



BRIEFING NOTE (for information)

To: K-12 Locals and Staff with K-12 Assignments

From: John Malcolmson, Research Representative, K-12 Sector

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Subject: K-12 Enrolment Mysteries & Funding Shortfalls in 2010-11

On March 15, the provincial MOE released its preliminary budget forecast for the 2010-11 school year. The announcement of \$112 million in additional money came amidst a mounting tide of outrage over the slow motion financial strangulation of BC's public schools. As is now customary, the argument for a lower funding priority was buttressed by claims of continued falling enrolment.

Fewer kids means fewer dollars. Plain and simple, or so it seems...

School funding in BC revolves around student counts. The claim to continued falling enrolment is a key fallback justification used by the provincial government to justify the reduced budgetary priority given in the K-12 sector. Indeed, the percentage of the provincial budget spent on public K-12 education has fallen steadily ever since student counts started their current long retreat – from almost 20 per cent in 2001 to just over 15 per cent in 2009.

Ministry information released March 15 suggests 52 of the province's 60 districts will have fewer students this coming September. The loss in school district revenue produced by falling student counts is the primary reason why 33 districts are expected to get no more money in 2010-11, despite notional allocations for the support of all-day kindergarten implementation and to pay a teacher salary increase due this fall.

Obscuring Student Counts

How real is the claim to continued falling enrolment?

It used to be easy to track student enrolment. Over the past decade this has changed. Now we have regular students, distributed learning students, newcomer refugee students and adult learners. All of this is in addition to different kinds of special needs, ESL and aboriginal students, categories which attract varying levels of supplementary funding support. Doing a simple tally is no longer all that simple.

Things have not been made any easier by the way the Ministry of Education periodically rolls out enrolment and budget data. Consider the following:

- A Ministry “Factsheet” released March 15 heralds a “\$112 Million Increase in Operating Grants” and presents a list of district-specific increases which total just \$53.1 million. Where is the other \$59 million?
- A companion Ministry “Backgrounder”, also released March 15 and titled *Funding Continues to Rise Despite Enrolment Decline*, depicts annual provincial “operating funding” since 2000-01, FTE student counts and “per student funding” in three columns. Yet again, doing the math suggested by this organization of data fails to yield the listed per student figures. Strangely, the calculated figures are higher than those found in the releases, significantly higher. No explanation is provided for why this is the case.
- Reported funding for 2010-11 includes \$63 million in money held back to pay for increased student counts throughout the year, but none of the students expected to show are factored into the accompanying enrolment figures. Why the inconsistency in data measurement?
- Factoring in the “holdback” monies still leaves listed funding about \$40 million short of reported totals? No explanation.

The list could go on. The only plausible explanation for this situation is that some students are purposefully being left out of some calculations. Efforts to clarify matters with the Ministry of Education provide a clue to unlocking the mystery.

As it turns out, the March 15 allocations were not based on the enrolment forecast data released at the same time, data which suggest a continued student hemorrhage of sizeable proportions. Enrolment data used to calculate reported per student spending is derived using a separate data set prepared by BC STATS, a provincial data gathering and reporting agency. This data set is contained within the provincial budget released earlier that same month.

Indeed, the key to deciphering this mystery lies hidden within masses of documentation attached to the provincial budget unveiled March 2 – on page 164 the Ministry of Finance’s *Budget and Fiscal Plan* – in an appendix listing “material assumptions” behind projected ministry spending. Education-related data in this appendix contains a different enrolment forecast, one with significantly more K-12 students than in the Ministry of Education’s own numbers.

As it turns out, the province expects school enrolment to drop only about 1,150 students or 0.2 per cent next year once the impact of new all day K students is factored out. This is quite a change from the near 6,000 projected drop now driving boards around the province into the opening stages of a budgetary bloodletting the likes of which have not been seen in decades. Several questions emerge:

- But why is there no mention of this critical enrolment forecast in the preliminary spending announcement on March 15th?
- Why develop and advertise budget allocations based on these enrolment numbers without disclosing this important “material assumption?”
- And, why obscure expected enrolments, thereby intensifying pressure on boards involved in difficult budget cutting exercises all around the province.

Unfortunately, the answers to these questions are likely political in nature. At a time when the province is casting about for ways of containing growth in its deficit, fostering the idea that student enrolment is still in freefall provides justification for continuing to accord public schooling a lower fiscal priority.

Over-estimating the degree of enrolment decline next year also serves to down-manage expectations within the school community. Many districts will go through the nasty business of cutting programs, staff and schools only to find later in the year that things are not as bad as forecast, there are more student and hence more money. If and when this happens, is the government not to be seen a wise steward of scarce financial resources?

The Highest Level of Funding Myth

The Budget “material assumption” suggests that the secular decline in BC student counts is bottoming out sooner than thought and that our public schools may be on a new enrolment uptick before long.

Higher student counts also work to lower calculated per capita funding. And, when placed in the context of a fiscal tally of the impact of unfunded or under-funded responsibilities foisted on the public school system during the past decade, a picture of real funding decline emerges. Rather than having the “highest funding ever”, we have net funding heading in the other direction. This real trend effectively shows “highest funding” arguments to be myths.

Ministry shenanigans regarding funding support are hardly a new or rare thing. This past December, more than \$25 million in funding to pay for cross-district variances in teacher salaries was mysteriously squeezed from 2009-10 allocations only to re-materialize in the form of increased Community LINK funding for inner-city programs and summer school grants. Districts got the same overall funding as promised earlier in the year, only now with increased program responsibilities and related administrative costs.

Structural Funding Shortfalls

This type of practice underlies the descent of BC’s public school system into a state of quasi-permanent fiscal distress, a “structural funding shortfall” where available funding resources fall persistently and chronically below what is required to pay for necessary services. The endemic lack of required funding places boards of education on a perpetual motion treadmill of program downsizing, school closures and staff layoffs.

This is a situation found in virtually all of BC’s 60 school districts as boards grapple with shortfalls and the need to make difficult cutback decisions in preparation for the new school year. Province-wide structural shortfalls in school funding still top \$300 million, even with funding growth planned for 2010-11 for teacher increases and all day kindergarten.

School system stakeholders and the public deserve a break from this involuntary treadmill ride and from the destructive cycle of non-stop cutbacks to programs and services for our school children.