



British Columbia
School Trustees
Association

November 1, 2011

The Honourable George Abbott
Minister of Education
PO Box 9045 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Abbott,

I am pleased to attach *A Commentary on the Operating Grant Allocation Process*. The report and the accompanying submissions are in response to your request for direct input from boards of education on the funding formula for public education. It reflects the careful consideration of boards of education and a review committee of board chairs representing the diversity of school districts throughout the province.

In addition to the input on the allocation process itself, you will see that there was overwhelming comment from boards on the need for increased funding overall. This was underscored by a resolution passed at BCSTA's most recent Provincial Council citing *the need to increase the Provincial Budget for public education to adequately meet the needs of students across the province*. This was also the key message in my recent submission to the Select Standing Committee on Finance and Government Services.

On behalf of all boards of education, we are grateful for this opportunity to have direct input on the funding allocation process, and look forward to ongoing consultation on this extremely important matter.

Sincerely,

A handwritten signature in black ink that reads "Michael McEvoy". The signature is written in a cursive style with a large, looping flourish at the end.

Michael McEvoy
President

Cc: James Gorman, Deputy Minister of Education

Introduction

This report presents a summary of the input received from 53 public boards of education on the Ministry of Education's operating grant allocation process, and how it might be improved to better serve the educational needs of British Columbia's public school students.

The report has been prepared by a committee of board chairs and staff, selected by BCSTA to represent the geographic and demographic diversity of BC's 60 public boards of education.

The mandate of the representative committee was to summarize the submissions and, where possible, identify common themes. The report describes what the representative committee believes it heard from the submissions, but does not necessarily reflect formal positions or recommendations on behalf of BCSTA, except where noted.

Many of the comments in this report were repeated in several of the submissions, whereas others reflect suggestions from individual boards. To ensure that the unique perspectives of all boards are considered equally by the Minister, all 53 submissions have been included in the Appendices.

This report acknowledges the ongoing value of the Ministry's Technical Review Committee and hopes that this input will provide valuable direction for the Minister's consideration. It is our strong belief that, in addition to the expertise of Ministry and school district staff, it is an appropriate aspect of the co-governance role of boards of education to provide direct input to the Minister on the allocation of the funding they receive.

The Funding Allocation Process – Principles and Process

Equity

A key area of emphasis identified in the submissions was the need for a funding allocation process that has an equity-of-learning opportunity for all students as a primary goal. This of course does not mean equal funding for all students or districts, but a system that as much as possible ensures that no student's education is disadvantaged due to their location or special needs. The representative committee recognizes that this is what the current funding allocation process attempts to achieve, and that addressing equity will always be challenging and contested. However, equity should remain the Ministry's utmost goal when considering revisions to the funding allocation system.

Predictability & Stability

By far the most frequently mentioned concern expressed in the submissions was the need for a predictable and stable funding process. While it is acknowledged that the Ministry does provide three-year estimates for provincial-level funding, as well as tools to help districts estimate their future funding, many boards feel that there are too many variables and mid-year changes to achieve the required level of predictability.

A good example, and one that was frequently cited, is the handling of the yearly holdback funds. Boards report that the actual amount that they receive at the end of the year is unpredictable, making it difficult to adequately plan. Additionally, the funds often arrive too late to be used in the current fiscal year, often resulting in surpluses, and leaving the impression that boards do not plan adequately and are not in need of additional funding. Boards would not only like to see the holdback funds arrive sooner, but also request that the proportion of the holdback be decreased so that more money is available during the school year.

Flexibility and Transparency

Another recurring principle was flexibility for boards to use the funds they are allocated as they see fit. Boards were clear that any changes to the funding formula should not result in additional targeted funding. Flexibility and transparency could be thought of as a "targeting in but non-targeting out" process where the various factors and supplements that make up each board's funding are clearly detailed in line items, but leave it up to the board to allocate the funds to best meet local needs.

Comments on the Existing Funding Formula

The following comments pertain to the challenges many boards face with the current funding allocation process and ways it might be improved. As previously mentioned, these are not unanimous recommendations, but do represent common themes that were evident in the submissions.

The Unique Student Supplements

Many of the submissions referred to an increase in the number of Level 1, 2 and 3 students in their districts, and pointed out that the allocated supplements for these students are well below the real costs boards incur. The needs of these students are being met, but at a cost to the budgets allocated to other student programs.

Several boards are also reporting a significant increase in the number of students with unique learning needs who are not in a Ministry-identified category. Several years ago, supplemental funding was rolled into the per-student amount; however, the cost of providing adequate supports, such as education assistants, is much higher than the standard per-student allotment now provides.

Boards would like to see an expansion to the existing categories to recognize the needs of these students and an increase to the supplement amounts. These requests have also been expressed in previous BCSTA resolutions.

A recommendation that was mentioned in a number of submissions, and also referenced in a BCSTA resolution, is for the Ministry to consider using the EDI vulnerability index as a factor in determining a new supplement to address the needs of vulnerable students. Such a supplement could provide additional funding to those districts with a higher proportion of vulnerable students.

The representative committee also noted that last year 34 districts underspent their allotted Aboriginal Education supplements. This is not an indication that these funds are not needed, but that the criteria for how these targeted funds can be used is too restrictive. A broader set of criteria would enable districts greater flexibility to apply these funds in ways that would best meet the needs of their Aboriginal learners.

Unique District Supplements

There was agreement in the majority of submissions that the unique district supplements acknowledge the challenges of delivering education in small, rural or remote districts, and that these supplements should be continued. There was at least one suggestion that the current climate factor should be revised to consider other weather-related conditions that impact transportation, such as snow removal and sanding.

In fact, the most frequent concern raised in the submissions relates to the transportation supplement. Although most of the other factors in the unique district supplement were of concern mainly to non-urban boards, transportation funding was an issue for boards across the province. Large, small, urban and rural boards expressed significant dissatisfaction with the current transportation funding allocation.

Despite years of boards' calling for revision, as well as recommendations to the Ministry from the BC Association of School Business Officials (BCASBO), there has only been a 2.5 percent increase in the last decade. It can be without argument that the cost of purchasing and maintaining buses, and the cost of fuel, have risen dramatically in the last decade, whereas the funding supplement has remained relatively static. Concurrent with the previously discussed increase in the number of special needs students, these students also tend to have more costly transportation requirements such as modified buses, equipment and routes. All of these transportation costs must be covered from the basic per-student allocation, resulting in a further reduction of the funding available for basic programs. It is important to note that this issue is not just about fuel and buses. Boards see student transportation as a key factor in providing equitable access to education. Revising the transportation supplement is long overdue. Transportation and the calls for additional support for students with unique learning needs were the most frequent and strongly expressed funding concerns heard in the submissions.

Funding Protection/Enrollment Decline

The third most common area for comment was the issue of funding protection. While there was no unanimity on what should be done with it, there was consensus that it is not sustainable, and that the intent and future of the supplement need to be reviewed.

It is clear that many districts rely heavily on funding protection, and its sudden removal would have dire consequences for them. But given that currently 46 districts receive funding protection, it is also clear that the supplement is not addressing a temporary or acute need but a long-term, chronic issue. Some submissions suggested that the ongoing nature of the supplement has created a form of dependency, and that many boards now rely on the supplement as an ongoing core part of their funding. While some districts called for doing away with funding protection, others were strongly in favour of continuing the supplement, at least in the short term.

A related issue with funding protection is that it actually adds to the predictability concern discussed earlier. Boards in funding protection can never be sure if the supplement will survive for another year.

The representative committee felt that funding protection is an issue that pits districts against each other, and that it should be phased out and be replaced with more equitable and sustainable factors.

Basic Allocation

Another frequent concern heard in the submissions relates to the fact that the basic allocation is determined totally on a per-student basis. It is an "on the ground" reality that there is not a direct or constant correlation between student enrollment and costs. Classes cannot always be closed and staffing reduced when enrollment declines, because the students do not leave from the same classes or at the same time. The economies of reduced operating costs can only be achieved when major reconfigurations and closures take place – and even then closed buildings must be maintained and insured. Many boards have already gone through the painful process of closing all the schools they can. For some communities, particularly those in rural and remote areas, this is not an option. Also, other costs beyond staffing and buildings do not decline directly with enrollment. Even though there may be fewer students on the bus, the bus must still make the same runs at the same costs. This is also the case with other learning supports, such as libraries, school secretaries and trades, all of whose services are still required despite the fact that some classrooms throughout the school or district may have fewer students.

BC School Trustees Association

A Commentary on the Operating Grant Allocation Process

The same issue is experienced by those few boards experiencing increasing enrollment. Even though they receive increased funding, staffing and infrastructure costs do not increase in a smooth line along with the per-student allocation. Large districts that are increasing in enrollment do not have the space to move students to different schools, and the distances between schools in growing remote districts cause similar limitations.

There was consensus that the basic allocation must continue to contain a per-student allocation, however a suggestion put forward in a number of submissions was the creation of a blended allocation that would combine a per-student amount with a smaller but fixed portion for facilities. It is understood that the per-student allocation has encouraged boards to be as efficient as possible in their operations, but it is also felt that services are now being compromised by the complete reliance on enrollment as a driver for the basic supplement. A basic allocation that recognized fixed and fluctuating cost drivers would also decrease the need for declining enrollment protection.

Another component of the basic allocation that was frequently mentioned was the distributed learning allocation. While on the surface it may seem that the delivery costs for distance learning students should be less than that for students attending regular classrooms, this is not the experience of most boards. Staffing, administration and other support costs for distance learning students are greater than the current allocation. Consideration should be given to funding distance learners at the same rate as regular students.

A suggestion that emerged from the representative committee deliberations was the concept of having more than one funding formula. When one compares Stikine with Surrey, for example, the differences in how they are impacted by the current funding formula are stark. In Stikine 78 percent of the funding is dependent on supplements above the basic per-student allocation. Surrey, on the other hand, derives 86 percent of its funding solely from the basic allocation. One might say this is an indication that the current formula is working because it accommodates the spectrum of differences among districts. However, the significant differences in the proportion of funding based on enrollment versus unique factors actually *decrease* funding predictability for boards. Boards that derive most of their funding from the basic allocation are more prone to the challenges of managing costs that do not shift equally with enrollment. For example, support for non-designated students with special learning needs comes from the basic per-student allocation. As enrollment declines, the amount of funding available to support these students is reduced. Boards that derive most of their funding through unique factors become reliant on supplements that they are not confident will be maintained in the long term. This disparity suggests that a one-size-fits-all formula that tries to accommodate a wide variety of criteria may be too complex and no longer appropriate. The Ministry may wish to consider whether having more than one type of allocation formula may provide more stable and predictable funding to various types of districts.

Other Funding Concerns

The intended scope of the submissions and committee review process was to focus on the funding formula for allocating operating grants (how the funding “pie” is divided), rather than the overall amount of education funding (the size of the “pie”). However, there was a very strong consensus in the submissions that current funding levels are inadequate to meet the continually increasing costs of providing quality education across the province. A resolution passed at BCSTA’s most recent Provincial Council underscored the depth of this concern.

Increasing expectations and an expanding mandate placed on the public school system have outpaced funding; boards of education have reached the limits of financial efficiencies. Operational budgets are under inflationary pressures resulting from rising energy, transportation, infrastructure and labour costs. New services in the areas of Early Learning, Community Literacy, and Distributed Learning present positive opportunities, but have placed considerable additional pressure on the existing system. As we embrace the challenge of an expanding mandate, boards of education strongly urge that corresponding funding accompany these additional responsibilities.

The previous sections reflect dominant themes that emerged from the submissions. There were, however, several other funding comments and suggestions made by boards. Not all of the concerns deal specifically with the operating grants allocation process, but the representative committee felt that it was important that the comments be brought to the Minister’s attention. These are listed in the attached Appendices.

Conclusion

This report has attempted to summarize the comments from 53 boards of education on the operating grant allocation process and education funding in general. The submissions reflected the broad diversity of funding issues faced by boards of education throughout the province. Although the report does not include any unanimous recommendations, clear and common themes were evident in the submissions.

The representative committee recognizes that it is unlikely that any single approach, or combination of approaches, will satisfy all of the issues raised in this report. However, it is clear that the current allocation process is increasingly problematic and urgently requires significant review and revision.

On behalf of all public boards of education in the province, the representative committee appreciates the opportunity to provide this input to the Minister. We respectfully request that the input of trustees through the BC School Trustees Association continue to be included as the Minister considers revisions to the funding process. We also request that BCSTA receive a direct response from the Ministry on the suggestions contained in this report, so that the response can then be reported back to all boards.

Appendices

Other Funding Comments/Requests

- Any future labour settlements should be fully funded and transparent – i.e., broken out as a separate line item in the allocation rather than being blended into the per-student allocation, which tends to undercompensate some boards and overcompensate others.
- An inflation factor should be built into future budgets (this was also the subject of a resolution from BCSTA's 2011 AGM).
- Rising utility costs are consuming a greater proportion of operating costs for all districts. This is particularly an issue for those boards that are forced to buy their utilities from private suppliers. Additional funding beyond the unique district supplement is needed by all boards.
- New provincial initiatives such as Early Learning and Personalized Learning need to be fully funded. The expansion of mandates and program expectations without additional funding means that existing programs suffer.
- The Community Link funding process needs to be overhauled. The original criteria no longer distribute the funds appropriately.
- The increasing reliance on educational technology is placing a burden on operating and capital budgets. A base technology line item should be added.
- Many boards continue to struggle in keeping up with needed infrastructure improvements. In addition to seismic upgrading, many schools are aging and require significant renovations to maintain student safety and program integrity. The current capital funding programs are not meeting the needs of many boards.
- Funding for collecting provincial data should be added. Boards should not bear the costs of replacing BCeSIS.
- Education budgets should not be adversely affected when the province returns to a provincial sales tax system.
- The Annual Facilities Grant needs to be provided sooner and be more predictable so that boards can appropriately plan the repair and upgrade of facilities.
- Carbon Trust funds collected from districts need to be available to boards to be invested in their own energy efficiency initiatives.
- Reduce paperwork/reporting requirements related to funding audits.
- Fully fund any changes to class size/composition legislation.
- Review the current pro-rated-by-course funding for secondary students.
- Reduce the requirements/costs of the Project Inventory Report (PIR).
- Funding needs to be provided/increased for:
 - early childhood programs
 - rural staff recruitment and retention
 - travel for sports and extracurricular programs in rural/remote districts
 - administration of international student programs
 - summer learning programs
 - StrongStart programs
 - home-school support.

Funding Formula Representative Committee

Chair:	Teresa Rezansoff	SD51 (Boundary)
	Greg Anderson	SD06 (Rocky Mountain)
	Alison McVeigh	SD35(Langley)
	Laurae McNally	SD36 (Surrey)
	Melissa Hyndes	SD43 (Coquitlam)
	Silas White	SD46 (Sunshine Coast)
	Les Kearns	SD54 (Bulkley Valley)
	Heather Hannaford	SD60 (Peace River North)
	Helen Parker	SD63 (Saanich)
	Ginny Manning	SD67 (Okanagan Skaha)
Staff Resource:	Lynda Minnabarriet	President, BCASBO
Staff Resource:	Stephen Hansen	Executive Director, BCSTA
Staff Resource:	Maggie Yuen	Manager, Administration & Executive Services

Funding Formula Submissions (53)

Fraser Valley (6)

SD33 (Chilliwack)
SD34 (Abbotsford)
SD35 (Langley)
SD42 (Maple Ridge-Pitt Meadows)
SD75 (Mission)
SD78 (Fraser-Cascade)

Metropolitan (9)

SD36 (Surrey)
SD37 (Delta)
SD38 (Richmond)
SD39 (Vancouver)
SD40 (New Westminster)
SD43 (Coquitlam)
SD44 (North Vancouver)
SD45 (West Vancouver)
SD93 (Conseil scolaire francophone)

North West (4)

SD52 (Prince Rupert)
SD54 (Bulkley Valley)
SD82 (Coast Mountains)
SD92 (Nisga'a)

Thompson Okanagan (8)

SD19 (Revelstoke)
SD22 (Vernon)
SD23 (Central Okanagan)
SD53 (Okanagan Similkameen)
SD67 (Okanagan Skaha)
SD73 (Kamloops/Thompson)
SD74 (Gold Trail)
SD83 (North Okanagan-Shuswap)

Kootenay Boundary (6)

SD05 (Southeast Kootenay)
SD06 (Rocky Mountain)
SD08 (Kootenay Lake)
SD10 (Arrow Lakes)
SD20 (Kootenay-Columbia)
SD51 (Boundary)

Northern Interior (7)

SD27 (Cariboo-Chicotin)
SD28 (Quesnel)
SD57 (Prince George)
SD59 (Peace River South)
SD60 (Peace River North)
SD81 (Fort Nelson)
SD91 (Nechako Lakes)

South Coast (2)

SD46 (Sunshine Coast)
SD47 (Powell River)

Vancouver Island (11)

SD61 (Greater Victoria)
SD62 (Sooke)
SD63 (Saanich)
SD64 (Gulf Islands)
SD68 (Nanaimo-Ladysmith)
SD69 (Qualicum)
SD70 (Alberni)
SD72 (Campbell River)
SD79 (Cowichan Valley)
SD84 (Vancouver Island West)
SD85 (Vancouver Island North)

Submissions from Boards

[A package with all submissions is available for download on our website \(click to download\).](#)