

Questions and answers about the underfunding of BC public schools

Public education in BC is underfunded relative to 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 2008 and 2012, Board Operating Expenditures on public schools increased by 13.8% in Canada, and by only 3.4% in British Columbia. If operating funding had increased by the same percentage in BC as Canada (13.8%), there would be an additional \$493 million in education funding available to support students in BC public schools by 2012.

BC ranks lowest of all provinces in improvements to K to 12 education funding. Among the Western provinces, Board Operating Expenditures for public schools increased by 24.7% in Alberta, 22.1% in Saskatchewan, 15.7% in Manitoba, and 3.4% in BC, between 2008 and 2012.

Source: BCTF calculations with data from: Statistics Canada. *Table 478-0012, School board expenditures, annual (dollars x 1,000), CANSIM (database)*. (Accessed: January 26, 2015.)

Does education funding for public schools even keep up with general inflation?

No. A recent *Vancouver Sun* review of a 2014 Conference Board of Canada report shows that BC caps education (K to 12 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 into account inflation and enrolment projections).

Source: Carman, Tara. “B.C. budget runs billions short for education and health”: report, *Vancouver Sun*, August 7, 2014. http://www.vancouversun.com/story_print.html?id=10098996&sponsor

What about other downloaded costs?

When K to 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, 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. In 2013–14, the province also downloaded the cost of a 3.5% salary increase for support staff, directing districts to fund out of existing budgets.

Without additional funding, these cost pressures accumulate each year. The BC Association of School Business Officials estimates school districts will face \$192.7 million in cost pressures in 2014–15 (based on a provincial cumulative total for the years 2012–13 to 2014–15).

Source: 2014/15 figure from a document obtained in a Freedom of Information Request – *Ministry of Education Estimates Note: School District Cost Pressures 2014*.

What happens if provincial funding is not enough to cover the cost of K to 12 education?

When education funding is not enough to keep pace with the rising costs of K to 12 education, budget shortfalls arise at the district level. Districts are legally mandated to submit a balanced budget to the provincial government for the upcoming school-year. Unless the district has a surplus with which to cover budget shortfalls, the shortfall is resolved by making cuts to education services such as reductions in teaching and support staff positions, school closures, elimination of much needed programs, and charging fees for services such as the school bus.

For details on district cuts to educational services arising from the 2014–15 budget, see pp. 10–13 in BCTF Research report RR2014-04: *Budget 2014—What's in it for public schools?*, <http://www.bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2014-04.pdf>

How much did districts cut expenditures on teachers in the 2014–15 operating budget?

The Ministry of Education Revenue and Expenditure tables show districts planned to spend \$28.3 million less on teachers' salaries and \$5.4 million less on educational assistants' salaries in 2014–15, compared to 2013–14. Overall, districts planned to reduce salary expenditures in Special Education in 2014–15 by \$5.8 million for teachers and about \$3 million for educational assistants. Based on an average teacher salary (\$73,163), the \$28.3 million reduction in teacher salary expenditures would result in a loss of 386 FTE teachers (estimate). These figures are based on preliminary budgets. The full extent of the cuts to salary expenditures will be evident when the final Revenue and Expenditure data is available.

Source: BCTF Research report RR2014-06, *Loss of teacher and EA positions funded by operating grants offsets gains in teachers funded by the \$15-million increase in the LIF for 2014–15*, http://bctf.ca/uploadedFiles/Publications/Research_reports/RR2014-06.pdf

What about the Teacher Education Fund?

The Learning Improvement Fund was scheduled to increase from \$60 million to \$75 million in 2014–15. The new teachers' collective agreement stipulates all \$75 million will be allocated to teachers, in a new fund called the Teacher Education Fund. As about \$40 million of the Learning Improvement Fund was already allocated to teachers in 2013–14, this leaves \$35 million to hire more teachers in 2014–15, which is enough to fund an extra 377 FTE teachers based on an average teacher salary (estimate).

Source: BCTF Research. (February 2015). *Teachers gained and lost—Will the Teacher Education Fund make a difference?* <http://bctf.ca/IssuesInEducation.aspx?id=10720>

Did the Teacher Education Fund make a difference?

The additional teaching positions, funded by the Teacher Education Fund in 2014–15 (+377 FTE), helps to offset the loss of teaching positions resulting from the \$28.3 million reduction in teacher salary expenditures indicated in the budget estimates (-386 FTE). This reverses the downward trend of the ongoing loss of teaching positions. By 2013–14, there were 803 fewer FTE teachers than in 2008–09, and 3,211 fewer FTE teachers than in 2001–02 (positions funded by operating grants).

The Teacher Education Fund would have had a much greater impact on BC classrooms had there not been significant cuts to classroom support in the district operating grants budget. Until the province provides adequate funding to cover district operating expenses, the cycle of cost pressures, budget shortfalls, and cuts to K to 12 schools will continue.

Source: BCTF calculations with data from: Ministry of Education. Teacher Statistics 2012/13 – Province, public schools, p.3. 2001–02 figures from BC Ministry of Education, *Staff by Year and Program Code, Form 1530 data* (unpublished).

What about the Teacher Education Fund for 2015–16?

The Teacher Education Fund increases by \$5 million in 2015–16, which is enough to fund about 55 new FTE teaching positions (based on an average teacher salary plus benefits). If provincial operating grants funding does not increase sufficiently to address the cost pressures facing school districts, there will be further reductions in salary and benefit expenditures that will erode any real improvements arising from the Teacher Education Fund.

What about the Labour Settlement Fund?

The ministry did provide a Labour Settlement Fund of \$93.6 million for costs arising from labour settlements in 2014–15. It is unclear whether this amount applies only to the teachers' labour settlement or whether labour settlement costs will be fully funded in 2015–16. But this does not address the cumulative budget shortfalls facing school districts, or new unfunded costs. It is early in the budget cycle, but already some districts are projecting significant budget shortfalls for 2015–16, such as SD 39 – Vancouver (\$15 million), SD 83 – North Okanagan-Shuswap (between \$1.34 million and \$2.79 million) and SD 68 – Nanaimo-Ladysmith (\$3.5 million to \$4 million).

Sources: Vancouver School Board Memorandum: 2015/16 Shortfall Update, January 9, 2015; Hughes, Tracy. Budget deficit looming. *Salmon Arm Observer*, January 21, 2015, p.1; Yu, Karl. Nanaimo school trustees face \$4M shortfall in budget, *Nanaimo News Bulletin* - February 12, 2015.

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

Yes, the government's own report shows GDP growing faster than spending on public services. The Province of British Columbia's *Public Accounts 2013/14 report* shows program spending for the province increased by only 9.0% since 2009–10, while GDP increased by 15.2%.

Source: Province of British Columbia. *2013/14 Public Accounts*, p 18. http://www.fin.gov.bc.ca/ocg/pa/13_14/PA%20FSD&A%2013-14.pdf

A recent report by the Canadian Centre for Policy Alternatives shows that over the government's three-year fiscal plan, Nominal GDP is forecast to increase by more than 12%, while government plans to increase K to 12 funding by less than 1%. This is the lowest increase in government funding of four key services—the Health budget increases by 8%, and budgets for Advanced Education and Child Welfare increase by about 4%.

Source: Ivanova, Igluka, Canadian Centre for Policy Alternatives. *BC government using affordability excuses to underfund education and health*. August 11, 2014. <http://www.policynote.ca/bc-government-using-affordability-excuses-to-underfund-education-and-health>

Is there public support for government to fund improvements to public services?

This year, the Select Standing Committee on Finance and Government Services conducted a short online survey as part of the budget consultation process. The responses indicate that of all government services, K-12 and post-secondary education are the highest priority for respondents. Raising taxes is the most preferred option to pay for public services and generate revenue, while reducing spending or cutting programs is the least-supported fiscal policy.

When asked “What is the best way to maintain a balanced budget?”

- 909 respondents (71%) chose “Increase revenue through taxes” as a first priority.

When asked “What programs and spending areas are most important to you?”

- 923 respondents (72%) selected “K-12 and post-secondary education” as a first priority, and another 241 respondents (19%) selected this as their second priority.

When asked “If demand for public services grows government should:”

- 782 respondents (61%) indicated “Raise taxes” as a first priority, significantly higher than other options listed in the question.

The Select Standing Committee on Finance and Government Services recommended that the province “Provide stable, predictable, and adequate funding to enable school districts to fulfill their responsibility to provide continued equitable access to quality public education, and to meet required repair and maintenance needs”, among other recommendations.

Source: Select Standing Committee on Finance and Government Services. *Report on the Budget 2015 Consultations*. <http://www.leg.bc.ca/cmt/40thParl/session-3/fgs/reports/PDF/Rpt-FGS-40-3-Report-on-Budget-2015-Consultations-2014-NOV-13.pdf>