

THE FINANCIAL ASPECTS OF THE NORTH SHORE REGIONAL COLLEGE DISTRICT

ADDENDUM

To the report of the North Shore Regional College Study

January 15, 1968



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## THE FINANCIAL ASPECTS OF THE NORTH SHORE REGIONAL COLLEGE

The purpose of this addendum is to provide an economic perspective on the problem of financing capital expenditures for campus facilities and operating costs of the North Shore Regional College.

This supplement examines the revenue sources available through the federal and the provincial government assistance programs and reviews the local ability to support the financial requirements for a community college. The Consultants drew information of financial potentialities from various sources. These are: a) Public School Act, sections 192, 193, 219 and 243 pertaining to by-laws and rules on funds paid by the Provincial Government of British Columbia to school districts; b) the Technical-Vocational Act of 1960 providing federal assistance regulations for the development and operation of programs for vocational and occupational training. c) Historical data on assessed valuation for school purposes relevant to the tax base in the component school districts of the Regional College.

The Consultants' report on the North Shore Regional College Study, in the section on curriculum and program, presents estimates on construction cost of campus facilities and operating costs per student. This addendum attempts to present the broad guidelines that will be of assistance in dealing with the financial problems.

### THE FINANCIAL PICTURE

The total financial requirements for the Regional College consist of capital expenditures and operating costs. Capital outlays are budgeted for the acquisition of a campus site, the costs of ground beautification and site development, and the construction of buildings and outdoor activity areas. The operating expenditures are arrived at by multiplying an amount approved by the Council of Public Instruction

with the number of the instructional staff. The legislative by-laws define one full time "instructional staff member" for each twenty full-time students or a fraction thereof. The number of "full-time equivalent students" (FTE) is the total number of units for which students are enrolled divided by fifteen.

Capital expenditures are defrayed partly by funds received from the federal and provincial governments and partly by a special tax levy or bond issue approved by the electorate of the districts operating the regional college.

The operating costs are defrayed by funds received as assistance from federal and provincial governments by a local tax levy agreed upon by the local district boards, and by student fees in amounts determined by the Regional College Council.

#### PROVISION OF REVENUE SOURCES:

##### 1) *Provincial Grants*

- a) Capital Expenditures: The enabling legislation for regional colleges in British Columbia provides in the Public School Act of 1963 as amended in 1965, Section 193, the regulation for the assistance to school districts in capital expenditures as follows: "Council of Public Instruction judges and approves the maximum amount for the construction and equipment of a college building specified by him as eligible for grants and pays one half of the approved amount." The law further provides one half of the total amount set forth in the annual estimates of the college for the payment of principal and interest of debts for capital expenditures in respect to the college and which are approved by the Minister of Education.
- b) Operating Costs: The Public School Act in Section 192 provides that "the Minister of Finance shall pay in each calendar year to the Board of each school district maintaining a school district college a grant for operating expenses of the college for that year equal to one-half the total amount of

essential operating expenses set forth in the annual estimates of the College as finally approved by the Minister of Education."

2) *Federal grants under the "Technical-Vocational Act of 1960"*

This act contains provisions for financial assistance to the provinces for developing technical and vocational services within the provincial educational system. The act provides:

- a) Capital cost assistance for 75 percent of the cost of new buildings and equipment used for manpower training and qualifying under the provisions of the act.
- b) Operating cost support of 50 percent for occupational and vocational training courses qualifying under the provisions of the act.

As a result of the provisions of provincial and federal assistance programs, the regional college district is able to obtain the total funds for expenditures on facilities and equipment for vocational training to be provided in 50 percent share by each level of government. By the same provisions and the same sharing basis the regional college may obtain grants for the total operating costs of the technical-vocational programs.

3) *The Region's Share in the Financing Program*

Capital Expenditures: a) The acquisition of a site for a college and the costs of ground beautification and site development, other than directly related to building construction must be financed by the region.

- b) Building costs are financed 50 percent by the province, and 50 percent by the region.

Site acquisition and construction of facilities may be financed through a bond issue, although a special tax levy can be raised on behalf of capital costs.

Operating Costs: Approximately 50 percent of approved operating cost are contributed by the Province. Vocational-technical training is financed with provincial and federal funds. The remainder of the costs is defrayed by raising levies throughout the region and from tuition fees determined by the Regional College Council.

#### Distribution of Region's Share among Component School Districts

Regulations provide for a uniform levy on all districts, or a variable levy. Levies may be varied for capital costs, residence costs, and operating costs. The levies on the various districts will be agreed upon by the participating boards, after consideration of all factors involved.

#### Local Ability to Finance Public Education

The major factor determining local ability to support the regional college is the strength of the local tax base on which the support for education rests. The statistical data presented in Tables 1 - 4 inclusive present trends and projections in assessed valuations for school purposes in the component school districts of the regional college area. Table 1 presents trends in assessed valuations over a period of ten years by component school districts. The examination of the trends reveals: North Vancouver increased in assessed valuation by 105.44 percent over the ten-year period, West Vancouver by 122.94 percent, Sechelt by 141.90 percent, and Howe Sound increased the assessed valuation by 248.0 percent over the last ten-year period. Table 2 presents estimates on assessed valuations by school districts to the year 1976. Projected percentage increases in assessed valuations are based on the observed trends in increases of the last four to five years. Table 3 presents the combined projections of the assessed valuations in the regional college for each year to 1976 and the percentage of assessed valuation of each of the component school districts. It is significant to note that although the projected yearly percentage

increases vary for each district, the percent distribution in the projected assessed valuations among the districts does not reflect too much change over the next years. Table 4 showing assessed valuations per capita, provides significant information for the consideration of the tax levy ratio among the component school districts of the North Shore Regional College.

TABLE 1  
TRENDS IN ASSESSED VALUATIONS FOR SCHOOL PURPOSES  
NORTH SHORE REGIONAL COLLEGE DISTRICT BY COMPONENT SCHOOL DISTRICTS  
1956 - 1967

Year	School District #44 (North Vancouver)	Yearly Percent Increase	School District #45 (West Vancouver)	Yearly Percent Increase	School District #46 (Sechelt)	Yearly Percent Increase	School District #48 (Howe Sound)	Yearly Percent Increase
1956	\$ 67,893,346		\$ 40,293,408		\$ 13,271,832		\$ 11,530,381	
1957	82,472,385	+ 21.47%	46,460,135	+ 15.30%	17,710,631	+ 33.44%	13,531,413	+ 17.35%
1958	94,549,793	+ 14.64	51,351,387	+ 10.52	21,286,172	+ 20.18	24,440,664	+ 80.62
1959	104,608,887	+ 10.60	55,978,002	+ 9.00	22,600,103	+ 6.17	22,895,529	+ 6.33
1960	109,560,155	+ 4.70	61,127,727	+ 9.19	22,547,100	- 0.24	22,254,975	- 2.80
1961	114,647,822	+ 4.60	65,677,428	+ 7.44	23,598,723	+ 4.66	26,597,935	+ 19.51
1962	130,585,129	+ 13.90	79,154,826	+ 20.52	26,899,645	+ 14.00	28,376,144	+ 6.68
1963	135,369,451	+ 3.60	83,926,039	+ 6.02	32,229,448	+ 19.81	30,110,935	+ 6.11
1964	140,342,690	+ 3.60	87,941,334	+ 4.78	33,986,845	+ 5.45	31,249,794	+ 3.78
1965	145,358,820	+ 3.57	92,311,600	+ 4.96	37,154,616	+ 9.32	32,865,358	+ 5.17
1966	159,883,498	+ 5.90	98,676,004	+ 6.89	42,025,414	+ 13.10	43,439,541	+ 32.17
1967	169,434,583	+ 5.90	103,581,873	+ 4.90	42,842,030	+ 1.94	47,117,180	+ 8.46
10 Year Increase 1957 - 1967								
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	86,962,192	+105.44%	57,121,738	+122.94	25,131,399	+141.90	33,585,767	+248.20

Source: Data reported by the administrative offices of the component school districts.

TABLE 2  
 PROJECTED ASSESSED VALUATIONS FOR SCHOOL PURPOSES  
 NORTH SHORE REGIONAL COLLEGE DISTRICT BY COMPONENT SCHOOL DISTRICTS  
 1967 - 1976

Year	School District #44 (North Vancouver)	School District #45 (West Vancouver)	School District #46 (Sechelt)	School District #48 (Howe Sound)
1967	\$169,434,583	\$103,581,873	\$ 42,842,030	\$ 47,117,180
		4.5% increase per year	5.4% increase per year	8.0% increase per year
1968	177,059,139	109,175,294	46,269,392	50,415,382
1969	185,026,800	115,070,759	49,970,943	53,944,459
1970	193,353,006	121,284,579	53,968,618	57,720,571
1971	202,053,891	127,833,946	58,286,107	61,761,011
1972	211,146,316	134,736,979	62,948,995	66,084,281
1973	220,647,900	142,012,773	67,984,915	70,710,180
1974	230,577,055	149,681,462	73,423,708	75,659,892
1975	240,953,022	157,764,261	79,297,604	80,956,084
1976	251,795,908	166,283,531	85,641,412	86,623,010

Prepared by: Davis-MacConnell-Ralston, Inc.

TABLE 3  
 PROJECTED ASSESSED VALUATIONS, 1967 - 1976  
 NORTH SHORE REGIONAL COLLEGE - PERCENTAGES BY COMPONENT SCHOOL DISTRICTS

Component School Districts	1967	Percent of Total	1968	Percent of Total
North Vancouver	\$169,434,583	46.7%	\$177,059,139	46.2%
West Vancouver	103,581,873	28.5	109,175,294	28.5
Sechelt	42,842,030	11.8	46,269,392	12.1
<u>Howe Sound</u>	<u>47,117,180</u>	<u>13.0</u>	<u>50,415,382</u>	<u>13.2</u>
Total Regional College District	\$362,975,666	100.0%	\$382,915,207	100.0%
	<u>1969</u>		<u>1970</u>	
North Vancouver	\$185,026,800	45.8%	\$193,353,006	45.4%
West Vancouver	115,070,759	28.5	121,284,579	28.4
Sechelt	49,970,948	12.4	53,968,618	12.7
<u>Howe Sound</u>	<u>53,944,459</u>	<u>13.3</u>	<u>57,720,571</u>	<u>13.5</u>
Total Regional College District	\$404,012,961	100.0%	\$426,326,774	100.0%
	<u>1971</u>		<u>1972</u>	
North Vancouver	\$202,053,891	44.9%	\$211,146,316	44.5%
West Vancouver	127,833,946	28.4	134,736,979	28.4
Sechelt	58,286,107	13.0	62,948,995	13.2
<u>Howe Sound</u>	<u>61,761,011</u>	<u>13.7</u>	<u>66,084,281</u>	<u>13.9</u>
Total Regional College District	\$449,934,955	100.0%	\$474,916,571	100.0%

TABLE 3 (continued)  
 PROJECTED ASSESSED VALUATIONS, 1967 - 1976  
 NORTH SHORE REGIONAL COLLEGE - PERCENTAGES BY COMPONENT SCHOOL DISTRICTS

Component School Districts	1973	Percent of Total	1974	Percent of Total
North Vancouver	\$220,647,900	44.0%	\$230,577,055	43.5%
West Vancouver	142,012,773	28.3	149,681,462	28.3
Sechelt	67,984,915	13.6	73,423,708	13.9
<u>Howe Sound</u>	<u>70,710,180</u>	<u>14.1</u>	<u>75,659,892</u>	<u>14.3</u>
Total Regional College District	\$501,355,768	100.0%	\$529,342,117	100.0%
	<u>1975</u>		<u>1976</u>	
North Vancouver	\$240,953,022	43.1%	\$251,795,908	42.6%
West Vancouver	157,764,261	28.2	166,283,531	28.2
Sechelt	79,297,604	14.2	85,641,412	14.5
<u>Howe Sound</u>	<u>80,956,084</u>	<u>14.5</u>	<u>86,623,010</u>	<u>14.7</u>
Total Regional College District	\$558,970,971	100.0%	\$590,343,861	100.0%

Prepared by: Davis-MacConnell-Ralston, Inc.

Source: Table 2

TABLE 4  
 ASSESSED VALUATIONS PER CAPITA  
 NORTH SHORE REGIONAL COLLEGE DISTRICT BY COMPONENT SCHOOL DISTRICTS  
 1956 - 1976

Component School Districts	1956	1961	1966	Projection	
				1971	1976
North Vancouver	\$1,469	\$2,085	\$2,030	\$2,127	\$2,364
West Vancouver	2,098	2,580	3,183	3,550	4,376
Sechelt	1,977	3,273	4,944	6,148	8,930
Howe Sound	1,899	5,808	5,352	5,961	6,546

Note: The above per capita assessed valuations are computed for the years of available census data on population and for the years for which population projections are presented in the report of the North Shore Regional College Study.

Source: Davis-MacConnell-Ralston, Inc.