

Coquitlam Board of Education

2014/2015 Budget Presentation

April 15 2014
Board Presentation



Agenda

1. Overview of the Public Presentation (April 1st & 8th)
2. Operational Budget Expenses – how we spend our funding
3. Identified Cost Pressures
4. Community Feedback
5. Key Assumptions
6. Proposed Savings for 2014/15



School District No.43

- Serves the communities of Coquitlam, Port Moody Port Coquitlam, Anmore and Belcarra.
- Contains 5.8% of provincial enrolment, which is approximately 31,000 students.
- 3rd largest school district in the province
- Schools
 - 45 Elementary
 - 13 Middle
 - 10 Secondary (inc. CAFE)
 - Other alternate and alternative schools



Program Delivery



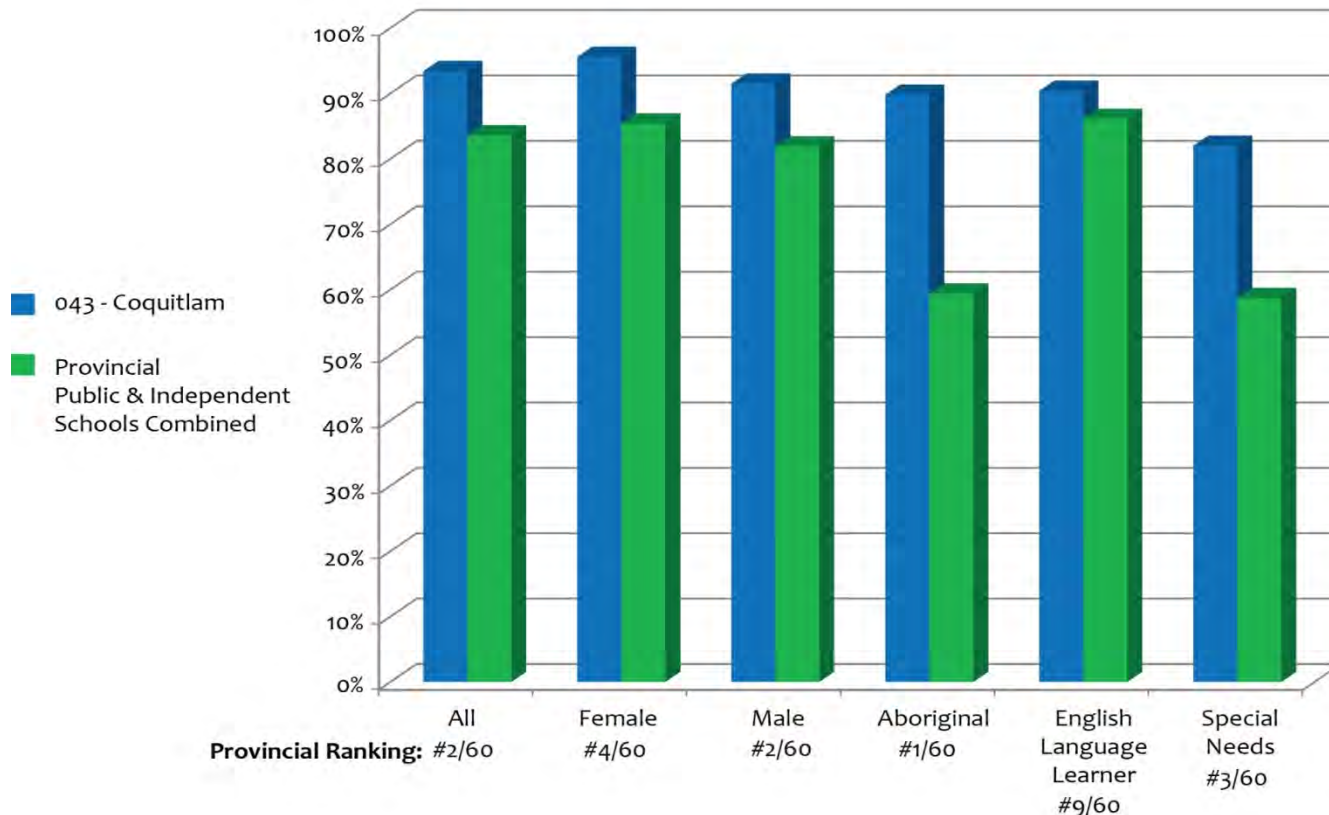
The Coquitlam School District has embraced individualized learning through expanded programs of choice and alternative educational offerings including:

International Baccalaureate	Internationally recognized university-level course credit program
Montessori	Programs throughout the district place emphasis on individual student choice in learning
Reggio	Encourages children and their teachers to explore, question, discover
Coquitlam Open Learning	Online and blended secondary-level courses leading to graduation
Inquiry Hub	Challenges secondary students to frame learning activities around inquiry questions by blending online and classroom activities
Suwa'lkh	Culturally relevant curriculum to support Aboriginal and non-Aboriginal students through unique learning opportunities
Encompass	K-9 and 10-12 program options blending home and school-based learning opportunities
SWIS	School-based settlement services for families new to Canada
Continuing Education	Adult course offerings leading to graduation or post-secondary
ELSA	English Language Services for Adults

Achievement Levels

Student achievement results show performance significantly above both the national and provincial norms on almost every measure. Our goals are focused on helping our students to acquire a series of attributes to help prepare them for the uncertainty of life in the 21st Century.

These include helping students to become Learners, Thinkers, Innovators, Collaborators, Contributors.



Types of Budgets



Capital Budget

- Buildings
- Fields
- Infrastructure

Operating Budget

- Learning
- Teaching
- Programs
- Administration



Special Purpose Funds

- Specific time frame (12 month, 24 month)
- Specific function
- Examples: Learning Improvement Fund, Annual Facilities Grant, Community Link

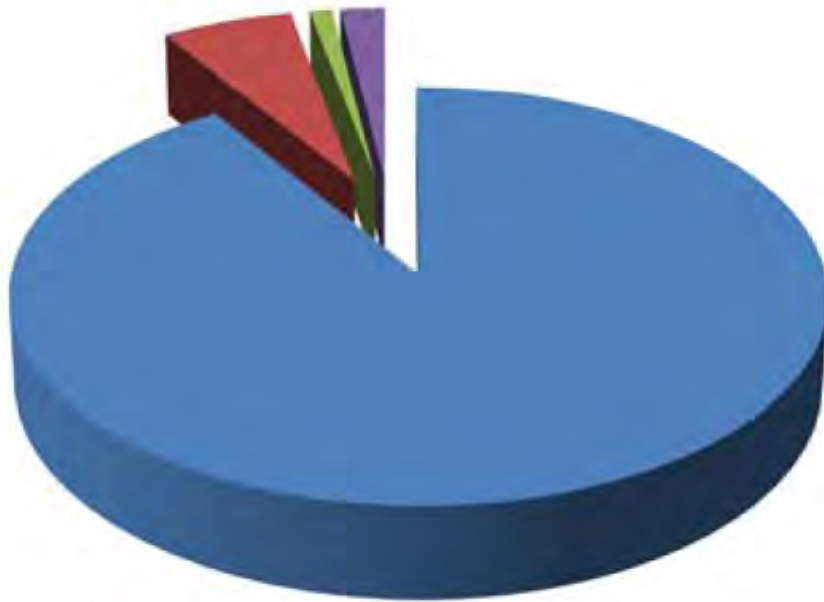


Funding

- The vast majority of school funding comes from provincial grants through the Ministry of Education.
- The Coquitlam School District derives additional revenue from a strong international education program, Learning Innovation Network (LINC), continuing education, rental of facilities, investment income, etc.
- The operating budget in 2014/15 is expected to be \$270 million.



2014/15 Budgeted Revenues By Source



- Ministry of Education \$248.5 M = 92%
- International Education \$16.5 M = 6%
- Continuing Education \$1.6 M = 0.6%
- Other Fees & Revenue \$3.1 M = 1%

Provincial Funding

- There is no increase in operating grants for the educational system for the 2014/15 year.
- Provincial funding for education has not kept up with inflation.
- 39 school districts are reporting declining enrolment and therefore they receive funding protection, that is funding supplements of \$39.5 M.
- This translates to the Coquitlam School District “redistributing” \$2.26M for the 2013/14 year to school districts with funding protection.



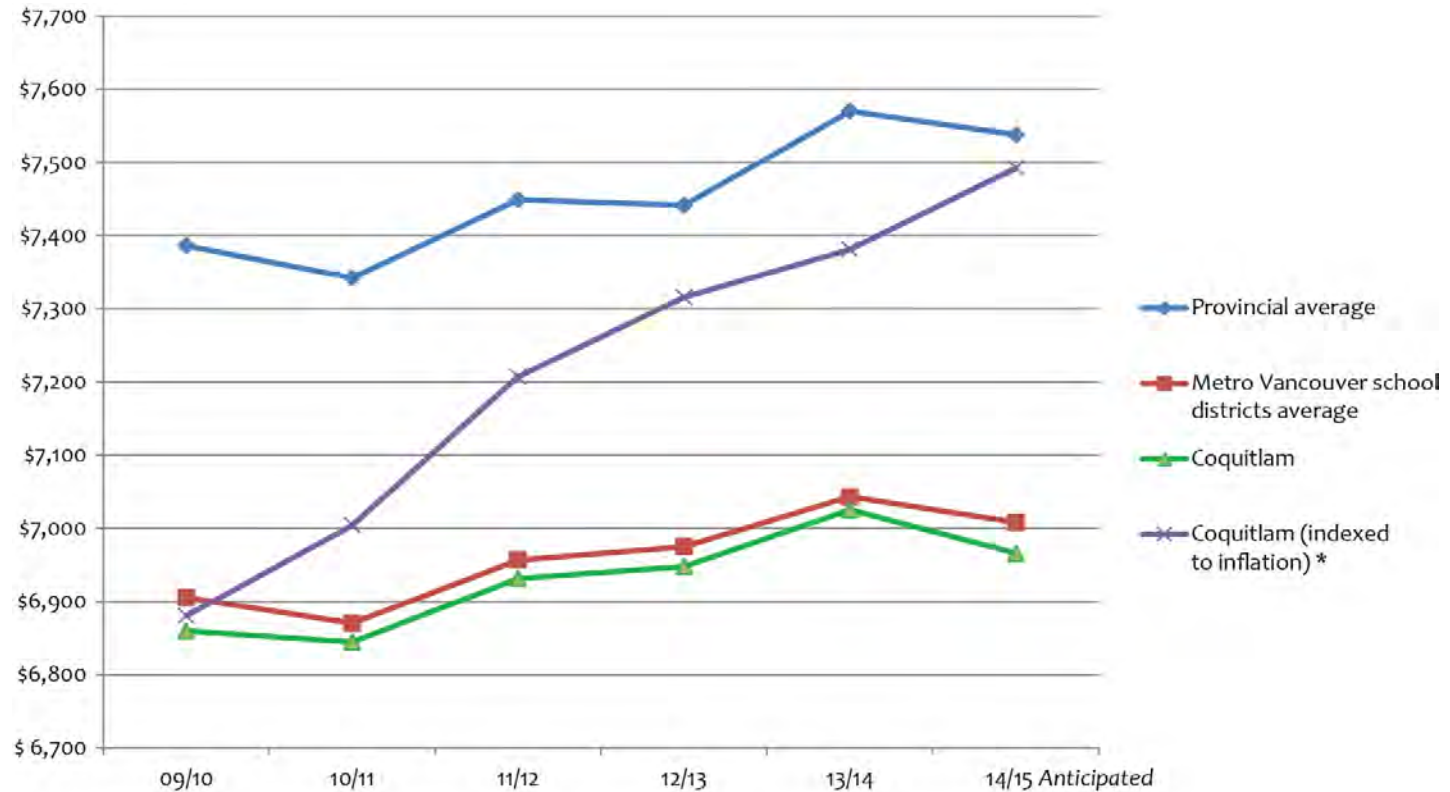
Grant Funding Comparisons

- When comparing total grants* Coquitlam falls short of the Provincial average. For 2013/14:
 - Provincial Average = \$7,570 per student
 - Coquitlam = \$7,025 per student
- On this basis Coquitlam ranks 56 out of 60 school districts (or 4th lowest in funding) and within \$5 of the lowest ranking school district.
- Larger school districts tend to receive less funding per student. Out of the 19 school districts below the provincial average for funding, 16 of these are in the top 20 by size.

**Excludes special student needs and teacher salary differential from the student grant calculation.*



Rates of Funding and Inflation



* inflation reflects the Consumer Price Index, for 2014/15 the 5 year average inflation was applied.
 Note that Ministry of Education funding for 2014/15 is based on current figures provided by the Ministry.



Rates of Funding and Inflation

- When comparing total grants* Coquitlam will see a decrease next fiscal year as will the Provincial average. For 2014/15:
 - Provincial Average = \$7,538 per student
 - Coquitlam = \$6,966 per student
- If total grants had kept up with inflation since 2009/10, Coquitlam would have received \$7,492 per student.
- The difference of \$526 per student for 2014/15 between what is expected and the amount adjusted for inflation is significant. Considering a population of approximately 31,000 students, there is a funding shortfall of \$16.3M.

**Excludes special student needs and teacher salary differential from the student grant calculation.*



Placing Instruction First

- The Coquitlam School District has always placed students at the forefront of decision making when it comes to budgets.
- The District spends more of its budget on Instruction and less on Administration compared to the provincial average across School Districts.
- The Coquitlam School District's long standing commitment to protecting learning in the classroom is evidenced by looking at where we spend our staffing dollars. The District is staffed significantly under the provincial average in all categories except teachers.



School District Operating Expenditures 2013/14 Budget

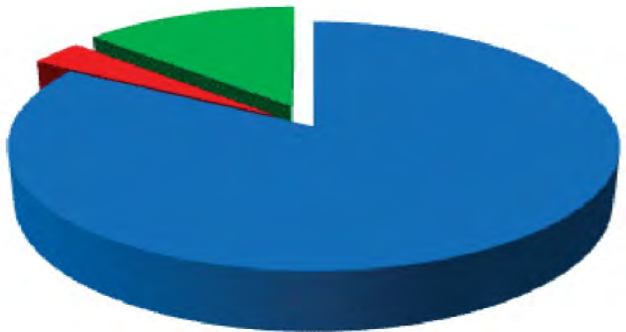
Coquitlam

- Instruction 86.58%
- District Administration 2.89%
- Operations, Maintenance and Transportation 10.53%

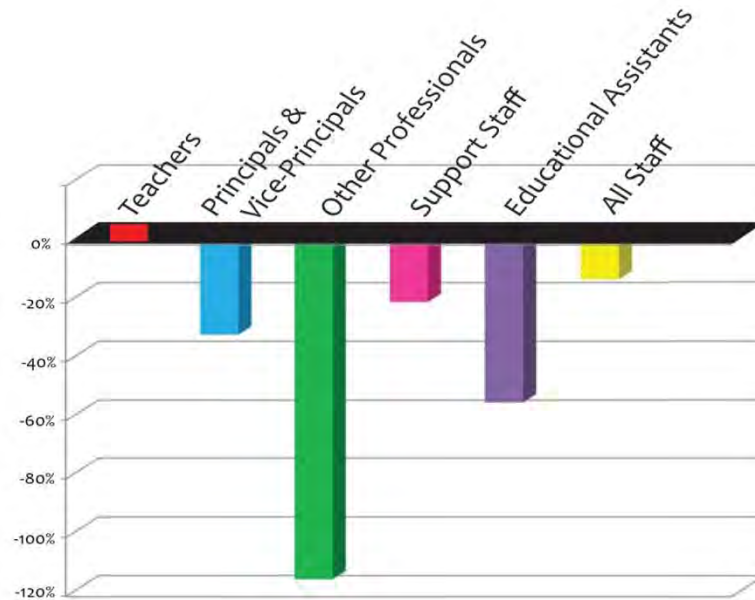


Provincial Average

- Instruction 83.20%
- District Administration 3.34%
- Operations, Maintenance and Transportation 13.46%



Staffing Ratios – Coquitlam School District vs Provincial Average



Staffing Comparison	Coquitlam Staff (Full-time equivalent)	Provincial average (student:staff member)	Coquitlam School District (student:staff member)	Variance
Teachers	1,744.09	17.48	17.39	0.53%
Principals & Vice-Principals	110.50	206.75	274.49	-32.77%
Other Professionals	44.00	318.87	689.35	-116.19%
Support Staff	515.03	48.43	58.89	-21.60%
Educational Assistants	346.74	56.14	87.48	-55.81%
All Staff	2,760.36	9.65	10.99	-13.87%



Salary vs Non-salary Budget

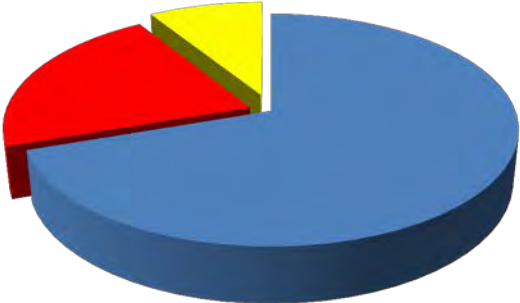
- The vast majority of the Coquitlam School District's operating budget, 91%, is spent on salary and related benefit costs. This is higher than the provincial average of 88.7%.
- School districts have different benefit packages. The Coquitlam School District is required to spend 21.45% of its operating budget on benefits compared to the provincial average of 17.9%.
- The Coquitlam School District spends 8.9% of its operating budget on non-salary (ex. supplies, transport, etc.) as compared to the provincial average of 11.3%.



School District Operating Expenditures 2013/14 Budget

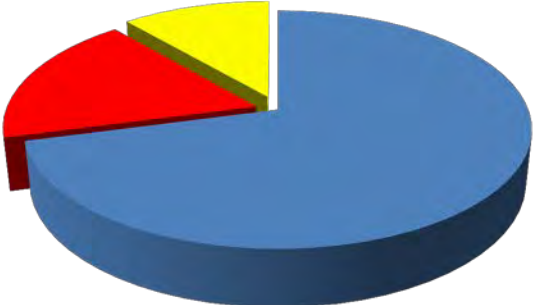
Coquitlam

- Salaries 69.67%
- Employee Benefits 21.45%
- Supplies & Services 8.88%



Provincial Average

- Salaries 70.83%
- Employee Benefits 17.90%
- Supplies & Services 11.27%

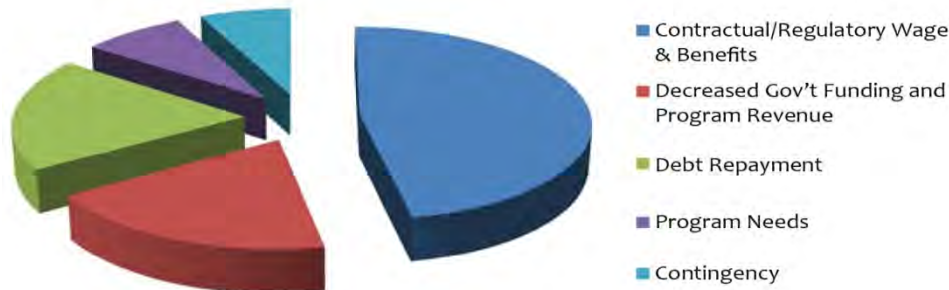


Cost Pressures 2014/15

- The Coquitlam School District is facing rising costs in 2014/15 while funding from the Ministry of Education will not rise to help offset these.
- The School District has no choice to avoid the vast majority of these costs as they are required due to contractual, legislative, inflationary, or regulatory requirements.
- The combination of increased costs and decreased revenue results in the District facing a deficit of \$13.4 M in 2014/15.



Major Sources of Cost Pressure 2014/15



Cost Categories	Percentage of 2014-2015 deficit	Dollar Amount
Contractual/Regulatory Wage & Benefits	47%	\$6,278,969
Decreased Gov't Funding and Program Revenue	19%	\$2,614,719
Debt Repayment	19%	\$2,500,000
Program Needs*	8%	\$1,127,078
Contingency Fund**	7%	\$900,000
TOTAL DEFICIT FOR 2014-2015		\$13,420,766

*Program Needs include items such as Educational Assistants for high-need students, IT server costs, increased legal fees, classroom equipment, etc.
 ** Recent forensic audit requires a contingency fund for 2014-2015 cost increases and unexpected costs. The proposed contingency fund represents 0.33% of the operating budget.

Decreased Government Funding and Program Revenue

Decreased Government Funding and Program Revenue

Grant Income	(1,891,061)
Continuing Education	(709,000)
International Education	(287,908)*
Rental and Interest Income	273,250
	<hr/>
	(2,614,719)

* The International Education Program contributes significant revenues each year to the Coquitlam School District. Final outcomes will be realized in September 2014. As recommended by our auditors, we are adopting a conservative approach by projecting for 2014/15, gross revenues at \$16.5M as well as a possible decrease in net revenue of \$288K.



Contractual, Regulatory, Wage and Benefits Increases

Teacher's salaries and benefits	\$1,350,000
CUPE wage increase and benefits	991,000
Employee future benefit plan increases	700,000
Staffing for new Eagle Mountain School	661,174
Utilities rate increase (Hydro and Fortis)	625,000
CPP/ EI/ MSP/ WCB cost increases	472,610
Restoration of cost savings from 2013/14 which resulted from delayed staffing	405,000
School supplies budget provision	350,000
Increase in substitute costs	250,000
New provincially mandated student software	225,000
Telephony/ Transport/ Insurance/ Health and safety cost increases (ex. First aid certification)	187,460
Sports field cost increase due to usage - municipal agreements	61,725
	<hr/>
	\$6,278,969



Program Needs

Restoration of Communications/ Food Services/ Principal positions after hiatus/ new Finance position per audit	\$351,578
Educational assistants for high need students	350,000
Equipment to support classrooms	127,500
Legal fees increase	100,000
Resources for vulnerable children	60,000
Rental clerk to support rental revenue increase	60,000
Trades and transitional programming	50,000
Election costs - facilities costs	25,000
DPAC funding increase	3,000
	<u>\$1,127,078</u>



Debt Repayment and Contingency

Debt Repayment	\$2,500,000
Contingency	<u>900,000 *</u>
	<u>\$3,400,000</u>

* Contingency represents funds set aside for unexpected events. The proposed contingency fund represents 0.33% of the operating budget



Community Feedback

What we heard from the Public

- We have passionate employees who care greatly about supporting and educating our children.
- Required reductions should be away from the classroom.
- Increase and expand educational advocacy for more funding.
- Consider the impact on employees affected by job loss.



Community Feedback

What we heard from the Public

- Enhance rental revenues by fee increases or expansion of rental program including the film industry and before or after school programs.
- Review summer and international education programs to enhance revenue opportunities.
- Reduce, eliminate, or charge for Busing.
- Change benefit programs by reducing levels or pro-rating for part time employees.
- Reduce heating in all buildings.



Major Assumptions

- There is no provision for future labour settlements included in this budget. This assumes that there will be no increases or any costs will be fully funded by the Province.
- There is no cost provision for the current court case under appeal that would reset staffing levels to the year 2002.
- It is assumed the Minister of Education will accept a 5 year debt repayment plan or \$2 million per year.

Savings Plan Summary (presented April 15)

Description	% to Total	Amount
Non Salary Savings	8%	\$990,471
Transportation and Supplies		
Combined Non-Salary & Salary Savings	2%	\$295,000
Cafeterias and Draw time reductions		
Benefit Savings	12%	\$1,600,000
Post Retirement Group Benefits		
Staffing Reductions	78%	\$10,525,761
Total		\$13,411,232



Proposed Savings – Non Salary

Transportation savings occurs through the elimination of before and after school bussing. Services for special needs students will be retained. \$ 665,000

School Supplies budgets will be reduced to \$3,250,000 \$ 250,000

Departmental budgets have been reviewed with resulting savings identified. \$ 75,471

\$990,471



Proposed Combined Salary & Non-Salary Savings

The subsidiary for Middle School Cafeterias will be withdrawn. As a result Middle School cafeterias will be closed.

\$ 145,000

Discretionary custodial draw time for schools will be reduced and guaranteed caretaker coverage the last week of summer will be eliminated.

\$ 150,000

\$295,000



Proposed Benefit Savings

- Currently, Post Retirement Group Benefit Plan costs are funded by the School Board and retirees on a 50/50 basis.
- It is proposed to change the Board share of costs from 50% to 40%. This will impact the premium for the average retiree by \$21 monthly.
- Secondly it is proposed to make changes to retiree benefit coverage – deductibles, coinsurance , and maximum limits. This will impact premium costs for the average retiree by \$8 month.
- As a result of these proposals, premiums are impacted by \$29 monthly for the average retiree. This, combined with the resulting accounting treatment change, will realize **savings of \$1.6 million.**

Proposed Staffing Reductions

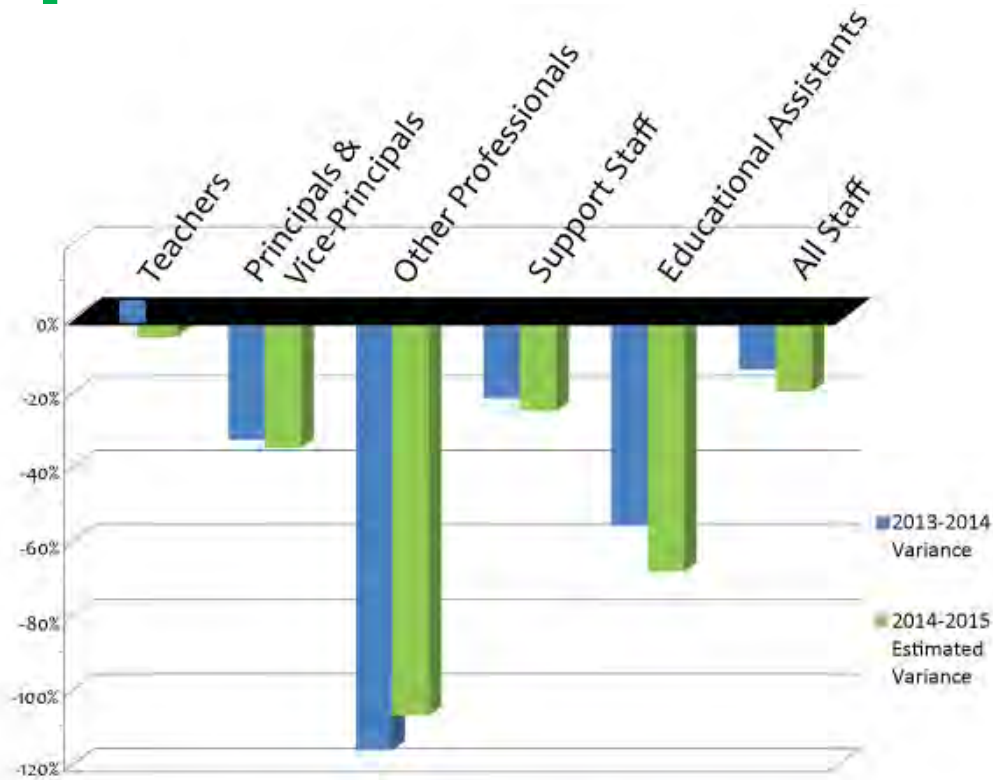
- With 91% of the budget committed to salary and benefits, it is necessary to consider staffing reductions.
- Recommendations seek to place instruction first and maintain a sustainable organization.
- The proposed reductions will have a limited impact on current staffing ratios. The following graph shows the proposed 2014/15 staffing ratios against 2013/14 provincial numbers (adjusted for SD43 impacts). As other School Districts announce their reductions, the ratios are likely to move even closer to current ratios.

Proposed Staff Reductions

Staffing Category	FTE	Dollar Amount
Support Staff	22.34	\$ 905,000
Educational Assistants	33.48	\$ 1,108,382
Administration	4.00	\$ 525,000
Teachers	103.48	\$ 7,987,379
Total	163.30	\$ 10,525,761



Staffing Ratios – Coquitlam School District



Staffing Comparison	Coquitlam Staff (full-time equivalent)		Provincial average (normalized number)		Coquitlam School District (normalized number)		Variance	
	2013-2014	2014-2015 Estimated	2013-2014	2014-2015 Estimated	2013-2014	2014-2015 Estimated	2013-2014	2014-2015 Estimated
Teachers	1,744.09	1,641.01	17.48	17.54	17.39	18.47	0.53%	-5.28%
Principals & Vice-Principals	110.50	108.5	206.75	206.9	274.49	279.35	-32.77%	-33.02%
Other Professionals	44.00	46.00	318.87	318.47	689.35	658.91	-116.19%	-106.90%
Support Staff	515.03	499.48	48.43	48.50	58.89	60.68	-21.60%	-25.13%
Educational Assistants	346.74	320.01	56.14	56.3	87.48	94.72	-55.81%	-68.23%
All Staff	2,760.36	2,615.00	9.65	9.68	10.99	11.59	-13.87%	-13.87%



Proposed Staffing Reductions for 2014 15 - presented at April 15 2014 Board Meeting - Slide 34 of Budget Presentation

<u>Group</u>	<u>Teachers</u>	<u>Principals and VP</u>	<u>EA's</u>	<u>Support Staff</u>	<u>Other Prof</u>
HUB LST's	(2.00)				
Psychologists	(4.00)				
Speech Language Paths	(6.00)				
Itinerant district behaviour	(2.00)				
Learning Success Coordinator	(6.00)				
School Located District Programs	(4.50)				
Teaching and Evaluation	(1.00)				
Class size and Composition	(16.50)				
Librarians	(38.38)				
School Based Learning Support Teachers	(12.10)				
Middle School Teachers	(1.00)				
Counsellors	(2.00)				
International Ed	(8.00)				
Principals and Vice Principals		(4.00)			
Teacher and Education Assistants			(27.48)		
Youth Workers			(5.00)		
Winslow			(1.00)	(1.00)	
Noon Hour Supervisors				(4.79)	
Facilities				(6.00)	
IT Techs				(3.00)	
Cafeteria Staffing - Middle schools				(7.55)	
TOTAL	(103.48)	(4.00)	(33.48)	(22.34)	-

Support Staff

Other Prof

(1.00)

(4.79)

(6.00)

(3.00)

(7.55)

(22.34)

-

Operating Budget Summary

(in ,000's)	2014-15 <u>Preliminary Budget</u>	2013-14 <u>Latest Outlook</u>	<u>Variance</u>
Operating and MOE Grants	248,610	250,518	(1,909)
Other Fees and Revenue	21,647	23,791	(2,144)
Total - Revenue	270,257	274,310	(4,053)
Salaries	185,412	191,955	(6,543)
Benefits	56,520	58,536	(2,016)
Total - Salaries and Benefits	241,931	250,490	(8,559)
Services	5,327	4,968	358
Student Transportation	656	1,271	(615)
Supplies	7,803	7,622	181
Utilities	5,981	5,308	673
Insurance/ Leases/Fees/Prof Development	5,159	5,150	8
Total - Supplies and Services	24,925	24,320	606
Total - Expenses	266,857	274,810	(7,953)
Total - Current Period Surplus/ (Deficit)	3,400	(500)	3,900
Prior Period Deficit	(500)		(500)
Contingency	(900)		(900)
Debt Repayment	(2,000)		(2,000)
2013 - 14 (Surplus)/Deficit		(500)	500



Additional Savings Ideas (post April 15)

Description	Amount
Communications Manager - defer filling the position one year	115,000.00
Secondary School Cafeterias - raise food prices by 10% - decrease labour costs by 14%, Secondary Cafeterias - Coordinator position, part-time or use Admin release time	100,000.00
Eagle Mountain Staffing - staff youth worker from Moody Middle - Como Lake youth worker to cover for Moody Middle - recalculation of custodial requirements	115,864.00
Community School Coordinator - reduce one position and replace with a Programmer	37,898.00
Transportation - accepting recommendation for transportation reduction will avoid cost increase when contract is renewed	25,000.00

\$ 393,762.00 *

* savings to be reinvested in central language class (1.0 FTE), SLP (1.0 FTE), class size and composition (2.98 FTE)



Other Possible Future Considerations

- Through the Budget Consultation Process several ideas to reduce costs have been captured that are worthy of further study and consideration.
 - Reorganization of Custodial Requirements
 - Business Development Opportunities
 - Grant Writer
 - Lotteries
 - Corporate Donations/ Fundraising
 - Use of Public/Private Partnerships to support and maintain new facilities.
 - A re-examination of part-time work and related benefit costs
 - Implementation of a new accounting system for school based accounting



Budget Outcomes for 2014/15

- Throughout the budget process, we have engaged with the Community by sharing the facts and engaging and soliciting their ideas on how to meet our budget challenge.
- There is a need to balance the multiple interests of all stakeholders with the need to maintain a balanced budget under the *School Act*.
- Building and maintaining a sustainable school district for years to come involves making some very difficult choices and decisions in an environment in which funding does not keep up with inflation.

