



## School District No. 22 (Vernon)

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# 2021/22 Preliminary Budget Update

February 17, 2021

### Introduction

The Board of Education, School District No. 22 (Vernon) is accountable to the public for the public funds supporting the school district. One of the Board's responsibilities is the adoption of the district budget. The budget must conform to all legislative requirements and help achieve the goals and plans of the district.

As the Board plans for the next fiscal year and prepares its budget, the District:

- 1) Projects the costs of providing existing services into the next year (Salaries, benefits, utilities, etc.);
- 2) Determines the factors that will change (Student enrolment, contract and collective agreement changes, program changes, one-time items);
- 3) Projects revenues, reviews current year's budget, and determines net budget position;
- 4) Identifies options and strategies to address net budget position, determines program and service level changes, and reviews guiding principles and priorities; and
- 5) Finalizes decisions.

Boards of Education operate on a fiscal year of July 1<sup>st</sup> to June 30<sup>th</sup>. Pursuant to section 156 of the *School Act*, Boards of Education are required to prepare and submit to the Minister of Education financial reports, in the form, with the information and at the time required by the Minister.

Pursuant to section 111 of the *School Act* the Board must prepare an annual budget in the form and containing the content specified by the Minister and estimated expenditures must not exceed estimated revenues.

For 2021/22, Boards must prepare an annual budget and have it adopted by bylaw on or before June 30, 2021 as per section 113 of the *School Act* and submitted to the Ministry by this date.



## **Background**

The Board was provided a 2021/22 Preliminary Budget Report on December 16, 2020.

On January 20, 2021, the Board was provided with an 2020/21 Amended Budget Bylaw and background information. Included in this information was information regarding the Board's accumulated surplus and how that surplus is currently being utilized.

The Board held a Committee of the Whole meeting on February 10, 2021. The VTA, CUPE and DPAC presented at this meeting. Both the VTA and CUPE provided written proposals to the Board regarding the 2021/22 budget. Copies of these proposals are included in the February 17, 2021 Board Agenda package.

## **Costs of providing existing on-going service levels**

The District is projecting the costs of providing existing services into the next year (salaries, benefits, utilities, etc).

The Board is currently using approximately \$2.2 million in accumulated surplus to fund one-time budgets and \$1.1 million in recurring costs.

Salary, benefit and other cost increases are expected in 2021/22. Some of these may be funded by the Province while others likely will not. In 2020/21, these unfunded costs were approximately \$600,000.

## **Revenues**

The Ministry will be announcing preliminary operating grants on or before March 15, 2021 for the 2021/22 school year. The provincial funding to districts is distributed through a Funding Allocation System that contains a number of formulae. The formulae are not expected to change for 2021/22.

The district will be projecting enrolment for the 2021/22 year. Any additional revenue from changes in enrolment would likely offset additional costs and therefore no cost implications are provided at this point.

The district currently receives additional grants for initiatives from the Ministry amounting to over \$8.2 million. These are expected to continue.

The district is also receiving additional one-time grants from the Provincial and Federal Governments to help offset additional costs related to COVID-19 in 2020/21 of approximately \$3.7 million. If additional costs are required related to COVID-19 in 2021/22 and no additional funding is provided, the district will be required to cover these costs through normal operating grants.



## **Surplus**

The projected surplus position for the end of June 30, 2021 is unknown at this point. Financial updates will be provided to the Board throughout the year which may identify projected surpluses.

As outlined in the January report to the Board, the 2020/21 amended budget shows a budgeted retained surplus of \$1,881,416 remaining in the operating fund at the end of the year. This includes a contingency fund of \$1 million, about 1.1% of annual operating revenues. Management consider this the minimum needed to be sufficient to cover the risk of unforeseen over expenditure. The remaining \$881,416 remains available for the Board to allocate.

In addition, the Ministry currently has a Provincial operating grant holdback of approximately \$37 million. If these funds are provided to school districts, our projected share would be approximately \$580,000.

The budget guiding principles and budget criteria approved by the Board include provisions directly related to the issue of surpluses.

- ▶ New initiatives are sustainable for at least three years;
- ▶ District contingency reserve is established and maintained;
- ▶ Ongoing costs should not be greater than ongoing revenues; and
- ▶ One-time revenues and surpluses shall only be used to cover one-time costs.

## **Projected Net Budget Position**

Based upon the above, it is expected that costs of recurring programs and services will likely require at least \$1.7 million in funding.

Available surplus, not including the contingency, could be approximately \$1.5 million with the district's share of the holdback.

This would leave the district close to a balanced budget in 2021/22 by using surplus but would likely create a significant challenge for the 2022/23 budget.

This projected net budget position is based upon all one-time expenses being eliminated in the 2021/22 year, that staffing would be aligned with student enrolment, and that any increases in staffing, programs or services would be offset by either an additional revenue source or a corresponding reduction in other staffing, programs or services.



## Next Steps

The Board is required to approve an annual budget on or before June 30, 2021 for the 2021/22 school year. Over the next few months, additional information will be collected and provided to the Board as the budget consultation process progresses.

A Transportation Rider Fee Schedule will need to be approved that covers increased costs associated with the proposed changes to Transportation Policy and Regulations.

The Ministry will be announcing preliminary operating grants on or before March 15, 2021 for the 2021/22 school year.

The district will continue to identify other changes, including enrolment projections, and incorporate any implications into the budget development process.

Options and strategies will be identified and developed to address the net budget position to ensure a balanced budget. Other Policy or program changes that have budget implications will need to be identified.

The Board will be hosting two upcoming special meetings through the process:

- April 7<sup>th</sup>                      Presentation of a Draft Budget Adjustment Plan
- April 14<sup>th</sup>                     Opportunity to discuss Draft Budget Adjustment Plan

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 and be scheduled and placed on the agenda.

The district encourages any individual or organization to submit written requests or proposals for consideration at any time through the budget development process to [ljameson@sd22.bc.ca](mailto:ljameson@sd22.bc.ca) for consideration by the Board.

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. This is facilitated through the budget development timelines and the approval of a 2021/22 Budget Adjustment Plan on April 21, 2021.



## 2021/22 Annual Budget Development Timelines

December 16, 2020 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Preliminary Budget Report</li> </ul>
February 10, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• Public Budget Committee Meeting - Preliminary Budget Input</li> </ul>
February 17, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Budget Update</li> </ul>
March 10, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Budget Update</li> </ul>
March 12, 2021	<ul style="list-style-type: none"> <li>• Ministry Funding Announcement</li> </ul>
March 13–28, 2021	<ul style="list-style-type: none"> <li>• Spring Break</li> </ul>
April 7, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• SPECIAL Public Board Meeting - Draft 2021/22 Budget Adjustment Plan</li> </ul>
April 14, 2021 (Wednesday) 5:30	<ul style="list-style-type: none"> <li>• Budget Information / Feedback Meeting for Staff and Public</li> </ul>
April 21, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Approve 2021/22 Budget Adjustment Plan - First &amp; Second Reading of 2021/22 Budget Bylaw</li> </ul>
May 12, 2021 (Wednesday) 5:30pm	<ul style="list-style-type: none"> <li>• REGULAR BOARD MEETING - Final Reading &amp; Adoption of 2021/22 Budget Bylaw</li> </ul>

Note: Written budget submissions can be sent to Lynn Jameson [ljameson@sd22.bc.ca](mailto:ljameson@sd22.bc.ca) at any time.