Central Okanagan School District

2016/2017
Superintendent of Schools/CEO
Preliminary Budget Proposal

"Utilizing Our Resources to Maximize Student Learning"

Overview

In February of 2016, discussions began regarding budget development for the 2016/2017 school year. Since that time, a number of factors arose that significantly increased the challenge of achieving a balanced budget. At the beginning of the budget process the Ministry of Education was clear that they were not funding the increased cost of modest exempt staff salary increases, the increased cost of the next generation network (NGN) and still expected the district to meet its second year of administrative savings based on per pupil FTE. As the year unfolded other budget pressures presented themselves, these include:

- a funding formula which continues to protect Districts with declining enrolment through a funding protection allocation, thereby inadequately funding the increasing costs of growing Districts;
- a cumulative unfunded liability for the Provincial Teacher's Extended Health and Dental Plan;
- elimination in 2015/2016 of the distribution of Holdback Funds that have traditionally been carried forward to the following year in the normal budget cycle; and
- delayed information regarding the funding allocations as well as potential cost relief on the unfunded Benefit Plan liability.

The Ministry of Education has increased the funding to the public education system however, this funding is proving insufficient to meet the cost of continuing all existing services to students. The Central Okanagan School District has been identified as a high performing, efficiently run, growing school district yet, despite the additional government funding services to students will have to be reduced to balance the budget.

During initial discussions, a $3.6M funding pressure was identified, conditional upon the Ministry fully funding Teacher and Support Staff Collective Agreement obligations. The first indication that the funding would be insufficient occurred on March 15th when the funding distributions were released by the Ministry of Education. It immediately became apparent that the funding formula did not address these costs as well as the increasing enrolment in all categories across the province.

Without adequate funding, this increased the budget pressure to $5.2M.

Since the March 15th announcement, discussions have been ongoing with Ministry officials outlining the details of the funding shortfall for 2016/2017 as well as the ongoing liability for the Teacher's Extended Health and Dental Benefit Plan. As a result of those discussions, the District has been able to secure assurances that additional funding will be distributed. The exact amounts of these distributions are not known, however we are confident that we have an accurate projection of what these will be. In order to move forward with our budget deliberations we have included these in our estimates.

Original Budget Pressure	$ 3.6M
Increased costs following March 15th announcement	$ 1.6M
Potential Budget Pressure	**$ 5.2M**
Additional Operating Funding	$-1.3M
Additional one time allocation for benefit plan	$-0.7M
Expected Remaining Pressure (shortfall)	**$ 3.2M**

Following are the proposals to address the remaining pressure of $3.2M.

1. PROPOSALS FOR BUDGET ADJUSTMENTS – DETAILED DESCRIPTIONS

INCREASES IN REVENUE – TOTAL REVENUE $395,000

1) **Expand International Education Program**

The original budget estimates were set at 350 FTE International students. This could be revised to 375 FTE.

Potential Net Revenue: $150,000

Increased net revenue (after teaching and resources are in place) is $6,000/International FTE.

$13,500 x 25 FTE =	$ 337,500
Less: Allocation for school staffing/resources	($ 107,000)
Less additional District expenses	($ 80,500)
Net Revenue	**$ 150,000**

Previous Budget Decisions: The International Education Program began in 2004. The steady growth of the Program has been operating within the guidelines established by the Board that no school would have more than 1% of its population made up of international students speaking the same language. An initial target FTE was established at 250 FTE (approximately 1% of the District population). This has been increased modestly over the last 2 years to the current level in 2015/2016 of 308 FTE.

Implication: International Ed revenue will increase from $4.725M to $5.062M. In 2016/2017 additional homestay and cultural coordinators (1.5 FTE) will be added to support the anticipated 350 FTE. To increase international student enrolment, an additional 25 students to make a total of 375 FTE would require a further investment in resources to support the marketing/recruitment requirements. International student enrolment would increase primarily at middle and secondary schools

It would be a challenge to achieve any increase beyond this for the fall of 2016 but discussions should continue about a more significant expansion of the Program that would likely be achievable by September 2017. If the Program is required to increase too rapidly, the quality of the program and the diversity of the student enrolment may be compromised. With some additional lead time, a marketing/recruitment plan could be developed to meet future enrolment targets beyond 375 FTE in a more measured way. We enjoy an excellent reputation because we are a mid-sized boutique program that is personalized with support, homestay and student activities.

2) **Increase Transportation User Fees**

Potential Revenue: $200,000

Each increase of $100/year has generated an additional $420,000 in revenue. It is assumed there may be some loss of riders or an increase in subsidy requests with a further increase. The current funding shortfall for transportation services is approximately $550,000.

Previous Budget Decisions: A per pupil Transportation User Fee of $200/student was introduced in 2009. In 2012 the fee was reduced to $100/student and in 2015 the fee was restored to $200/student. Once the fee was introduced, there was improved efficiency in the Transportation System as those who paid the fee were committed to the service. There has been very low opposition to the busing fee since its inception.

Implication: District transportation fee revenue would increase from $840,000 to $1,040,000. Parents currently pay approximately $1.08/day ($200/year) to transport their children on a District school bus. An increase of fees to $1.35/day ($250/year) would be closer to BC Transit Fees for student ridership which are $1.50/day ($45/month or $450/school year). The average cost of transporting a student is $3.86/day ($714/year). Transportation ridership may decrease overall although that has not been the experience to date with previous adjustments to fees. All families that desire a relief of costs may request an alternate payment plan or subsidy to be granted under Board policy.

3) **Develop a Blended Learning Services (BLS) Model to Provide Remote Instruction and/or Resource Support to Other School Districts**

Potential Revenue: ***$25,000***

A modest amount of revenue would be projected as it will take some time to determine what would be the appropriate model to implement.

Previous Budget Decisions: None

Implication: Depending upon the model that is chosen, the costs will differ. The technology required to deliver the services is already owned by the District. The investment would be in teaching staff to deliver the instruction to remote students. We could sell access to an instructional lecture at a set cost/pupil or could sell an expanded service of instruction and support (assessment/evaluation) for a higher cost/pupil.

The Central Okanagan School District's Blended Learning Services Model has been successfully field tested. At least one District has expressed an interest in purchasing these services. The BLS Model could potentially negatively impact our Distributed Learning Services as it may be serving some of the same students. We may need to hire teachers prior to knowing which Districts would be interested in participating in the program.

4) **Increase District Rental Fees**

Potential Revenue: ***$20,000***

Rental rates have intentionally been kept low in order to encourage community usage of facilities. A modest increase of 5% would be appropriate in order to cover inflationary costs of operating the facilities.

Previous Budget Decisions: The last adjustment to rates was effective July 1, 2014 and was a 5% increase.

Implication: Rental revenue would increase from $450,000 to $470,000. Community rental groups may decrease usage of the facilities. We are suggesting a graduated increase that would provide a preferred rate to our education partners.

SAVINGS IN DISTRICT OPERATIONS – TOTAL $1.1 MILLION

1) **Implement a District Wellness Support System**

Potential Savings: ***$100,000***

The estimate of short-term illness replacement costs for 2016/2017 is $4,424,960. It is an area that may offer significant savings if a co-constructed well-developed program can be implemented. Other Districts who have implemented some form of structured program have seen an immediate decrease in absenteeism. The focus of the Central Okanagan program would be proactive health development, an awareness campaign of services available for illness recovery and supporting employees who are experiencing ongoing short term patterns of absence with proactive support programs.

The program would be co-developed with all of our employee groups. A conservative estimate in savings is $100,000. Employee wages and benefit costs could be paid from A Special Purpose Grant that is being held at this time. Once the Grant (currently $128,000) is spent, any positions would need to be covered by the Operating budget.

Previous Budget Decisions: None

Implication: The creation of a process which focusses on supporting employees in their approach to wellness to reduce the need for absences or in their healthy return to wellness and work will result in employees contributing in the productivity of the District and reducing replacement requirements.

Discussions to implement such a program have met with resistance from employee groups stemming from their concern that this would create a “policing” of sick leave and create a negative environment. The District can overcome this concern by co-creating the program with our employee groups. Both support staff and teachers have some form of provincially coordinated absenteeism management in place, however these programs address absences beyond the six day time frame. These programs have been well received because they are administered with input and co-management from the employee groups. This model could make the proposed program a success and promote overall wellness in the District.

2) <u>Eliminate Budget Increases for Inflation</u>

Potential Savings: ***$400,000***

Traditionally an estimate has been provided that represents the inflationary pressure on supply and resource budgets throughout the District. An estimate of 2% of affected services and supplies has been used.

Previous Budget Decisions: The District has not provided any increases to budgets for inflationary pressure over the last number of years.

Implication: Departments and schools will need to continue to find efficiencies in the purchase of supplies and resources.

3) <u>Restructure Transportation Services with the Potential Cancellation of some Busing Routes</u>

Potential Savings: ***$50,000***

It is estimated that 1-2 routes could be rationalized where there is duplication of service with City Transit.

Previous Budget Decisions: None.

Implication: Current projected transportation services budget of $3.9M will be reduced to $3.85M.

Some students who are currently receiving busing on District school buses would no longer receive service. The current eligibility measurement may not be applied uniformly throughout the District.

4) **Reduce Funds Dedicated to District Meetings**

Potential Savings: ***$25,000***

District meetings are an important mechanism that allows District leaders the opportunity to meet and discuss District initiatives, structures, programs and direction. It is also an invaluable opportunity for networking and the sharing of practice. The cost of these meetings can be substantial depending upon how they are structured due to a Teacher Teaching on Call (TTOC) replacement as well as meals or resources provided. A restructure of a number of meetings would allow for reduced costs.

Previous Budget Decisions: In 2015/2016 the District meetings budget was reduced by $20,000.

Implication: There will be a change to the traditional model used for District meetings. This will be developed in collaboration with employee groups affected. The primary meeting set that would be changed would be the Superintendent's meeting structure.

5) **Reduce Professional Development Allocations to Local Specialist Associations (LSA)**

Potential Savings: ***$10,000***

Year-end accounts of the various LSA organizations indicate they collectively hold approximately $100,000 in funds from previous year allocations.

Previous Budget Decisions: Funding to help support the Professional Development activities of the Local Specialist Associations in 2008/2009 was $52,500. In 2010/2011 this was reduced to $25,000.

Implication: Surpluses will be used to fund the Professional Development activities of the individual LSA groups**.**

6) **Restructure Custodial Services**

Potential Savings: ***$450,000***

Savings would be achieved through the elimination of 8 FTE Daytime Custodial positions throughout the District. The School District currently has 31 custodians in daytime positions. Within that group 19 are split-shift day custodians. With the elimination of 8 of those positions the remaining 11 would be moved to afternoon shift to cover cleaning duties within the district. The 12 lead hand daytime positions will continue to service a family of schools within a zone and provide emergency call-outs, school opening requirements and address any concerns of the schools. All schools would have a phone number that could be called in the event of an emergency.

Previous Budget Decisions: The last reduction that was implemented for Custodial Services was in 2010/2011 for $286,000. Maintenance Services have been reduced $555,000 in the last 5 years.

Implication: The current projected custodial budget of $7.58M will be reduced to $7.13M. Schools would have less custodial services available during the day. It is estimated schools would not have to wait beyond 45 minutes for response in the event of an emergency call out.

7) **Eliminate District Supported Field Lining**

Potential Savings: $20,000

District level funds have been allocated to pay for field lining that is requested by middle and secondary schools to support the curricular and extracurricular sports by the school and community. Elementary schools traditionally pay for their own field lining as their requirements have been minimal. The District will provide one lining at the beginning of the spring sports season.

Previous Budget Decisions: None

Implication: Middle and secondary schools will be responsible for their own field lining costs.

8) **Reduce Portable Moves Budget Allocation**

Potential Savings: $50,000

Reduction of the Portable Move Budget from $250,000 to $200,000.

Previous Budget Decisions: None. The usage of this budget varies considerably year to year depending upon the portable requirements in the District.

Implication: It is anticipated that portable moves can be accommodated within the reduced budget. If expenses exceed the budget, Operations would need to supplement with other resource/supply budgets.

9) **Reduce General Supplies and Services Budgets**

Potential Savings: $25,000

A further $25,000 will be reduced across all District administrative and operational budgets.

SAVINGS IN DISTRICT INSTRUCTIONAL SUPPORTS – TOTAL $1.0 MILLION

1) **Restructure Clerical Support in the District**

Potential Savings: $75,000

Clerical Allocations for the District in 2015/2016 total $8,147,790. A reduction of $75,000 would represent 1.5 FTE.

Previous Budget Decisions: A reduction in clerical was implemented in 2015/2016 for 1 FTE position in the Board Office (-$41,500). Generally, school and departmental allocations have increased over the last five years with increasing demand.

Implication: A reduction of clerical positions would require a redistribution of clerical support duties across remaining positions. Clerical functions may take longer to complete. This would be achieved through attrition where possible, but may result in layoff.

2) Reduce Technology Services Across the District

Potential Savings: ***$500,000***

Budget allocations to support Learning Technology for the District totaled $5,851,436 in 2015/2016. This includes staffing, services and supplies and capital allotted for technology refresh.

Previous Budget Decisions: Technology adjustments over the last five years have been:

2011/2012:	Increase	$ 110,000
2012/2013	Increase	$ 70,000
2013/2014	Nil	$ 0
2014/2015	Decrease	($ 250,000)
2015/2016	Decrease	($ 100,000)
Total	Decrease	($ 170,000)

Implication: Current levels of computing resources and services across the District would be reduced. Computer hardware replacement cycles may become longer (currently every 4 years) resulting in the continued use of older equipment which can present a challenge as the use of technology is pervasive in the operations of the District.

3) Reduce Budgets for District Instructional Support and the Instructional Leadership Programs

Potential Savings: ***$376,000***

District-level funds are allocated to support the implementation and delivery of various District Programs including Instruction, Family Life, Career Programs, Early Learning, Literacy, Numeracy, and Graduation. Total allocations for this support in 2015/2016 was $2,584,000. A review has been completed and $376,000 has been identified for a budget reduction. These include:

Reduce Career Programs resource budgets	$ 25,000
Eliminate Web/Link Training Account	$ 25,000
Reduce District Supported In-service	$115,000
Eliminate Miscellaneous Resource accounts	$ 35,000
Reduce Early Learning/Literacy Staffing	$ 30,000
Reduce resources for Grad Portfolio	$ 40,000
Reduce resources for Numeracy/Science Portfolio	$ 10,000
Reduce Instructional Leadership Program	$ 96,000
	$376,000

Previous Budget Decisions: Family Life was expanded by $46,000 in 2015/2016. Other Programs have been maintained at historic levels with no budget increases or reductions having occurred within the last five years.

Current budget allocations to support the Instructional Leadership program total $980,000. This supports 1 District Principal, 6 teachers and a number of in-service sessions at multiple schools. One teacher will be leaving the program. When this occurs the recommendation is that the position not be replaced.

Implication: Through discussion among senior management, it was decided that with the development of an Integrated Learning Services Model, efficiencies could be obtained that would allow for a reduction of these allocations. The development of an Integrated Learning Services Model will result in a reduction of overlap in current services and a coordinated approach to delivering services to learners, teachers, Principals and schools.

4) Reduce Budgets for Special Education

Potential Savings: ***$75,000***

Special Education requires the largest budget allocation at the District level to provide special education services throughout the District. A reduction of $75,000 represents .3% of a $23M District budget.

Previous Budget Decisions: The Special Education allocation was reduced in 2008/2009 by $375,000 and in 2010/2011 by $525,000. Throughout the last ten years the Special Education budget has increased overall significantly as the District experiences increased enrolment of special needs students. Total spending for special ed totals $28M (District $23M and schools $5M). This is funded $18M from special ed identified allocations and $10M from general District funding.

Implication: This reduction can be achieved through a reduction in supplies and will not impact positions or direct service to students.

5) Reduce General Supplies and Services Budgets

Potential Savings: ***$25,000***

A further $25,000 will be reduced across all District instructional support programs.

6) Reduce Funding to Schools

Potential Savings: ***$660,000***

Currently the District is below provincial guidelines for class size at all grade levels (see "Appendix A"). An adjustment to the District's funding formulas for schools would reduce the funding available to schools. Savings that could be generated by increasing the average class size allocations in Grades 8-12 would vary by degree as follows:

Increase in Class Size Allocation	Reduction in School Funding
.50 student/class	$650,000
.75 student/class	$975,000

School Based Allocations for 2016/2017 are estimated at $125,142,000. A reduction of $660,000 represents a .53% reduction.

Previous Budget Decisions:
School based adjustments over the last five years have been:

Year	Increase/Decrease	Amount
2011/2012	Increase	$ 814,000
2012/2013	Increase	$ 2,955,000
2013/2014	Decrease	($ 575,750)
2014/2015	Decrease	($1,800,000)
2015/2016	Nil	0
TOTAL:	**Increase**	**$ 1,393,250**

Implication: An adjustment to the District's funding formulas for schools would require schools to reduce budget allocations to either administrative time, student supervisor staffing, teacher staffing or resource levels. Previous reductions to school allocations have not resulted in a proportionate increase in class sizes as schools have traditionally shifted available resources to preserve teacher staffing. Schools will be able to commit any unspent funds as of April 1, 2016 to their next year's budget to buffer the impact of the funding reduction. School carryforwards have traditionally averaged $2.0 million each year and are on target this year to carryforward approximately $1.5 million.

2. SUMMARY

Increases in Revenue:		
Expand International Education Program	$ 150,000	
Increase Transportation User Fees	$ 200,000	
Develop a Blended Learning Services (BLS) Model to Provide Remote Instruction and/or Resource to other School Districts	$ 25,000	
Increase District Rental Fees	$ 20,000	
SUB-TOTAL:		**$ 395,000**
Savings in District Operations		
Implement a District Wellness Support System	$ 100,000	
Eliminate Budget Increases for Inflation	$ 400,000	
Restructure Transportation Services with the Potential Cancellation of some Busing Routes	$ 50,000	
Reduce Funds Dedicated to District Meetings	$ 25,000	
Reduce Professional Development Allocations to Local Specialist Associations (LSA)	$ 10,000	
Restructure Custodial Services	$ 450,000	
Eliminate District Supported Field Lining	$ 20,000	
Reduce Portable Moves Budget Allocation	$ 50,000	
Reduce General Supplies and Services Budgets	$ 25,000	
SUB-TOTAL:		**$ 1,130,000**
Savings in District Instructional Supports		
Restructure Clerical Support in the District	$ 75,000	
Reduce Technology Services in the District	$ 500,000	
Reduce Budgets for District Instructional Support and Leadership Programs	$ 376,000	
Reduce Budgets for Special Education	$ 75,000	
Reduce General Supplies and Services Budgets	$ 25,000	
SUB-TOTAL:		**$ 1,051,000**
Saving in School Allocations		
Reduce Funding to Schools	$ 660,000	
TOTAL:		**$ 660,000**
TOTAL Budget Adjustments:		**$ 3,236,000**

3. APPENDIX:

A. List of Class Sizes

Do you have any other comments or questions you would like answered regarding the Budget Development for 2016/2017?

Province: Average Class Size by School District

Source: Class size data collection (as of October 31) from BC public schools.

	District	Kindergarten	Grade 1 - 3	Grade 4 - 7	Grade 8 - 12
005	Southeast Kootenay	17.8	21.8	24.5	20.5
006	Rocky Mountain	19.0	21.0	24.3	23.2
008	Kootenay Lake	19.9	21.6	26.1	20.4
010	Arrow Lakes	16.5	14.9	18.2	14.9
019	Revelstoke	17.5	21.2	23.9	17.1
020	Kootenay-Columbia	19.9	20.7	26.2	23.6
022	Vernon	20.2	21.8	27.0	22.3
023	Central Okanagan	20.5	22.8	25.9	23.2
027	Cariboo-Chilcotin	18.7	20.2	22.0	20.4
028	Quesnel	20.0	21.5	24.7	23.3
033	Chilliwack	19.4	22.3	25.8	22.7
034	Abbotsford	20.4	22.5	27.6	25.1
035	Langley	20.9	22.6	27.6	23.8
036	Surrey	19.6	21.9	27.0	23.7
037	Delta	20.1	22.3	27.6	22.1
038	Richmond	19.9	22.2	27.5	24.3
039	Vancouver	19.4	21.7	26.1	23.8
040	New Westminster	21.1	22.5	26.3	24.1
041	Burnaby	19.2	21.4	25.9	24.8
042	Maple Ridge-Pitt Meadows	19.9	22.2	26.7	25.8
043	Coquitlam	20.3	22.4	28.6	26.2
044	North Vancouver	20.0	21.9	27.3	24.1
045	West Vancouver	19.0	21.7	26.6	25.2
046	Sunshine Coast	18.6	21.3	21.5	20.3
047	Powell River	19.5	21.0	26.2	23.9
048	Sea to Sky	19.8	21.5	25.1	24.2
049	Central Coast	14.0	15.9	17.4	11.5
050	Haida Gwaii	15.1	13.4	18.2	15.2
051	Boundary	18.0	19.8	21.9	19.7
052	Prince Rupert	18.8	21.3	18.9	21.0
053	Okanagan Similkameen	17.7	22.0	24.9	19.5
054	Bulkley Valley	19.5	20.7	23.7	23.1
057	Prince George	19.1	20.9	26.1	22.4
058	Nicola-Similkameen	18.1	20.5	23.7	16.6
059	Peace River South	19.5	19.9	22.0	23.0
060	Peace River North	20.7	21.7	25.1	22.8
061	Greater Victoria	19.9	21.5	26.1	24.5
062	Sooke	19.2	22.4	27.4	24.7
063	Saanich	20.7	22.6	28.4	25.8
064	Gulf Islands	18.7	20.6	23.6	21.7
067	Okanagan Skaha	17.8	21.1	25.0	24.9
068	Nanaimo-Ladysmith	20.2	22.1	27.1	26.3
069	Qualicum	20.2	21.4	25.7	23.9
070	Alberni	20.3	22.2	26.9	20.9
071	Comox Valley	20.1	21.7	26.4	22.4
072	Campbell River	19.8	22.2	26.5	25.7
073	Kamloops/Thompson	19.7	21.6	26.3	23.1
074	Gold Trail	17.4	20.0	21.0	14.2
075	Mission	20.6	22.4	27.8	25.3
078	Fraser-Cascade	18.9	20.7	24.6	18.7
079	Cowichan Valley	20.7	22.6	28.4	24.8
081	Fort Nelson	20.1	20.9	23.6	17.4
082	Coast Mountains	16.8	19.5	23.6	20.8
083	North Okanagan-Shuswap	20.1	22.3	26.6	20.7
084	Vancouver Island West	15.3	13.2	12.6	12.1
085	Vancouver Island North	17.3	19.3	22.6	19.7
087	Stikine	9.1	10.6	12.4	12.1
091	Nechako Lakes	17.7	20.9	23.4	18.9
092	Nisga'a	13.6	15.5	15.3	11.0
093	Conseil scolaire francophone	17.8	20.0	20.8	17.7
	Provincial Average	**19.7**	**21.8**	**26.0**	**23.4**