

BCTF Research Report

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SECTION V
2009-EF-03

Education Program Funding: A comparison of the September 2009 Budget Update to the February 2009 budget estimates

<http://www.bctf.ca/publications.aspx?id=5630>

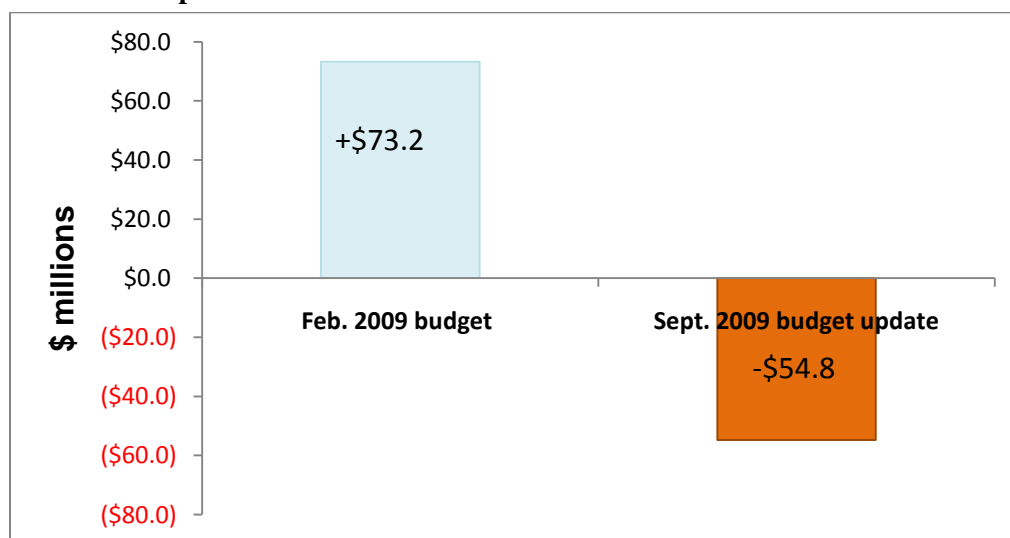
by Margaret White, Research Analyst, BCTF Research Department
mwhite@bctf.ca

\$128 million less in Education Program funding in the September 2009 updated budget

Education Program funding for 2009–10 in the September 2009 budget update is about \$128 million less than the funding allocated in the February 2009 budget announcement. As public-school funding comprises 95% of all Education Program Funding, this will have a significant impact on public education budgets.

Chart 1 shows that instead of a 73.2-million-dollar funding increase to Education Programs as announced in February 2009, Education Program funding decreased by \$54.8 million in the September 2009 updated budget¹.

Chart 1: Change (increase or decrease) in Education Program funding for 2009–10 compared to the 2008–09 restated estimates



Calculations by BCTF Research with data from:

Ministry of Education 2009/10 to 2011/12 Service Plan – Resource Summary Table, February 2009, p. 21.

Ministry of Education 2009/10 to 2011/12 Service Plan Update – Resource Summary Table, September 2009, p. 22.

¹ The change in funding from year to year is calculated by comparing the 2009–10 estimates to the 2008–09 restated estimates figures in the Resource Summary Table (for the February and September budget estimates).

After accounting for the transfer of \$50 million in CommunityLINK funding to the Ministry of Housing and Social Development, there is still a funding decrease of \$5 million since 2008–09 and \$78 million less funding than was allocated in the February 2009 budget.

What funding was cut from Education Programs?

CommunityLINK funding to provide nutrition and counselling support for vulnerable students was cut by \$2 million.² This funding decrease is difficult to justify given the persistently high family poverty rate in BC, the growing number of vulnerable families due to the recession, and higher food prices facing providers of school lunch programs. (To find out how much your school district received from CommunityLINK funding in 2008–09, go to:

http://www.bced.gov.bc.ca/communitylink/pdf/funding_0809.pdf)

Presumably, much of the \$128 million loss of funding for Education Programs (compared to the February 2009 estimates) is due to the unexpected cancellation of the \$110 million Annual Facility Grant (AFG) that districts rely upon to do much-needed maintenance and upgrades to school facilities. Some districts also reported not receiving the last installment of the 2008–09 AFG, even though these funds were committed for work already under way or completed. (See http://www.bctf.ca/uploadedFiles/Publications/Research_reports/2009EF02.pdf for a research report on the cancellation of the AFG.)

While the ministry claimed that districts held about \$98.6 million in cash reserves that must be spent first,³ many districts have since revealed they either have no cash reserves or the funds were already committed for planned or on-going projects. Surrey school district reported in the media that the board will have to find \$8 million to cover costs for projects to which the district is contractually committed.⁴ Many districts are trying to assess the impact of this sudden loss of funding will have on their budget. Some districts immediately halted repair projects where possible, laid off maintenance and other staff, and are still left with significant budget shortfalls.

The Vancouver School Board (VSB) lost \$10.6 million in funding due to the cancellation of the AFG, with only \$160,000 in uncommitted funds in its AFG account.⁵ The VSB launched a proactive response to this sudden loss of funding, and the Ministry of Education agreed that the VSB could transfer up to \$5 million from its restricted capital reserve fund and \$2.4 million of unallocated Combined Seismic Mitigation Program funds to address the shortfall.⁶ This still leaves the VSB with \$3 million less in funding than anticipated, due to the cancellation of the AFG.

What new cost pressures do districts face that the province is not fully funding?

The increase to Medical Services Plan (MSP) premiums announced in the September 1 Budget Update will increase costs to all employers who cover MSP premiums for employees. This is a downloaded cost to the school districts, as there are no additional funds to cover this

² “Education cuts poorly planned.” *Times Colonist* (Victoria): Comment section, September 10, 2009.

³ Vancouver School Board Inter-office memorandum. “Annual Facility Grant,” September 9, 2009, Attachment 1: letter from James Gorman, Deputy Minister, to VSB, August 27, 2009.

⁴ Sheila Reynolds. “Funding to fix leaky school cancelled.” *Surrey North Delta Leader*, September 8, 2009.

⁵ VSB Inter-office memorandum. “Annual Facility Grant,” September 9, 2009, Attachment 3: letter from VSB to the Minister of Education, September 4, 2009.

⁶ VSB Inter-office memorandum. “Annual Facility Grant,” September 9, 2009, Attachment 5: letter to VSB from Minister of Education, September 8, 2009.

unanticipated cost pressure. The VSB estimates the 6% increase to premiums will increase operating costs by \$100,000 in 2009–10 and \$200,000 on an annual basis.⁷

Other cost pressures include negotiated salary increases, increased heat and electricity costs if a BC Hydro rate increase is approved, and H1N1-prevention costs incurred by schools. The Vancouver School Board estimates the cost of the board's efforts to prevent the H1N1 virus will range from \$200,000 to \$300,000.⁸ The Harmonized Sales Tax, effective July 1, 2010 could significantly increase costs to districts unless school boards receive a rebate for the 7% provincial portion of the HST.

Do the ministry's funding decisions really protect services in the classroom?

No. When the Operating Grants or other education funding do not cover costs, or when the sudden loss of funding leaves school districts unable to meet commitments, school districts must take action to deal with the resulting shortfalls. By law, districts cannot run a deficit.

The ministry claims the AFG was cancelled so as to protect funding for students in the classroom. But the effect of forcing districts into a shortfall position at the start of the school-year is that education services will be compromised as districts scramble to make up the loss of funding. Many districts already reduced education services last June to address significant funding shortfalls and submit a balanced budget for 2009–10. It is difficult to see how classroom services can be maintained in the face of more budget shortfalls.

What about district operating grants?

There is no information in the budget update documents to assess how 2009–10 Operating Grants are affected by the reduced funding for Education Programs. Reading between the lines, it appears that districts did not receive all of the operating grants funding committed for 2008–09. A footnote in the Ministry of Education 2008/09 Annual Service Plan Report in July 2009⁹ indicates that \$18 million in Distributed Learning (DL) funding was frozen by the Treasury Board. These are funds that presumably should have been released to the districts after the final DL enrolment count.

The Port Alberni school district reported in the media that they were informed one week before school began that the ministry took back the district's declining enrolment fund of \$35,000.¹⁰ Vancouver School Board also reported that the ministry is retracting \$404,000 'holdback' funding the district received in June.¹¹ Holdback funds are supposed to be released after enrolment counts for Distributed Learning and Special Education are conducted during the year. The retraction of these funds means there is less money available to support students in the classroom.

The case of the vanishing holdback

These examples suggest that operating-grant funds are being reduced behind the scenes without any formal announcements. The enrolment-decline supplement and enrolment funds in the holdback are part of the Operating Grants. The 2008–09 Recalculated Operating Grant tables

⁷ VSB Inter-office memorandum. "Provincial budget update," September 9, 2009.

⁸ Naoibh O'Connor. "Class notes," *The Vancouver Courier*, September 16, 2009.

⁹ Ministry of Education. *2008/09 Annual Service Plan Report*, July 17, 2009, p.23.

¹⁰ Quintin Winks. "School district mulls over program cuts; School supplies and services top trustee \$1m chopping list," *Alberni Valley Times*, September 10 2009.

¹¹ VSB Inter-office memorandum. "Provincial budget update," September 9, 2009.

(due to be published by December 2009) should reveal how much of the 2008–09 operating-grant funding disappeared from the holdback.

Other funding cuts that will affect students and public schools

In early September, the ministry announced that Parent Advisory Councils (PACs) across BC will see their gaming grants cut in half in 2009–10, leaving PACs with about \$7.6 million less funding to support student learning.¹² Parent Advisory Councils use these funds to purchase computers, library and text books, and to support school field trips and other learning enrichment activities. Schools have become increasingly dependent on these funds to compensate for inadequate funding by the ministry for school-based resources. Schools in low-income areas will be hurt the most by the loss of this funding.

The ministry also cancelled, without consultation, a \$130,000 grant to BC School Sports, an organization that supports secondary-student athletes in 425 BC schools to train and participate in sports events.¹³ This was another last-minute announcement with no time for sports groups to raise funds elsewhere. The ministry is facing ongoing criticism by a wide spectrum of citizen groups for the elimination of this grant.

More trouble on the horizon

The funding plan also shows \$127.5 million less funding for Education Programs expenses in 2011–12 and \$64.5 million less in 2011–12, with a cumulative decrease of \$320 million over three years. (See Table 1)

Table 1: Ministry of Education Estimates for Education Program expenses: 2009/10 to 2011/12 – A comparison of February 2009 budget estimates to September 2009 budget update

	Feb 1, 2009 budget estimates	Sept 1, 2009 budget update	Difference between Feb. and Sept. 2009 estimates
2008/09 restated estimates	\$ 5,021,215,000	\$ 5,021,215,000	-----
2009/10 estimates	\$ 5,094,418,000	\$ 4,966,415,000	\$ (128,003,000)
2010/11 plan	\$ 5,131,538,000	\$ 5,003,999,000	\$ (127,539,000)
2011/12 plan	\$ 5,147,811,000	\$ 5,083,322,000	\$ (64,489,000)

BCTF Research calculations with data from:

Ministry of Education 2009/10 to 2011/12 Service Plan – Resource Summary Table, February 2009, p.21.

Ministry of Education 2009/10 to 2011/12 Service Plan Update – Resource Summary Table, September 2009, p. 22.

A comparison of the ministry’s plan for total revenue for public schools in the September budget update compared to the February budget figures also show \$284 million less in revenue over three years. The ministry’s updated revenue figures also show a year-to-year decrease in total revenues for public schools in 2010–11 and 2011–12.¹⁴

Even though the ministry implied the cancellation of the AFG grant was one-time-only for districts to use up their “unspent reserves,” a comparison of the February and September estimates shows about \$127.5 million less funding for Education Programs in 2010–11.

¹² Paul Willcocks. “A remarkably bad string of school cuts.” *Times Colonist* (Victoria), September 11, 2009.

¹³ Ibid.

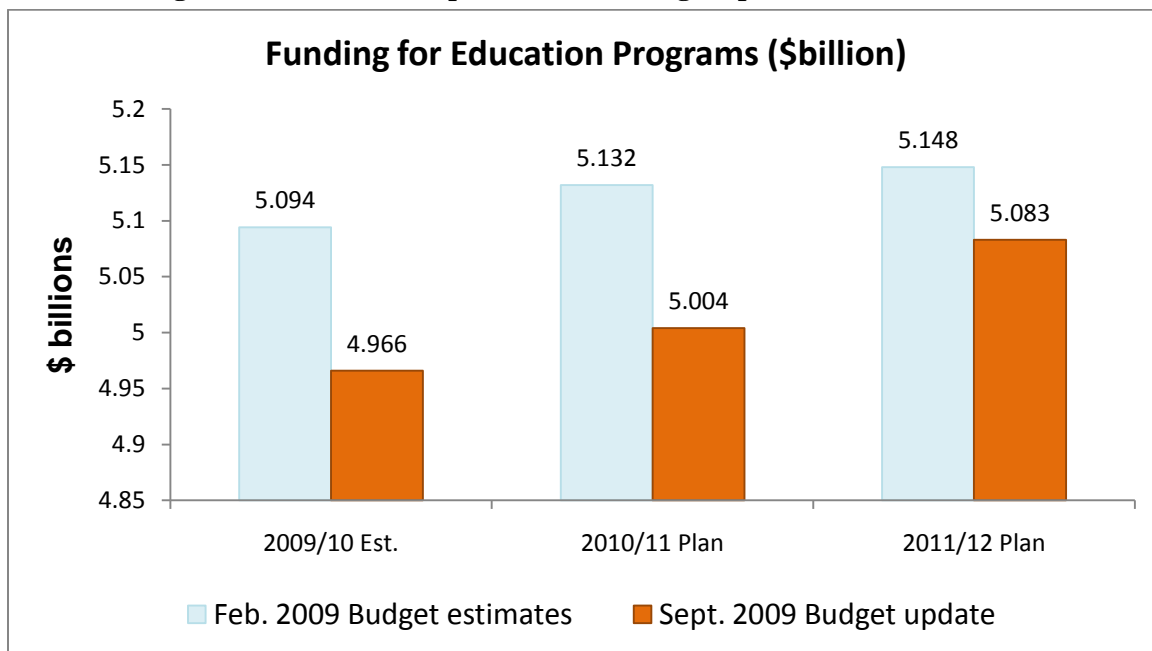
¹⁴ Calculations by BCTF Research, comparing revenue data from the Resource Summary – Public Schools table published in the February 2009 and September 2009 Update of the Ministry of Education 2009/10 to 2011/12 Service Plan.

If \$50 million of the reduced funding is due to the transfer of the CommunityLINK grant, there is still \$78.5 million less funding for 2010–11 compared to the February estimates.

The ministry has committed \$44 million to implement phase one of full-day Kindergarten in 2010–11, and an additional \$107 million in 2011–12.¹⁵ But Education Programs funding (based on the September 2009 updated budget) increases by less than that, \$37.6 million in 2010–11 and \$78.6 million in 2011–12.

The Provincial Throne Speech indicated that the government would have no money available for public-sector wage increases until the province resolves its deficit.¹⁶ The updated figures for the Ministry of Education plan for 2010/11 and 2011/12 suggest that changes in Education Program funding (Chart 2) and total public school revenues will not be sufficient to cover the increased cost for full-day Kindergarten, salary increases, and other cost pressures such as the provincially-mandated increase to Medical Services Plan premiums.

Chart 2: Education Programs 2009/10 to 2011/12: A comparison of the February 2009 budget estimates to the September 2009 budget update



Sources:

Ministry of Education 2009/10 to 2011/12 Service Plan – Resource Summary Table, February 2009, p. 21.

Ministry of Education 2009/10 to 2011/12 Service Plan Update – Resource Summary Table, September 2009, p. 22.

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¹⁵ BC School Trustees’ Association. *E-Alert*. “Budget update – operating grants to districts unchanged,” September 1, 2009.

¹⁶ Province of British Columbia. *Speech from the Throne. Opening of the First Session, Thirty-Ninth Parliament of the Province of British Columbia*, August 25, 2009.