



# Budgets 2017/18 and Funding Formula Review

# Summary

- **Budget 2017 Update**
- **Budget 2018 discussion**
- **Funding Formula Review discussion**

# Budget update summary

- Budget Update required within 90 days of Cabinet being sworn in
- Described as an “update” with the “full” budget to come in February
- Education budget increase reflects previously made commitments to fund the Classroom Enhancement Fund; student enrollment; Economic Stability Mandate; and Independent Schools
- \$50 million re-allocated from ministry capital budget to cover CEF capital requirements

# Budget Highlights

- BC is tied for the lead for anticipated economic growth with Alberta (3.1%) but economists predict a return to 2% growth in the medium term
- A number of risks are on the horizon, including the real estate market, forest fires, interest rates, softwood lumber and other trade disputes with the US, future compensation increases across the public sector
- Government increased spending by \$668 million compared to February and added \$200 million to Contingencies. If these measures didn't take place, the province would have reported a **\$1B surplus**
- The government has ample flexibility this year to deal with emerging spending priorities and it is likely that the surplus will grow

# What is included in Education's budget?

- \$681 million increase to the provincial K-12 education budget (over 3 years)
  - \$521 million to reflect full cost of implementing CEF.
  - \$51 million for enrollment growth
  - \$44 million for economic stability mandate
  - \$57 million for independent schools
  - \$8 million for BC Training and Education Savings Plan
- Ministry has confirmed that the \$50 million CEF capital allocation came out of the ministry's existing capital "slippage".
- No additional funding to address rising costs or other identified needs.

## What is included in Education's budget cont'd

- MSP premium decrease of 50% without an income test effective January 1, 2018
- 50% reduction in PST for hydro costs effective the Fall of 2017
- Offset by additional carbon tax of \$5.00 per ton or about 17% increase effective April 1, 2018

**Where you might focus your efforts  
for Budget 2018**

## **Budget 2018 – Engagement with Government**

- Select Standing Committee on Finance and Government services meetings and formal submission
- Letter to the Minister of Education outlining the association's expectations and requesting to be fully consulted on what is brought forward to the Ministry of Finance
- Quarterly updates with Ministry of Education

# Ministry of Education Mandate Letter

- Fast-track enhancement to K-12 education funding
- Review the funding formula to develop a stable and sustainable model for the K-12 education system
- Provide additional annual funding to ensure students have the school supplies they need to succeed
- Create an ongoing capital fund for school playgrounds
- Make schools safer by accelerating the seismic upgrade program
- Work in partnership to build and upgrade schools in every region of the province
- Implement the new First Nations history curriculum, develop full-course offerings in Aboriginal languages and implement the educational Calls to Action from the Truth and Reconciliation Commission
- Implement BC's new school curriculum and provide new technology, lab equipment, learning material and professional development support for teachers.

# Other Platform commitments not in mandate letter

- Invest in energy efficiency and lighting upgrades for schools, reducing power consumption, improving the quality of light and learning. Where possible, build new schools with made-in-BC manufactured wood products.
- Make mental health counselors available where schools identify a need so children can get the help they need, when they need it.
- Supports to learn coding in the classroom and partner with innovative not-for-profits and technology companies in British Columbia that teach coding in schools and afterschool programs. Support the expansion of digital arts.
- Specific references to eliminating portables in Surrey

# Fast Tracking investments in K-12

- Increase general operating grants to school districts by the rate of inflation each year, and allow boards of education to determine how this funding is spent
- Eliminate the current requirement for forced administrative savings by school districts, and return \$29 million to local budgets. Fund executive compensation increases
- Cover the full cost of implementing and maintaining the Next Generation Network
- Commitment to fully fund enrollment growth in base budget
- Increased supports for recruitment and retention
- Increase learning resource grants to school districts by at least the previous commitment of an additional \$30 million per year (consideration for this school year)

## Capital Funding priorities

- Increase spending on school capital projects to address the backlog of needed new schools, seismic upgrades and replacement facilities in accordance with a multi-year 'needs' based budget
- Substantially increase the \$110 million Annual Facilities Grant to school districts toward supporting increased school maintenance and facilities improvement

## Other policy considerations

- Consult directly with Boards of Education regarding the planning and implementation of new programs or initiatives that might have a direct or indirect impact on the K-12 education system, including additional funding requirements.
- Provide Boards of Education with increased flexibility to spend their budgets as determined by local priorities.

# Questions for consideration

- What do you think are the key funding priorities for the education sector for Budget 2018?
- In addition to identifying funding priorities, are there policy changes that could be made that would provide school districts with additional flexibility to meet their financial obligations? For example, moving special grants into the block?

# Funding Formula Review

- Formula hasn't been reviewed since 1992
- Focus will be on providing 'stable, predictable and sustainable funding for school districts'
- Capital funding out of scope
- Nov. 1, 2017 through to about November 2018, with final implementation reflected in the March 2019 disbursements to school districts

# Funding Formula Review Phases

## **PHASE 1: Establish principles, Fall 2017**

- Launch of review
- Scope principles for new model with BCSTA

## **PHASE 2: Gathering foundational information, Fall/Winter 2017**

- Fact-finding, information gathering and research
- Engage sector stakeholders through technical survey, regional meetings and written submissions

## **PHASE 3: Review team analysis, Winter 2017/Spring 2018**

- Establish expert team
- Review and validation of initial findings
- Consultation with sector stakeholders leading to recommendations
- Written submission by April 30, 2018

# Funding Formula Review Phases cont'd

## **PHASE 4: Complete a new model, Summer/Fall 2018**

- Model and cost recommended options
- Obtain government approvals
- Develop implementation plan and transition options

## **PHASE 5: Implementation and evaluation, Fall 2018 to Fall 2019**

- Confirm key features of new model
- Announce preliminary operating grants for 2019/2020 school year (March 15<sup>th</sup> 2019)
- Implementation and evaluation

# Principles for consideration: Stable, Predictable and Sustainable funding

- Funding model should provide districts with the autonomy to direct funding to meet local needs
- School district budgets will be increased to cover pressures including inflation, enrollment growth and other pressures like hydro and carbon tax costs
- The education funding formula should result in equitable allocations to school districts, respecting the diverse needs of districts across the province
- Funding for students with special needs and aboriginal students will fully reflect the specific needs and conditions identified
- Funding will be provided for fair and reasonable salary increases for all staff
- New programs or initiatives that might have a direct or indirect impact on the K-12 education system will be funded adequately

## Questions for consideration

- What do you think are the key principles that should be reflected in a new funding formula?
- What are the key considerations that should guide the review?