

**LESSONS IN LEADERSHIP:  
PERSPECTIVES ON CORPORATE MANAGERIALISM  
AND EDUCATIONAL REFORM**

[Gerald Galway](#), *Memorial University*

Between 1970 and 1990 enrolment in Newfoundland and Labrador schools dropped by 22 percent. The first wave of major educational reform (1990 to 2000) saw massive reductions in public school expenditures and the reduction of more than 1650 teachers. Facing continued enrolment loss and a large current account deficit, in 2004, government again consolidated school districts. In this paper I examine the 1997 and 2004 reforms and argue that the “rationalization” agenda set by government was aggressive—driven primarily by fiscal and corporate factors. While the reforms accomplished their corporate goals, they also resulted in educational and organizational costs which should be weighed against potential benefits.

**Introduction**

Education systems have always been in the vanguard of those organizations impacted by social and economic change. Shifts in demography, changes in family structure, financial uncertainty, and changing public expectations all translate into new demands upon school systems. To help navigate the changing educational landscape, governments across Canada have turned to various forms of expert advice and enacted a range of political-democratic processes. Over the past quarter century several provinces undertook a series of commissioned studies, program reviews, accountability and performance initiatives, and strategic plans, all of which fed significant reform of education systems. Many of these adjustments and reinventions—packaged under the broad banner of “restructuring”—were seen as a means of keeping education current,

relevant and responsive as policymakers tried to negotiate the problems of fewer students, unstable budgets, and new expectations for schools. One of the most fundamental reorganizations took place in Newfoundland and Labrador, where, by constitutional amendment, the 150 year-old denominationally-based system of education was replaced by a secular public system (Fagan, 2004).

As governments have struggled with the problem of adequate funding for public services, competition and other market-based principles have emerged as alternatives to government regulation and a means of expenditure reduction. McCann (2012) argues that education systems were targeted as one social sector where efficiencies could be gained. Using the Newfoundland and Labrador experience as a point of reference, this article examines the economic arguments for educational reform made by governments and their agents. In it, I explore how the language of competitiveness, efficiency and accountability dominated public discourse in the 1990s and became a principal driver of the educational reforms of 1997 and 2004. I identify some lessons from the consolidation of schools and school boards and raise questions about educational restructuring policies that are driven primarily by economic benefits without due consideration of their social costs.

### **Educational Efficiency and the Accountability Movement**

At the macro level, Canada's investment in education tends to be relatively strong. Considering both private and public spending on education, Canada's investment in education (6.0 percent of GDP in 2008) is slightly above the Organisation for Economic Co-operation and Development (OECD) average (5.8 percent) and similar to other G7 member nations including the United States (7.2 percent), France (6.0 percent), and the United Kingdom (5.7 percent)

(OECD, 2011). Notwithstanding Canada's favourable ranking on most international indicators of economic performance there is significant disparity among the economies of its ten provinces and three territories (Statistics Canada, 2011). While pan-Canadian equity has been a laudable goal, in effect, governments have largely failed in their attempts to equalize economic and social standards across provinces and territories. There is considerable variation in relative educational funding levels across provinces and this disparity—expressed in terms of per-student expenditures—seems to be driven both by government ideology (what provinces are willing to invest) and by their capacity to fund education. Table 1 below provides comparative data on educational spending, by province for 2004–05. In terms of their actual per-student public school expenditure, the four Atlantic Provinces were ranked, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup>. The table also provides a key indicator of educational effort: *per-student expenditure as a percent of GDP per-capita*. With the exception of Newfoundland and Labrador (which showed the third highest *actual* increase in per-student expenditures) the other three Atlantic Provinces are ranked 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> in terms of educational effort. These figures accentuate differences in educational investment across provinces, but they also show that generally, the Atlantic Provinces have placed a high priority on education, relative to their economic capacity. From the perspective of actual expenditures, however, funding has historically trailed the central and western provinces, making any opportunity to achieve efficiencies all the more attractive to governments in this region.

**Table 1: Comparative education finance statistics, by province, 2004–05.**

<i>Province</i>	<i>Public School Expenditure per Student</i>	<i>Rank</i>	<i>Percent Increase from 1998–99</i>	<i>GDP per capita</i>	<i>Public School Expenditure per Student as a Percent of GDP per capita</i>	<i>Rank</i>
NL	\$8,075	8	39.1	\$37,566	21.5%	9
PEI	\$7,583	10	38.1	\$29,173	26.0%	3
NS	\$7,728	9	36	\$31,871	24.2%	5
NB	\$8,653	7	33.2	\$30,549	28.3%	1
PQ	\$8,663	6	29.9	\$35,118	24.7%	4
ON	\$9,267	3	22.6	\$41,702	22.2%	8
MB	\$9,394	1	30.9	\$34,174	27.5%	2
SK	\$9,031	4	46.1	\$40,228	22.4%	7
AB	\$9,346	2	40	\$58,397	16.0%	10
BC	\$8,960	5	20.4	\$37,421	23.9%	6

*Source: Statistics Canada (2007, 2009b and 2009c)*

Many authors (e.g., Aucoin, 1995; Ungerleider, 2003; Levin, 2003) agree that the educational accountability movement began to emerge in the late 1980s and early 1990s; however, the discourse of educational efficiency has had a much longer history. In Raymond Callahan’s 1962 book, *Education and the Cult of Efficiency* he argued that the objectives of efficiency and cost-effectiveness were evident in how early 20<sup>th</sup> century schools were administered, and that these objectives were often achieved at the expense of high quality teaching and learning. Callahan observed that the way schools were conceptualized followed a business model; they were seen less as places where children could be provided a high quality education and more as taxpayer-funded institutions to be managed efficiently. Economists began to develop units of measurement such as the “student-hour” and calculate comparative indicators for different subject disciplines, such as the *cost per student-hour*. Cost differentials among

subjects, for example, mathematics *versus* history, were considered to be problems to be corrected. Educational finance began to be thought of in terms of the “price” or “cost of service” rather than as an investment in future social and economic stability.

Interest in educational efficiency was rekindled in the 1950s when Milton Friedman, an American economist and public intellectual, began a movement to advocate for school choice. Friedman argued that public school systems propagated stagnancy and ineffectiveness because schools were not organized according to the principles of the free market economy (Friedman, 1953/1962). These and other similar claims fuelled the development of the school voucher system in the United States. Callahan (1962/2009) called this kind of preoccupation with the economics of education the “cult of efficiency.” Although there is evidence of this “bean counter” approach to educational funding in Canada (e.g., most provincial grants are still fundamentally enrolment-based, even though the resource needs of schools are quite different across school communities) the notion of education as an investment in social and economic well-being is a more common way of conceptualizing education today.

After World War II, the poor state of the economy dominated public discourse. Like the approach advocated by many of those countries severely affected by the 2009 global economic downturn, governments in the post-War period managed their economies using Keynesian economic policies. These spending policies are widely believed to have contributed to the difficult economic times of the 1980s, and early 1990s when the prime interest rate reached 21.5 percent in the United States<sup>1</sup> and government deficits in Canadian provinces mushroomed. Macklem, Rose and Tetlow (1995) point out that Canada’s debt-to-GDP ratio<sup>2</sup> rose sharply in the last third of the 20<sup>th</sup> century. In the late 1960s the level of consolidated public sector net debt was

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<sup>1</sup> Source: Federal Deposit Insurance Corporation, *History of the Eighties—Lessons for the Future*, Vol. 1. December 1997.

<sup>2</sup> Defined as the ratio of government debt to gross domestic product (GDP) in Canada.

12.5 percent of GDP. By 1991 Canada's inflation rate was at 5.9 percent and by 1995 the debt-to-GDP ratio peaked at a staggering 71 percent before trending downwards toward the end of the decade, (Government of Canada, 2001). By the early 1990s Canadian foreign currency had been downgraded and its fiscal position relative to other G7 nations was a poor second-last. In a *Globe and Mail* article, Egan and Palmer (2011) outlined some of the radical changes engineered by the Chretien government of the day, intended to reduce dependence on government programs and limit the pace of spending:

Cuts ranged from 5 to 65 per cent of departmental budgets and included controversial cuts in transfers that help provinces pay for health and education, decisions that lengthened medical waiting lists for years to come. (p. 4)

Among the programs impacted by the federal government's belt-tightening were government-to-government transfers to (post-secondary) education. In Newfoundland and Labrador, for example, federal transfers for post-secondary education decreased by 49 percent between 1991 and 1996 (Government of Newfoundland and Labrador, 1999a).

During this period, as demands for more efficient use of public money grew, some governments began to change the way they thought about education and other public services. As new sets of neoliberal governance arrangements matured, there emerged a press for smaller, more effective and efficient public service delivery mechanisms—a new, “corporate” approach to public management. Advocates claim that these new corporate managerial arrangements were fundamentally driven by a desire to reconnect government with a disillusioned citizenry through visibly better productivity and the push for cost savings and a new service orientation. This involved infusing market-based, competition-driven strategies into public institutions while eliminating traditional authoritarian rules-based processes. Examples include devolution or quasi-privatization of public institutions and services such as airlines, utilities, schools and post-

secondary institutions, and allowing greater autonomy in front-line spending and decision making, with concomitant accountability mechanisms (Barzelay, 2001; Kettl, 2000). Corporate managerialism, however, has been widely criticized on the grounds that the goals and mandates of public institutions are not always consistent with the principles of competition and the free market (Dehli, 1996; Yeatman, 1998). Critics have charged that the shift to a corporate orientation was politically motivated. They suggest it represented a narrow approach to the provision of public services driven by corporate interests and not by any form of inclusive policy process which had, as its goal, better service to citizens (Avis, 2000; McWilliam, 2000).

The corporate managerial wave is thought to have been resisted by federal conservatives under the Mulroney Government, and, according to AuCoin (1995) never got implemented to the same extent as in other Commonwealth countries. Unfortunately, education systems were the notable exception. Echoes of the new philosophy began permeating school systems in the late 1980s and calls for education systems to demonstrate accountability and international competitiveness grew louder in the 1990s as provincial governments across Canada grappled with financial instability. Ungerleider (2003) reported that between 1990 and 2000 all jurisdictions in Canada reduced educational expenditures as policy makers turned their attention to performance and accountability. Early in the 1990s several jurisdictions started development work on provincially-based educational indicator and reporting systems while the Council of Ministers of Education, Canada (CMEC) working through the Canadian Education Statistics Council began work on a pan-Canadian indicators system. As these projects began churning out a series of operational efficiency and effectiveness measures, improvement on these indicators became a strategic goal of ministries of education and school boards alike.

Provinces also stepped up their efforts to quantify student learning by collectively participating in international assessment programs such as the Trends in Mathematics and Science Study (TIMSS) and the Program of International Student Assessment (PISA), introducing national standardized tests (the School Achievement Indicators Program—SAIP and the Pan-Canadian Assessment Program—PCAP), and developing provincial criterion-referenced testing programs (Young, Levin, & Wallin, 2007). While the quantification of student outcomes is useful evidence of accountability domestically, from the perspective of national and international competitiveness, it is also symbolic. Blackmore (1999) has argued that the effectiveness of education systems tends to be linked to perceptions about the competitive strength of regions and nations.

As part of the overall shift towards accountability, education ministries looked for opportunities to reduce or eliminate redundant or underutilized public services through program review exercises (which later became known by the softer moniker—program renewal). Governments also began to exercise greater surveillance over school board operations. Until the early 1990s there was little evidence of policies or review processes that would signal much in the way of centralized intervention in local school governance. As Lawton (1996) notes, the powers of provincial governments over school boards, as written in legislation are almost absolute; however prior to 1990, they had rarely been used. But, according to a report of the Canadian School Boards Association (CSBA), by 1995 provinces had already begun to press for school board reforms in six key areas: school board consolidation and boundary changes; changes in roles and responsibilities of school boards; creation of school/parent councils; school choice and charter schools; service delivery through cooperative ventures, and; the imposition of measures to promote greater accountability (Canadian School Boards Association, 1995). In the



intervening period, school boards do not appear to have regained much of the autonomy they used to enjoy. Many boards are now required by law to generate strategic/business plans, annual reports and audited financial statements that are tabled in provincial legislatures. In 1996, the government in New Brunswick eliminated school boards completely, while retaining school districts. In 2001 the province created *district education councils* (DECs) to provide local governance and community input in the education system (Government of New Brunswick, 2012) but the legislation governing the DECs stipulates that their policies must be consistent with “provincial policies and procedures, in matters relating to the authority given to the District Education Council, or the superintendent of the school district” (S.N.B. 1997, c. E-1.12, s. 36.9[5]). And there has been more direct political involvement—Dibbon, Sheppard and Brown (2012) point to several cases where provincial governments have intervened directly in the management decisions of school board trustees. They have documented several recent high-profile examples where political actors within provincial governments have publicly criticized or overturned the policies and decisions of school boards.

### **School System Consolidation**

#### *Economic and Social Arguments*

Structural reform, whereby schools are closed and consolidated and school districts are expanded or eliminated, has been one of the principal policy levers by which provinces have been able to reduce operational costs and demonstrate fiscal prudence. These reforms have been among the most publicly debated educational efficiency measures; claims and counter-claims about optimal school and district size, cost, and quality have been an enduring feature of educational debate in Canada.

A purely economic-rationalist approach to the organization of schooling holds that the system should adhere to a strict set of economic principles. One of those principles is *economy of scale*: larger (centralized) schools administered by fewer school districts covering a greater geographic zone equates to a more cost-effective (and potentially a higher quality) system. Hinz (2002) says that the orientation towards mass delivery of education actually began in the United States more than a hundred years ago as industry was becoming oriented towards mass production:

Using a similar line of reasoning, state governments and education experts called for more efficiency and expertise in education. These reformers advocated giving control of schools to education experts, removing it from communities and smaller local school boards. Bigger schools and districts were said to attract higher quality and more specialized staff while money would be saved as bigger units replaced smaller, more costly ones. (par. 21)

On a per-student basis, larger schools are less expensive to operate; they utilize space more efficiently; maximize course availability and capacity, and provide for optimal deployment of teacher resources. Operational costs for teaching and support services, information and communication technology, energy, food services, and maintenance tend to be lower because in larger schools there are more students per unit of almost any resource. Larger schools also afford greater flexibility in staffing and programming, and can usually sustain a more complete range of support services. Individually, for example, three small schools might not be in a position to offer advanced mathematics or music, but, reconfigured as one larger school, such programs become viable.

While most observers would likely agree that consolidation results in less duplication and more effective and efficient use of resources, not everyone accepts that structural reform necessarily results in a higher quality educational experience. Following decades of school and school district consolidation in the United States, some studies (e.g., Driscoll, Halcoussis, &

Svorny, 2003; Trani, 2009) have raised questions about the impact of large school districts on student achievement and attainment and there have been recent attempts to reverse the trend through special funding initiatives (Jones, Toma, & Zimmer, 2008). In a 2006 review of the literature on rural school consolidation, Bard, Gardner and Wieland concluded that much of the consolidation taking place in US states was driven by financial considerations without enough attention to the impact on “student achievement, self-concept, participation in extra-curricular activities, dropout rates, and on the community itself” (p. 44). A 2011 review of the US literature on school district consolidation undertaken by Howley, Johnson and Petrie (2011) concluded that larger district size has been shown to be negatively associated with academic outcomes for poor and minority students. Moreover, they argue that the push to maximize efficiency has caused policy makers to undervalue the symbolic and cultural impact of school and district consolidation:

District consolidation means schools are closed and children are sent elsewhere (most often to a different community). For local people, this literal result predictably carries substantial symbolic import that policymakers must understand and take seriously. (p. 10)

Opponents of consolidation argue that basing organizational decisions on economics, to the exclusion of other types of evidence, represents an antiquated policy framework. Student safety, attendance, busing distances, discipline problems and capacity for parent engagement are among a range of alternative factors that several writers in this field believe should be evaluated as part of a broader social policy analysis on how school systems are organized (Cotton, 1996; Meier, 2004). Jacobowitz, Weinstein, Maquire, Leukens and Fruchter (2007) conducted a study examining student and teacher demographic characteristics, student outcomes, and organizational and instructional practices that contribute to positive learning environments. Their data, collected over a ten year period from 67 New York high schools, suggests that,

notwithstanding the fact that small high schools (500 or fewer students) tend to attract less qualified teachers and serve student populations with greater needs than large high schools, they demonstrate higher outcomes, as measured by graduation and dropout rates, than large high schools. Other studies have focused on process indicators which, in a standard input-process-output model are widely believed to impact student outcomes. For example, Jones, Toma, and Zimmer (2008) showed that school attendance rates are lower in large high schools (and large school districts) than in smaller schools (and districts) and that this irregular attendance is a precursor to dropping out.

#### *The Newfoundland and Labrador Context*

The claim that “bigger is not necessarily better” has been one of the central arguments of those who have opposed consolidation in favour of smaller, community-based schools. This argument places governments in an untenable position; as policy makers face a growing press for fiscal accountability, school consolidation efforts are met with resistance by organizations and community alliances who oppose amalgamation. One of the most extensive and polarized school consolidation exercises in recent history was the 1997 restructuring of Newfoundland and Labrador’s system of denominational education. In his 1988 book on denominational education in Newfoundland, McKim described the prospect of large scale structural reform as a “vexed question.” Although the issue was highly sensitive, both socially and historically, bitterly divisive, and politically radioactive, there were compelling economic reasons for large scale consolidation. The unfolding of the “business case” for reform was a key plank in the 1992 Report of the Royal Commission of Inquiry (the Williams Commission), entitled, *Our Children*,

*Our Future*. This excerpt from its *Summary Report* set the direction of the Commission's findings:

The establishment of this inquiry into the school system has come at a crucial time in our history. Profound political, social and economic changes throughout the world are prompting educators everywhere to reassess the effectiveness and efficiency of their education systems. Despite the significant gains made in education over the past two decades since the report of the last Royal Commission on Education, there remains throughout the province a widespread and well-founded concern about the quality and direction of schooling. (p. 1)

When the Williams Commission brought down its recommendation calling on government to restructure the education system in Newfoundland, the accountability movement was gaining strength in Canada. Accordingly, the Commission spent a good deal of its report addressing issues of fiscal accountability. The new government under Premier Clyde Wells was facing possibly the worst five-year economic forecast of any province in the federation. Although some of the contributing factors to school reform—such as enrolment decline and duplication of infrastructure—were already well recognized, the economic currents that pushed the reform of the education system in 1997 were hard to ignore. The 1990s ushered in a period of extreme economic uncertainty in Atlantic Canada. The decline and eventual closure of the \$700 million Northern Cod fishery affected some 31,000 fish harvesters and processors, the vast majority of whom lived in Newfoundland and Labrador (Government of Newfoundland and Labrador, 1999a). A resulting wave of unemployment, out-migration and urbanization dominated the social and political agenda of the provincial government for the remainder of Premier Wells' term in office and beyond. It was a time when the public and political spotlights turned to education. Throughout his term in office Wells maintained an approach to public service management that was closely aligned with his roots in the business sector. McCann (2012) observed that the Wells' *Strategic Economic Plan* called for a “revamped education

system [that] would train a flexible workforce with an entrepreneurial outlook suitable to the new economy, to which business will be attracted by favourable tax rates” (p. 89).

The arguments to reform the Church-run system were both ideological and pragmatic, but, given the economic context, the Williams Commission’s emphasis on the pragmatic was timely and strategic. While acknowledging the significant investment the churches had made to the development of education, the Commission took the stance that the continued involvement in the administration of public funds was no longer reasonable, nor viable. Education was delivered by three separate denominationally-based systems and the Commission charged that this arrangement was over-administered and duplicative and that these redundancies—presently underwritten by the taxpayer—could no longer be tolerated, especially in light of the fiscal and demographic challenges facing the province. Families were getting smaller and this meant a mounting overcapacity in the school system. Fertility rates, which had been among the highest in the world, were now among the lowest. The tri-denominational educational structure had been slow to recognize the implications of such a profound drop in student enrolment and had no comprehensive plan to consolidate and adjust capacity. As noted by the Commission, “it was not uncommon to see three small denominational schools representing each of the recognized denominations in a community with fewer than 100 students in total” (Government of Newfoundland and Labrador, 1992, p. 121). Even though the churches did voluntarily undertake some consolidation, almost 90 percent of schools had enrolments fewer than 500 students. The Commission, with access to accurate demographic projections, understood that the downward enrolment trend which had begun in the 1970s would only accelerate through the 1990s. Lack of funding for education, the Commission claimed, had become a recurring theme. School boards, many of which could be consolidated, had accumulated almost \$200 million in debt and deferred

maintenance. It was unlikely, according to the government, that the problem of underfunding could be addressed without a massive reorganization. The Commission estimated some \$21.3 million in annual savings could be realized under a non-denominational structure with maximum consolidation; the government pledged to reinvest this money in the new system by funding improvements in educational programs and services.

### *Impacts of Structural Reform*

The ten year period between 1990 and 2000 was punctuated by numerous restructuring debates, referenda, senate hearings, constitutional amendments, and legislative changes. The result was that the province of Newfoundland and Labrador closed 200 of its 543 schools and reduced the allocation of teachers to reflect a smaller student population attending a single non-denominational school system. Perhaps the direction set by Williams Commission resulted in too much efficiency for the system to absorb. As Table 2 illustrates, although per-student expenditures increased (the result of enrolment decline), by the end of the decade, total public school educational expenditures were, in fact, lower than they had been ten years earlier in 1989–90, the year on which the Commission based its financial analysis. Over the period of “rationalization” (1989–90 to 1999–2000) more than 1650 teaching positions were dropped from the system and by 1999 there were urgent calls from parents, school boards and other stakeholders to re-examine the way the system was resourced, in particular, the provincial model used to allocate teaching positions to school boards.

**Table 2: Enrolment, teachers and public school expenditures, Newfoundland and Labrador, 1989–90 to 1999–00.**

<i>Year</i>	<i>Total Enrolment</i>	<i>Full-Time Equivalent Teachers</i>	<i>Total Public School Expenditure (millions)</i>	<i>Percent change from previous year</i>	<i>Per-student Expenditure</i>
1989–90	130,109	8035	\$519.7	-	\$3994
1990–91	127,029	8015	\$544.1	4.7	\$4430
1991–92	125,133	7951	\$546.8	0.5	\$4514
1992–93	121,772	7885	\$579.8	6.0	\$4915
1993–94	118,273	7769	\$602.1	3.9	\$5256
1994–95	114,010	7521	\$562.1	-6.6	\$5099
1995–96	110,456	7259	\$535.9	-4.7	\$5021
1996–97	106,205	7101	\$569.0	6.2	\$5535
1997–98	101,608	6705	\$528.1	-7.2	\$5197
1998–99	97,401	6453	\$513.3	-2.9	\$5271
1999–00	93,957	6372	\$517.2	0.8	\$5309

*Sources: Department of Education, Government of Newfoundland and Labrador: Education Statistics, 1989–90 to 1999–00 & Post-secondary Indicators '98*

From a political perspective, one of the realities of managing a system in continuous enrolment decline is that there are limits to how far efficiency measures can be taken. One thing we can learn from the Newfoundland and Labrador experience is that when education systems are contracting the political ground is also continually shifting. As Ozga (2000) has observed, these are uncertain and risky times; education policy is no longer accepted by a “trusting and quiescent public.” More than ever, educational policy is a process of negotiation with a diverse and impatient public. Such was the case in the aftermath of the newly restructured education system. Facing growing pressure from school boards and the public, in 1999—just two years after reforming the system—government made a decision to appoint another task force to take on the job of resolving a mounting list of system-level grievances. The *Ministerial Panel on*



*Educational Delivery in the Classroom* brought in its report in 2000. Several stakeholder groups praised the work of the panel, in particular, how it handled the difficult task of developing a model of teacher resourcing that was sensitive to the needs of small, rural schools during a period of enrolment decline. However, its recommendations, including equipping schools and hiring teachers for more on-line learning, cost government more than \$20 million in the first year of implementation alone (Government of Newfoundland and Labrador, 2000). The changes, introduced in the 2000–01 school year were welcomed by school boards, but the problems of staffing schools during a period of continuous enrolment downturn means that resource models are very difficult to sustain. Just three years after the new funding model was implemented, in 2003, the Newfoundland and Labrador Teachers Association (NLTA) presented to government and school boards a brief titled *Putting the Teacher Back in Teaching*. In the brief the NLTA called for increases in teaching and school board positions, more school-based secretarial and technical staff and teacher assistants to assist with non-teaching duties in schools. While there was no immediate action on the brief, in 2006, the government of the day under then Premier Williams, appointed yet another commission to “address the limitations of the current Teacher Allocation Formula” (Government of Newfoundland and Labrador, 2007, par. 6). The report of the so-called Shortall Commission recommended enhancements to the provisions of the allocation model developed by the Ministerial Panel in 2000, noting that “changing demographic trends have warranted a reassessment of the province’s teacher allocation practices” (p. 20). Among the recommendations was a decrease in class size (with class size caps), more specialist teachers, more teachers for rural and remote schools, and the provision of additional student resource (special education) teachers.

Education commissions have become a standard fixture on the Canadian educational landscape and seem to run in cycles—in Newfoundland and Labrador, about every six to ten years. As both governments and the educational landscape changed, policy makers struggled to respond to the shifting demands of their constituents. The governance of education systems takes place in a political arena; therefore, policy makers are faced with achieving that tenuous balance between public accountability and political expediency, and they do so, normally within a short window—between election cycles. Commissions are a useful way of buying time for policy shifts to be planned and funded. They also serve a more pragmatic purpose—that of externalizing or deflecting difficult educational problems from government by referring them to the “best expert advice available.” A perfect example of this occurred in 2004, when Newfoundland and Labrador’s newly-elected conservative government again targeted education to help balance the books. Faced with a large current account deficit, the province announced plans to further consolidate school districts in an effort to achieve \$6 million in administrative savings. The plan called for a reduction in the number of school districts on the island portion of the province from nine to four—eliminating five central offices—with the remaining boards covering significantly larger geographic regions. In its justification for the change the government made the following argument:

Given that enrolment is projected to decline further; possibly reaching 60,000 students by 2011, further consolidation of school boards is warranted. Just four years after the 1996–97 reorganization, the ... Report of the Ministerial Panel on Educational Delivery in the Classroom (2000) considered recommending further school board consolidation. It stated: “...some \$13.8 million is dedicated to the operation of school board offices, and efforts to achieve efficiencies through future board consolidation would seem achievable and necessary within the next several years.” (Government of Newfoundland and Labrador, 2004)

Government was able to achieve its projected budget reductions, but most of the “savings” came from personnel: senior district management, professional staff and support staff. In a *School Board Restructuring Transitional Committee Orientation Document* sent to “interim boards” during spring, 2004, government stipulated a pared-down staffing model with a significantly reduced complement of district management and program specialists (Government of Newfoundland and Labrador, 2004).

The reforms that took place in Newfoundland and Labrador represent a case study in how corporate managerial principles were mobilized to gain public support for a more cost-effective education delivery model. Both the first and second wave of reforms accomplished government’s immediate economic goals, but we should recognize that there were negative consequences of consolidation that were felt by individuals, schools, school boards and communities. Dibbon, Sheppard and Brown (2012), Sheppard (2012), and Green (2012) explore some of the implications of the two rounds of system restructuring in Newfoundland and Labrador and raise questions around issues of centralization of governance, authority of school boards and treatment of staff. Their analysis of the fallout from the system restructuring of 1997 and, more particularly the school district restructuring of 2004 provides an important set of perspectives that recast these reforms in a rather more critical light. In what follows I consolidate some of this research and suggest several “lessons” that may be instructive for future education policy discussions relating to structural change.

## **Lessons from Structural Reform**

### *Lesson One*

- ◆ Restructuring means downsizing; but downsizing does not translate into proportional budget savings.

When excess capacity is created in an organization, the principles of efficiency require that it be reduced. In a school system, however, capacity is more than classroom space; it extends to teaching resources, support services and other inputs. Teacher and staff reductions require careful planning and must be undertaken with consideration to redundancy provisions, differences in teacher and/or staff collective agreements, fair and manageable seniority and transfer policies, and adequate human resources in the receiving school(s) or district(s). For example, during the 2004 merger of school districts in Newfoundland and Labrador there were two different public sector labour unions representing support staff and two different collective agreements that had to be harmonized, requiring additional resources. Consolidation also usually means higher overall busing expenditures, additional transportation costs for students to participate in afterschool activities, costs for new construction and renovation, and expenses for the disposal of buildings and equipment. When the enrolment surge of the post-war baby boom had run its course, rationalizing the additional capacity in Newfoundland's schools was a stated goal of government. The standard policy responses led to large numbers of school closures, teacher layoffs, hiring freezes, and service reductions. The closure of 200 schools and loss of 1650 teachers between 1990 and 2000 created considerable system upheaval. Over the next decade these reductions sparked a series of adjustments to government's funding model as it became clear that budget savings from consolidation could not be accrued in direct relation to student enrolment loss.

*Lesson Two*

- ◆ Forced consolidation creates tension.

With the exception of Alberta and Nunavut, school enrolment is declining in all provinces and territories. Between 2001–02 and 2007–08, enrolment declined in the four Atlantic Provinces faster than any other province, with a decline of 17.1 percent in Newfoundland and Labrador<sup>3</sup>, 11.8 percent in Nova Scotia, 10.2 percent in New Brunswick and 10.1 percent in Prince Edward Island (Statistics Canada, 2011). These enrolment trends have impacted school boards across the country and underscore the need for school boards to demonstrate that they are willing to operate within a context of finite financial resources<sup>4</sup>. When bussing distances are reasonable and provision can be made for students to participate in afterschool activities, the only realistic and appropriate option may be the rezoning of students to other schools. But consolidation should not be forced and must be accomplished in a reasonable and humanistic way. Michael Apple, in his 2004 book entitled, *Ideology and Curriculum*, says that schooling is “inherently a political and moral process” (p. 12) and the factors influencing how we organize schooling are not only economic, but also political and more importantly ethical. Schools have always been foundational to community and regional cohesion. It is now appropriate to re-examine our standard approaches to school/district closures and consolidation such that social and community costs are weighed against economic benefits. It is also fitting to ask questions about whether such actions run counter to provincial goals for regional sustainability, such as:

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<sup>3</sup> FTE enrolment in Newfoundland and Labrador declined a further 4.7 percent between 2007–08 and 2011–12 and now stands at 68,729 (Government of Newfoundland and Labrador, 2012).

<sup>4</sup> For example, school district amalgamations, staff reductions and cuts to operating grants were recently announced in New Brunswick, Nova Scotia (Government of New Brunswick, 2012; Nova Scotia School Boards Association, 2012) and a school board governance review is underway in Prince Edward Island (Government of Prince Edward Island, 2011).

how will provinces conceptualize small communities in the future?; can a school help to grow a community?, and; what are the prospects for a community after its school is closed?

### *Lesson Three*

- ◆ Structural reform creates personal conflict.

One of the greatest governance tasks for education organizations is caring for its people—energizing, motivating, and encouraging them so that they feel valued, continue to learn, and contribute to the achievement of organizational goals. Mary Green has studied the consolidation of school districts in Newfoundland and Labrador in terms of its impact on those charged with implementing top-down reforms and on those directly affected by those changes. Drawing on ethnographic research conducted in one school district Green (2012) suggests that the reform processes of 1997 and 2004 accomplished the corporate goals set by government, but failed to meet a reasonable standard of basic care and concern for individuals. Throughout the repartitioning process, Green argues, senior managers were positioned in contradictory ways creating ambiguity between their personal values and the professional responsibilities required by government. Her research describes how some of the same senior staff members who had given their life's work to building up the school district were charged with breaking it down, placing them into forced retirement or unemployment. One lesson for policymakers considering structural reform is that efforts must be made to lessen the personal tensions associated with a redefined organizational structure. Educational changes must be undertaken in compassionate, generous and nurturing ways, where care for individuals becomes a genuine core value.

*Lesson Four*

- ◆ Restructuring plans must take greater account of their impact on teaching and learning.

For policy makers, the challenges posed by declining enrolments are daunting. Many of the arguments for educational consolidation are difficult to refute, but achieving efficiency and fiscal accountability through downsizing has demonstrable impacts on the student learning agenda of schools. While acknowledging long term benefits, Sheppard (2012) reports that during the 10–15 year period leading up to and after the 1997 and 2004 reforms, attention to student learning was at a low point. His research with senior educational leaders depicts a school system that was mired in political controversy and consumed with the task of trying to implement two successive rounds of structural change. This is not to suggest that school systems should never be changed or that there are no positive outcomes from educational reform. Levin (2005) acknowledges the spent energy and distraction associated with district amalgamation, but points out that there are often compelling reasons for such changes, including the potential to improve teaching and learning. In terms of long term impacts on the conditions for learning Dibbon and Galway (2012) give a positive appraisal of education reform in Newfoundland and Labrador. However, consolidation inevitably results in a long period of transition during which there is loss or changes in personnel, greater centralization, the potential discontinuation of programs and learning initiatives and the disruption of community partnerships. It is only now, in the wake of educational reform, that researchers have been able to deconstruct and understand how such changes have the potential, at least in the short term, to dampen the environment for teaching and learning in schools. According to Sheppard, aggressive and forced consolidation agendas distract school districts from their focus on authentic student learning. His own research and his review

of the empirical evidence support a reform model where school districts would play a more central role in shaping the reform agenda so that the pace of change does not compromise student learning. Future policy discussions related to structural change ought to include such research as part of informed discourse.

*Lesson Five*

- ◆ Structural reform must be married to new education delivery models.

The way we deliver school programs is changing and will continue to change. Future reforms should focus not only on efficiencies in the organization of district offices and school buildings but also on how new technologies can be deployed to help deliver high quality learning experiences, especially in low-enrolment rural schools—something all provinces are likely to have more of in the future. If projected demographic trends continue, teaching positions will inevitably be lost from the system. Even the most robust educational funding models will not be sufficient to fund a full suite of programs offered through traditional, classroom-based teaching in all schools. The notion of one teacher—one class may no longer be a viable and effective model in all contexts. Several provinces have been developing good models of e-learning in web-based classroom environments, and these are constantly being refined and improved upon (Barbour, 2010). Future restructuring schemes, therefore, should consider how program delivery innovations might be harnessed to sustain educational quality while forestalling the closure of a community school.

*Lesson Six*

- ◆ Large-scale restructuring may signal changes in school district governance.



Historically, school boards have been free to make educational decisions independently from the daily machinations of provincial politics, provided they act within boundaries specified in the legislation that governs them. However, research suggests that after education reform in Newfoundland and Labrador, there was a fundamental shift in the power relationships among the ministry, schools boards and directors of education. Dibbon, Sheppard and Brown (2012) assert that boards became less autonomous, more bureaucratic, and more distantiated from the constituencies they were elected to serve. They describe a post-reform education system that is more centralized and more sensitive, in its day to day operations, to provincial politics. While this shift may be evident to those closely connected to the governance and administration of education, these researchers assert that the gradual and subtle centralization of school governance has not been as clear to parents or to members of the general public. They argue that new contractual demands for district directors, different recruitment practices and interference in board decisions signified government's intention to further centralize school governance. Therefore, before embarking on large-scale structural reorganizations, school boards and the communities they serve would do well to review legislative provisions for local school governance in their province and to discuss and clearly define their vision for the successor school board.

### **Summary**

Given that enrolments in some regions of Canada are likely to continue on their present downward course, it seems inevitable that ministries and school boards will turn to various forms of consolidation to remain efficient and accountable. This article argues that current economic-rationalist approach to school and district consolidation is an impoverished model and that the

parameters on which we base decisions about structural education reform need to be broadened. Canadian and US research has provided enough evidence to cause us to reconceptualize educational restructuring in purely economic terms. The logic of consolidation, which seems self-evident—create economies of scale and redirect savings to improve and expand educational programs (or to fund other priorities)—is flawed. Claims about the financial benefits of consolidation are problematic in that they are often mired in political rhetoric. Furthermore, the assumptions behind such claims tend to oversimplify the complexity of structural reform. At the conceptual stage, it is difficult, if not impossible to accurately predict the administrative, human resource, transportation, and construction costs associated with consolidation. Even when savings are realized, as in the case of the 1997 and 2004 reforms in Newfoundland and Labrador, such economies tend to be short-lived and come at the expense of considerable system-level upheaval. Regrettably, some consolidation proposals may serve little purpose beyond their usefulness as a signal to the public that governments are looking for ways to deliver services more efficiently.

The impact of structural change on the well-being of individuals, schools and communities will undoubtedly receive more attention in the future. Already there is good reason to reject consolidation models that do not account for the intangible costs of education reform. If policy makers continue to repeat a corporate-driven formula for educational restructuring, without thoughtful reflection about its consequences, they run the risk of repeating a pattern of educational upheaval that, may well result in harm to students, educators and school communities. The lessons from education reform in Newfoundland and Labrador suggest that some of the negative fallout of school system consolidation can be predicted. Furthermore, with

attention to these lessons, jurisdictions might mitigate these harmful impacts and embrace the opportunities for innovation in delivery methods that declining enrolments present.

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