



## 2007/08 BUDGET CHALLENGE

### – Background Information –

This document provides background information about School District No. 63 (Saanich) and its finances based on the 2006/07 school year

#### DEMOGRAPHICS

Students in regular schools

7,455 FTE as of September, 2006

- down 153 students from September, 2005

In addition, the district provides educational services through electronic delivery for 570.5 students

Overall enrolment is projected to decline next school year by about 253 FTE and is projected to decline by another 224 students in 2008/09.

Schools

19 School Sites:

- 3 Secondary schools, grades 9 – 12
- 3 Middle schools, grades 6 – 8
- 9 Elementary schools, grades K – 5

The district also has a Distance Education School, the Children's Development Centre and two Learning Centre Schools

The school district has closed four elementary schools: Durrance, Beaver Lake, Sansbury and Greenglade and approved the closure of McTavish and Saanichton Elementary schools into a new school in September, 2008

Size of Total Operating Budget

\$60.0 million

Sources of Revenue

94.3% from Provincial Grants

5.7%, or \$4.8 million from local revenues such as community use of facilities, international program, investment revenue, lease of unused facilities, other Ministries such as Children and Families, and carry forward reserves from previous years.

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

900 individuals on regular staff. This equates to 750 full time equivalent positions.

Collective Agreements with Staff

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



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

**1. How does enrolment decline affect the budget?**

The projected enrolment decline of 223 students will result in a funding reduction of \$1.42 million which can be offset by direct expenditure reductions (teachers and supplies) of \$720,000. The district is faced with considering other reductions to services such as school closures to pay for the difference.

Over the next two years, Saanich is forecasting a decline in enrolment of 477 students and as a result a net shortfall (after direct expenditure reductions) from enrolment decline of \$1.69 million.

**2. How is Saanich planning for enrolment decline and preservation of services to students?**

Savings from school closures to date are \$462,000 annually and a further reduction of another elementary school would net another \$250,000 annually.

As well, to help offset enrolment decline funding shortfalls, the district has purposely set aside \$1.5 million annually by not spending all of the additional funding from 2005/06 and 2006/07.

The district has also expanded other revenue sources such as our international student program, lease of unused space and electronic delivery programs through our distance education school.

**3. What other changes is the district facing for 2007/08?**

In 2007/08, revenue to the district will decline by \$1.7 million after taking into account enrolment decline, changes to the funding allocation formula and funding for salary settlements. The district also faces additional cost pressures as follows:

● Employee Benefits	\$ 180,000
● Teacher Salary Increments	\$ 270,000
● Insurance Premiums	\$ 5,000
● Salary and Pension Increases	\$2,038,322
● Teacher Preparation/Time	\$ 115,000
● Trades Preparation Course Equipment	\$ 60,000
● Security System Upgrades	\$ 110,000
● Health Authority Contract Increases	\$ 14,918
● Software Maintenance Contract Increases	\$ 5,000
● School Fees	<u>\$ 130,000</u>

Total	\$2,928,240
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#### 4. What is the result in 2006/07?

With prudent fiscal planning, the district is able to balance the 2007/08 budget as follows:

- |   |   |                    |
|---|---|--------------------|
| ● | 2007/08 Funding Reduction   | \$1,705,438        |
| ● | 2007/08 Cost Pressures  | <u>\$2,928,240</u> |
| ● | Total Challenge   | \$4,633,678        |
|   |   |                    |
| ● | Can be Paid For by:   |                    |
| – | Unallocated 2005/06 funding   | \$ 871,043         |
| – | Unallocated 2006/07 funding   | \$ 628,191         |
| – | School Consolidation savings  | \$ 462,000         |
| – | Prior Year carry forward reserves   | \$3,355,922        |
| – | Enrolment decline cost reductions   | \$ 720,038         |
|   |   |                    |
| ● | This would leave a carry forward surplus at the end of 2007/08 of \$1,403,516 to apply to the 2008/09 shortfall or other spending priorities. |                    |

#### 5. What is the longer term year picture?

As the prior year carry forward reserve is a one time available funding source, the structural ongoing shortfall for the district is \$1,952,406. Reductions will need to be made in the future to address this shortfall.

This shortfall increases over time as enrolment continues to decline and planned reserves are depleted. The shortfall is expected to grow to \$3.9 million by 2010.

#### 6. Do these funding shortfalls and resulting reductions to services affect students and their achievements? Historically Saanich's student achievement continues to improve.

It takes 13 years to educate a child and produce the graduation achievement results achieved in Saanich. Only the future will tell how the reductions of today affect the results of the future. Saanich School District will continue to offer a wonderful educational environment to our students thanks to the dedication and professionalism of our staff. Our best resource is our staff and after years of service reductions and protecting the staff closest to students, we must now consider reductions to those staffing allocations.

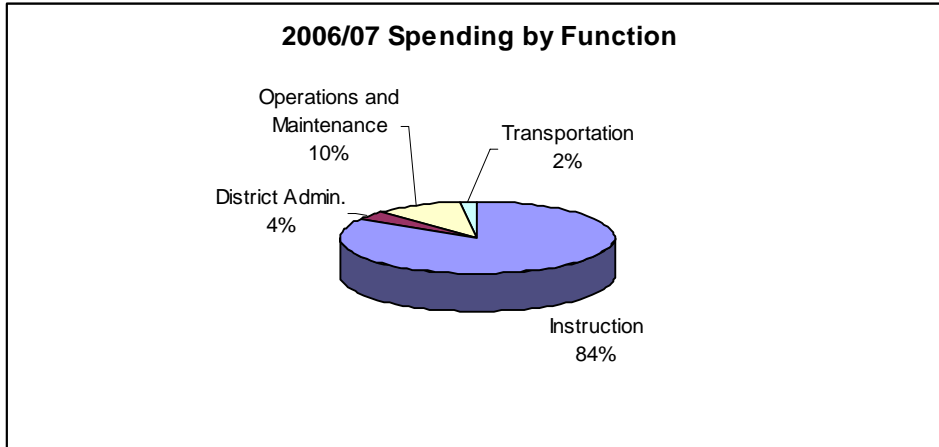
#### 7. What has Saanich done in previous years to balance its budget in the face of cost pressures exceeding funding?

Over the period 1995/96 to 2004/05, Government funding was unable to keep up with the cost of public education and the Board was forced to reduce services or redirect costs by \$12.4 million, or about 22.3% of the operating budget. These reductions were in all functional areas of the budget and resulted in Saanich spending more dollars in support of students and instruction.



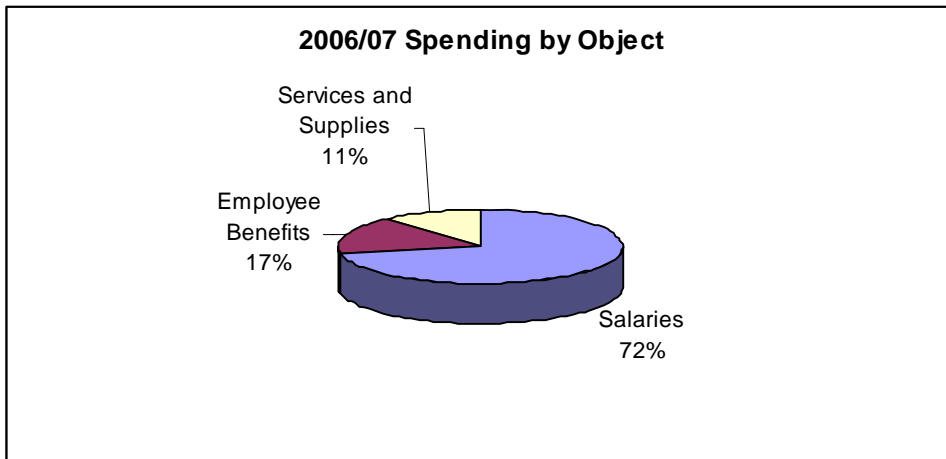
**8. How does Saanich spend its budget?**

Saanich has a total operating budget of \$60.0 million. Of that, we spend \$50.4 million or 84% on delivering education in classrooms. This is about 2% greater than the provincial average. The remaining 16% is spent on maintaining our schools, transporting students and administering the district.



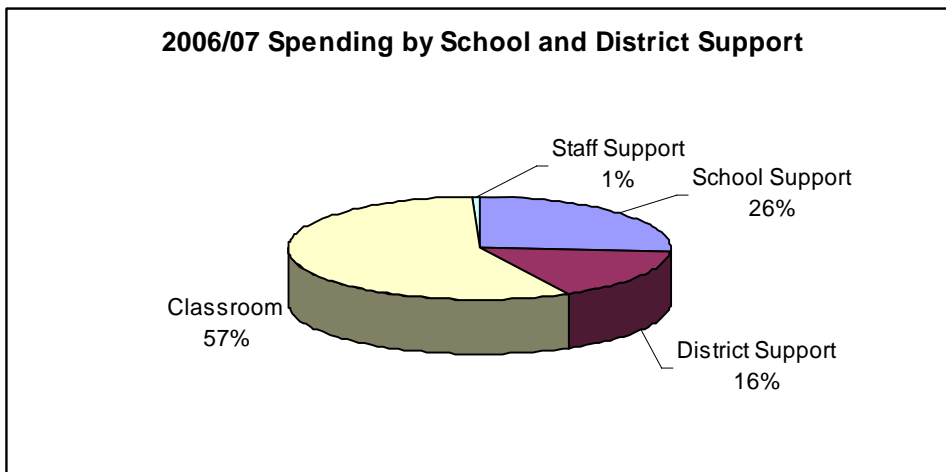
Another way to look at our budget is by functional area.

Saanich spends 84% of its budget on instruction which is more than the provincial average of 82%



Another way to look at our budget is by expenditure type.

Saanich spends 89% of its budget on salaries and benefits which is more than the provincial average of 87%



The expenditures can also be broken down between classroom; school support of library, counseling, special education, and school admin.; district support of administration, operations and maintenance of buildings and busing; and staff training support



**9. What other spending priorities is the district considering?**

- Instructional Support \$299,602
- Human Resources Specialist Support \$ 73,800
- Early Learning Support \$100,000
- Social Worker Liaison Support \$ 50,000
- School Equipment Budgets \$150,100
- Special Education Student Fee Replacement \$ 20,000

The district is also proposing reductions of \$501,187

For a net increase in expenditures of \$192,315

Other considerations include support for diversity in our classrooms, intermediate class size and school clerical needs.

**10. Will the Board run a deficit?**

The Board of School Trustees is committed to managing with a non-deficit budget. It is important to manage our finances now in order to ensure a viable, sustainable school district operation in the future.

**11. How will the Board make the difficult decisions?**

In 2006/07 the Board of School Trustees conducted a Public Commission on Education in Saanich to help determine what was valued in public education in Saanich and were there any programs that could be reduced or eliminated in the future.

The Board has made the very difficult decisions on school consolidations and those savings are ongoing.

The Board will continue to consult with our Budget Advisory Committee and the community to determine how to address the three year shortfall.

**12. 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 4**                      **Public Budget Meeting**  
**Stelly's Secondary School**  
**7:00 p.m.**

**APRIL 11**                    **Public Board Meeting to consider the Budget**  
**School Board Offices – 2125 Keating Cross Road**  
**8:00 p.m.**