



## School District No. 22 (Vernon)

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# 2017/18 Amended Budget Update Report to the Board

January 24, 2018

### Introduction

The Board was provided with a Budget Update Report regarding the 2017/18 budget on November 22, 2017. This report provides a summary and some additional information related to the 2017/18 Amended Budget.

The Board adopted a 2017/18 Annual Budget Bylaw on May 24, 2017 for the fiscal year of July 1, 2017 to June 30, 2018.

The Ministry announced the 2017/18 Recalculated Funding Allocations on December 18, 2017.

The Minister is requiring boards to have an Amended Annual Budget prepared, adopted by bylaw and submitted to the Ministry by February 28, 2018.

Therefore, the district is presenting a 2017/18 Amended Annual Budget Bylaw with attached Schedules to the Board for their consideration for first and second reading on January 24, 2018 and for final reading and adoption on February 28, 2018.

### Revenues

Total interim operating funding through the Funding Allocation System has been established at \$77,628,600. The district had previously estimated a \$1,530,598 decrease in revenue in the 2017/18 annual budget. Based upon the changes to our district's funded enrolment and other factors, the district's revenue decreased by \$325,631. The net difference is approximately \$1.2 million.

The additional \$1.2 million is comprised of \$800,000 for regular enrolment growth, \$100,000 for aboriginal enrolment growth, and \$300,000 for salary differential.

Information on the Funding Allocation System can be found at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants>



Funding for the February and May enrolment counts are still unknown at this point and are budgeted on the basis of our projected enrolment and funding levels.

Final allocations for the Classroom Enhancement Fund have been approved. Increased funding was provided for additional staffing, increased overhead costs, and remedies resulting from the implementation of the teacher's collective agreement restored language.

Teachers and CUPE employees are entitled to a salary increase through the Economic Stability Dividend (ESD) calculation effective May 1, 2018. The Province has determined that the ESD effective May 1, 2018 will be an additional 0.4%. Additional funding is expected through a special grant to offset this cost increase and is included in the budget.

Other district operating revenues have been adjusted for anticipated changes based upon current information and are included in the budget bylaw and schedules.

No additional funding has been provided to school boards to help offset the additional costs resulting from utility cost increases, Principal and Vice-Principal and exempt staff compensation increases, or any other cost pressures, except the negotiated teacher and CUPE agreement increases.

## **Expenses**

Expense budgets have been adjusted to reflect changes to staffing levels and other allocations from enrolment changes. Salary and benefit accounts have been adjusted to better match the expected actual cost of providing the programs and staffing levels and for known changes including negotiated labour settlements.

Aboriginal Education program budgets have been adjusted to be consistent and in compliance with the targeted grant requirements of the Ministry of Education.

Budget changes, including a number of improvements, previously approved by the Board for the 2017/18 Preliminary Budget have been implemented with subsequent changes for enrolment and other factors.

The district currently leases photocopiers and has determined that it is financially beneficial to purchase the equipment instead of leasing the equipment. This change requires an upfront cost of approximately \$300,000 which is facilitated by an additional operating transfer to Local Capital.

The target for the contingency fund has been established at a level of approximately \$1 million. The June 30, 2017 contingency reserve of \$595,337 is not sufficient to adequately mitigate the risk of unforeseen circumstances. The budget has been prepared to facilitate the replenishment of the operating budget contingency.



The school district has been implementing the restored language as per the Supreme Court of Canada decision and the agreement between BCPSEA and the BCTF. The school district and the local teachers association have an outstanding dispute regarding the definition of a student with special needs for determining class composition. This dispute is scheduled for arbitration this spring and the resolution of this dispute could result in changes to staffing and budget allocations. Other grievances continue to be presented which may result in additional budget implications.

### **Prior Year Surpluses**

Accumulated surpluses from the 2016/17 school year have been included in the Amended Budget Bylaw.

These surpluses that are included in the budget are offset by program expenditures.

### **Conclusion**

The amended budget is prepared in the form and containing the content specified by the Minister of Education, is based on a number of assumptions and projections, and reflects budget changes previously approved by the board, including a number of improvements.

The 2017/18 Amended Annual Budget Bylaw is presented to the Board for their consideration for first and second readings at the January 24, 2018 public board meeting.

The Board will need to give third reading and adopt the Amended Annual Budget at the February 28, 2018 board meeting.

An additional special board meeting will need to be called to pass the amended budget if the Board decides to alter the proposed bylaw approval schedule.

### **Next Steps**

It is recommended the Board approve first and second readings at the January 24, 2018 public board meeting and then the Board will need to give third reading and adopt the Amended Annual Budget at the February 28, 2018 board meeting.

Work has commenced on the 2018/19 budget development process and information will continue to be provided to the Board over the next few months as the district works to have a budget bylaw presented to the Board for consideration at the April 25, 2018 public board meeting.