



July 5, 2016

Ref: 188078

Betty Baxter, Chair
Board of Education
School District No. 46 (Sunshine Coast)
Email: bbaxter@sd46.bc.ca

Dear Ms. Baxter:

Thank you for your letter of May 27, 2016, regarding administrative savings and budget pressures in your District.

I appreciate the challenges districts face in ensuring students receive the highest quality education while managing within a finite budget. Government has to make these same challenging decisions each year when determining how best to allocate limited resources across a range of public sector priorities not just for K–12 education, but also health and other social services.

With government's pledge to a balanced budget, the Ministry of Education was provided with a funding increase in *Budget 2016*, which delivered an additional \$221 million for public schools alone over the next three fiscal years. For the 2016/17 school year, the Ministry has also announced \$28 million in additional preliminary funding allocations to boards of education by allocating the holdback now and ensuring additional funds for enrolment growth are secured.

As you know, the Ministry announced an additional \$25 million for the 2016/17 school year, which will benefit districts through decreased operating charges for items, such as Internet and insurance costs. This will free up funds for every board of education in British Columbia, which can be used in any area the district chooses. For the Sunshine Coast School District, this means an additional \$182,072 is available to invest in local priorities in 2016/17. Importantly, government has made a pledge the \$25 million will be an ongoing commitment for the education sector.

Overall, education funding is up \$110 million compared to last year's budget and the Ministry is investing a record of \$5.1 billion in public education this year. Annual education funding is \$1.2 billion higher than it was in 2000/01, and the average per student funding for public schools has increased by 42 percent over this same period.

It is important to recognize that *Budget 2016* provides funding for the teacher and support staff labour settlements, including the economic stability dividend.

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I acknowledge and commend the advancements the Sunshine Coast School Board has made to manage finances and become more efficient. Budgetary decisions are difficult, and I can appreciate the thoughtful work boards of education undergo to make these decisions. Finding these efficiencies is not always easy, but the savings expectations are reasonable, realistic and similar to what has happened in the health and post-secondary sectors. The District has reported they are on track to achieve planned administrative savings for 2015/16 and the K–12 sector has made good progress in savings efforts to date, particularly through various service delivery initiatives.

Prior to the Next Generation Network (NGN) upgrades, the previous network had been in place for more than 15 years and cost \$22.68 million annually, which was paid by the Ministry. Districts received this service without charge unless they requested enhanced services. However, the system was not meeting the needs of districts and there were repeated problems with connectivity and reliability. Districts requested the system upgrade and were aware of the potential for additional costs to be managed within district funding allocations.

The NGN upgrades are bringing high-speed Internet and modern infrastructure to every school in BC to meet the educational needs of teachers and students. The Province is still providing \$22.68 million annually; however, school districts are sharing the remaining costs of NGN, which amounts to \$24 million in 2016/17. The Sunshine Coast School Board's portion of that cost is estimated at \$143,562 for this coming school year, and will be paid by the Ministry.

Currently, with NGN, Sunshine Coast is receiving a much better system; there are features they never had before which will benefit the District and in turn have a positive impact for teachers and students.

You may be aware, in the 2015/16 school year; the Sunshine Coast School Board is estimated to receive more than \$34.9 million in operating funds. This is nearly a \$3.3 million increase over what the District received 10 years ago, despite a decrease of 642 students in the same period.

I appreciate and agree with your comments with respect to the contributions of exempt employees in the sector. The positions have a vital role in ensuring the effective and efficient delivery of a high-quality and high-performing public school system. Recently, public sector employers, including the K–12 sector, were given some flexibility to provide modest wage adjustments. These wage adjustments are to help address pressing recruitment, retention or compression issues as they move towards a public sector compensation philosophy.

The move to a public sector approach to setting compensation, which began last year, is underpinned in the recognition by government of the 'one taxpayer' lens through which public sector organizations are viewed. This lens is reflected in the Taxpayer Accountability Principles—to strengthen accountability, promote cost control and ensure organizations operate in the best interest of taxpayers.

One of these guiding principles is “Appropriate Compensation”. That principle, combined with the findings of the BC Public Sector Compensation Review, is why government accepted the report’s recommendation to move to a more consistent approach to setting compensation across the broader public sector.

The collaborative work arising from the BC Public School Employers’ Association’s engagement with partner groups, leading to a rational, consistent and technically sound approach to setting compensation for the sector’s exempt employees will reduce competition and, as an evidence-based model, aligns with the public sector approach, including that the modest increases be funded from within existing budgets.

We will continue to work with our sector partners to better understand the financial and operational challenges that boards of education face. We will also look for opportunities to collaborate on innovative solutions that benefit the wider sector. As Minister of Education, I will continue to advocate for K–12 education with my Cabinet colleagues to ensure the concerns raised by you and your sector colleagues are effectively heard.

If you have any questions or require further information, please contact George Farkas, Assistant Deputy Minister, Resource Management and Corporate Services Division, at George.Farkas@gov.bc.ca or by phone at (250) 356-1883.

Again, thank you for writing.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernier", with a stylized flourish at the end.

Mike Bernier
Minister