



November 20, 2017

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

The Honourable Carole James
Minister of Finance
PO Box 9048, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Rob Fleming and Minister Carole James,

RE: Key funding priorities for the 2018 Education Budget

Executive Summary:

In February 2018, the Minister of Finance will be tabling the government's first full Budget in the Legislature. In preparation for upcoming Budget discussions with government, Board Chairs recently met to identify the key Budget 2018 funding priorities that we, as governors of the system, believe are necessary to maintain student programs and services over the next three years. We feel that the priorities outlined in this letter are fully aligned with the government's Throne Speech commitment of "...restoring proper funding for B.C. classrooms, and give students the supports they need to succeed."

The BCSTA is recommending the following key investments and policy/procedural changes for consideration in Budget 2018:

- Increasing general operating grants to school districts by the rate of inflation and other known cost pressures over the next three years.
- Eliminating the current requirement for forced administrative savings by school districts, and return \$29 million to local budgets.
- Covering the full cost of implementing and maintaining the Next Generation Network.
- Fully reflecting enrollment increases in the ministry's three-year budget.
- Addressing recruitment and retention issues that have arisen due to the implementation of the Classroom Enhancement Fund.
- Increasing learning resource grants to school districts by at least the previous Throne Speech commitment of an additional \$30 million per year.
- Increase the Ministry of Education capital program to address the significant backlog of needs for new schools, seismic upgrading and the replacement/refurbishment of ageing facilities.

- Develop a “Capital Action Plan” that would outline the key policy and procedural changes needed for acceleration and completion of capital projects across the province.
- Make changes to government policy and regulation to improve both the efficiency and effectiveness of current spending.

Background:

It is important to note that on November 15, 2017, the non-partisan Select Standing Committee on Finance and Government Services acknowledged that funding has not been keeping pace and has made several recommendations to increase both operational and capital funding in the K-12 sector. Similar recommendations were made by the committee last year and in previous years. However, these recommendations were not reflected in previous provincial budgets or the Budget Update and, as a result, has left funding at a level where school district services cannot be improved or in many cases maintained.

We believe that investing in public education is a valuable use of provincial resources that brings both positive short and long-term returns to students, communities, government and society as a whole. A good education provides substantial benefits to individuals and, as individual benefits are spread throughout a community, it creates broad social, economic and fiscal benefits to the province. Individuals who graduate and have access to quality education are more likely to find gainful employment, have stable families and be active and productive members of society. They are also less likely to place high demands on other areas of the provincial budget, including health care and social services programs.

We fully recognize that there are limitations to the taxpayer’s ability to pay and we take our responsibility seriously of ensuring that each public dollar is spent wisely toward meeting the diverse needs of all learners and all communities. Considerable work has already been undertaken to put in place efficiencies and measures that ensure the greatest value can be obtained from the budgets we are provided, and this work will continue. As a result, a recent BC Association of School Business Officials report, based on national research and benchmarking, highlights BC’s school districts amongst the most administratively lean organizations in relation to their North American peers.

The BCSTA views the Budget Update in September as a first step towards restoring adequate levels of funding to classrooms. Although additional money was added to the overall K-12 education budget for the next three years, the funding was directed at fulfilling existing obligations for schools arising out of the Supreme Court of Canada ordered reinstatement of collective agreement clauses and the resulting Memorandum of Agreement with the BCTF, or covering previously agreed to commitments such as funding enrollment growth and the labour settlement agreement. The Budget Update did not, however, provide school districts with additional money to address increased costs such as inflation or correct for the previous downloading of costs that has occurred over the last number of years.

While we recognize that the Budget Update fell short in these areas, we are also understanding of the limitations at hand given that the new government was legislatively required to introduce a budget within 90 days of the Executive Council being formed after the provincial election and that we had already commenced the 2017/18 school year, and any large changes to the system would have created challenges regarding implementation.

Recommendations:

In reviewing the mandate letter for the Ministry of Education, we were encouraged to see that many of the ministry's priorities are consistent with our own. For the past several years, BCSTA has advocated for real increases to school district operating budgets to allow school boards to address local issues and at least maintain existing service levels. We believe the following investments that were canvassed with our Board Chairs from across the province are in keeping with your mandate letter objective of "fast-tracking enhancement to K-12 education funding":

- **Increasing general operating grants to school districts by the rate of inflation and other known cost pressures over the next three years.** Fully funding inflation and other pressures such as hydro costs will ensure that student programs and services are not put at risk in upcoming school years.
- **Eliminating the current requirement for forced administrative savings by school districts, and return \$29 million to local budgets.** The government had noted that there was not any "low hanging fruit" to cut when the funding was removed from school district operating budgets. Many school boards were required to make very difficult decisions such as closing schools and cutting programs that had a direct impact on student outcomes. Restoration of administrative savings and providing Boards of Education with discretion on how best to utilize the funding would allow districts to restore previous service levels based on their own local needs, including making a much-needed investment in school and district leadership – a key component of ensuring student success.
- **Covering the full cost of implementing and maintaining the Next Generation Network.** Requiring school districts to find these costs through their existing budgets over the past number of years has resulted in real reductions in programs and services that negatively impact student achievement.
- **Fully reflecting enrollment increases in the ministry's three-year budget.** The BCSTA notes that the Ministry of Finance's own enrollment projections show increased enrollment over the next three years, yet funding has been flatlined in years two and three of the ministry's budget. It would be more appropriate from both a budgeting and transparency perspective to reflect the government's commitment to fund enrollment increases in the ministry's base budget allocation.
- **Addressing recruitment and retention issues that have arisen due to the implementation of the Classroom Enhancement Fund.** The BCSTA is pleased to see that the ministry recently struck a task force to review recruitment and retention issues across the sector. However, additional resources will need to be reflected in the February budget to ensure that school districts have adequate time to reflect these changes in their Spring 2018 hiring processes for the upcoming 2018/19 school year.
- **Increasing learning resource grants to school districts by at least the previous Throne Speech commitment of an additional \$30 million per year.** The BCSTA applauds the Minister's remarks during the estimates debates to consult with the sector as part of Budget 2018 budget deliberations on how best to structure and deliver this

program moving forward. The BCSTA strongly believes that additional funding for learning resources should not be tied to a 'one size fits all' requirement and that Boards of Education are best positioned to identify needs based on their own local circumstances.

We were also pleased to see numerous commitments referenced in the Minister's Mandate Letter related to the capital program given the significant backlog of needs for new schools, seismic upgrading, and the replacement of ageing facilities. While there have been recent comments made by the ministry about ensuring that the existing capital allocations are fully spent (including references to missed opportunities in particularly low performing years in the past), it should also be acknowledged that the sector and ministry have made considerable improvements in recent years. For example, only 12% of funding went unutilized last year, which is a large accomplishment given the size and scope of the capital program.

We welcome the opportunity to continually improve upon our results, recognizing that the successful delivery of the capital plan requires a substantial commitment by the province, local governments as well as school districts. The acceleration of approvals and successful delivery of our program will require us to collaborate on new, innovative practices moving forward. The BCSTA would like to engage with the ministry on developing a "Capital Action Plan" that would outline the key policy and procedural changes needed to enable the successful acceleration and completion of capital projects across the province. We also believe the Capital Action Plan should commit to achievable performance targets to measure our results over time and take corrective action if required.

While we welcome a streamlined process for project approvals, there is an extensive backlog of capital needs remaining that requires a greater investment by the province. For example, the Annual Facilities Grant has not increased for many years. However, the actual identified maintenance and rehabilitation needs greatly exceed the current levels of funding being provided, which puts at risk the health and safety of our student population. In addition, while we applaud your commitment to approve 50 seismic projects within the next 18 months, it should not come at the expense of new capital projects that have already been identified as key priorities in the ministry's capital plan.

Beyond simply increasing the quantum of money that comes to school districts – which is truly needed – we strongly believe that changes to government policy and regulation could improve both the efficiency and effectiveness of current spending. Over the past couple of years, there has been an increasing trend toward 'targeted funding' and restrictive provincial requirements that are often unproductive and unwarranted. This is an issue that all four K-12 education management partners have highlighted as a key Budget 2018 consideration. On November 3, 2017, the partners asked to meet with you and your colleague, the Minister of Finance to discuss this issue as well as other ideas on how funding to public education might be more effectively and efficiently allocated to improve student outcomes.

Last year, for example, school districts were tied to specific transportation grant requirements, learning resource grant requirements, targeted rural education grants, onerous reporting requirements with regards to administrative savings and the requirements of the Memorandum of Agreement. Virtually every new dollar received by school districts over the previous 18 months was tied to a specific external requirement or new obligation. There was no opportunity for decision making by Boards of Education to address local priorities. This does not allow for effective or efficient allocation of resources to meet the needs of students at the school district level.

The BCSTA would ask the ministry to consider removing at least some of these restrictive requirements as part of the Budget 2018 deliberations. This would increase the efficiency and effectiveness of school district spending overall, by enabling Boards of Education to make financial decisions that are in the best interest of their students.

Should government also announce broad program or policy changes in other sectors as part of Budget 2018, we would expect that all incurred costs of any impact or expanded mandate for K-12 education would be fully covered as well. If school districts are to become directly or indirectly responsible for child care, early learning programs, expanded youth mental health programs, or other new initiatives by government, we would expect to see additional operational and capital funding for these programs.

In closing, we are looking forward to meeting with both of you and our K-12 Education Management partners over the days ahead to ensure that the province's investment in the K-12 public education system during Budget 2018 is fully maximized and responds to the diverse needs of all students in BC.

Sincerely,

A handwritten signature in blue ink, appearing to read "G B Swan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Gordon Swan

President

BC School Trustees Association

cc: Scott MacDonald, Deputy Minister of Education
Lori Wanamaker, Deputy Minister of Finance