

EDUCATION FUNDING

A Brief to the

**Select Standing Committee on
Finance and Government Services**

from the

British Columbia Teachers' Federation

October 2002

President

Executive Director

Education Funding Brief 2003

British Columbia Teachers' Federation

The British Columbia Teachers' Federation (BCTF) is pleased to have this opportunity to present its views on priorities for the 2003 provincial budget to the Select Standing Committee on Finance and Government Services.

The BCTF represents 45,000 members who are teachers and teachers on call in the public schools. Our members work in the schools that are part of B.C. communities large and small, urban and rural, and in every corner of the province. The public schools are an important part of every community—providing educational opportunities to all children and youth, as well as physical spaces that serve as the venue of many out-of-school community activities.

The B.C. government's funding freeze for public education is already causing significant stress to students, teachers, and their communities. Because of this, we have one central recommendation to the Standing Committee and to the government:

For the sake of quality education, the B.C. government must provide funding to school districts to cover all of the additional costs produced by provincial decisions. These include the cost of the imposed terms and conditions of teacher employment and other costs downloaded to school districts.

The Ministry of Finance Consultation Paper makes the claim that “education spending will be protected throughout the three-year plan.” Freezing the budget for three years cannot legitimately be called protecting spending. Costs go up each year, so a freeze in budgets inevitably means a cut in services.

The first year of the B.C. government's freeze on school-district budgets is already having a negative effect on the education services that can be provided in the public schools. The system cannot have two additional years of cuts and maintain the quality of education for all students in public schools.

Difficulty in making year to year comparisons.

When the B.C. Liberal government changed the funding formula for public education, it said it was producing a system that is both transparent and easy to understand. Unfortunately, neither of those is the case.

The difficulties show up when examining the per-pupil funding by the province. The ministry has announced to the public that the expenditure for the current school year is \$5,308 per pupil. The per-pupil figure for the previous year of 2001–02 was announced as \$6,297. This looks like a huge drop in funding and might lead us to expect even more cuts than we are currently seeing.

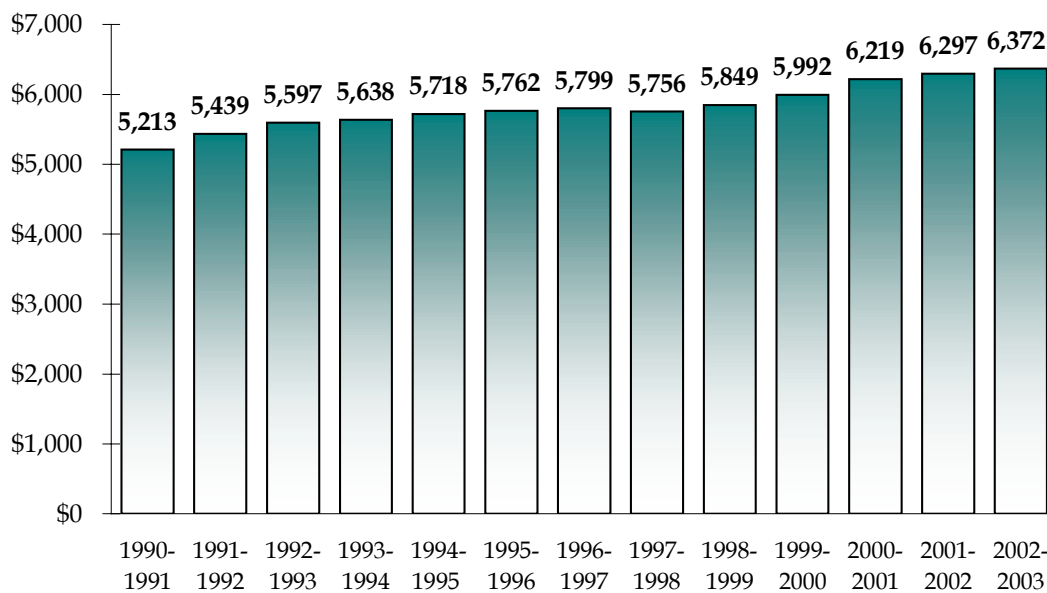
However, a difference in the way of reporting accounts for much of the difference in the two figures. Formerly, the reported per-pupil amount was based on *all* the operating

expenditures, including ESL funding, Aboriginal education funding, funding for students with special needs, and the various formulas aimed at producing equity around the province by taking into account the cost of geographic dispersion and similar factors.

The new way of reporting has rolled some of the factors formerly in the equity provisions into the reported per-pupil funding. However, some of the factors still produce extra funding for a district on top of its per-pupil amount. These include low incidence, severe disabilities, Aboriginal education, and several other equity factors.

To maintain the appearance of simplicity, the ministry now only talks about a single per-pupil figure. That simplicity, though, is misleading. The ministry-announced per-pupil figure does not include all of the grant funding that goes to school districts. This situation makes it difficult to make valid year-to-year comparisons and comparisons with other provinces. In the absence of clear funding information from the ministry, we have recalculated per-pupil funding for this year. The nature of the assumptions made, and the process for calculation to make these comparisons, are included at the back of this brief in “Notes on Education Funding Figures.”

Provincial operating funding per pupil, 1990-1991 to 2002-2003



Sources: Ministry of Education, School Funding and Allocation, 2002/03 Operating Grants Manual to British Columbia School Boards.

Chart 1

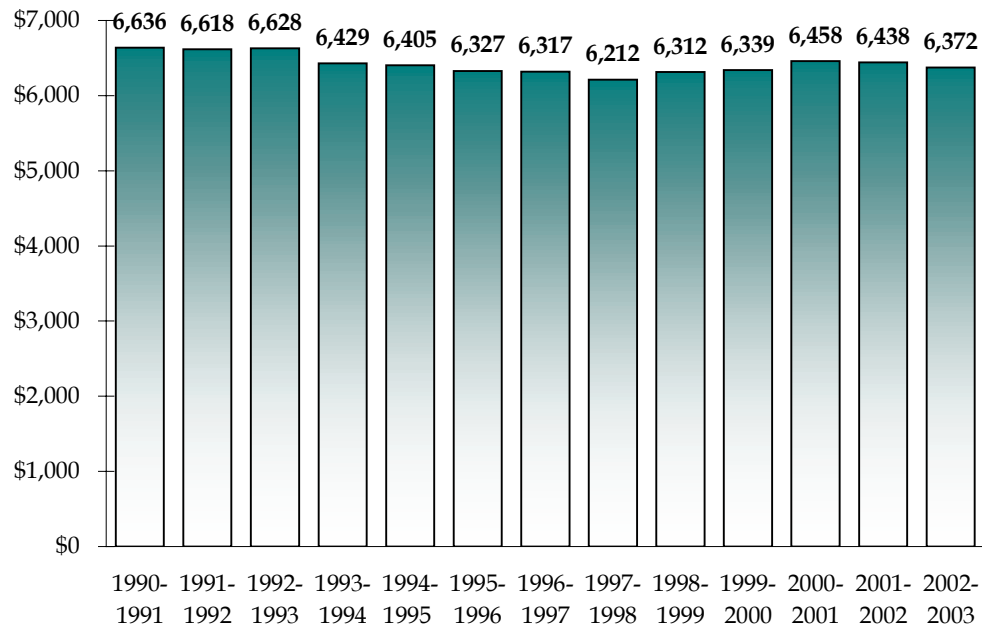
Chart 1 presents figures adjusted for comparability. Provincial operating funding per pupil over the past decade appears to be a few more dollars per student this year over last—but just a few. And that increase is misleading because it is based on the same value of the dollar throughout the decade, something that we all know has not happened.

Per-pupil funding declines in real terms.

While ostensibly an increase of \$75 per pupil from last year, per-pupil funding has actually declined \$66 in real terms (using CPI for August 2002 (2.2%) and CPI for September of previous years). This merely assumes a rate of inflation of 2.2%, and does not take into account the unfunded teacher salary increase of 2.5% this year, or any additional costs facing the school system.

Inflation-adjusted provincial operating funding per pupil, 1990-1991 to 2002-2003 (August 2002 dollars)

Real per-pupil funding has declined by 4% or \$264 (today's dollars) since 1990-1991.



Source: Operating Grants Manual and Budget Instruction Manuals; Statistics Canada.
Notes: Uses British Columbia CPI, September of each school year, except for 2002, which uses the CPI for August, the most recent CPI available.

Chart 2

Chart 2 tells quite a different story about the real per capita funding of public education over the last decade. Real funding (corrected for inflation, using 2002 dollars) has declined by 4%. That reduction has created a slow squeeze, requiring school districts to cut a little at a time, to push class sizes to the maximum under the contract, and to reduce other services incrementally.

The real funding story—no more room to squeeze.

Reductions in *real funding per pupil* inevitably bring cuts in services to students. Those cuts have squeezed the school system ever tighter. Each time reductions have happened, the discretionary areas that can be altered without dramatic effect become fewer and fewer. This year we are seeing dramatic negative changes that show we have reached the end of squeezing without great harm to students and the school system.

The cuts are hurting already.

Reports from districts on class sizes and specialist staffing will not be available for a few more weeks, but based on surveys of enrolments on September 30, 2002, a number of trends are appearing:

- Teachers in some school districts have classes that have increased to 35 and more.
- Some districts have chosen to focus on keeping class sizes from increasing dramatically.
- In order to keep class sizes from huge increases, they have cut other services.
- In some districts, support services for special needs have been decreased dramatically to keep class sizes from jumping up.
- Some teachers are ending up with more students with special needs in their class because limits have been stripped from contracts. Neither the teacher nor the students have support services to turn to for assistance.
- Some students with special needs have lost their special education assistant, and can no longer take part in classes. Sometimes students have ended up at home taking distance education instead of getting the classroom-based experience they need.
- Many safety issues have developed. For example, a student with cerebral palsy no longer has an aide, and teachers fear for her safety as she travels from class to class.
- In some districts, classrooms are not being cleaned as frequently as in the past and teachers fear an impact on health.
- Some districts have virtually eliminated English as a Second Language programs, throwing the students into regular classrooms without ESL support.

- Counselling service is declining as counsellors are required to teach classes, rather than being available to meet students' many counselling needs.
- The government, teachers, and the public agree that literacy is essential. Research evidence supports the value of libraries to improving literacy. However, the drastic cuts in resources are hitting school libraries particularly hard. Teacher-librarian time is reduced or eliminated in many schools making library services less available to students.
- While the government claims to support choice by parents and students, the reality is that there is less choice. Some 44 schools were closed this year, and dozens of others are being considered for closure next year. In many communities, these decisions mean less choice for everyone.
- Secondary students are being counselled, and sometimes directed, to take less than a full load of classes, in order to keep class sizes down in secondary schools.

When presented with these and similar facts, the reaction from the minister has been to pass on responsibility to school boards, saying they have been given the “flexibility” to manage. However, the reality is that they have not been given the resources to manage without making decisions that are harmful to students and to the school system.

Before limits to class size and guarantees of specialist services were stripped from the teacher collective agreement, students were protected from the deterioration of educational services now being seen in classrooms and schools around the province.

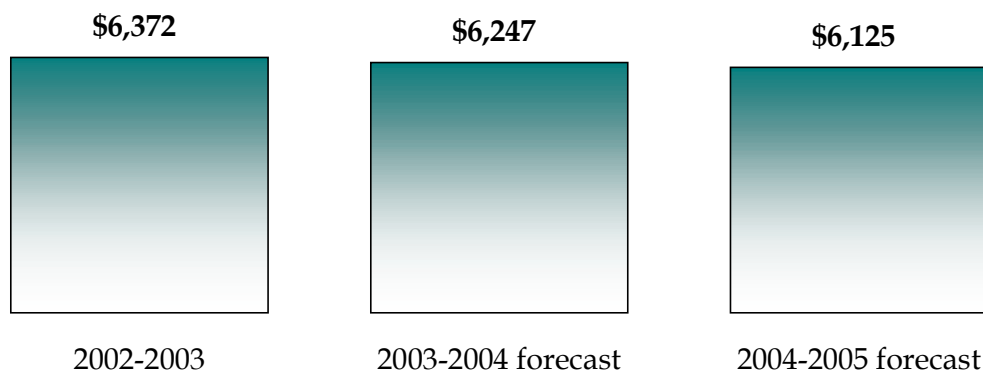
The freeze in funding will dramatically increase the problems in public education.

While the Ministry of Finance says education spending will be “protected,” everyone knows this means a freeze in funding and cuts in services. Education is an essential investment for society as a whole and we cannot afford the impact of these cuts.

The public school system has been coping with a cut of 4% in real terms over the last 10 years. The effect of a continued freeze in funding will reduce per-pupil funding by another 4%, and this over only two years, as shown in Chart 3 below. The reductions already in place have been hard enough to accommodate. Little room exists for further cuts without harm to a great many students.

Freeze threatens provincial per-pupil funding (August 2002 dollars)

Per-pupil funding is expected to decline by a further 4% in the next two years--the same amount it declined between 1990-1991 and 2002-2003.



Source: Operating Grants and Budget Instruction Manuals; Statistics Canada; Bank of Canada.

Notes: Assumes same per-pupil grant as 2002-2003, adjusted using the forecast CPI of 2% per fiscal year for 2003-2004 and 2004-2005 (the midpoint of the Bank of Canada's inflation-control target).

Chart 3

Change the plan; unfreeze the funding.

Tinkering with formulas will only redistribute the pain. The government should alter its announced plans and increase funding to reflect the reality of additional costs over the next two years. That is the only policy that can legitimately be called “protecting education spending.”

Specifically, the British Columbia government should:

- A. Restore funding so that lost learning opportunities, resulting from inadequate budgets this year, are not continued in future years.**
- B. Fully fund the cost of employee collective agreements and other costs imposed by government, so that there are no further cuts to learning opportunities over the next two years.**
- C. Make the required investment in the education of our children to ensure strong future economic health for B.C.**

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Notes on Education Funding Figures

1. The ministry no longer provides a figure for per-pupil funding. In the past, the ministry followed the good accounting practice of providing this information in the *Budget Instruction Manual*, adjusting previous years' figures for consistency when the ministry made changes to the formula. Now, it is not even obvious what the per-pupil amount is, in the sense of the Total Estimated Provincial Funding divided by the projected number of students.
2. It is also difficult to determine the number of funded FTEs in each district and the system as a whole. In the *2002/03 Operating Grants Manual* (successor to the *Budget Instruction Manual*), the ministry no longer provides a table of preliminary funded FTEs (this information used to be in Table 3). The new funding formula student-base allocation is based on school-aged students only, with adult education separated out in the Unique Student Needs category.

School-aged enrolment by district (580,412.8342 including DEL) is listed incidentally in Table 2, Supplement for Enrolment Decline. Adult FTEs by district are listed in Table 3B (11,279.4277 total province-wide). **Total funded enrolment is 591,692.3, compared to 595,156.9 last year.**

3. To derive a per-pupil amount for 2002–03, it is possible to use either the subtotaled estimated operating grant (Estimated Operating Grant for 2002–03, February 2002, School District #99, Provincial Total) or the estimated operating grant plus the \$20 million holdback (“possible district share of the provincial reserve for enrolment increases”). This analysis uses the former, assuming that the projected lower enrolment numbers will be correct.

Estimated per-pupil amount for 2002–03

4.

$$= \frac{\$3,770,359,976}{591,692.3} = \boxed{\$6,372}$$

This compares to last year's stated value of **\$6,297**.

5. As many have pointed out, it is necessary to look at the qualitative aspects of classroom services rather than simply the amount spent per pupil, since we have lost a large number of teachers this year (laid off by districts to make up their shortfalls). Students are in larger classes, or do not have access to librarians and counsellors, or are in classes with more students with special needs. The relationship between student and teacher is paramount; it suffers when teachers are spread too thin.
6. Real per-pupil funding is down 4% from \$6,636 in 1990–91, to \$6,372 this year (2002 dollars). Over the next two years of the funding freeze, real per-pupil funding can be expected to decline by at least the same amount as it has in the last 12 years, owing to inflationary pressures. The forecasted per-pupil funding figures for 2003–04 and 2004–05 are based on the same amount of preliminary funding and the same enrolment as this year. The 2% and 4% declines respectively reflect the assumption of 2% inflation per year.