they should be called upon to "rust unburnished", awaiting a delayed marriage, within the walls of a city house or apartment.

As indicated in Chapter III, the weight of school costs appears to have increased about 40 p.c. in the eighteen years between 1913 and 1931, but this increase has been entirely due to the greater amount of work that the schools have been called upon to perform.^{3/} Although, as

^{2/}This factor is discussed in an article by M.C. MacLean and J.E. Robbins in the Financial Post, Toronto, July 16, 1932.

^{3/}Similar demonstrations for sections of the country appear in articles by J.E. Robbins in: "The Journal of the Canadian Bankers' Association", July, 1932; The "Toronto Saturday Night", August, 1932; Chapter I of the "Annual Survey of Education in Canada, 1929", etc.

shown, the increase in costs is justified in terms of work done, it has nevertheless been proportionately greater than the increase in years of attendance, for as the children proceed higher up in the grades the cost per year becomes greater. This is illustrated in the pyramid diagram or chart attached as an appendix to the present summary. In constructing the chart the precise cost relationship of each grade with each other grade was not known, but the average cost of a year in the elementary grades as compared with a year in the secondary grades, and a university year, was known (and recorded in Chapter I). These ratios, applied to the pyramid of survival on the left-hand side of the sheet, produced the bulkier pyramid of costs, showing in a striking manner the way in which school expenditure must be expected to increase now that the time has come when the majority of children make a start at least in high school work.^{4/}

All of these considerations point toward a continuance of the trend of the last few decades, toward increased functions and greater expenditure for the schools. And given a sound system for supporting the development, there need be no misgivings concerning it on the financial side. The schools of to-day (or more accurately, the schools of the years preceding the depths of the depression) as shown in Chapter II, require only about 3.5 p.c. of the national consumer income for their support. This 3.5 p.c. comes out of the 45 p.c. that is left after 55 p.c. has been spent for the bare essentials of life,--food, clothing, shelter, and the taxes on them. About 7 p.c. out of the 45 p.c. is taken by direct taxes, and it is from this sum that the great part of the cost of schooling is met. After the 55 p.c. plus 7 p.c., or 62 p.c., is accounted for, there remains 38 p.c. to spend to other ends, or to save. It allows the spending of a higher sum for alcoholic beverages and tobacco than is spent for schools, and a much greater sum for personal travel and holidays.^{5/} With such relationships

^{4/}For a full discussion of the composition and significance of the charts, see the article on them by J.E. Robbins in the *Financial Post* of July 30, 1932.

^{5/}For expenditure on some other non-essential commodities see a bulletin of the Dominion Bureau of Statistics under the title, "Consumption of Luxuries in Canada, 1931 and 1932".

as these existent, there can be no misgivings as to the ability of the country to spend more freely, if necessary, on a service as essential as are the schools, providing the appropriate sources of spending power are tapped on their behalf.

Present Sources of Support Inadequate.

Part II proceeds to show the sources that are now "on tap", or available for the schools, and through what channels, as well as under what supervision, their financial sustenance must pass in reaching them. Including universities and colleges, it is found in Chapter IX that all but 13.5 p.c. of revenue comes from governmental sources; excluding them, all but about 7 p.c., which is largely made up by a small number of private schools, and not by a general contribution from the great body of pupils. Higher education is the only section of the field of formal schooling that has not in the twentieth century become overwhelmingly dependent on public support, and even there the proportion of governmental responsibility in recent years has been increasing until it now amounts to nearly half of all university and college expenditure, if the cost of board and lodging is not considered.

Had the survey looked far enough into the last century, when school support was primarily the concern of the churches and charitable agencies, it would have revealed what a comparatively recent or modern arrangement is this almost complete governmental responsibility for schools. It is so recent, in terms of constitutional history at least, that although the governmental contributions have increased greatly in relative importance, there has been little in the way of change in the manner of providing them. The arrangement to-day, which is fundamentally the same as that adopted when the free school systems were organized, is described in Chapters IV and V. Essentially it amounts to community self-dependency to the extent of about 80 p.c. of elementary and secondary school costs, although what were regarded as communities in the days of ox and cart are only small sections of communities in the day of motor car and telephone. There is provincial pooling of school revenue to the extent of about 20 p.c., though the proportio

of yearly expenditures pooled is lower, due to the fact that local boards assume on their own responsibility the debenture liabilities necessary for capital expenditure.

In the Maritime Provinces (and partially in British Columbia) the provincial contributions are made largely on the basis of teachers' qualifications, and thus promote higher academic and professional attainments, and put a premium on length of service. In the other provinces the basic guiding principles have been the number of pupils or teacher-days, the contributions tending in consequence to be apportioned according to the volume of work done, but there has come to be discrimination between districts on the basis of their ability to support schools, as a result of which rural areas have tended to gain recognition as being entitled to a larger share than their enrolment or "time-open" would indicate. The ratio of provincial contributions to those of the school districts is not, however, tending to increase. During the last generation there has been little change, but over a longer period the change, where records are accessible, has tended to be in the opposite direction. In Nova Scotia, provincial grants constituted over one-third of the cost of operating the schools in the years around Confederation, but less than 25 p.c. in recent years. In Quebec, provincial grants in the 1860's amounted to more than half the sum of the municipal school assessment, whereas in recent years they have been less than 10 p.c. as large.

To maintain the provincial contributions there are moderately broad and varied revenue systems, but the school-money of local authorities comes almost exclusively from an ad hoc tax on real estate. The unsuitability, even inequity, of having the cost of a service such as education borne so completely by one type of wealth, was shown in Chapter X and became further evident in the urban-rural discussion of Chapter XIII. Real estate is the peculiarly fit object of taxation for services such as roads, water supply and sewer systems where the outlay directly benefits, and is reflected in an enhanced value of, the property concerned. But for a service such as education, the benefit derived is in no special way related to real property,

or any other particular type of wealth, and in consequence all wealth together should contribute to its support in proportion to its ability. This is the more obvious when the relative importance of schools in public finances is considered. No other service claims as much of provincial revenues (except interest on debts in recent years), and probably the same could be said of its position in local or municipal outlays, for there it is responsible for about one-third of the total. That a real estate tax can not possibly be made to conform to tax-paying ability is demonstrated at length in a recent study of school finance in Manitoba.^{6/} The findings are so a propos of the argument of the present study, they are quoted here at some length. If the school tax rate were uniform for the whole province, the following is what would happen:

"Under such a method of taxation with a flat rate levied on the equalized assessment of the whole province, the mixed farming rural municipality of Dauphin would have assisted the well-to-do neighbouring town, and the moderately wealthy rural municipality of Thompson would have been placed in the position of contributing toward the support of education in the still wealthier city of Winnipeg.....

The equalized assessment has brought into closer relation the estimates of ability of rural communities, and the same may be said of it for urban communities, but it has not brought the income ability of rural and urban property into focus; and it has not given a satisfactory comparison of ability within either rural or urban areas.....

In the Red River and Shoal Lake areas, in 1930, a year of low prices for agricultural products, taxes amounted to 31.04 and 33.40 p.c. respectively of current income before deducting taxes. A similar condition was shown for three classes of city property. Income among certain types of property continued to decrease and taxes to increase until net income had disappeared.

The fact that assessed valuation has not brought the income ability of all types of property into true relationship, and has not been made a measure of changing income (from year to year) has rendered it inadequate as a measure of ability."

Besides being aimed solely at one type of wealth, and taking it whether it produces income or not, local school rates have the further disadvantage under existing practice, of varying enormously in different parts of a province, and very often the districts with highest rates are

^{6/} Financing the Schools of Rural Manitoba, (a Ph.D. thesis submitted to the University of Chicago, 1935) by D.S. Woods, who is in charge of teacher training work at the University of Manitoba, p. 237 et seq.

among those where school facilities are poorest. In a society that lays claim to being an enlightened democracy this situation is absurd; equal opportunity should be open to all children in return for equal sacrifice or effort on the part of all parents. No one attempts to justify the present system, though many have explained it, and with unanimity. In the United States where a similar situation exists, and with similar antecedents, a recent survey explains it as follows:^{7/}

"Whatever may have been in the minds of those who drafted such provisions in the early constitutions, until relatively recent years the legislatures were satisfied to exercise the mandate of the constitutions through permissive or mandatory legislation covering local support. Since in reality this was provision for taxation, it is entirely possible that it was considered an adequate realization of the mandates of the constitutions. As long as the cost of the public schools remained low, as long as wealth was fairly well distributed, such provisions worked fairly satisfactorily. As we emerged, however, from an agrarian civilization, the comparative concentration of wealth in limited areas began to be evidenced in inequalities both in educational opportunities offered and in tax burdens of the local school districts."

These considerations point unmistakably to the desirability, in the interests of fairness, of removing the present burden of school support from real property, and of bringing about a much more complete pooling of costs on a provincial scale. Pooling of costs on a municipal basis would doubtless be of some help, but as practised now in Quebec, and partially in British Columbia and Manitoba, the responsibility is still almost wholly on ~~imm~~moveable property, and for this reason can never be equitable. The same criticism holds for consolidation of schools. In Nova Scotia, New Brunswick and Ontario there is some equalization on a county basis, but it is only a small proportion of the total; in Ontario this contribution is subject to the weakness of being raised by a real estate levy, while in the Maritimes it is raised on a per capita basis, a method that is so obviously unfair from the standpoint of tax-paying ability that a criticism of it does not require elaboration.

^{7/}State Support for Public Education, By Dr. Paul R. Mort of Teachers' College, Columbia University, assisted by the Research Staff of the National Survey of School Finance Office of Education; published by the American Council on Education, Washington, D.C., 1933.

Obstacles in the Way of Change.

Two difficulties stand in the way of assumption of a much greater share of school costs by provincial legislatures. The first is hesitancy of the provinces toward assuming greater responsibility without demanding more control over local spending. This is a reasonable enough attitude but local districts are not anxious to see control centralized, or more accurately, are opposed to losing such powers of self determination as they now possess. The most favoured plan of reform now is for the province to assume minimum instructional costs throughout its area,^{8/} with the Department of Education, or a Board working in conjunction with it, to determine such costs, including teachers' salary schedules, and probably with power to enlarge local administrative units, as well as to arbitrate appeals of municipal councils against the budgets of school boards. Such a proposal was put before the Manitoba School Trustees' Convention of 1933, and emphatically turned down. Antipathy of this kind might be surmountable, especially if the experience of other countries is considered, for Canada and the United States are almost unique among western countries in the exalted authority and responsibility invested in small school districts, but there is from the legislature's standpoint an obstacle to change as well as from the school district's.

This second difficulty is one of ways and means. A province can not take over the major part of school burden without foreseeing the revenue required. Full support of the schools would demand about two-thirds of their present income, or, along with continuation of established services, an increase in present income of about one-half. These are major proportions and could not be effected except in most elastic tax systems. Chapter XIII examined the recent pre-depression condition of provincial finances and found them quite unequal to any such adjustment while subject to their present constitutional limitations, and while the requirements of services other than

^{8/}For a discussion of practical means of determining a workable meaning of the term "minimum programme", see the study "State Support for Public Education", above quoted, Chapter III.

education remain at their present level. Depression conditions, with their unprecedented demands for relief, have made this still more clear.

As was shown in Chapter XIII, the provinces can be put in a more capable position financially in two ways (apart from economies they may make), either of which is at the discretion of the Dominion Government. One is by granting the use of an additional source of revenue to them, the other is by relieving them of some of their present financial responsibilities. A study made by the writer in another connection^{9/} indicates the feasibility of the Dominion granting to the provinces exclusive use of the tax on personal income, reserving to itself only the tax on corporation income. Since that time more of the provinces have adopted an income tax duplicating the Federal tax, Ontario having recently announced its intention of so doing at the next session of the legislature. Constitutionally this is permissible, but if both Dominion and provinces are going to continue in the whole field of income taxation, the duplication of expenses involved in collecting separately is a strong argument for making an arrangement whereby each province could levy a supplemental rate to the Dominion tax collected within its borders. Such an arrangement, though foreign to Canada, has long been common to continental Europe. L'impôt direct in France has been subject to the additional centimes of the departments and communes since the time of the Revolution, and Prussian local additions to the state income tax have been made since early in the last century.^{10/}

This use of the income tax is indicated not only because in the absence of it there is, and will be, a great waste in duplicated collecting agencies, but because in this country it has not, and never has had, the place in revenue systems that its reasonableness would suggest for it. By any serious student of public finance, the income tax is admitted to be the levy that conforms, or can be made to conform, most closely to

^{9/}Essays on Canadian Economic Problems, published by the Royal Bank of Canada, 1930: pp. 23-37. The Problem of Securing Additional Sources of Revenue for Provincial Purposes, by J.E. Robbins.

^{10/}See on this point, National and Local Finance, J.W. Grice, pp. 141-56, 225-48.

ability to pay. There is general agreement too, though not as unanimous,^{11/} that for the greater part of Dominion and provincial services the fairest basis for apportioning the charges is that of ability, or "faculty" in the language of the classical economists.

To illustrate the contrasted usage of the income tax at present in Great Britain and Canada: A single man in receipt of an earned income of \$2,500 pays to the Dominion an income tax of \$50, to the United Kingdom \$269. A married man, without children, receiving an earned income of \$5,000, pays to the Dominion \$120, to the United Kingdom \$612. From this it may be seen that the English levy is about five times as heavy as the Canadian. Even where there is a provincial tax of the same kind in Canada, the two combined are only about one-third of what they are in the "old country". The total taxation per capita here is a much higher proportion of the English total than this ratio would suggest, the difference being that our total is swelled by a multitude of petty levies under concealment,-- customs, excise, sales tax, and so on--practically all of which are taxes on expenditure; and since the man of low income is obliged to spend all his earnings, whereas the man of higher income is not, the former is likely to pay taxes out of all proportion to the latter, judged by any measure of ability. But he does not realize that his money is going into taxes when it goes a few cents at a time, and if he were obliged, in the place of these invisible sums, to pay one-half as much at the end of the year in income tax, he would probably feel that the government imposing such a levy should be turned out of office at the earliest opportunity. A recent writer comments on this irrationality of Canadian public finance and opinion as follows:^{12/}

"We--both here and in the United States--are incomparably behind Great Britain in this matter. Over there, they still have, with a few concessions to the Protectionists, the free breakfast table. A man pays taxes in proportion to his ability to pay. The result is that the English, as a group, as a nation, are solvent--prosperous if you like to stretch a point--at the expense of the individual. While in North America the individual is prosperous at the expense of the state.

11/Taussig's dissenting view is commented upon in my M.A. Thesis at the University of Manitoba: "A Study of the Revenue System of the Dominion of Canada".

12/J. H. Simpson in "Saturday Night", May 11, 1935: "Least Resistance in Taxation".

It is not a mere question of academic preference--whether it is better for the individual to be prosperous and the state poor or vice versa. The individual cannot continue to prosper under a system of unbalanced budgets. A nation is like a ship at sea; rich or poor her nationals are all passengers on her; when she goes down they go down."

The weight of the income tax in Canada can not be compared with its weight in the United Kingdom or any other country by considering it apart from other components of the revenue system, and for this reason one cannot say that it could with no greater hardship here be stepped up to the English level, without corresponding reductions in other imposts. But this fact does not detract from the force of the argument that an income tax in the hands of the provinces would be a saner basis for the major support of schools than is the real property assessment in the hands of municipalities. An anticipated change of this kind expects the heavier income tax to be an alternative, not an additional burden to the country as a whole.

The second possibility of change that would enable the provinces to contribute more freely to schools, as already mentioned, is assumption by the Dominion of some of their present responsibilities. A change of this kind by no means precludes the possibility of a greater provincial use of the income tax being desirable, but it is at least a partial alternative solution. Much would depend on the number and costliness of the services transferred. The cost of unemployment relief is the item that provinces and cities seem currently most anxious to shove onto the Dominion, but the latter is with reason hesitant toward committing itself in this way without having regulatory powers over working conditions, such as hours of labour and minimum wages, because they are important factors affecting the extent and cost of unemployment. The change in legislative powers involves constitutional amendments, expressly or implied, and there the matter stands. Still, such amendment does currently seem more nearly within reach than at any previous time, and to the extent that it grants relief to the provinces it may be expected eventually to influence the apportionment of school costs between provincial and local authorities.

As with constitutional reform, school tax reform seems more nearly within reach than at any previous time, due to forcing of the problem to the fore during the years of depression. Until comparatively recent years it was mainly an academic proposal, but as appeared in Chapter XI, where the current status of the problem was described, it is now in practical form before the educational administrators of most of the provinces. Within the last year Committees of, or appointed by, the Legislatures of four provinces (Nova Scotia, Manitoba, Alberta and British Columbia) have had the matter under consideration. The report of another commission of a year or two earlier in New Brunswick has been quoted in this study, and within recent weeks the Ontario Government has announced the appointment of a similar committee. These official investigations are only a part of those in progress or recently completed. As explained elsewhere,^{13/} the teachers' associations in Canada in recent years have been increasingly turning their attention to problems of educational finance and administration, and their publicity (as for instance in the recent survey of elementary education in Ontario by the teachers' federations) must have helped considerably in attracting the attention of legislators, and of the press, which in turn brings the matter to the attention of the general public. The press of the western provinces has been perhaps especially active in this direction.

Reform, then, seems within view,--or at least nearer to view than at any previous time--although there is the possibility that the view is but a mirage, and reality still beyond the horizon. An immediate burst of economic prosperity might cause it to recede indefinitely, but there is the alternative possibility that the lean years of public revenue will last long enough to enable education to reap permanent benefit in return for its temporary sacrifice. In this eventuality, educators could be prone to

^{13/} Educational Year Book, 1935, edited and published by the International Institute, Teachers' College, Columbia University: Teachers' Associations in Canada, by M.C. MacLean and J.E. Robbins.

assign for memorization the passage that runs, "Sweet are the uses of adversity". Within the forms of democratic government, reform of any kind is liable to be slow in coming, but extraordinary conditions such as those of the last few years are a great aid to the civic awakening of the ordinarily busy and thoughtless Demos.

APPENDIX I.--CANADA'S EDUCATIONAL PYRAMIDS.

The accompanying figures have been constructed to give a pictorial impression of the distribution of Canadian school enrolment and costs, and an indication of future trends in these respects. Differences in the Quebec educational system render the diagrams inapplicable to that province, but in eight provinces the structure and practice of the educational systems are closely akin to one another, and indeed with predominating characteristics in the United States. One of the fundamental features distinguishing them from French Quebec and countries of western Europe is the simplicity of the educational structure,--a single straight incline that leads all from their first day at school through the elementary grades up into the high school or secondary grades, and the survivors thence on to a normal school, university or professional school. From early years practically every child at school may be regarded as a potential university student--with the qualification that provision is made now for some to stop at the high school level with a vocational training. Any or all schools will advance him along the way to the highest institution of learning,--some farther than others; that is practically the only important difference.

This simplicity of structure makes it easy to show diagrammatically what is taking place in the educational field, as is done in the figure, "The Education of Young Canada". The diagram takes the form of a pyramid without presenting any seriously misleading features, for in reality one block of years is set upon another, the upper having as base the entire mass beneath. And the uppermost block may be reached by continuous ascent from the lowest.

It may be seen in the diagram that the number of children dropping out of school (except by death) before the fifth year is very small; and those remaining longer than this can scarcely be claimed illiterate. At the eighth and last year of elementary school two-thirds still remain, and about an even half of all rise into high school grades, which mean all the

Post-primary and continuation studies, as well as what in British usage are strictly secondary. The high school course for junior matriculation or normal school admission is shown as three years. Though it is four in some cases, the eleventh year in the diagram represents all students surviving in the junior matriculation year. This is about one-fifth of all. The twelfth year includes senior matriculation, first year at the universities, and the first numerous group of normal school students. Here more than a tenth still remain, and the advantage that girls have held over boys from the earliest years is lost. This advantage, as shown by the greater bulk of their half of the pyramid, gives the girl eight and a half years of school on an average where the boy gets only an even eight, the difference being greater in the country, less in town.

The thirteenth year includes the first class normal school class and second year university, and finds very nearly one-twentieth of all still attending, with the boys assuming the lead, and taking it in no uncertain manner in the next year where only university students remain. At the fifteenth year, the time of the first university graduation, the girls are outnumbered nearly three to one, with three per cent of all beginners still in attendance. In the sixteenth year, with none but post-graduate and professional students remaining, (1.7 p.c. of all) the girls are one to six.

It is difficult to compare this record with other countries (except the United States, to which it is very similar) but it seems probable that the record of years' attendance per child is not greatly exceeded by any country; and the proportion proceeding to secondary schools and universities is certainly in excess of almost any country except the United States. It would be illuminative to compare the pyramid of twenty or thirty years ago with the one for the present, but as statistics of education on a country-wide basis have been compiled in the Dominion Bureau for only a few years, it is scarcely possible. That the contrast would be striking is suggested by United States' records which have been published for a longer period.^{1/}

^{1/}The Biennial Surveys of Education, by the Office of Education, Department of the Interior, Washington.

There, as here, the disproportionate additions in the upper half of the pyramid have been the natural outcome of their educational structure,--a single straight incline up which all go together. This broadening of the upper blocks has been particularly rapid in the years since the war, and is the chief factor contributing to the rise in school costs.

This aspect of the problem of increasing costs is pictured in the topheaviness of the second pyramid, where the elementary years are left the same size as in the first pyramid, and the upper sections are built proportionately. It is not possible to allocate with precision the cost of the sections among their individual years. The diagram strikes an average for each. But this cannot be seriously misleading as the size of each of the three sections is known within a reasonable margin of error. The average high school student in a year costs double, and the university or professional school student eight times what the elementary student costs. The result is that the superstructure of dollars is practically half as great as the elementary section, whereas in the number of students (the first pyramid) it is less than one-fifth. Neither figure includes evening classes attended by some after dropping out of the regular schools.

In addition to the fact that the upper years cost half as much as the lower, capital commitments in the last ten or a dozen years have been heavily weighted in favour of the secondary schools, and their current costs in the years ahead will consequently assume a higher ratio. Their weight is finally coming to be felt excessive by many, and it is freely asked, "What can be done about it?".

Teachers' salaries on the whole account for about half of the school bill. An average annual salary in 1930 of \$800 for teachers in the Maritime Provinces, and even \$1,200 from Ontario westward seemed little enough, though reductions to the extent of about one-third have been general since. The pay of secondary grade teachers alone, though averaging higher, can scarcely be considered excessive. The other half

goes mainly to provision and maintenance of buildings and equipment. It is an easy matter in 1935 to single out some community that seems by our sharply "adjusted" standard of values to have spent rather freely on a new high school in 1923 or 1929. But it is equally easy, with a national outlook, to point to another that is trying to crowd 100 pupils in an older building where only 60 or 80 should go, and even to one of our principal cities (Winnipeg) that has found it necessary to lop off the top year of high school in order to provide for the overwhelming numbers in the earlier high school grades. That there may have been certain extravagances in construction here and there is allowable, but at most the cost of these must have been small in comparison with the fact that new schools or additions had to be built, especially if we allow that there is no good reason why our children's schools should be expected to conform to the earlier standards of those their parents attended than there is to expect, say, that they, too, should do their home lessons with the aid of the coal oil lamp and family kitchen fire.

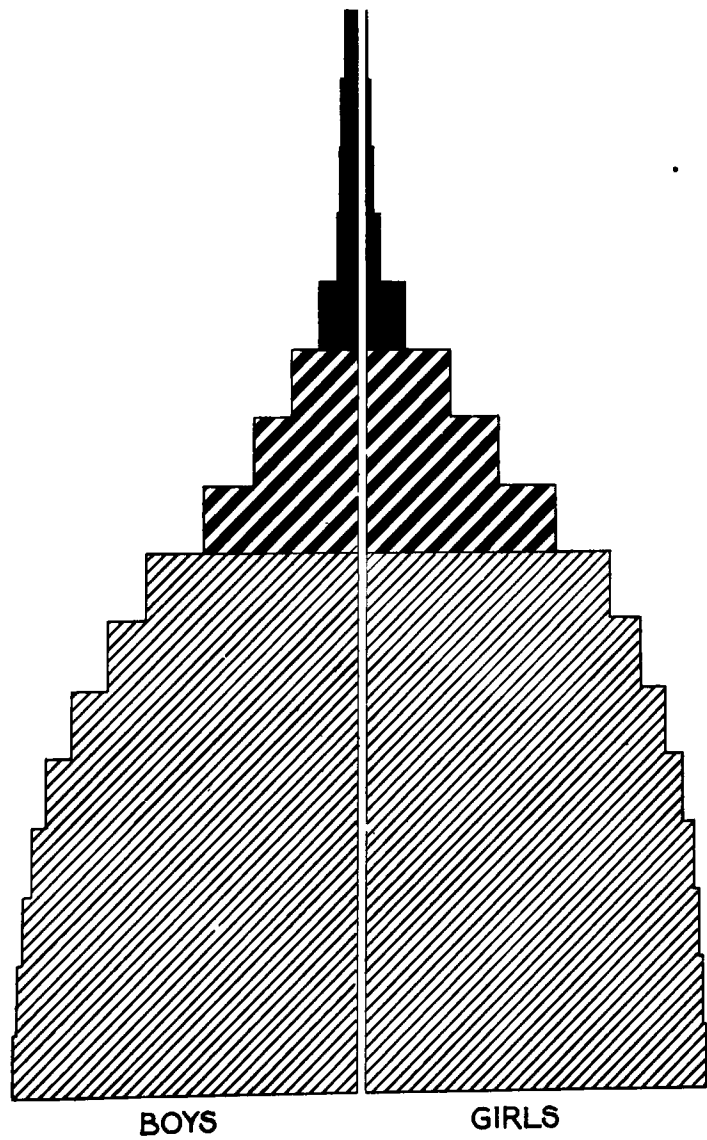
Although our children have been given greater home comforts, as compared with the preceding generation, these have been accompanied by a decrease in the size of families. But with the country's university and high school "family" we are attempting the extremely difficult task of multiplying its numbers several times over, and at the same time, of providing for it in a more expensive manner. The number of young people in our high schools has doubled in the last dozen years, and in order to give them all a useful training it has seemed necessary to build more variously-equipped schools,--frequently technical or vocational, which are much more costly than the older classical or academic type of school.

The figures on the basis of which the pyramids are constructed are presented herewith:

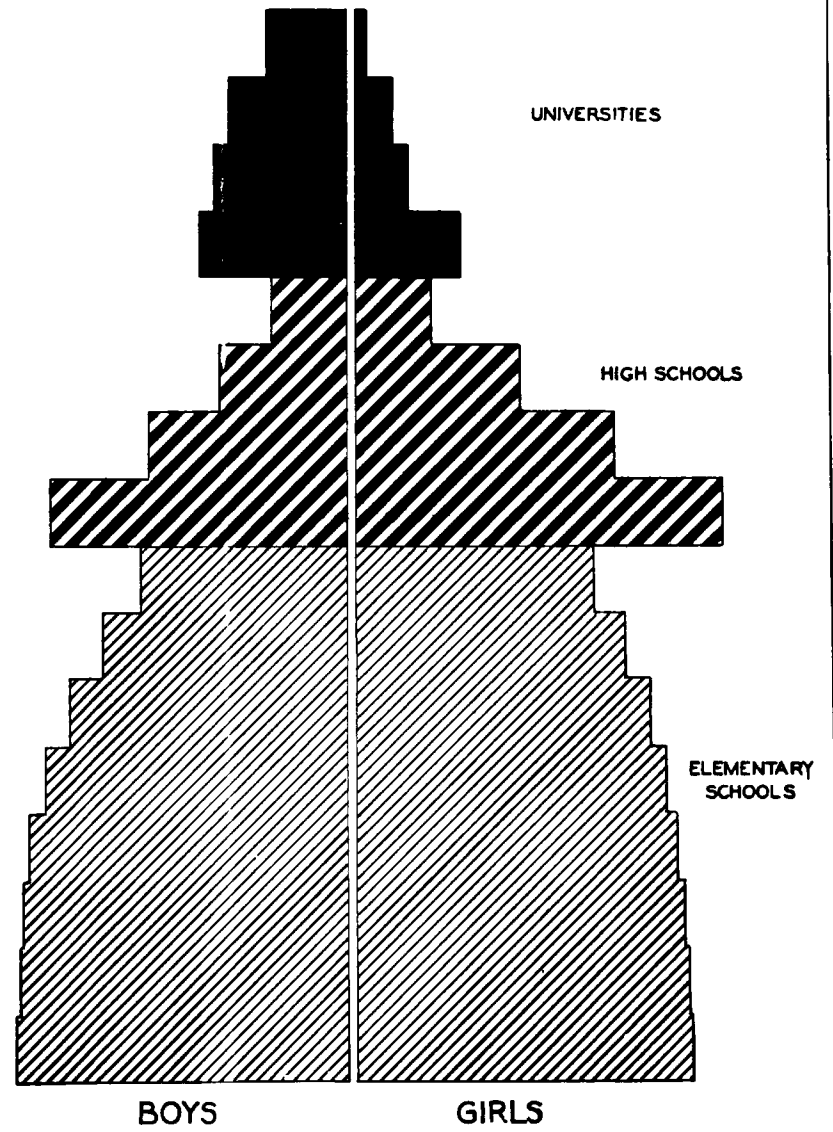
Years at School	Of 1,000 pupils starting to school, the number remaining to the year indicated		Index of cost of enrolment in each year (calculated as described on preceding page)	
	Boys	Girls	Boys	Girls
1st	1,000	1,000	1,000	1,000
2nd	990	995	990	995
3rd	980	985	980	985
4th	955	970	955	970
5th	910	935	910	935
6th	875	885	835	885
7th	735	810	735	810
8th	620	720	520	720
9th	450	500	900	1,120
10th	300	390	600	780
11th	190	250	380	500
12th	115	115	230	230
13th	55	40	440	320
14th	50	20	400	160
15th	45	15	360	120
16th	30	5	240	40

THE EDUCATION OF YOUNG CANADA

YEARS
AT SCHOOL



THE COST OF EDUCATING YOUNG CANADA



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Sources used in the preparation of this study have in the main been publications of the Dominion Bureau of Statistics and of the Provincial Governments. In Part I they have been primarily the former, in Part II the latter, while in Part III and to some extent throughout, though both of these have been used freely, recourse has been had to a considerable number of miscellaneous documents and studies.

Publications of the Dominion Bureau of Statistics

The information obtained by the decennial census of 1931 has, up to the present, been issued mainly in bulletin form. It seems superfluous to list these bulletins in detail, since some of them are already out of print, and all of them will shortly be superseded by six or eight large printed volumes. Two of the final volumes have already been issued, and others are in press.

Along with the census data, the "Annual Survey of Education in Canada" has been the publication most frequently used, especially the last five editions.

Various other reports of the Bureau have been drawn upon, including those with the financial statistics of provincial governments, price indexes, estimates of national income, etc. A complete list of all publications of the Bureau is included in the "Canada Year Book".

Publications of Provincial Governments

In describing the framework in which the schools operate, provincial statutes have been consulted at length. Without listing these at length, it may be said that those used were the latest editions of Revised Statutes and subsequent annual volumes, the Education Acts and their amendments being thus available. Most of the Departments of Education have offprints of the School Acts available for distribution.

The Department of Education in each province has a published annual report which passes under various names. In Quebec there are two

supplementary relevant annual documents published by the provincial Bureau of Statistics. These are "Educational Statistics" and "Financial Statements of School Corporations". All of these have been called into use.

Each province publishes an annual statement of Public Accounts. These have been examined carefully to obtain the complete statements in Chapters VII and IX.

With the exception of Prince Edward Island, each province publishes some sort of statement concerning municipal finance, though some of them are extremely meagre and unsatisfactory. These have been used to obtain the conception of school debts and assessments in relation to the municipal total, given in Chapter XIV.

City and Miscellaneous Sources

The reports of individual city school finances are available in some provincial reports. For a few of the larger cities a printed or mimeographed statement is available. These have been obtained from Halifax, Quebec, Montreal, Toronto, Hamilton, Ottawa, Winnipeg, Calgary, Edmonton, Vancouver and Victoria. Their use was confined mainly to the latter part of Chapter XIV.

Other reports and studies used have been so various as to make it of doubtful value to attempt any general enumeration here. When they have been quoted, or reference made to them, in the body of the manuscript, they have been duly noted in footnotes. An extensive bibliography of Canadian studies in education 1929-34 has been published in the Annual Surveys of Education in Canada for 1932 and 1933.