

## **VI. FUTURE EDUCATIONAL AND FINANCIAL IMPLICATIONS OF CHANGE**

As an integral part of its review, the Commission undertook to evaluate the consequences of possible options for educational governance. These options ranged from maintaining status quo through minor tinkering to major surgery or total reconstruction of the system. It was deemed very important that the Commission have a sensitivity to the implications of its potential recommendations before drawing its final conclusions. In order to achieve this, numerous options were reviewed and the most plausible proposals were studied in detail in order to evaluate both the educational and financial implications.

Following the public hearing process and subsequent to a review of pertinent provincial data it became evident to the Commission that there were considerable differences between the urban areas (especially Winnipeg), rural Manitoba and Northern Manitoba. Consequently each of these areas was addressed slightly differently. In the case of the Winnipeg based school divisions, Dr. Glenn Nicholls was commissioned to review several options posed by the Commission. In the rural area, the Rural Development Institute based at Brandon University was requested to review a set of options involving four school divisions in the southwest corner of the province. With respect to northern Manitoba, consideration was given to a range of options. These included linkages of existing units, either together or with Frontier School Division or not making any changes.

### **1. FUTURE IMPLICATIONS OF CHANGE IN THE URBAN AREA**

There are presently ten school divisions based in Winnipeg which incorporate all of the city and in several cases extend beyond into the rural area. About the only unanimous position the Commission heard at all of its public hearings was that there are too many school divisions in Winnipeg. There was not unanimity, however, in the number of divisions that should exist.

After considerable distillation of information, the Commission concluded that detailed reviews should be conducted on a range of options from one to five school divisions. There appeared to be no benefit and indeed very little practical reason to consider six, seven, eight or nine divisions

as opposed to the existing ten. Consequently, Dr. Nicholls was commissioned to conduct a detailed review of the urban options posed by the Commission. In order to compare the Winnipeg situation with other similar sized cities where there was only one non-parochial public division, comparisons were also made with the City of Calgary. Many of the benefits and negative features of a reduced number of school divisions are evident in all options but in differing degrees. It is apparent that the greatest opportunity for rationalization would take place if all Winnipeg based divisions were assimilated into one. However, there is also the greatest opportunity for a massive, unresponsive and distant bureaucracy. The primary benefits and problems with reducing the number of school divisions in the urban area are as follows:

- Greater opportunity for students to attend schools of their choice. This opportunity would rise with any reduction in the number of divisions and boundaries between them. The greatest level of choice, would of course, result from one large school division and no interceding boundaries. The effect at the primary and middle school levels would likely be limited but could be more significant at the senior school level. While there is considerable freedom of choice within divisions now, that choice is not as extensive across divisional boundaries. A simplification or removal of the non-resident fee system coincident with a reduction in the number of divisions would provide for the greatest choice by parents and students.
- Greater rationalization of teacher, administrator and facility use. A reduced number of divisions would allow such rationalization for: French Immersion programs; Ukrainian, German and Hebrew bilingual programs; native language and culture programs; the International Baccalaureate Program; and the move to programming for the primary, middle and senior school concept that the Department of Education and Training is implementing. There could be aggregations of more appropriate numbers of both students and staff for many special programs, and an elimination or reduction of overcrowded, underutilized or empty facilities.
- Rationalization of the nursery school program. Some educators advocate an extension of the nursery program beyond the boundaries of the current Winnipeg School Division No. 1. Others argue that it is already offered in areas of Winnipeg No. 1 where it is not necessary. The cost of providing such a program universally would appear to be prohibitive. The nursery school program should be provided on the basis of individual area needs rather than simply within school division boundary lines.

- Improved availability of consultant services and teacher in-service. In recent years, the Department of Education and Training has downsized curricular assistance, and suburban divisions have eliminated or reduced time allotments for directors and consultants. A smaller number of divisions would allow for improved availability and coordination of consultant services. A few divisions have excellent in-service facilities and more concentrated and comprehensive use should be made of these.
- Enhanced opportunity for teacher effectiveness. Fewer and larger divisions in the urban area would permit greater teacher mobility than is now possible with ten divisions and a multiplicity of boundaries. While there will obviously be concern for teacher tenure, a potential for increased innovation and creativity could be present.
- Extension of or increased access to specialty programs. Winnipeg School Division No. 1 has developed considerable expertise in dealing with specialty issues. This unique situation arises from a heavy concentration of specific problems in the core area. Other divisions presently face these issues in smaller numbers and because of this, the resources to deal with them are not as well developed. There is an opportunity for improved sharing of such programs and facilities in order to benefit children of the entire urban area by reducing the number and effects of boundaries and bureaucracies. Some of these benefits could be obtained by increased cooperation between divisions without reducing their numbers or increasing their size. However, it is apparent that whenever boundaries are involved, difficulties arise.
- Rationalization of the special levy. At the present time, the special levy mill rate ranges from 12.1 to 22.3 within the city. One school division would provide the highest level of rationalization of the levy and would result in only one special levy rate. Actually, any form of reduction in school division numbers would aid in the creation of more uniform rates. Not everyone would regard this as an advantage, however, because existing rates reflect the choices of school divisions in terms of the program offerings, special services and unique circumstances. There would also be objections to a rationalization of rates if it were perceived that someone's rates were rising in order to help subsidize programs available only in other areas, for example, nursery school programs.
- Reduction or elimination of overlap and duplication. With ten sets of school trustees, ten sets of administration and all of the support services that are provided by divisions, there is an apparent opportunity for rationalization. Clearly there is an opportunity for some cost saving

measures in avoidance of duplication of services. Since each division has its own human resources and purchasing components to its administrations, there are even greater opportunities for economies of scale. Some of these savings could also be achieved through improved divisional cooperation. Some joint purchasing is already taking place, but generally each division has its own resources.

- Reduction of school trustee costs. The average cost per trustee in the ten urban divisions was approximately \$20,800, according to statistics in the 1992/93 Frame Report Financials. The per pupil cost for the 78 trustees ranges from \$9 in Winnipeg to \$66 in Norwood. The ratio of trustees to students ranges from 1:265 in Norwood to 1:3,473 in Winnipeg School Division No. 1. Norwood School Division's ratio will drop further as a result of transferral of students to the new francophone division.

If one division were created and the ratio and compensation plan that exists in Winnipeg School Division No. 1 were utilized, then 30 trustees instead of 78 would be elected. Savings of approximately \$16,000 per trustee for 48 trustees would amount to \$768,000. If only 15 trustees served the new division, savings could exceed \$1 million. If the same ratio as Calgary were utilized and only 9 trustees were elected, the reduction in expenditures would be in excess of \$1.1 million (Calgary has 9 trustees for 95,000 students). Similarly, if the 10 divisions were reduced to only 4 divisions with a maximum of 9 trustees each, then the savings in trustee expenses would be approximately \$672,000. Note that not all trustee expenses could be reduced proportionately and thus a savings factor of \$16,000 is used in place of the average cost of \$20,800.

There are differences of opinion as to the capability of representing electors at these different levels. However, each school board appearing before the Commission related its capability of adequately representing the electors in its division. This applied equally to Winnipeg School Division No. 1 and the smallest divisions. Wide variations of ratios exist when comparing trustees to numbers of electors. For example, one trustee in Norwood represents 1,551 resident electors and one trustee in Ward 3 of Winnipeg School Division No. 1 represents 15,182 resident electors. If one were to use the same representation level as Ward 3 of Winnipeg, 27 trustees would be elected for the entire ten city based divisions and savings would amount to over \$816,000. If there were 9 trustees in one division, each trustee would represent approximately 45,500 resident electors which is about the same number that now elect 3 trustees in Ward 3 of Winnipeg. If there were 4 divisions each with 9 trustees, then the ratio throughout would be approximately 11,390 to 1, which is 3,800 lower than the

present ratio in Ward 3 of Winnipeg No. 1. This means that all parts of the city would be represented at a ratio lower than that of the Winnipeg School Division No. 1 ratio at the present time.

- Reduction in senior administrator costs. A review of executive, managerial and supervisory positions as projected in the 1993/94 budget year shows that there were 76.9 senior administration positions in total for the ten urban based divisions. The ratio of senior administrators to students ranged from 1:526.6 in Norwood to 1:2,020.72 in Winnipeg No. 1. The average cost of the administrators excluding benefits was approximately \$78,600. Per pupil costs for superintendents varied from \$33 in Transcona-Springfield to \$97 in Norwood while per pupil costs for secretary-treasurers ranged from \$67 in River East to \$161 in St. Boniface. Combined costs of \$252 per pupil in Norwood were double those of River East at \$125 per pupil. Total costs for central office administration (trustees, superintendents, secretary-treasurers, data processing and professional development) ranged from \$157 in Transcona-Springfield to \$317 in Norwood on a per pupil basis. The percentage of budget spent on administration varied from 2.9% in River East to 5.3% in Norwood and averaged 3.3% across the ten divisions.

If senior administrators were responsible for the same number of students as is currently the case in Winnipeg No. 1, only 50 persons would be required for all ten divisions, 22 fewer than the 72.9 senior administrators projected in the 1994/95 budgets. This would translate to a savings of more than \$1,840,000. Calgary in 1993/94 had 27 personnel in comparable positions administering 95,000 students. If a single Winnipeg division were administered on a comparable basis to that of Calgary, only 30 senior administrators would be hired, 42.9 fewer than currently employed. In this case, savings of over \$3,432,000 could be realized.

Caution must be used in the extent to which such absolute comparisons are made. In the City of Calgary there has been only one non parochial public division whereas the Winnipeg area has developed ten divisions. It would be impossible to achieve the same type of ratio in a short period of time, even if it were deemed desirable. It should also be pointed out that rationalization of senior level positions creates implications for junior level administrative positions and components of the instructional administration areas as well.

- Transportation and operational costs. It is difficult to project potential savings in transportation simply as a result of reducing the number of school divisions. For example, rationalization of French Immersion Programs might reduce bussing needs while

consolidation of Ukrainian, German and Hebrew bilingual programs could lead to increased transportation demands. There will be a need for a uniform definition of transported pupils. Centralized transportation supervision and routing could result in some small economies but it is not expected that this area of jurisdiction would produce much overall change in financial requirements. Operation and maintenance costs of school facilities would not change drastically as long as the same number of buildings remain functional. The largest potential for savings in this area will come from joint purchasing, and other shared services some of which is already being done through divisional cooperation.

- Central office building rationalization. There are presently ten sets of administration and service buildings. There is certainly room for rationalization here. Elimination of several of these from the present structure could result in a recovery of capital funding and reduction in operating costs for years to come. Most structures are either marketable or useful for other purposes.
- School level administration and staffing. There should be little or no change required at the school level due to rationalization of divisional administrations and school boards. The only possible change would be an improvement if additional resources were made available at the school level due to economies at the administration and school board levels. Moving scarce resources closer to the classroom would be beneficial to the students.
- Potential for increased centralization and bureaucracy. The greatest negative consequence of reduction in the number of existing school divisions could emanate from increased centralization and bureaucracy if allowed to develop. More centralized administration could increase the distance between parent/student and senior administrator/trustee. Proponents within the smaller urban divisions would argue that case but proponents from within Winnipeg School Division No. 1 also make a strong case for their capability with present numbers, especially with more active school advisory councils.
- Alteration of local representation. Parents who typically take a strong interest in their local school may feel that they would be losing a level of representation if trustees had larger areas and numbers of electors to represent. However, parental involvement through advisory councils and increased freedom for schools to operate as units could mitigate these fears. The Commission heard little criticism of the ratio of trustees to electors in the Winnipeg School Division No. 1. Parents are more concerned about the school their children attend, and the programs offered there, than the division in which the school is located.

- Coordinators and clinicians. Under current funding arrangements, a reduction in school divisions would result in reduced coordinator and clinician grants. This is due to an apportioning formula whereby divisions benefit from residual student counts. If there are less divisions, there would be fewer residuals and the clinician positions eligible for grants would drop. A revised formula would need to be designed to ensure that a reduced number of school divisions does not create a penalty in terms of specialist positions.

### **CONCLUSIONS ON IMPLICATIONS OF URBAN CHANGE**

In summary, within the ten urban based school divisions, there is potential for obtaining net educational gain and net financial savings. The magnitude of both factors is proportional to the extent of down-sizing. The largest financial savings and greatest potential educational rationalization could take place at the single school division level. However, the potential for diseconomies of scale is also the highest. In Manitoba we already have the problem of imbalance due to the fact that the City of Winnipeg contains nearly 60% of the population. This imbalance and Winnipeg dominance issue is one that prevails especially in the education, health and municipal fields. Earlier in this report we focused on the dominance factor of Winnipeg and suggested that whatever recommendations were made should mitigate against the dominance. Winnipeg School Division No. 1 is already the largest division in the Province and many feel that this too is a form of dominance that should be addressed. Consequently, it would appear most advisable to reduce the number of school divisions from ten to a more reasonable number, but not to one large division.

## **2. FUTURE IMPLICATIONS OF CHANGE IN THE RURAL AREA**

The previous discussions pertaining to the urban area are partially applicable to the rural areas, however, there are major differences including density, distance and transportation. As was discussed earlier in this report, these factors are the greatest impediments to achieving equality of education around the Province.

There is another issue that is not evident in Winnipeg that is very important to rural Manitoba – the socio-economic impact of school divisions. In commissioning its review of the potential for changes to rural school divisions, the Boundaries Commission asked the Rural

Development Institute (RDI) to evaluate all the same factors that Dr. Nicholls reviewed in the Winnipeg area. Additionally, RDI was requested to detail the socio-economic effect that school division administration and boards of trustees had in each area. It was noted that a school division office could be eliminated within the City of Winnipeg with little net overall effect. However, the potential closure of a school board office in a much less populated area could have a much greater impact.

The primary benefits and problems with reducing the number of school divisions in the rural areas are as follows:

- Rationalization of program offerings. Integration or consolidation of existing divisions would tend to rationalize program offerings since differences between areas would be much more evident, especially if local special levy rates were rationalized. The demands for equity within the new divisional areas would drive the process towards more standardization. In some cases, educators would see this as an improvement because there are areas where program choices are not available now due to insufficient student numbers or individual choices of divisions and districts. While some would see this as an improvement, others may see it as erosion of local autonomy. Overall, students would benefit if the program costs could be met.
- Rationalization of educational leadership. At the present time, superintendents of small divisions are struggling to be all things to all people. This is not a healthy situation as it frequently results in their inability to do any one part of the job well. Even if the overall number of senior administrative positions were not reduced, integration and amalgamation of divisions could provide for improved educational responses through better distribution of the educational leadership. As mentioned in previous sections, curriculum implementation is severely stressed in the present system. Special needs requirements are expanding yearly yet provisions for professional development have been severely curtailed. Rationalization of the numbers of divisions could help this situation. Funding provided for superintendent positions could be utilized to provide the services in a more effective manner.

Within the rural area studied in detail, there are 4 divisions (in southwest Manitoba) - Fort la Bosse No. 41, Souris Valley No. 42, Antler River No. 43, and Turtle Mountain No. 44. Each division has a superintendent and one has an assistant superintendent. It would be possible under a combined divisional organization structure to manage the division with one superintendent and one assistant superintendent. The other two positions could be utilized to



provide curriculum leadership and special services that none of the divisions can afford individually at the present time. Incumbents in these positions would not have to be paid at the superintendent level. In order for administrators to cover the larger areas, travel costs may increase slightly and delegation of authority to principals to operate their schools in conjunction with their teaching and non-teaching staff and local advisory councils would become more prominent. This could provide educational improvements for students in those areas.

- Rationalization of trustee representation. The current number of trustees was established when regional populations were much higher. Many trustees now represent only a few hundred people. Most wards have strong political sentiments about representation for home schools because of local democratic control issues. The Rural Development Institute's study suggested that both the role and function of trustees and their number need to be reviewed since few divisions currently adhere to regulations on representation. This appears due to the fact that most divisions have continued in their same format since they were formed shortly after the 1959 boundaries review.

Trustee representation in our four sample divisions ranged from 9 to 11 and totalled 41. Trustee costs for the four divisions totalled \$282,534 based on 1993/94 budgets. This represents less than 1% of the total operating budgets. The average cost per trustee was thus \$6,891.

Population declined between 1961 and 1991 so that the representation ratio for each trustee changed significantly as noted in the following figure.

DIVISION	CITIZENS PER TRUSTEE		% CHANGE
	1961	1991	
Fort la Bosse	1,142	956	-16.3%
Souris Valley	802	672	-16.2%
Antler River	751	527	-29.8%
Turtle Mountain	960	775	-19.3%

Figure 39

The overall ratios are extremely low, but they have also reduced substantially since their original formation. Even if all existing boards were retained, the number of trustees would have to be reduced from the present 9 to 11 configuration to 7 to 8 in each division merely to reestablish the proportional representation that existed in 1961. Among all four divisions, approximately 30 trustees would represent the 1961 ratio. This would represent a reduction

of 11 from the current level. At an average cost of under \$7,000 this would represent a savings of approximately \$77,000. For some, this would be seen as a small financial saving for a loss of representation. For others, it would be seen as elimination of an unnecessary expense preferable to further reductions at the classroom level. If one division were to be created with only 9 trustees, the savings could amount to \$224,000 annually. This money could help fill some of the education gaps in this area and move more resources closer to the classroom. Extended provincially the savings could be over \$2 million.

- Rationalization of business services. Of all areas within school division administration, it is the business management area that stands to benefit most from integration and rationalization. In our sample area, each division employs a secretary-treasurer who is supported by accounts and/or payroll clerks. Each has clerical or secretarial support staff as well. The Rural Development Institute addressed the basic question of whether or not it may be better to have the same number of central office administrators serving more specialized functions over the larger area of a consolidated division. Because they are less school related, the secretary-treasurer positions lend themselves to the specialized function more than do those of superintendents. Secretary-treasurers must, in addition to their business management requirements, provide secretarial functions to their school board. If there was only one school board in the area encompassing 3 or 4 previous divisions this collective role would be substantially reduced. It would not be necessary to have secretary-treasurers in each of the previous areas. A secretary-treasurer and assistant secretary-treasurer would be responsible for the new division. Some of the functions could be delegated directly to the schools which, in turn, would be connected by computer linkages to the administration offices. In fact, by having more of the work performed at the school level, it would help emphasize the importance of school secretaries who are an integral and valuable part of school operations. Many divisions have reduced the provision of school based administrative support due to the overall budget squeeze. Distribution of some of the present salary allocation from centralized locations to the school secretarial level would be beneficial to educators and, in turn, to the students.

Many divisions use similar or identical computer-based packages and networking of these can be accomplished by telephone line linkages. Purchasing and other areas such as payroll, budgeting and contract negotiations could certainly benefit from further cooperation and rationalization. The expense, time and effort devoted to negotiation of contracts could be reduced from 50 - 75% simply due to a similar reduction in the number of contracts required.

- Rationalization of clinical services. The sharing of clinical services between and among divisions is common and increasing at the present time. This has developed out of necessity. Individual divisions are frequently incapable of financing such specialty services and cross border agreements have been consummated. However, the existence of borders and proliferation of divisions necessitates the negotiation and operation of such contracts in order to provide local services. With a rationalization of school division numbers, the amounts of cross border contracts could be reduced.
  
- Union and non-union non-teaching staff. In the urban divisions, the majority of all staff are unionized and the complications surrounding integration of divisions would involve the integration of different union groups. A further complication that exists in rural Manitoba is one of integrating union and non-union workplaces. In our rural sample, Fort la Bosse and Turtle Mountain school divisions have some unionized support staff, and Souris Valley and Antler River school divisions have no unionized non-teaching staff. Where there are union contracts within the two divisions, the issue is further complicated by varying levels of coverage. In Fort la Bosse, The Manitoba Food and Commercial Workers represent custodians and instructional assistants. In Turtle Mountain, The Canadian Union of Public Employees represents clerical staff, library clerks, teacher-assistants, secretaries, caretakers, bus drivers, trades and food service lunch room assistants. If the 4 divisions were consolidated, a new contract might have to be negotiated with one union which may result in support staff from all divisions being unionized and probable additional costs to the non-unionized divisions. It could also result in a different workplace depending on organizational efforts, succession rights, and Labour Board rulings. It is difficult to assess the overall economic implications of unionization, for current contract differences would likely be standardized. While it is not mandatory that all standardization need be at the maximum of all scales, there is usually an upward trend to the standardization of both unionized contracts and assimilation of union and non-union workplaces.
  
- Teacher salaries. There is a considerable variation in average teacher salary and benefit costs across the Province because some divisions retain long-term experienced and more highly classified teachers and others do not. If the variations in average teacher salaries in these divisions were caused primarily by experience and classification, consolidating divisions would not create significant additional teacher salary costs. However, it appears from information provided by MAST that the variations in average salaries are caused by differences in the actual salary scales and benefits. Each division has its own current salary schedule and classifications. If consolidated, negotiators would likely attempt to move the

scales towards the higher end. This means that teachers salaries in some instances could increase. Others may be faced with frozen salaries during phase in periods. Similar differences exist in benefits, administration allowances and special contract clauses.

Based on a review of teacher salary grids for the 4 sample divisions, Turtle Mountain has the highest salary schedule for a minimum and maximum of class 4 and maximum of class 5 (most teachers in all divisions are in these two classes). Turtle Mountain and Antler River school divisions both recognize class 7 within the schedule while Fort la Bosse and Souris Valley divisions do not. These are some of the factors that would have to be rationalized in negotiations if school division consolidations were to occur.

During the negotiation of new contracts, attempts are usually made to average salaries upward and to include the more attractive benefits from each of the contracts. If the contract resulting from consolidation went beyond the average or moved up to a higher average, there could be additional salary costs to the taxpayers of the consolidated division. This factor alone could nullify any potential savings from integration or reduction of existing rural school divisions. Reductions in the number of divisions would reduce the number of contracts and thus also reduce the time and cost of numerous sets of negotiations.

- Rationalization of Special Levy. This would be regarded both positively and negatively depending upon which side of a blended rate a division's levy falls presently. There is a vast range of special levy rates amongst divisions and districts around Manitoba. From a low of 9.84 to a high of 90.80, the special levy also raises different amounts in each area. As discussed earlier in Section VI on Property Assessment and Taxation, the assessment available for taxation per student ranges from \$8,496 to \$157,872. One mill of special levy raises \$2,200 in Lynn Lake, \$10,700 in Sprague, \$40,245 in Duck Mountain, \$125,170 in Antler River, \$208,025 in Fort la Bosse, \$538,270 in Lord Selkirk, \$1,070,930 in Fort Garry and over \$4,183,387 in Winnipeg No. 1 school divisions.

It is very difficult to achieve equity in financing education when the ability to raise local revenue varies so significantly. The alternative is for all education funding to be provided by senior governments, and more general taxation. Obviously, this is why governments have attempted to balance the inequities through funding formulae and by providing a majority of the funding for education from collective sources.

In our sample rural study area, the 4 rural divisions have differing property assessment availability and special levy mill rates as displayed in Figure 40 below.

DIVISION	TOTAL ASSESSMENT	ASSESSMENT PER PUPIL	SPECIAL LEVY MILL RATE	AMOUNT RAISED BY 1 MILL
Fort la Bosse No. 41	\$207,979,920	\$120,387	16.49	\$208,024
Souris Valley No. 42	\$119,170,970	\$105,228	16.87	\$119,148
Antler River No. 43	\$125,156,270	\$134,432	17.78	\$125,170
Turtle Mountain No. 44	\$111,174,180	\$89,354	22.87	\$111,175

Figure 40

If assimilated into one division, the blended mill rate would equate to approximately 18.46 resulting in slightly increased costs of between 0.68 to 1.97 mills for 3 areas and a larger reduction of 4.41 mills for the fourth. The effects of these changes are similar in other areas of the Province when new options are tested. If only 2 divisions were formed from these 4, the effect on Fort la Bosse and one neighbouring division would be negligible since their mill rates are similar, but Souris Valley or Antler River would increase much more dramatically since one of them would be balancing the higher Turtle Mountain rate on its own depending on the configuration of the 2 divisions. This too is typical of other areas. The consequence of blending mill rates of different divisions reduces as more divisions are integrated. In terms of potential gain for education of students in our sample study area, more could be gained by assimilation of the 4 divisions than by reduction to only 2 of them. These divisions already work together for joint benefit in some areas and further gains would require expansion of that cooperation beyond 2 divisions.

- **Socio-economic impact.** Any significant changes in the number of staff persons in smaller rural based economies could have reasonably serious socio-economic consequences in the headquarter communities of the existing school divisions. The total payrolls in all rural divisions are significant within the economies of the home based towns. Divisions constitute major businesses within smaller towns and are significant in the larger towns. In many instances, the professional personnel are valued community leaders. If several school divisions were assimilated it is likely that not all the divisional offices would be required. Some personnel dislocations could result. In many cases in rural Manitoba, employees are spouses in farm families that rely on external income and many are long-term residents of the communities. Some would not be able to relocate and thus the income could be lost to that community if the assimilated division's head office location was moved.

The most complete estimates of local expenditures in our sample area are from Fort la Bosse and Turtle Mountain. In both cases, total local expenditures on goods and services easily exceeds \$100,000 per year. The variety of expenditures suggest that many different businesses, as well as local governments, benefit significantly from the presence of a school division office. The variety of services used locally (accounting, legal, insurance, advertising, etc.) indicates a wide distribution of public funds. Original expenditures such as these generate multiplier effects in small rural communities where manufacturing often is lacking and the service industries dominate non-farm employment in primary production economies. The overall estimate of more than \$2 million injected into the economies of the four centres with school division offices constitutes a major rural business system.

In a 1993 report, Rounds and Shamanski analyzed the trade centre network of rural Manitoba. Using a six-level classification, Winnipeg alone occupies Level 1 and Brandon alone occupies Level 2. Levels 3 and 4 are "shopping centres" and serve as major and minor regional centres. Using 1991 data, Killarney and Virden were two of only three (with Neepawa) communities in southwestern Manitoba that are leading regional centres (e.g., partial shopping centres) (Figure 41). Similarly, Melita and Souris were minor regional centres (e.g., smaller partial shopping centres). In spite of these designations, all four centres actually lost population between 1986 and 1991 (Killarney, -6.7%; Melita, -9.1%; Souris, -5.1%; and Virden, -5.2%). According to Dr. Rounds, this most unusual circumstance has never been recorded in the literature available. Regional shopping centres are normally growth nodes within the trade centre system. The fact that Manitoba's "growth nodes" are not growing reveals the vulnerability of even major rural communities. No level 3 (major regional centre) communities exist in southwestern Manitoba, so these communities are the major trade centres.

The loss of major businesses, such as school division offices, could have long range deleterious effects far beyond the absolute dollars or number of persons involved. The loss of five or six families, for example, places an equal number of houses on the real estate market in communities that are declining, possibly adding to exponential decline by driving property values down. The loss of families means fewer consumers of goods and services, and weaker businesses. In the largest division (Fort la Bosse) the division office staff totals 13 people, which translates to 40 persons in families. Ten school age children are included, so school enrollments could decrease. These cumulative effects are far-reaching in smaller communities, none of which can afford to lose additional employment, especially in the higher paying professions.

**WHOLESALE-RETAIL SHOPPING CENTRES IN MANITOBA, 1991**

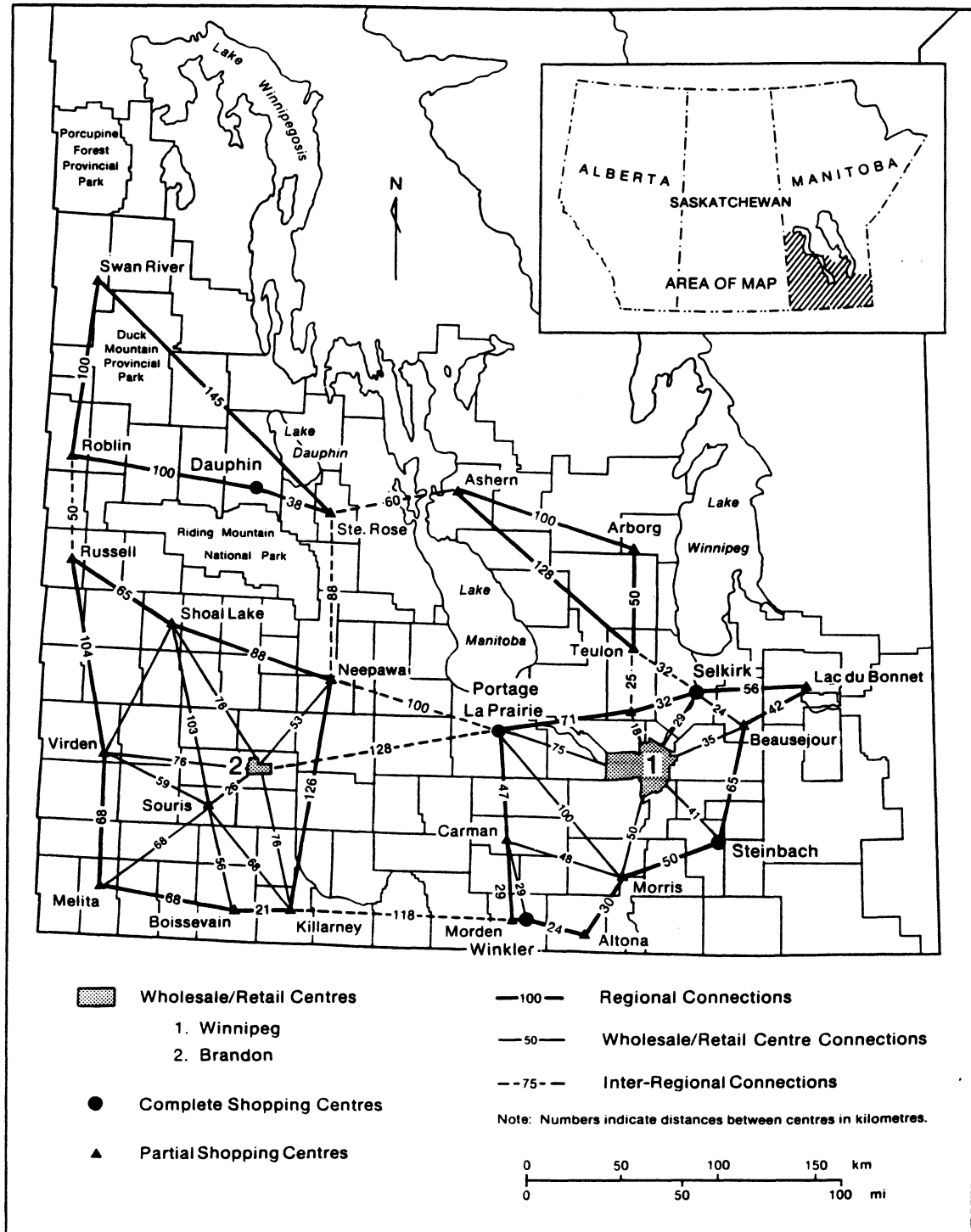


Figure 41

Source: Rural Development Institute, 1993

P.L. Cherneski, 1993

### CONCLUSIONS ON IMPLICATIONS OF RURAL CHANGE

In summary, it would appear that there is not a lot of money to be saved from assimilation of rural school divisions. There is even a possibility that some portions of integrations could end up being more costly. Integration of divisions with a common special levy would balance costs in a region and would be received positively where the rate drops and negatively where it increases. There is, however, an opportunity through rationalization of school trustees, superintendents and secretary-treasurers to direct a greater portion of available resources closer to the classroom and consequently to provide improvements on the education side of the issue. A fringe benefit from rationalization could evolve from the ability of divisions to maintain smaller schools in operation. If all existing school boards and school administrations are maintained and student numbers continue to drop as they are presently doing in most rural areas, then the resulting reduced funding will eventually force further cuts at the classroom level. This would have tragic repercussions. In these instances, the consequence of status quo would likely be more negative than the consequence of change. The depopulating areas of rural Manitoba are all in this same predicament. There are only a few growth areas in rural Manitoba and they could enjoy the benefit of economies of scale that growing numbers can provide. Economies of scale in depopulating areas are not achievable without increased bussing. Neither increased bussing nor closure of schools are advocated by the Commission and are not necessitated by any of the recommendations made later in this report.



### **3. FUTURE IMPLICATIONS OF CHANGE IN THE NORTHERN DIVISIONS, REMOTE AND SPECIAL REVENUE DISTRICTS**

Many of the points made in both previous sections (urban and rural) are applicable to more distant areas. However, Northern and Eastern remote areas of Manitoba present some different sets of variables and circumstances from urban or rural Manitoba. Population concentrations are separated by substantial distances and many places have only air or rail linkages to other centres. Frontier School Division is responsible for massive areas of the province and many of its locations are accessible only by air. It has a total portioned property assessment of only \$46.8 million which raises only \$692,646 in special levy. This necessitates provincial and other sources funding the remainder of its \$48 million budget. Its cost of delivering services is the highest of any division in the province at \$10,342 per pupil, almost double the average of \$5,713 in 1992/93. This is due primarily to its very decentralized locations and heavy staff, transportation and operations costs.

Northern communities such as Churchill, Lynn Lake, Snow Lake and Leaf Rapids operate individual schools complete with local school boards and administration although the administration is extremely limited. In fact, in some cases the school principal acts in nearly all administrative capacities. While most of the smaller communities want and need educational help, they are frequently reluctant to integrate with either Frontier School Division or their closest neighbours to formulate larger divisions. There is a fear of loss of control to larger centres if this were to happen.

As mentioned earlier in this report, several northern communities have special agreements with major employers such as Hudson's Bay Mining and Smelting and INCO and thus there must be separate considerations for the financial arrangements. There is no question that there could be educational gain by linking some of the more isolated communities either together or to larger centres where sufficient numbers would help justify the provision of additional services. The key to success in northern communities involves not destroying the singularity of each of those communities even if they are linked in order to achieve educational benefits. If several widely separated communities were to form a new division, there would have to be special consideration given to trustee representation. If a small, isolated centre were to be linked to one or two larger centres there may need to be an extension of the Public Schools Act provisions with respect to proportional representation to ensure that the smaller centre has elected trustees. While some southern and rural Manitobans may take issue with this principle, it would be necessary to ensure reasonable representation in areas widely separated by distance. This underlines the necessity of

responding to regional differences with appropriate solutions rather than attempting to solve all problems with the same approaches.

At the present time, there are few opportunities for professional staff development in the isolated communities primarily because there is nobody else in the area. Crossing of boundaries for such purposes has not been sufficiently encouraged in recent years and thus many staff are even more isolated than they need to be. Formulation of partnerships and integration of smaller components into larger groupings could improve staff development and provide some opportunities for movement of staff. At present, there is simply no place to go without starting over in a new division once one leaves the small existing district or division. This problem prevents some teachers from accepting roles in isolated locations in the first place.

In 1992/93 the 7 Northern divisions and districts reported the total costs of their 42 trustees to be \$367,783 for an average of \$8,756. Frontier School Division reported \$526,752 as the cost of its 10 trustees for an average of \$52,675. Sprague's cost of \$19,065 was for 5 trustees so their average was \$3,813. Assimilation of divisions could reduce these costs, although not directly proportionally since some costs remain for a board irrespective of its numbers of trustees. However, if the 7 Northern districts (excluding Frontier) were reduced to 2 and each had a maximum of 9 trustees, then the costs of 24 trustees could be eliminated or the funds channelled towards education services not presently available. At an average of \$7,000 this would translate to \$168,000. Frontier's trustee cost is very high, with base compensation set at \$15,000 each compared to the average \$2,967 for the other Northern school boards. The roles and travel costs are also different.

Senior administration costs could be reduced somewhat, but such reductions would not be large. Some economies could be obtained on the business management side and educational leadership could be shared with benefits accruing mostly to the smaller areas.

It is extremely difficult for administrators in some of the northern areas to be all things to all people. They could certainly benefit from being part of a larger more integrated system. In turn, the students could benefit educationally if more support services were available to them. In most cases these services are simply unavailable now because of the prohibitive cost and diseconomy of very small scales of operation.

Frontier School Division is presently responsible for Falcon Beach School. This is more by default than by design, since Falcon Lake is outside any school division. While elementary

students attend here, high school students are bussed over 118 kilometers to Steinbach. Frontier School Division was intended to service the remote areas of the province. Falcon Beach is directly on the Trans-Canada Highway and would be more appropriately included in a southern school division with Steinbach as its high school location.

Pine Falls, Pinawa and Pointe du Bois are locations for Special Revenue Districts not included in the mainstream with other divisions/districts. This is due to the role of the major employer in each case and existence of different methods of financing both municipal and education services. The students of these small operations could benefit from co-operative interaction at the staff, administration and school board levels. It is not necessary, however, that integration of these into school divisions need also dictate identical treatment by the Department. Funding arrangements should be tailored to suit the unique circumstances. Each location could still operate its schools on a locally-managed basis within a broader based regional school division.

Sprague is presently a remote district struggling to survive with one school and 156 children and a very low assessment base. It could benefit educationally by linkage with its neighbours and would also benefit substantially from equalization of mill rates in a larger school division.

**CONCLUSIONS ON IMPLICATIONS OF CHANGE IN NORTHERN DIVISIONS,  
REMOTE AND SPECIAL REVENUE DISTRICTS**

In summary, smaller Northern, remote and special revenue districts and divisions could benefit educationally from integration with some of their neighbours. Staff would benefit from increased opportunities for interaction, professional development and improved mobility without tenure problems. Some economies could be exercised in the business management aspects of these small operations and help could be obtained by sharing with the larger centres. Reduction in trustee costs could result in directing badly needed resources to education services at the classroom level.

Care would need to be taken to recognize the uniqueness of these communities and the individual financial arrangements. In contrast to southern and urban areas, mill rates would need to be maintained on an individual community basis. The important role of the school principals and school advisory councils should be elevated since operation of single school remote locations would approach school based management within an integrated grouping of neighbouring districts and divisions.