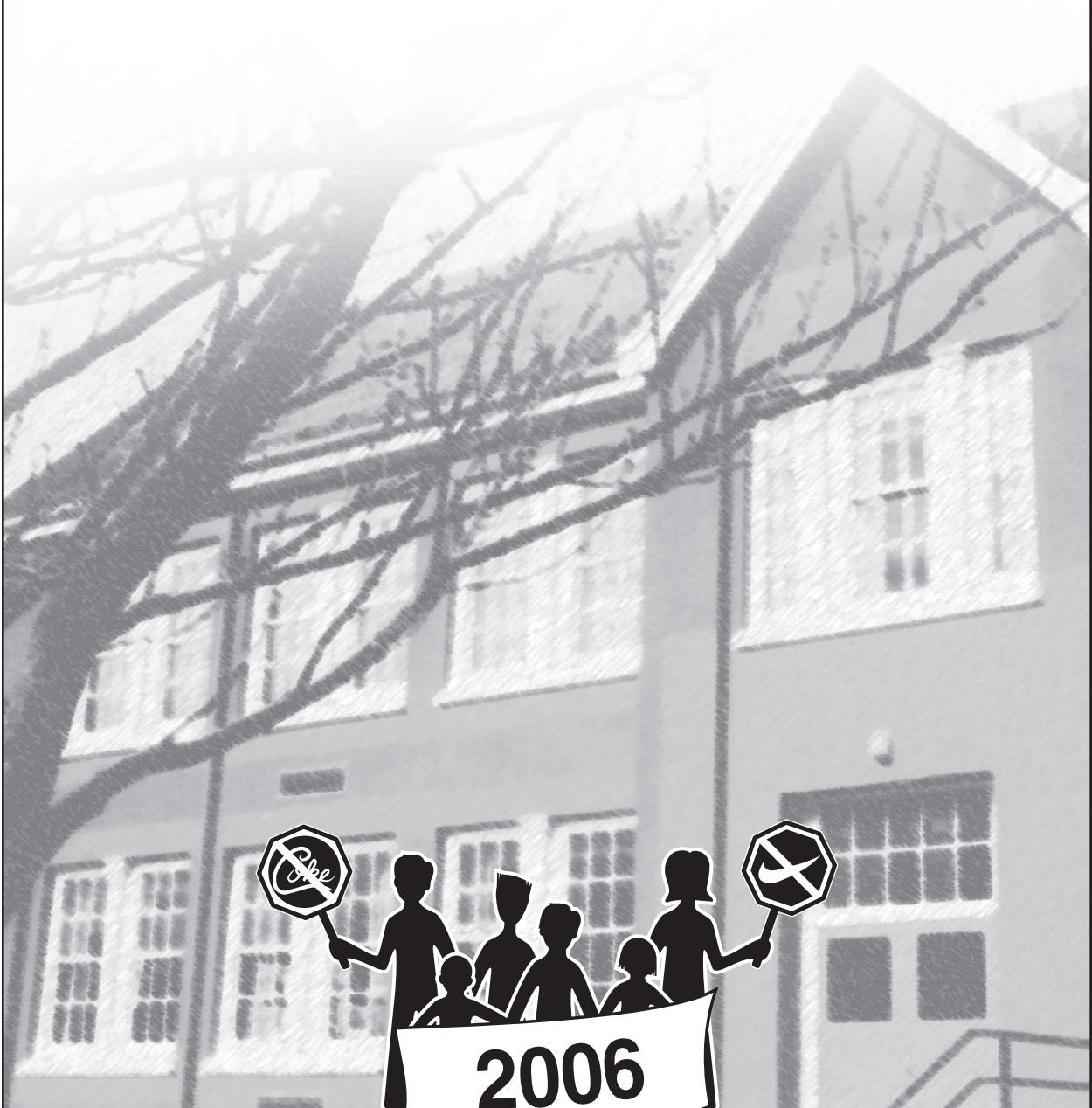


British Columbia Teachers' Federation
ANNUAL REPORT

Privatization and Commercialization of Education



BCTF Research Department

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INTRODUCTION

This is the first BCTF Annual Report on Privatization and Commercialization of Education. The report is a result of the 2005 AGM adopting a recommendation from the Task Force on Privatization that an annual report to the AGM be produced. The Task Force felt that it is essential to provide ongoing attention to the threats to public education from privatization and commercialization.

Privatization of education continues in direct ways, such as expansion of private schools with public funds and the carrying out of public functions through semi-autonomous organizations like BCeD Online and BCeSIS. The lack of adequate funding for public schools also leads school boards to look for other sources of funds. Tuition from international students, combined with income from other fundraising sources, reached more than \$250 million during the 2004–2005 school year.

The corporate presence in schools has increased as well. While a great deal of attention has been focused on soft drink company exclusive marketing arrangements, other businesses have been moving their logos into schools more subtly. Ronald McDonald promotes healthy foods, Wal-Mart adopts schools, COSTCO sends in staff with canned reading programs and Starbucks baristas dispense stories in classrooms.

Protecting the public nature of education requires ongoing vigilance. In addition to this report as a way of raising consciousness, the BCTF has created workshops for parents and is developing one for teachers.

Book a workshop, write a letter, raise concerns about privatization and commercialization with friends, colleagues and politicians. Remind them that public education should be about equity, preparing the young for democratic citizenship, and maintaining public space that has not been colonized by private interests and commercial profit.

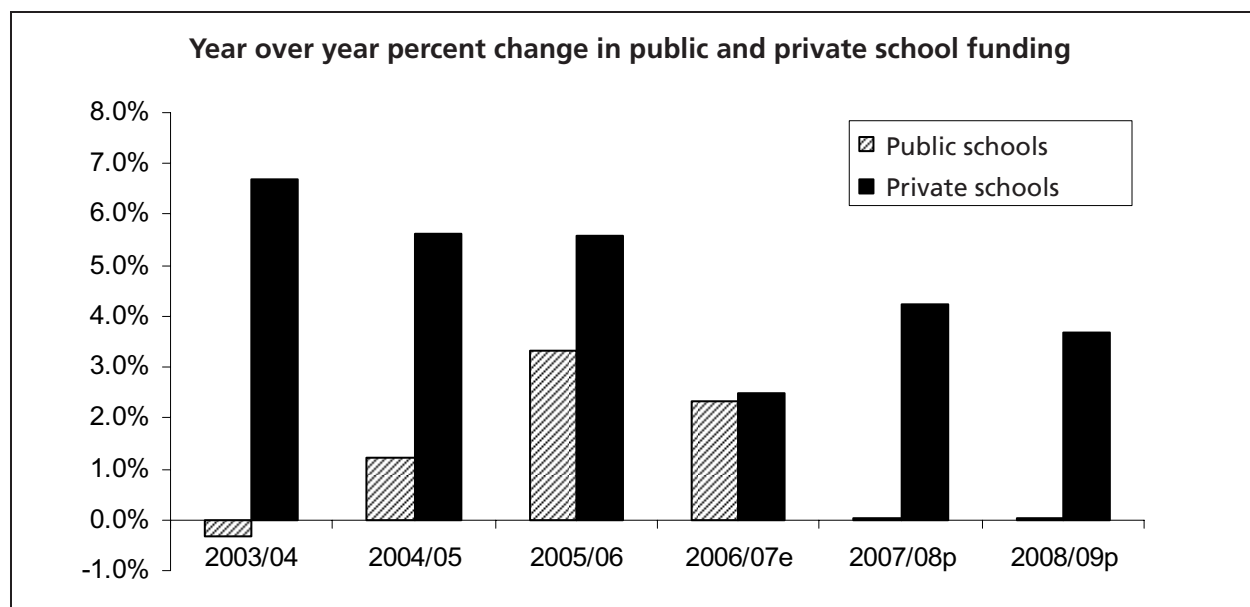
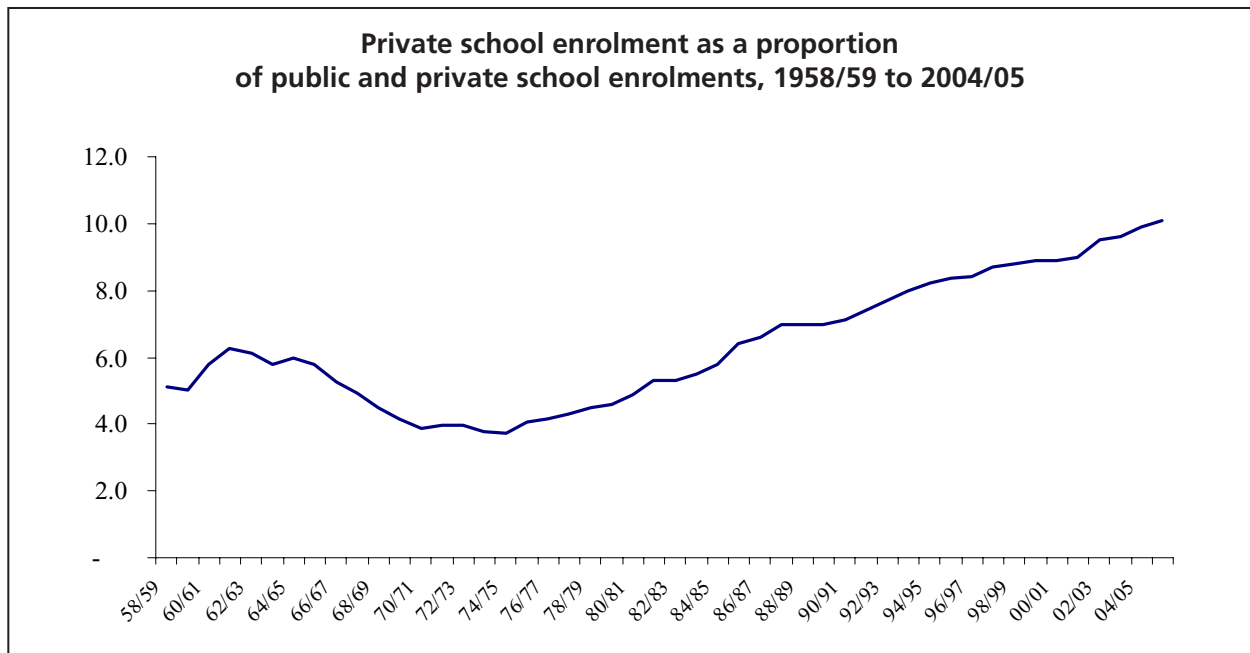
*Larry Kuehn
Director of Research and Technology*

FUNDING AND ENROLMENT INCREASES FOR PRIVATE SCHOOLS

For B.C.'s first century there was no public funding for private or religious schools. Throughout the 1970s, enrolment in those schools dropped to about 3.7% of the total school enrolment in the province. In 1977, the Social Credit government introduced public funding for private schools (called independent schools). Since getting public funding, enrolment in private schools has continued to increase and a larger and larger

share of the education budget has gone to these schools.

Approximately 10% of K–12 students in B.C. now attend a private school. A Vancouver School Board report indicates that in the 2005–2006 school year, 18% of all Grade 1 students in the district were enrolled in private schools.



A significant government policy change in 2005–2006 further increased the funding for private schools. The former funding rules provided Groups 1 and 2 private schools with 50% or 35% of the per capita expenditure for the school district in which the private school is located. This meant that these schools received that same 50% or 35% percentage for students with special needs. That policy changed in 2005 when the Minister of Education announced 100% funding to private schools for students with low incidence, severe forms of disability. When the province provided supplementary funding for special needs in September 2005, a total of \$1 million went to public schools and \$8.3 million to private schools.

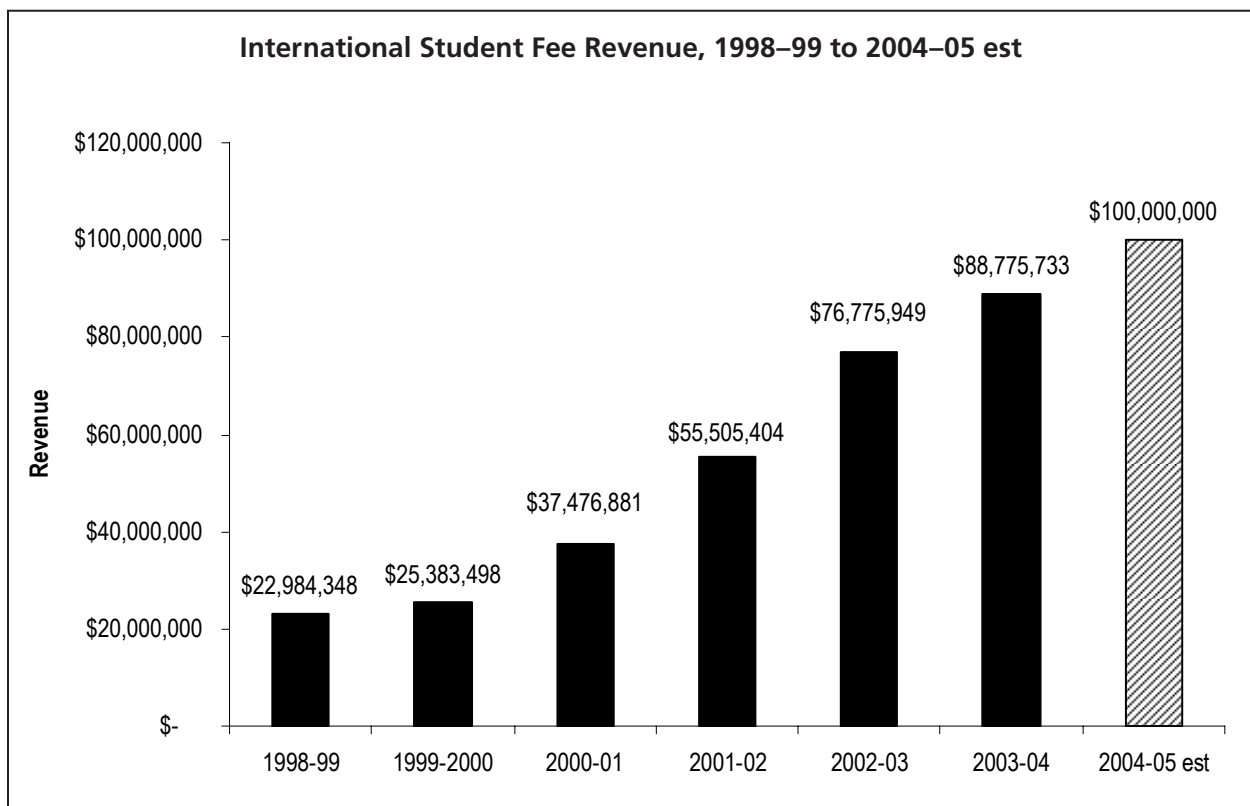
The provincial budget announced in February 2006 says that over the next three years the province intends to increase the expenditure on public schools by a total of 2.35%, but will increase its grants to private schools by 10.38%.

INTERNATIONAL STUDENTS IN PUBLIC SCHOOLS

International student tuition has been a major area of income growth for school districts since 2000. These are primarily students who attend B.C. public schools to learn English.

The amounts shown in the graph may understate the actual totals because some districts run their international student programs through a school district business company and may have included tuition revenue as business company revenue and not reported it separately. Business companies have only a limited requirement to make public reports.

School districts have very different abilities to attract international students and thus the subsidy to district services to Canadian students varies greatly. International students are generally charged tuition in the range of \$11,000–\$12,000, with West Vancouver now



Source: District audited financial statements

charging \$14,000. This is about double the provincial grant for each Canadian student in the public schools. This difference is used in a variety of ways to supplement services, as well as extensive expenses for recruitment and administration.

West Vancouver was the district with the highest per capita income from international students in 2004–2005. The districts with the greatest total income from international students were Coquitlam with \$15 million and Vancouver with \$11.9 million. The volatility of income from international students is illustrated by Abbotsford, whose income fell from \$5 million to \$3.3 million between 2003–04 and 2004–05.

The lucrative income from international students has been noticed by the B.C. Progress Board, a group set up by the B.C. Liberal government to give advice on the economy. The group has recommended that “international education needs to be fully integrated into British Columbia’s efforts to diversify its economy and build an internationally recognized set of trading relationships.”

The Progress Board suggests that the government set up an organization modeled on Tourism BC to coordinate public and private international education providers. They note that a number of school districts have not been successful at attracting international students and they encourage the government to see it as a form of regional economic development outside the urban school districts. They say the government should provide districts with funding for travel, marketing campaigns and seed money for project development.

The group contends that international education needs a B.C. brand that promotes that “the province provides good health care and has an excellent education system.” They describe the “Dogwood Certificate” for

graduation as a “market drag” because it has no meaning in the international marketplace. They suggest renaming it the “Western Canadian Secondary Graduation Certificate” and offering it domestically and internationally in conjunction with Alberta. They think that marketing of international education should be assigned to the Ministry of Economic Development, rather than the Ministry of Education.

SCHOOL DISTRICT BUSINESS COMPANIES

Legislation in 2002 allowed school districts to create business companies that would operate to sell education. The major rationale given at the time was to allow school districts to set up schools overseas. These schools were to offer B.C. programs taught by teachers with certificates from B.C. and to offer the Dogwood secondary school diploma. Profits from the schools were to be turned over to the public school board that owns the company. By setting up business companies, the school boards would escape liability for losses, should they not make a profit.

The business companies have not done as well as expected by those who brought in the legislation. Only a minority of school districts have created business companies. While twenty schools were identified when the legislation was brought in as possibly becoming B.C. schools, only four have completed the process. Most of the other possible B.C. schools now have private companies and agents, rather than school district business companies, as their potential partners in B.C. The Progress Board points out that the Ministry of Education “accreditation services tend to generate little or no net revenue” and that the B.C. overseas secondary programs should be linked to specific B.C. post-secondary institutions so “a guaranteed flow of students could result.”

School district audited financial statements for the 2004–2005 school year show profits from some companies, but overall losses by others. Most of the profits have been from international students, which have proved lucrative whether the revenue goes through a business company or directly to the school district. The New Westminster district business company had the largest reported loss in 2004–05 of \$374,930, while the Gulf Islands reported a loss of \$113,563.

Despite the lack of substantial success, some additional districts are planning to create business companies. Kamloops, for example, is planning to set one up to offer online tutoring to Japanese students, even as tutoring services from India are setting up to offer online tutoring in North America.

CORPORATE INCURSION IN SCHOOLS

It takes relatively small amounts of money to open the door of schools to corporate programs. A few examples give a sense of what is happening in B.C. schools.

Ronald McDonald goes to school

The Ronald McDonald Go Active School Show appeared in about 100 schools in B.C. in 2005. Its message is to keep your body active, and McDonald's doesn't directly push its burgers or other products, however the subtext is implicit in the Ronald McDonald character. Victoria parent, Joanne Arnold, expressed to the Times-Colonist her anger at "the implicit association between healthy living and McDonald's." Her daughter asked her "Why was Ronald there" when I tell her "the food's not good for her."

What could lead all these schools to give a tacit endorsement to McDonald's? The McDonald's web site gives a suggestion: "The first 100 schools to submit their program results at the completion of the

program will be awarded \$200 in phys-ed equipment credits per class, up to a maximum of five classes or \$1,000 per school."

Costco reading program

The Costco Wholesale Volunteer Reading Program has come to a Kelowna school. Costco employees volunteer an hour a week to work with children who are at risk at a local school. Costco provides the tutors with training and the "Sound Reading Solutions" developed in the U.S. as the tutor tool.

Oil and gas booty for small city schools

The Petroleum Services Association of Canada is offering 10 grants of \$1000 each to K–12 schools in communities smaller than 15,000. The money is for projects related to math, science, computers...or the oil and gas industry.

Gifts with unintended consequences

One of the large law firms in Vancouver donated 40 computers being replaced in an upgrade, to one of the inner city schools. However, the Parent Advisory Committee was then encouraged to use its provincial funding (from the Lottery gambling funds) to purchase software for the computers.

Barista readers

Starbucks employees volunteer to read to kids in at least one Vancouver school. The store also provides funding based on parents coming into the school as well as its employees volunteering. Starbucks helped a class do a neighbourhood cleanup, then took all the kids to Starbucks for a hot chocolate. One of the community activities listed on the Starbucks web site is book drives—they ask customers to contribute books for the schools.

Ads with report cards

The Surrey school district is probably the "leader" in the advertising business. Teachers at the end of the school year were asked to staple material that was clearly advertising

to the report cards for the kids to carry home. The district has sold the name of its community/school theatre to a company and promotes affinity discounts to student families.

FUNDRAISING BY BUSINESSES

While some corporations use a small portion of their public relations or advertising budgets to get into the schools, others ask customers to donate, and then the business takes credit for the grant to the school. As Vancouver parent Patti Bacchus has said, business requests for donations frames “resources for public schools as a charitable cause, as opposed to something for which our government is responsible through the distribution of equitably collected tax dollars.”

Indigo books for school libraries

The bookstore, Indigo, for example, created an “Indigo Love of Reading Fund.” When a customer purchases one of their fundraising items, the proceeds go to the fund. Customers are also encouraged to add a donation when they purchase a book at Chapters or Indigo. Schools can apply to the fund for an order of books from the company. While schools are happy to have more books in their library, only a few schools can improve their library this way, rather than funds being available for adequate school libraries everywhere. Indigo gets good publicity, and sells more books at the same time.

PARENT FUNDRAISING

Lack of adequate funding has pushed Parent Advisory Committees (PAC) into more and more fundraising. Several years ago, parent groups estimated that \$30 million per year was raised provincially. That was probably a significant under-estimation.

A PAC at one of Vancouver’s elementary schools sent home a brochure asking for a \$100 donation from each family for learning resources. The brochure called for 100% participation, placing families that could not afford it in an embarrassing situation.

The B.C. Society for Public Education (BCSPE) carried out a survey of Vancouver Secondary schools in the 2004–2005 school year that showed 17 schools were expecting to raise \$680,000 for the year. The largest use of the funds was on computers and software. (www.bcspe.ca/RESEARCH.htm)

The \$50 per student going to each of the schools and school districts from the money not paid to teachers and other staff during the October strike may relieve a little of the fundraising pressure for a short time. However, fundraising should not be the major function of parent organizations. As the BCSPE says, “The Ministry of Education is required, by legislation, to provide adequate learning resources for all students who are participating in the educational program. Relying on parent fundraising to provide basic learning resources is a form of private subsidy and can lead to significant inequities between schools.”

PRIVATIZATION OF SUPPORT SERVICES

The Deputy Minister of Education’s plan for “Shared Business Services” would open the door for privatization and contracting out. The plan calls for various support services to be offered on a shared basis, fitting with earlier talk of regionalizing services. His proposal talks about contracting in and contracting out services. The process of making these changes would offer an open field for privatizing services that are currently provided by each school board.

A recent survey by Ipsos Reid conducted for the Canadian Union of Public Employees shows widespread public opposition to privatization of school services such as custodial, maintenance or other services. Two-thirds (67%) said they oppose privatization of these services and almost half (47%) were strongly opposed. Only 29% support this privatization, with just 11% saying they strongly support it.

SEMI-AUTONOMOUS PUBLIC/ PRIVATE ORGANIZATIONS

Janice Gross Stein describes the neo-liberal idea of the nature of the state being one where government “steers, not rows.” In other words, the state sets direction (steers) and provides funding, but the work (rowing) is to be carried out by agencies and organizations at some distance from the state. The state uses data-driven accountability systems to keep control from a distance, rather than taking direct responsibility for delivering a service.

This clearly describes the current situation in B.C. public schools. Boards are given responsibility for delivering services, but the nature and extent of the programs is controlled through accountability contracts with the province and limits on the funding provided.

A number of services with a provincial scope are also being handed off from the Ministry of Education. The approach is to set up organizations registered as societies and run by representatives of organizations and school districts. The ministry defines their terms of reference and then gives them a grant to carry out the work, rather than the ministry doing this directly. The accountability of the organization is defined through the *Society Act*, rather than through the public accounts required of direct government expenditures. This disguised

form of privatization has been used to hand over important public policy issues such as developing school leadership and directions in online learning.

British Columbia Education Leadership Council (BCELC)

BCELC is a registered society that says it “is in the business of educating leaders of BC’s K–12 schools.” Its objectives are “to manage K–12 leadership succession challenges” and “to bring coherence to new and existing leadership development programs.” (*bcelc.ca*)

This organization was handed \$5 million by the Ministry of Education as start-up funding. In addition to the \$5 million, it has received \$250,000 to fund action research projects of 300 schools in the Network of Performance Based Schools. Despite its apparent independence of government by being a registered society, the president is Rick Davis, a Ministry of Education employee.

BCEd Online

BCEd Online is another semi-autonomous organization that includes public school districts, private schools, the private sector (technology-related companies) and the Ministry of Education.

The very broad scope of the organization is demonstrated in its statement of purpose:

“The role of the organization is broad-based and provincial in scope. BCEd Online provides leadership in the development and management of online content, including courses and learning objects. It acts as an advocate for learners, teachers and administrators by seeking to inform and influence government policy and programs for online learning. It demonstrates leadership in providing professional development opportunities for educators engaged in online learning activities.

It provides a single access point for communication and coordination of activities involving the private sector. Finally, it develops and implements research frameworks and research projects designed to effectively evaluate online learning content and activities.”

In the initial development of BCeD Online, teacher representatives through the provincial specialist associations played a role in its activities, particularly in the professional development aspects. However, when the organization was formally structured, only administrator representatives of school districts and representatives from private schools were included.

The ministry has provided funding to BCeD Online to carry out a number of activities. It was given \$450,000 for pilot programs on the use of online learning in small school districts and was the conduit for funds to school districts for laptop classroom pilots. BCeD Online received \$13,000 from the job action savings to run a Principles of Math 12 tutoring program.

BCeD Online has also undertaken policy roles that one would have expected to be carried out by government. It has been developing digital learning content standards that will compliment, and be integrated with, the online Delivery Standards for K–12 schools in British Columbia. This approach by-passes public processes conducted by government, handing off public policy discussion to this semi-autonomous organization with its links to private industry that may benefit from the policy advice it gives to government.

BCeSIS—BC enterprise Student Information System

BCeSIS is a system for keeping information about all students in B.C. public and private schools in a centralized database with web-based access by users.

Plans for a centralized system of this type go back to the late 1980s. At that time, this centralized approach was rejected, both because the technology was not adequate for such a task yet, and because of concerns about the privacy and control issues inherent in a centralized database. The experience so far with BCeSIS is that the technology still is not ready and the privacy and control issues still remain.

PRIVATE TUTORING SERVICES

Private tutoring companies, many of them owned by transnational corporations, have been expanding in response to parent insecurity about how well their children are doing. Sometimes these private agencies seek information from teachers about specific students, including student grades.

The BCTF sought a legal opinion on whether a teacher should supply information about an individual child, even if the parent signs a letter of consent to have the information released to the private tutoring company. The essence of the answer is no. Nor is it likely that an administrator can direct the teacher to do so. In fact, providing information may be prohibited under the privacy legislation.

The text of the legal opinion says:

“A teacher is required under the *School Act* to disclose such information if directed to do so by either the school board or the minister. It is very unlikely that a teacher is required to disclose such information in the absence of a direction to do so by either the school board or the minister. There is presently no ministerial order requiring that teachers disclose such information.

In certain circumstances both the school board and individual teachers may be prohibited from disclosing such information

under *FOIPPA*. In particular, to the extent that the information at issue contains personal information of third parties, disclosure may be prohibited under *FOIPPA*. It is important to note in this regard that *FOIPPA* contains significant “whistleblower” protection for employees who refuse to disclose information where the disclosure may be prohibited by *FOIPPA*.”

GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

The General Agreement on Trade in Services is a part of the World Trade Organization and came into effect with the formation of the WTO in 1994. Education is one of the areas described as a service that can be traded. However, most countries did not identify it as an area that they wanted included when they first signed on to the WTO and GATS.

In the recent rounds of WTO negotiations, some countries have pushed to expand the coverage of education in the trade rules. Education International, the global education union organization that BCTF belongs to through the Canadian Teachers’ Federation, has lobbied governments to keep education out of any expansion of the GATS. The BCTF has put forward this position to both the federal and provincial governments as well.

Once education is commercialized and covered under trade rules, the trade rules can take precedence over government policies. The previous federal government said that it would keep public education out of the GATS, but would not exclude private education from GATS. As can be seen in this report, the lines between public and private have been blurred and it is necessary to keep all of education out of the GATS in order to protect public education.

BCTF WORKSHOPS ON PRIVATIZATION AND COMMERCIALIZATION

Parent Workshops

The Big Blue Sky—*New*

Schools used to be places where you could see the big blue sky, free of advertising clutter. This presentation examines corporate sponsorship in our schools. Increasingly, corporate logos and exclusive sponsorship agreements are seen in our schools. In these changing times, the question becomes: Are schools a marketing place or a learning community?

Find out what the research tells us, what corporate leaders say about these incursions into our school systems and why parents should be concerned.

You’ll come away with useful tips to assist you in your parent advocacy role.

Born to Buy—*New*

Do your children ask for brand names when you’re shopping with them?

This presentation examines increasing pressures on teens and “tweenies” (9- to 14-year olds) by marketing companies who are targeting them to buy their products. Billions of dollars are at stake. Find out about the negative effects of relentless consumerism on your children, and gain practical tips to deal with it.

Teacher Workshops

(under development)

Sources of information about privatization and commercialization in education

B.C. Society for Public Education
(*bcspe.ca*)

BCTF Public Education Not for Sale
(*bctf.ca/NotForSale*)

Canadian Centre for Policy Alternatives
(*policyalternatives.ca*)

Canadian Teachers' Federation
(*www.ctf-fce.ca*)

Canadian Union of Public Employees
(*cupe.ca/www/privatization*)

Charter for Public Education Network
(*charter.publiced.ca*)

Council of Canadians
(*canadians.org*)