



## Briefing Note

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Subject: Preliminary K-12 Funding Allocations for 2012-13 School Year

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### **Introduction**

On March 12, the BC Ministry of Education announced preliminary funding allocations for the province's K-12 system in the coming 2012-13 year. The allocations are preliminary estimates of funding levels to be made available to the province's 60 boards of education. They are estimates because funding is largely based on enrolment forecasts for the coming September. And, these forecasts cannot be finalized until later this fall when actual student numbers are known with certainty.

### **What are the funding allocations?**

School funding allocations are announced annually in mid-March following release of the provincial budget. The allocations determine exactly how much grant money the provincial government intends to distribute to school districts for the operation of BC's public school system in the coming school year.

The allocations are produced by the Ministry of Education's Funding Allocation System (FAS). The FAS takes the total amount of K-12 funding announced in the provincial budget and uses a formula to divide it amongst BC's 60 school districts.

Provincial grant monies are generally supplemented by revenues raised locally by boards of education. The largest component of locally-generated revenue is international tuition fees but other revenues commonly include interest funds, rental fees from community use of facilities, funding received from the federal government, and grants from other ministries (such as Health or Children and Families).

Boards use their funding allocation to develop a budget for the coming school year which, under terms of the School Act, must be completed by June 30. In addition to any locally-raised revenues, boards can supplement their allocations with any surplus (unexpended) funds carried forward from previous school years. Technically, surplus funds are not seen as new “revenue” because they are monies that have already been budgeted (if not spent) by boards of education in previous years.

At the same time, if a district has a deficit from a previous year, it will have to pay off all or part of the amount owing in accordance with a repayment plan approved by the Ministry of Education.

**What was announced March 12?**

The following table, taken from data in a Ministry *Fact Sheet* released with the announced allocations, shows projected funding for the 2012-13 year compared with the current year.

Year	Operating grant allocations	Students (FTE school age + adult)	Per student (calculated)	Change (calculated)	Change % (calculated)
2011-12	\$4,721,363,400	556,045	\$8,491		
2012-13	\$4,725,363,400	550,800	\$8,579	\$88	1.0%

- The overall funding allocation for K-12 from Victoria is set at \$4,725.4 M, an increase of just \$4 M or .8 per cent from 2011-12. With such a miniscule increase, funding is effectively frozen for the coming school year.
- In fact, the Ministry of Education’s *Operating Grants Manual* released March 12 shows that funding allocations are to be frozen near 2011-12 levels for a full three years – 2012-13, 2013-14 and 2014-15. This represents application of a “no increase” approach to K-12 funding on a multi-year going forward basis.
- The 2012-13 allocation is based on expected enrolment of 550,800 full-time equivalent students (school-aged + adult), a drop of 5,245 from current year levels.
- Per student funding (combined school-aged + adult) comes in at \$8,579, an increase of \$88 or one per cent from 2011-12.

Despite the freezing of overall allocations, there are a number of changes in the way Victoria is allocating grants to boards of education around the province. Within the overall provincial funding envelope of \$4,725.4 M:

- Districts will get \$10.7 M (\$20 per student) to develop district-level Education Plans in accordance with the provincial government’s restructuring blueprint for public school education. The Ministry has released no details yet as to what these plans are to look like or who is to be consulted in their formulation.

- Districts will also get \$11.2 million for a Vulnerable Student supplement – intended to increase the \$51.1 M in funding already provided for CommunityLinks programs targeting inner-city and at-risk kids. CommunityLinks has been used primarily to fund school meals programs, literacy initiatives, and the provision of children and youth workers for public schools, many of who are members of CUPE local unions.
- Districts will also get increased funding for differing geographic circumstances and challenges: an increase of \$21.8 million over 2011-12. This amount includes \$10 million steered to districts in sparsely populated locations.

How are these amounts to be found and allocated within a frozen overall funding allocation?

The simple answer is through falling enrolment. As was noted, the province expects over 5,000 fewer students in 2012-13. Because our funding model is largely driven by student enrolment, the “saving” produced by falling enrolment generates more than \$40 M and this money will be redirected and used to finance the initiatives listed in the bulleted points above.

As was noted, by extending the freeze forward to cover three years, the province is laying the foundation of its “no increase” approach to downsizing public services until 2014/15. This approach has little to do with the government’s official line on containing the deficit; indeed, the provincial budget of last month is all about implementing a plan to further shrink the public sector in BC.

Apart from providing no funding for wage or salary increases, this “no increase” approach means that K-12 will likely see further cuts in services as downloaded cost increases next year (such as for increased MSP premiums or planned BC Hydro rate hikes) eat away at available financial resources. What this means is that the planned “no increase” approach to K-12 budgets over the coming three years will aggravate existing structural funding shortfalls faced by boards of education around the province.