



## BC CONFEDERATION OF PARENT ADVISORY COUNCILS

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### Issues Bulletin February 2003

#### Overview: Provincial Funding of School Districts

##### 1. Budget framework:

In 2002, the Ministry of Education revised and simplified the funding formula for all School Districts to one based on student enrollment. Many items which had been calculated separately were merged into the basic allocation. This included, for example, specific funding for different types of schools, school board operations and administration, parent advisory council funding, trustee allowances, some special education program funding, and other categories previously calculated in district grants.

The new funding formula is based on student enrollment. In 2001/2002, enrollment in Kindergarten to Grade 12 was 583,274 Full Time Equivalent (FTE) students. In 2002/2003, this number had declined to 576,172 FTE students.

In addition to the basic per student allocation of \$5,308 (2002/2003), the Ministry of Education provides supplements for:

- Enrollment declines (for districts facing declines of more than 1%);
- Unique student needs (including English Second Language, Aboriginal, specific categories of special needs, adult education);
- Salary differential (for districts with higher than average salary costs);
- Unique geographic features (physical and environmental conditions affecting some districts);
- Transportation and housing (busing and special housing).

The only area of funding which is “targeted” (meaning that it must be spent in that specific area) is Aboriginal Education.

The Ministry has provided “buffer grants” to assist those Districts that are negatively affected by the new funding formula, and these grants will be gradually phased out by 2004/2005. Declining enrollment has contributed to reduced funding allocations to some Districts, however, the Ministry of Education supplemented the per pupil allotment to maintain the basic allocations to School Districts at \$3.79 billion.

In 2002, the Ministry of Education provided School Districts with their funding allocations for 2002/2003, 2003/2004 and 2004/2005, to allow them to do long range planning.

In addition to the allocations of \$3.79 billion, School Districts received \$42 million in 2002/2003 and \$50 million for 2003/2004. Government has budgeted to increase this allocation to \$3.84 billion for 2004/2005 and \$3.993 billion for 2005/2006. Funding is outlined in the accompanying BCCPAC *Chart: Provincial Funding of School Districts.*

School Districts also receive funding from other sources. Other Ministries also contribute funds for specific programs and services within schools. This may include items such as school meal programs, inner city schools, physiotherapy and nursing services and others. Districts may also have revenue from International Student Programs, sales of curriculum, adult education programs, summer school, and entrepreneurial activities. These are referred to as local revenues and have been a small but growing part of total funding for most Districts. Local revenue can be used to fund any District expense.

Much of the funding for School Districts is allocated to salaries and benefits, with most districts averaging about 90% of their budget for this purpose. Salaries and benefits are required expenditures of School Districts determined by contracts held between the employer and employees. Remaining funds are discretionary and used for items such as supplies and equipment, transportation, maintenance, buildings and grounds, staff development, and contractual employment for specific projects or purposes.

There are a number of cost changes that affect School Districts in preparing their budgets. These include the effects of changes in the funding formula, enrollment declines, teacher salary increase (7.5% over three years), other staff salary increases, and other factors such as increased costs of employee benefits. For further information on these refer to *Chart: Provincial Funding of School Districts.*

Capital funding is contained within a completely separate budget, and is only applied to school construction and renovation. Capital funds may not be used to augment the operating budget. School Districts now have the ability to sell school properties, and to use these funds within their capital budget, depending upon the School Board's original contribution to the particular facility, and the conditions of Ministerial Order 16/03.

The School Act gives Boards of School Trustees the legislated responsibility for the budget, and Trustees are legally required to submit a balanced budget (revenue and expenditures must match). Senior administrators, particularly the Secretary Treasurer, are intrinsically involved in preparing the budget for trustees. Trustees should work with all education partners in determining their priorities in preparing the budget.

## **2. Impact of Legislative Change:**

A number of changes over the past year have impacted the ways School Districts allocate budgets. This includes:

- Movement of class size limits from collective agreements to the School Act. Class sizes are now limited by legislation in a more flexible manner;
- Elimination from teachers' contracts provisions for the number of non-enrolling teachers required, class composition, and other language;
- Legislation to create corporate structures to protect the basic provision of K-12 services from any risk associated with entrepreneurial activities;
- Allowing the sale of school properties, with funding being retained by school districts;
- Increased flexibility in allocating funds to programs and services.

### **3. Budget Processes:**

Last year, School Districts received their allocations shortly before they were required to submit their budgets, and this did not allow for a thorough review process. As a result, many Districts made cutbacks at the classroom level, with little change to many areas in which they had increased flexibility. This year, Districts have been aware of their budgets for a full year, and have only been awaiting adjustments based on enrollment changes from those forecast, and any additional allocations from the Ministry of Education. This means that Districts are able to engage in a more thorough consultation with all partner groups.

The process for examining budgets varies from District to District – some have a budget committee, others hold public meetings to review draft budgets, others present information at board meetings. Parent participation has always varied throughout the province, but DPAC feedback indicates that they are not as involved in budget discussions as they would like to be. This year, DPACs can reasonably expect greater participation in reviewing funding and budget allocations.

There has been considerable concern emerging this year amongst parents as to where cuts will be made – closure of schools, special education services, reductions in library services or other areas. It is important that the priorities of parents be articulated and understood in formulating budgets in every District.

BCCPAC will be obtaining information on budget processes through our DA's, and we will communicate this information back to you.

### **4. Resources:**

Ministry of Education 2001/02 Budget Instruction Manual

[www.bced.gov.bc.ca/k12funding/funding/01-02/formula-descriptions-01-02.pdf](http://www.bced.gov.bc.ca/k12funding/funding/01-02/formula-descriptions-01-02.pdf)

2001/02 Final Funding Allocations and Final Operating Budget Instructions

[www.bced.gov.bc.ca/k12funding/funding/01-02/letterandtables.pdf](http://www.bced.gov.bc.ca/k12funding/funding/01-02/letterandtables.pdf)

2002/03 Operating Grant Estimates

[www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/welcome.htm](http://www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/welcome.htm)

Letter re Estimated Operating Grants

[www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/letter.pdf](http://www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/letter.pdf)

2002/03 Operating Grants Manual

[www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/operating-grants-manual.pdf](http://www.bced.gov.bc.ca/k12funding/funding/02-03/estimates/operating-grants-manual.pdf)

Ministerial Order 16/03 Disposal of Land or Improvements Order

[www.bced.gov.bc.ca/legislation/schoollaw/e/m16-03.pdf](http://www.bced.gov.bc.ca/legislation/schoollaw/e/m16-03.pdf)