



### ***What is the “Global Budget” proposal for education funding?***

The Government is proposing a radical change to school funding. A "global budget" would create a single pool of money available to schools from which the school would receive:

- a cash component
- a "credit" component broadly equating to the average value of teacher salary costs paid centrally and of actual support staff costs.

Where a school did not use its credit balance this would be paid out in cash. Where a school overused its credit, cash would be recovered from the school.

The government argues this would increase flexibility for schools to make decisions about the balance between teachers and non-teaching resources such as counsellors, business managers or social workers.

However, most principals say they don't want this trade-off. Schools can already employ other professionals from their operations grants. The reason they don't more often is not because they have too many teachers, but because the grant is under-funded.

Many schools already employ teachers over and above their entitlement from their own funds. There is no evidence that they think there needs to be fewer teachers.

### ***What will it mean for principals and Boards?***

***Increasing financial complexity:*** The Treasury notes that there will be no immediate impact on educational achievement for students, but that the global budget could increase the complexity of financial management for Boards. It is expected that schools may need more financial management capability and oversight than currently. Presumably the Ministry of Education would increase its capacity to support schools with financial management and budgeting support. Schools would also need support during the transition and implementation of such a “global budget”.

***More difficult decisions about staffing:*** Schools are currently bulk funded through the operations grant for support staff. When the government does not increase the operations grant to fund actual cost increases (for example through

negotiated increase in collective agreement pay rates for support staff) then the school has to manage that extra cost within its bulk fund. Many schools respond to the increased costs against their fixed operation funding by cutting support staff hours or numbers.

Extending bulk funding to teacher staffing would mean Boards would have to make similar decisions about teacher staffing.

***Fewer teachers, bigger classes:*** Currently teacher staffing is based on formulae that mean there is a guaranteed minimum entitlement to staffing for each school. This means schools can employ that number of teachers and the government has to pay for them. When the number of students increases, there are automatically more teaching positions generated and the salary costs to government rise with them.

Under the “global budget”, the current guaranteed minimum staffing in schools would be abolished (and there would therefore be no “ratios” for example, for 1:15 in year 1 or for tech staff at intermediates). When the government sets the amount of the total “global budget” each year, there would be no automatic increases if roll numbers rose, nor if teacher salary rates increased. If there were increases in funding these would not be guaranteed to meet the actual increase in costs.

Unlike the class size debate in 2013, the responsibility for trading off any cuts to teacher staffing with expenditure on other non-teaching resources would have to be made by each local Board, not by government.

***No flexibility with Board-funded teachers or property funding:*** Under the bulk funding “global budget”, there would be no difference between what are currently ministry funded positions and board funded positions which are paid for by schools above their entitlement staffing – both would have to be paid for through the teacher credit system. Every teacher to be employed would require the purchase of a credit at the same cost set by the Ministry.

The Ministry would still pay all teachers and support staff their actual rates through the central payroll.

Some schools currently respond to underfunding by spending money allocated for property maintenance on operations costs and underspending on property maintenance. However, the Ministry is also proposing ‘ring-fencing’ property funding and making schools spend that component **only** on their (Crown-owned) buildings).

***No overall increase in funding:*** The “global budget” mechanism would not involve any new/additional funding. Boards would be in the position where, over time, spending cuts would require cuts in the number or hours of support staff or of teaching staff unless the Board of Trustees were able to raise more local funding to cover the increased cost.