

## 2011/12 Operating Budget - Background Information -

### 2011/12 Operating Budget

May 12, 2011

The following provides additional information to the May 10 response from the Minister of Education concerning the Board of Education's submission of the 2011/12 operating budget.

#### A. Funding Increases versus Cost Pressures Over the Last Ten Years:

The Minister's letter outlines that the district received a funding increase of \$10.3 million or \$2,198 per pupil over the last ten years which is accurate but does not take into account the cost pressures faced over the same period which resulted in significant reductions to programs and services for students. As the chart below outlines, the district required additional funding of about \$27 million or \$5,682 per pupil to fully cover all costs and retain services.

School District No. 63(Saanich)	<u>Dollars</u>	<u>% Change</u>	<u>Per Pupil</u>
<b>Funding Increase 2002 to 2012</b>	\$10,302,606	18.58%	\$2,198
<b>Less Cost Pressures of Doing Business:</b>			
Distributed Learning	(4,538,470)		
Employee Salaries and Benefits	(14,076,037)		
Special Needs	(3,973,470)		
New Program Mandates	(1,057,702)		
Class size and Composition	(884,418)		
Carbon Tax, HST, Utilities, BCeSIS	(440,855)		
Supplies and Equipment	(534,323)		
School Clerical, HR, Info Tech			
Staffing	(539,166)		
International Program Costs	(691,113)		
Continuing Education	(177,645)		
<b>Total Cost Pressures</b>	<u>(26,913,199)</u>	<u>(48.54%)</u>	<u>(5,682)</u>
<b>Shortfall</b>	<u><b>(\$16,610,593)</b></u>	<u><b>(29.96%)</b></u>	<u><b>(\$ 3,484)</b></u>

**B. Review of the Funding Allocation System:**

The letter outlines that the Technical Review Committee will review the funding allocation formula and funding protection supplement to ensure it is fair and equitable. Districts in enrolment decline are affected differently by the allocation formula versus those in growth. If Saanich had enrolment growth of 1,062 students instead of our decline over the past ten years, the funding to the district would have increased by an estimated \$20 million or 36% (enrolment increase of 12%) and the district would have faced a shortfall of only \$9.4 million (\$7.2 million less than actual). This is a direct result of the funding formula providing more funding than needed to provide programs and services for increasing enrolment. The Board has the following three questions:

- What are the Terms of Reference, including consultation process and timeline for decisions, for the Technical Review Committee?
- How can the district be involved in providing advice and information to the committee?
- How will equity and fairness be evaluated in any changes to the formula?

**C. Strategies to Develop a Balanced Budget:**

The letter also outlines that the Board must establish strategies to manage the operating budget within funding levels provided. In past years, the Board of Education 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
- Closed six schools and consolidated populations of two into one new elementary school resulting in five fewer elementary schools
- 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
- 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.

The district has worked diligently to reduce costs in all functional areas of our system and increase local revenues to cover the \$17 million (or 24% of our budget) shortfall over the last ten years.