

Band Operated Funding Formula

Summary of Cost Factors

This document provides a brief summary of the work previously conducted on Educational Cost Factors according to the Funding Elements that were determined at the BOFF Meeting March 12/07

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Educational Rights

The unique status of First Nations peoples and their rights must be taken into consideration when implementing their educational needs. The decisions of the Supreme Court of Canada have affirmed that Canada has a fiduciary responsibility to First Nations peoples when dealing with their constitutionally protected rights. Moreover, the Honour of the Crown is at stake when Canada deals with First Nations and treaty rights. The special status of First Nation students should not impede their academic success. Rather, it means that they should be able to attain educational equity with other Canadian students in a way that recognizes and respects their unique culture and traditions, and the original status of their languages.

Current Situation

The 2002 Report of the Minister's National Working Group on Education reconfirmed that First Nations education is "under-supported and under-resourced", and that "First Nations schools operate largely independently and without a systemic supportative infrastructure..."¹ First Nations have repeatedly stated that the present funding methodologies and resourcing levels limit the educational outcomes of First Nations students and their access to the same educational opportunities as non-First Nations students in the public school systems².

To address some of these issues in 2005, "INAC developed its Education Action Plan which addressed the observations of Chapter 5 of the Auditor General's Report, as well as proposing measures that are part of a broader, ongoing agenda of building strengthened relationships among INAC and key parties on First Nation education matters. The intent is to enable First Nations to assume greater responsibility for their education while clarifying and strengthening accountability of all stakeholders." (Education Action Plan, INAC, April 2005).

The national model that the Ministry of Indian and Northern Affairs has used as the basis for distributing funding to the regions has several weaknesses related to how funds are derived and distributed:

- Spending per student varies widely throughout the First Nations communities in the various provinces. There are variations that cannot be completely explained by geographic, social, or demographic factors. The formula does not capture this.
- The formula does not address the regional differences in costs for teachers' salaries and benefits, nor does it adequately deal with the regional differences in the cost of purchasing.

¹INAC (2002). *Our Children: Keepers of the Sacred Knowledge*. National Working Group on Education. December 2002.

² Ibid

- The national distribution formula and the provincial funding model do not adequately recognize the true costs of delivering First Nations education programs and services, and are no longer adaptable to the changing circumstances of First Nations schools.
- The funding model has become too simplistic and inadequate to allow First Nations education systems to provide comparable programs of study with the provinces. The model has not been updated since 1996-1997.
- The formula is not responsive to variations in programming between regions, and to address provincial curriculum reform initiatives.
- INAC has difficulty directing more education spending specifically to the school and classroom, where it counts. Almost one third of elementary and secondary funding is provided through supplementary generalized initiatives that are not based on cost, and that do not provide stability and permanence to funding resources.
- The funding model does not provide any flexibility for long-term planning and development.
- Reporting on education spending is burdensome and not based on long-term impact program evaluations, rather is limited to compliance and data reporting.

Principles as the basis for a Funding Framework

Commonly, principles on which funding will be based are defined before a framework for funding is developed. The following are some of the basic principles which should guide the framework for funding First Nations education:

- **Equity** – meaning fairness not equal – providing all students with horizontal (quality and availability of core programming should be equivalent in each community) and vertical (children of different needs should be afforded different approaches to programming and service delivery) access to the same educational opportunities and outcomes. This ensures that all students have equitable access to quality learning opportunities.
- **Accountability** – balance local autonomy and decision-making with accountability requirements. The accountability process involves four steps: setting expectations, contracting, reporting and corrective action.
- **Responsiveness** – funding formula should be dynamic to meet changing educational requirements, and cost differences. The funding formula must respond to:
 - the need to change on a year by year basis;
 - multi-year transitional requirements;
 - exceptional circumstances (such as the impact of the sudden increase in fuel prices);
 - the variety of challenges facing communities;

- differences in costs based on language, geography, population, and social and economic conditions between communities and regions;
 - changes in regional provincial curriculum and educational reform initiatives.
- **Consistency** - The model must recognize the significant differences among communities, schools and students and address these differences to ensure that excellence in education programming can be consistently attained.
- **Adequacy** – Must be sufficient for the First Nations School to be able to meet the educational goals established by the First Nations education system.
- **Transparency** – The criteria and parameters of the funding formula must be available, simple, and understandable with reliable and fact-based data. The model, even though complex, must be streamlined with a technology-based application so that it is simple to administer, and easy to understand once applied.
- **Autonomy** – reasonable levels of flexibility so that all parties can meet their responsibilities.
- **Involvement** – all parties must be involved in the process of establishing a funding framework. However, this principle continues after a funding formula is developed and used. Ongoing involvement will be required to review how well the formula is working, and in the annual or periodic reviews of the dollar components of the formula.
- **Fairness** - The model must share available resources reasonably and recognize the limits to funding. But at the same time, the model must uphold that there are no second-class students among First Nations students, and the needs of all members of the student population must be addressed.
- **Realistic** - The funding model must be based on a realistic, fair, and reasonable idea of what it costs to provide high quality education. This analysis must be reassessed on a cyclical basis so that the funding levels remain current and according to well-established best practice.
- **Student-Centered** - The focus of the funding framework must be the First Nations student in the classroom of a First Nations school.
- **Innovative** - The funding framework must support a First Nations education system with leading-edge innovation for improved educational results.

- **Collaborative** – framework should encourage the partners and stakeholders of First Nations education to work together to provide a holistic approach and a supportive environment for lifelong learning.
- **Lifelong Learning** – The framework must support the First Nations view of education as lifelong learning.
- **Sustainability** – The funding to support the framework must be sustainable to ensure First Nations Quality Schools.

Comparability with the Provinces

The National Program Guidelines for Elementary and Secondary Education state that the objective of the Elementary/Secondary Education Program is to provide eligible students living on reserve with elementary and secondary education programs comparable to those that are required in provincial schools by the statutes, regulations or policies of the province in which the reserve is located³. However, for most First Nations schools comparability with the province is a minimal requirement, with cultural curriculum and local programming needs being the defining elements of First Nations education.

According to the National Program Guidelines it is expected that eligible students will receive a comparable education to other Canadians within the same province of residence, with similar educational outcomes to other Canadians and with attendant socio-economic benefits to themselves, their communities and Canada.

First Nations cannot be expected to achieve the goals of two different educational systems with only the funding for one core program. If they must continue to provide comparable programming with the provinces, then they must be funded appropriately to provide the same quality programming. This is being done across Canada in each province for minority francophone boards whether their schools are large or small. Therefore the funding framework has to provide sufficient base resources for each First Nations school to provide the same level of services and to remain responsive to any new provincial initiatives in education that will provide First Nations students with access to the same educational outcomes.

Provincial Funding Frameworks

Education in Canada is diverse, each region having its own needs and priorities. Each province and territory provides its own system of elementary and secondary education.

³ INAC (2003). *Elementary/Secondary Education National Program Guidelines*. Indian and Northern Affairs Canada, November 2003

Therefore each province has its own funding framework composed of various elements.

The provincial ministries of education in Canada provide much more than a base allocation for funding elementary and secondary education. There are other components in the funding framework in addition to various forms of indexation to ensure that the framework remains responsive to needs and to changes in costs.

Each of the components of a funding formula has specific variables that allow the formula to address the differences both in location and situation and in student populations of the various schools and boards, as well as meeting local programming needs and priorities. A listing of available information on the funding frameworks of different provinces is provided in the First Nations Education Council (FNEC) Rationale on Formula Funding for Elementary and Secondary Band Schools.⁴

First Nations Band Operated Funding Formula

In the same way, for the First Nations Funding Framework to be effective and responsive to the needs of First Nations education, and to provide the required comparability with the provinces, the following elements must be addressed in any funding framework for First Nations schools.

1. Instructional services

The present funding methodology does not consider teachers' salary separately from instructional block of funding, and cannot guarantee the salary of a teacher for each classroom, or the adequacy of that salary. Other costs for teachers would include funding for recruitment and retention which includes allowances for isolation, and premiums for retention.

There is a need for increased capital to ensure adequate lodging. The INAC ratios for lodging personnel would need to be reviewed since the numbers of eligible staff under funding regimes has increased in the field of education.

The pupil-teacher ratio is an indicator of the instructional relation between the number of students and teachers, and is actually a composite indicator that is the result of three variables:

- The average number of students per class,
- The average teaching time of teachers,
- The average instruction time for students

⁴ FNEC (2006). *Formula Funding for Elementary and Secondary Band Schools: Rationale with Accompanying Reference Materials*, November 2006, Pages 5 - 10.

The pupil-teacher ratios should be justified on the basis of the teaching levels within the schools; the proportion of regular, special needs and students at risk in the school population; the student timetable; the teachers' workload; the teaching of three languages; the fluency levels of language of instruction; and the numbers of students available within the communities for class grouping.

The previous funding formula provided an educator ratios (includes principal, vice-principal and paraprofessionals) averaged at 17:1 based on stated educator ratios of 15:1 for preschool and secondary level, and 19:1 for elementary teaching levels. However, actual student teacher ratios were not provided.

Pupil-teacher ratios are used for financing, hiring and budgeting considerations. Class size is dependent on the school organization, and provides a more definitive view of the educational experience of the student.

In the literature today, there are a lot of studies on class size, and the effects of class size on educational outcomes. The results of the studies such as Project Star, SAGE, and the California Class Reduction Initiative have been scrutinized by many authors; however, everyone supports the findings that suggest that disadvantaged children benefit the most from smaller class sizes, and most commented on its particular benefits for special education students. Finn 1998⁵ states that the costs of a reduction of class size particularly in the primary grades are worth the long term effects of fewer discipline problems, fewer grade retentions, students being more likely to complete high school, and improved teacher morale.

The complexity of the classroom composition is another important factor to be considered in discussing class size. The composition of the classroom can become complicated with the integration of students with special needs, English/French as Second Language students, high needs or at risk students, and multiple grade/subject classes. In some jurisdictions, this is facilitated by school-based funding formulas that incorporate weighting factors permitting smaller classes in situations where there are significant numbers of students at risk and/or with special needs.

More research information on pupil-teacher ratio, class size and composition is provided in Chapter 5, pages 126 - 137 of the 2006 Joint AFN/INAC Working Group Report, *A Study of Educational Cost Drivers to First Nations Education*.

2. Cultural Curriculum

The Assembly of First Nations has continuously identified First Nation languages and cultures as a priority since 1972 with its position paper "Indian Control of Indian

⁵ Finn, J.D. (1998). *Class Size and Students at Risk. What is Known? What is Next?* National Institute on the Education of At-Risk Students, Office of Educational Research and Improvement, U.S. Department of Education.

Education.” The position paper states that: “Unless a child learns about the forces which shape him: the history of his people, their values and customs, their language, he will never really know himself or his potential as a human being.”⁶

Ancestral language is an essential part of the development of every First Nations learner, and First Nations schools have recognized this. Consequently there have been many community-based initiatives across the country to develop and implement cultural curriculum in the local schools. Many First Nations schools are trying to deliver some measure of language and cultural programs with very limited resources. All First Nations learners have a right to learn about who they are through their language and culture. Indeed, language, culture, spiritual values and self-identity are inseparable. However, the \$215 per student provided under the previous funding formula falls short of the amount needed.

The federal Action Plan for Official Languages provides for funding totalling \$751.3 million over five years from eight different government departments for French and English languages. The francophone school boards in each province are funded by the province (in a few provinces they are also supplemented through local school taxes). Very often the teacher and educator ratios of these boards are much lower than the provincial average, for example the provincial francophone board of Newfoundland/Labrador has a pupil-teacher ratio of 5.9⁷. The cost of textbooks and other materials is also higher. The francophone board of Nova Scotia estimates that the French-language texts cost 20% more than the regular provincial boards.

Continuous long-term exposure to education curricula based on foreign cultures, languages and values has challenged the ability of First Nations to strengthen their cultures, languages and values. First Nations are at serious risk of permanently losing their languages and cultural identities. Formal education is an indispensable instrument in the transmission of First Nations culture, language and traditional knowledge. Research clearly indicates that the development of a strong self-identity by accessing cultural knowledge through language greatly facilitates intellectual development and success in school.

First Nations education is inseparable from First Nations language and culture. First Nations schools need more options for teaching Aboriginal languages. These options include:

- Use of Aboriginal languages as the main language of instruction for all grades;
- Use of Aboriginal languages as second languages, to ensure oral and written bilingualism;

⁶ NIB (1972). *Indian Control of Indian Education*, A Position Paper.

⁷ Min of Educ. Nflb (2005). *Education Statistics Elementary-Secondary, 2004-05*. General Information. Ministry of Education of Newfoundland and Labrador.

- Aboriginal language immersion for young children, who go on to study in English and French after they know their own language well enough.
- Official recognition of elders and other Aboriginal language speakers as teachers of Aboriginal languages

Funding is also needed to cover the following aspects in addition to the delivery of school language programs and immersion programs:

- To develop Aboriginal language programs and Aboriginal language teacher training programs.
- To hire specialists to carry out research on Aboriginal languages.
- To design and produce learning materials in Aboriginal languages.

3. Special Education

There is a significant body of research that suggests adverse socio-economic conditions prevent many children and youth, and in particular First Nations, from participating fully in the public and on-reserve education system by creating unfavourable environments for learning (Hartle-Schutte 1990, Paravantes 1990, Indian Nations Task Force 1990, Barona & Garcia 1990, Reyhner 1991, Swisher & Hoisch 1992, Clarke 1994, Swartz 1995, Ryan & Adams 1998, Ma & Klinger 2000, Mattson & Caffrey 2001, Rothstein 2004). Students who start school with a disadvantage that is not addressed often end up as special needs students with an academic delay of more than one year.

The impact of family circumstances on the performance of young children has been investigated in a number of studies based on data from the National Longitudinal Survey of Children and Youth (NLSCY). Ryan and Adams (1998) showed that socio-economic status exerts a pervasive influence on children's achievement. The study also showed that specific family characteristics such as social support, parental depression, hostile parenting, and family dysfunction interacted in complex ways to produce effects on achievement.

Some new research linking learner success with socio-economic factors can be found in a recently published Quebec Study.⁸ The Ministry of Education, Sport and Loisirs (MELS) in Quebec provides an allocation to secondary schools for disadvantaged students based on a territorial profile of socio-economic indicators. Many other provinces address socio-economic disadvantage through additional allocations provided under student diversity funding.

Most jurisdictions in Canada are utilizing a blended approach to support special education programs and services. This involves a basic per pupil rate for all students enrolled in a school division, a subsequent per student allocation based on total enrolment to address mild to moderate needs and then some form of targeted funding

⁸ MELS (2005). *Academic Success and the Gender Gap: The Influence of the Socio-Economic Environment*. Ministry of Education, Sports and Loisirs. Statistics and Research. Quebec

for those students with more significant needs. This targeted funding is usually based on a categorical model requiring a diagnosis of low incidence exceptionality such as a sensory impairment, significant intellectual disability, chronic illness, physical disability or severe social emotional disorder⁹.

There is a documented higher incidence of special needs in the First Nations school populations. The elevated needs for Special Education are unique to First Nations. Presently, the Special Education Program (SEP) is not meeting all of the needs of the special education population of First Nations Schools. There must be additional funding to meet these unmet needs, as well as funding for research and evaluation services.

The Joint AFN/INAC Study on Educational Cost Drivers (AFN 2006) recommended that the funding framework ensure that First Nations schools are able to offer a high quality basic skills program to increase learning opportunities. This would include early literacy and numeracy programs as well as pre-high school transitional programs. To do this the formula should provide each school with a minimum basic allocation proportional to school size (based on grade configuration), and indexed for location (access to services).

4. Administration

The costs of school administration include all of the expenses incurred for the direct management of schools. Funding for principals, vice-principals and administrative staff fall within this category. School management costs also include administrative support (clerical etc), supplies for administrative purposes and the costs of information technology to support school management.

The literature review from the provinces and the examples from First Nations Schools taken from the AFN/INAC Joint Study on Educational Cost Drivers seem to indicate that First Nations schools should be provided with a base allocation for School Administration that would allow for school management costs, the salary of a principal (with teaching duties) and a school secretary as a minimum.

The Ministry of Education of Nova Scotia has an agreement with school boards and the Nova Scotia Teachers' Union that there should be a principal in every building or group of buildings designated as a school. The belief is that there should be a pedagogical leader or visionary in every school, who is also both an administrator and staff supervisor. Funding is provided on the basis of the number of campuses rather than on the basis of enrolment.

5. Technology

⁹ Hurton, Gerry (2002). *A Review of First Nations Special Education Policies and Funding Directions within the Canadian Context*. Report for the Minister's Working Group on Education

Broadband technology is being used extensively by First Nations schools for videoconferencing for the delivery of educational programs, workshops and professional development, and together with internet access, this technology and support is absolutely critical for program delivery in remote or isolated communities.

Many First Nations communities are concerned about the annual costs related to maintaining the infrastructure and connectivity. These costs include equipment replacement and maintenance. Schools have made it a priority to provide quality ICT infrastructure and programming to ensure that First Nations students develop the same competencies, and have access to programs they may not otherwise have access to.

However, with the widespread development of ICT in First Nations schools and educational systems, there is a lack of technical support. Technicians are available but the communities cannot afford the cost of the salary and travel for a technician. There is a need for funding for technical support.

The type of ISP connection available dictates the cost of connectivity rather than the geographic location. There are some First Nations communities that are not isolated but that have difficulties connecting because of a lack appropriate infrastructure and services to the community. However, the costs for remote and isolated communities are much greater when it comes to the shipping and delivery of equipment, and the purchasing of technical services.

Schools have made it a priority to provide quality ICT infrastructure and programming to ensure that First Nations students develop the same competencies, and have access to programs they may not otherwise have access to. The next step is to provide the necessary training and development to integrate technology into the curriculum to enhance the educational opportunities of First Nations learners, and to promote effective and efficient learning for First Nations students.

6. Material Supplies

First Nations schools should be provided with adequate funding for the purchase of school programs, textbooks and materials. This also includes laboratory supplies and equipment for the teaching of science. At the moment, First Nations schools do not have any additional funding to purchase new textbooks if there is a change in pedagogical programming in the province, or if there is a new program implemented. It would be important for any funding formula to remain responsive to this need.

The cost of material supplies is one of the sub-indexes of educational price index, and therefore should be indexed appropriately.

7. Governance

A school committee is composed of parents selected or elected according to school or community custom. They meet regularly with the principal and teacher representative to discuss school and policy matters, to plan school activities as well as being consulted on the school's program of study. They support other parents in the school, and help to organize activities and events. They would have need of an allocation for travel and activities.

A local First Nations education authority is constituted differently from one community to another. In some First Nations communities, a local education authority may be an elected school board composed of members at large or members representing various elements of the local education program; in others it may be parents selected from the local school. In all cases, the local education authority is responsible for overseeing the local community education program, and its school(s), through its administrator, usually the Director of Education. Most local education authorities receive a mandate from the community ratified by the Band Council or directly from the Band Council. Some education authorities may actually manage the education funds but remain accountable to the Council. Similar to the school committee, an educational authority would require a budget for travel, training and some form of honoraria.

A school council is a collective association of parents, teachers, principals, staff, students (where appropriate), and community representatives who seek to work together to promote the well-being and effectiveness of the entire school community and thereby to enhance student learning. A school council provides a means to facilitate cooperation among all the concerned participants in the local school. They would usually require a small budget for travel and activities.

8. Second-Level Services

Although second-level services are addressed in other areas, there are elements of second level services that should be addressed locally in the community schools. These would include local curriculum development to support local community programming, local cultural adaptation of programs, and adaptation for special needs; some professional development that supports the school's pedagogical plan; and, some school governance functions through a local educational authority.

9. Curriculum Development/Adaptation

The provincial education systems have their own central and regional pedagogical centers which undertake program development and evaluation, and oversee the implementation of new programs or curriculum changes.

Even today, thirty-four years after the policy of Indian Control of Indian Education was first tabled, First Nations children are still forced to study in the regular programs established by the dominant society. The Report of the Royal Commission on Aboriginal Peoples has this to say about the situation: "The Aboriginal component of programs is

usually limited to additional material designed to enrich the normal content of programs. It does not call into question the core hypotheses, values and logic that are being taught". (Volume 3, Gathering Strength, p. 519)

First Nations communities need to develop their own standards and regulations for their educational programs, and to develop their own programs of study. They also need to develop their own educational materials or adapt what is appropriate from other systems.

10. Sports and Recreation

In Quebec, the Ministry of Education, Loisirs and Sports also provides complimentary services for schools to assist parents by ensuring school success through prevention programs. These include Homework Programs, Daycare services, and other after school programs. In addition, school boards receive a \$1000 grant and per capita funding for a sports program for third cycle elementary and first cycle secondary students.

Extra curricular programs and sports programs are seen to be an important aspect of schooling according to the literature.

11. Transition Programs

First Nations schools must provide comparable programming to the provinces so that students can transfer from one jurisdiction to another without penalty. Sometimes at the secondary level this can mean providing options within courses. The provinces/territories implement curriculum innovations or additional educational projects to increase student achievement, or to modify educational outcomes or to address specific needs within their student populations. These initiatives enable provincial/territorial education systems to reach planned educational goals.

12. Research Support

There is currently no funding provided for the cost of research support for First Nations education. Research is an important support towards long-term program evaluation and as a basis for program development.

There would need to be financial incentives to stimulate a national focus on research to support First Nations education.

Adjustment to Formula to provide Equity of Opportunity

The provinces annually index many of the components for cost of living, employer share, volume and area.

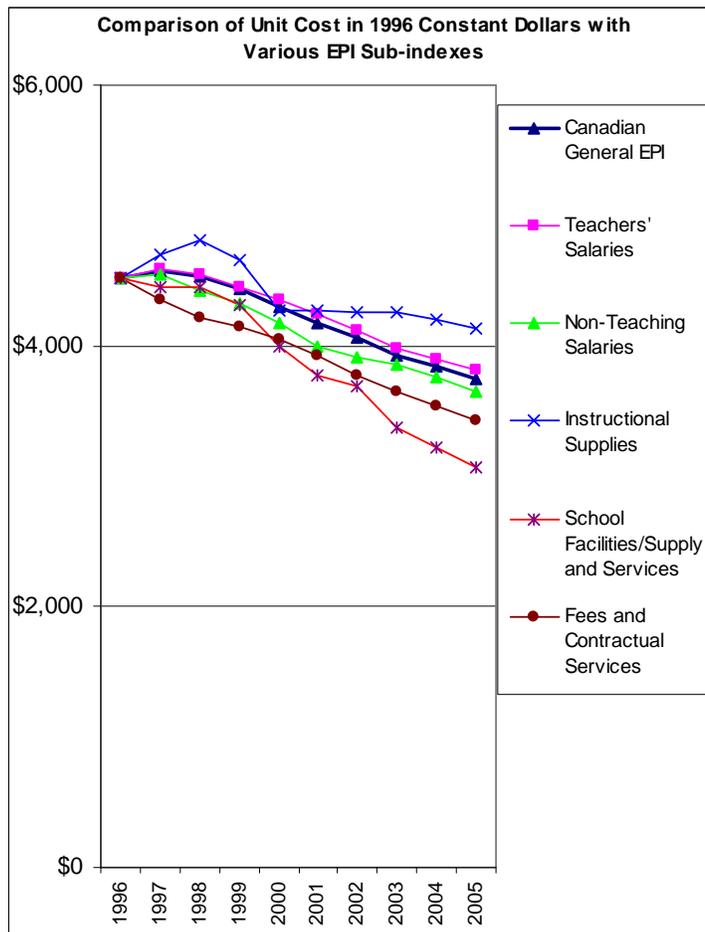
1. Indexation

A funding formula usually comprises two components – a measure of an activity and the price or cost of the item being measured. The measure of the activity must be realistic,

and the dollar amount must be reviewed regularly to reflect increases in the unit price of things such as electricity or fuel. This is done through applying the Education Price Index according to the various sub-categories of educational costs. If these two components – the measure and the unit cost - are not reviewed periodically, or one of the components is over adjusted to compensate for the other, then the formula will no longer be effective.

An example of the results of not applying appropriate indexation is in the Base Unit Component of the National Formula. In 2005, when the National Study on Educational Cost Drivers was undertaken, the National Formula Unit Cost Component of \$4,522 if expressed in 1996 EPI constant dollars was only \$3,672. Even with the 2% increase provided each year to the regions, the National Formula Base Allocation to the regions for 2005 expressed in 1996 EPI constant dollars is \$3,745 per student. The purchasing power of the base funding for instructional services is severely reduced due to lack of appropriate indexation.

The following chart demonstrates the devaluation of the purchasing ability of the Unit Cost for each of the Various Education Price Index Sub-indexes:



2. Expansion

At a time when school boards across Canada are closing schools because there are not enough students, the First Nations communities are facing an over-population crisis, and some schools do not have the space to accommodate their students.

Schools in the First Nations communities have to offer a full range of supplementary services above and beyond those offered by conventional schools. This is because of their specific circumstances, e.g., isolation, high rate of psychosocial problems affecting young Aboriginal people, additional areas of the curriculum, etc. The communities, therefore, require enough school space to effectively offer all their services and accommodate their many students, but they cannot do so according to standards which do not correspond to the educational needs of First Nations students.

In addition, a funding framework should provide some form of annual increase to account for changes in student enrolment and area or space seeing that these affect the costs of operations. The Ministry of Education, Loisirs and Sports in Quebec provides this form of indexation to increase the various allocations provided to the Cree School Board in particular, and most school boards in general – for example the allocation for School Administration is increased annually based on 50% of the percentage increase of student enrolment, and Operation and Maintenance of Schools is increased 25% of the percentage increase of students and 75% of the increase in space.

3. School Size

Nationally, in terms of size enrolment, 53.1% of First Nations schools have up to 100 students, 43.6% of schools have between 101 and 500 students, and 3.3% of schools have more than 500 students. Of interest is the fact that 24.1% of schools have less than 26 students.

In many provinces the costs of small boards and small schools are tolerated based on the belief that all students should have access to the same quality of services and programming, and therefore equal opportunity to the same educational outcomes.

The following charts show examples of the types of funding provided to ensure that adequate and not equal funding is provided:

Francophone Board (210 students)	Labrador/Newfoundland ¹⁰	\$21,334 per student
Frontier School Boards	Manitoba ¹¹	\$12,696 per student
Francophone Board	Manitoba	\$10,203 per student
Conseil francophone	Saskatchewan ¹²	\$13,816 per student

¹⁰ Nfld/Lab (2005). Education Statistics - Elementary-Secondary, 2004-2005. Ministry of Education

¹¹ Manitoba (2005) Frame Budget 2004-2005, Ministry of Education. Manitoba

Schools North	Saskatchewan	\$10,606 per student
Moyenne Cote Nord	Quebec ¹³	\$12,874 per student
Cree School Board	Quebec	\$22,258 per student
Kativik School Board	Quebec	\$22,858 per student

The basic principle is that regardless of size, there are some costs that will always exist such as the salary of the teacher, and others that are proportional to the size of the program such as the number of textbooks. Funding small schools is about adequacy, to ensure that there is a full salary for the teacher, and enough qualified teachers to deliver the same quality programming as a student in any other school.

4. Geography

The allocation of funds to First Nations for many programs is influenced by factors such as geographic location, distance from major population centres, and the local climatic condition. First Nations are classified according to these factors and assigned remoteness and environmental indices which are used in calculating funding allocations. The Band Classification Manual provides a listing of First Nations and their remoteness and environmental indices, as well as the city centre, the service centre, and the most populous reserve that is used to determine the indices.

The designation of distance from a service center may not accommodate the pedagogical needs of the community that may require educational services which are not found in the closest service center.

The current applications of the Band Classification Manual do not consider the following educational needs:

- The distance to access regional or provincial pedagogical services for the school.
- The distance to the nearest provincial school with the same language of instruction.
- The additional costs of hiring qualified replacement teachers.
- The distance to the nearest First Nation School within the same Nation for language and cultural sharing.
- The distance to be traveled to a city to seek teachers or professional services for the school.
- Road access that also affects the ability to hire teachers who may not want to travel the road or the distance, and the additional cost of maintaining boarding for teachers and other professionals.
- Access to library resources particularly for remote communities, available in the working language of the community.

¹² Saskatchewan (2004), Saskatchewan Indicators Report, 2004.

¹³ FNEC (2005). An Analysis of Educational Costs and Tuition Fees: Preschool, Elementary and Secondary. First Nations Education Council.

- Cost of moving teachers to the community for the school year.
- Services in the language of instruction is another critical need for anglophone communities in Quebec where access to pedagogical services in English may require seeking those services out of the province.

5. Responsiveness

Currently the National Distribution Formula and the Regional Formulas are based on a per pupil allocation which differs by teaching level. This is not an ideal approach for educational funding because:

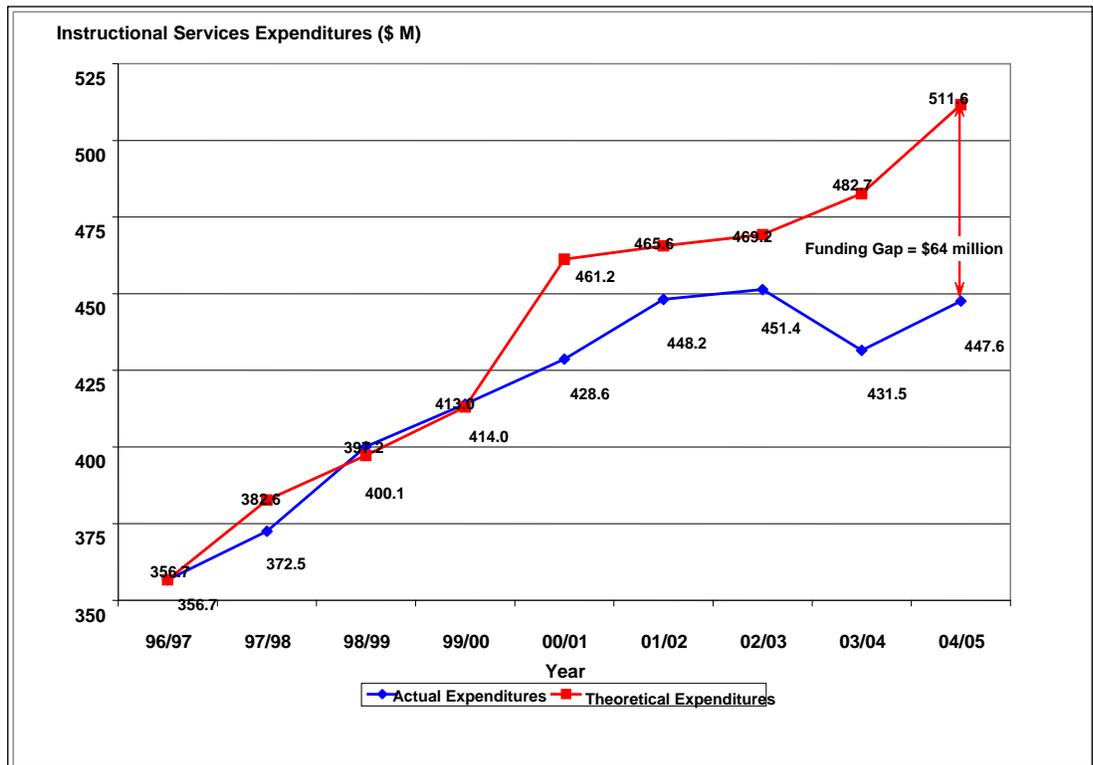
- A single comprehensive allocation makes it very difficult to assess the continued adequacy of each of the elements that compose the allocation.
- The cost of any changes to curriculum or programming cannot be properly evaluated.
- Any sudden increase in the cost of one element would mean a loss of funds in the others.
- The national 2% indexation applied to elementary-secondary funding did not adequately address both volume increases and the cost increases of the individual elements. The overall education price index for 2003 averaged 3.4%, and teachers' salaries increased by 3.79%.
- Appropriate annual indexation is not provided for critical elements such as teacher salaries where employer shares can average 11% annually without including an automatic salary scale step increase of 1.9% - 2.5%. Replacement costs for absenteeism could average over 3% of the mass salary for teachers. (Cree School Board Certification of Grants)

6. Results of the 2% Cap on Educational Funding

The funding envelope for Band Schools is currently fixed with a 2% cap on educational funding. However, the funding for provincial schools is not fixed. The rate of growth of per student Instructional Services expenditures is much higher in provincial schools than it is in band-operated schools.

Over the study period, the rate of growth nationally is 24% and 10.8% respectively for provincial and band-operated schools. This difference in the rate of funding growth over the study period would result in a theoretical national funding gap of some \$64 million for 2004/05 alone. That is, band-operated schools would receive \$64 million 2004/05 in additional funds if they had been funded at the same funding growth rate as provincial schools.

The following chart provides a view of this difference:¹⁴



7. Cost of Purchasing

Many provinces provide additional funding allocations to cover the cost differences among local school jurisdictions for purchasing goods and services. This is usually done in the form of a specific indexation applied to the cost sensitive portion of the funding element. An example of an adjustment for the cost of purchasing is found in the Alberta Education Funding Manual.

¹⁴ INAC (2005). *Review of First Nation Education Costs, A Preliminary Report*. Barbara Caverhill, November 10th.

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