



School District No. 63 (Saanich)

2011/12 BUDGET BACKGROUNDER - AFTER BOARD DECISIONS

On June 28, 2011, the Board of Education addressed a budget shortfall of \$1,518,835 to submit a balanced budget pursuant to the School Act. The Board applied reserves of \$1,073,669, increased net revenues by \$292,316 and implemented expenditure reductions of \$152,850. These budget changes are especially significant as they follow 2009/10 reductions of \$3.6 million and 2010/11 reductions of \$3.416 million.

The Board previously asked the Minister of Education for grants of \$2.828 million to avoid the reductions that affect students and to restore services recommended through the working group process but that request was denied.

1. **UTILIZATION OF RESERVES**

The 2011/12 Operating Budget utilizes reserves of \$1,073,669. Saanich has been fiscally responsible, planned over time and built up reserves to cover increasing cost pressures through school closures, increasing local revenues and not adding services that were unsustainable. The reserve applied this year includes a release of holdback funds from the province of \$171,289 and \$902,380 which the Board had previously accumulated.

Reserves are like savings accounts that once utilized, are depleted. Therefore the use of reserves for ongoing operating costs results in increased pressures for reductions in following years.

2. **SUMMARY OF 2010/11 CHANGES IN REVENUES**

Increase Revenues:

➤ Continuing Education	\$134,540	
➤ International	510,300	
➤ SIDES	(363,000)	
➤ Rentals Leases	20,000	
➤ Services	101,711	
➤ Municipalities	<u>16,826</u>	
		\$ 420,377

Less Increased Expenditures to Earn Revenues:

➤ International Costs	(405,000)	
➤ Continuing Education	(86,061)	
➤ SIDES Reductions	<u>363,000</u>	
		<u>128,061</u>

Net Revenue Changes \$ 292,316

3. **REDUCTIONS IN PROGRAMS AND SERVICES**

School Administration	\$85,000	
Portable Reductions	44,000	
Part Time Teacher Benefits	<u>23,850</u>	
Total Expenses		\$ 152,850

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4. **SUMMARY OF 2011/12 BUDGET CONCERNS**

1. The District utilized an extensive process which reviewed all budget areas in detail and the result outlined that there were no efficiencies left to make.
2. The cost of providing and sustaining our educational programs has increased by \$26.9 million since 2002 while government funding to Saanich has increased \$10.3 million leaving a shortfall of \$16.6 million. We realize all districts share in government's ability to increase the amount of funding available but those with increasing enrolment receive an allocation to partially address this challenge.
3. Saanich made reductions and increased revenues by \$8.465 million since 2006/07 but is still left with a current structural shortfall of \$3 million.
4. Reserves have been managed over time to reduce impact but this budget can only be cushioned by \$1,073,669. As reserves are only one time funding, this will need to be offset with further reductions next year.
5. Enrolment decline over the next four years and the resulting difference between funding reductions and associated offsetting cost results in Saanich facing further reductions of over \$3 million in the next four years. We know that if our enrolment was growing, after adding classroom services, the district would have funding to add other services. Our analysis shows that if we had grown by 1,405 students instead of declined since 2005/06, Saanich would have garnered \$9 million for other programs and services over and above funding associated classroom costs.

5. **BUDGET**

In keeping with its guidelines, the approved 2011/12 annual operating budget will retain the percentage of the budget for instruction and reduce the percentage of the budget spent on district administration:

Expenditures	2011/12 Budget With approved Reductions	% of Budget	2010/11 Amended Budget	% of Budget
Instruction	\$60,435,829	84.98%	\$60,835,796	85.21%
District Administration	2,347,370	3.30%	2,315,443	3.24%
Operations and Maintenance	7,043,445	9.90%	6,961,668	9.75%
Transportation	1,291,244	1.82%	1,281,965	1.80%
Total Expenditures	\$71,117,888	100.00%	\$71,394,872	100.00%