



## School District No. 22 (Vernon)

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# 2018/19 Preliminary Budget Report to the Board

March 14, 2018

## Introduction

The Board of Education, School District No. 22 (Vernon), is accountable for the public funds supporting the school district. One of the Board's responsibilities is the adoption of the district budget.

The Board manages and budgets its financial resources in three distinct areas:

- Operating fund,
- Special purpose funds, and
- Capital funds.

Boards of Education operate on a fiscal year of July 1<sup>st</sup> to June 30<sup>th</sup>. Boards must prepare an annual budget and have it adopted by bylaw on or before June 30, 2018 and submitted to the Ministry by this date.

This report focuses primarily on the operating fund and provides an update and additional information to the reports provided to the Board on December 20, 2017 and February 28, 2018.

Attached is a "Three year summary of operating service changes" that provides an overview of the changes the Board has approved over the last three years. This information should be considered during discussions regarding future budget changes.

The district will be working to develop a draft 2018/19 budget adjustment plan to be presented to the board at a special public board meeting on April 11, 2018.

The 2018/19 Annual Budget and Bylaw will be prepared in the required format and is currently planned for presentation to the Board and for first reading at their April 25, 2018 Board Meeting.

The district expects a March 15<sup>th</sup> Ministry operating funding announcement for the 2018/19 school year. Information regarding supplemental grants may be included in this announcement or at a subsequent date.

The previous budget reports, the Boards Budget Development Guiding Principles and Criteria, and other external links are posted on the school district website under the Budget Process. [www.sd22.bc.ca/District/budget/](http://www.sd22.bc.ca/District/budget/)



## **Costs of providing existing services**

The District is projecting the costs of providing existing services for the 2018/19 school year (Salaries, benefits, utilities, etc). Cost pressures that will impact the school district in the 2018/19 school year identified to date are:

### **Total salary and benefit costs increases are \$1,421,000.**

- Negotiated CUPE salary and benefits are \$294,000.
- Negotiated teacher salary and benefits are \$987,000.
- Salary and benefit increases for PVPs are \$98,000.
- Salary and benefit increases for exempt staff are \$42,000.

**This is a decrease of \$77,000 over previous budget reports.**

### **Cost increases for services and supplies is estimated at \$700,000**

- Trustee Elections increase of \$40,000.
- General inflation is predicted at 2% resulting in additional costs of \$210,000.
- Health Payroll Tax of \$450,000

The Board approved a one-time expenditure of \$300,000 for photocopiers in 2017/18 from recurring revenues which are available in 2018/19 to support ongoing expenses.

**Total net preliminary cost pressures identified above equal \$1,821,000.**

## **Changing Factors ( Enrolment )**

The district has provided enrolment projections to the Ministry that will be used to calculate the preliminary funding allocations. We projected our student enrolments will increase by 70 students next school year and an additional 100 students per year in each of the next two school years.

The district is currently reviewing school level enrolment projections to determine staffing requirements for next year.

The Ministry of Education has undertaken an enrolment compliance audit for our Alternate schools. Part of this audit is a review of the schools to determine if they meet the alternate education program requirements and procedures. The district receives full 1.0 FTE funding for students enrolled in those schools regardless of the number of courses taken by these students. The district will need to review the current status of these schools and determine potential impacts on funding and staffing allocations.

The district should consider establishing a contingency for uncertain revenue from projected enrolment growth.



## **Other Changing Factors**

Government will be eliminating MSP premiums effective January 1, 2020. The Province is replacing the revenues from MSP premiums with an employer health tax. This new payroll tax will come into effect January 1, 2019 with a rate of 1.95% on our total payroll. For the 2018/19 school year an additional cost pressure of \$450,000 is estimated.

The Board has passed two motions related to transportation that may impact the budget. These motions are for the elimination of any additional bus routes or runs that are not required to provide transportation to eligible riders and for the potential implementation of courtesy rider user fees.

## **Revenues**

The Ministry will announce preliminary operating grants to districts on or before March 15, 2018 for the 2018/19 school year. This announcement provides the district with the majority of its information to determine revenue projections for the district's budget.

Based upon the district's projected enrolment, the current funding allocation system, and the expected funding increases for Labour Settlement increases, the district projects increased funding of approximately \$1.66 million. Of this revenue, \$1.281 million would be required to offset the negotiated teacher and support staff increases and \$379,000 would be related to projected enrolment growth.

The district currently receives additional grants that were recently initiated by the Ministry. The expectation is that these grants will continue in 2018/19 and include:

Classroom Enhancement Fund	\$5,464,692
CUPE Learning Improvement Fund	312,446
Community LINK	644,729
Rural Education Enhancement Fund	443,320
Student Transportation Fund	361,094

These additional grants are a significant component of the district's revenue. Any reduction or elimination of these grants would require offsetting adjustments. The district is seeking confirmation of these grants.

No additional funding is expected to cover other cost increases identified above.

**Total additional operating revenue is projected at \$1,660,000.**

**( \$1,281,000 for cost pressures / \$379,000 for enrolment growth )**



## **Projected Net Budget Position**

The combination of \$1,821,000 in net projected cost pressures along with a projected revenue increase of \$1,281,000 for cost pressures results in a **projected budget shortfall of \$465,000** for the 2018/19 school year.

This budget shortfall is primarily the result of the Ministry not funding PVP and exempt staff salary and benefit increases and not funding the new Employer Health Tax.

## **Next Steps**

The Board is required to approve an annual budget on or before June 30, 2018 for the 2018/19 school year.

Over the next few months, additional information will be collected and provided to the Board. The District will need to determine staffing plans based upon changes required for enrolment projections and revised staffing requirements.

The Ministry of Education will be providing information regarding funding for the 2018/19 school year.

Options and strategies will be identified and developed to address the updated net budget positions to ensure a balanced budget.

Attached is the previously approved budget development guiding principles and budget criteria to support the budget development process. A 2018/19 budget development timeline is also attached.

Through the public budget consultation process the Board can receive input from various stakeholders, including employees and members of the public. The public is invited to attend any of the public board meetings. Anyone wishing to present to the Board can contact Lynn Jameson, Executive Assistant to the Secretary Treasurer, at 250-549-9226 or [ljameson@sd22.bc.ca](mailto:ljameson@sd22.bc.ca) to request a presentation time on a future agenda.

To help facilitate the implementation of the Board's budget for next year, it is recommended that decisions be made as early as possible. This will allow the Human Resources Department time to process any changes in compliance with collective agreements and allow schools and other departments to prepare for next year.

A draft budget adjustment plan is scheduled to be presented on April 11, 2018 and to be finalized and approved on April 25, 2018. This will allow departments time to prepare and implement plans for the next school year.

Final reading of the 2018/19 Budget Bylaw is scheduled for May 23, 2018.



## **Budget Development Guiding Principles and Budget Criteria**

The school district's budget is a financial plan that:

- helps the Board achieve its mission, vision and goals;
- reflects the district's educational and operational plans;
- provides a basis to monitor actual versus planned expenditures; and
- helps communicate how we are utilizing our financial resources.

As the Board develops a budget, the following budget guiding principles and budget criteria should be utilized:

### **Guiding Principles:**

1. Complies with the *School Act*, collective agreements, other regulatory requirements and Board policy;
2. Priority on student learning;
3. Recognizes the important role of instructional, administrative and operational support in promoting student learning;
4. Forward looking;
5. Communication and consultation with partners/stakeholders; and
6. Transparent process

### **Budget criteria:**

- ▶ Supports district and school learning plans
- ▶ Ensures healthy and safe learning and working environments
- ▶ Facility and technology budgets to sustain the infrastructure
- ▶ Administration levels supporting necessary administrative activities
- ▶ Compensation frameworks that are rational, defensible, and competitive
- ▶ New initiatives are sustainable for at least three years
- ▶ Budget allocations are equitable, understandable, and predictable
- ▶ Budget estimates reflect anticipated costs
- ▶ District contingency reserve is established and maintained
- ▶ Initiatives not within our K-12 mandate are at least cost neutral
- ▶ Maximize surplus from revenue generating initiatives to enhance services
- ▶ Ongoing costs should not be greater than ongoing revenues
- ▶ One-time revenues and surpluses shall only be used to cover one-time costs
- ▶ Encourages efficiencies and best practices



## 2018/19 Budget Development Timelines

December 20 (Wednesday) 7:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - 2018/19 Budget Update</li> </ul>
January 24 (Wednesday) 7:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - 2017/18 Amended Budget Update</li> </ul>
February 28 (Wednesday) 7:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - 2018/19 Budget Update</li> </ul>
March 14 (Wednesday) 7:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - 2018/19 Budget Update</li> </ul>
April 11 (Wednesday) 6:00pm	<ul style="list-style-type: none"> <li>• SPECIAL Public Board Meeting - Draft 2018/19 Budget Adjustment Plan</li> </ul>
April 18 (Wednesday) 6:00 Location Kal Secondary	<ul style="list-style-type: none"> <li>• Budget Information / Feedback Meeting for Staff and Public</li> </ul>
April 25 (Wednesday) 6:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Approve 2018/19 Budget Adjustment Plan - First &amp; Second Reading of 2018/19 Budget Bylaw</li> </ul>
May 23 (Wednesday) 6:00pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Final Reading &amp; Adoption of 2018/19 Budget Bylaw</li> </ul>

**Note: Board meetings will be held in the Kalamalka Secondary Library**

## Three year summary of operating service changes

March 14, 2018 Board Meeting

This summary does not reflect:

- Changes in teacher FTE and other resources which address enrolment growth or the restored teacher collective agreement language.
- Adjustments for cost increases or decreases necessary to maintain service levels.

	2015/16		2016/17		2017/18	
	FTE	\$	FTE	\$	FTE	\$
<b>Instruction</b>						
Curriculum specialist teachers	1.4	140,000	3.7	370,000		
Curriculum support and equipment				35,000		
Career specialist teachers			0.7	71,870		
Student support specialist teachers			7.6	688,570	0.7	70,000
Agency support services				66,000		
Education assistants			2.0	80,000		
Student support services, equipment				26,000		10,000
Close Six Mile				-100,000		
Professional development				132,016		100,631
School supplies and equipment				60,000		230,000
Pursue best practices - consulting						30,000
<b>Total instruction</b>	<b>1.4</b>	<b>140,000</b>	<b>14.0</b>	<b>1,429,456</b>	<b>0.7</b>	<b>440,631</b>
<b>Administration and operations</b>						
School PVP time	-0.3	-75,000	0.6	80,000	0.7	142,000
District PVP time					0.5	100,000
Wellness initiatives				10,000		10,000
Maintenance staff	1.0	85,000			1.0	60,000
Professional development						71,857
Communications					1.0	85,000
Committee attendance				28,586		
Clerical staff			0.9	45,000	1.9	77,143
<b>Total Administration and Operations</b>	<b>0.7</b>	<b>10,000</b>	<b>1.5</b>	<b>163,586</b>	<b>5.1</b>	<b>546,000</b>
<b>Transportation</b>						
Phase 3 of transportation change	-1.5	-200,000				
Transportation safety				61,094		
<b>Technology</b>						
IT management	1.0	151,000				
IT helpdesk	1.0	50,000				
Technology equipment and software				245,000		375,000
<b>TOTAL</b>	<b>2.6</b>	<b>301,000</b>	<b>15.5</b>	<b>3,492,178</b>	<b>5.8</b>	<b>2,348,262</b>