



# News

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## Relocation and School Taxes

by: Dr. Bill Ford, Ford & Associates Educational Connections

That charming adage nothing is certain except "taxes" appears to present a special twist when we combine relocation and school search. For corporations relocating employees there have been some unexpected financial surprises when moving families with school aged children between provinces. Reducing these "surprises" is critical to a successful relocation.

Relocations between the Canadian provinces have revealed a patch quilt of regulations governing the funding of school boards and the dedication of school taxes by homeowners. Differences between provincial regulations have had a direct financial impact upon the taxpayer and consequently upon corporations relocating their employees.

It is generally assumed by human resource and relocation professionals, that taxpayers are allowed to dedicate educational taxes to a specific school board to reflect their particular religion. In other words, Catholics dedicate the school tax portion of their property taxes to their local separate schools (i.e., Catholic) and Protestants to their local public schools. What could be simpler? As it turns out, however, tax allocation is not consistent between provinces, or, for that matter within provinces.

In response to financial concerns expressed by an employee following a relocation to Manitoba, Mr. John Odum, Manager, HR Policy & Planning, TransCanada PipeLines, asked Ford and Associates to conduct an informal survey of provincial

school tax dedication to determine actual differences. One of TransCanada's employees had found, to everyone's surprise, that they were now responsible for paying "private school fees" in order to ensure educational continuity for their young children.

Ford and Associates contacted the funding branches of the Ministry of Education for each of the ten provinces. We asked for written information on their funding formulas and, more specifically, whether a tax payer was allowed to allocate the portion of their school tax to the school system of their choice. Each province had a very different response to our inquiry with some being rather suspicious and penurious in their provision of information.

The following is a summary of the current regulations governing school funding and school tax dedication

within each province.

### British Columbia

Funding for schools in British Columbia is derived from general revenues raised by government, including property taxes. Only public schools are funded 100% by the provincial government. Catholic schools are defined as "independent schools" or private schools in this province. These independent schools receive government funding at 50% of the per pupil operating costs in the local district, provided that the school meets provincial curriculum guidelines and teacher certification criteria. In British Columbia there is no provision for homeowners to dedicate school taxes.

### Alberta

The provincial government in Alberta provides 100% funding to

*Continued on page 3*

## WHAT'S INSIDE ...

Relocation and School Taxes .....	Page 1
<i>by: Dr. Bill Ford, Ford &amp; Associates Educational Connections</i>	
Relocation to India .....	Page 4
<i>by: Scott B. Craighend, Craighend Publications Inc.</i>	
Focus Group Held - Ottawa .....	Page 7
<i>by: Karen MacRae, Canada Post Corporation</i>	
Cost of Living Nationwide .....	Page 9
<i>A Runzheimer Canada News Release</i>	
A Formal Welcome to New Members .....	Page 11
In Conversation With .....	Page 12
Extended Families Mean Extended Care Needs - .....	Page 13
A Successful Group Move! The Canadian Pacific Story .....	Page 14
<i>by: Linda Ward O'Farrell, Ward O'Farrell Consultants</i>	
Survey Indicates Growth in Companies Considering Total Outsourcing of Their Expatriate Administration .....	Page 16
<i>A Press Release by Windham International</i>	

*Continued from page 1*

both the public and separate school boards. Funding is raised through the collection of property taxes which become part of the government's general revenue. These funds are then distributed to the public and separate boards on a per pupil allotment basis. Property owners may dedicate their taxes only on the basis of their actual "faith". Property owners who are Roman Catholic are permitted to dedicate their taxes to the separate school board. If a property owner is not Roman Catholic, taxes are automatically directed into the public school system.

#### **Saskatchewan**

On average, public and separate school divisions are financed 60% from the property tax base and 40% through provincial grants. There is a provision for property tax dedication on the basis of faith, but not on the basis of the school actually attended. Property owners who are Roman Catholic are required to assign their taxes to the Catholic school division. Likewise, property owners who are not Roman Catholic must dedicate their taxes to the public school division.

#### **Manitoba**

The public school system in Manitoba is funded, on average, 60% by the government and 40% by local property taxes. These figures do vary, however, depending on the district. As there is no separate school system, all separate and other "Denominational" schools are considered to be private/independent schools. These schools are currently funded by the province at approximately 43% of the average cost per pupil. By 1998, this figure is projected to increase to 50%. Homeowners are not allowed to dedicate their property taxes to the school system of their choice. As all school taxes go into the public school system, families who are separate school supporters must pay an additional tuition.

#### **Ontario**

Both the public and separate school systems are funded by a combination of government grants and the local tax base. On average, 40% of the funding comes from the government and the remaining 60% from taxes. These fig-

ures vary, however, by district as a reflection of the tax base. If sufficient funds cannot be raised through property taxes, the provincial government provides the additional funds. Property owners are permitted to dedicate their school taxes to either the public or separate school system with the proviso that only Roman Catholic property owners may dedicate taxes to the Catholic school system.

Of note, in some districts taxes cannot be split between the systems and so families who have children in both systems may be challenged despite their children's previous school history.

#### **Quebec**

Schools in Quebec are designated as either Catholic or Protestant. On average, 84% of school expenditures are covered through government grants with the local tax base making up the remaining funding to schools. Property owners are permitted to dedicate their school taxes to either the Protestant school system or the Catholic school system.

• Of note, however, the Quebec government is currently implementing considerable changes to their taxation and educational systems. These changes, combined with the restrictive language requirements for children moving into Quebec, require careful and up-to-date investigation prior to a relocation.

#### **New Brunswick**

Only public schools receive funds from the government. Funding for these schools is at 100%. School boards were abolished in 1996. There is no provision for dedication of school taxes.

#### **Nova Scotia**

Public schools are funded by a combination of government grants (83%) and local taxes (17%). These taxes are automatically channelled to the public system. Catholic schools fall into the independent schools system and receive no funding from the government. There is no provision for dedication of school taxes.

#### **Prince Edward Island**

Only public schools receive funding from this provincial government. 100% of all operating costs are cov-

ered and there is no provision for dedication of school taxes.

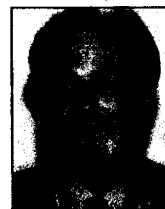
#### **Newfoundland**

There are currently no public schools in this province. Instead, there are three denominational school boards: Roman Catholic, Pentecostal and Integrated. Funding for all three of these school boards is provided by the provincial government. There is no provision for dedication of school taxes. This situation is currently in political flux, with religious boards facing the possibility of abolishment. Therefore, careful monitoring of changes should be undertaken when relocating to this province.

As is evident in this informal survey, families moving between provinces could unexpectedly be faced with school tuition fees for the first time. Conversely, of course, some families could find they no longer have to pay separate school fees. These fees, ranging between \$3,000.00 to upwards of \$8,000.00, could have a significant impact upon a family's relocation budget.

Of note, families moving into provinces from outside of Canada are faced with a potentially similar situation. In addition to these funding issues, there are several other factors which can have a profound impact on school search and subsequent adjustment during a domestic and/or international relocation (e.g., instructional language, credit transfer, special education services, term vs. semestered courses, etc).

A family relocation involves more than simply finding a house and a school. Identifying relevant factors prior to a relocation serves to avoid financial surprises and to decrease the natural stresses inherent during or subsequent to a move. A successful search results in a successful relocation. ❦



*Dr. Bill Ford is the Director of Educational Connections which specializes in school search services and relocation policy consultation for corporations involved in domestic and/or international relocation.*