
BCTF Research Report

RR2014-04

Budget 2014—What's in it for public schools?
**More budget shortfalls, and ongoing cuts
to educational services**

www.bctf.ca/publications.aspx?id=5630

by Margaret White, Research Analyst
BCTF Research
April 2014

Contents

What is new for K-to-12 schools in Budget 2014?

What about the Learning Improvement Fund?

Downloaded costs—What *isn't* in Budget 2014 for public schools?

Funding protection—Another cost pressure?

What budget shortfalls are school districts facing in 2014–15?

How do budget shortfalls impact on teaching support for students?

What about declining enrolment?

What about Independent Schools funding?

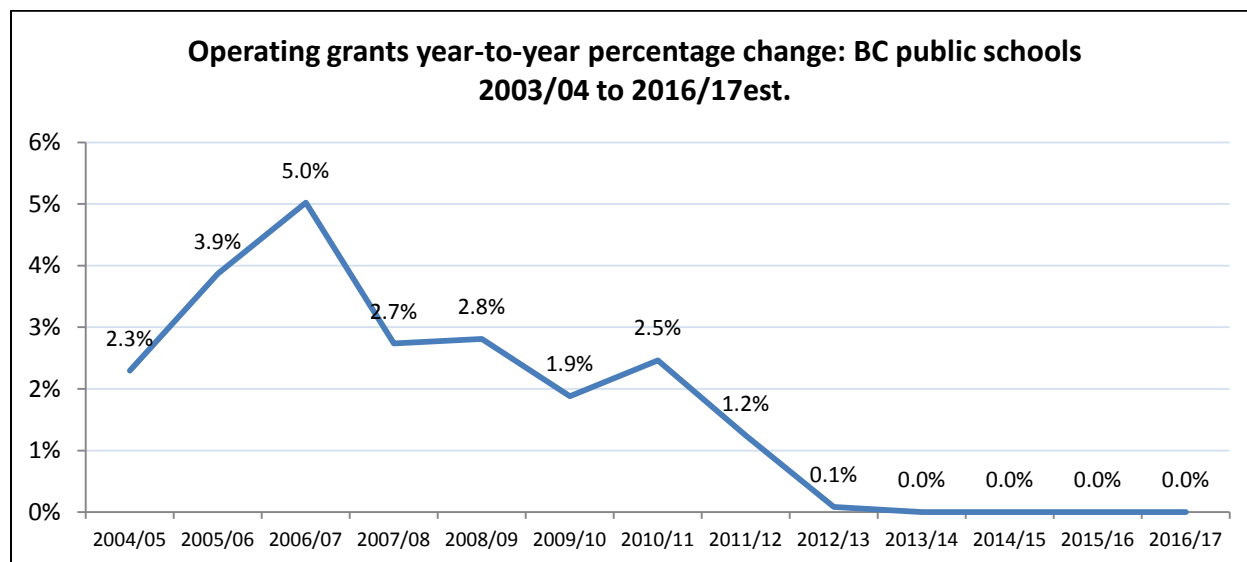
How does BC compare to the rest of Canada?

What did the Select Standing Committee on Finance and Government Services
recommend for K-to-12 schools?

What is new for K-to-12 schools in Budget 2014?

Public schools face a funding freeze for the three-year fiscal plan¹

Budget 2014 announced a three-year freeze to public-schools funding, of which operating grants are the major component.² The *2014/15 Operating Grants Manual*³ confirms that district operating grants will remain the same (\$4.725 billion) in 2014–15, 2015–16 and 2016–17 as in 2013–14. This is the third year in a row the government has frozen operating grants. Should the three-year fiscal plan be realized, by 2016–17 school districts will enter the fifth year in a row with no additional operating funds to cover the rising costs of public education.



BCTF calculations with figures from: Ministry of Education. *Operating Grants Manual* for years 2002–03 to 2014–15, available at: <http://www.bced.gov.bc.ca/k12funding/> Note: For some years, the Ministry revised funding totals since the initial estimates. In these cases, the figure reported on p.2 of the most recent *Operating Grants Manual* for the specific year is used.

Operating Expenses (\$000): 2013/14 restated and three-year fiscal plan: Ministry of Education

| | 2013/14 Restated Estimates | 2014/15 Estimates | 2015/16 Plan | 2016/17 Plan |
|---|----------------------------|--------------------|--------------------|--------------------|
| Public schools Instruction | \$ 4,495,835 | \$ 4,495,835 | \$ 4,495,835 | \$ 4,495,835 |
| Public schools Administration | \$ 368,974 | \$ 368,974 | \$ 368,974 | \$ 368,974 |
| Learning Improvement Fund | \$ 60,000 | \$ 75,000 | \$ 75,000 | \$ 75,000 |
| Independent Schools | \$ 280,700 | \$ 280,700 | \$ 280,700 | \$ 280,700 |
| Transfer to Other Partners | \$ 78,075 | \$ 84,087 | \$ 88,075 | \$ 88,075 |
| Executive and Support Services | \$ 45,765 | \$ 45,765 | \$ 45,765 | \$ 45,765 |
| Children's Education Fund Special Account | \$ 30,001 | \$ 30,001 | \$ 30,001 | \$ 30,001 |
| Teachers Act Special Account | \$ 6,400 | \$ 6,400 | \$ 6,400 | \$ 6,400 |
| Total | \$5,365,750 | \$5,386,762 | \$5,390,750 | \$5,390,750 |

See p.35 of the *Ministry of Education Service Plan*: <http://www.bcbudget.gov.bc.ca/2014/sp/pdf/ministry/educ.pdf>

¹ See p.35 of the *Ministry of Education Service Plan* <http://www.bcbudget.gov.bc.ca/2014/sp/pdf/ministry/educ.pdf>

² See Budget 2014 Backgrounder 1: Fiscal Plan 2014–15 - 2016–17, p.2, http://www.bcbudget.gov.bc.ca/2014/backgrounders/2014_backgrounder_1_fiscal_plan.pdf

³ Ministry of Education. *2014/15 Operating Grants Manual*, p.2, available at: <http://www.bced.gov.bc.ca/k12funding/>

What about the Learning Improvement Fund (LIF)?

The Ministry introduced the Learning Improvement Fund (LIF) in 2012 to provide additional staffing for students in need of learning support⁴. The Learning Improvement Fund increases from \$60 million to \$75 million in 2014–15, and remains so for 2015–16 and 2016–17.

LIF not enough to offset ongoing loss of specialist teaching positions

While the Budget 2014 documents state that the LIF “helped hire more than 500 new teachers... during the 2012–13 school year”⁵, a BCTF Research analysis of Ministry staffing data⁶ shows that after two years of LIF funding, total FTE learning specialist teachers increased by only 84.6 FTE positions. This data suggests that improvements in learning specialist teaching support funded through the LIF are being offset by a reduction in specialist teaching positions funded outside of the LIF, even though this is prohibited by the Learning Improvement Fund Regulation⁷. BCTF research reports⁸ have noted this issue previously.

There are now fewer FTE teachers in Special Education (-45.5), Library Services (-8.3), and Counselling (-11.8) than before the LIF came into effect (2011–12). The situation worsened considerably in 2013–14 for Special Education, with 34 school districts reducing teachers in this program, for a total decrease of 144.5 FTE special education teachers compared to 2012–13. The only significant improvement is in FTE English Language Learning teachers (+143.1)⁹.

Will the extra \$15 million in LIF funding make a difference?

A minimum of 12.5% of the \$15 million in new LIF funding is reserved for Educational Assistants (about \$2 million). Assuming that after PD and other costs are taken into consideration, the remaining \$11 million could create 144 new FTE specialist teaching positions in 2014–15¹⁰. This assumes the average cost of a teacher is at mid-range.

But under the ongoing freeze on operating grants, many districts continue to cut educational services to address ongoing budget shortfalls arising from inadequate provincial funding. If districts further reduce expenditures on specialist teachers funded outside of the LIF, there will be no meaningful improvement in student learning conditions.

⁴ See *School Act - Learning Improvement Fund Regulation*, available online at http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/53_2012

⁵ BC Ministry of Education (August 27, 2013). “Education by the numbers”, *Information Bulletin*. Available online at newsroom.gov.bc.ca/2013/08/education-by-the-numbers-2.html

⁶ BCTF Research Report (2014). *FTE Learning Specialist Teachers, 2001–02 to 2013–14: Change before and after the Learning Improvement Fund*, available at: <http://www.bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2014-03.pdf>

⁷ The Learning Improvement Fund Regulations stipulates “Reduction prohibited: 4. A board that receives a grant under section 115.2 of the Act must not reduce the expenditures it would have made to address learning improvement issues if the board did not receive the grant.” See *School Act - Learning Improvement Fund Regulation* at: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/53_2012

⁸ Kuehn, L. (September 2013). *Did the “Learning Improvement Fund” (LIF) make a difference? Not really* <http://bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2013-05.pdf>

BCTF Research Report (September 2013). *Changes in FTE Learning Specialist Teachers, 2001–02 to 2012–13* <http://bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2013-07.pdf>

⁹ BCTF Research Report (2014). *FTE Learning Specialist Teachers, 2001–02 to 2013–14: Change before and after the Learning Improvement Fund*, available at:

<http://www.bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2014-03.pdf>

¹⁰ This calculation assumes teacher compensation cost is at a mid-point range of \$76,223. If average total teacher compensation (\$89,628) is used, 123 FTE teachers could be hired. Both assume 12.5% of LIF is allocated to EAs.

Downloaded costs—What *isn't* in Budget 2014 for public schools?

2014–15 represents the third year in a row that district operating grants are frozen. The ongoing freeze on district operating grants means no new funding to cover cost pressures that affect operational costs (inflation, and increases to MSP premiums, ICBC rates, Municipal Pension Plan contributions for 2014–15, and BC Hydro rates), negotiated labour settlements, or new mandates implemented by the Ministry of Education.

Inflation

Inflationary costs compound each year, with the BC inflation rate increasing by a total of 3.4% between 2011 and 2013. Just for Supplies and Services alone, district funding would need to increase by about \$22 million to maintain the same level of supplies and services as in 2011¹¹. Over the three-year fiscal plan, the BC inflation rate (CPI, % change) is projected to be 1.7% in 2014, 2.3% in 2015, 1.7% in 2016, and 2% in 2017¹². With operating grants frozen, districts will have to absorb this loss of purchasing power into existing budgets.

MSP premium increase

Budget 2014 announced another MSP premium increase of 4% on January 1, 2015. This is on top of a 4.1% MSP premium increase that went into effect January 2014. Based on estimates¹³ for a similar increase in 2014, this will cost school districts about \$2.6 million per year (January 1 to December 31). This increase will add to the cumulative cost of MSP premium increases imposed by the province in recent years. MSP premiums (Family of 2) increased by 6.3% in 2010, 6.9% in 2011, 6.4% in 2012, 3.9% in 2013, and 4.1% in 2014.

BC Hydro

BC Hydro rates increase by 9% as of April 2014, with further annual rate increases of 6%, 4%, 3.5%, and 3%, for a compounded increase of 28% over five years. This will add significantly to school district costs.

These are examples of new costs that school districts have no control over and that are a direct result of provincial government policy.

Labour settlements—What ever happened to the Labour Settlement Fund?

Up until 2010–11, the operating grants included a supplement called “Funding for Additional Costs Resulting from Labour Settlements”¹⁴, covering costs for Teachers (salary increase, harmonization, recruitment and retention, Teachers on Call, Other teacher costs), Excluded Staff, and Support Staff. The Labour Settlement fund was \$557 million in 2009–10.

In 2010–11, the Labour Settlements supplement was rolled into the funding formula, which means there is no longer explicit recognition in the operating grants of new costs arising from

¹¹ Calculation based on total expenditures for Supplies and Services of \$637,651,578 in the 2011/12 Amended Annual Budget. Table 17: 2011/12 Provincial Summary of Amended Annual Budgeted Operating Expenditures by Function, Program and Object, <http://www.bced.gov.bc.ca/accountability/district/revenue/1112/>

¹² Central 1 Credit Union. BC Economic Forecast 2014–2018, *Economic Analysis of British Columbia*, March 2014, p.1.

¹³ Hyslop, Katie. “School Boards stuck with \$63 million in new costs: Analyst”, *TheTyee.ca*, April 22, 2013.

¹⁴ For details on the Labour Settlement Funds see Ministry of Education Operating Grants estimates, Table 4b for years prior to 2010–11, available at <http://www.bced.gov.bc.ca/k12funding/funding/14-15/welcome.htm> See BCTF Research Report, *Education funding in crisis: Will the 2010–11 budget make a difference?* <http://bctf.ca/uploadedFiles/Public/Publications/ResearchReports/2010EF02.pdf>

negotiated settlements. Since then these costs are increasingly downloaded to school districts. Prior to 2010–11, the Labour Settlement Fund covered the cost of employers’ contribution to the teachers’ pension plan in 2008–09 (\$41 million) and 2009–10 (\$42 million). Since then, the province has downloaded this cost onto school districts when employer contributions to the Teacher Pension Plan increased in 2010–11 (\$23.1 million)¹⁵ and in 2013–14 (\$32 million)¹⁶. And with operating grants frozen in 2014–15, there is no new funding to cover the district’s share of a 1.4% increase in the contribution rate to the Municipal Pension Plan effective July 1, 2014.

CUPE wage settlement

In 2013–14, the Ministry¹⁷ surprised school districts by informing them the province would not provide funds to cover the cost of CUPE’s negotiated settlement¹⁸. The Ministry required districts to submit a detailed “savings plan” showing how they plan to cover the cost of the 3.5% wage settlement in 2014–15, suggesting what districts could cut from the budget. Based on the Ministry’s revenue and expenditure data, total expenses for salaries for educational assistants and support staff was \$788 million in 2012–13. Using this figure, the estimated annual cost of a 3.5% wage increase is a maximum of \$27.6 million¹⁹.

Noticeably absent in Budget 2014 is additional operating grants funding for a labour settlement for BC public school teachers, including salary improvement and improving class size and composition in BC classrooms.

Provincial Learning Network

The Ministry of Education estimates the cost of the Provincial Learning Network upgrade for 2014–15 at \$7.1 million for start-up costs and \$4.7 million for service costs. While the Ministry added \$7.1 to the Annual Facility Grant (one-time only), it is not clear whether districts will receive new funding to cover the service costs. A letter from the Ministry of Education to Secretary-Treasurers suggests the Ministry is considering options such as deducting the service costs from the holdback funds.²⁰ SD83, North Okanagan-Shuswap, estimates the capital costs will reduce their AFG funding by \$140,000, and district operating grant funds by \$133,000, on an annual basis.²¹

¹⁵ Source: BCASBO. *2010/11 Estimated Cost and Funding Pressures*, December 2009.

¹⁶ Hyslop, Katie. “School Boards Stuck with \$63 Million in New Costs: Analyst”, *The Tyee.ca*, April 22, 2013.

¹⁷ District response to downloading the cost of CUPE settlement was reported in various newspapers. See end of this report for list.

¹⁸ The Provincial Framework Agreement with the BC Public Schools Employers’ Association (BCPSEA) covers union members in 69 bargaining units across BC, including 57 CUPE locals and 12 other education-worker union locals. <http://bcschools.cupe.ca/www/news/tentative-deal-reached-cupes-public>

¹⁹ See Table 6, *2013/14 Provincial Summary Of Annual Budgeted Operating Expenditures By Function, Program and Object*. <http://www.bced.gov.bc.ca/accountability/district/revenue/>

²⁰ March 14, 2014 letter from the Ministry of Education to All Secretary-Treasurers Re: Estimated Operating Grants for 2014/15.

²¹ SD83: 2014/15 Budget Report to the Board (March 11, 2014), p.6.

http://www.boe.sd83.bc.ca/minutes/2014_15%20March%2011%20Board%20Budget%20Report%20rev.pdf?plugin=RWD&templates=RWD&printversion=2

Seismic upgrades

Another unexpected cost downloaded onto school districts is the recent letter sent to district superintendents by the Ministry informing them that districts with a budget surplus will be required to cover up to half the cost of major capital projects, including seismic upgrades to schools. This applies even if those funds are already ear-marked for other district priorities.²²

²² Sherlock, Tracy. "Districts may have to chip in for seismic upgrades; Province wants schools with excess cash to pay up to half the cost", *Vancouver Sun*, Friday, April 4, 2014, Page: A1 / Front.

Funding protection—Another cost pressure?

Prior to 2012–13, the Funding Protection supplement in the district operating grants provided additional funding to “eligible school districts to ensure that funding as of autumn 2011 (current year) is at least what those districts received as at autumn 2010 (previous year)”. A note in the *2011/12 Operating Grants Manual* stated that “Funding Protection is under review and is not confirmed for future years.” As of 2012–13, the Ministry revised the formula for Funding Protection from full protection to “...ensure the districts are protected against any funding decline larger than 1.5% when compared to the previous autumn.”²³

What difference did this make for school districts?

In the 2011–12 operating grants, 30 districts had less funding in autumn 2011 compared to autumn 2010. All 30 of those districts received full funding protection. The situation has worsened since the funding formula changed. The 2014–15 operating grants estimates show that 54 districts will have less funding in 2014–15 than 2013–14. Of these, 41 districts will receive partial Funding Protection and 13 districts will receive no Funding Protection at all.

| Year | # districts with less Op. Grant funding in current year compared to previous year | Of those districts where OG funding decreased compared to previous year: | |
|---------|---|--|---|
| | | How many will receive Funding Protection? | How many will receive <u>no</u> Funding Protection? |
| 2011–12 | 30 districts | 30 districts | 0 districts |
| 2014–15 | 54 districts | 41 districts | 13 districts |

Source: Ministry of Education Operating grants tables: See Table 9, Funding Protection, 2011/12 (recalculated), and Table 7, Funding Protection, 2014/15 (estimates).

The following table shows that five of the districts receiving no Funding Protection in 2014–15 have \$1 million to \$2 million less in operating grants funding compared to the previous autumn. Under the old formula, these districts would have been eligible for full Funding Protection, but now must absorb the loss into existing budgets with no time to ease the transition.

Examples of school districts that would be eligible for Funding Protection under the 2011–12 formula that will receive no Funding Protection in 2014–15

| | Decrease in 2014–15 Op Grant funding compared to previous year | Amount of Funding Protection in 2014–15 | Cost pressure as a result of formula change |
|---------------------------------|--|---|---|
| Chilliwack (SD33) | - \$ 1,301,654 | \$0 | - \$ 1,301,654 |
| Surrey (SD36) | - \$ 2,158,134 | \$0 | - \$ 2,158,134 |
| Maple Ridge-Pitt Meadows (SD42) | - \$ 1,565,184 | \$0 | - \$ 1,565,184 |
| Coquitlam (SD43) | - \$ 1,690,722 | \$0 | - \$ 1,690,722 |
| Greater Victoria (SD61) | - \$ 1,265,526 | \$0 | - \$ 1,265,526 |

Source: Ministry of Education. *2014/15 Operating Grants Estimates*, Table 7, Funding Protection, 2014/15.

²³ See p. 12, *2011/12 Operating Grants Manual*, and p.15, *2012/13 Operating Grants Manual*, available at: <http://www.bced.gov.bc.ca/k12funding/funding/14-15/welcome.htm>

Of the 40 school districts that are eligible for Funding Protection in 2014–15, the amount of the supplement only covers funding declines that are greater than 1.5%. This means districts do not receive full Funding Protection as they did prior to 2012–13. The table below shows this can create a significant cost pressure for school districts, even if they are eligible for Funding Protection under the revised formula. For example, Richmond (SD38) shows a decrease of \$4.7 million in funding compared to the previous year, and the Funding protection supplement covers only \$2.1 million of that decrease.

Examples of school districts that will receive less Funding Protection in 2014–15 under the revised formula than the amount that would have been allocated under the 2011–12 formula

| | Decrease in 2014–15 OG funding compared to previous year | Amount of Funding Protection in 2014–15 | Cost pressure as a result of formula change |
|--------------------------|---|--|--|
| Kootenay Lake (SD8) | - \$ 1,379,158 | \$ 666,087 | - \$ 713,071 |
| Richmond (SD38) | - \$ 4,724,423 | \$ 2,138,820 | - \$ 2,585,603 |
| Nanaimo-Ladysmith (SD68) | - \$ 3,647,421 | \$ 1,958,853 | - \$ 1,688,568 |
| Prince George (SD57) | - \$ 2,170,395 | \$ 420,709 | - \$ 1,749,686 |
| Kamloops-Thomson (SD73) | - \$ 2,437,631 | \$ 572,297 | - \$ 1,865,334 |

Source: Ministry of Education. *2014/15 Operating Grants Estimates*, Table 7, Funding Protection, 2014/15.

This data shows that the change in the Funding Protection formula, in combination with an ongoing freeze of district operating grants, makes it more difficult for districts to adjust to substantial decreases in year-to-year funding. The complete or partial loss of funding protection (compared to before the formula change) compounds the cost pressures districts are already experiencing.

What budget shortfalls are school districts facing in 2014–15?

School districts are in the process of planning budgets for the upcoming school year, and are legally obligated to submit a balanced budget to the Ministry of Education by June 30. If district operating grants are not enough to cover the rising costs of public K-to-12 education, budget shortfalls arise. Unless districts have reserve funds or other sources of revenue, shortfalls inevitably lead to cuts in educational programs such as a reduction in classroom and specialist teaching positions, support staff positions, school closures, and a loss of school programs.

Early in the budget-setting process, school districts estimate anticipated shortfalls and propose cuts to programs and services necessary to submit a balanced budget for the upcoming school year. The table, below, shows district budget shortfalls announced in the media in recent weeks. Just for these 22 school districts, the shortfalls total about \$73 million.

District shortfalls in the news

| District | Preliminary estimates of budget shortfalls (as of April 2014) |
|---------------------------------|--|
| Coquitlam (SD43) | \$ 13.4 million |
| Vancouver (SD39) ²⁴ | \$ 12.34 million |
| Nanaimo-Ladysmith (SD68) | \$ 5.4 million |
| Maple Ridge-Pitt Meadows (SD42) | \$ 5.02 million |
| Central Okanagan (SD23) | \$ 4.0 million |
| Saanich (SD63) ²⁵ | \$ 3.4 million |
| Sooke (SD62) | \$ 3.3 million |
| Delta (SD37) | \$ 3.28 million |
| Burnaby (SD41) | \$ 3.1 million |
| New Westminster (SD40) | \$ 2.69 million |
| Richmond (SD38) | \$ 2.5 million |
| Cariboo-Chilcotin (SD27) | \$ 2.0 million |
| North Okanagan-Shuswap (SD83) | \$ 1.8 million |
| Greater Victoria (SD61) | \$ 1.8 million |
| Kamloops-Thompson (SD73) | \$1.68 million |
| Abbotsford (SD34) | \$1.5 million |
| Qualicum (SD69) | \$ 1.23 million |
| Vernon (SD22) | \$ 1.2 million |
| Okanagan Skaha (SD67) | \$ 1.2 million |
| Campbell River (SD72) | \$ 911,000 |
| Alberni (SD70) | \$ 800,000 |
| Kootenay-Columbia (SD20) | \$ 729,540 |

Note: Detailed sources for budget shortfalls are listed on the last page of this report. For the most recent media report on district shortfalls, see: “Around the region. Where are the shortfalls?” *Vancouver Sun*, April 17, p.A11.

²⁴ VSB PowerPoint on Preliminary Budget (April 8) http://www.vsb.bc.ca/sites/default/files/2014-2015%20Preliminary%20Budget%20Proposals_ppt.pdf

²⁵ See p.4 of School District No. 63 (Saanich). Budget Committee February 2014 document: <http://www.sd63.bc.ca/sites/default/files/FINFeb112014agenda.pdf>, and Supplemental Facts Package, March, 2014: <http://www.sd63.bc.ca/sites/default/files/FINFactsPackageSupplementalMar262014.pdf>

How do budget shortfalls impact on teaching support for students?

Early indications in the budget-setting process are that more teaching positions will be eliminated, adding to the significant loss of teaching positions in BC schools in the last several years. With operating grants frozen, many districts continue to cut educational services to address budget shortfalls arising from inadequate provincial funding.

Kootenay-Columbia (SD20) is reporting a shortfall of \$729,540, and in a March 6, 2014 Budget Update²⁶ lists a range of budget reductions to consider, such as eliminating 4–5 FTE teachers, cutting library services with various options such as eliminating some or all teacher-librarians and replacing them with library assistants, or eliminating some or all library assistants. Other staffing reductions being considered include reducing FTE specialist teachers, clerical staff, and tradesperson and grounds staffing.

Saanich school district predicts a \$3.4-million shortfall for 2014–15, proposing “budget-balancing options” such as substantial cuts to teaching positions including counsellors, teacher-librarians, ELL teachers, and classroom teachers (-\$2.16 million), the South Island Distance Education School (-\$1.04 million), and funding cuts of a lesser magnitude in Instruction, District Administration, and Operations & Maintenance²⁷.

Once again, school closures are in the news. Qualicum, Greater Victoria, and Cariboo-Chilcotin school districts are all proposing school closures as a way to address budget shortfalls, while communities lobby to save their local schools. These will add to the list of over 200 public schools that have closed since 2002.²⁸

A recent article in the *100 Mile House Free Press* describes a letter from the Board of Education for SD27 to the provincial government expressing concern about the government downloading new costs to school districts without providing additional funding, leaving the district with a structural budget shortfall. The letter from SD27 (as reported in the article) cautions that it is not possible to resolve this shortfall without having an impact on students. Without additional funding from the government, it “will mean closing two more schools and result in less support for students, program reductions, insufficient learning resources, textbooks and building maintenance, and inadequate structure to support technology in the classrooms.”²⁹

The greatest impact of the resultant cuts to educational services is likely to be on teachers. There are 341.15 FTE fewer classroom teachers (Regular Instruction program) in 2013–14 as compared to 2012–13, according to the Ministry’s staffing data. This cannot be explained by declining enrolment, as Regular Instruction teachers decreased by 1.4% while FTE student enrolment

²⁶ Preliminary Annual Budget – 2014/15–DRAFT 1, School District No. 20 (Kootenay-Columbia) operating Revenues and Expenses, March 6, 2014.

²⁷ Operating Fund Budget Pressures, document attached to SD63 (Saanich) Budget Advisory Committee Agenda, February 11, 2014, p.4. Note: BCTF calculated total reduction in expenditures for teachers from the budget data provided in the document.

²⁸ BCTF database of school closures since 2002, and related articles: <http://bctf.ca/IssuesInEducation.aspx?id=10396>

²⁹ “School district beset by budget shortfall”, *100 Mile House Free Press*, March 14, 2014, p.6.

For letters from Boards of Education to the Ministry re. cost pressures and the unrealistic Ministry mandate for boards to absorb the cost of labour settlements without reducing service levels, see:

http://bcschools.cupe.ca/updir/bcschools/Letters_to_the_Minister.pdf

decreased by only 0.05%³⁰. This means increasing student-teacher ratios to adjust for the loss of teaching positions, leaving teachers with less one-on-one time for individual students.

A recent report in the *Vancouver Sun* on the impact of budget shortfalls estimates that boards are planning to eliminate 350 jobs, including teachers, special education assistants, and support staff.³¹

As noted earlier in this report (page 3), the extra \$15 million in LIF funding is unlikely to improve learning conditions if teaching positions are eliminated in the operating grants area of district budgets. Not only were improvements in learning specialist teacher less than expected in 2012–13 (Year 1 of the LIF), but the situation actually worsened in 2013–14 (Year 2 of the LIF), with an overall decrease of 47.4 FTE learning specialist teachers³².

How will these budget cuts affect vulnerable students?

Many of the cuts to educational services being proposed by school districts will mean fewer resources available for the students most in need of extra learning support. Delta school district is proposing reductions in English Language Assistance and support for special needs students³³. This will mean fewer resources for students in need of language and literacy support, and less individual attention for students with special learning needs. Some districts plan to reduce or eliminate teacher-librarians, compounding the erosion of school library services across BC³⁴. This means less literacy support for students and less access to school libraries, which low-income students may especially rely on for the resources these libraries provide.

Alternate Education programs support students who are at high risk of not completing high school, and who will be especially vulnerable to poverty if they do not graduate. In New Westminster, the alternate programs are coming under scrutiny for being “unprofitable”, as the cost of providing the program is more than the funding provided by the Ministry of Education³⁵. This notion of “profitability” does not take into account the social costs of not providing these valuable programs to vulnerable students.

Adult Education programs provide a “second chance” for young adult students to complete high-school requirements and graduate³⁶, thus removing a significant barrier to overcoming poverty. Statistics Canada research shows that adult education programs greatly improve the graduation rate³⁷. Despite this evidence, adult education programs are being eliminated as districts cut deeper into services to balance their budgets. Salmon Arm trustees recently voted to close adult education programs in Salmon Arm, Enderby, Armstrong, and Sicamous³⁸. The Vancouver

³⁰ BCTF calculations with data from Ministry of Education report: *Student Statistics - 2013/14* (Province), p.17.

³¹ Sherlock, Tracy. “School districts planning deep cuts to balance budgets”, *Vancouver Sun*, April 17, 2014, p.A1.

³² BCTF Research Report RR2014-03. (2014) *FTE Learning Specialist Teachers, 2001–02 to 2013–14: Change before and after the Learning Improvement Fund*, available at:

<http://bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2014-03.pdf>

³³ Gyarmati, Sandor. “District facing \$3M shortfall; Despite a modest increase in enrollment, more cuts proposed for next school year”, *The Delta Optimist*, Friday, April 11, 2014, p. A1.

³⁴ See p.3 of BCTF Research report RR2013-07: *Changes in FTE Learning Specialist Teachers, 2001–02 to 2012–13*, at <http://bctf.ca/uploadedFiles/Public/Publications/ResearchReports/RR2013-07.pdf>

³⁵ Hope, Niki. “Programs running in the red will be scrutinized; District superintendent says the district cannot keep running programs that continue to lose money”, *Royal City Record*, Friday, April 11, 2014, p. A5.

³⁶ Gilmore, J. (2010, November). *Trends in dropout rates and the labour market outcomes of young dropouts*. Statistics Canada Catalogue no. 81-004-X.

³⁷ Statistics Canada report by McMullen and Gilmore (2010). *A note on high school graduation and school attendance, by age and province, 2009/10*, Appendix–Table A.1.

³⁸ Hughes, Tracy. “Board cuts adult education program”, *Salmon Arm Observer*, Thursday, April 10, 2014, p. 1.

School Board also voted to close the Roberts Education Centre for adult students,³⁹ as a measure to reduce its \$12.34 million budget shortfall by \$1.38 million.

Schools also become less equitable when districts start charging a fee for what was previously accessible to all students. Vancouver School Board is proposing either cutting the elementary band program or charging students a monthly fee to participate. As the VSB acknowledges⁴⁰, charging students to participate in the band results in a less-equitable school community. Students with economic means are the most likely to participate, while low-income students are more likely to be excluded from this enriching aspect of the school experience.

Until the Liberal government was elected, the school bus was viewed as an essential service, guaranteeing all BC students equal access to public education. Over the last several years of budget shortfalls, districts are slowly caving in to pressure from the provincial government to charge fees for students who depend on the school bus to travel to and from school. Maple Ridge is considering eliminating school bus service to 470 students in the district, or charging parents a fee for students to ride the bus in 2014–15, as a cost-cutting measure⁴¹.

Another example is from the Kootenay Lake district (SD8). When asked why it is charging families a monthly fee for the school bus, when the transportation program brings in as much revenue as it spends, district officials answer:

Many other areas of the budget do not break even: special education, operations, and administration. If we did not create revenue through transportation fees, we would have to cut \$80,000 from somewhere else like teaching staff, programs, educational assistants, additional bus runs, or others in order to balance the budget.⁴²

This response reveals that parents are now expected to contribute to the operating costs of public education and to absorb the costs downloaded onto school districts by the provincial government.

Students in low-income families are the most-adversely affected by this policy. Even if financial assistance is available for students experiencing financial hardship, parents are often reluctant to disclose their economic situation⁴³, and may avoid using the service if required to do so. A recent provincial survey of BC teachers reported that about two-thirds of middle/secondary teachers and one-half of elementary teachers have low-income students in their class who miss school due to lack of transportation to travel to and from school.⁴⁴

Finally, these early reports of proposed education cuts to offset budget shortfalls suggest there will be fewer classroom teachers, specialist teachers such as teacher-librarians and counsellors, and educational assistants to support students with unique learning needs to overcome barriers to

³⁹ “Adult education centre axed in Vancouver’s West End”, *cbc.ca*, Wednesday, April 9, 2014. Budget figures are from the brochure: VSB 2014/15 Preliminary Budget.

⁴⁰ Sherlock, Tracy. “Board seeks to axe 70 jobs; Continuing education and band programs at risk”, *Vancouver Sun*, Wednesday, April 9, 2014, p.A5.

⁴¹ Corbett, Neil. “School budget hits CUPE hard”, *Maple Ridge News*, Thursday, April 10, 2014, p. W.

⁴² *2012–2013 Out of Catchment Transportation Fees: Frequently Asked Questions*, http://www.sd8.bc.ca/Publ/Dist/TransportationBusFees_FAQ.pdf

⁴³ BC Teachers’ Federation. (2013). *2012 Poverty and Education survey: A teacher’s perspective: Overview of the Findings*, p.18, available online at

http://www.bctf.ca/uploadedFiles/Public/SocialJustice/Issues/Poverty/Research/Overview_of_the_findings.pdf

⁴⁴ BC Teachers’ Federation. (2013). *2012 Poverty and Education survey: A teacher’s perspective: Overview of the Findings*, p.22, available online at

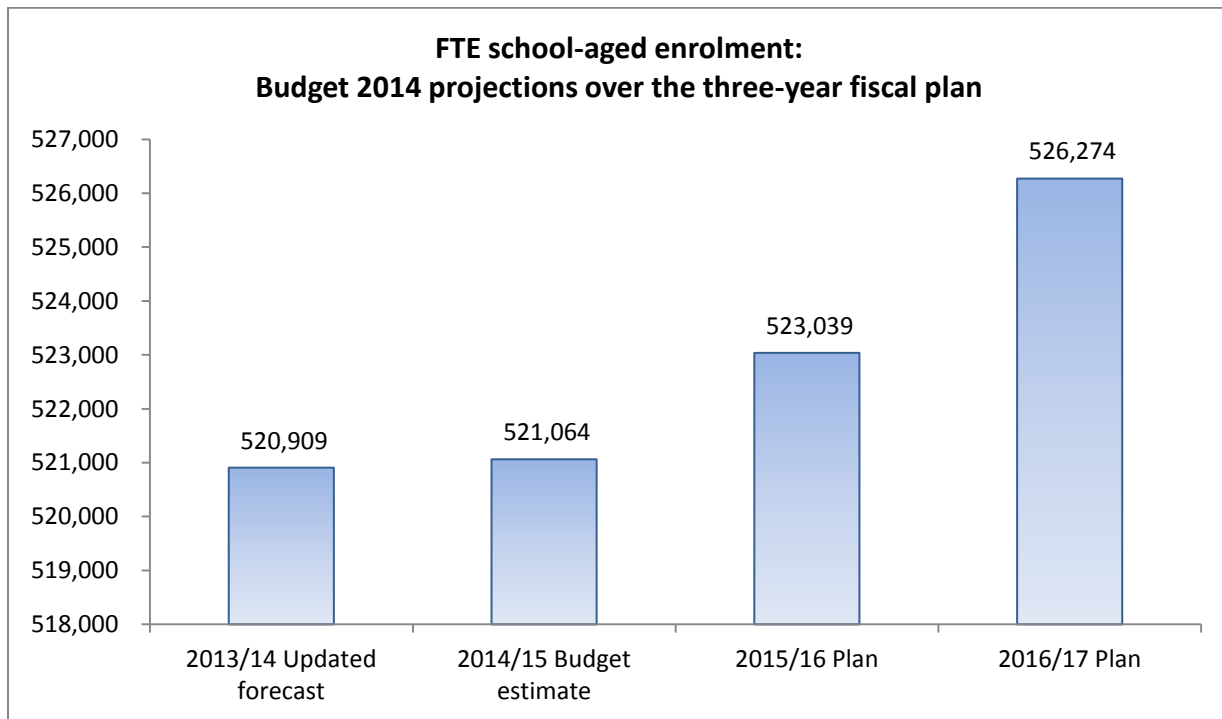
http://www.bctf.ca/uploadedFiles/Public/SocialJustice/Issues/Poverty/Research/Overview_of_the_findings.pdf

educational success. These ongoing cuts to public education arising from inadequate provincial funding deprive vulnerable students of much-needed services, and undermine the democratic principle of equality of access to public education.

What about declining enrolment?

The Ministry of Education's recent media release announcing the 2014–15 operating grants estimates stated that student enrolment will decline by 4,092 students in 2014–15⁴⁵, implying there is no need to provide additional funding. This is not a valid justification for the chronic underfunding of BC public schools. Most provinces in Canada experienced declining enrolment over the decade, many more-so than BC.⁴⁶ Yet other provinces took a different path than BC, choosing to improve financial support for public schools to keep pace with the rising costs of education and to improve services and support for elementary and secondary students.

The discrepancy between Ministry figures for student enrolment in different sources is further clouding the funding issues. The Ministry's FTE enrolment projections in the Budget 2014 document show enrolment increasing over the next three years, significantly so in 2015–16 and 2016–17. The three-year freeze on district operating grants is especially puzzling considering the Budget 2014 Fiscal Plan projects an increase in FTE enrolment of school-aged students in each year of the fiscal plan⁴⁷. The following chart shows the Budget 2014 enrolment projections over the three-year plan. In 2014–15, FTE enrolment of school-aged students is projected to increase by 155 FTE. By 2016–17, FTE enrolment for school-aged students is projected to increase by over 5,000 FTE students compared to 2013–14.



Source: Ministry of Finance. *Budget and Fiscal Plan—2014/15 - 2016/17*, Table A7—Material Expense, p.119.

⁴⁵ Ministry of Education. “School operating grant maintained”, *BC Newsroom*, March 14, 2014. Available at: <http://www.newsroom.gov.bc.ca/2014/03/school-operating-grant-funding-maintained.html>

⁴⁶ See p. 6, Education funding brief to the Select Standing Committee on Finance and Government Services from the BC Teachers' Federation, September 2013, <http://www.bctf.ca/uploadedFiles/Public/Publications/Briefs/2013EdFundingBrief.pdf>

⁴⁷ The notes that accompany the projections on p.119 indicate the FTE projections for school-aged students are based on BC Stats and school-district enrolment trends, with the Ministry adding projections for Distributed Learning, Summer School, and Adult Education.

As the funding formula is based on FTE enrolment, the projected increase in enrolment over each of the three years should result in an increase in operating grants funding of \$1.76 million in 2014–15, \$13.19 million in 2015–16, and \$21.18 million in 2016–17. This is a minimum, based on the basic allocation per student, before supplemental funding is added. But with operating grants frozen, it appears that even increasing enrolment may become yet another downloaded cost.

Estimate of extra funding based on basic allocation per FTE student and projected enrolment

| | 2013–14 Updated forecast | 2014–15 Plan Budget Estimate | 2015–16 Plan | 2016–17 Plan |
|---|-------------------------------------|---|-------------------------|-------------------------|
| School-age (K–12) | 520,909 | 521,064 | 523,039 | 526,274 |
| Distributed Learning | 11,724 | 11,842 | 11,768 | 11,573 |
| FTE school-age enrolment | | | | |
| Change (school-age) | ----- | 155 | 1,975 | 3,235 |
| Funding @\$6,900 per student | ----- | 1,069,500 | 13,627,500 | 22,321,500 |
| FTE Distributed Learning | | | | |
| Change (Distributed Learning) | ----- | 118 | - 74 | - 195 |
| Funding @\$5,851 per student | ----- | \$690,418 | - \$432,974 | - \$1,140,945 |
| Total new funding the formula should provide | ----- | \$1,759,918 | \$13,194,526 | \$21,180,555 |

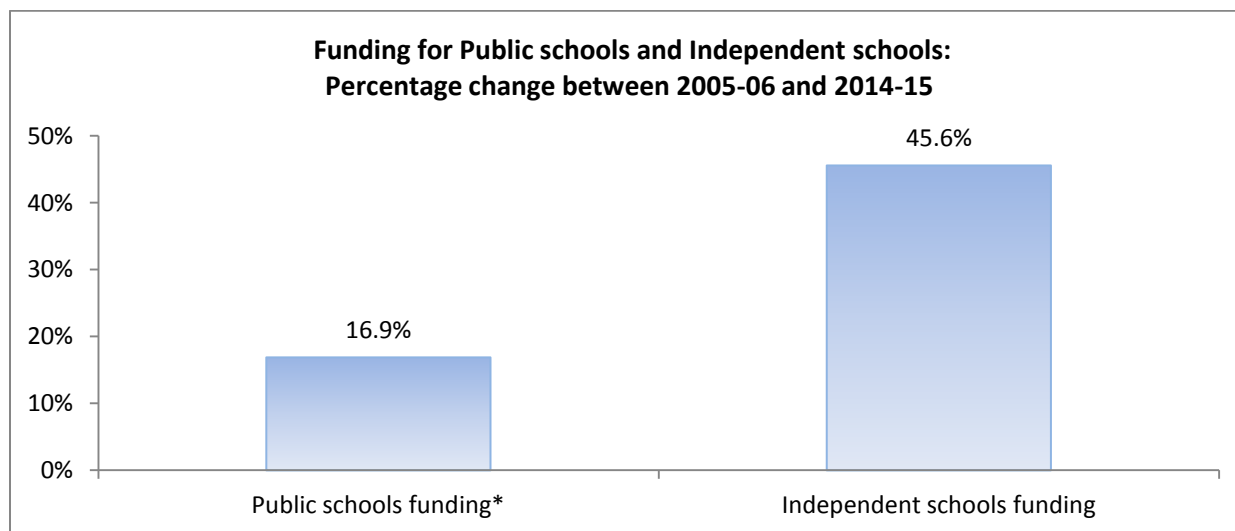
Source: See Budget 2014 document: Budget and Fiscal Plan – 2014/15 to 2016/17, p.119.

Ministry Overview of the 2014/15 Operating Grant Allocation Formula indicates common, per-student amount for Standard School, Alternate School, and Continuing Education as \$6,900 per student, less for DL (\$5,851).

Note: Enrolment for Adult students and Summer School are projected to remain the same over the three-year plan.

What about Independent Schools funding?

Funding for Independent Schools increased from \$193 million in 2005–06 to \$281 million in 2014–15, an increase of 45.6%, while public-school funding increased by only 16.9%. Over the period that funding was steadily increasing for independent schools, public schools were dealing with structural funding shortfalls which led to significant cuts to educational services⁴⁸. If the \$281 million provided to independent schools by the provincial government was instead allocated to public schools, this funding would greatly reduce the ongoing district shortfalls that underlie the loss of educational services in BC public schools⁴⁹.



* Includes public-school instruction, public-school administration, and Learning Improvement Fund.

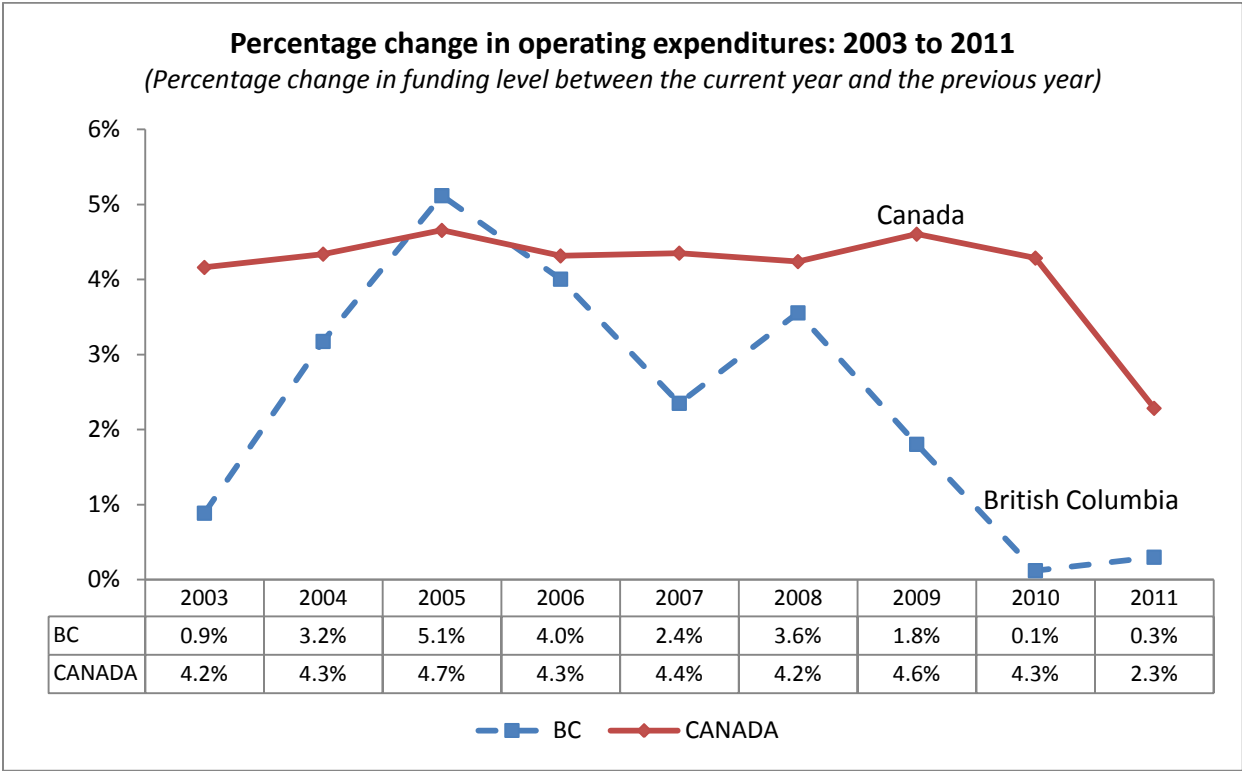
Source: BCTF calculations with data from Ministry of Education Budget 2014 document: *2014/15 Fiscal year - Budget Overview*, February 2014, p.3.

⁴⁸ See various BCTF Research reports on funding issues and budget shortfalls facing BC public schools in the last five years. <http://bctf.ca/publications.aspx?id=5630#Edfunding>

⁴⁹ See Kilian, Crawford. "BC's private school boom", *TheTyee.ca*, March 15, 2014, for a full discussion of the implications of independent schools funding for public education. <http://thetyee.ca/Opinion/2014/03/15/BC-Private-School-Boom/>

How does BC compare to the rest of Canada?

British Columbia is falling behind other provinces in its funding commitment to public education. Statistics Canada data shows that BC has done considerably less than the rest of Canada to improve operating-grants funding to school districts. The following chart shows that for most years, BC is below the national average in terms of improvements to operating-grants funding for public schools. Since 2008, the percentage increase in operating-grants funding for BC fell steadily, with 2010 marking the start of a long-term freeze on operating-grants funding.

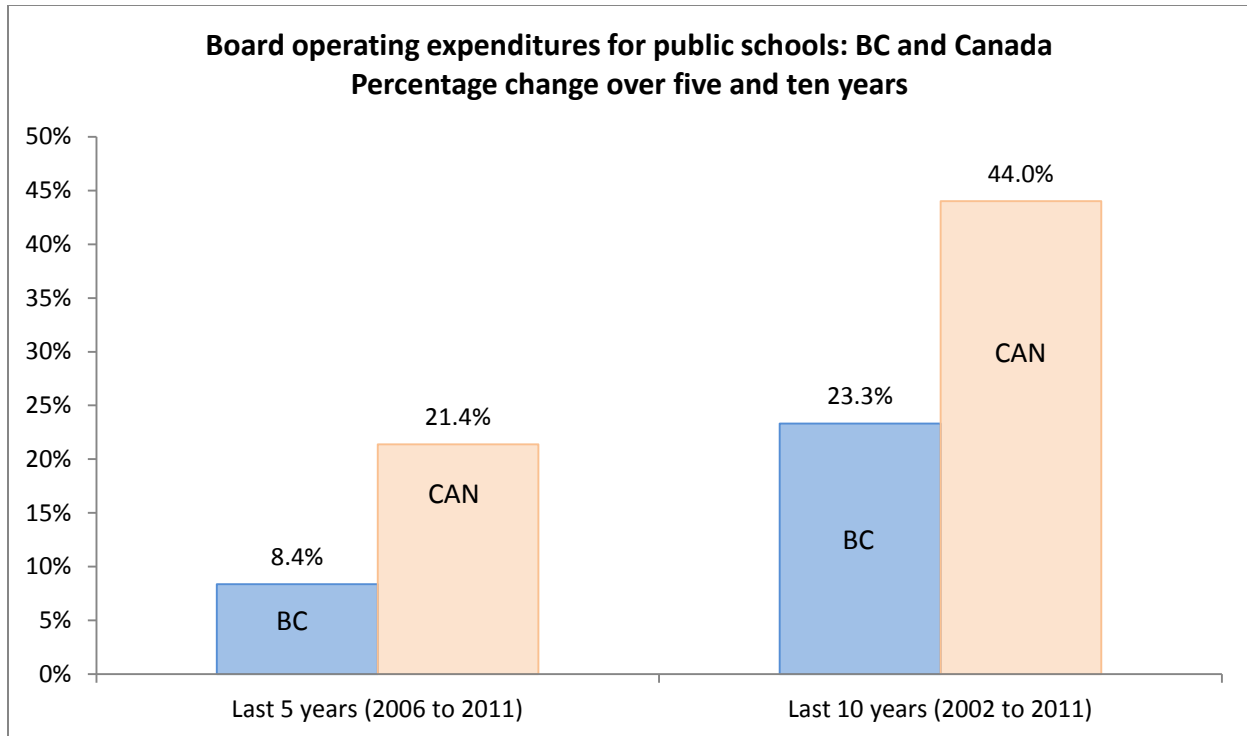


Source: BCTF chart and calculations with data from: Statistics Canada. *Table 478-0012 – School board expenditures, annual (dollars)*, CANSIM (database). (accessed: April 7, 2014)

Note: Statistics Canada Footnote 2 states “Data are or have been converted to a calendar basis, January 1 to December 31.” and Footnote 3 states “School boards represent schools which are a part of the elementary and secondary public school system.”

BC public schools underfunded compared to the rest of Canada

The cumulative impact of BC’s operating funding to school districts not keeping pace with Canada is significant, even over a five-year period. The following chart shows how the percentage increase in Board Operating Expenditures for BC public schools compares to the national average (Canada). Over the ten-year period of 2002 to 2011, Operating Expenditures grew almost twice the rate in Canada (+44%) as in British Columbia (+23.3%). The situation worsened considerably for BC in the last five years (2006 to 2011), when Operating Expenditures in Canada (+21.4%) increased at almost three times the rate as compared to British Columbia (+8.4%).



Source: BCTF chart, with data from: Statistics Canada. *Table 478-0012 - School board expenditures, annual (dollars)*, CANSIM (database). (accessed: April 7, 2014)

How much additional operating funding would be available for BC public schools if operating expenditures increased in BC by the same percentage as Canada?

Operating expenditures for BC public schools increased by \$375 million (+8.4%) between 2006 and 2011. If operating expenditures for BC public schools had increased at the same rate as the national average (21.4%), there would have been an additional \$583.5 million available to support students in BC public schools in 2011.

Additional funds would be available for K to 12 schools if BC increased operating funding at the same rate as the national average (2006 to 2011)

| | |
|---|-------------------------|
| Actual funding increase at BC rate (8.4%*2006 Operating Expenditures) | \$ 374,766,000 |
| Potential funding increase if BC increased funding at the national average (+21.4%*2006 Operating Expenditures) | \$ 958,293,000 |
| Actual vs. potential: Difference | - \$ 583,527,000 |

The 2014 brief presented by the BC Teachers’ Federation to the Select Standing Committee on Finance and Government Services provides evidence that BC falls behind Canada on several key Statistics Canada indicators, in terms of improvements in funding for public schools, including per-student funding, in which BC is almost \$1,000 below the national average⁵⁰.

⁵⁰ Education funding brief to the Select Standing Committee on Finance and Government Services from the BC Teachers’ Federation, September 2013, <http://www.bctf.ca/uploadedFiles/Public/Publications/Briefs/2013EdFundingBrief.pdf>

What did the Select Standing Committee on Finance and Government Services recommend for K-to-12 schools?

Each year the Select Standing Committee on Finance and Government Services holds public consultations across BC, and makes recommendations to the provincial government. School trustees, the BC Teachers' Federation, and other advocacy groups for public education made presentations to the committee in September 2013, expressing concerns about the inadequacy of provincial funding for public schools.

In the *Report on the Budget 2014 Consultations*⁵¹, the committee concluded:

Sufficient evidence was presented to the Committee indicating that the K–12 system is experiencing cost pressures as a result of inflation and aging school facilities. The Committee therefore recommends that enough funding be provided to schools to meet rising costs and capital needs while ensuring strong educational outcomes for BC students. (p. 27)

Recommendations (pp. 27–28) related to K-to-12 funding issues include:

24. Provide sufficient funding for the K–12 system to enable BC students to become top performers nationally; and address cost increases for school districts (e.g., rising BC Hydro rates).
27. Review the increasing demands on school district budgets and ensure that funding is appropriately directed to meet the growing support required for students with special needs.

Instead of implementing these recommendations, the Ministry of Education chose to freeze operating grants for three more years. The ongoing freeze on operating grants funding simultaneous to the rising costs of public education create structural budget shortfalls. The effects of these shortfalls accumulate over time and each year, districts cut more deeply into the quality of educational services. The only improvement to public schools funding is the additional \$15 million for the Learning Improvement Fund. But the Ministry's own data shows that the LIF is not enough to offset the ongoing loss of teaching positions (classroom and specialist teachers) arising from budget shortfalls that are a direct result of inadequate provincial funding.

In Budget 2014, the Ministry of Education Service Plan outlines targets for improving educational outcomes such as the percentage of students who meet or exceed reading expectations at Grade 4 and Grade 7 (p.26) and the percentage of students who pass Grade 10 and Grade 12 language arts provincial exams (p.28), yet the freeze on district operating grants means many of the resources that could go to support student learning, especially classroom teachers, will likely be eliminated as districts struggle to balance budgets with no new funding.

Until the provincial government acts on the recommendations of the Select Standing Committee there is no relief in sight from the ongoing erosion of conditions in BC public schools.

⁵¹ Select Standing Committee on Finance and Government Services, Report on the Budget 2014 Consultations, November 2013. <http://www.leg.bc.ca/cmt/40thParl/session-1/fgs/reports/PDF/Rpt-FGS-40-1-1stRpt-Budget2014Consultations-2013-NOV-14.pdf>

Sources for 2014–15 budget shortfalls in the news

- Alberni:** McKenzie, Scott. “Teachers hope cuts stay out of classrooms”, *Alberni Valley Times*, Friday, April 4, 2014, Page: A1 / Front.
- Burnaby:** Moreau, Jennifer. “District must make \$3.1 million in cuts”, *Burnaby Now*, Friday, April 11, 2014, Page: A1.
- Campbell River:** Thomson, Sian. “School board facing continuing deficit; \$644,000 reduction due to lower enrollment”, *Campbell River Courier-Islander*, Friday, April 11, 2014, Page: A2.
- Cariboo-Chilcotin:** “School district beset by budget shortfall”, *100 Mile House Free Press*, March 14, 2014, p.6.
- Central Okanagan:** Plant, Don. “Board must trim costs by \$4 million; Public schools in Central Okanagan will have to make do with less money under proposed budget plan”, *The Daily Courier (Kelowna)*, Friday, April 11, 2014, Page: A1.
- Coquitlam:** Strandberg, Diane. “Coquitlam district faces \$13.4 million deficit”, *Tri-City News*, Thursday, April 3, 2014, Page: 001.
- Delta:** Gyarmati, Sandor. “District facing \$3M shortfall; Despite a modest increase in enrollment, more cuts proposed for next school year”, *The Delta Optimist*, Friday, April 11, 2014, Page: A1.
- Kootenay-Columbia:** Schafer, Timothy. “Rossland school closure backfires on school district”, *Rossland News*, Monday, March 17, 2014, p. 1.
- Maple Ridge-Pitt Meadows:** Rantanen, Maria. “Schools squeezed; Trustees warn that budget cuts will affect students”, *Maple Ridge-Pitt Meadows Times*, Thursday, April 3, 2014, Page: A1.
- Nanaimo-Ladysmith:** Barron, Robert. “District faces big \$5.4M shortfall; Up to 44 full-time positions, none among senior management, could be affected by cuts”, *The Daily News (Nanaimo)*, Friday, April 11, 2014, Page: A1.
- New Westminster:** Bartel, Mario. “Public input sought for schools budget,” *New Westminster News Leader*, Thursday, April 3, 2014, p. 3.
- North Okanagan-Shuswap:** *2014/15 Budget Report to the Board* (March 11, 2014), http://www.boe.sd83.bc.ca/minutes/2014_15%20March%2011%20Board%20Budget%20Report%20rev.pdf?plugin=RWD&templates=RWD&&printversion=2
- Hughes, Tracy. “School Board faces budget shortfall”, *Salmon Arm Observer*, March 19, 2014, p.11.
- Okanagan-Skaha:** Fries, Joe. “Trips to Las Vegas, New York pushed up school administrators’ expenses”, *Penticton Western News*, Thursday, March 20, 2014, Page: 1.
- Qualicum:** “Council, trustees meet to discuss future of QBES”, *Oceanside Star*, March 20, 2014, p.A7, News.
- Saanich:** School District No. 63 (Saanich) Budget Committee, February 2014, document indicates a \$2.4 million decrease in revenue and an increase in expenses of \$984,000. <http://www.sd63.bc.ca/sites/default/files/FINFeb112014agenda.pdf>
- Budget package, <http://www.sd63.bc.ca/sites/default/files/FINFactsPackageOct2013.pdf>
- Supplemental Facts Package, <http://www.sd63.bc.ca/sites/default/files/FINFactsPackageSupplementalMar262014.pdf>
- Sooke, Saanich, and Victoria:** Bell, Jeff. “School districts face many woes”, *Times-Colonist*, April 1, 2014, p. A4 .
- Vancouver:** Vancouver School Board Provisional Budget presented on April 8, 2014.
- Sherlock, Tracy. “Vancouver school district faces \$13.6-million shortfall”, *Vancouver Sun*, Thursday, April 3, 2014.

Vernon: Mortimer, Katherine. "School district facing \$1.5 million shortfall", *Trail Daily Times*, Thursday, April 3, 2014, Page: A4.

Victoria: Greater Victoria School District, 2014/15 Annual Budget presentation, March 26, 2014.

Media reports: District responses to the province downloading the cost of the CUPE settlement

Chow, Wanda. "School district still seeking savings to pay for CUPE raises", *Burnaby NewsLeader*, Thursday, October 10, 2013, Page: 1.

Cunningham, Tamara. "Cost of wage increase infuriates trustees", *Nanaimo News Bulletin*, Thursday, October 17, 2013, Page: 5.

Harding, John. "Parksville Qualicum school district should expect no help from provincial government", *Parksville Qualicum Beach News*, Tuesday, October 15, 2013, Page: 1.

Harrison, Art. "Layoffs unlikely in short term; School District 20 struggles to find funds for CUPE contract increases", *Trail Daily Times*, Tuesday, October 1, 2013, Page: A1 / Front.

Hildebrand, Kirsten. "No cash for CUPE wage hike, Kootenay Lake trustees say", *Nelson Star*, Wednesday, October 9, 2013, Page: 1.

Mui, Michael. "Wage hike could mean 40 jobs cut: VSB", *24 Hours Vancouver*, Wednesday, October 9, 2013, Page: 4.

Raphael, Philip. "School job cuts on the way, to take effect next fall; We haven't had a raise in four years. We finally get one (and) we're threatened with layoffs": McLuskie, *Richmond News*, Wednesday, October 9, 2013, Page: 1 / Front.

Rudan, Paul. "Surplus, what surplus?, says Campbell River school board chair", *Campbell River Mirror*, Tuesday, October 1, 2013, Page: 1.

"School boards used as whipping post", *Maple Ridge News*, Thursday, October 3, 2013, Page: 1, Section: Opinion.

"School district to first tap reserve fund for wage hike", *The Daily News (Kamloops)*, Friday, October 18, 2013, Page: A4.

Seymour, Ron. "Wage hikes cost \$1.2M; School trustees pare funding in 9 program areas to pay for salary hikes for unionized support workers", *Okanagan Saturday*, Saturday, October 12, 2013, Page: A1 / Front.

Strandberg, Diane. "More cost-cutting at Coquitlam district eyed", *Tri-City News*, Thursday, October 3, 2013, Page: 001.