

# Finance Watch

MAKING SCHOOL FINANCE ACCESSIBLE

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## Financial fallout from school fees ruling

Schools and districts have long relied on the practice of extra billing students for some of the educational programs they receive. More commonly described as the collection of “student fees,” this practice has taken hold over many years in spite of School Act provisions which purport to guarantee students free access to educational programs.

Yet, driven by ongoing budget restrictions, innovations in educational programming and burgeoning cost pressures, school fee collection has grown. In today’s schools fees can be collected to pay for materials, equipment, transportation, clothing, instruments, tools or a range of other things.

This past year, the practice of charging fees was challenged as a violation of Section 82 of the *School Act* which requires that districts provide free education. On September 29<sup>th</sup>, the BC Supreme Court issued a ruling stating that boards could not charge fees for “goods and services” without which “the student could not meet required learning outcomes or assessment requirements of an educational program provided by the board.”

On November 1<sup>st</sup>, the Ministry of Education broke its silence on the issue by issuing a directive ordering boards to comply with

the court’s ruling. In the days that followed, the Ministry went on to confirm that no additional funds would be provided to districts to compensate schools for lost fee revenue.

There are some important qualifiers to this ruling and many boards have been actively looking for ways to shelter and protect as much of their fee-gathering as possible from the court’s ruling. In this connection, school boards can charge fees for optional activities, materials and equipment as well as for school supplies for a student’s personal use. Field trips and extracurricular outings not considered necessary must be purely voluntary and the school board may charge fees for those. School boards may also permit students to purchase works they have created in courses, but they cannot charge students if the latter are required to take finished work home.

### How much is affected?

There are difficulties determining how much money is affected by the court’s ruling.

Since 2004 and as part of the transition to “Generally Accepted Accounting Principles” (GAAP) that apply to “not-for-profit” entities, school boards have been obliged to follow rules for recording “school-generated funds” in their annual Financial

“driven by ongoing budget restrictions, innovations in educational programming and burgeoning cost pressures, school fee collection has grown”

Statements. This is where school fee information gets documented financially.

The problem is that not all “school-generated funds” are fees charged to students. Fund figures would also include monies raised at the school level, donations (cash or in-kind) and any funds that PACS might acquire and turn over to schools to finance equipment purchases, travel or special initiatives and events. Any funds PACS retain are not recorded because the PACS are le-

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gally and financially distinct from their schools.

A sample of BC districts reveals the following amounts recorded as "School-Generated Funds" last year.

School District	"School-Generated Funds" in 2005/06
Central Okanagan	7,669,857
Langley	6,421,401
Vancouver	25,123,552
Burnaby	8,779,667
Maple Ridge-Pitt Meadows	4,445,681
Coquitlam	9,304,716
North Vancouver	7,391,114
Prince George	4,238,655
Greater Victoria	5,954,015
Saanich	2,835,927
Kamloops-Thompson	4,223,493
Total for the 11 districts	86,388,078

The above districts represent about 43 per cent of BC's student population. If we assume conservatively that 20 per cent of total school-generated revenues come from fees and that the above districts are broadly representative of fee-raising around the province, then close to \$40 million (gross) is currently being raised annually from student fees.

However, as previously suggested, not all of this money is affected by the court ruling because some of it might not be clearly related to "required learning outcomes or assessment requirements" of courses linked to graduation. This is an area that has been the subject of considerable debate in the weeks following the court ruling. If we assume therefore that a quarter of total fee revenues raised are not linked to these requirements, the overall value of fee revenue directly impacted by the court ruling can be conservatively estimated at \$30 million – roughly 1.5 per cent of school district operating budgets.

#### **Jobs and programs affected?**

There is no question that \$30 million is serious money. To put things in perspective, it is well in excess of the total in-



crease in provincial funding allocations provided districts to finance increased costs associated with the operation of school programs this year.

Parents, educators and students worry about the impact that this revenue loss will have on programs and opportunities in their districts. Those areas expected to be particularly hard hit are music and sports programs where the cost of instruments and equipment can be very high. While these concerns are valid, it is worth remembering that many of us take a hard line on extra billing in health care system despite the fact that the latter represents potential new revenue in that sector. This is because extra billing is rightly seen as the thin edge of the wedge leading to a privatized two-tier system of care.

We should take a moment to ask ourselves whether there is a valid reason to see things differently when it comes to our public schools.

#### **About the publisher**

John Malcolmson is a sociologist working on research & evaluation in the fields of public education, education finance, literacy, labour issues, justice and social policy. He has analyzed school finance for many years, written numerous reports and offered workshops in the area. He currently works as a researcher with CUPE.



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