



2010/11 BUDGET CHALLENGE

– Background Information –

**This document provides background information about
School District No. 63 (Saanich)
and its finances based on the 2009/10 school year**

DEMOGRAPHICS

<u>Students in Regular Schools</u>	<p>7,090.05 FTE as of September, 2009 - down 96 students from September, 2008.</p> <p>In addition, the district provides educational services through electronic delivery (SIDES) for 840.6525 FTE students.</p> <p>Overall enrolment is projected to decline next school year by about 62 FTE net of an increase of 120 full day kindergarten additions and is projected to decline by another 170 students in 2011/12.</p>				
<u>Schools</u>	<p>17 School Sites:</p> <ul style="list-style-type: none"> ▪ 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. <p>The school district has closed six elementary schools and opened one new school in September, 2008.</p> <p>Closed schools: Durrance, Beaver Lake, Sansbury, Greenglade, McTavish and Saanichton Elementary Schools</p> <p>New school: KELSET Elementary School</p>				
<u>Size of Total Operating Budget</u>	\$71.37 million				
<u>Sources of Revenue</u>	<p>88.4% from Provincial Grants</p> <p>8.4%, or \$6.0 million from local revenues such as community use of facilities, international program, investment revenue, lease of unused facilities, and Local Education Agreement.</p> <p>3.2% or \$2.2 million from carry forward savings reserves.</p>				
<u>Local Taxation Revenue</u>	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.				
<u>Employees</u>	1050 individuals on regular staff. This equates to 797.63 full time equivalent positions.				
<u>Collective Agreements with Staff</u>	<table border="0"> <tr> <td style="padding-right: 20px;">Teachers:</td> <td>Provincially negotiated.</td> </tr> <tr> <td>CUPE Support Staff:</td> <td>Locally negotiated with areas of provincially mandated language.</td> </tr> </table>	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 2010/11 budget?

The projected enrolment decline of 182 students will result in a funding reduction of \$0.84 million which can be offset by direct expenditure reductions (teachers and supplies) of \$564,414 so the district is faced with considering other reductions to services to pay for the difference of \$273,508.

The district will also see an increase in funded enrolment due to full day kindergarten. This will result in an increase in funding of \$702,120 offset by a loss of enrolment decline grant funding of \$316,031 and increased instruction costs of \$595,000. Overall the program will cost the district \$208,911.

Saanich is forecasting enrolment decline of another 615 students by 2013/14. This will result in a total enrolment decline of 2,205 FTE students since 2002/03 or 29.7% of our enrolment over the eleven year period. The district is not able to reduce associated expenses at the same level as revenues decline for these students and estimates the shortfall to be about \$3,000 per pupil.

2. How has Saanich planned for enrolment decline and preservation of services to students?

The district started planning in 2005/06 for the expected shortfall primarily due to enrolment decline. The district set aside some savings and funding for two years and increased other revenues to build up the \$3.4 million reserve. The district hoped that the funding allocation system that the Province utilizes to determine how much revenue each Board receives would be amended to better recognize enrolment decline prior to utilization of all of the reserves. The reserve was created by not spending revenues and savings as follows:

Savings from School Closures:	
\$462,000 for 2005/06 and 2006/07	\$ 924,000
Unspent 2005/06 funding:	
\$871,043 for 2005/06 and 2006/07	\$1,742,086
Investment and Building Lease Revenue	\$ 386,863
International Program Expansion	<u>\$ 332,837</u>
Subtotal Planned Reserve	\$3,385,788
Other Revenues and expense savings for 2008/09	\$1,045,071
Distance Education Contribution in 2009/10	367,233
Utilized in 2008/09	\$(2,516,624)
Utilized in 2009/10 Amended Budget	<u>\$(2,281,468)</u>
Net Balance	\$0.00

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3. 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. It is expected that schools will have a reserve of about \$350,000 at school year end.

The School District has three other reserves that the Board will consider utilizing for the 2010/11 shortfall rather than their intended uses:

COPACS	\$ 4,279 - To Support Parent Education
Capital Facilities	\$410,403 - To Support Equipment needs of Schools
BCESIS	<u>\$246,286</u> - To support implementation of Student Information System
Total	<u>\$660,968</u>

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

The district has reduced \$18.99 million (or 24.25% of our budget) in services since 1995/96 from all functional areas of our system.

Summary of Reductions By Functional Area 1995/96 to 2009/10	% of Reductions	
Instructional Services	\$5,240,894	30.85%
School Budgets	\$3,262,529	19.20%
Plant Maintenance, Transportation and Custodial Budgets	\$2,401,966	14.14%
Board Office and Curriculum Staff Budgets	\$2,215,855	13.04%
SIDES, Reduce Admin. Costs of Benefits, One-Time Costs & Funding	\$2,452,367	14.43%
Increase Revenues	\$1,417,772	8.34%
Total Reductions	<u>\$16,991,383</u>	<u>100.00%</u>

5. How have the most recent reductions affected services to students?

The 2009/10 Operating Budget reduced teaching staff by 15.15 FTE in the areas of enrolling teachers which increased class size, and reduced librarians, music, literacy support, counselling, behaviour support, homebound, and career programs. As well, school administration, school clerical, crossing guard time was reduced. Learning resources, field trip support and other supplies were also reduced.

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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 85.5% of our budget in instruction versus the provincial average of 83.1%. Our district office administration cost is 3.2% of our budget and operating and maintaining our schools at 9.7% versus provincial averages of 3.3% and 11.5% respectively. Our school administrators serve on average 218 students versus the provincial average of 205 students.

The following reductions were made to administration in 2009/10:

Program	Description	Savings
1.41 School Administration	Reduce the administrative time for school administrators by 1.30 FTE time	\$110,500
1.41 School Administration	Reduce school clerical time by the equivalent of 4.14 FTE	\$80,571
1.41 School Administration	Reduced supply budgets	\$10,601
4.40 School District Governance	Reduce communication budgets	\$15,095
4.41 Business Administration	Reduced Contracted Services and Travel Costs	\$19,095
4.42 Human Resources	Reduced temporary help and reduced travel budgets	\$10,371
4.11 Educational Administration	Reduced Travel Budgets	\$6,717
5.41 Operations and Maintenance Admin.	Reduce travel budgets and reorganized health and safety services	\$31,367
5.50 Plant Maintenance	Reorganize security services and reduce travel budgets	\$30,276
TOTAL		<u>\$314,593</u>

Or 8.63% of the \$3.6 million in total reductions.

7. Has Government increased funding the overall block funding for Public Education adequately to cover the Costs of Public Education?

The Provincial Block has increased by \$757 million since 2001/02, with enrolment decline of over 45,000 students. We understand that this mathematically results in a per pupil increase, but does it result in more dollars for services to students?

Government allocations of the block between 2001/02 and 2009/10 result in the overall block amount being utilized for new expenditures and a shortfall in funding to provide for the maintenance of existing services:

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Recognized Increased Costs and Services in the Funding Formula

Distributed Learning	\$53,961,441
GAAP	\$35,002,907
Targeted Literacy, Arts and Special Needs	\$152,000,000
Summer School	\$15,431,647
Course Challenge	\$457,748
Special Needs increases	\$238,286,786
Labour Settlement	<u>\$557,732,146</u>
Total	<u>\$1,052,872,675</u>
Actual Increase to the Provincial Block	\$757,484,403
Shortfall	<u>\$295,388,272</u>

It is understood that some of this shortfall can be offset by cost savings from enrolment decline. In our district we can save about \$3,000 per pupil in associated costs as enrolment declines, so for a provincial enrolment decline of 45,000 pupils this would reduce the shortfall by \$135 million **and leave an actual overall shortfall in funding to maintain services of \$157 million.**

In Saanich, to pay for our share of this funding shortfall, we have reduced services by \$3.8 million in 2002/03, \$774,000 in 2003/04, \$1.212 million in 2004/05, \$877,000 in 2008/09 and \$3.6 million in 2009/10.

8. What is the 2010/11 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.

The three year plan of the Province outlines that newly mandated cost pressures will not be funded by the Province. The BC School Business Officials have estimated the provincial total of the cost pressures at \$173 million. Saanich estimates our share at \$3.67 million. Our structural shortfall is caused by unfunded cost pressures and a funding allocation system that removes more funding than the associated cost decreases and a loss of carry forward reserves.

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The School District has paid for cost pressures from 2006/07 to 2009/10 as follows:

Cost Pressures	\$14.656 million
Paid for by:	
Increased Revenues	(5.191 million)
Reductions for enrolment decline	(2.666 million)
Savings from School Closures	(1.866 million)
Reductions to Services	<u>(2.999 million)</u>
Net Shortfall funded by Reserves	\$ 1,914 million

2010/11 structural shortfall is caused by:

New Cost Pressures	(\$1.363 million)	}	←
Decreased Revenues	(\$0.215 million)		
Net Loss of Reserve Resources	(\$1.565 million)		
Shortfall from Enrolment Decline	<u>(\$0.199 million)</u>		←

Shortfall caused by overall size of the block and Government decisions

Structural Shortfall (\$3.342 million)

Shortfall caused by allocation of the block

Details of the New Cost Pressures of \$1,363 million are:

Medical Services Premium Increases	\$ 55,662
Teacher Salary Increase	609,113
CUPE Trades Adjustment	65,520
Estimated Increasing cost of PST due to introduction of HST	102,289
Teacher Pension Increase	311,464
WCB Rate Increase	28,551
Carbon Tax Reporting and Offsets	83,644
BC Hydro Rate Increase	26,348
BCeSIS Licensing Fees	80,000

9. What will addressing this shortfall mean in Saanich?

Saanich employs 1050 individuals on regular staff. This equates to 797 full time equivalent positions. With 87.9% of the budget spent on staffing, any significant reductions in costs means fewer jobs. Fewer jobs mean increasing class size, reduced maintenance on buildings, less transportation services, less support for students with special needs, less non-enrolling support like library, counselling, career programs.

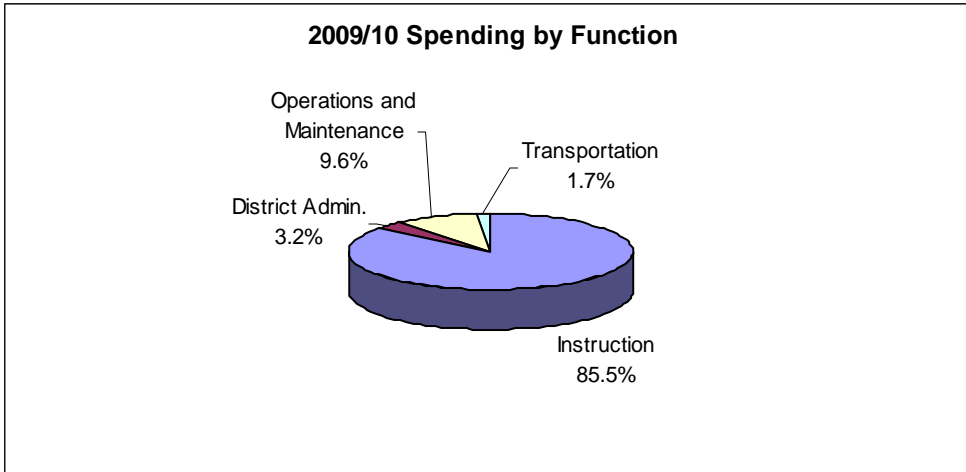
Saanich spends 85.5% of its budget on instruction and therefore any significant reductions in costs means a reduction in direct services to students and the well rounded, successful education for our students in Saanich is at risk.

Saanich spends 15.5% of its budget for support for our more vulnerable students so it will be difficult to avoid reduction of these services.

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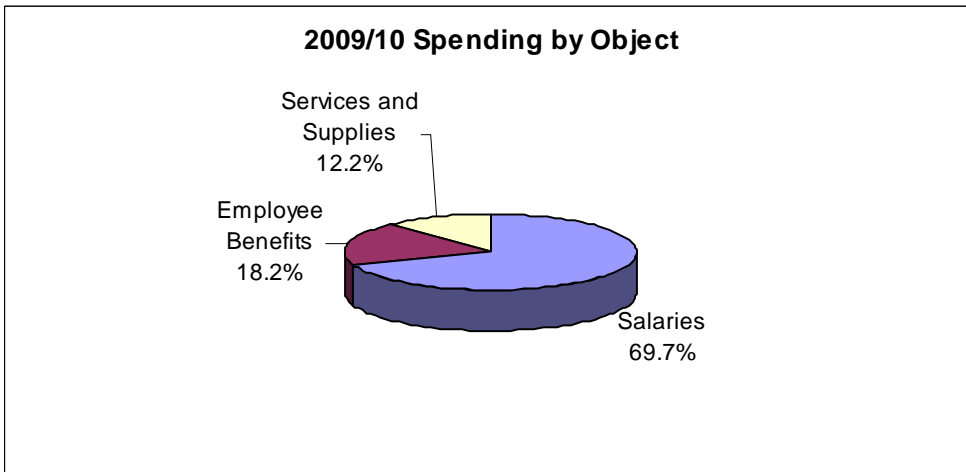
10. How does Saanich spend its budget?

Saanich has a total operating budget of \$71.4 million. Of that, we spend \$61 million or 85.5% on delivering education in classrooms. This is 2.4% greater than the provincial average. The remaining 14.5% is spent on maintaining our schools, transporting students and administering the district.



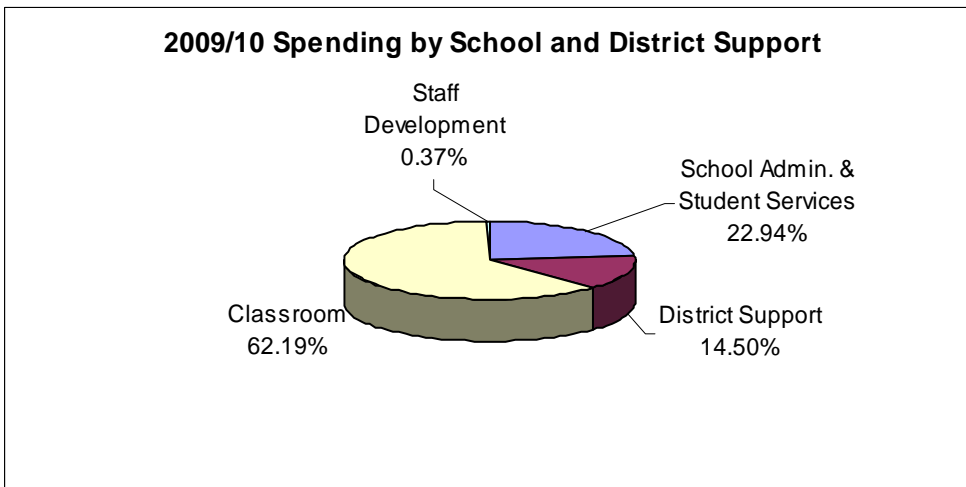
Another way to look at our budget is by functional area.

Saanich spends 85.5% of its budget on instruction which is more than the provincial average of 83.1%.



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

Saanich spends 87.9% of its budget on salaries and benefits which is comparable to the provincial average of 88%.



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

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11. What reductions to services is the district considering?

The district website (www.sd63.bc.ca) will contain a full listing of reduction options that have been determined through a lengthy process of discussion with district managers and the Budget Advisory Committee

The list will likely include administrative and classroom services

12. Will the Board run a deficit?

The Board takes its responsibility very seriously but is concerned that the structural shortfall in 2010/11 is a result of Government underfunding of contractual and legislative costs imposed by the Province. The Board understands that it is important to manage our finances now in order to ensure a viable, sustainable school district operation in the future.

13. What principles will guide Board budget decisions?

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

The Board has approved a number of principles which will guide their budget decisions as follows:

- 1) In considering budget reductions, if any, the Board will look first to budget areas that least impact the classroom and students.
- 2) Services for students with special needs will be supported in the most effective and cost efficient manner.
- 3) Services for First Nations students will be supported in the most effective, culturally appropriate and cost efficient manner.
- 4) Administrative overhead areas will be reviewed for possible reductions.
- 5) The Board will retain safe and healthy learning environments.
- 6) Early learning, community literacy, comprehensive school health and other new requirements will be provided to the degree that dedicated government grants and reserves are available.
- 7) Reserves, restricted or otherwise, will be considered for possible budget offsets.
- 8) The Board will respect the legislative commitment to free public education, paid for from general revenues, and will avoid imposing fees for learning experiences on parents or guardians.
- 9) Services will be reviewed to ensure support for sustainable, green operations including opportunities for cost recovery.
- 10) The Board will continue to comply with collective agreement provisions but review to ensure administrative and cost efficiency.
- 11) The Board will review the number, locations and use of facilities and the school calendar.
- 12) The Board will consider the impact of its budget decisions on the social and financial health of the community.
- 13) The Board will review the implementation and implications of budget reductions.

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14. 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 7	School Communities Meeting Bayside Middle School 3:30 p.m.
April 21	Public Budget Meeting Bayside Middle School 7:00 p.m.
May 5	Public Board Meeting to consider the Budget School Board Office – 2125 Keating Cross Road 8:00 p.m.