

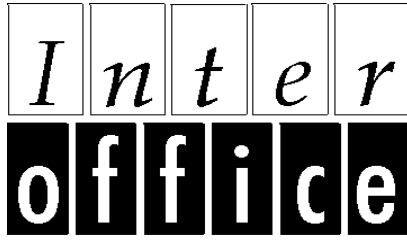
COMMITTEE MEETING

**PLENARY COMMITTEE III/V - FINANCE & LEGAL
EDUCATION & STUDENT SERVICES**

Thursday, 2010 March 18 at 5:30 pm
Room 400, VSB Education Centre

A G E N D A

- A. Reports for Trustee Information**
 - 1. Update Preliminary Projected 2010/11 Budget Surplus (Shortfall)
(Information to be provided at the meeting)
- B. New Business/Inquiries**
- C. Date and Time of Next Meeting**



Memorandum

vancouver school board



March 18, 2010

To: Finance and Legal and Education and Student Services Committee
(Committee III/V)

From: Brenda Ng
Rick Krowchuk

Subject: **Updated 2010/2011 Projected Operating Budget Funding Shortfall**

As outlined in the report entitled "Background Information for the 2010/2011 Budget Process" provided to Committee III/V on March 3, 2010, the preliminary operating budget shortfall for the Vancouver Board of Education (VBE) was projected to be in the range of \$17.6 million to \$34.8 million for 2010/2011. The \$17.6 million estimate was based on the loss of one-time funding sources used to fund the 2009/2010 budget and unfunded cost increases and the net impact of enrolment changes for 2010/2011. In addition, if the Province did not provide funding for the Annual Facilities Grant and collective agreement increases, the projected funding shortfall would have increased by a further \$17.2 million to a total of \$34.8 million.

On March 15, 2010, the Ministry of Education announced the preliminary operating grants for school districts for 2010/2011. This report provides an updated projected operating budget funding shortfall for the VBE based on the Ministry of Education operating grants announcement, plus other changes.

Preliminary Operating Grant

Based on the preliminary operating grants announced by the Ministry of Education on March 15, 2010, the VBE will receive \$447.8 million in funding for 2010/2011 (see Attachment A). The grant reflects the following:

- VBE's updated projected change in enrolment for 2010/2011 (a decrease of 420 FTE regular students and 122 FTE ESL students);
- partial implementation of All Day Kindergarten effective September, 2010 (2,111 all day students and 1,419, or 709.5 FTE, half day students);

- an increase in the following per student funding rates to recognize the reallocation of the labour settlement funding since 2006:

Revised Per Student Funding Rates		
	Previous Rate	New Rate
Regular	\$5,851	\$6,730
Adult	4,052	4,430
ESL	1,174	1,340
Aboriginal Education	1,014	1,160
Special Education		
Level 1	32,000	36,600
Level 2	16,000	18,300
Level 3	8,000	9,200

- projected funding for Distributed Learning enrolment for February and May, 2011; and
- a change in the way salary differential funding is calculated.

As outlined in Attachment B, the 2010/2011 Preliminary Operating Grant for the VBE of \$447.8 million is \$4.3 million less than anticipated. Although the VBE will receive more in per student funding owing to the increased rates and more in salary differential under the new formula, this additional funding is not sufficient to offset the reallocated labour settlement funding.

As outlined in Attachment C, the 2010/2011 Preliminary Operating Grant of \$447.8 million is \$11.9 million greater than the 2009/2010 Preliminary Operating Grant. This increase provides funding for summer school, projected February and May Distributed Learning enrolment, estimated labour settlement costs for 2010/2011 and enrolment changes for 2009/2010 and 2010/2011. However, as noted on Attachment B, the increase falls short of our estimated operating grant estimate by \$4.3 million.

Other Updates

In addition to changes due to the March 15, 2010 provincial operating grant announcement, the following additional updates have been made to the projected operating budget shortfall for 2010/2011:

- on March 1, 2010 the Board agreed to appropriate the projected 2010/2011 operating budget surplus of \$2.9 million to help fund the 2010/2011 projected funding shortfall;

- a reduction in investment and interest income of \$0.95 million has been made based on the understanding that the Province will make changes in the timing of payments of grants to school districts;
- a change (\$0.42 million) in the net impact of a projected enrolment decline for 2010/2011 (from 578 FTE to 420 FTE regular students and from 200 FTE to 122 FTE ESL students);
- inclusion of the net impact of the partial implementation of All Day Kindergarten for 2010/2011 (\$0.57 million);
- other minor changes to the 2009/2010 ongoing shortfall and other cost factors; and
- recognition that the VBE will receive the AFG funding for 2010/2011.

Revised 2010/2011 Projected Operating Budget Shortfall

Based on the above updates, Attachment D provides a summary of the revised 2010/2011 projected operating budget shortfall compared to the February, 2010 projection presented to Committee III/V on March 3, 2010. The revised projected operating budget shortfall for 2010/2011 is \$18.12 million.

This report is provided for information.

**Estimated Operating Grants -- 2010/11 School Year
SD 39 Vancouver**

Enrolment Based Funding - September			
Type	Enrolment	Funding Level	Total Funding
Total School Age FTE: (Regular and Continuing Education)	52,559.3750	\$6,740	\$354,250,188
Total School Age FTE: (Alternate Schools)	0.0000	\$6,740	\$0
Distributed Learning September:	746.5750	\$5,851	\$4,368,210
Course Challenges:	869	\$211	\$183,359
Home School students: September:	15	\$250	\$3,750
Total September Enrolment: (does not include course challenges or home school)	53,305.9500		
TOTAL SEPTEMBER ENROLMENT BASED FUNDING:			\$358,805,507

**TOTAL SEPTEMBER FUNDING (ENROLMENT-BASED + SUPPLEMENTS):
\$438,372,593**

Enrolment Based Funding - February			
Distributed Learning School-Age:	637.3750		\$3,565,847
Adult:	30.2500	\$4,430	\$134,008
Total:	667.6250		\$3,699,855
Newcomer Refugees:	27.0000	\$3,370	\$90,990
ESL Supplement	26.0000	\$670	\$17,420
Total:			\$108,410

Enrolment Based Funding - May			
Distributed Learning School-Age:	150.0000		\$780,125
Adult:	22.0000	\$4,430	\$97,460
Total:	172.0000		\$877,585

SUMMARY	
TOTAL AGGREGATE 2010/11 FUNDING:	\$447,812,043
Estimated 2010/11 Operating Grant from INAC:	\$16,160
2010/11 Operating Grant from Ministry of Education:	\$447,795,883

Supplementary Funding:			
1. Enrolment Decline Supplements (September enrolments, excluding all Kindergarten):			
a. 2010/11 School	2009/10 School	Enrolment	
Age FTE	Age FTE =	Change	
50,485.4500	50,896.9500	-411.5000	-0.81%
b. Decline between 1% and 4% of last year's FTE:			
Supplement = Adjusted Decline x 50% x		\$6,740 =	\$0
c. Decline beyond 4% of last year's FTE			
Supplement = Adjusted Decline x 75% x		\$6,740 =	\$0
Including Kindergarten:			
d. 2009/10 School	2007/08 School	Enrolment	
Age FTE	Age FTE =	Change	
53,413.9500	54,242.0386	-828.0886	-1.53%
Total Enrolment Decline Supplement Funding:			\$0
2. Unique Student Needs:			
	Enrolment	Funding Level	Total Funding
English as a Second Language:	12,110.0	\$1,340	\$16,227,400
Aboriginal Education:	1,884.0	\$1,160	\$2,185,440
Special Education:			
Level 1:	85.0	\$36,600	\$3,111,000
Level 2:	1,640.5	\$18,300	\$30,021,150
Level 3:	669.5	\$9,200	\$6,159,400
Adult Education:			
September:	1,809.5625	\$4,430	\$8,016,362
Total Unique Student Needs Funding:			\$65,720,752
3. Salary Differential:			
Differential:	870		
Estimated number of educators:	3,061.973		\$12,602,897
4. Unique Geographic Factors:			
			\$0
5. Transportation and Housing:			
			\$2,602,574
6. Formula Transition			
			-\$1,359,137
7. Funding Protection:			
			\$0
TOTAL SUPPLEMENTARY FUNDING (SEPTEMBER):			\$79,567,086

Summer Learning **\$4,753,600**

Special Needs Enrolment Growth - February			
	FTE Growth	per FTE	Total Funding
Level 1	0.0	\$18,300	\$0
Level 2	0.0	\$9,150	\$0
Level 3	0.0	\$4,600	\$0
Total	0.0		\$0

Analysis of 2010/2011 MOE Estimated Operating Grant Announced March 15, 2010

	2010/2011 Amended Base Budget			MOE Estimated Operating Grant			Total Funding Change		
	Enrolment	Funding Level	Total Funding	Enrolment	Funding Level	Total Funding	FTE	Per Pupil	Total
Enrolment Based Funding - September									
Total School Age FTE (Regular, CE & Alternate)	52,559	\$ 5,851	\$ 307,524,903	52,559	\$ 6,740	\$ 354,250,188	-	\$ 889	\$ 46,725,285
Distributed Learning (School Age FTE)	747	\$ 5,851	\$ 4,368,210	747	\$ 5,851	\$ 4,368,210	-	\$ -	\$ -
Course Challenges	539	\$ 183	\$ 98,637	869	\$ 211	\$ 183,359	330	\$ 28	\$ 84,722
Homeschool students	15	\$ 250	\$ 3,750	15	\$ 250	\$ 3,750	-	\$ -	\$ -
TOTAL ENROLMENT BASED FUNDING (School Age & Distributed Learning)	53,306		\$ 311,995,500	53,306		\$ 358,805,507	-		\$ 46,810,007
Enrolment Based Funding - February									
Distributed Learning									
K - 9	56	\$ 2,926	\$ 163,462	56	\$ 2,926	\$ 163,490	-	\$ 1	\$ 28
10 - 12	582	\$ 5,851	\$ 3,402,357	582	\$ 5,851	\$ 3,402,357	-	\$ -	\$ -
Adults	30	\$ 4,051	\$ 122,543	30	\$ 4,430	\$ 134,008	-	\$ 379	\$ 11,465
Total	668		\$ 3,688,362	668		\$ 3,699,855			\$ 11,493
Newcomer Refugees	27	\$ 2,926	\$ 79,002	27	\$ 3,370	\$ 90,990	-	\$ 444	\$ 11,988
ESL Supplement	26	\$ 587	\$ 15,262	26	\$ 670	\$ 17,420	-	\$ 83	\$ 2,158
Total	53		\$ 94,264	53		\$ 108,410			\$ 14,146
Enrolment Based Funding - May									
Distributed Learning									
K - 9	25	1,950	\$ 48,758	25	1,950	\$ 48,750	-	\$ (0)	\$ (8)
10 - 12	125	\$ 5,851	\$ 731,375	125	\$ 5,851	\$ 731,375	-	\$ -	\$ -
Adults	25	\$ 4,051	\$ 101,275	22	\$ 4,430	\$ 97,460	(3)	\$ 379	\$ (3,815)
Total	175		\$ 881,408	172		\$ 877,585			\$ (3,823)
Supplementary Funding									
Enrolment Decline Supplement			\$ -			\$ -			\$ -
Unique Student Needs									
English as a Second Language	12,110	\$ 1,174	\$ 14,217,140	12,110	\$ 1,340	\$ 16,227,400	-	\$ 166	\$ 2,010,260
Aboriginal Education	1,884	\$ 1,014	\$ 1,910,376	1,884	\$ 1,160	\$ 2,185,440	-	\$ 146	\$ 275,064
Special Education									
Level 1:	85	\$ 32,000	\$ 2,720,000	85	\$ 36,600	\$ 3,111,000	-	\$ 4,600	\$ 391,000
Level 2:	1,641	\$ 16,000	\$ 26,248,000	1,641	\$ 18,300	\$ 30,021,150	-	\$ 2,300	\$ 3,773,150
Level 3:	670	\$ 8,000	\$ 5,356,000	670	\$ 9,200	\$ 6,159,400	-	\$ 1,200	\$ 803,400
Adult Education - Sept	1,810	\$ 4,051	\$ 7,330,538	1,810	\$ 4,430	\$ 8,016,362	-	\$ 379	\$ 685,824
Total Unique Student Needs Funding			\$ 57,782,054			\$ 65,720,752			\$ 7,938,698
Salary Differential			\$ 11,552,252			\$ 12,602,897			\$ 1,050,645
Transportation and Housing			\$ 2,537,024			\$ 2,602,574			\$ 65,550
Labour Settlement Funding			\$ 58,574,809			\$ -			\$ (58,574,809)
Formula Transition (Labour Settlement)			\$ -			\$ (1,359,137)			\$ (1,359,137)
Summer Learning			\$ 5,050,191			\$ 4,753,600			\$ (296,591)
TOTAL SUPPLEMENTARY FUNDING			\$ 135,496,330			\$ 84,320,686			\$ (51,175,644)
Operating Grant from MOE			\$ 452,155,864			\$ 447,795,883			\$ (4,359,981)
INAC			\$ -			\$ 16,160			\$ 16,160
TOTAL 2010/2011 FUNDING			\$ 452,155,864			\$ 447,812,043			\$ (4,343,821)

2010/2011 Operating Grant Compared to 2009/2010	
09/10 Preliminary Grant Announcement	\$ 435,905,901
Summer School Funding	4,990,400
MOE Grant recalculation based on Sept Enrolment	1,717,909
09/10 Operating Grant Autumn Recalculation	\$ 442,614,210
February Funding	3,782,626
May Funding	881,408
09/10 Final Operating Grant	\$ 447,278,244
Estimated 10/11 Labour Settlement Cost	5,592,965
10/11 Grant Before Enrolment Changes	\$ 452,871,209
Enrolment Decline 420 FTE @ \$5,851	(2,457,420)
Enrolment Decline ESL 122 FTE @ \$1,174	(143,228)
All Day K 312 FTE @ \$5,851	1,825,512
Summer School	59,791
Estimated 10/11 Operating Grant	\$ 452,155,864
Funding Shortfall	(4,343,821)
10/11 Preliminary Operating Grant	\$ 447,812,043

Projected Operating Budget Shortfall for 2010/2011 (\$ Millions)			
	February 2010 Projection	March 2010 Projection	Change
Cost and Enrolment Based Increases			
2009/2010 On-Going Surplus/(Shortfall)	\$ (7.72)	\$ (7.29) ^{a)}	\$ 0.42
Enrolment Changes (Decline) / Increase	(1.05)	(0.43) ^{b)}	0.62
All Day K	-	0.57 ^{c)}	0.57
Salary and Employee Benefits Increase	(4.70)	(4.41) ^{d)}	0.29
Teachers' Pension Plan	(2.75)	(2.80) ^{e)}	(0.04)
MSP Rate Increase	(0.20)	(0.21) ^{f)}	(0.00)
Carbon Offsets & Cost of SMARTTtool	(0.33)	(0.29) ^{g)}	0.04
Inflation and Other Costs	(0.90)	(0.87) ^{h)}	0.03
Reduction in Investment and Interest Income		(0.95) ⁱ⁾	(0.95)
One-time Funding 2009/2010 Appropriated Surplus		2.90	2.90
	<u>\$ (17.66)</u>	<u>\$ (13.78)</u>	<u>\$ 3.88</u>
Uncertain Funding			
AFG Funding	(10.60)	-	10.60
Teacher Collective Agreement Increase	(5.55)	-	5.55
Trades Adjustment & Labour Market Adjustment	(1.03)	-	1.03
Less than anticipated Provincial Funding		(4.34)	(4.34)
	<u>\$ (17.18)</u>	<u>\$ (4.34)</u>	<u>\$ 12.84</u>
Total Projected Funding Shortfall	<u><u>\$ (34.84)</u></u>	<u><u>\$ (18.12)</u></u>	<u><u>\$ 16.72</u></u>

- a) Based on the \$2.90 million projected surplus for 2009/2010 adjusted for the following one-time items: 08/09 appropriated surplus of \$4.26 million, transfer from LCR of \$2.70 million, and other one-time net savings of \$3.23 million.
- b) Estimates decline of 420 FTE regular students and 122 FTE ESL students, offset by a projected increase of 58 international students.
- c) Estimates 2,111 FTE All Day Kindergarten students and 709.50 FTE Half Day Kindergarten students.
- d) Includes cost increases for salary increments (for teachers, administrators and PASA members) and employee benefits, offset by teacher turnover savings.
- e) Approximately 8% increase in Teachers' Pension Plan contributions effective July 1, 2010.
- f) MSP rate increase of 6% effective January 1, 2010.
- g) Estimated carbon offsets costs based on \$25 per tonne of green house gas emissions.
- h) Based on 2% inflation for supplies and generally higher rates of increase for utilities.
- i) Estimates loss of investment income due to changes in the provincial cash flow system.