



# Ministry of Education K-12 Funding Model Review

**SD43 Board of Education Submission**

**March 5, 2018**

# Executive Summary

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We recognize that the Public Sector K-12 Education Funding Model Review is being undertaken to ensure the educational system receives stable and predictable funding. We applaud this principle. However, our concern is that such a review, without including the needs or requirements of the educational system (i.e. no new funding), hampers the constructive and honest input that would otherwise flow from a truly transparent review.

In support of this position, we outline eight priority recommendations for the Funding Model Review. Supporting information is provided in the full report below.

1. Funding should match the cost of operating a school district which includes the cost of delivering educational programs, related overhead costs, and infrastructure.
2. Funding should be increased annually to cover the cost of inflation.
3. We respectively recommend modifying and discontinuing the Funding Protection and Enrolment Decline funding grants and instead distribute these funds to all school districts through the per student grant base amount.
4. The Supplement for the Education Plan targeted funding should be eliminated and rolled into the basis student grant formula.
5. We recommend that standards of appropriate support levels be established for students with special needs, and that this standard be made transparent and fully funded.
6. Targeted funding, and in particular the funding formula for Vulnerable Students needs to be made transparent, updated and changed as demands changes between school districts and over time.
7. We recommend increasing funding to support students with mental health related challenges and providing a model that will work with the three Ministries of Children and Family Development, Health, and Mental Health and Addictions to provide wrap-around support for students.
8. We recommend that significant Capital funding be provided expeditiously to add more classroom space to our schools, to make schools safer for students, to allow for better maintenance of existing facilities. This would ensure that funds provided through the Funding Formula are used for Educational needs and not redirected for Capital needs. We also recommend that the project approval process be streamlined. The ultimate goal is for every student to receive an education in safe, modern classrooms and schools.

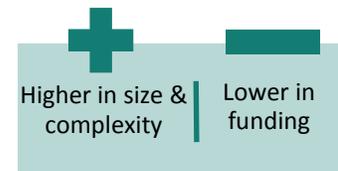
A robust BC K-12 education system that is adequately and equitably funded contributes to the personal, social and economic success of students, families and the residents that school districts serve. Additional, predictable and sustainable funding is required to address the serious overall funding shortfalls that many school districts face, especially SD43.

# Fundamental Principles

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## Education Underfunding Overall

SD43 is BC's third largest school district (of 60), with one of the most diverse and complex demographic profiles, and population growth projections that are higher than many school districts. SD43 has a balanced budget, sound fiscal management practices, proactive capital improvement plans, revenue generation successes and some of BC's highest student academic outcomes. However, we need increased funding to support and maintain these outcomes.



We believe in two underlying fundamental funding principles which are also our first two recommendations:

- 1. Funding should match the cost of operating a school district which includes the cost of delivering educational programs, related overhead costs, and infrastructure.**
- 2. Funding should be increased annually to cover the cost of inflation.**

If we look at the costs of operating a school district from the expenditure side and determine the minimum level of funding that is required, then all school districts would be treated more equitably. Salary and benefits account for approximately 90% of school district expenditures. While the basic student grant has been increased to cover teacher and support staff wage increases, it has not provided for any benefit cost increases or any funding for salary increments for administrators and our professional managers who direct the school district business. In addition, funding for inflationary costs for supplies and services has been notably absent.

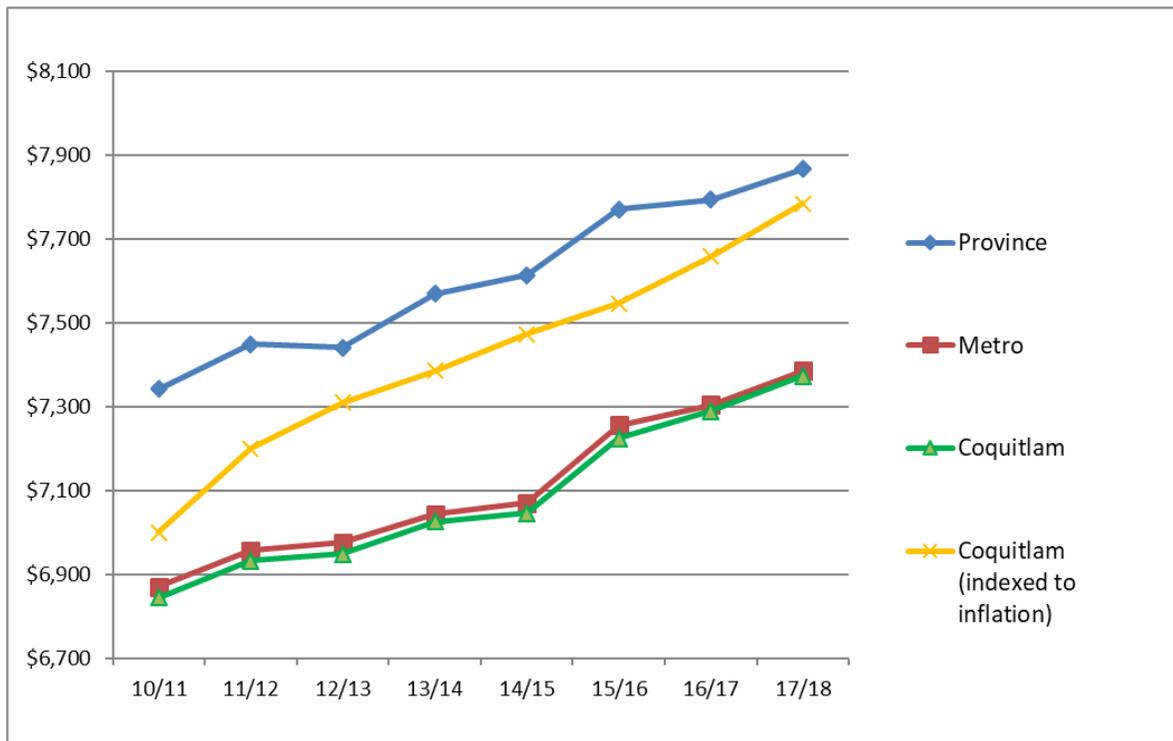
Under the current model, districts receive a Supplement for Salary Differential that provides additional funding to districts with higher actual average teacher salaries. This supplement attempts to recognize and fund actual teacher salary cost for each school district. Our first recommendation could be strengthened if the same calculation was applied to all salary groups (Support, Educational Assistants, Administrators and Other Professionals) in order to fund districts with higher actual salary and benefit costs compared to others. This simple adjustment to the funding formula would have a right sizing impact on nearly 90% of a school district's operating costs.

When facility infrastructure funding is not sufficient, the funds have to be redirected out of the education system and out of the classroom to pay for non-educational needs such as portables and building additions.

The graph below provides a well-defined depiction of the effects of noninflationary funding over the past several years. It also demonstrates the differential funding that can occur based on the existing funding formulas.

If funding had been indexed to inflation, SD43 would have received \$411 more per student in 2017/18 and this equates to an approximate \$12.6 million funding shortfall. This is significant and an indication of the level of shortfall that is in the BC educational system.

SD43 ranks 57<sup>th</sup> lowest in funding out of 60 school districts for 2017-18. The gap between the Provincial average and the Metro districts shows that the current funding model is not equitable when comparing per student funding amounts between all districts.



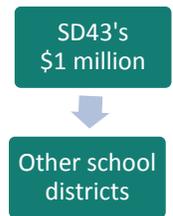
*\*Calculations based upon September 2017 enrolment and includes the basic per student grant, enrolment decline funding, funding protection, unique geographical factors and the education plan funding elements.*

## Funding Protection & Enrolment Decline Funding

A significant area of concern to SD43 is with regard to the current formula that provides an allocation for funding protection and enrolment decline. The current methodology is not equitable. As a district that recently had to deal with a deficit situation, we know all too well the importance of restructuring expenditures as quickly as possible. We were not provided any incremental funding to help us overcome this hurdle. School districts should therefore have funding protection discontinued much faster and should have their finances reviewed more

rigorously in their adjustment to the new norm. This is perhaps the easiest aspect of a Funding Model Review to address.

There are 16 out of 60 school districts which are reporting declining enrolment and/or qualify for funding protection. These school districts received an additional \$14.7 million in funding support for the 2017/18 year and it has been much higher in previous years. SD43 is funded \$1.0 million less due to funding protection provided to these school districts.



- 3. We respectively recommend modifying and discontinuing the Funding Protection and Enrolment Decline funding grants and instead distribute these funds to all school districts through the per student grant base amount.**

## Targeted Funding

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It is our belief that funds provided to school districts should not be targeted. We believe these funds should be incorporated into the basic grant and that school districts should apply these funds to their district's specific educational needs.

When funds become targeted they are not necessarily used for the best interest of all students in the school district. School districts, however, should be held accountable for the delivery of educational services that can be measured to ensure an appropriate standard is obtained. With some exceptions, targeted funding should be reduced or be of limited duration. If funds are to be targeted then adequate funding must be provided.

- 4. The Supplement for the Education Plan targeted funding should be eliminated and rolled into the basis student grant formula.**

Special Purpose Funding in SD43 leads to over 18 separate funds that require separate tracking and reporting. Funds such as the Learning Improvement Fund and the Classroom Enhancement Fund should be incorporated into the Operating Fund. Current staffing measurements and comparisons exclude staffing under these separate funds, making it far more difficult to benchmark and measure key comparative efficiency factors.

### Funding for Students with Special Needs

The funding formula for students with special needs is inadequate. It is clearly understood that students with special needs require additional support. However the funding allocated for these students is far from adequate, requiring a substantive redirection of funds. Our anticipated expenditures for special needs students in the 2017/18 budget is \$47.9 million. Grant funding is \$31.4 million, a \$16.5 million shortfall. Adequacy of funding is a critical consideration.

- 5. We recommend that standards of appropriate support levels be established for students with special needs, and that this standard be made transparent and fully funded.**

### CommunityLINK Funding

CommunityLINK and Vulnerable Student Supplement funding are important for supporting vulnerable students. However, both are significantly underfunded and there are allocation inequities among school districts. Additionally, by separating the Vulnerable Supplement from within a school district's regular operational budget to its own Vulnerable Student program budget defeats the purpose.



If we are going to have this program, and we believe we should, then providing increased funding to both the CommunityLINK and the Vulnerable Student Supplement and providing a more equitable allocation process among school districts, especially in growing districts such as SD43, is critical. Compounding the increasing number of vulnerable students that require help are increases in costs of providing services including labour, transportation, food and other related costs. Funding has remained virtually unchanged to address increasing costs, which has resulted in overall decreased levels of service provision in both programs.

The table below on the left compares the per capita funding based on Social Services Index (SSI) numbers from five different school districts to SD43. There is a large variance in the per capita funding. While the SSI is not the single and only indicator of vulnerability, it is an important one because it directly relates to financial needs of students. The table below on the right shows the increase in SSI students in SD43 from 2013 to 2015 (54 students or 4.6%).

School District	2014 SSI #s	Per Capita SSI Funding
Richmond	517	\$4,145.27
Burnaby	1,160	\$2,339.99
<b>Coquitlam</b>	<b>1,200</b>	<b>\$2,086.31</b>
Gr. Victoria	1,208	\$3,166.60
Vancouver	2,693	\$3,301.36
Surrey	3,943	\$1,814.20

Year	#SSI SD43 Students
2013	1,155
2014	1,200
2015	1,209

Furthermore, the increase in SSI numbers in SD43 has been different than the trend in provincial population and SSI changes. While provincially the numbers are decreasing, in SD43 they are increasing. The chart below illustrates that as population increases or decreases, logically so does the SSI population. In SD43, an increasing student population over the years also reflects an increase in students reflected in the SSI, yet our funding has essentially remained unchanged, resulting in less funding and service per student.

Year	Provincial Student Numbers	Change	Provincial SSI Numbers	Change
2008	596,139		35,900	
2014	510,422	14.4% decrease	30,546	14.9% decrease

Year	SD43 Student Numbers	Change	SD43 SSI Numbers	Change
2008	29,998		1,070	
2014	33,516	11.7% increase	1,200	12.1% increase

In 2012, the Ministry redirected general grant funding toward targeted funding to school districts to support vulnerable students (Vulnerable Student Supplement, VSS), however the funding amounts allocated to districts should be monitored and changed as vulnerable student numbers change.

It is clear that SD43's need to support vulnerable students is increasing, and that the allocations to districts have become inequitable. For SD43, an increase is needed to prevent the effectiveness of the grant from being diminished.

- 6. Targeted funding, and in particular the funding formula for Vulnerable Students needs to be made transparent, updated and changed as demands changes between school districts and over time.**

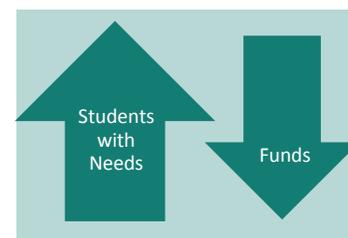
## Downloaded Services

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Over the years there has been an increase in the downloading of health services into the educational system. We do not object to this approach as we believe this may be the most efficient model for delivery of health services to students. However, there is a cost associated with providing these services that has not been adequately funded, resulting in districts having to redirect funds from the educational system. We focus on one such item.

### Mental Health Support Funding

The Select Standing Committee on Children and Youth and BC's new government have identified that the support for students with mental health related challenges should be a number one priority. The rise of students who are struggling with anxiety, depression, suicidality, psychosis and other mental health and behavioral challenges is well documented. By many anecdotal accounts in SD43 and other school districts, these students are some of the most challenging for teachers, counsellors, administrators and schools to support. The numbers are overwhelming and many staff also do not feel equipped or trained to effectively work with these students. The existing funding is inadequate to support the increasing number of students and their increasingly challenging needs.



- 7. We recommend increasing funding to support students with mental health related challenges and providing a model that will work with the three Ministries of Children and Family Development, Health, and Mental Health and Addictions to provide wrap-around support for students.**

The impact of adverse mental health on a student's school attendance, safety, and academic success and even on a school's culture and climate is significant. In our current structure we are unable to meet the needs of many of these students, from helping them arrive to school regularly, and supporting students for reintegration after hospitalization or work with mental health professionals, to supporting academic progress and helping all students manage stress and anxiety. There is no consistent provincial-wide plan for reintegration into the school setting and no consistency or understanding of building protective factors and curriculum at the classroom level for students who struggle with mental health. School districts lack the expertise, training and the resources to attend to these children with a systemic, therapeutic approach.

## Capital Funding

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### **New School Construction, Additions and Seismic Upgrade Funding**

Although we are aware that Capital Funding is not being addressed in the Funding formula review, Capital projects regularly impact our operating funds. SD43 schools are full, our region is growing, and several schools have H1 seismic earthquake ratings. The vast geographic area SD43 serves is projected to grow substantially over the coming years. We have exhausted our options for accommodating more students and require additional funding. Given our recommendation to allow school districts greater independence to allocate funds to meet their specific requirements, SD43 has already put funds towards a number of capital projects to address our districts growing needs. This is now even more urgent as we implement the class size and composition requirements, which have also minimized the space we make available for onsite daycare service providers. Our best effort compliance resulted in the addition/creation of over 40 classroom spaces for September 2017. We will be adding more than 20 portable classrooms for September 2018. It is likely that over the next two years we will need to redirect over \$10 million from the Operating Fund and classrooms to fund facility additions to meet our growing population. We need to have a sustainable model to have new school additions funded by the Ministry and not removed from the classroom.



- 8. We recommend that significant Capital funding be provided expeditiously to add more classroom space to our schools, to make schools safer for students, to allow for better maintenance of existing facilities. This would ensure that funds provided through the Funding Formula are used for Educational needs and not redirected for Capital needs. We also recommend that the project approval process be streamlined. The ultimate goal is for every student to receive an education in safe, modern classrooms and schools.**

## Summary

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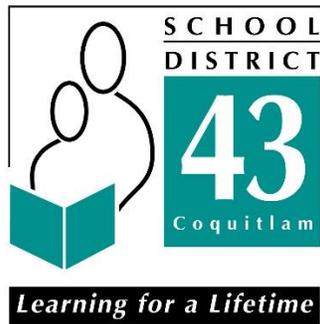
A robust BC K-12 education system that is adequately and equitably funded contributes to the personal, social and economic success of students, families and the residents that school districts serve. In the case of SD43, as BC's third largest school district, we serve three large urban centres and two suburban regions with a diverse population of almost 225,000 people, 70 schools, 32,000 students and almost 4,000 employees. The population is expected to grow by 140,000 by 2041 and this requires proactive planning and increased funding.

The reasonable and financially viable recommendations outlined above, if implemented, would provide SD43 with:

- Funding that is more closely aligned with the actual costs of delivering education services in each area of the province;
- Funding that provides stability and predictability against inflation for all costs to operate a school district;
- A reduction in some targeted programs and increased focus in the remaining with the ability to direct these funds into more meaningful support to students with special needs including mental health;
- The ability to better support local, regional and provincial educational initiatives such as the new curriculum;
- The ability to undertake additional capital projects to meet seismic requirements and enrolment growth; and
- The ability to meet the significant projected student enrolment growth over the next 20 years.

Additional, predictable and sustainable funding is required to address the serious overall funding shortfalls that many school districts face, especially SD43. When compared to much smaller school districts, with fewer schools, lower enrolment, and fewer challenges such as significant population growth, diverse and complex demography, increasing mental illness and related social issues in our region and schools, SD43 is not adequately funded.

Thank you for the opportunity to provide feedback. We look forward to the results of the review and the development of a more stable and predictable funding model that will benefit students in all BC school districts.



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