

Response to the Special Adviser's report on VSB's budget crisis

June 5, 2010

The Education Minister released the Special Adviser's report on Vancouver's budget crisis June 4, resulting in media headlines blaming Vancouver trustee incompetence and financial mismanagement for the deep cuts facing Vancouver students next year. Given the serious allegations and implications for students, a detailed response is in order.

The elephant on the table

From the outset, there was concern about the usefulness of a special enquiry that singled out Vancouver, when all BC districts are struggling with budget challenges. The terms of reference also excluded any consideration of the adequacy of provincial funding vs. provincially-imposed costs, which districts say is the primary cause of the budget challenges. But no one believes the VSB is perfect and most felt an objective report could only help students by identify some VSB errors while urging the province to address the remaining gap to avert deep cuts to core services.

So it's deeply disturbing that after spending thousands of scarce Education dollars, nowhere does the Special Adviser's 94-page report examine the impacts on students and their educational achievement of Vancouver's planned \$16 million in cuts for next year. Instead of advice on averting those cuts, it assumes most should proceed and suggests further "savings" via new fees and more cuts.

Vancouver is not alone. Most BC boards face the same challenges, but the report offers them no help, except to close more schools, charge more fees, or demand union "concessions" to offset the Province's failure to fund the concessions it gave unions in the first place.

Transparency, balance and fairness

The report says VSB lacks transparency because it highlights budget cuts and challenges during public consultations, while giving less prominence on its website to other financial reports. Yet the Special Adviser is guilty of an even graver lapse by entirely ignoring any mention in her report of the context and root cause of Vancouver's budget crisis: i.e. a growing burden of downloaded provincial costs and funding that has failed to keep pace with new demands.

She fails to mention that Vancouver's crisis is being repeated across the province, from Halifax to Calgary, and across the US, as local boards struggle to make cuts this year, with provincial and state governments downloading costs to balance their own books in a global economic crisis. Instead, the Special Adviser absurdly suggests VSB alone created the budget crisis. In essence, she found that if VSB had cut more in earlier years, it would face fewer cuts next year. Duh!

The report also faults trustees for too little long-term planning and not closing under-utilized schools, which may be fair criticism of past boards. But the fine print shows the current board is already engaged in serious efforts on both counts, so the headline accusations are hardly fair.

Students forgotten - again!

The Special Adviser was appointing to assist the VSB in "meeting its obligations under the School Act," according to the Minister. Section 65 (1.1) of the School Act states:

"A board is responsible for the improvement of student achievement in the school district".

No one, including the Special Adviser, has denied that Vancouver faces a multi-million budget crisis that will require deep cuts to educational services, nor that this will directly hurt student achievement. But nowhere does the report acknowledge the board's first duty under the School Act to improve student achievement, how the VSB can honour that duty or how proposed cuts will impact students.

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The heart of the matter

The Special Adviser received many independent submissions explaining student impacts in detail. She, like the Minister, entirely ignored them. This reflects the heart of the dispute between local boards and the Province. Most boards feel the duty to support student achievement is as important as fiscally responsibility. The Minister and her Adviser in effect say the job of boards is simply to work within their budgets, and to ignore impacts of under-funding on their ability to support student achievement.

The deficit: headlines vs. the fine print

The report offers some potential savings, though none avert the millions in cuts planned for 2010. It confirms the deficit is largely real, but argues it would have been less if VSB had cut more and raised fees earlier. Few would contest that, though it misses the point rather spectacularly.

Most of the report's "solutions" reflect VSB initiatives already in place/being implemented:

- Attract international students: Vancouver actively recruits more than most districts
- Close schools: Vancouver just updated its school closure policy and drafted a school closure plan. This won't affect the 2010 budget or significantly change the long-term outlook, which is partly why the district has been slow to act. (Prince George, after closing 10 schools for an expected loss of 200 students next year, then had to cut \$6.2 million from its budget – a relative gap far higher than Vancouver's!) Growth projections also show enrolment swinging up again soon, so potential savings from school closures will be very short-term.
- Raise rental fees: Vancouver already earns more fees than most districts and proposes raising some fees that were not in line with other districts, except for daycare fees.
- Cost sharing, upgrading IT systems: already being done/in progress.

The new suggestions:

- Cuts to adult and continuing education: Avoiding cuts was kind of the whole point.
- Cuts to pre-kindergarten for inner city kids: Ditto. Also penny wise, pound foolish. The programs target high-risk kids, and such early intervention significantly reduces later costs.
- Reduce VSB advisory committees and the time spent listening to stakeholders and seeking consensus: Savings: \$160,000 (~ 1% of the deficit and ~ 0.03% of the total VSB budget).
- Stop spending district resources on advocacy: Savings: \$16,000 (~ 0.01% of the deficit and ~ 0.003% of the VSB budget).
- Seek union concessions to produce \$2 million in savings a year: Is this feasible/realistic?
- Consolidate secondary woodwork and cooking programs to attract students to east side schools: Hard to see cooking and woodwork as a big draw. VSB woos students via popular programs like French Immersion, Montessori and mini schools, all of which face budget cuts.

The report said Vancouver staff forecasts were too conservative, and that only \$11 million in cuts were required for 2010, not \$16 million. In the context of a \$500 million budget, that's quibbling over a 1% margin of error. And less conservative budgets could result in even deeper mid-year cuts.

Cuts and enrolment: a vicious cycle

How to attract students in a deteriorating fiscal environment is central to the challenge facing BC public schools and the Special Adviser acknowledges that declining enrolment poses budget

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challenges. What she fails to note is that maintaining quality educational programs is critical to VSB's ability to compete with private schools. Deep cuts for 2010 will threaten Vancouver's ability to attract more students so that it can run schools cost effectively and may hasten further enrolment losses. The report proposes even deeper cuts, while exhorting Vancouver to attract more students. This advice will hasten the vicious cycle that's already eating away at districts like North Van.

Mystery of the missing competency matrix

The report devotes great emphasis to complaints that trustees lack professional competency, accusing them of failing to assess, identify and report their qualification gaps. Incompetence is said to be reflected in trustees' excessive focus on advocacy instead of on balancing budgets (though the report affirms that VSB has balanced its budget every year, has no debt, good cash flow and sound budget development systems). But here's what the School Act actually says about trustee qualification:

Who may hold office

32 (1) Except as provided in this Division, a person is qualified to be nominated for office and to be elected or appointed to and hold office as a trustee if, at the relevant time, the person meets all the following requirements: (a) the person must be an individual who is, or who will be on general voting day for the election or the effective date of the appointment, as applicable, age 18 or older; (b) the person must be a Canadian citizen; (c) the person must have been a resident of British Columbia, as determined in accordance with section 42, for at least 6 months immediately before the relevant time;

Qualifications for office are similar to those for other elected officials. Are Vancouver's elected trustees less competent to represent citizens than our MPs, Councillors, MLAs or ministers? (How many BC Ministers do a "competency matrix," which is cited as standard practice?) In democratic systems, voters judge the performance of elected reps. The Comptroller General's job is to assess bureaucracies. It's highly unusual for a Minister to ask her own bureaucrats to assess the competence of political representatives who happen to disagree with her on a political matter and it's arguably an abuse of both her office and that of the Comptroller General.

The report judges the elected trustees against the standards for professional bureaucrats and appointees who run government agencies and crowns. Under the elected school board governance system in Canada and elsewhere, professional competency rests with staff. The report finds Vancouver staff competently managed financial affairs and administration, offering only some technical tips on standardizing of reporting and perhaps less conservative forecasting (this from the government that has built in \$500 million contingency cushions).

It's probably not surprising that a bureaucrat would complain that Vancouver trustees should listen less to stakeholders and the public and pay more heed to their own bureaucrats' advice to cut students services and close schools. Should trustees concern themselves with the adequacy of funding to support student achievement or just quietly make cuts, balance their books and go home? Most would say that's for Vancouver voters, not a provincial bureaucrat, to decide.

The report chides trustees for interfering too much in operations, but admits such involvement is consistent with their role under the School Act. Over-engagement is also blamed for the lack of long-term planning. This ignores that the current "hands-on" board has initiated long-term planning (while Vancouver's former "hands-off" board, which the Special Adviser said had its priorities right, was the one that balked at closing schools and initiating long-term planning).

News flash: politicians lack "impartiality"

A disturbing aspect is the report's attack on Vancouver trustees' integrity, due to a perceived lack of "impartiality," "integrity," and "trust," but with no supporting evidence for the accusations. The

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preoccupation with some trustees' alleged "impartiality" suggests the Special Adviser's distaste and discomfort with the political nature of trustees' role. She also alleges that one trustee at one committee meeting "may" have failed to declare an unspecified conflict of interest. While no details or confirmation are offered, this prompts a string of recommendations to restore integrity.

It's disturbing in any context to see serious allegations publicly leveled in a final report with no supporting evidence, and with no opportunity for the accused to comment.

Other points

The report credits many things the VSB is doing right, and debunks the Minister's wilder accusations (which hasn't stopped her leveling more wild accusations, e.g. that the report found the budget crisis was created by Vancouver "diverting" education funding from student services – it says nothing remotely like that). It cites a need for better provincial direction to help boards plan long term. A review of other provinces focuses on how to deal with declining enrolment – oddly short-sighted in a context where the enrolment pendulum is set to swing back up. Recommendations like an audit committee make sense. Others are vague, poorly explained and open to wild interpretation (promoting fiscal responsibility by linking resources and outcomes).

A little civility goes a long way

The Minister chose to announce the Special Adviser's appointment a month ago via the media, without the courtesy of even notifying the VSB. Provincial audits by the Comptroller General always give the Ministry responsible opportunities to comment and/or correct errors before draft reports are finalized. The targets of such reports get advance copies to allow them to digest and prepare a public response. In this case, the Minister chose to deny the VSB any opportunity to comment on an advance draft or even to receive a copy in advance of the final report's release to the media.

The lack of basic courtesy speaks loudly to the accusation that Vancouver is the one thwarting collaboration. Denying the VSB an opportunity to comment on a draft undermines both the Minister's and the Comptroller General's credibility, forcing the VSB and others to publicly point out the many avoidable flaws in their hasty analysis, vs. giving both sides an opportunity to come as close to consensus as possible behind closed doors before reporting to the public. It's entirely unhelpful in defusing tensions.

Astonishing conclusions

Vancouver now faces the loss of all/most programs already on the chopping block for 2010-11, including elementary band, special education, supports for Aboriginal, immigrant and ESL students, and programs that support the achievement of at-risk and inner city kids. The report could pressure the VSB to inflict even deeper cuts. It does not avert any cuts and will make it even harder to attract and retain enrolment so that Vancouver's public schools can run cost effectively.

The Comptroller General has endorsed the Minister's view that the appropriate role of elected trustees is to implement school budget cuts without complaint and without raising concerns about impacts on student achievement. This resolves nothing since it's a matter for voters to decide.

Put in the unenviable position of doing the Minister's "dirty work" by cutting student services to offset unfunded provincial costs, the report casts the VSB (and by implication other boards in the same boat) as architects of their own misfortune. It is an absurd conclusion, implying an astonishing critical failure of competence has simultaneously infected school board across the continent this year!

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