

Centralized Market-Driven Funding Policy in British Columbia: Implications for Equity, Social Justice and Local Decision Making

Paper Summary

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Context and Objectives

Since 2001, the government of the province of British Columbia (BC) in Canada has initiated policies designed to download more costs to school districts and increase competition between public schools. These policies include: initiating spending restraint and opting not to finance inflationary and new costs to school districts; moving to a per-pupil block funding formula that makes revenue more dependent upon the number of students enrolled in the school district; removing boundaries between catchment areas and allowing parents to choose the schools where they enroll their children; and enabling school boards to create ‘school district business companies’ that operate at arms length to generate revenue from private sources. Schools and districts have responded by competing with each other to create special programs to attract students and generate a greater share of enrolment-based government grants. We refer to this phenomenon as *market-driven public funding*. Some public school districts have engaged in for-profit activities designed to generate revenue from private sources that are then used to support educational programs. We refer to this as *market-driven private funding*.

The authors examine the equity impacts of government policy that encourages the establishment of entrepreneurial (market-driven) education finance mechanisms at the

school district level. The paper compares levels of revenue generated from international student tuition by school districts in different geographic locations, with different levels of community affluence, and different student composition. Findings are then discussed in terms of their implications for equity between school districts (the differential capacity of school districts to generate revenue from international student tuition), social justice (which school districts are advantaged or disadvantaged by market-driven finance policy and practice), and participatory democracy (the ability of local communities to participate in shaping education to address local needs).

Theoretical Perspective

The study is contextualized within globalized neo-liberal policy (Ball, 2007; Rizvi, 2008, 2013; Robertson, 2011). Key aspects of neo-liberalism include: Deregulation of business to free the market of bureaucratic fetters; competition policies across public and private sectors aimed at efficiency; privatization of activities formerly managed by the state; and a process of decentralization coupled with recentralization (Robertson, 2011). Education is a key public sector institution in the neo-liberal worldview because of its importance in developing workers suitable for globalized competition and the new knowledge-based economy. Markets and competition are, in the neo-liberal mindset, appropriately applied to education (Ball, 2007). A neo-liberal conceptualization of education is reflected in the BC policy landscape where market mechanisms are transforming public education.

For the purposes of this study, equity and social justice are conceptualized as interrelated processes and aspirations. Fraser (1995) posits that addressing distributive justice is insufficient to achieve social justice because injustice has both economic and

cultural dimensions and these are dialectically interconnected and mutually reinforcing. Applied to this study, the economic dimension of social justice in education includes the ways in which schools are funded. Building upon Fraser's argument that economic and cultural injustices are dialectically related and reinforcing of each other, we extrapolate that inequities in funding are interconnected with cultural inequities or social injustices by impeding equal participation in making substantive decisions in the education system. Education impacts people's lives materially, socially, culturally, and politically; therefore, the pursuit of social justice requires that marginalized groups are fully enabled to participate in making substantive decisions about education, including those related to the social construction of educational aims and their operationalization in terms of funding of education.

Methodology

The study employs critical document analysis. Using reports from school districts, the Ministry of Education, and non-governmental organizations, the paper analyzes financial information across all 60 school districts in BC. Data are compared in terms of the districts' respective levels of privately sourced funding from international student tuition, community affluence, geographic location, and student composition.

Findings

Certain patterns and relationships emerge from data presented in Table 2 of the study report, which we summarize below.

Pattern 1: Stratification among school districts in terms of the level of international student tuition (IST) generated per FTE student

Marked stratification occurs across school districts in BC that is indicative of a hierarchy of advantage and disadvantage. The range goes from a low of 0 IST per FTE

student to \$1349.68 IST per FTE student. The lowest 10 districts in Table 2 generate zero or negligible levels of IST per capita, while the 10 highest districts generate between \$356 and \$1349.68 IST per capita.

Pattern 2: A relationship between IST per full-time equivalent (FTE) student and community affluence

There are significant differences in affluence between school districts in BC and these differences in affluence are positively related (albeit not necessarily causally related) to the levels of IST the districts generate--the more affluent the community, the more IST generated by the school district. For example, West Vancouver, the most affluent school district in BC with an average median after-tax household income (AMAHI) of \$108,260¹, generates \$1349.68 of IST per FTE student, while Haida Gwai'i/Queen Charlotte, the least affluent district in BC with an AMAHI of \$55,969², generates \$0 IST per FTE student. This means that West Vancouver has approximately \$1350 in additional revenue per student to supplement the per capita grant provided by government, while Haida Gwai'i/Queen Charlotte receives no additional funding and is dependent upon the per capita government grant to provide education programs. These represent large disparities in funding between school districts that advantage already affluent school districts in relation to the least affluent school districts.

Pattern 3: A relationship between IST per FTE student and the proportion of Aboriginal students in the district

With few exceptions, there is a negative relationship between the proportion of

¹ Based on data for 2010, the latest year for which these data are available from Statistics Canada

² Based on 2010 data. Nisga'a may actually be the least affluent district in the province, however the latest year for which household income data are available from Statistics Canada for this district is 2006, which would make inter-district comparison less meaningful. Nevertheless, it can be noted that Nisga'a school district also generates \$0 in IST per FTE student.

Aboriginal students and the levels of IST that districts generate--those districts generating the highest levels of IST per capita have low percentages of Aboriginal students, and districts with the lowest levels of IST per capita have high percentages of Aboriginal students. Nine of the 10 districts generating the highest IST (\$356.63-\$1349.68 per FTE student) had fewer than 10% Aboriginal students in their total student populations. All 10 districts in the lowest range of IST (\$0 – 4.20 per FTE student) have Aboriginal student populations ranging between 25.3 – 99.5% of total enrollment.

Pattern 4: Intersections Between IST Per Capita, Community Affluence, Proportion of Aboriginal Students, and Geographical Location

A pattern of relationships occurs between all of the variables—the level of IST generated, the proportion of Aboriginal students, community affluence, and geographical location. For example, the most affluent school district (West Vancouver) has a low percentage of Aboriginal students (0.06%) and is in an optimal geographical location in relation to internationally recognized sporting and cultural venues and events within the MetroVancouver region. Proximity to such amenities likely makes it easier for school districts in Metro Vancouver to attract international students. In contrast, the least affluent school districts (Nisga'a, Stikine, and Haida Gwai'i), which also have the highest percentages of Aboriginal students (99.5%, 81.3%, and 67% respectively), are located in remote areas of the province, far from metropolitan areas and accessible by only a few secondary roads and limited small-craft or no flight service. These factors may make school districts in remote regions less attractive and less accessible to international students. The interconnectivity of these characteristics means that there are differential capacities among school districts to generate private revenue based, at least partially, on the size of the Aboriginal student population, the geographical location of the district, and

the affluence of the community. These differential capacities lead to funding inequities that are endemic and are likely to persist in the long term.

Discussion

Since 1977, a three-tier system has existed in BC, consisting of *private schools* fully funded by private sources of revenue; private schools partially funded by government (called *independent schools* in BC); and *public schools* fully funded by government. However, market-based funding mechanisms are creating a new class of schools within the public school system—these are public schools whose education programs are increasingly funded with revenue generated from private, including for-profit, sources. As a result of market-based public and private funding mechanisms, we argue that a new form of privatization is creeping into the system -- increasing privatization *within* what is normally a fully funded public education system. Patterns in our data lead us to speculate about whether a fourth tier is emerging in BC education—*quasi-private public schools*. Inequities could mean perpetuation of structural social injustices associated with increasing stratification along socio-economic and cultural lines.

Place-based differences related to geographical location, community affluence, and student composition impact school district capacity to become education destinations provincially, nationally, and internationally. In a market-driven funding system this advantages some districts and disadvantages others. Affluent urban school districts located in Metro Vancouver have been successful in establishing lucrative international student programs that have significantly augmented their financial resources, thereby increasing their capacity to diversify their program offerings. On the opposite end of the

spectrum, eight out of 60 districts have not attracted any supplementary funding from private sources. These latter districts tend to be less affluent, located in geographically remote locations, and have a student demographic comprising a significant proportion of Aboriginal students (an historically marginalized and impoverished indigenous population in Canada).

Intersections between the variables we have discussed may be indicative of cultural-economic social injustice (Fraser 1995, 2001), as discussed in the theoretical framework. Because Aboriginal communities are already marginalized, lower levels of IST generated by school districts in these communities further disadvantages them. Cultural-economic social injustices raise the possibility that Aboriginal communities in BC are in danger of becoming further marginalized because of market-driven funding mechanisms.

Yoon (2011) demonstrates how students and parents may perceive programs of choice to imbue students with cultural capital that facilitates their participation in globalized employment and advanced education markets. This phenomenon creates dynamics that socially construct elite and competitive programs. In addition, the location of such programs within certain neighbourhoods may reproduce class and cultural divides, despite district efforts to break down those barriers (Vancouver School Board, 2012).

Market-driven funding mechanisms add inter-district disparities to the intra-district inequities described in the previous paragraph. As our study demonstrates, market-driven funding mechanisms differentially advantage some districts and some

communities in relation to others. Districts with lower capacity to attract international students, in turn, have lower capacity to generate funds to support their educational programs and establish programs of choice, thus disadvantaging some or all students. Communities with lower capacity to generate revenue from private sources have lower capacity to augment core education programs and shape education programs to meet local needs. These dynamics reproduce and exacerbate hierarchies of social privilege and marginalization across school districts and communities.

Significance and Relevance

This paper addresses the conference theme question: To what degree ought the implementation of centralized education policy override local ethical concerns grounded in the context of place? The paper focuses on the critical analysis of tensions between centralized education funding policy and the capacity of local communities to generate private revenue to offset structural funding shortfalls and engage in participative democracy, that is, to make education program decisions that address local needs. The findings raise questions about the ethics of market-driven education finance. We encourage parents, community members, school districts, and government to rethink education finance policy so as to address intra-district and inter-district inequities and enhance the capacity of marginalized groups to participate fully in decision-making regarding the education of their children.

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Table 2: Comparison of IST generated by selected BC school districts in relation to size, percentage of Aboriginal students, and household income

Classification (1)	School Districts (2)	Size: Average Enrollment Over five Fiscal Years (3)	Total International Student Tuition (IST) Revenues Averaged Over Five Fiscal Years: 2007-08 to 2011-12 (4)	International Students Tuition (IST) per FTE Student Averaged Over Five Fiscal Years: 2007-08 to 2011-12 (5)	Composition of Student Population per School District (Average for 2007/08 – 2011/12)	Median After-Tax Household Income (Married & Common Law Couples) – 2011 Census Data (7)
					% Aboriginal Students (6)	
Highest 10 Districts in terms of international student tuition generated per capita	45 West Vancouver	6,277	8,471,941.36	1349.68	0.06	\$108,260
	42 Maple Ridge-Pitt Meadows	13,987	7,917,481.22	566.06	7.5	\$80,472
	43 Coquitlam	30,016	15,766,204.16	525.26	4.0	\$81,850
	44 North Vancouver	15,337	8,037,354.85	524.05	3.7	\$78,397
	22 Vernon	8,475	3,942,570.00	465.20	13.2	\$64,651
	64 Gulf Islands	1481	684,577.44	462.24	7.9	\$86,165
	61 Greater Victoria	15,242	6,771,868.18	444.29	7.8	\$69,272
	69 Qualicum	4473	1,808,210.25	404.25	9.5	\$63,109
	35 Langley	18,369	6,851,085.93	372.97	8.6	\$70,612
	40 New Westminster	6,596	2,352,331.48	356.63	6.2	\$75,105
Middle 10 Districts in terms of international student tuition generated per capita	37 Delta	15,781	3,323,952.03	210.63	3.5	\$86,557
	8 Kootenay Lake	4,915	976,708.80	198.72	13.8	\$70,075
	68 Nanaimo-Ladysmith	13,828	2,632,436.36	190.37	15.4	\$64,032
	75 Mission	6,282	1,187,298.00	189.00	14.4	\$75,551
	71 Comox Valley	8,316	1,408,979.88	169.43	11.7	\$68,923
	36 Surrey	66,148	9,466,440.28	143.11	4.8	\$75,612
	28 Quesnel	3,713	482,467.22	129.94	25.2	\$66,632
	47 Powell River	2,224	286,584.64	128.86	14.4	\$61,792
	79 Cowichan Valley	8,367	987,222.33	117.99	17.6	\$77,960
73 Kamloops Thompson	14,176	1,270,736.64	89.64	16.3	\$73,273	
Lowest 10	58 Nicola Similkameen	2470	10,571.60	4.28	39.0	\$69,468

53 Okanagan Similkameen	2432	10,263.04	4.22	14.26	\$68,937
82 Coast Mountains	5,116	12,892.32	2.52	42.2	\$80,096
54 Bulkley Valley	2,370	00.00	00.00	25.3	\$ 76,864
92 Nisga'a	460	00.00	00.00	99.5	\$ 39,276*
87 Stikine	230	00.00	00.00	81.3	\$54,574**
84 Vancouver Island West	440	00.00	00.00	50.4	\$57,688*
85 Vancouver Island North	1,549	00.00	00.00	33.0	79,462
49 Central Coast	236	00.00	00.00	68.1	65,856
50 Haida Gwai'i/Queen Charlotte	675	00.00	00.00	67.0	55,969

Median After-Tax Household Income (Married & Common Law Couples) – 2011 Census Data available at:

<http://www76.statcan.gc.ca/stcsr/query.html?style=emp&qt=North+Vancouver+income&charset=utf-8&qm=1&oq=Coquitlam+income&rq=1>

* Data from the 2006 census – Available at: Statistic Canada, 2006. Profile for Canada, Provinces, Territories, Census Divisions and Census Subdivisions, 2006

Census: <http://www12.statcan.gc.ca/census-recensement/2006/dp-pd/prof/rel/Rp-eng.cfm?TABID=1&LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GK=0&GRP=1&PID=94533&PRID=0&PTYPE=89103&S=0&SHOWALL=0&SUB=0&Temporal=2006&THEME=81&VID=0&VNAMEE=&VNAMEF=>

No 2011 census data was available for these two school districts.

** Data for the Stikine Region from the 2001 census - Available at:

<http://www12.statcan.ca/english/Profil01/CP01/Details/Page.cfm?Lang=E&Geo1=CD&Code1=5957&Geo2=PR&Code2=59&Data=Count&SearchText=Stikine&SearchType=Begins&SearchPR=59&B1=All&Custom=>