

District Configuration Review, September 2020

# Report 3 – Financial and Operational Feasibility Study

## Executive Summary

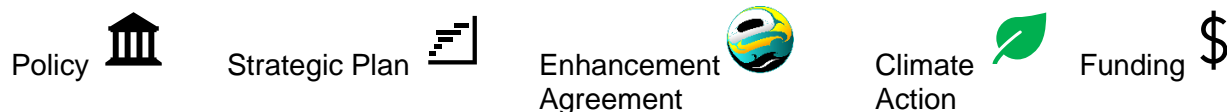
The intent of this report is to provide an objective analysis of factors related to a reconfiguration of School District 64 Gulf Islands. Beginning with a chronological recounting of process to date, this report canvasses current challenges facing the district, a deep dive into data relevant to reconfiguration, modelling of potential reconfiguration scenarios and a timeline for next steps. All elements of this process maintain a focus on student success while ensuring fiscal responsibility to provide stability and sustainability. Guiding documents and values that influence this report include, but are not limited to, the *School Act*, SD64 Board Policy and Procedures, SD64 Strategic Plan, Indigenous Education Enhancement Agreement and a commitment to climate action.

SD64 Gulf Islands is an inspiring place to live, learn, and thrive. The areas of adjustment and change located in this report have been designed to ensure that the district makes good decisions to support public education in our neighbourhoods, on our islands, and in our lives. On October 10, 2018, the Gulf Islands Board of Education passed a motion to

*“undertake a community-based consultation process to review district configurations that support the best educational outcomes for students in addition to maximizing cost-effective education delivery”.*

It has been nearly 25 years since the school district last undertook a change of configuration. With the opening of Gulf Islands Secondary School in September 1994, elementary students on Salt Spring Island transitioned from a Kindergarten to grade 7 program model, to a middle school model. Salt Spring Island Middle School (the former high school building) opened its doors as a grade 6 to 8 school in September 1995.

SD64 has often faced budgetary pressures and instability. An environment of fiscal uncertainty is detrimental to learning and continued efforts to normalize annual budget cycles is essential to system effectiveness.

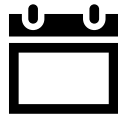




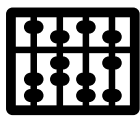




Gulf Islands Driftwood, May 20, 2020

As part of the configuration review process, through the months of June to November 2019, a series of public engagement experiences (email feedback, public gatherings, ThoughtExchange) were provided and produced significant feedback. On December 11, 2019, the Board of Education passed a motion to create an ad-hoc feedback review committee to unpack this feedback while extending the decision-making timeline until fall 2020.

In its work, the Feedback Review Committee identified six key themes:

<p>Learning Week</p> 	<p>Transportation / Facilities</p> 	<p>Outer Islands</p> 
<ul style="list-style-type: none"> <li>- Focus on effectiveness</li> <li>- Keep 4-day week</li> </ul>	<ul style="list-style-type: none"> <li>- Keep water taxi</li> <li>- Review providers</li> <li>- Review community use</li> <li>- Optimize facilities use</li> </ul>	<ul style="list-style-type: none"> <li>- Enhanced programs for higher grade levels</li> <li>- Student retention on islands</li> <li>- Re-purposed OIMY</li> <li>- Increased opportunities</li> </ul>
<p>Grade Configuration</p> 	<p>Special Programs</p> 	<p>Academics</p> 
<ul style="list-style-type: none"> <li>- Transitions: reduce and do well</li> <li>- Move to K-7 / 8-12</li> </ul>	<ul style="list-style-type: none"> <li>- Examine equity</li> <li>- Ensure quality over quantity</li> <li>- For example, look at: Music, Nature, Arts, French Immersion</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on Math</li> <li>- Enhanced learning supports</li> <li>- Ensuring rigour throughout all programs and ages</li> <li>- Strong foundations</li> </ul>



Following this work, the Board of Education passed the following motion at its Regular Scheduled Public Meeting on May 8, 2020:

*That the Board directs staff to provide recommendations, at the June Board meeting, of possible financial modelling scenarios for investigation over the summer.*

As a result of this motion, district staff researched a variety of considerations and possibilities for moving forward. The *Scope of Opportunity* was shared with the Gulf Islands learning community and outlined areas of consideration to support optimal educational outcomes and demonstrate fiscal responsibility.

At the Regular Scheduled Public Meeting on June 10, 2020, the Board of Education passed the following motions.

*That the Board of Education directs staff to undertake a financial and operational feasibility study of the Scope of Opportunity presented by staff.*

*That the Board of Education directs staff to identify policy and procedural implications associated with the Scope of Opportunity presented by staff.*

Through June to September 2020, staff have objectively researched data and information relative to configuration review in preparation for the provision of this report.

All considerations for configuration options are intended to align with declared values and goals articulated in the School District 64 Strategic Plan, Board Policy, Environmental commitments, and the Indigenous Education Enhancement Agreement.

This report describes objective consideration of key areas related to the configuration review process including:

- Current Challenges
- Objective Data Analysis
- Modelling: Configuration Scenarios
- Next Steps

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## Challenges



In its existing configuration, SD64 runs an annual budget with an approximate 1.1-million-dollar deficit. This deficit is currently mitigated through temporary funding protection, allowing for a transition period due to an annual reduction in operating revenue no greater than 1.5%. While fiscal responsibility is a reality for all school districts, student success remains at the forefront of our purpose. Looking forward, SD64 will need to find a balance that optimizes learning opportunity while ensuring fiscal responsibility.

### Deficit History

SD64 (Gulf Islands) has a history of operating with an unstable budget model under the current configuration. Over the past 15 years, attempts have been made to balance the budget while also preserving educator staffing and specialty programming. In 2005 the district adjusted significantly to reduce expenses by shifting to a 4-day instructional week. Initial cost savings realized through this change were eventually offset through inflation of the ongoing expenses associated with our current district configuration and a gradual reduction of resident student enrollment.

In addition to cost saving efforts, the district has pursued a variety of revenue generating avenues including the addition of Windsor House in 2011/12 and cross enrolling students on Salt Spring and outer islands. While the Windsor House additional student enrolment was attractive, adjustments to the structure of the school dramatically increased cost. When combined with the challenges of remote oversight, circumstances led to a non-viable operation. In 2017, a Ministry of Education enrolment audit exposed student enrolment practices of non-compliance resulting in a further loss of planned revenue and a requirement for significant repayment. This circumstance required special permission from the ministry of education to operate for 1 year in a deficit budget.

Moving forward, SD64 needs to create a stable long term budget approach that supports student achievement.

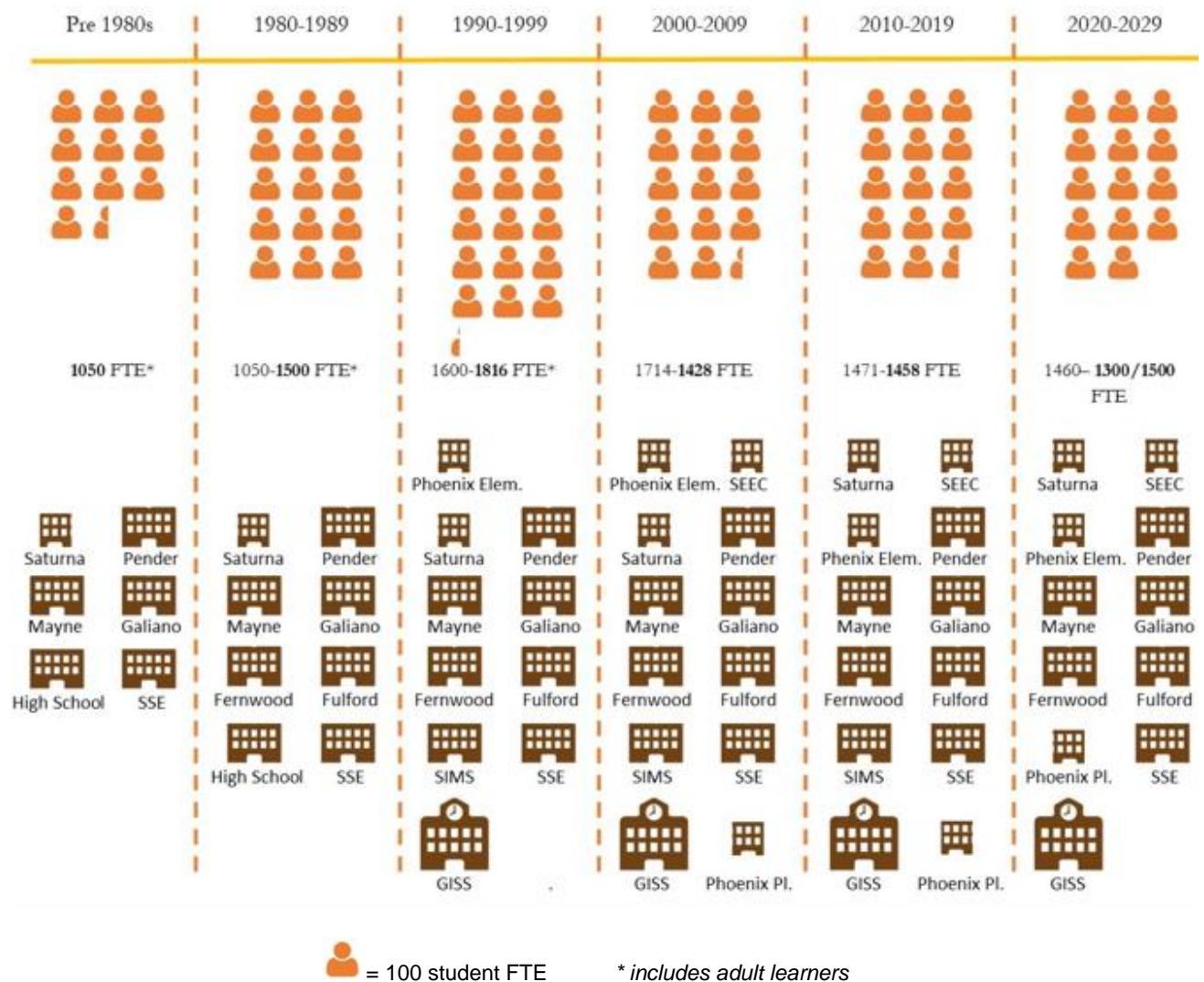
### Funding Formula

All British Columbia public school districts including SD64, are funded on a per student basis and this funding can be influenced by unique student needs or where a student attends school. The main bulk of funding for SD64 comes from the category of basic student funding and is allocated to support staffing and broad operations. The unique student category provides a small amount of additional funding to support those with carefully identified needs. Finally, the unique geographic factor is intended to support district with complex geography. Unique geographic is based on district, student and school location. Additional funds are provided to support facilities and students who are registered and attend these schools. Previously, a misperception existed in SD64 that students living in rural and remote communities generate additional funds beyond those of a typical student in a more urban center regardless of where they attend school. This perception is accurate only if that child attends their local neighbourhood school. As SD64 transports secondary students from the outer islands, this unique geographic funding is lost while additional transportation costs continue to rise.



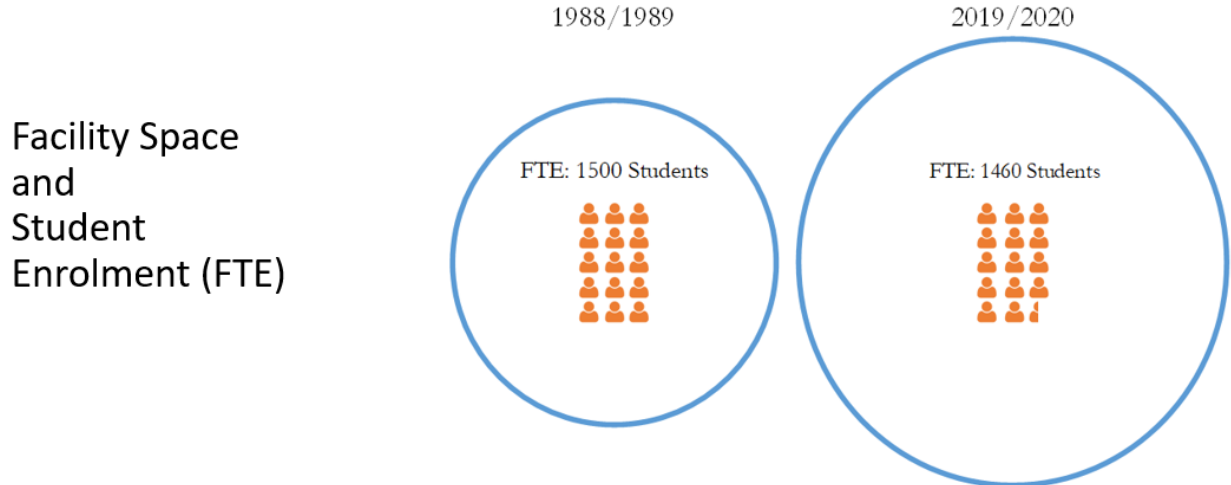
## Buildings and Facilities

Gulf Islands School District serves geographically diverse communities requiring a large commitment to facilities expenditures that influence an equally large carbon footprint. Community use desires vary from region to region, island to island. Catchment area size, cross-boundary applications, and declining enrolment result in underutilized facilities. In 1994/95 SD64 opened Gulf Islands Secondary School and Salt Spring Island Middle School was created. At this time, a growing student population necessitated a new secondary school. This expansion increased school district facilities to support student body enrolment of the era and currently remains despite significant decreases in enrolment. Costs related to decreased student and staff density due to excessive facilities, are an annual expense and an important contributor to the current deficit. There is a recognized need to adjust infrastructure to fit current per student funding and to maximize cost efficiencies. Additionally, a reduction in facilities will decrease the carbon footprint for which SD64 is responsible.

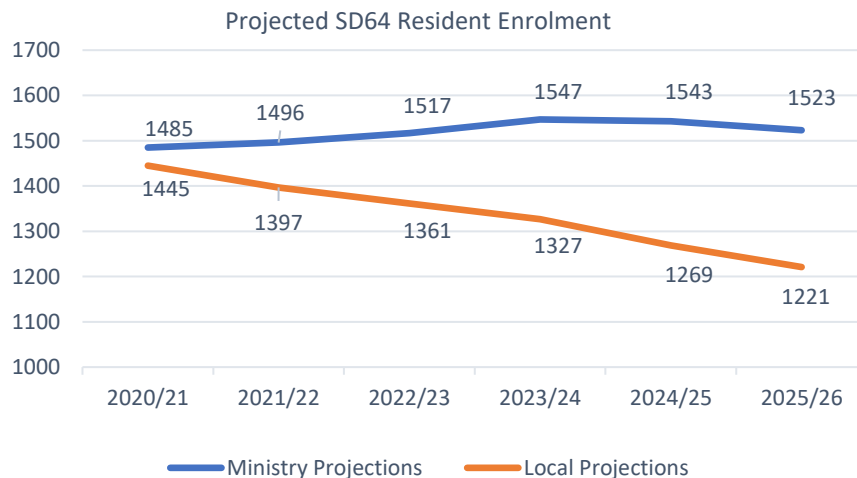




Enrolment Change \$



Resident student enrolment in SD64 peaked at approximately 1840 students in 1994/95 when our current configuration was established. Although minor adjustments occurred on a year to year basis, enrolment was relatively stable for a 10-year period before dipping below 1800 in 2003/2004. 2004/2005 marked the beginning of a trend in declining numbers leading to our current student FTE of approximately 1450 students. Moving forward, district projections based on data collection of local birth rates and registration in StrongStart programs indicate a further projected decline in student enrolment over the next 5 years.



Equity, Trade-Offs, and Balance

Fiscally responsible organizations acknowledge that there are limitations to the programming and services that can feasibly be provided. As a small organization, SD64 currently provides a wide range of specialty programs and services that are typically associated with school districts of a larger size. As the district seeks to reconfigure with stability and sustainability, there will need to be choices about what we would like to maintain or add when seeking to address a significant



budget deficit. Examples of these considerations include but are not limited to increased water taxis, maintenance of specialty programs, unique geographic funding factors, itinerant teachers, school closure, and transportation efficiencies.



Again, of key influence in future decision making are guiding regulations and legislation including the *School Act*, SD64 board policy and procedure, the Indigenous Education Enhancement Agreement and commitments to Environmental Sustainability.

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## Data

Information provided in this area of the report is focused on an objective analysis of the data available regarding funding and expenses. Staff have researched current configuration information to provide detailed estimates associated with various components of SD64 infrastructure and organization. Details contained below focus on potential cost savings, possible additional expenses, potential funding impacts and previous savings.

### Enrolment Locations/Impact

Where students attend school has a direct impact on the funding provided to operate schools and the district. Retaining students at outer island schools directly correlates to funding for that student while also minimizing transportation costs. A district configuration approach where students attend outer island schools for increased years provides opportunity to increase programming and access within neighbourhood catchment areas.

Through Policy and Procedure 525, the Board values and supports neighbourhood schools for each of our island communities. Maximizing class sizes and maintaining the largest possible school populations in catchment areas is academically sound, financially prudent, environmentally responsible, and increases access and opportunity for students in their communities. The preservation of neighbourhood schools is central to the strategic goals regarding sustainability, community, and learning.

### School Analysis / Revenue and Expense \$

Generation of funding through student enrolment needs to be carefully balanced with the burden of debt created through configuration. Unique geographic factors, as part of the funding formula, have already been addressed in this report, however ongoing dialogue focuses on a balance of funding and expenditure. Each community located within Gulf Islands school district enjoys unique resources and assets while belonging to a larger collective. Equity is a measure that needs to consider access to specific and specialist programs while also accounting for the fiscal challenges associated with that access. When well managed, costs and pressures are distributed across all communities that are served by Gulf Islands School District.

Deficit per Student (based on geographic region)	
Outer Island Net	-\$ 2,060
SSI Net	-\$ 670
Average	-\$ 850

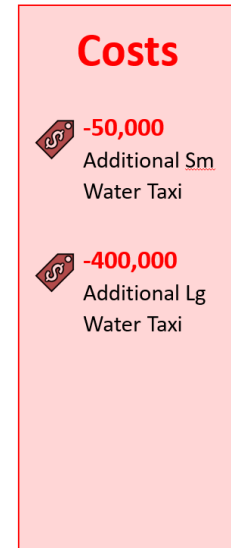
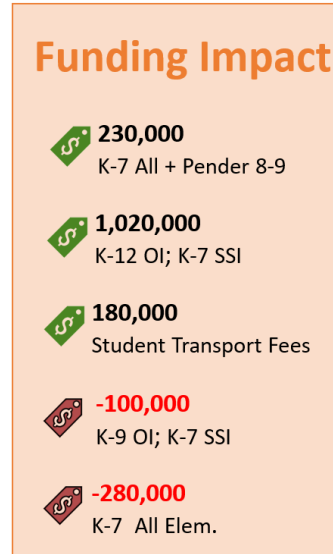
Summary	SSE	Mayne	Saturna	Galiano	SIMS	Fernwood	Pender	Fulford	GISS
Total Revenue	1,852,000	529,000	599,000	930,000	3,469,000	2,283,000	1,732,000	1,378,000	6,088,000
Total Expense	2,026,000	522,000	474,000	1,101,000	3,681,000	2,343,000	2,097,000	1,324,000	6,329,000
REV-EXP	-174,000	7,000	125,000	-171,000	-212,000	-60,000	-365,000	54,000	-241,000

### Cost Items

Presented below is an objective analysis of areas for identified savings, additional costs and the funding impact of potential configuration scenarios. These cost items are presented to provide transparency around the financial implications of decision making.

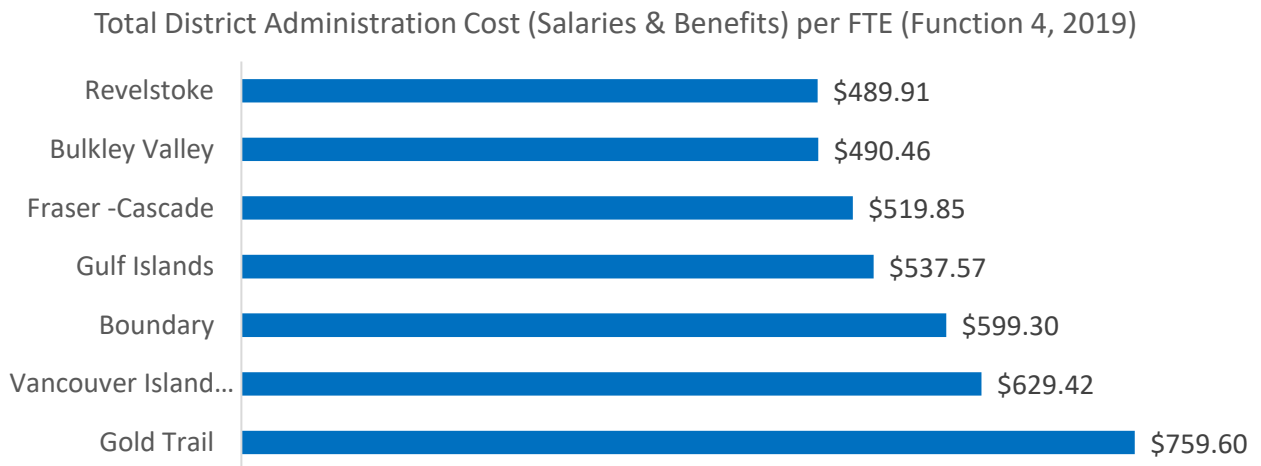




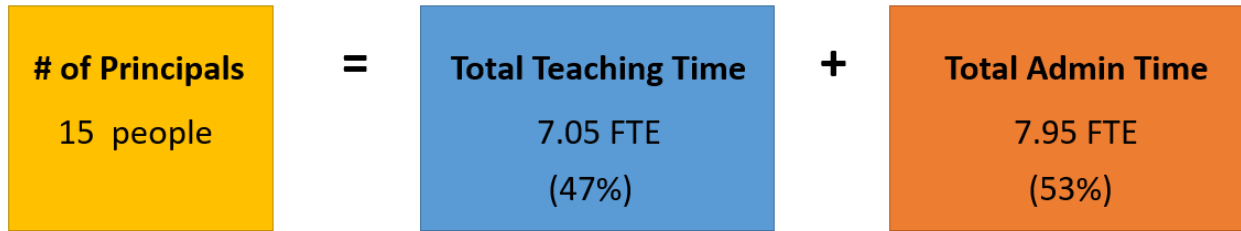


## Administrative Levels

Key questions have been raised about SD64 administrative expenditures. In August 2020, SD64 requested KPMG to do an independent analysis of the organization’s expenditures per function with a focus on administration. In a relative comparison to five similar sized districts, SD64 Gulf Islands falls within the middle to the low end of the range for total administrative cost.



School District 64 values the maintenance of neighbourhood schools and having Principals and Vice Principals who can extend beyond the bookends of the timetable to lead their schools. An important factor related to administrative levels is that school based administrators in SD64 have teaching responsibilities ranging from 10% to 90% of instructional time. This means that despite having 15 school-based principals and vice principals, administrative time is significantly less at 7.95 FTE.



Over the past 25 years, the complexities associated with being an administrator have increased dramatically. Various standards of practice call upon administrators to lead student learning, provide moral stewardship, support strong personnel practices and professional development, all while gatekeeping the quality of a family’s experience at their school. Administrators are accessible to staff and families 24/7 through a digital world and are expected to be highly responsive in their communications.

Moving forward, SD64’s administrative team needs to be calibrated to meet these increased demands and to support a specific reconfiguration scenario.

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## Modelling

As part of the reconfiguration process, it is good practice to consider how others in the same sector approach their work. SD64 staff has spent time researching how similar sized districts have configured to provide the best educational outcomes for students in addition to maximizing cost-effective education delivery. Evidence and information gathered in this research has been included in the preparation of this report to provide a comparative analysis and for consideration as potential options for SD64.

### Comparable District Configuration

When reviewing districts of comparable size, despite the unique context of each district there are common trends throughout. In each of these districts the following apply:

- There is a propensity for K-7 and 8-12 in regional centers
- Remote community configurations vary in strategy K-12, K-10, etc
- Most like-sized SD’s have two smaller regional secondary schools
- None of these districts have a singular large high school with district-wide transportation for all
- Rural communities tend to have schools going to high grades.

			Completion Rate (5 year average)
SD51 (Boundary) FTE 1236 4-day week	2 Regional High Schools: 8-12	Remote Community: K-9	87.8%
SD54(Bulkley Valley) FTE 1940	2 Regional High Schools: 8-12		79.8%
SD64 (Gulf Islands) FTE 1491 4-day week	1 Large High School: 9-12	Remote Community: K-5/K-8/K-12	74.1%
SD70 (Pacific Rim) FTE 3895	1 Large High School: 8-12	Remote Community: 8-12	78.5%
SD74 (Gold Trail) FTE 1109	2 Regional High Schools: 8-12	Remote Community: K-12	79.8%
SD78 (Fraser-Cascade) FTE 1742	2 Regional High Schools: 7-12/8-12	Remote Community: K-12	70.1%
SD85 (Vancouver Isl. N.) FTE 1314	2 Regional High Schools: 8-12	Remote Community: K-10	71.2%

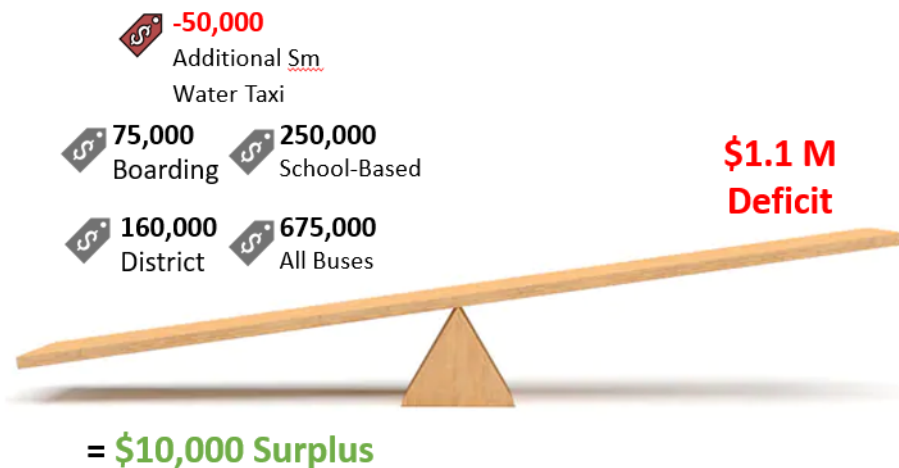
SD64 currently parallels some of these trends in that small island schools are configured to include both elementary and secondary students. Key differences in the SD64 configuration are that the organization is structured with 1 large secondary school for all grade 9-12 students and a middle school that serves only one island.

### 5 Scenarios

Based on an objective analysis of current configuration information, modelling of the following potential configuration scenarios has been provided for consideration by the Board of Education. Factors considered in these scenarios include but are not limited to continued decreases in student enrolment, cost overruns due to excessive facilities, rising costs related to transportation and staffing adjustments. It is acknowledged that some configuration scenarios are more optimal than others in balancing structures that provide best educational outcomes for students in addition to maximizing cost-effective education delivery.

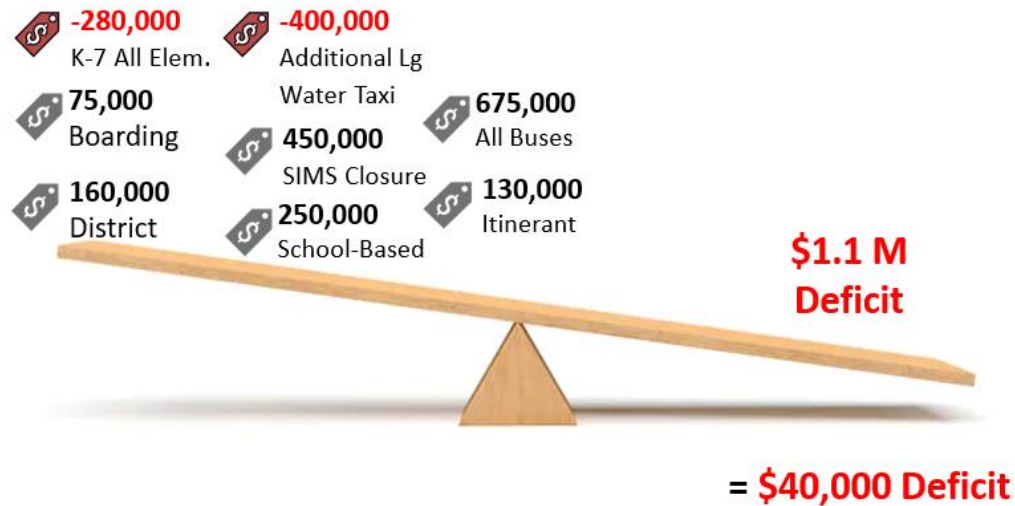
#### Scenario 1 (current configuration)

This scenario would not see any changes to the current configuration of schools across SD64. Needed cost savings could be generated as follows:



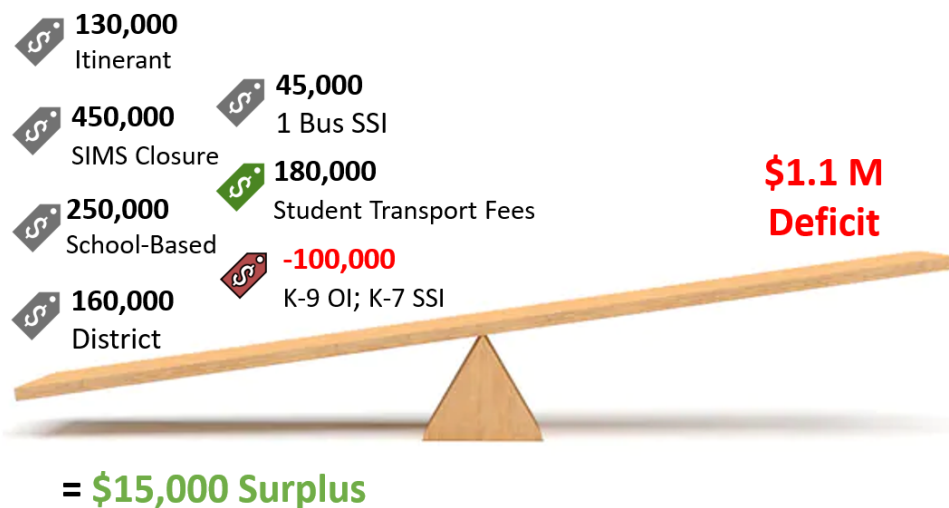
*Scenario 2 (K-7 all neighbourhood schools)*

Here, all neighbourhood schools would be configured to K-7, the Middle School would be closed, and all SD64 students would attend GISS for grades 8-12. The savings identified below are not sufficient to balance the current deficit.



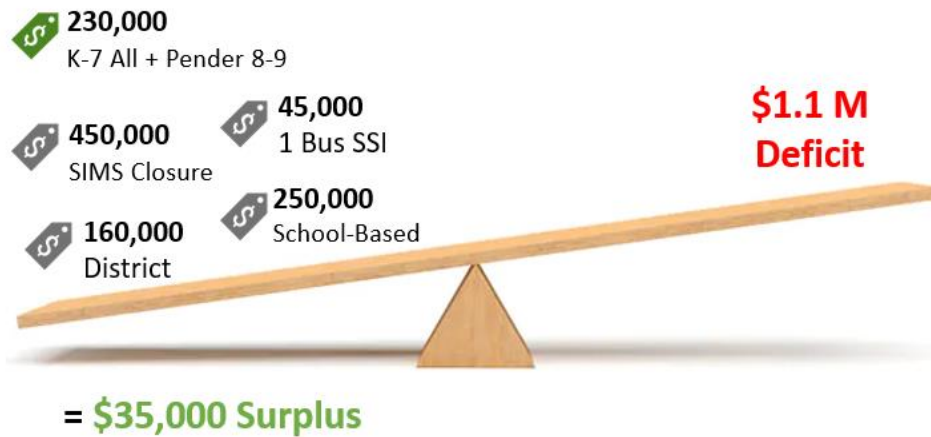
*Scenario 3 (K-9 OI; K-7 SSI)*

This scenario would see Galiano, Mayne, Saturna and Pender Schools reconfigured to K-9 with students transitioning to GISS in grade 10 to complete their graduation program. All Salt Spring Island elementary schools would be reconfigured to K-7 with the elimination of the middle school. The following savings could be implemented to balance the deficit, while generating a modest surplus.



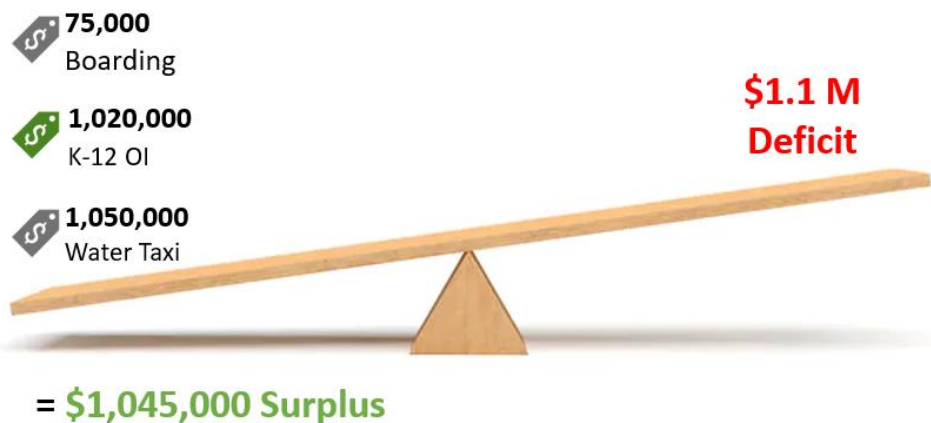
*Scenario 4 (all K-7 / OI 8-9 to Pender)*

In this scenario, Galiano, Mayne, Saturna and Pender Schools would reconfigure to K-7, with grades 8-9 attending Pender School. Outer islands students in grades 10-12 would have the option of completing their graduation program at either Pender School or GISS. All Salt Spring Island Elementary Schools would be reconfigured to K-7 with the elimination of the middle school. The following savings could be implemented to balance the deficit, while generating a modest surplus.



*Scenario 5 (All OI K-12)*

This scenario would reconfigure Galiano, Mayne, Saturna and Pender Schools to a K-12 model, with no change to configuration on Salt Spring Island. While this scenario creates a significant surplus in the District, it represents the largest shift from current configuration.



## Next Steps

### Process Timeline Moving Forward

Upon receipt of this report the Board of Education will follow several steps before making final decisions on district re-configuration. The following outlines these steps accounting for community and partner group feedback, policy review and future motions.

### Email Feedback

At the Sept 17<sup>th</sup>, 2020 public Committee of the Whole meeting, partner groups will be given an opportunity to ask questions as usual. Following the meeting community and partner groups will be given the opportunity to provide feedback to this report through an email process. All feedback will be shared with Trustees for consideration to be discussed at the October Board meeting.

### Strategic Plan/Policy Review and Consideration

Several goals of the strategic plan and district policies and procedures have been identified as central to considerations regarding district configuration. Review of these policies and procedures is recommended, and amendments may be required to support the reconfiguration process.

#### Strategic Plan 2.2 Promote and support employee wellness

- 1.1 Instill practices that support students' physical, social, emotional, and mental health, safety and well-being.
- 2.1 Encourage connection to and individual responsibility for the natural environment;

#### Goal 2: Integrate Sustainability

- 2.1 Utilize resources in a sustainable and environmentally-friendly manner.
- 2.3 Develop long-term Facilities Plan

#### Goal 3: Community

#### Policy/Procedure 100 – Mission, Values, Commitments and Goals

- focus on continuous improvement and system-wide capacity building promote sustainability
- maintain high quality system that displays accessibility, relevance, equity and accountability
- be fiscally responsible; promote sustainability

#### Policy and Procedure 410 – Student Transportation *(May Require Amendments)*

#### Policy/Procedures 525 – Attendance Areas *(May Require Amendments)*

#### Policy/Procedures 6850 – Public Use of School Facilities/Joint Use *(May Require Amendments)*

Draft Policy to provide for systemic review of special programs





### October Board Meeting Discussion

After the September 17<sup>th</sup> Committee of the Whole meeting, there will be opportunity for partner groups and community to provide feedback about information provided, including this report. The October 14, 2020 board meeting will provide opportunity for Trustees to consider all feedback and solidify a motion for reconfiguration in preparation for the November Board meeting. As usual, the board makes space for questions at the end of the meeting.

### Motions Moving Forward

At the October board meeting proposed motions will be discussed and a clear motion will be put forward for consideration to be voted on at the November board meeting.

