



2010/11 Budget Backgrounder including Reduction Options

This paper provides a backgrounder on financing in the public education system and provides answers to the questions of why we are seeing services deteriorate for our students and why communities have unemployed teachers and support workers and reduced business from their local schools and districts.

1. How did 2010/11 Provincial Budget Affect Saanich?

Government has increased public education funding by \$112 million in the recent provincial budget to fund the cost of the provincially negotiated July 1, 2010 teacher salary increase and the cost of full day kindergarten. Government has also implemented changes to the funding allocation formula which determines how much of the budget is given to each school district. The net result for Saanich was a zero increase in funding for 2010/11. The result of all budget decisions is a net estimated decrease in revenues for Saanich of \$357,371 as follows:

Funding for Salary Increase	\$ 695,436
Funding for Full Day Kindergarten	714,240
Loss from Formula Changes	(767,923)
Enrolment Decline	(672,339)
Loss of Interest Revenue	(250,000)
Other Revenue Decreases	(76,785)
Net Revenue Loss	(\$357,371)

2. Does Saanich still have a 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 publicly mandated programs and services.

After the recent Provincial Budget announcement, Saanich estimates our structural shortfall at \$3.342 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.

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	(\$0.199 million)		←

Shortfall caused by overall size of the block and Government decisions

Structural Shortfall (\$3.342 million)

Shortfall caused by allocation of the block

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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

We remain concerned about increases in other cost pressures such as a change in the Employment Insurance Rates and the cost of the common student information system, BCeSIS.

3. 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.

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

4. How are districts in enrolment decline affected by the allocation of the available funding?

The funding allocation system relies primarily on per student allocation of the funding available. It does not recognize the fixed costs of operating any enterprise. When a school district sees a reduction of 200 students, funding is reduced by \$1,170,200. The reduction of 200 students does not reduce the cost of operations and maintenance of schools, bussing, and non-enrolling services like library and counseling. Also, if the students are not all in one class, variable costs like teachers salaries are not reduced. Therefore the school district has no offsetting costs and must reduce services to students.

Here is an example for a larger student reduction where some cost reductions are possible:

70% of Funding Allocation is on a per pupil basis at \$5,851 per student	
If enrolment declines 200 students =	\$1,170,200
Offset by cost reductions of:	
Teachers for 200 FTE @ 30:1 @ \$88,000 =	586,666
Clerical support + supplies, est. @	<u>28,000</u>
Shortfall after year 1	\$614,666

5. What have School Districts done to manage their district budgets?

Local School Districts have worked hard to overcome the shortfall between government funding and costs.

In Saanich, the provincial grants have increased \$3.2 million between 2006/07 and 2009/10. During that same period, the district increased other revenues such as bus fees, closed 5 schools, reduced 28.80 FTE teachers for enrolment decline for a total of \$ 6.5 million. The district was forced to reduce programs and services by \$3.0 million and utilize reserves of \$1.9 million to cover the costs of doing business.

The cost pressures over the same period of 2006/07 to 2009/10 were:

Salary and Benefit Increases either provincially negotiated or locally within Government mandates	\$10.85 million
New Program Mandates	\$1.1
Class size and composition requirements to meet School Act	\$0.7
Services to meet student needs	\$0.96
Net Other	\$1.06
Increased costs of Doing Business	\$14.656 million

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

Per legislation, school districts must submit a balanced budget and the result is reductions in services to students by increasing class sizes, reduced specialized courses at Secondary, reduced crossing guard services, library and computer support and reduced purchasing of supplies and services.

6. What Reductions is Saanich considering for 2010/11?

◆ Administration Reductions:

– District Office (4.55% of the Administration Budget)	\$130,000
– Professional services	25,000
– Administration of Benefits	<u>75,000</u>
– Total	\$230,000
– Or 6.10% of Reduction Options	

◆ Employee Benefits

	\$500,000
– Or 13.28% of Reduction Options	

◆ Physical Plant/Information Technology

– Trades staff to Seismic	\$104,416
– Technology staff to Local Capital	92,789
– Portables Moves	<u>28,000</u>
– Total	\$225,205
– Of 5.98% of Reduction Options	

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◆ Student Services

– Occupational Therapist	\$27,000
– Speech and Language	35,000
– Vision	8,500
– Hearing	8,500
– Outreach and Homebound	<u>25,500</u>
– Total	\$104,500
– Or 2.77% of the reduction options	

◆ Schools:

– Field Trip and Musical Instruction	\$100,000
– Supplies and Services	253,808
– School Clerical	62,085
– Elementary Counselling	42,500
– Education Assistant Time	126,938
– Target Reading	85,000
– Library	161,500
– Career Program Supplies	30,000
– School Administration	59,500
– Middle & Secondary Non-Enrolling Teachers	382,500
– Learning Assistance	119,000
– Secondary Enrolling Teachers	<u>182,920</u>
– Total Schools	\$1,605,751
– Or 42.64% of the Reduction Options	

◆ Other

– Reserves	\$600,000
– International Students	345,000
– District Support Teachers	76,500
– School Calendar	<u>79,500</u>
– Total Other	\$1,101,000
– Or 29.23% of the Reduction Options	

◆ **Total Reduction Options \$3,766,456 of 5.3% of our Operating Budget.**

◆ Summary of Reductions by Employee Group:

◆ Teachers	13.05 FTE or 3.17% of teachers
◆ Support	8.15 FTE or 2.72% of support staff
◆ Other	2.10 FTE or 6.48% of exempt staff

In summary the estimated shortfall is \$3.4 million and the reduction options are slightly greater at \$3.7 million.

March 15th allocations of funding by the Province to individual school districts will confirm the shortfall and the total reduction amount needed.

For more information please visit the school district website at www.sd63.bc.ca/DeptFinance.htm or email budget@sd63.bc.ca.