



# Memorandum

vancouver school board



**ITEM 1**

**REVISED**

November 9, 2006

To: Trustees

From: District Management Team

Subject: **2006/2007 Enrolment and Related Budget Impact**

## **Enrolment**

The preliminary actual enrolment as at September 30, 2006 is considerably less than was anticipated and projected in the 2006/2007 Preliminary Budget approved by the Board in April, 2006. General enrolment for K-12 (including international students) is 53,847 FTE students. This is 1,030 (1.9%) FTE students lower than last year's general enrolment of 54,877 FTE students. Enrolment is also lower for Adult Education and Distributed Learning compared to the 2006/2007 Preliminary Budget. It should be noted that these numbers are preliminary actual and are still subject to minor adjustment based on final verification by the Ministry of Education.

The 2006/2007 Preliminary Budget projected a reduction of 250 FTE students. This projection was based on the fact that 2005/2006 enrolment for the VSB was essentially flat compared to the previous year and enrolment projections for 2006/2007 prepared by the Ministry of Education and the Vancouver School Board did not project a decline of more than 200 – 300 students. The preliminary actual decline of 1,030 FTE students is 780 more than the projected 250 FTE student decline. The reduction of a further 780 FTE students represents 1.5% of the total enrolment projected in the 2006/2007 Preliminary Budget.

The 2006/2007 Preliminary Budget was based on maintaining the same average class sizes as 2005/2006. Teacher allocations to schools were made in May, 2006 based on the Preliminary Budget and the anticipated decline of 250 FTE students. When it became apparent in late September that enrolment had decreased more than expected, a reduction of 48 FTE teachers (1.5%) was implemented. As the reduction in teachers was in proportion to the reduction in enrolment (both were 1.5% lower compared to the Preliminary Budget), the average class sizes remained about the same as was initially projected for 2006/2007.

Attachment A provides more information with respect to enrolment changes for 2006/2007.

## **Budget Impact**

The Ministry of Education provides funding to school districts largely on a per student basis. Attachment B outlines the change in funding for 2006/2007 due to enrolment being different than projected. Based on the preliminary actual enrolment, funding will be \$5.04 million lower than anticipated in the 2006/2007 Preliminary Budget. Every year there is usually some funding and budget impact due to actual enrolment being different than projected. This year, however, the enrolment change and funding impact is much greater than usual.

Attachment C outlines the overall budget impact due to the reduction in enrolment. After taking all factors into account, the reduction in enrolment results in a \$2.36 million funding shortfall. Other budget variances may occur during the year as a result of other factors. A full review of projected revenues and expenditures compared to budget will be undertaken in December and January, once final funding is known from the Province. A full report will be provided to Committee V (Finance and Legal) in February, 2007.

## **Proposed Budget Reductions**

Attachment D outlines proposed budget reductions that could be made in response to the projected \$2.36 million funding shortfall. These proposals are designed to minimize the impact on classrooms. They are also designed for early implementation. The longer we wait to implement reductions, the less time there is to realize budget savings in 2006/2007 and, therefore, a greater number of reductions would be required.

The proposed reductions are in two phases:

- Phase I
  - Proposed reductions would have minimal impact on classrooms;
  - approval to be considered by the Board on November 20, 2006.
  
- Phase II
  - Proposed reductions would impact funding for school supplies and program support;
  - approval to be considered by the Board on December 18, 2006 after final funding from the Province is known;
  - these proposed budget reductions could be fully or partially eliminated depending on the final funding received from the Province.

## **Local Capital Reserve**

Attachments E and F present projections for the Local Capital Reserve and increases due to Collective Agreement changes and the Vince Ready Recommendations. The Local Capital Reserve is one-time funding that can be used by the Board to transfer

funds to the VSB Operating Budget. Traditionally, the Board has maintained \$3 – 4 million in the Local Capital Reserve as a buffer for unanticipated budget variances or to fund special projects. This year the Board decided to retain a higher balance in the Reserve given the uncertainties with respect to provincial funding of the increases due to Collective Agreement changes and the Vince Ready Recommendations.

As part of the 2006/2007 Preliminary Budget process, the Board also supported re-instating the 25.6 FTE non-enrolling teachers that were cut as part of the 2006/2007 Preliminary Budget, if sufficient funding became available during the year. If the 25.6 FTE non-enrolling teachers are re-instated and the Province fully funds the increases due to Collective Agreement changes and the Vince Ready Recommendations, the Local Capital Reserve is projected to have \$4.44 million in unrestricted funds for 2006/2007. Once the final provincial funding is known (by early December), the projected unrestricted funds in the Local Capital Reserve could be used to fully or partially offset the proposed Phase II budget reductions.

At this time, general information from the Province suggests that they will fully fund the increases due to Collective Agreement changes and hopefully the Vince Ready Recommendations as well. However, the method for allocating the increased funding to districts is not yet known. If allocations are made on a per student basis, as Vancouver has higher than average salary costs, the additional funding may not be sufficient to offset the additional costs. We are still awaiting confirmation of the details.

### **Public Consultation**

In order to obtain input from the public and stakeholder groups with respect to the proposed budget reductions, a Committee III/V meeting will be held in the Boardroom at the Education Centre on November 14, 2006 starting at 7:00 pm to receive delegations. Individuals or groups wanting to register as a delegation for this meeting should contact Trustee Support in the Secretary Treasurer's office by 10:00 a.m. on November 14<sup>th</sup>. It is anticipated that the Board will make decisions on the proposed budget reductions for Phase I at the November 20, 2006 Board meeting.

This report is provided for information.

**VANCOUVER SCHOOL BOARD  
2006/2007 ENROLMENT**

	Sept. 30/05 Actual	2006/2007 Budgeted	Sept. 30/06 Preliminary Actual	Sept. 30/06 Compared to Sept. 30/05	Sept. 30/06 Compared to 2006/2007 Budgeted
<b>A) General Enrolment*</b>	54,877	54,627	53,847	(1,030)	(780)
<b>B) Students with Unique Needs</b>					
ESL	14,200	14,200	13,778	(422)	(422)
Aboriginal	2,068	2,068	2,039	(29)	(29)
Special Education					
Level 1	69	69	75	6	6
Level 2	1,260	1,260	1,357	97	97
Level 3	505	505	485	(20)	(20)
<b>C) Other Enrolment</b>					
Adult Education					
- School Aged		979	970		(9)
- Over 19		1,815	1,713		(102)
Distributed Learning		751	599		(152)

\* Includes international students and excludes Adult Education and Distance Learning.

**VANCOUVER SCHOOL BOARD  
2006/2007 FUNDING IMPACT DUE TO ENROLMENT CHANGES**

	<b>Enrolment Change vs. Prelim. Budget</b>	<b>Funding Rate (Per FTE Student)</b>	<b>Funding Impact (\$million)</b>
<b>A) General Enrolment</b>			
Regular	(762)	\$ 5,830	\$ (4.45)
International Education	(18)	12,000	(0.21)
<b>B) Students with Unique Needs</b>			
ESL	(422)	1,100	(0.46)
Aboriginal	(29)	950	(0.02)
Special Education			
Level 1	6	32,000	0.19
Level 2	97	16,000	1.55
Level 3	(20)	8,000	(0.16)
<b>C) Other Enrolment</b>			
Adult Education			
- School Aged	(9)	5,830	(0.05)
- Over 19	(102)	4,051	(0.41)
Distributed Learning	(152)	Various	(1.02)
			<b>\$ (5.04)</b>

**VANCOUVER SCHOOL BOARD  
2006/2007 OVERALL BUDGET IMPACT DUE TO ENROLMENT CHANGE**

	<u>\$Million</u>
<b>Funding Reduction</b>	(\$5.04)
<ul style="list-style-type: none"> <li>♦ As per Attachment B.</li> </ul>	
<b>Funding Supplement for Enrolment Decline Greater Than 1%</b>	1.57
<ul style="list-style-type: none"> <li>♦ The province will provide supplemental funding for school districts with enrolment decline between 1% and 4% of the previous year's FTE.</li> <li>♦ Funding amount will be based on 50% of the per student base allocation of \$5,830.</li> </ul>	
<b>Reduced Teachers</b>	2.54
<ul style="list-style-type: none"> <li>♦ As a result of the decline in student enrolment, there are 48 less teachers from October to June.</li> </ul>	
<b>Additional SEA's</b>	(1.43)
<ul style="list-style-type: none"> <li>♦ Due to the increase of 83 Special Education students compared to the Preliminary Budget, an additional 36 Special Education Assistants are required, resulting in an additional cost of \$1.43 million. This additional cost is offset by the additional funding of \$1.58 million for Special Education students noted in Attachment B.</li> </ul>	
	<u><u>(\$2.36)</u></u>

**VANCOUVER SCHOOL BOARD  
PRELIMINARY BUDGET REDUCTION PROPOSALS 2006/2007**

<b>Phase I (for Board Decision, November 20, 2006)</b>		<b>\$</b>
<p><b>1. Savings from Vacant Positions</b></p> <ul style="list-style-type: none"> <li>♦ Savings will accrue owing to 9 PASA positions and 3 CUPE 15 positions being vacant between July - October. 10 of these positions have subsequently been filled or are in the process of being filled.</li> <li>♦ Additional savings would accrue if the two new PASA positions approved in the 2006/2007 budget remain vacant for the remainder of the year (Supervisor-LIT; Systems Audit Coordinator)</li> </ul>	<p><b>\$228,000</b></p> <p><b>97,650</b></p>	
<p><b>2. Eliminate 1.0 FTE elementary school Vice-Principal effective January 1, 2007</b></p> <ul style="list-style-type: none"> <li>♦ Main elementary schools are entitled to a vice-principal when their enrolment exceeds 400 students. All elementary annexes have a vice-principal owing to their separate physical location.</li> <li>♦ Based on September 2006 enrolment, two elementary main schools (Nelson and Champlain Heights) have dropped below 400 students and are no longer entitled to a vice-principal.</li> <li>♦ Owing to the special programs at Nelson (autism, special remedial and multi-aged cluster class), and as it is only slightly below 400 students (at 393 students), it is recommended that Nelson retain its vice-principal.</li> <li>♦ It is proposed that the reduction of the vice-principal proceed for Champlain Heights (384 students).</li> <li>♦ This will result in annual savings of \$50,870 (after adding additional teacher salaries to cover off the vice-principal's teaching time), or \$20,850 for the six-month period January - June, 2007.</li> </ul>	<p><b>20,850</b></p>	
<p><b>3. Eliminate 1.0 FTE secondary school Vice-Principal effective January 1, 2007</b></p> <ul style="list-style-type: none"> <li>♦ Secondary schools with enrolment between 800 - 1200 students are generally entitled to 1.0 vice-principal administrative time.</li> <li>♦ Britannia Secondary and Tupper currently each have two vice-principals (with 1.285 FTE administrative time each) even though their enrolment is below 1,000 students each.</li> <li>♦ It is proposed that Britannia and Tupper would each retain a vice-principal plus share a second vice-principal. This would result in net annual savings of \$37,200 (as outlined below) and \$12,000 for 2006/2007. <ul style="list-style-type: none"> <li>♦ savings of Vice-Principal salary and benefits <span style="float: right;">\$100,200</span></li> <li>♦ additional teachers salary to cover off teaching time (7 blocks) <span style="float: right;">(63,000)</span></li> <li style="border-top: 1px solid black; border-bottom: 3px double black;"><span style="float: right;">\$37,200</span></li> </ul> </li> </ul>	<p><b>12,000</b></p>	
<p><b>4. Reduced Learning Inquiry activity for 2006/2007</b></p> <ul style="list-style-type: none"> <li>♦ A reduction of \$200 000 would mean that no new sites would be added for this year. The funds remaining would allow for the sites from last year to be supported in their implementation phase, and for an Aboriginal Learners' Inquiry to be undertaken.</li> </ul>	<p><b>200,000</b></p>	

<p><b>5. Transfer of Remaining GVDES Special Purpose Fund Balance from 2005/2006 to Operating Fund</b></p> <ul style="list-style-type: none"> <li>♦ Beginning in 2006/2007, the Ministry of Education will be funding Distributed Learning students through the Operating Grant. Balances remaining in the GVDES Special Purpose Fund as at June 30, 2006 are to be transferred to the Operating Fund.</li> </ul>	<b>540,000</b>
<p><b>6. Transfer from Local Capital Reserve</b></p> <ul style="list-style-type: none"> <li>♦ One-time funds would be transferred from the Local Capital Reserve to the Operating Fund.</li> </ul>	<b>573,500</b>
	<b>1,672,000</b>
<b><u>Phase II (for Board decision, December 18, 2006)</u></b>	
<p><b>1. Do not release 10% holdback on Flexible Budgets to schools for supplies and equipment</b></p> <ul style="list-style-type: none"> <li>♦ A 10% holdback is typically retained by the District until the final September 30 enrolment figures have been determined. If a further budget reduction is required, this holdback will not be allocated to schools for supplies and equipment. This reduction would be allocated over the 109 schools.</li> </ul>	<b>688,000</b>
<b>Total Potential Savings</b>	<b>\$2,360,000</b>



**VANCOUVER SCHOOL BOARD  
LOCAL CAPITAL RESERVE**

	<b>\$Million</b>
<b>Balance as at June 30, 2006</b>	<b>\$6.55</b>
<b>2006/2007 Revenue and Expenditures</b>	
Lease and Interest Revenue	0.80
BCeSIS Project Costs	(0.80)
Proposed Transfer to Operating Fund (as per Attachment D)	(0.57)
<b>Projected Balance as at June 30, 2007</b>	<b>5.98</b>
<b>Amount Restricted for Possible Re-Instatement of 25.6 FTE Non-Enrolling Teachers</b>	<b>1.54</b>
<b>Unrestricted Balance (as at June 30, 2007)</b>	<b>\$4.44 *</b>
* A balance of approximately \$3.0 - \$4.0 million is normally retained for expenditure and funding uncertainties. A larger amount is required until funding with respect to the Collective Agreement increases and the Vince Ready Recommendations is known (likely by early December, 2006). See Attachment F.	

**VANCOUVER SCHOOL BOARD  
COLLECTIVE AGREEMENT AND VINCE READY RECOMMENDATIONS  
COSTS AND FUNDING**

**A) Negotiated (PCA)**

	One-Time Incentive Payment 2005/2006	Possible One-time Payment 2006/2007	Salary/Allowance Increase 2006/2007
<b>Teachers</b>	\$15,909,348.00	\$0.00	\$11,194,900.00
<b>Adult Educators</b>	0.00	0.00	230,000.00
<b>CUPE 15</b>	5,031,322.42	607,780.00	1,255,256.00
<b>CUPE 407</b>	457,562.16	57,963.00	129,018.00
<b>IUOE 963</b>	2,440,557.60	330,674.00	573,265.00
<b>Trades</b>	564,108.48	57,963.00	207,774.00
<b>Excluded</b>	1,346,584.40	65,920.00	626,007.00
<b>TOTAL</b>	<b>\$25,749,483.06</b>	<b>\$1,120,300.00</b>	<b>\$14,216,220.00</b>

\* Other one-time costs are for retraining, Apprenticeship Opportunities, workforce adjustment etc.

**B) Ready Recommendations**

	One-Time Costs 2005/2006	Possible One-time Payment 2006/2007	Salary/Allowance Increase 2006/2007
Teachers On Call	\$736,171.00	\$0.00	\$2,453,903.33
Salary Harmonization	187,383.00	0.00	697,417.67
<b>TOTAL</b>	<b>\$923,554.00</b>	<b>\$0.00</b>	<b>\$3,151,321.00</b>

<b>Total Additional Cost</b>	<b>\$26,673,037.06</b>	<b>\$1,120,300.00</b>	<b>\$17,367,541.00</b>
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<b>Funding Received to Date</b>	<b>\$26,485,654.06</b>	<b>0</b>	<b>0</b>
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**Note:**

Funding has been received to date with respect to the shaded amounts. The unshaded amounts represent projected cost increases which have not yet been funded.