



2011/12 BUDGET CHALLENGE

– Background Information –

**This document provides background information about
School District No. 63 (Saanich)**

DEMOGRAPHICSStudents in Regular Schools

6,929.50 FTE as of September, 2010 - down 160 students from September, 2009.

In addition, the district provides educational services through electronic delivery (SIDES) for 870.0625 FTE students.

Overall enrolment is projected to decline next school year by about 168 FTE net of an increase of 75 full day kindergarten additions and is projected to decline by another 526 FTE out to 2015 where the district will level off at about 6,100 FTE students

Schools

17 School Sites:

- 3 Secondary Schools, Grades 9 – 12
- 3 Middle Schools, Grades 6 – 8
- 8 Elementary Schools, Grades K – 5
- The district also has a Distance Education School (SIDES), the Children's Development Centre and the Individual Learning Centre Schools.

The school district has closed six elementary schools and opened one new school in September, 2008.

Closed schools: Durrance, Beaver Lake, Sansbury, Greenglade, McTavish and Saanichton Elementary Schools

New school: KELSET Elementary School

Size of Total Operating Budget

\$71.39 million

Sources of Revenue

88.9% from Provincial Grants

8.6%, or \$6.1 million from local revenues such as community use of facilities, international program, investment revenue, lease of unused facilities, and Local Education Agreement.

The balance is funded by \$1.77 million or 2.5% of carry forward savings reserves.

Local Taxation Revenue

None. All residential and non-residential school taxes flow to the general revenue of the province to offset the overall cost of public education in BC.

Employees

1100 individuals on regular staff. This equates to 786.41 full time equivalent positions.

Collective Agreements with Staff

| | |
|---------------------|--|
| Teachers: | Provincially negotiated. |
| CUPE Support Staff: | Locally negotiated with areas of provincially mandated language. |

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**The following is a list of commonly asked questions about
our budget and fiscal situation.**

1. How does enrolment decline affect the 2011/12 budget and how will continuing enrolment decline affect the district?

The projected enrolment decline of 168 students will result in a funding reduction of \$1.551 million which can be offset by direct expenditure reductions (teachers and supplies) of \$404,873 so the district is faced with considering other reductions to services to pay for the difference of \$1.146 million. For this year, the Province provided funding protection to cover this shortfall. The Ministry of Education has written that the funding protection is unsustainable into the future.

Without funding protection, the per pupil funding allocation which takes away more funding than can be offset by the associated costs results in a picture over the next four years of a shortfall of over \$3.5 million as depicted below:

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Four Year Total |
|---|------------------|----------------|------------------|----------------|--------------------|
| Impact of Enrolment Change | | | | | |
| Loss of Prior Year Enrolment Decline Grant | 531,088 | 403,434 | 839,844 | 669,144 | 2,443,510 |
| Decline Grants due to Enrolment Decline of 168 in 11/12 | 1,424,036 | | | | |
| Decline Grants due to Enrolment Decline of 246 in 12/13 | | 1,668,864 | | | |
| Decline Grants due to Enrolment Decline of 196 in 13/14 | | | 1,329,664 | | |
| Decline Grants due to Enrolment Decline of 85 in 14/15 | | | | 576,640 | 4,999,204 |
| Enrolment Decline Grant & changes – 2011/12 | -403,434 | | | | |
| Enrolment Decline Grant & changes – 2012/13 | | -839,844 | | | |
| Enrolment Decline Grant & changes – 2013/14 | | | -669,144 | | |
| Enrolment Decline Grant & changes – 2014/15 | | | | -290,190 | -2,202,612 |
| Reduction in Staffing and Supplies 2011/12 | -404,873 | | | | |
| Reduction in Staffing and Supplies 2012/13 | | -592,860 | | | |
| Reduction in Staffing and Supplies 2013/14 | | | -472,360 | | |
| Reduction in Staffing and Supplies 2014/15 | | | | -204,850 | -1,674,943 |
| Net Cost of Enrolment Decline | 1,146,817 | 639,594 | 1,028,004 | 750,744 | 3,565,159 |

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2. What New Cost Pressures were faced by the district during the 2010/11 school year that need to be included in the 2011/12 budget?

There were a number of increased costs that arose during the 2010/11 school year that were not known at the time of the original budget as follows:

| | | |
|---|----------|-----------|
| Custodial Replacement | 150,000 | |
| Medical Services Premium Increases | 109,468 | |
| CPP and EI Adjustment | 66,264 | |
| Teacher Salary Cost for Medical and Maternity | 150,000 | |
| Personalized Learning | 20,000 | |
| BC Hydro Rate Increase | 30,369 | |
| Saanichton | 70,000 | |
| Class Composition Support | 150,000 | |
| Special Education Support | 240,000 | |
| French Education Assistants | 26,611 | |
| Facilities Re-organization | 55,000 | |
| Other Expenditures | (82,534) | |
| Reserves Utilized in Preliminary Budget | 600,000 | |
| | | 1,585,178 |

3. What are the new cost pressures faced by the district in 2011/12?

| | | |
|---|----------|---------|
| Municipal Pension Plan Increase | 144,207 | |
| Special Education | 27,450 | |
| Continuing Education | 91,584 | |
| Medical Services Plan | 44,871 | |
| Estimated Other Benefit Plan Increases | 11,964 | |
| School Protection Plan Increase | 38,092 | |
| Office of the Secretary-Treasurer to 100% | 42,550 | |
| BC Hydro Rate Increase | 23,934 | |
| Premium Holiday for Teachers | (86,022) | |
| | | 338,630 |

4. Does the Board have further Reserves to draw upon like some other school districts?

The School District supports school based budgeting and allows schools to carry forward reserves for larger one time equipment expenditures. As well the district has a contract with the Ministry of Education which outlines that surpluses from the Distance Education School must stay with that program. It is expected that schools will have a reserve of about \$2 million at school year end. The district will also retain about \$300,000 to fund equipment needs for the new North Saanich Middle School and other capital projects.

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The School District has other reserves that the Board will consider utilizing for the 2011/12 shortfall rather than their intended uses:

| | | |
|--------------------|------------------|---|
| Capital Facilities | \$300,000 | – To support equipment needs of schools |
| BCESIS | \$200,000 | – To support implementation of Student Information System |
| Other | <u>\$402,480</u> | – To support future unexpected expenditures |
| Total | <u>\$902,480</u> | |

5. Where has the Board made significant reductions to services over time?

In past years, Saanich School District has initiated the following measures to address the shortfall from enrolment decline and cost pressures exceeding funding levels:

- Reduced teaching staff by 11.1% (46.8 FTE positions)
- Approved budget reductions of \$ 8.47 million or 12 % of our budget since 2006
- Completed five school consolidations by September 2008
- Introduced a significant school technology plan with local capital to reduce operating costs
- Utilized shared services for purchasing, energy management, WorkSafe claim management
- Improved our facilities to make energy cost savings
- curtailed the expansion of playground space
- leased our unused space to the community
- moved our Sidney learning centre to a closed school.

The district has reduced \$22.47 million (or 31.4% of our budget) in services since 1995/96 from all functional areas of our system.

6. Have administration and overhead costs been reduced and how does Saanich compare with other school districts?

Saanich has made reductions in overhead areas over many years as we continue to focus more resources on the classroom. We currently budget 85.2% of our budget in instruction versus the provincial average of 83.6%. Our district office administration cost is 3.2% of our budget and operating and maintaining our schools at 9.75% versus provincial averages of 3.2% and 11.3% respectively. Our school administrators serve on average 281 students versus the provincial average of 215 students.

Reductions of \$917,789 were made to the administrative areas of the budget over the past two years.

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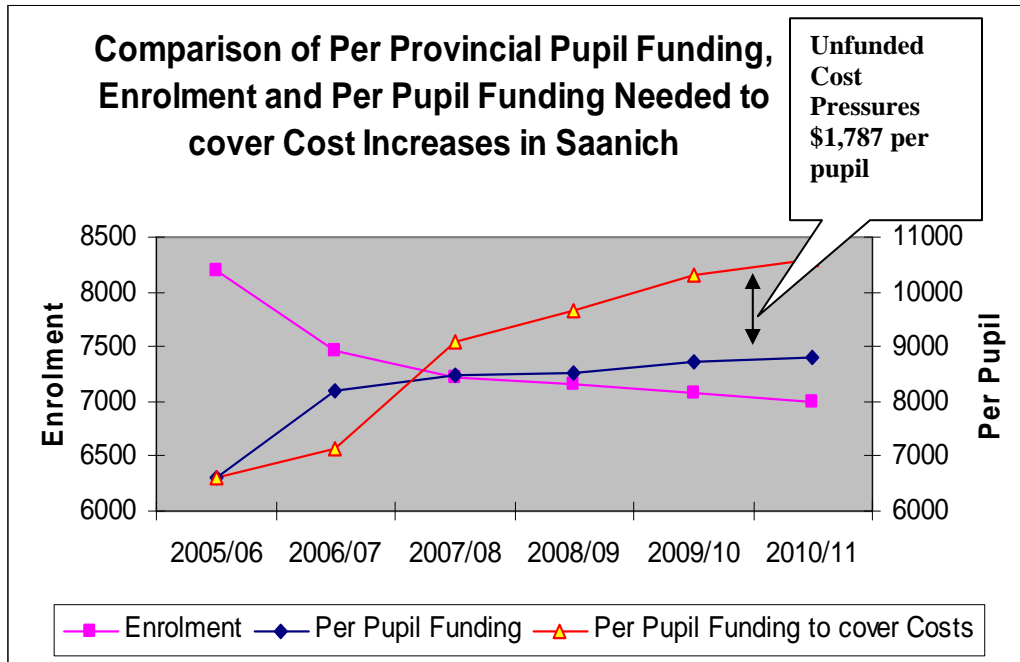
7. Has Government increased funding to cover the cost pressures and does enrolment decline cover the costs?

The following outlines that funding from the province has increased \$3.2 million since 2006/07 with the costs of doing business increasing \$16.9 million over the same period. The Board has increased local revenues, closed schools, and made significant reductions to services to balance their budgets. The chart below outlines that enrolment decline does not make up the difference.

Summary of Change in Funding and Costs between 2006/07 and 2010/11:

| | | |
|---|-------------|----------------------------------|
| Increased Grants from Government-increase only in 2006/07 | | (3,229,918) |
| Other Local Revenues (International, Leases, Interest) | | <u>(1,651,450)</u> |
| Total Change in Revenues | | (4,881,368) |
| Reductions from Enrolment Decline (includes 38.18 FTE teachers) | | (2,635,210) |
| Savings from School Closures (4 Years) | | (1,886,000) |
| Increased Costs of Doing Business | | |
| Salary and Benefits | 12,246,113 | |
| New Program Mandates | 1,057,702 | |
| Class Size and Composition Requirements | 784,418 | |
| Special Needs | 1,129,372 | |
| Carbon Tax, H1N1, HST, Utilities, BCeSIS | 416,921 | |
| Supplies and Equipment | 456,231 | |
| School Clerical, HR and Info tech staffing | 539,166 | |
| International Program Costs | 286,113 | |
| Total Cost Increases | | <u>16,916,036</u> |
| NET STRUCTURAL SHORTFALL 2006/07 to 2010/11 | | <u>7,513,458</u> |
| Reductions made in 2008/09 | (301,165) | |
| Reductions made in 2009/10: | | |
| Teaching Staff | (1,306,917) | |
| Administration | (314,593) | |
| Supplies, Services, DRC, etc. | (1,077,238) | |
| | | (2,999,913) |
| Reductions in Preliminary Budget 2010/11 | | |
| Reserves | (600,000) | |
| Teaching Staff | (757,014) | |
| Support Staff | (116,438) | |
| Supplies and Services | (368,252) | |
| Overhead | (1,092,638) | |
| Revenue | (408,173) | (3,342,515) |
| Reserves Utilized in 2010/11 Final Budget | | <u>(1,171,030)</u> |
| Balanced Budget | | <u><u>0</u></u> |
| Reductions/Adjustments Since 2006 | | |
| Annual School Closure Savings | | (471,500) |
| 2008/09 to 2011/12 | | (6,342,428) |
| Increasing Revenues | | <u>(1,651,450)</u> |
| Total | | <u><u>(8,465,378)</u></u> |

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This chart depicts that enrolment decline in Saanich does not pay for the ongoing cost pressures and the School District is short \$1,787 per pupil.

8. What is the 2011/12 Structural Operating Shortfall?

The School District has a structural shortfall which occurs when available revenue lags persistently and chronically behind that which is required to pay for the delivery of publically mandated programs and services.

| | |
|---|---------------------|
| Enrolment Decline (See question 1) | \$1,146,817 |
| Expenditures Funded by Reserves in 2010/11 (See Question 2) | \$1,585,178 |
| 2011/12 New Cost Pressures (see question 3) | <u>\$ 338,630</u> |
| 2011/12 Structural Operating Shortfall | \$ 3,153,159 |
| Reduced by Funding Protection (may be one time) | (\$1,551,690) |
| One Time Reserves (see question 4) | <u>(\$ 902,480)</u> |
| Net challenge for 2011/12 | \$ 616,455 |

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9. How will Saanich address this shortfall?

The Saanich Board of Education established six Technical Working Groups in November 2010 to review in detail all programs and services in Saanich School District. The membership totaled 61 people and included teachers, support workers, school administrators, managers and parents.

Through this review, working groups were to determine what is affordable with government grants, what is being supplemented by local revenues and what is the gap to **fully** meet the educational needs of students. The key findings of these groups were:

- The district has significantly increased local revenues to supplement government funding.
- The district has reduced programs and services to a minimum level and is using its funding effectively to meet student needs.
- The district has made administrative efficiencies.
- The district spends more in the instructional area than other like-sized districts.
- There is a gap of \$3.6 million between what is spent today and what should be spent to provide optimal services for students.
- The focus for any further reductions or increases in revenue should be on:
 - Eliminating portable classrooms
 - Reducing replacement staffing costs
 - Ensuring an appropriate balance between class size and other teaching services like library, counseling, special education
 - Evaluating the value of an adjusted school calendar, such as a two week spring break
 - Increasing local revenues such as international students and rental rates for community use of facilities
 - Continuing to evaluate shared district services with the two other local school districts.

The Board will utilize their Budget Advisory Committee – a group of 14 representative people and their management team who will review the working group reports and recommend a budget plan to be debated by the Board.

10. When does the school district intend to adopt the district budget and how can the public participate in the decisions to be made about the budget?

The Board has established the following timelines and consultation process to finalize its budget in order to effectively staff our schools for the next school year:

| | |
|-----------------|--|
| April 12 | School Communities Meeting Bayside Middle School 3:30 p.m. |
| April 19 | Public Budget Meeting Bayside Middle School 7:00 p.m. |
| April 27 | Public Board Meeting to consider the Budget School Board Office – 2125 Keating Cross Road 7:00 p.m. |