

**School District 63 Saanich
Budget 2016/17
School Communities Budget
Meeting**

Tuesday, April 12th, 3:30pm
Bayside Middle School
Multi-Purpose Room



Overview of Meeting

- 3:30 pm Introductory Comments
 - 3:45 pm Presentation and Q and A
 - 4:15 pm Working Session and Report-Out
 - 5:15 pm Final Comments and Next Steps
 - 5:30 pm Adjourn
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Overview of Presentation

- ✓ The Budget Planning Timeline
 - ✓ History of Funding and Balanced Budgets
 - ✓ Present Funding Context
 - ✓ Current Budget Pressure
 - ✓ Next Steps to a Balanced Budget
 - ✓ Questions and Answers
 - ✓ Introduction to Working Session
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- A decorative teal silhouette of a mountain range is located at the bottom right of the slide.

Budget Planning Timeline

February 17, 2016	Budget Advisory Committee
March 1, 2016	Board Finance Meeting
March 3, 2016	Mgmt Team Working Session
March 8, 2016	Public Budget Meeting
March 9, 2016	Board Meeting
March 14, 2016	Operating Grant Announced
March 30, 2016	Budget Advisory Committee
April 5, 2016	Board Finance Meeting
April 12, 2016	School Communities Meeting
April 13, 2016	Board Meeting
April 25, 2016	Budget Advisory Committee
April 27, 2016	Special Board Budget Meeting
May 3, 2016	Board Finance Meeting
May 11, 2016	Board Meeting (Budget Approval)

History of Funding

- ◆ 2002/03: Funding Allocation System moves to focus on **per pupil allocations** plus grants for unique student needs, geography, etc. (new emphasis on maximizing seat use).
 - ◆ SD63 enrolment has declined by more than 20% since 2002. Enrolment is projected to level off going forward.
 - ◆ “Stable Funding” (net of the effect of enrolment decline) has also not kept pace with the increasing cost of delivering services
 - ◆ We estimate that had we kept pace with inflationary pressures and other mandated costs, and maintained the same levels of service from year to year we would have a budget that would be at least **\$10 million** higher.
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The Effect of “Stable” Funding

- ◆ Stable funding does NOT allow for expenditures like:
 - Unfunded improvements to salaries and benefits
 - Mandatory increases to MSP premiums, benefits, pensions
 - New program mandates
 - General inflationary pressures on supplies
 - Provincial technology systems (student data, networks)
 - Increases to costs of utilities and fuel
 - Increased reporting and compliance requirements
- ◆ As a result, each year cost inflation adds additional pressure to our budget.

History of Balanced Budgets

- ◆ To balance the budget through reductions averaging \$1 million per year but as high as \$3 million in a bad year, we have:
 - ❖ Closed 5 schools (net after closing six and opening one)
 - ❖ Reduced instructional services at the district level
 - ❖ Reduced administrative services
 - ❖ Entered into shared services agreements in 20 different areas ranging from shared procurement and purchasing to sharing administrative positions with neighbouring districts to worksafe administration to benefits buying to central repository of investments to audit and legal services
The list is very long
 - ❖ Enhanced our revenue side with a strong international program and the best distributed learning school in BC
 - ❖ Created magnet school academies drawing students from neighbouring districts and independent schools
 - ❖ Increased class sizes and reduced supports
 - ❖ Downsized operations and maintenance

Current Funding Parameters

- ◆ 2016/17 K-12 budget \$5.609 billion
- ◆ 2017/18 K-12 budget \$5.667 billion
- ◆ 2018/19 K-12 budget \$5.728 billion

- ◆ The increase is on a base of \$5.498 billion from 2015/16, for a cumulative increase of \$230 million (4.2%) over three years, all for payment of provincially negotiated salary/benefits increases.

- ◆ Funding does not acknowledge ongoing budget pressures resulting from cost inflation related to services and supplies, employee benefits and unfunded salary increases.

- ◆ Administrative cost savings targets are deducted from funding received by school districts (funding deduction: 2015/16 -\$29 million, 2016/17 and beyond - \$54 million)

What is a Balanced Budget?

- ◆ School districts are required to budget for three funds – operating fund, special purpose fund and capital fund
 - ◆ The budgetary process focuses primarily on the operating fund
 - ◆ The school act and ministerial order require that the operating fund remain in an accumulated surplus position - this means that revenues from all previous years exceeds expenses from all previous years
 - ◆ If a school district has accumulated surplus it can be used like savings to increase the budget for a particular year
 - ◆ As described a few slides from now, SD63 no longer has accumulated surplus available for future budgets
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Operating Fund: Sources of Revenue

2015/16 Budgeted Revenues	
Provincial Grants	\$60,609,637
Tuition	\$4,232,000
Other Revenue	\$6,119,903
Rentals and Leases	\$313,500
Investment Income	\$200,000
Total Revenues	\$71,475,040

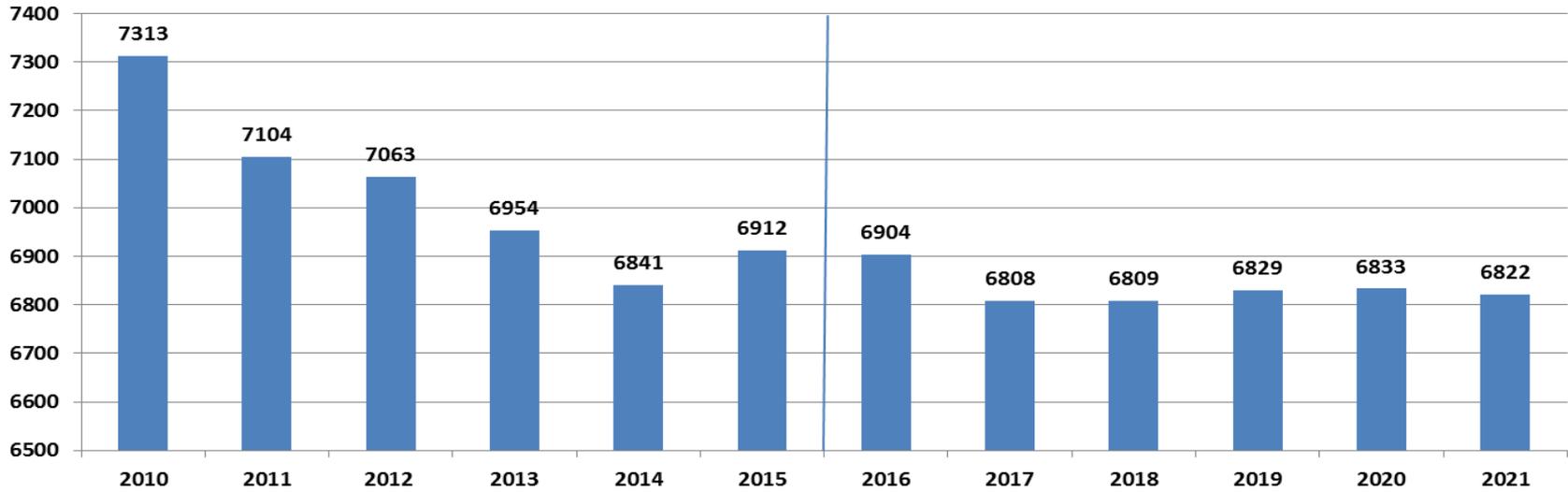
Operating Fund: How Revenues are Spent

2015/15 Budgeted Expenses	
Instruction	\$60,577,942
District Administration	\$2,852,941
Operations and Maintenance	\$7,237,812
Transportation and Housing	\$1,077,916
Total	\$71,746,611

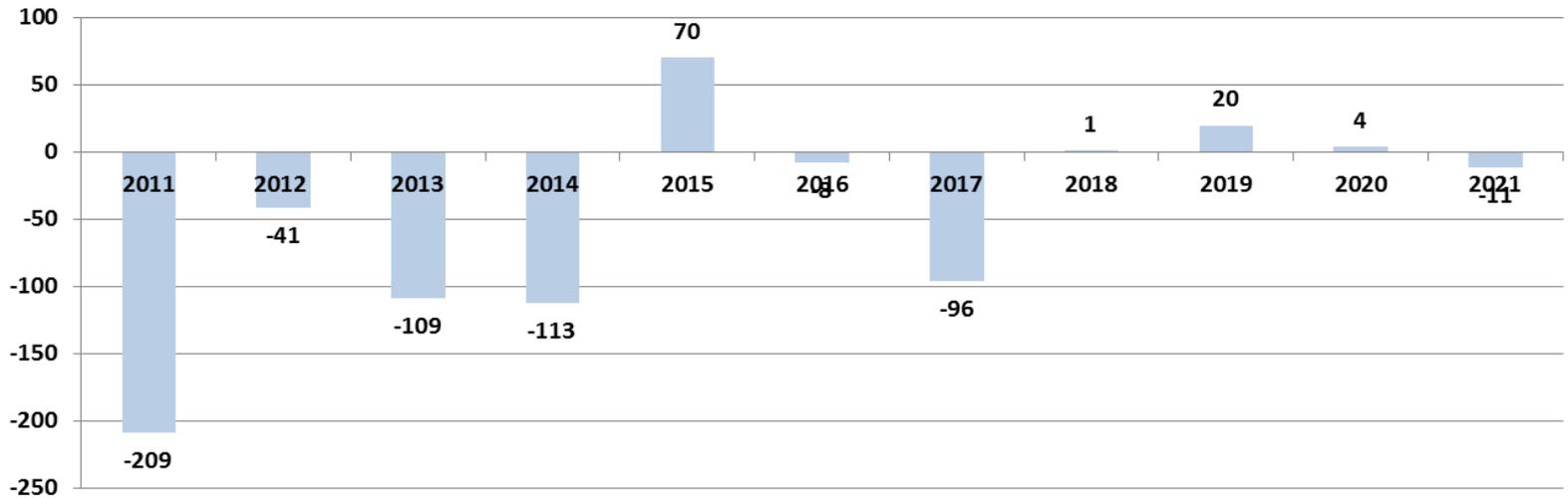
The Current Funding Reality for Saanich

- ◆ After declining for many years, enrolment in Saanich increased by 70 students this year and it is projected to remain stable going forward.
- ◆ Apart from enrolment based funding, budget pressure in 2016/17 has increased for several reasons - the most significant include:
 - accumulated operating surplus is no longer available to fund annual budgets,
 - additional reduction to funding related to mandated administrative cost savings, and
 - projected cost escalation related to wages and employee benefits, network access, supplies and other.

Total Enrolment



Change from Previous Year



SCHOOL DISTRICT NO. 63 (SAANICH)

HISTORICAL CHANGES IN OPERATING FUND BALANCE

JANUARY 2016



Fiscal Year	Opening Accumulated Operating Surplus	Net Revenue (Expense)	Capital Assets Purchased (operating fund)	Transfer to Local Capital	Other	Closing Accumulated Operating Surplus	Change in Accumulated Operating Surplus
2008	9,788,790	821,985	-147,416		-304,273	10,159,086	370,296
2009	10,159,086	-2,041,375	-415,249	-60,000		7,642,462	-2,516,624
2010	7,642,462	9,813	-1,089,249	-60,000		6,503,026	-1,139,436
2011	6,503,026	-1,842,494	-204,497	-60,000		4,396,035	-2,106,991
2012	4,396,035	485,506	-902,734	-60,000	169,923	4,088,730	-307,305
2013	4,088,730	-550,185	-939,497		-178,042	2,421,006	-1,667,724
2014	2,421,006	917,312	-368,507	-70,000	-101,950	2,797,861	376,855
2015	2,797,861	-502,826	-586,805		-41,699	1,666,531	-1,131,330
Acc. Surplus internally restricted for:							
2015/2016 Budget						500,000	
School Budget Carryforwards						1,113,097	
District Activities						53,434	
						1,666,531	

Administrative Cost Savings

- ◆ Government's Administrative Savings Plan requires school districts to achieve \$29 million in annual savings in 2015/16 and \$54 million in 2016/17
 - ◆ For SD63, this means that \$380,000 was deducted from our funding in 2015/16 and \$700,000 will be deducted from our funding in 2016/17
 - ◆ "Savings" may be achieved through a reduction to administrative expenses or by increasing revenue
 - ◆ BC ASBO Dec 2015 Report: "BC continues to spend 30% less on district administration per pupil than the other provinces"
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The Current Budget Pressure

- ◆ The current estimate of the budget pressure resulting from matters beyond the boards control include:
 - \$500,000 reduction resulting from no longer having accumulated surplus available to carryforward,
 - \$320,000 additional reduction to funding for administrative cost savings target,
 - \$600,000 in cost escalation related to wages and employee benefits, network access, supplies and other.
- ◆ These pressures are partially offset by a forecasted increase in international program contribution (\$200,000) resulting in an approximate budget pressure of close to **\$1.2 million**.

Additional Proposed Budget Increases

- ◆ In addition to unavoidable cost pressures, the following budget increases were added to the pressures list at the Feb 17th BAC meeting:
 - \$1,000,000 - Increase teacher FTE by 10 to reduce secondary and middle school class sizes,
 - \$100,000 – District Leadership (Instructional Support Teacher)
 - \$60,000 – Integration Support Teacher (0.6 FTE)
 - \$20,000 – Talent Development Support (0.2 FTE)
 - \$100,000 – Enhance IT Support
 - \$20,000 – Other
- ◆ The proposed budget increases above total **\$1.3M** and when combined with the **\$1.2M** related to cost escalation result in a total budget pressure of about **\$2.5M**.

How to Balance the Budget?

- ◆ One option for the Board is to remove the proposed budget increases. After further reduction for targeted admin savings, the residual budget pressure would be approximately \$0.9 million.

Total budget pressure		\$2.5 million
Remove proposed budget increases		(\$1.3 million)
District admin reductions		(\$0.3 million)
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Residual budget pressure		\$0.9 million

- ◆ We expect that this residual budget pressure can only be met with staff reductions impacting teachers, support staff and school administration.

Next Steps to a Balanced Budget

The following are the next key meetings leading to approval of the budget and submission to the Ministry of Education by June 30, 2016:

- April 25th - Budget Advisory Committee Meeting
- April 27th - Special School Board Budget Meeting
- May 11th – School Board Meeting (Budget Approval)

*Questions and Answers prior
to Working Session*



Table Talk Working Session

At each table discuss:

- ◆ *What must be retained?*
- ◆ *What COULD be considered for reduction and what would be the implications of those reductions?*
- ◆ *What more could be done to address chronic underfunding?*

Please document in the worksheets provided and plan to report out, briefly, at the end.



Thank you for your support today

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