

UPDATED ANALYSIS OF THE BUDGET 2009 ANNOUNCEMENT

Funding increase for Education Programs cut in half

Budget 2009 includes an increase of about 73 million dollars in funding for Education Programs in 2009–10, with 60 million allocated to public education. However, this is less than half the increase for 2008–09. Public schools will receive the lowest percentage increase in funding of all Education Programs in 2009–10.

Table 1: Projected funding: Education Programs: 2009–10 (not adjusted for inflation)

Education Programs	2008–09 restated	2009–10 estimates	Change	% change
Public schools funding	\$ 4,762,670,000	\$ 4,822,713,000	\$ 60,043,000	1.26%
Independent schools	\$ 243,007,000	\$ 248,367,000	\$ 5,360,000	2.21%
Early learning & literacy	\$ 15,538,000	\$ 23,338,000	\$ 7,800,000	50.20%
Total	\$ 5,021,215,000	\$ 5,094,418,000	\$ 73,203,000	1.46%

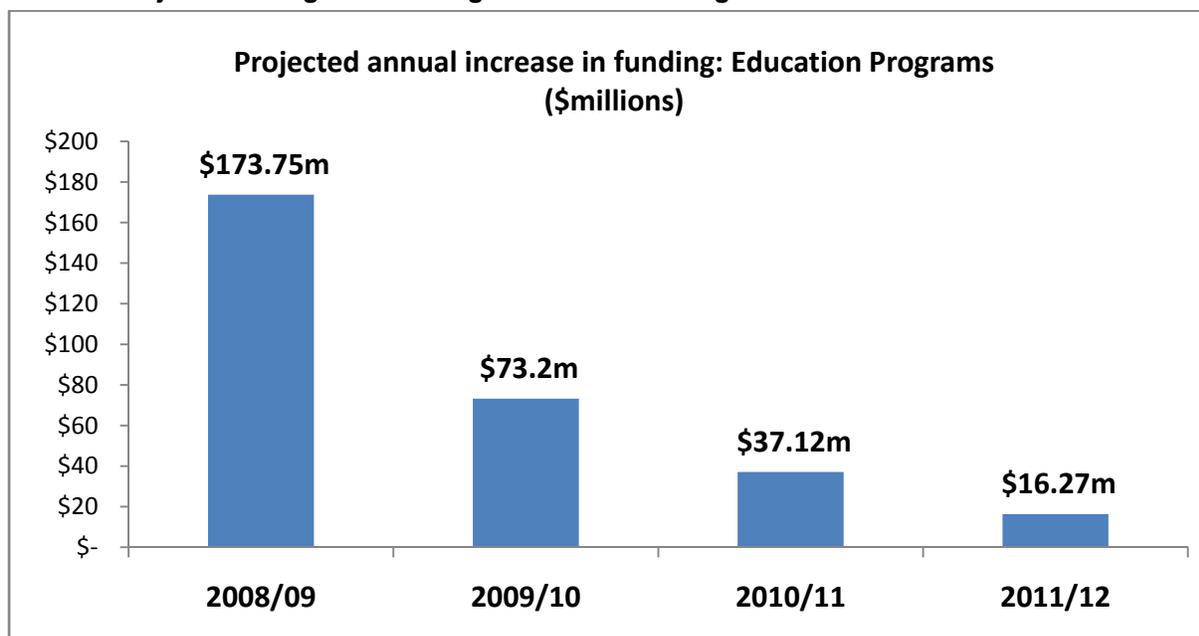
BCTF Research table with data from Ministry of Education. *Briefing Material for 2009/10 Estimates for Education Partners Group*, February 18, 2009.

New funding for Education Programs diminishes

 (not adjusted for inflation)

The Ministry of Education's three-year plan shows funding for Education Programs cut in half in each subsequent year, approaching zero by 2011–12. This means the shortfalls that Boards of Education have experienced in previous years will increase in subsequent years.

Chart 1: Projected changes in funding for Education Programs: 2008–09 to 2011–12



BCTF Research chart with data from Ministry of Education. *Briefing Material for 2009/10 Estimates for Education Partners Group*, February 18, 2009. Figures calculated for the 2008–09 increase from data in the *Budget 2008 Ministry of Education Service Plan*, p. 22.

What does this mean for District Operating Grants?

Funding is frozen for 34 school districts

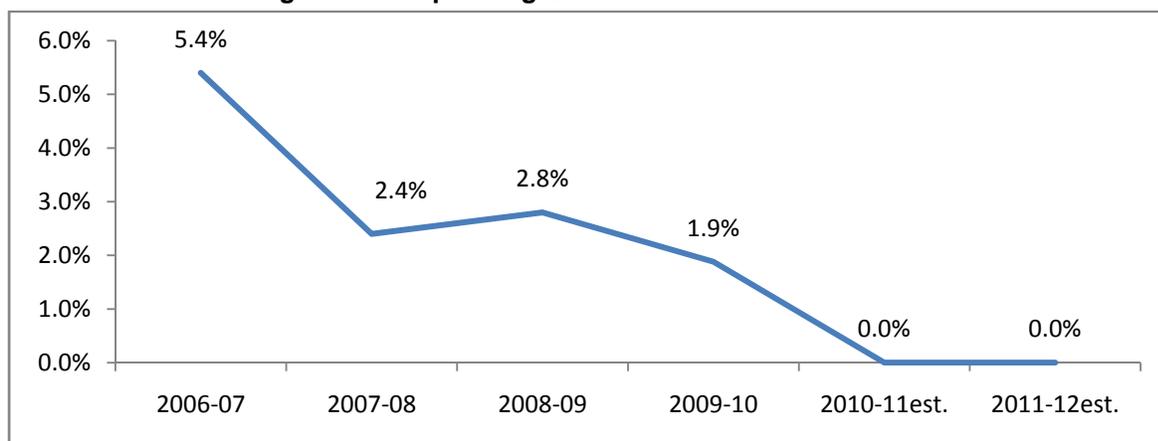
The 2009–10 Operating Grants manual shows an increase of \$84,363,400 in total operating grants for 2009–10, about \$38 million less than the \$122 million increase in 2008–09. Thirty-four districts will receive no funding increase in 2009–10.

Rocky Mountain	Prince Rupert	Fraser-Cascade
Kootenay Lake	Okanagan Similkameen	Cowichan Valley
Arrow Lakes	Bulkley Valley	Fort Nelson
Revelstoke	Prince George	Coast Mountains
Kootenay-Columbia	Peace River South	North Okanagan Shuswap
Cariboo-Chilcotin	Okanagan Skaha	Vancouver Island West
Quesnel	Alberni	Vancouver Island North
North Vancouver	Comox Valley	Stikine
Sunshine Coast	Campbell River	Nechako Lakes
Powell River	Kamloops/Thompson	Nisga'a
Haida Gwaii/Q. Charlotte	Gold Trail	
Boundary	Mission	

What does the future hold for K-12 funding? (Updated figures)

None of the funding increases for Education Programs in future years will go to K-12 operating grants. Chart 2 shows the percent change in the operating grants since 2006–07. Based on the estimates in the 2009–10 Operating Grants Manual, the Ministry of Education is planning to freeze operating grants in 2010–11 and 2011–12. This means further erosion of funding due to inflation and no funding to cover increased labour settlement costs or unmet needs in the education system.

Chart 2: Percent change in total Operating Grants with estimates to 2011–12



BCTF Research chart created with data from: Ministry of Education, *2007/08 Summary of Key Information* (2006–07, 2007–08 figures). Figures for 2010–11 and 2011–12 are based on estimates provided in the 2009–10 Operating Grants Manual, March 2009, p.1.

K-12 funding shortfall greater than expected (revised estimates)

Table 2 estimates the additional funds needed to maintain K-12 public-education services at their current level. This does not take into account other downloaded costs to school districts or new needs that arise.

Labour settlement costs make up a key component of the Operating Grants. These are costs that the provincial government has negotiated and is committed to fund. The 2009–10 Operating Grant Estimates show an increase of \$100,164,096 in labour settlement costs since 2008–09.

The \$84,363,400 increase in the 2009–10 operating grant is not enough to cover the increase in labour settlement costs. The estimated shortfall, based on the amount needed to cover the increase in labour settlement funding and a 1.3% increase in inflation is \$73,800,696.

This is a conservative estimate, as the 2009–10 operating grant includes a \$71 million holdback. It is not known how much of the holdback will be distributed to districts during the year, or whether boards will have the flexibility to use these funds to assist with cost pressures.

Table 2: Estimated shortfall in 2009–10 Operating Grant

Funding and cost estimates	Amount
2008–09 restated total operating grant	\$ 4,467,000,000
Increase in labour settlement costs	\$ 100,164,096
Estimated amount to cover 1.3% inflation	\$ 58,000,000
Estimated amount to cover inflation and increased labour settlement costs	\$ 4,625,164,096
Estimates for the total 2009–10 operating grant	\$ 4,551,363,400
Estimated shortfall (assumes all of the \$71 million holdback goes to districts)	\$ (73,800,696)

Source: Ministry of Education: 2008–09 Operating Grants Manual: Restated Estimates, and the 2009–10 Operating Grants Manual, March 2009.

Not enough to cover labour settlement costs and inflation

- In 2008–09, all but two school districts faced a decrease in discretionary funding because the 122 million dollar increase in the 2008–09 operating grant was not sufficient to cover the \$137 million increase in labour settlement funding. Districts either cut services or used up existing surpluses to deal with the shortfall. (See new Columbia Institute report, available at: <http://www.civicgovernance.ca/files/uploads/WhenMoreisLess.pdf>).
- Boards of Education that used up surpluses will not have those to fall back on in 2009–10. Those districts that reduced educational services to make up for the shortfall in 2008–09 will likely face more drastic cuts in 2009–10.
- The inflation rate increased 1.3% between January 2008 and January 2009. This does not include costs such as the carbon tax or other education-specific costs.
- Nor does the current funding increase capture the loss of purchasing power due to inflation over the past several years. The supplemental funding for transportation costs, for example, has not increased since 2001–02, in spite of rising energy prices over the decade.
- According to Marc Lee, senior economist at the Canadian Centre for Policy Alternatives, an additional 300 million dollars was needed to maintain the same level of education funding in 2004–05 as in the 1990s, after adjusting for inflation. Available at: http://www.policyalternatives.ca/documents/BC_Office_Pubs/cutting_classes.pdf

Provincial block funding not enough to cover cost pressures

According to a background document prepared by School District 63, Saanich, provincial block funding increased by \$673 million since 2001–02. This was \$250 million short of covering formula cost pressures such as Distributed Learning, GAAP funding, targeted literacy, arts and special needs, summer school, course challenges, special needs increases, and labour settlements. After accounting for the enrolment decline since 2001–02, the report estimates a shortfall in funding to maintain services of \$132 million. (Available at: <http://www.sd63.bc.ca/resources/DeptFinance/2009-10%20Budget/Backgrounder%202009-10%20Budget.pdf>)

Per-student funding—why it is not the “highest funding ever”

- The funding-per-student allocation is not adjusted for inflation.
- A school’s fixed operating costs do not necessarily decrease when enrolment declines.
- It does not capture the changing complexity of needs in the student population. (For example, the increased vulnerability of students entering the K-12 system.)
- It does not account for costs downloaded onto boards due to ministry initiatives that are not adequately funded.
- It does not provide a per-student amount based on what it would cost to properly fund unmet needs in the public school system such as addressing class size and composition issues, increasing support for special education, and fully funding new initiatives.
- The ministry charts present the relative change, not the absolute change in dollars per student and student enrolment. Were the Y axis set at zero and dollars-per-student adjusted for inflation, these lines would flatten, providing a more realistic view of the change.