



# British Columbia Teachers' Federation

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## Questions and answers about the underfunding of BC public schools

February 2016

### What is new in the 2015–16 district operating grants?

The figures in the Ministry of Education three-year plan are published each year in the Operating Grants Manual. Based on the Ministry's figures for total operating grants, there is no increase in operating grants for the first two years of the new collective agreement (2013–14 and 2014–15), followed by a very large increase in Year 3 of the collective agreement (2015–16). But this increase appears larger than it is because most (\$93.6 M) of the 2015–16 Labour Settlement Fund was already allocated in 2014–15 to cover the cost of the 3.25% salary increase and other improvements in Year 2 of the teachers' settlement. The actual amount of new funding in 2015–16 is \$36.9 M, intended to cover new costs arising from Year 3 of the collective agreement.

This is before taking into account a \$29 M cut to operating grants funding implemented by the Ministry, which leaves only \$7.9 M in new operating grants funding in 2015–16. This is a much smaller percentage increase (+0.8%) than the Ministry data shows (2.2%). By 2016–17, the full effect of the \$54 M funding cut results in an actual decrease in operating grants funding (-0.3%). This will be the first time since 2004–05 that total operating grants funding has decreased.

### What about the large increase in student enrolment in September 2015?

Enrolment is much higher than anticipated in BC public schools for the 2015/16 school year. After the September 2015 enrolment count, there are 6,559.4 more FTE school-aged students and 187.5 more FTE adult students enrolled in BC public schools than were anticipated in the March Operating Grants estimates.<sup>1</sup> Of the newly-enrolled school-aged students, 4,333 are identified as having unique learning needs. Enrolment increased significantly for students with special needs (824 with a Level 2 designation and 528 with a Level 3 designation), students in the ELL/FLL program (+1,385), and students in the Aboriginal Education program (+1,592), compared to the March estimates.<sup>2</sup>

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<sup>1</sup> Sources: Ministry of Education. *Estimated Operating Grants – 2015/16 School Year, School District 99 Provincial Totals* (March 2015); *Interim Operating Grants Following the September Enrolment Count – 2015/16 School Year, School District 99 Provincial Totals* (December 2015).

<sup>2</sup> Sources: Ministry of Education. (2015). Operating grants: Table 4a and Table 4b, Supplement for Unique student needs, 2015/16 estimated (March) and Interim (December). <http://www.bced.gov.bc.ca/k12funding/funding/15-16/welcome.htm>

## **How much more funding is required to fully fund these students?**

Compared to the March estimates, enrolment-based funding as of September 2015 increases by \$47.3 M, and the Unique Student Needs supplement increases by \$24.8 M. In total, an additional \$72.1 M in operating grants is required to fully fund the extra students who enrolled in September.

But districts will not receive the full amount, because when enrolment increases, the Ministry funding formula takes away some or all of the funding some districts would receive through the enrolment decline supplement and funding protection. After taking into account the \$10.3 M decrease in the enrolment decline supplement and funding protection (combined), and the Salary differential supplement (+0.9 M), operating grants funding increases by only \$62.6 M (instead of \$72.1 M) as a result of unanticipated enrolment increase in September 2015.

## **What about the holdback?**

The operating grants funding includes a holdback that is held in contingency to provide funding for unanticipated enrolment that occurs during the school year beyond what has been estimated before the school year begins<sup>3</sup>. The 2015–16 holdback of \$55.5 M is not enough to fund the \$62.6 M required to fund the unanticipated enrolment in September 2015, creating a shortfall of \$6.7 M. While the Ministry has indicated it has allocated an additional \$6.7 M to fund the increased enrolment<sup>4</sup>, this leaves no holdback remaining to fund any additional unanticipated enrolment in the February and May 2016 counts. This is especially of concern, considering the new students enrolling mid-year who are recently arrived or expected to arrive as refugees from Syria.

## **How will the \$29 M cut in “Administrative savings” affect students?**

Budget 2015 announced a \$54 M cut to operating grants funding, which the Ministry refers to as “Administrative savings”. The funding cut is being implemented over two years, with a \$29 M cut to 2015–16 district operating grants, and a further \$25 M cut in 2016–17.<sup>5</sup> This funding cut will add further to the district budget shortfalls that underlie cuts to education programs and services.

The BC School Trustees’ Association surveyed districts about the programs and services that will be affected by budget cutbacks in 2015–16. In the BCSTA survey,<sup>6</sup> school districts identified a wide range of cost-cutting measures that will impact students. Cuts that may not directly impact classrooms but will affect students include a reduction in or elimination of student bussing services as well as implementation of monthly student transportation fees, reduced custodial services for schools, and deferment or cancellation of technology upgrades and implementation. Ways in which classrooms will be impacted directly by these cuts include increased class sizes, reduced support services for students, including fewer Education Assistant hours, reduced school supply budgets affecting the classroom directly, program, classroom, and school closures, expanded introduction of a two-week spring break, reduced library time and

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<sup>3</sup> Holdback allocation—Table 16; excerpt from the *2015/16 Operating Grants Manual*, p.23.

<sup>4</sup> Ministry of Education letter to Secretary-Treasurers, December 18, 2015, re. 2015/16 Recalculated Funding Allocations.

<sup>5</sup> See p.1 for funding allocations for Public Schools Administration over the three-year plan, in the Ministry of Education’s *Budget 2015 Overview* (February 2015).

<sup>6</sup> BCSTA Update: Budget Response Update, May 22, 2015, available at:

[https://dsweb.bcsta.org/docushare/dsweb/Get/Document-77442/2015-05-22\\_bcsta\\_update.htm](https://dsweb.bcsta.org/docushare/dsweb/Get/Document-77442/2015-05-22_bcsta_update.htm)

fewer library services for students, and many other impacts. The impact of these cuts will deepen in 2016–17, when SD operating grants will be cut by another \$25 M in “Administrative savings”.

### **What about other downloaded costs?**

When K–12 funding is not increasing enough to cover the rising costs of education, these costs are downloaded onto school districts. These costs include general inflation on supplies and services, increased costs that are a direct result of provincial government policy such as increases to Medical Services Premiums (over the last several years) and BC Hydro rates (over five years), unfunded salary increments for employees moving up the grid, and increases in employer contributions for payroll benefits (EI, CPP), health/dental benefits, and employee pension plans. If the Ministry mandates new education programs without fully funding them, these also become downloaded costs to school districts. Without additional funding, these cost pressures accumulate each year. The BC Association of School Business Officials estimates school districts faced \$192.7 M in cost pressures in 2014–15 (based on a provincial cumulative total for the years 2012–13 to 2014–15)<sup>7</sup>.

### **What about cost pressures for 2016–17?**

In addition to the \$25 M cut to operating grants imposed on school districts in 2016–17, there are many other cost pressures that will be downloaded to school districts if the Ministry of Education does not fully fund these newly-arising costs of delivering educational services. Assuming a 1.9% BC inflation rate, an additional \$10–\$11 M in funding is needed to cover the rising costs of operations and supplies<sup>8</sup>. School districts are also facing a loss of \$19 M to fund the Next Generation Network, because there are no leftover holdback funds in 2015–16 that were anticipated to be allocated for this purpose<sup>9</sup>. This may cause a delay in implementation, and the cost may carry over to 2016–17. Other downloaded costs include increased costs from a BC Hydro rate increase, and yet another increase to MSP premiums on January 1, 2016, and possibly a further increase in 2017 (at a cost of \$2.6–\$3 M per 4% increase).

The Ministry of Finance has lifted the freeze on the salaries of school administrators, but the Ministry of Education has stated it will not provide any additional funds to cover the cost of the 2% increase some districts have approved for 2016<sup>10</sup>. If school administrators in all 60 districts receive a one-time 2% salary increase, this would require an estimated \$5.5 M<sup>11</sup>, which will

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<sup>7</sup> The 2014–15 figure is from a document obtained in a Freedom of Information Request—*Ministry of Education Estimates Note: School District Cost Pressures 2014*.

<sup>8</sup> BC Stats Consumer Price Index January 22, 2016, p.1 states the inflation rate for BC is 1.9% (compared to the same month in the previous year). <http://bcstats.gov.bc.ca/StatisticsBySubject/Economy/ConsumerPriceIndex.aspx> Figure for 2015–16 total operating expenditures for Services and Supplies (\$582,351,745) from: Ministry of Education, Revenue and Expenditures tables: Table 6, *2015/16 Provincial summary of annual budgeted operating expenditures by function, program and object*.

<sup>9</sup> See: “School district on the hook for tech funding after province-wide enrolment surge”, *Abbotsford News*, January 14, 2016, p.1.

<sup>10</sup> Fries, Joe. “Pay bump at schools; Principals, Vice-principals among the first to get out from under government imposed wage freeze with 2 per cent raise”, *Penticton Herald*, January 7, 2016, p.A1.

<sup>11</sup> According to a recent article quoting a Ministry spokesperson, the BC Public Sector Employers’ Council of the Ministry of Finance has lifted restrictions on the salaries of school administrators, capping potential salary increases at 2%. This increase applies only to school administrators, not to secretary-treasurers or Directors of Instruction. For this reason, the cost estimates are adjusted to reflect that school administrators comprise 61% of management excluded staff. The estimates assume a 2% salary increase in 2016 that carries over to 2016–17. Estimates are based on data in the Public Sector Compensation Base Open Data, and include an estimate of the cost impact on wage-impacted benefits in addition to the salary increase.

continue to be a downloaded cost in future years. It is not known how many districts will approve salary increases for school administrators, or whether the increase will be retroactive.

A significant increase in operating grants funding in 2016–17 is required to cover negotiated salary increases for teachers and for support staff, as well as salary increases arising from the Economic Stability Dividend (0.45% effective May 1, 2016). Operating funding will need to increase by an estimated \$43.5 M for teacher salary increases, and an estimated \$12.45 M for salary increases for support staff in the K–12 sector.<sup>12</sup> At least \$2 M in new funding is required for other teacher contract provisions coming into effect in 2016–17. A second ESD increase is scheduled for May 1, 2017 which, if applicable, will require additional funding.

### **Will the Economic Stability Dividend become another downloaded cost?**

While the government appears to have committed to funding the cost of salary increases arising from the Economic Stability Dividend (ESD), it is unclear how this amount will be funded. The cost of the first ESD increase of 0.45%, effective May 1, 2016 is estimated at \$13.5 M for teachers, and \$4.85 M for support staff for the 2016–17 school year.<sup>13</sup> This ESD increase will also affect costs for May and June of 2015–16—this is not reflected in the cost estimate.

There are several unanswered questions about how the ESD salary increases will be funded. Does the Ministry plan to provide additional funding for the ESD in the Labour Settlement Fund for 2016–17? If so, what about the cost incurred in the last two months of 2015–16, when the ESD increase comes into effect? Or is there is a separate fund in the Ministry of Finance to cover the cost of ESD increases across the provincial public sector? Each year that a negotiated salary increase comes into effect, a portion of that salary increase will be derived from the ESD. How is this being accounted for and funded?

### **What about the Teacher Education Fund for 2015–16?**

In previous briefs<sup>14</sup> to the Select Standing Committee on Finance and Government Services, the BC Teachers' Federation has expressed concern that improvements in teaching support from additional funding provided by the Learning Improvement Fund (LIF) and the Teacher Education Fund (TEF) have been largely offset by a significant decrease in teaching positions funded by district operating grants. According to the 2015/16 Amended Annual Budget Instructions for the Learning Improvement Fund (p.11), "Spending of the LIF grant must not reduce the expenditures the district would have made to address learning improvement issues if the board did not receive the grant." However, the numbers tell a different story.

Using the Ministry's Form 1530 data on FTE teachers funded by district operating grants, there were 1,095.16 fewer FTE teachers in 2014–15 than in 2011–12 (the year before the LIF was introduced). BCTF estimates the number of teaching positions that could be funded by the

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<sup>12</sup> Teacher salary increase includes the 0.45% Economic Stability Dividend (ESD) increase effective May 1, 2016 and the 1% salary increase effective July 1, 2016. Support staff salary increase includes the 0.45% ESD increase effective May 1, 2016, a 0.5% salary increase effective July 1, 2016, and a 1% increase effective May 1, 2017. Estimates are based on data in the Public Sector Compensation Base Open Data and include an estimate of the cost for wage-impacted benefits in addition to the salary increase. The ESD effective May 1, 2017 is unknown and therefore not included in these estimates. See Public Sector Compensation Base Open Data: <http://www.fin.gov.bc.ca/psec/publicsector/index.htm>

<sup>13</sup> Estimates for the ESD increase to salaries are calculated as described in Footnote 12.

<sup>14</sup> For information on "bait and switch" of teaching positions, see the 2013 and 2014 BCTF education funding briefs, and "Teachers gained and lost—Will the Teacher Education Fund make a difference?", available at: [www.bctf.ca/IssuesInEducation.aspx?id=10720](http://www.bctf.ca/IssuesInEducation.aspx?id=10720).

Teacher Education Fund of \$75 M in 2014–15 at 807.60 FTE teachers. These estimates suggest that after accounting for the new teaching positions funded by the TEF, there were almost 300 fewer FTE teachers in 2014–15 than in 2011–12. In 2015–16, the TEF increased by another \$5 M, which BCTF estimates would fund about 53 additional FTE teachers. Even taking these new teaching positions into account, they are offset by the loss of teaching positions funded by district operating grants.

It appears the Ministry of Education does not have a process to prevent the Teacher Education Fund from being used to replace teaching positions eliminated in the Operating Grants funding. Nor do they provide concrete statistics that document how many FTE teaching positions are funded by the Teacher Education Fund—this helps to obscure the “bait and switch” strategies that are being used to cope with district shortfalls. Unless the provincial operating grant fully funds new cost pressures facing school districts, the Teacher Education Fund will not result in meaningful improvements in teaching support for students.

### **How does funding for BC public schools compare with the rest of Canada?**

Statistics Canada data shows that BC has done considerably less than the rest of Canada to improve operating funding to school districts. Between 2009 and 2013, Board Operating Expenditures on public schools increased by 12.28% in Canada, and by only 1.23% in British Columbia.<sup>15</sup> If operating funding had increased by the same percentage in BC as Canada (12.28%), there would be an additional \$535 M in education funding to support students in BC public schools by 2013 and in subsequent years.

Since then operating grants funding for BC public schools increased by 2.5% between 2013–14 and 2015–16, largely to cover the costs of the teachers’ labour settlement. However, this will do little to close the funding gap between BC and the rest of Canada.

### **How much would education funding need to increase to keep pace with inflation?**

According to a review of a Conference Board of Canada report<sup>16</sup> in the *Vancouver Sun*:

BC caps education (K to 12 education and post-secondary) spending increases to 0.6% per year between now and 2017. The Conference Board estimates BC needs to increase education spending by 2.7% per year, or \$1.6 billion over three years, to maintain “inflation-adjusted funding per student” (takes account of inflation and enrolment projections).

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<sup>15</sup> BCTF calculations with data from: Statistics Canada. (2015). *Table 478-0012 – School board expenditures, annual (dollars)*, CANSIM (database). (Accessed January 8, 2016.)  
<http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=4780012>

<sup>16</sup> Carman, Tara. “BC budget runs billions short for education and health: report”, *Vancouver Sun*, August 7, 2014.  
[http://www.vancouversun.com/story\\_print.html?id=10098996&sponsor](http://www.vancouversun.com/story_print.html?id=10098996&sponsor)

## How does inadequate provincial funding affect students “vulnerable” to poverty?

Child poverty remains persistently high in BC. One in every five BC children are living in poverty, affecting 167,810 children, according to the most recent *Child Poverty Report Card*.<sup>17</sup> This means tens of thousands of children attending BC schools are experiencing the effects of poverty, and may be in need of extra resources to meet their basic needs and provide extra learning support to overcome educational barriers related to poverty.

BC public schools have experienced ongoing cuts to teaching positions in recent years as districts cut programs and services to offset budget shortfalls<sup>18</sup>. This means fewer special education teachers to address learning gaps, fewer counsellors to support students to overcome educational barriers related to poverty, and fewer teachers in English Language Learning and English as a Second Dialect programs to support students in need of language and literacy support. Teacher-librarian positions have been especially hard hit by budget cutbacks. This means less literacy support and less access to school libraries, which low-income students may rely on for the resources these libraries provide.

When school district operating grants are not enough to cover the rising costs of public K–12 education, budget shortfalls arise, which inevitably lead to cuts in educational programs and services. Schools in districts with fewer sources of revenue such as tuition fees from offshore/international students, and/or school-generated funds, are less able to absorb the cutbacks arising from structural budget shortfalls. This contributes to the growing inequities within and between school districts.

While schools in low-income areas are likely to receive funds through CommunityLINK<sup>19</sup> and the Vulnerable Students supplement<sup>20</sup>, the results of the *Poverty and Education: A teacher’s perspective* survey<sup>21</sup> suggest these amounts fall short of what is needed to address the poverty-related needs of students in BC public schools. The amount of the CommunityLINK grant increased marginally since 2012–13, and the Supplement for Vulnerable Students of \$11.2 M remains the same in 2015–16 as in 2012–13.<sup>22</sup> This means fewer students being supported by school meal and after-school programs for low-income students each year, as inflation erodes the purchasing power of those funds.

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<sup>17</sup> First Call: BC Child and Youth Advocacy Coalition. Factsheet 1: “BC’s Child Poverty Rate Still 1 in 5” in the *2015 Child Poverty Report Card*, available at <http://firstcallbc.org/child-poverty-report-cards/>

<sup>18</sup> BC Teachers’ Federation. (2015). *Education Funding – A brief to the Select Standing Committee on Finance and Government Services*, September 2015, pp.18–19, available at <http://www.bctf.ca/IssuesInEducation.aspx?id=10720>

<sup>19</sup> The annual CommunityLINK (Learning Includes Nutrition and Knowledge) grant funds programs and services such as breakfast, lunch, and snack programs, academic supports, counseling, youth workers, and after-school programs. The 2015–16 CommunityLINK grant provides \$51.2 M to all 60 school districts.

<sup>20</sup> Starting in 2012–13, the Supplement for Vulnerable Students was added to the operating grants formula, providing extra funding to eligible school districts, based on a formula that weights various socio-economic indicators. In 2015–16, the Vulnerable Student Supplement (VSS) provided \$11.2 M to 25 school districts.

<sup>21</sup> BC Teachers’ Federation. *Poverty and Education survey: A teacher’s perspective*. [Chapter 7: Adequacy of resources to address learning gaps and poverty-related needs of students in BC public schools](#)

<sup>22</sup> 2012–13 and 2015–16 Operating Grants Tables: Table 4c, and the *2015/16 Operating Grants manual*, p.7; available at: <http://www.bced.gov.bc.ca/k12funding/>

## **What does the Select Standing Committee on Finance and Government Services recommend with respect to poverty reduction and education funding for Budget 2016?**

### **Recommendations re: Poverty Reduction Plan**

Teachers respond to the effects of poverty every day in their classrooms, often without the resources needed to assist children and families. More funding is required to address poverty issues in BC schools, because the provincial government has failed to implement a poverty reduction plan that could greatly improve the economic situation for low-income families.<sup>23</sup> BC is one of the few provinces that have not done so.<sup>24</sup>

After hearing from many advocacy groups across BC, the Select Standing Committee on Finance and Government Services recommended to the Legislative Assembly that the provincial government “Explore the option to strike an all-party parliamentary committee to develop a comprehensive and integrated poverty reduction strategy, including legislated timelines and targets for the reduction of poverty (including child poverty) and homelessness in BC” (Recommendation 42, p.36, 2016 report).

### **Recommendations re: Public schools funding**

The Select Standing Committee on Finance and Government Services *Report on the Budget 2016 Consultations* noted the large number of submissions requesting that the government “prioritize learning support in K–12 schools”, and concluded that “current funding levels and assistance are inadequate, which is causing significant operational and program delivery problems in schools throughout BC”. One recommendation of the Select Standing Committee on Finance and Government Services for Budget 2016 is that the government “Provide stable, sustainable and adequate funding to enable school districts to fulfill their responsibility to continue to provide access to quality public education, with recognition of the increased costs that school districts have incurred” (Recommendation 2, p.11)<sup>25</sup>.

## **Can the provincial government afford to improve education funding for public schools?**

A recent Canadian Centre for Policy Alternatives analysis for the *CCPA Submission to BC Budget Consultations*<sup>26</sup> provides evidence that the province has the ability to improve funding for public services, and recommends that Budget 2016 provide funding for public schools to ensure that all students have the support they need to reach their full potential. The CCPA noted that “a large surplus was delivered in 2014–15, and while projected surpluses seem relatively modest in the next three fiscal years, this is partly because of increasingly generous forecast allowances and contingency allocations—about \$1 billion in each of 2016–17 and 2017–18, double the \$500 M budgeted from 2013–14 and 2014–15”. The CCPA concludes: “Heading into Budget 2016, the province is in a strong fiscal position to improve the well-being of British Columbians.”

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<sup>23</sup> Canadian Centre for Policy Alternatives. *CCPA Submission to BC Budget Consultations 2016*, pp.10–11. <https://www.policyalternatives.ca/publications/reports/ccpa-submission-bc-budget-consultations-2016>

<sup>24</sup> According to Canada Without Poverty (2015), all provinces and territories except BC have a poverty reduction plan or are in the process of developing one. <http://www.cwp-csp.ca/poverty/poverty-progress-profiles/>

<sup>25</sup> Select Standing Committee on Finance and Government Services. *Report on the Budget 2016 Consultations*, November 2015, pp.10–11.

<sup>26</sup> *CCPA Submission to BC Budget Consultations 2016*, October 2015, pp.7 and 14.