

VS

Submission to:

**Select Standing Committee on Finance and
Government Services**

Budget 2015 Consultation

**Submitted by: Patti Bacchus, Chairperson
on behalf of the
Board of Education of School District No. 39
(Vancouver)**

September 18, 2014

Introduction

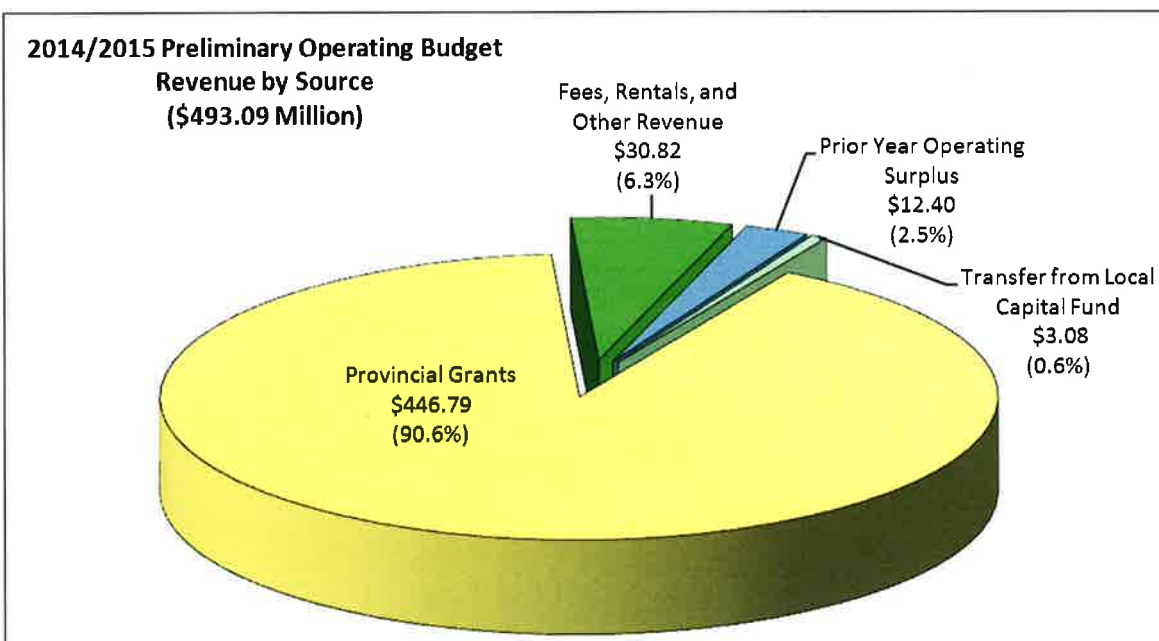
The Vancouver School District is a large, urban and multicultural school district that includes some of the most affluent and impoverished urban neighbourhoods in the country. This setting provides wonderful opportunities as well as serious challenges.

The district is one of the most diverse public school system in Canada with an annual enrolment of over 49,000 students in Kindergarten to grade 12. In addition, the Vancouver School District provides educational programs and services to 600 adult students.

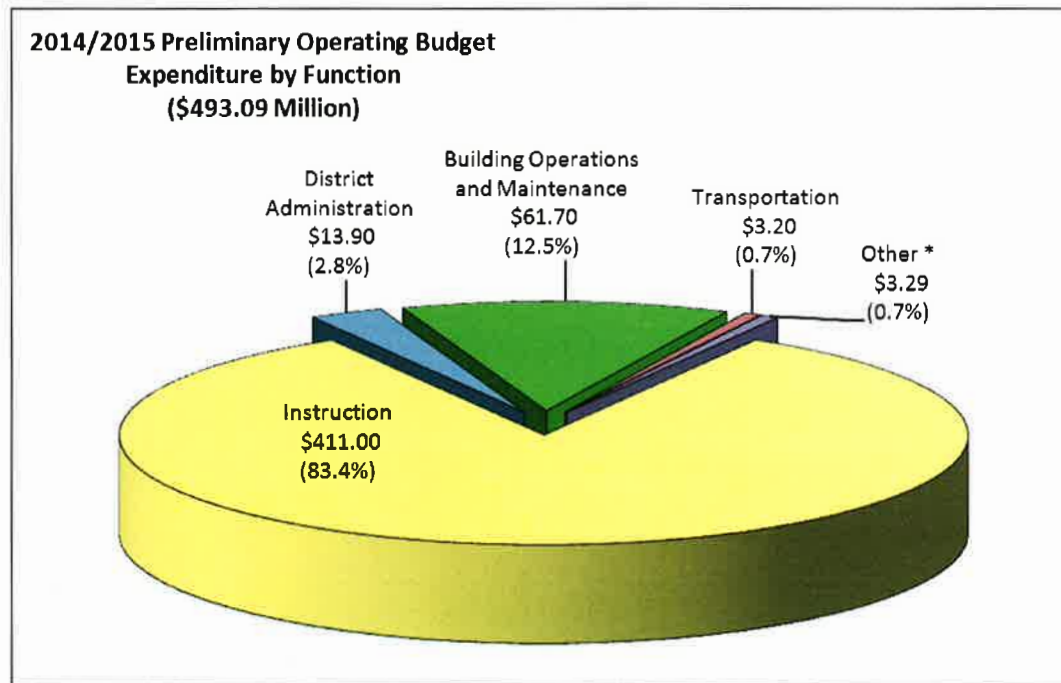
Our programs and services address the extraordinary and complex challenges associated with a diverse district. Our goal is to serve the needs and tap the potential of each of our students so that they may achieve their unique potential.

Fiscal Framework

Like most other school districts in the Province, the Vancouver Board of Education (VBE) relies on provincial funding to provide nearly 91% of the annual revenues. This means that the education services and programs that are provided to students are significantly dependent on the level of provincial funding provided to school boards.



In terms of expenditures, over 83% of VBE expenditures are directly related to providing instruction to students. Most of these expenditures are for salaries and employee benefits for school-based staff.



The VBE, like other school boards in the province, has faced significant funding shortfalls over the past decade. As a result of these funding shortfalls, school districts have had to make reductions to the level of services provided in order to achieve balanced budgets as required by the *School Act*. Attachment A to this submission provides a sample of the budget cuts made by the VBE since 2002/2003.

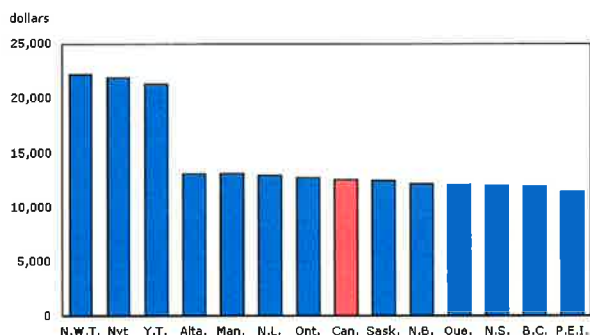
The VBE completed an analysis in April, 2014 which indicated that the VBE would need \$54 million in additional annual funding in order to restore the same level of service as was delivered prior to 2002/2003 (see Attachment B). In addition, the VBE is facing a further projected funding shortfall of over \$27 million for 2015/2016.

Provincial Comparisons

BC is falling behind the rest of Canada in terms of spending per student, growth in education expenditures since 2006/2007 and in terms of educators to students.

1. Spending per student lags the Canadian average

Chart 19.1.1
Total expenditures per student in public elementary and secondary schools, 2010/2011 (in current dollars)



Source: Statistics Canada, Elementary-Secondary Education Survey.

In the four year period 2006/2007 to 2010/2011, expenditure per student in Canada increased 21.7% during that four year period.

BC lagged at 13.0%.

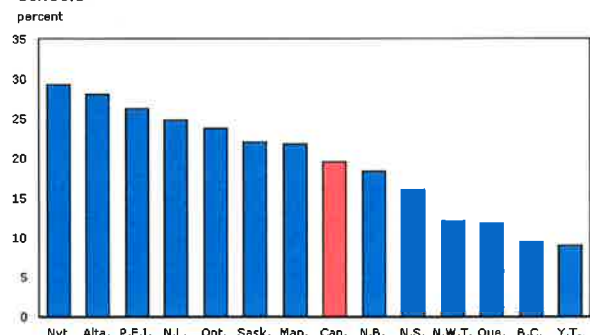
The average expenditure per student nationally for 2010/2011 (the most recent Statistics Canada figures) was \$12,557. BC remains at \$11,832.

If BC matched the \$12,557 average national expenditure, it would translate to **\$398 million** more in funding for the province's 550,000 students.

Statistics Canada – Catalogue no. 81-595-M No. 099

2. Growth in education expenditures since 2006/2007 is far below the Canadian average.

Chart 16.2
Percentage change between 2006/2007 and 2010/2011 for operating expenditures in public elementary and secondary schools



Source: Statistics Canada, Elementary-Secondary Education Survey.

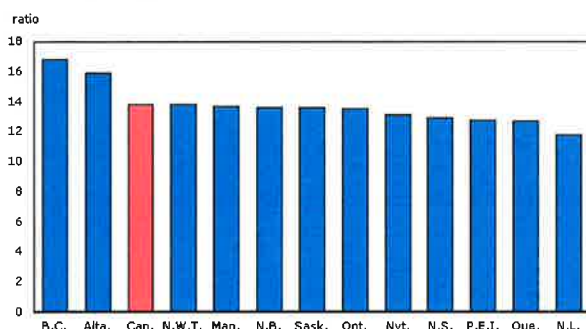
Operating expenditures in public elementary and secondary schools in Canada grew by 19.6% between 2006/2007 and 2010/2011.

Operating expenditures for K-12 education in BC over this time period grew by only 9.6%. Only the Yukon Territories had a lower expenditure growth over this time period.

Statistics Canada – Catalogue no. 81-595-M No. 099

3. BC has the most students allocated per educator of all the provinces.

Chart 13.1
Student-educator ratio in public elementary and secondary schools, 2010/2011



Source: Statistics Canada, Elementary-Secondary Education Survey.

Statistics Canada – Catalogue no. 81-595-M No. 099

'Educator' is defined by Statistics Canada as comprising teachers, administrators and pedagogical support.

The average educator in Canada supports 13.8 students. In BC, that figure is 16.8.

The number of students vying for educator support is the highest in BC, of all the provinces.

Summary of Recommendations

1. The province must provide stable, predictable and adequate funding to enable school districts to fulfill their responsibility to provide continued equitable access to quality public education.

Unpredictable funding and unfunded cost increases require school districts to spend significant time and resources on balancing budgets each year instead of strategically planning the most effective use of funding to support student success. This chronic underfunding also makes it increasingly difficult to fully support success for students as valuable programs and staff positions are further reduced in order to balance budgets.

2. At a minimum, all negotiated or provincially mandated increases, including salary, benefits, pension contributions, medical premiums and new requirements such as carbon emission calculation and carbon offset purchases, must be fully funded by the province.

The province has recently asked school boards to absorb the cost of provincially negotiated collective agreement increases for support staff in the K-12 sector. This could add up to \$40 million annually to school board expenditures.

The province also does not currently provide funding for net cost increases of employee salary increments (for teachers, administrators and excluded staff as they progress

through the steps on their pay scales) or increased costs of benefits such as CPP, EI, WCB, extended health and MSP. In addition, inflationary costs for goods and services and new costs imposed by the province, such as the requirement to calculate and report carbon emissions and to purchase carbon offsets, are also not funded.

In order to meet their spending obligations on these items, districts must divert spending from other important areas such as the budgets that support children in the classrooms. We simply cannot afford to take more funding from our operating budget to cover these costs without further reductions to support for students.

3. The province needs to review and increase supplemental funding grants for students with special needs.

Grant amounts should be based on functional assessments of learning needs — in other words, based on what specific supports a student needs to successfully access education. The current model, which is based on medical assessments, does not consistently reflect students' individual needs for support.

The VSB allocates nearly twice as much to supporting students with special needs than the province provides in supplementary funding and despite that service levels continue to be inadequate for providing for each student's learning needs.

4. Need to provide funding for increased maintenance and upgrades to address needs of aging school facilities. The province should also increase funding for ongoing maintenance using industry maintenance standards as a guide. Funding for school building maintenance levels has generally been at approximately 25 per cent of industry standards (Building Owner and Managers Association) and the VSB's aging stock of buildings is at risk of accelerated deterioration due to minimal maintenance levels. The district's ability to carry out necessary and preventive work has been hampered not only by insufficient funding, but from the cancellation of the Annual Facilities Grant in previous years and the subsequent only partial restoration. Levels must be increased and must also be stable and predictable.

5. Sufficient capital funding needs to be provided by the Province to upgrade or replace schools that have a high seismic risk by 2020.

The Vancouver School Board has over 60 of its 110 schools that are in need of seismic upgrading or replacement. All of these schools have high risk buildings (i.e. H1, H2 or H3). This means that the risk of widespread damage and structural failure after a significant seismic event is high and the buildings would generally not be repairable afterwards.

In 2004/2005 the Province announced that all schools that required seismic upgrading would be completed by 2020. The Province needs to advance the pace of capital

funding for the seismic program in order to ensure the safety of students and staff and to ensure the sustainability of school buildings in the case of a significant seismic event.

- 6. We must have a real plan to eliminate child poverty in BC and ensure all families have access to affordable, quality child care.** The correlation between child poverty and failure to succeed in school is strong and despite the VSB's allocation of additional resources through our inner-city schools programs and CommunityLINK, the needs of our students far outstrip our available funding to provide support. A comprehensive provincial plan to address child poverty and to make quality child care accessible and affordable would enable increased numbers of students to succeed in school.

Recommendations Of The Select Standing Committee in 2013

Finally, the VBE would like to remind the Committee of the following recommendations made by the Select Standing Committee on Finance and Government Services last year:

"That the provincial government:

- Provide sufficient funding for the K-12 system to enable BC students to become top performers nationally; and address cost increases for school districts (e.g. rising BC Hydro rates).
- Develop a comprehensive capital plan for educational facilities that takes into account increased maintenance and aging school facility upgrades; and continue the seismic upgrading program.
- Review the increasing demands on school district budgets and ensure that funding is appropriately directed to meet the growing support required for students with special needs."

Sample of Budget Cuts	Year	FTE	Net Amount
District Administration	2014/2015	(4.40)	(509,500)
Continuing Education	2014/2015	(9.21)	(514,400)
Suspend selected maintenance for one year	2014/2015	(4.00)	(399,600)
Alternative Programs	2014/2015	(2.89)	(224,836)
Literacy Mentor and Consultant	2014/2015	(1.40)	(133,494)
Reduction of Enrolling Teachers	2013/2014	(4.00)	(285,040)
Reduction of Youth and Family Workers	2013/2014	(2.00)	(116,000)
Suspend selected maintenance for one year	2013/2014	(2.00)	(177,500)
Adult Education Program: Self-Paced Program	2012/2013	(4.50)	(402,120)
District Management Reorganization	2011/2012	(8.00)	(301,851)
Vice Principal Reduction	2011/2012	(3.00)	(171,336)
Reduction in Cafeteria Subsidies	2011/2012	(3.00)	(200,000)
Reduction of Summer School Teachers and Supplies	2011/2012	(3.20)	(237,500)
Adult Education - Teacher Assistants and Instructors	2011/2012	(4.75)	(464,610)
Non-enrolling teachers	2010/2011	(20.10)	(1,360,971)
Suspend interior painting for one year	2010/2011	(12.00)	(1,146,000)
Teaching Staff reduction	2009/2010	(13.15)	(853,521)
Reduction of Vice Principal	2007/2008	(1.46)	(153,329)
Reduction of Teachers	2007/2008	(40.00)	(2,480,000)
Non-enrolling Teachers	2006/2007	(37.60)	(2,266,000)
Elementary VPs	2004/2005	(3.00)	(252,000)
Finance & Administration	2004/2005	(4.00)	(338,450)
Learning & Information Technology	2004/2005	(2.50)	(176,375)
Operations & Maintenance	2004/2005	(6.70)	(600,000)
Supervision Aides	2004/2005	(16.00)	(154,304)
Community Facilities/Swimming	2004/2005		(102,281)
Associate Superintendent	2003/2004	(1.00)	(160,000)
Closure of Shannon Park Annex	2003/2004	(4.20)	(400,000)
Learning and Information Technology Reorganization	2003/2004	(8.00)	(549,500)
Principals	2003/2004	(3.30)	(377,000)
Human Resources Reorganization	2003/2004	(7.00)	(503,510)
Finance and Administration Reorganization	2003/2004	(4.00)	(186,000)
Teaching Staff reduction	2002/2003	(200.00)	(12,095,735)
Instructional Supplies & Expenses	2002/2003		(2,463,942)
Superintendent's Short Term Assignments	2002/2003		(128,000)
Elementary Extra Clerical	2002/2003	(10.00)	(400,000)
Multicultural Home School Workers	2002/2003	(9.50)	(392,118)
Elementary & Secondary Vice Principals	2002/2003	(9.30)	(502,000)
District Administration	2002/2003	(9.20)	(630,031)
Operations & Maintenance	2002/2003	(35.40)	(2,509,239)
Multicultural Home School Workers	2002/2003	(9.50)	(392,118)



Memorandum

vancouver school board



April 25, 2014

ATTACHMENT B

TO: Trustees

FROM: Rick Krowchuk, Secretary Treasurer
Lisa Landry, Director of Finance

RE: Restoration Budget

At the April 22, 2014 Committee III/V, Trustees requested staff to update the restoration budget prepared last year.

Purpose

The Vancouver Board of Education (VBE), like other school boards in the Province, has faced significant funding shortfalls over the past decade. As school districts receive more than 90% of their funding from the Province, these funding shortfalls are directly attributable to cost increases which have not been funded by the Province and other factors. As a result of these funding shortfalls, school districts have had to make reductions to the level of services they provide in order to achieve balanced budgets, as required by the *School Act*.

The purpose of the restoration budget is to identify the additional funding that would be required by the VBE in order to restore the same level of service that was in place over a decade ago. For the purpose of this analysis, we have chosen the 2002/2003 base budget (i.e. before the budget cuts in that year) as the service level in which to restore. The 2002/2003 funding shortfall (\$25 million) resulted in significant budget and service level reductions. The VBE has faced funding shortfalls in every year since, with the exception of 2005/2006.

Methodology

The VBE base operating budget for 2002/2003 was \$415.9 million. The intent of this analysis is to project what the VBE operating budget would be for 2014/2015 if the 2002/2003 service levels were maintained. In order to perform this analysis, the 2002/2003 base budget was adjusted to reflect the following factors over the last 12 years:

- Salary increments for teachers, administrators and excluded staff;
- Collective agreement increases;
- Changes to employee benefits;
- Employee turnover salary savings;
- Inflation on goods and services; and
- Changes in enrolment.

Based on the above-noted adjustments, it is projected that the 2014/2015 operating budget would have to be in the order of \$539.7 million to be able to deliver the same level of service that was in place before the 2002/2003 budget cuts. Our actual base budget for 2014/2015 however is only \$485.4 million. Accordingly, the VBE would need approximately \$54.3 million in additional annual funding in order to provide the same level of service as was delivered prior to the 2002/2003 budget cuts.

Attachment A presents a graphic presentation of the results of this analysis. Attachment B provides a summary of the major factors which cause the 2002/2003 base budget to increase to a projected \$539.7 million by 2014/2015. Attachment C outlines the major areas that are currently underfunded compared to 2002/2003. Attachment D provides a sample of some of the service cuts that the VBE has had to make over the last decade. Attachment E provides a summary of the major provincial cost increases downloaded to school districts without a related increase in funding.

Update from Prior Year's Restoration Budget

For the 2013/2014 year, the restoration budget was projected at \$533.3 million. Updating this analysis to the current year, these costs are increased to \$539.7 million. The following is a summary of those costs updating last year's version of the restoration budget:

2002/03 Budget Restated (\$millions)	2013/2014 Restoration	Update	2014/2015 Restoration
2002/03 Base Budget	415.9		415.9
Cost Increases Since 2002			
Collective Agreements Increases	58.0	3.3*	61.3
Salary Increments	34.1	2.8	37.0
Employee Benefits Cost Increases	36.9	1.8	38.7
Inflation on Goods and Services	9.7	0.9	10.6
Expenditure Impact of Enrolment Changes	(9.9)	(0.9)	(10.8)
Employee Turnover Salary Savings	(11.6)	(1.4)	(13.0)
Subtotal of cost increases	117.3	6.4	123.8
Total	533.3		539.7

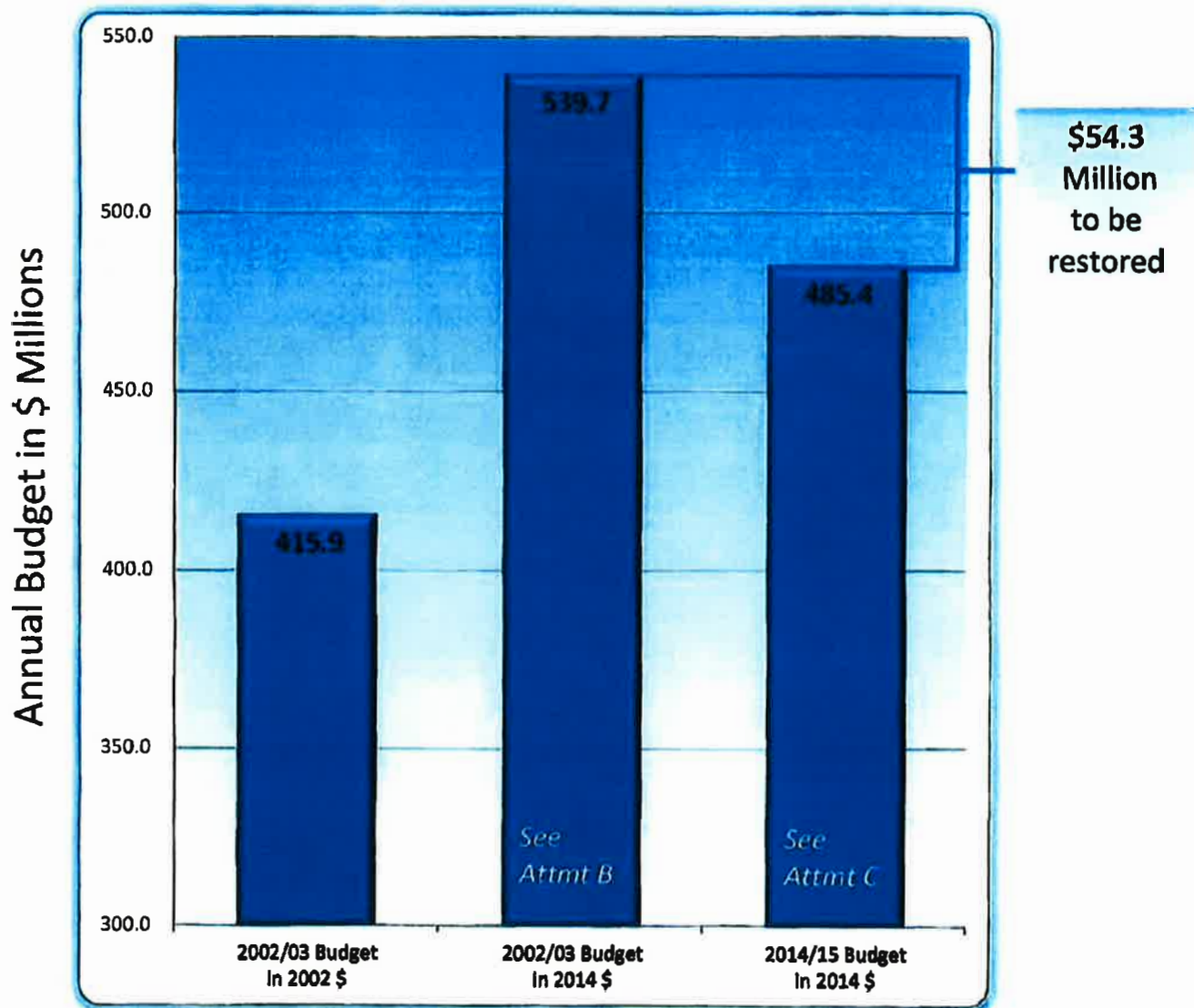
* for 2014/15, the collective agreement increases refer to the support staff increases negotiated but not funded by the Province.

The above summarizes the impact on expenditures (\$6.4 million). It is also important to note that revenues have dropped a net of \$0.8 million dollars, to arrive at the total increase of \$7.3 million in the restoration budget for 2014/2015 (\$6.4 million additional expenditures plus \$0.8 million less revenue). The revenue drop is due to declining enrolment (\$5.7 million) offset by increased international student enrolment (\$2.3 million), funding from surplus (\$2.4 million) and an increase in rental revenues (\$0.2 million).

It should be noted that this is a high-level analysis meant to identify the general order of magnitude of additional funding that would be required to restore the same level of service as was in place prior to the 2002/2003 budget cuts. The projection is dependent on the methodology employed and assumptions made.

This report is provided for information.

Projected Restoration Budget for 2014/15



Attachment B

2002/03 Budget Restated to Current 2014 Dollars	(\$million)	(\$million)
2002/03 Base Budget	415.9	
Cost Increases Since 2002		Change from Prior Year
Collective Agreements Increases	61.3	3.3
Salary Increments	37.0	2.8
Employee Benefits Cost Increases	38.7	1.8
Inflation on Goods and Services	10.6	0.9
Expenditure Impact of Enrolment Changes	(10.8)	(0.9)
Employee Turnover Salary Savings	(13.0)	(1.4)
Subtotal of cost increases	123.8	6.4
Total	539.7	

Table A: The 2002/2003 base budget is notionally adjusted to reflect the change in the purchasing power of money from 2002 to 2014.

This takes into account changes in the following factors over the intervening period:

★ Collective agreements provides for the salary increases negotiated in collective agreements

★ Salary increments within pay bands for teachers, school administrators and exempt staff.
increases

★ Inflation on goods and supplies at rates that reflect general inflation

These increases in costs are offset by:

★ Reduction in enrolment in the period. 2014 enrolment is lower than 2002 enrolment, and this has been accounted for as a reduction

★ Turnover savings, due to retiring teachers at the top end of salary scales being replaced by new teachers

Attachment C

Areas Reduced during 2002/03 to 2014/15	(\$million)
Teachers	(37.0)
Education Assistants	3.7
Other Staff	(6.2)
Services & Supplies	(14.7)
Total	(54.3)

Attachment D

Sample of Budget Cuts	Year	FTE	Net Amount
Reduction of Enrolling Teachers	2013/2014	(4.00)	(285,040)
Reduction of Youth and Family Workers	2013/2014	(2.00)	(116,000)
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Attachment E

Selected Provincially Downloaded Costs	Year	Amount
Support Staff Collective Agreement Increase	2014/2015	3,623,470
Teacher's Pension Plan	2013/2014	3,517,802
MSP	2009/2010 to Present	1,098,964
Carbon Offsets	2009/2010 to Present	2,408,461
School Protection Plan Deductible Increase	2009/2010	The deductible for insurance increased from \$3,000 to \$10,000

Budget 2002/03

\$415.9 Million

2002 service levels in 2014
(adjusted for inflation and enrollment)

\$539.7 Million

2014/15 Funding

\$485.4 Million

Additional funding required to match 2002/03 service levels:

\$54.3 Million

\$54.3 Million =

\$39.6 Million
In lost staffing,
including

520
entry-level
teachers lost

\$14.7 Million
loss of
Supplies & Services

instructional supplies,
school supplies,
textbooks, technology,
building maintenance

