

By email: k12fundingreview@gov.bc.ca

March 5, 2018

Kim Horn
Executive Director, Sector Resourcing & Service Delivery
Ministry of Education
Victoria BC

Dear Ms. Horn:

RE: FUNDING FORMULA REVIEW

We would like to thank the Ministry of Education for the opportunity to make a Funding Formula Review submission. As a School District that has demonstrated strong fiscal responsibility, we hope you will understand the positive sentiment and tenor from which we offer our comments. It is our sincere desire to see the K-12 sector driving student achievement while demonstrating fiscal efficiency and effectiveness in the delivery of education to our students. Not all is broken; far from it. This is an opportunity to revisit the fundamentals of the funding formula and improve it where possible.

We understand that the intent is to review the allocation methodology for the Education Block funding. It is our Board of Education's view that funding sufficiency should also be a key consideration when developing a new or revised methodology.

School Districts are not nimble organizations and this means that consistency, predictability, and timeliness of funding are critical factors required for successful School District operation. The vast majority of School District funding comes from Ministry of Education Grants and this reality needs to be acknowledged during this process. A revised funding formula has the potential to create 'winners' and 'losers' from current funding levels. We would ask that the future funding formula model ensures that School Districts are provided with consistent funding levels over several years, at minimum, to allow for transition time to the new model.

You have asked School Districts what they consider to be working in the funding formula and what should be retained. You have also asked what might be changed or improved in the future. We have the following comments to offer and would welcome further dialogue.

Thank you again for the opportunity to make our submission.

Yours truly,



Christie Sacre
Board Chair

cc Trustees
Mark Pearmain, Superintendent
Georgia Allison, Secretary Treasurer

**FUNDING FORMULA REVIEW
SUBMISSION FROM NORTH VANCOUVER SCHOOL DISTRICT No. 44**

I. STUDENT ENROLMENT FUNDING

A. Student Enrolment Projections – February 15: RETAIN

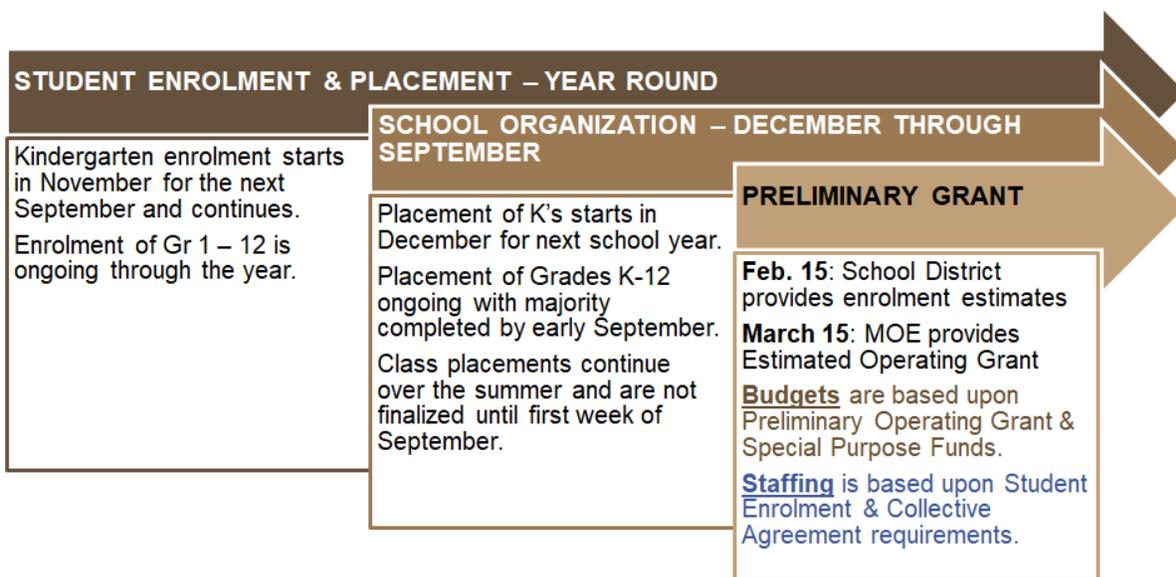
It is our view that the February 15th requirement for School Districts to provide their Student enrolment estimates for the upcoming School year is appropriate. The short turnaround of a mid-March Preliminary Grant Estimate, from the Ministry of Education, is also appropriate. This provides sufficient time for School Districts to do the required planning and staffing.

Very simply, by June a School District hires Teachers and Education Assistants that reflect the enrolment for Elementary classrooms and Secondary courses. The staffing process continues through the summer and is finalized in early September. There is little opportunity to adjust the school classroom organization after the first week in September. To do so would impact Students and staffing, and it is generally not considered a viable instructional option to reorganize classrooms unless the situation is extremely dire. Parents seek clarity for their children in early September and it becomes a highly political issue if a school's class organizations are unsettled and/or reorganized after mid-September.

Enrolment for Kindergarten starts in the late Fall, for the upcoming school year, and enrolment of Students for all grades continues throughout the year. It is reasonable for the Ministry of Education to "check" with School Districts in June to see how closely the School Districts original February 15 Student enrolment projection coincides with the Student enrolment in June.

It should be noted that Student enrolment in June will likely be overstated for two reasons:

1. Parents will register their children in multiple school options: more than one school district and private schools. It is often late August before Parents finalize their choice and many will not advise a School District of their choice. As a result, a School District may not know whether all, or some, of the currently registered students will show up until the start of school in September.
2. Students in Grade 10 – 12 have more flexibility in their course load given the new graduation requirements. These Students are now able to take fewer courses to graduate and it is often mid-September before the FTE count for Grade 10-12 Students is known. Conversely, these students may also take more than the required courses. The challenge of estimating the percentage of courses to be taken by this cohort of students is becoming more challenging.



B. Student Enrolment 1701 Count – September 30: RETAIN

The 1701 Student count at September 30 is acknowledged as a reasonable time for an enrolment count. By this time, Secondary Students will be locked into their course selections and the records for Students with Special Needs, as English Language Learners, and Aboriginal heritage will have been recorded in the individual school records.

C. The Amended Grant – Mid- December: MODIFY

The September 1701 generates changes to the Operating Grant, however, the Amended Operating Grant is not announced until mid-December, four months into the school year. The timing of the Amended Grant is received too late to effectively support the School Districts planning and organization.

The 1701 Student Count may change the Grant to reflect:

- Higher Student FTE than projected in the previous February.
 - The increased funding should mirror the staffing that has been put in place, provided that the Teacher staffing was commensurate with the actual Student enrolment.
 - The increase will provide the funding needed to support the costs of staffing already in place and therefore keep the School District whole.
- Lower Student FTE than projected in the previous February.
 - The decrease may have been anticipated by the School District in June and, provided that the Teacher staffing was commensurate with the actual Student enrolment, will not have a significant impact to the School District.
 - If the Grade 10-12 Student FTE is lower due to fewer courses taken by the cohort, this may catch a School District by surprise as the course information is not likely available until mid-September. This places the School District in a funding shortfall with little ability to reorganize and reduce Teacher and Education Assistant staffing without a significant disruption to Students.

SCHOOL ORGANIZATIONS 'LOCKED IN' BY EARLY SEPTEMBER

Elementary Divisions and the school organization is finalized by end of 1st week of school.
 Secondary courses and classes are confirmed by Sept. 15th.
 Change to a school organization is extremely difficult after the second week of school.
 Change to school organization translates as a change in Teacher staffing & assignments, as well as Student classes.

SEPTEMBER 30th: 1701 STUDENT ENROLMENT COUNT

Sept. 30: School District takes snapshot of Grades K to 9 Student Headcount and Grades 10 to 12 Student Course Enrolment.
 Submission of 1701 is usually around October 12.
 Ministry of Education confirms 1701 numbers by late October.

AMENDED GRANT

December 15: MOE provides Amended Operating Grant based upon Sept 30th 1701 data.
Budgets are amended based upon changes to the Operating Grant funding, and SPF, if applicable.
Staffing is based upon Student Enrolment & Collective Agreement requirements.
Too late in the school cycle to make staffing changes, either increases or decreases.

Recommended Changes To Be Considered:

1. Provide more timely notice for Grant changes;
2. Utilize a three (3) year funding budget and forecast to provide more predictable funding;
3. Move to a Student Head Count for all K-12 Students and eliminate the use of an FTE count for Grades 10-12;
4. Move from the current Per Pupil funding model to a model that funds School Districts based upon individual School Capacity and includes Fixed Operational costs. (See Regional Model on page 10).

II. SUPPLEMENTAL FUNDING FOR UNIQUE STUDENT NEEDS

A. Special Education Funding: MODIFY

A review of the current service delivery model is very much needed. A revised model should be developed that is based on current research and that drives appropriate services, and supports to students with intensive educational needs.

Funding for students with complex special needs should be guided by what services and supports enable quality educational planning. The current model of Diagnosis and Ministry Category application to drive funding is not supported by the current research, nor does it provide the intensive educational supports to students who require the services. In other words, redesign the current 'categorical' driven model to a more realistic 'needs-based' funding model.

Key to the redesign of a 'needs-based' funding model is the necessity for processes to be designed and implemented that ensure reliability and validity of each School District's assessment of need. There should be both consistency and accountability from School District to School District. We recognize that this will require a consultation process with a number of stakeholders including school psychologists. The development of a 'needs-based' funding model must also come with a caution that the loss of designations may be perceived to be a loss of funding supports to students who had previously attracted funding.

Recognizing that developing a ‘needs-based’ model will be extremely complex and require significant collaboration, design work, training, and time to implement, we suggest that an interim model be adopted. The interim model would maintain the current categorization model (Levels 1, 2, and 3) and add ‘needs-based supplemental’ funding. Clear criteria for the component for ‘needs-based supplemental’ funding would need to be developed to appropriately identify the demonstrated student needs for support and intervention.

The requirement for the funding model change, related to Special Needs Students, is heightened due to the restoration of Collective Agreement language that allows for resources to be directed to students yet does not take into account the differences in individual student needs. Our School District is very focused on effectively managing resources and not exceeding the funding allocations. The North Vancouver School District’s locally Restored Language runs contrary to the placement of resources where they are needed and restricts management’s ability to appropriately manage resource allocation and spending.

The Funding Formula will need to address funding to support the Local Language of Collective Agreements. For example, the North Vancouver School District local Restored Language, provides the Teachers’ Union with the ability to direct staffing resources, both Teachers and Education Assistants, without any budgetary restrictions, responsibility or accountability. Treasury Board needs to understand the reality of the cost of the Restored Language and be prepared to fund the costs where School Districts have limited, or no, ability to control or manage the expenses.

If the Restored Language is maintained in future years (post 2019), the Classroom Enhancement Fund (CEF) model will need to be funded and maintained separately. In our opinion, it would not be appropriate to co-mingle the CEF with the Operating Grant as the CEF is too costly and complex. Internal controls over expenditure budgets have been lost, or shifted to a co-governance model with the BCTF, generating an underlying conflict of interest to be in play through:

- Local Teacher Ratios that are better than Provincial Ratios;
- Class Size and Composition requirements that are better than the Provincial MOU;
- EA allocations (NVSD local language).

Recommended Changes To Be Considered:

1. Redesign the current ‘categorical’ driven model to a more realistic ‘needs-based’ funding model.
2. Adopt an interim funding model that includes the ‘categorical’ funding and a ‘needs-based supplemental’ funding model.
3. Continue to fund the Restored Language through the CEF Special Purpose Grant.

III. NON-STUDENT RELATED FUNDING

A. Salary Differential Calculation: MODIFY

The calculation of Salary Differential was likely designed to provide consistency and commonality to the calculation of Educator Staffing costs in relation to Student enrollment across School Districts. We would propose that there are two issues related to the application of this calculation in 2018.

First, the calculation is a construct that does not have full relevance to a School District’s Budget or actual costs. The data for actual enrolment and actual salary costs are now readily available and should replace the current constructs used in the calculation.

- The EDAS Quarterly reporting provides the ability to utilize actual salary costs as reported. This information could be utilized to generate average Teacher and Vice Principal salary costs, including all contractual allowances required to be paid.
- The implementation of Regional Wage Grids for Principals and Vice Principals provides a rigor, similar to the Teacher Wage Grids, to Vice Principal salaries. Having known wage bands across the

Province allows the Vice Principal “Educator” salaries to be recognized at the proper wage rate, rather than the highest Teacher wage rate, which does not reflect actual costs.

Secondly, the calculation is done in October and the results are reflected in the Amended Budget, generating material adjustments to the Amended Operating Grant four months into the school year.

- This is too late in the School year to effectively support the School District’s planning and organization.
- Our School District has had to respond to changes in funding, as displayed in the table below. The allocation of Holdback Funding for many years buffered the adjustment, however, Holdback funds have not been allocated to School Districts through the Operating Grant since the 2014-15 fiscal year.

**Salary Differential Funding History
North Vancouver SD 44**

Year Ended June 30	Operating Grant Funding	Variance to Prior Year
	\$	\$
2010	3,796,180	-454,563
2011	5,101,109	1,304,929
2012	5,235,436	134,327
2013	4,617,365	-618,071
2014	4,183,684	-433,681
2015	4,004,029	-179,655
2016	3,770,097	-233,932
2017	3,378,877	-391,220
2018	3,403,985	25,108

Recommended Changes To Be Considered:

1. Provide the Salary Differential amount in the Preliminary Budget and/or;
2. Modify the Salary Differential calculation to reflect actual Teacher and Vice Principal costs in the Amended Budget or;
3. Remove the Salary Differential calculation from the Funding Formula and fund the Teacher and Vice Principal Salaries based upon actual costs.

IV. MOVING FORWARD

In order for School Districts to effectively exercise fiscal management and budgetary controls, we would recommend the following operational aspects be considered when developing a new Funding Formula.

A. Exempt Staff Compensation

School Districts are being asked to find the funding for Exempt Staff compensation increases that have been authorized by PSEC. Requiring School Districts to find the funding within their limited resources will translate into the reduction of services in other areas and will start to impact the funding to classrooms.

The Board values all employees, regardless of the nature of their positions. It is our view that all staff compensation should be funded, regardless of whether the employee group is unionized or exempt.

Recommendation:

1. The Provincial Government should fund compensation increases for all employee groups of a School District.

B. Provincial Initiatives

School Districts are being asked to fund the costs for Provincial wide initiatives, such as Next Generation Network (NGN), Capital Asset Management System (CAMS), MyEdBC, Employment Practices Liability Program (EPLP), Carbon and Sustainability initiatives, etc. This has been done through a number of methods, such as the Administrative Savings Plan, utilization/redirection of Holdback, deductions against the Annual Facilities Grant (AFG), and premium deductions charged to the Operating Grant. These initiatives are not under the purview or control of individual School Districts but the costs have been allocated to School Districts.

Recommendation:

1. Provincial initiatives should be fully funded by the Ministry of Education.
2. A flow through in the Operating Grant is reasonable provided the School District is fully funded for this expense.

C. Technology (Hardware & Software) Funding

A School District operates a corporate infrastructure that supports the business operation of K-12 education and requires a full roster of hardware and software. Functional departments such as, but not limited to, Human Resources, Payroll, Financial Reporting and Accounting, Facilities & Planning, Information & Communication Technology, and Student Central Registration require significant investment in hardware and software. Technology investments are not optional in 2018. Utilizing technology is now a business requirement.

Similarly, Schools require hardware and software investment. Technology has become a vital aspect of instruction in the classroom, including the utilization of a vast array of Apps for student learning. Teaching spaces need to be equipped with the appropriate technology devices for Teachers and Students.

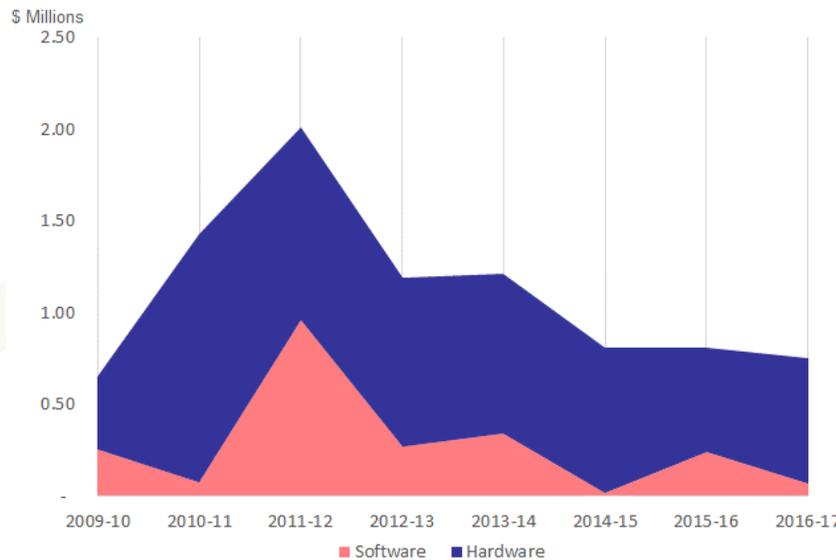
School Districts have been required to find funding within their Operating Grant to support these acquisitions. This may have been reasonable ten to fifteen years ago but it is no longer feasible to maintain this practice. Technology is a requirement and a cost of doing business, both from the business and pedagogical functions.

The challenge that is being faced today is the need to find resources to support all equipment, including student computer labs and mobile technology on carts to be shared. As technology becomes more imbedded in the classroom instruction, the cost of acquiring additional classroom resources is a significant challenge. These resources are not textbooks that can be purchased and used for 10 years or more. PACs are now asking why they are being asked to invest in technology equipment for the classroom that should be considered standard equipment, just like text books and desks.

Technology is a vital part of the 21st Century Learning. It is our view that the Funding Formula needs to address resources in the Operating Grant to fund technology in School Districts. Without this additional financial support the competing need for resources will eventually impact the classroom.

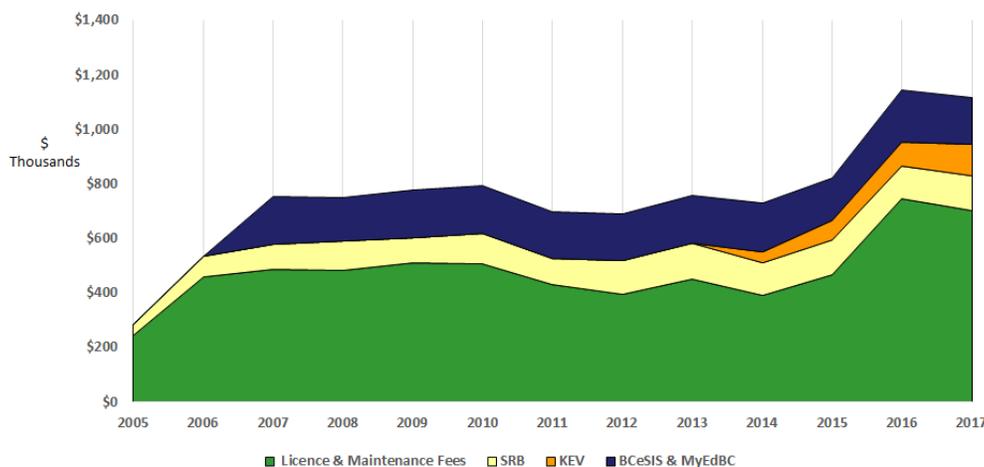
Our School District has invested in Capital Assets - Hardware & Software, and currently spends close to \$1 Million in Technology Capital Assets each year, as displayed in the chart below. In approximately 2009, we committed to a computer sustainability program that refreshes all computers for the different user groups over a rotational, five year life cycle. To date, we have been unable to support the full and regular refresh and replacement of School Computer Labs.

Technology Capital Assets – Hardware & Software Acquisitions



Our School District has also invested in annual License and Maintenance Fees for business operational products and Apps, as well as SRB (Financial, HR, & Payroll System), KEV Cash On-Line (School Accounting System), and MyEdBC (Student Information System). Notably, in 2005, the annual cost of License & Maintenance Fees was approximately \$300,000. At the end of 2017 the annual cost was approximately \$1.1 Million of Operating Fund expenses. This is displayed in the chart below.

Technology – Software Licenses & Maintenance Support Fees



Recommendation:

1. The Funding Formula needs to provide funding to School Districts to support the Annual License Fees and acquisition of Capital Assets (Hardware and Software) to support the required operational infrastructure and classroom instruction. The funding should include consideration of the need for a hardware technology refresh on a 3 to 5 year cycle as equipment reaches end of life.

D. Fleet Vehicles and Life Cycle Replacement

Support for Buses has been provided through the Capital Plan, however, Fleet Vehicles for the Maintenance Department have not been funded in the same manner. School Districts are required to fund the acquisition of maintenance vehicles and equipment, such as dump trucks (approx. \$200K each), vans (approx. \$35K each), excavators (approx. \$70K each), lifts (approx. \$40K each), and other mobile equipment. As funding is often not available, equipment runs the risk of being operated long past end of life. In order to adequately plan for repairs, maintenance, and replacement of fleet vehicles and equipment, funding needs to be allocated to School Districts for this purpose.

Recommendation:

1. Capital or Operating funds need to be provided annually to address life cycle and maintenance costs for Maintenance Fleet Vehicles.

E. Equipment for Classrooms

In a similar vein to the acquisition, maintenance, repair and replacement of other capital asset equipment (e.g.: Technology and Fleet Vehicles), the Funding Formula needs to acknowledge that equipment in the classrooms needs to be acquired and eventually replaced at end of life. With the further implementation of 21st Century Learning principles, the classroom equipment needs have evolved to support collaborative group work, as well as individualize learning.

Recommendation:

1. Capital or Operating funds need to be provided annually to address life cycle and maintenance costs for Classroom Equipment.

F. Regulatory Costs

As a trend, School Districts are being faced with increased regulatory requirements related to health and safety. These changes come from a variety of sources: WorkSafe, WHMIS, and Health Authorities. These regulations are having to be implemented but there is no financial support to do so. We suggest that these costs need to be recognized for future years and funding be provided to support the implementation of these requirements.

Recommendation:

1. The Funding Formula should provide consideration for the mandated implementation of Regulations that support the health and safety of School District Students and Staff.

G. Announcements of Provincial Initiatives

Timing of initiatives that financially impact School District resources have frequently come after the June 30th Budget approval. Generally, this has required a realignment of budgets after the School District has organized for the Fiscal Year. Several examples include the Administrative Savings Plan, CUPE Savings Plan, and reduction of Annual Facilities Grant.

Recommendation:

1. Attempt to minimize announcements that require reductions to budgets after the Preliminary Grant has been approved.

H. Regional Model

The development of a Regional Model to support a new Funding Formula is something that we recommend be considered. There are significant variances in operational costs between geographical regions and a “one size fits all” model does not meet the needs. This is evident in the need to provide grants to support rural school operational costs and Staff attraction and retention. The recent adoption of a Regional Principal and Vice Principal Salary Grid Model recognizes the socio-economic variances of geographical regions.

Components of a Regional Model might consider the following:

1. Funding based upon School Capacities that would include:
 - a. Fixed Operational costs: Principal, Vice-Principal, Clerical Office Support, Librarian, Supervision Aide, Custodian, HVAC, Utilities, Grounds, routine maintenance, etc.;
 - b. A Base funding Per Pupil Grant for Teachers & Education Aides to equal the Ministry School Capacity to support consistency and planning;
 - c. Additional Per Pupil funding if the Student enrolment exceeds the School Capacity (i.e. operating at greater than 100% capacity);
 - d. Per Pupil funding based upon a Headcount for K-12, rather than a Student FTE.
 - e. Consideration given to communities where the School is under-utilized but is a key Community resource or gathering place;
 - f. Consideration given to the length of time schools should remain open, or fully funded, if they are operating under Capacity and below a defined threshold.
2. Funding for functions, that are not Schools (eg: Maintenance & Facilities, Board Office, Education and Training Centers), might be based upon identified standards.
3. Funding for geographically unique factors, such as the potential Metro Road toll.

Recommendation:

1. Consider the development of a Regional Model that recognizes the geographical, socio-economic, and operational factors that School Districts must work within.