



School District No. 22 (Vernon)

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2016/17 Budget Update Report to the Board

March 16, 2016

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 1st to June 30th.

Pursuant to section 156 of the *School Act*, Boards of Education are required to maintain budgetary control over expenditures and prepare and submit financial reports to the Minister, in the form, with the information and at the time required by the Minister.

Boards must prepare an annual budget and have it adopted by bylaw on or before June 30, 2016 and submitted to the Ministry by this date.

This report focuses solely on the operating fund and provides an update and additional information to the reports provided to the Board on December 16, 2015 and February 24, 2016.

The district has also developed guiding principles and budget criteria to help facilitate the decision making process. These guidelines and criteria have been distributed for feedback and are now presented to the board for approval.

The 2016/17 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 27, 2016 Board Meeting.

This report provides an update on the March 15th Ministry funding announcement and provides information regarding options that have been collected for consideration. These options will be analyzed and revised over the next month.

From these options, a recommended 2016/17 Budget Adjustment Plan will be developed and presented to the board for consideration.



Revenues

The provincial funding to districts is distributed through a Funding Allocation System that contains a number of formulae. The Ministry announces preliminary operating grants to school districts on or about March 15th each school year.

The Ministry of Education's Funding Allocation System (FAS) is primarily based upon student enrolment. There are allocations for enrolment decline, differences in teacher salary costs, geographic factors and for unique students including special education, aboriginal, and English Language Learners.

The Ministry has increased the total funding to school districts by \$37 million for the 2016/17 school year. Total operating grants are going from \$4.827 billion to \$4.864 billion. This increase in funding is comprised of an additional \$62 million to cover the costs of the negotiated collective agreement change and a reduction of funding of \$25 million for administrative (non-classroom) reductions for a net increase of \$37 million.

Our district projected a small increase in our September regular enrolment, increased enrolment in our special needs student population, and increased enrolment for our February and May enrolments. Based upon this additional projected enrolment our 2016/17 revenue should have increased by approximately \$1.3 million in addition to our Labour Settlement Funding previously projected.

Additional funding of \$6.7 million was added to the Funding Allocation System in 2015/16 to fund enrolment growth. This funding has been removed for 2016/17 even though the students are still enrolled in the Province. Enrolment is also projected to increase in 2016/17 over and above the increased enrolment in 2015/16 with no additional funding being provided for this enrolment growth. In addition, the Province is holding back \$15 million from school district funding for enrolment growth over what has already been projected. In total, approximately \$29.2 million in additional funding required for enrolment growth was not added to the Funding Allocation System.

As a result, per pupil funding has only been increased by \$8 per pupil instead of the expected \$63 per pupil. This lack of additional funding for provincial enrolment growth reduces the per pupil amount by \$55 per student. This results in a loss of revenue to our school district of approximately \$450,000. This reduction in funding is in addition to the reduction of funding for administrative savings.



Projected Net Budget Position

In the February 24th budget report to the board, a projected budget shortfall of \$319,000 for the 2016/17 school year was identified.

With additional increased funding of \$1.3 million funding for projected enrolment increases and a unanticipated reduction of funding for student enrolment of \$450,000, the board's net budget position is revised to \$531,000.

Options Identified

Over the last few months, projected cost changes of providing existing services have been identified and reported to the board in previous budget reports.

In addition, the district has been collecting input through a variety of methods. While collection of this input is continuing the district has developed the attached list of options identified to date for consideration.

The list is incorporated into a document that provides information on the approved changes for the 2015/16 school year and projections for the next three years.

The document also is developed with the intention of developing three year budget plans. At this point, the focus is on the budget development process for 2016/17. Information related to future years will be completed in subsequent months.

For the 2016/17 school year, the document provides information on the known revenue changes and cost increases and decreases identified. This column shows the net budget position of \$531,000 available to the board over and above the costs of existing services.

The second column for 2016/17 outlines the options that have been identified to date. Some of the options have been costed while others have not. Options that have not been costed (TBD) are still to be determined and may or may not be costed based upon the Board's interest in pursuing them.

This document is being provided to enable awareness of options that have been identified. The items are identified in categories without any priority or importance assigned.



Next Steps

The Board is required to approve an annual budget on or before June 30, 2016 for the 2016/17 school year. A 2016/17 budget development timeline is attached.

It is recommended that the Board approve the budget guiding principles and budget criteria to support the budget development process.

The 2016/17 potential budget changes and options will continue to be developed and reviewed over the next few weeks.

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 to request a presentation time on the agenda.

On April 13th, a Draft Budget Adjustment Plan will be presented to the Board outlining what changes are being recommended for the 2016/17 annual budget.

On April 27th, it will be recommended that the Board approve a 2016/17 Budget Adjustment Plan.

This adjustment plan will be incorporated into the 2016/17 Annual Budget and Bylaw documents and presented to the Board for first reading at their April 27, 2016 Board Meeting.

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.

Options identified and not approved for inclusion in the 2016/17 budget may be considered for subsequent years.



2016/17 Updated Budget Development Timelines

December 16 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • Regular Public Board Meeting - 2016/17 District Budget Report provided
February 24 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • Regular Public Board Meeting - 2016/17 District Budget Report Update
February 22 - April 4	<ul style="list-style-type: none"> • Public Input to the Board through the district Web Site: www.sd22.bc.ca •
March 16 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • Regular Public Board Meeting - 2016/17 District Budget Report Update
March / April	<ul style="list-style-type: none"> • Trustees meet with PACs and Community groups for budget information/discussion • School District Employee Budget Meeting • DPAC Budget Meeting • First Nations Education Council Meeting
April 13 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • SPECIAL Public Board Meeting - Draft 2016/17 Budget Adjustment Plan
April 27 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • Regular Public Board Meeting - Approve 2016/17 Budget Adjustment Plan - First Reading of 2016/17 Budget Bylaw
May 11 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • SPECIAL Public Board Meeting - Second Reading of 2016/17 Budget Bylaw
May 25 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • Regular Public Board Meeting - Final Reading & Adoption of 2016/17 Budget Bylaw



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

SCHOOL DISTRICT #22 - POTENTIAL BUDGET CHANGES

	Approved 2015/16		Projected 2016/17		2016/17 Options		Potential 2017/18		Potential 2018/19	
	FTE	\$'s	FTE	\$'s	FTE	\$'s	FTE	\$'s	FTE	\$'s
Projected September FTE Enrolment (Includes Alternate / DL)	8,185		8,197				8,211		8,250	
STUDENT ENROLMENT Change	141		12		10	Career Work Experience	14		39	
A REVENUE										
Funding Allocation System (FAS)										
Regular Enrolment Change		\$ 1,009,278		\$ 89,175		\$ 71,870		\$ 100,212		\$ 279,162
Unique Student Change				\$ 921,050	Level 3	\$ 285,000				
Other FAS Factors		318,124		343,214						
Labour Settlement Funding		592,874		926,000						
Subtotal		1,920,276		2,279,439		356,870		100,212		279,162
Reduction in per pupil from 2015/16 growth				(106,405)						
Reduction in per pupil from 2016/17 growth		(785,943)		(343,770)						
Administrative Reductions		(437,019)		(382,586)						
FAS Change	-	697,314	-	1,446,678	-	356,870	-	100,212	-	279,162
Other Revenue		253,862				30,000				
Strike Savings Reinstated		2,451,675			IHA Mental Health					
REVENUE CHANGE		\$ 3,402,851		\$ 1,446,678		\$ 386,870		\$ 100,212		\$ 279,162
B COST INCREASES (DECREASES)										
Teacher Wages (Full Year)		\$ 2,451,675								
Teacher Wage Increases		\$ 258,198		\$ 780,000						
CUPE Wage Increases		130,318		146,000						
PVP / Exempt Staff Wage Increases		\$ 100,000		290,000						
Substitute Wage Increase		\$ (75,000)								
Average Teacher Salary Change										
Prep time increase		150,000								
Pension Plan		41,254		(650,000)						
Medical Services Plan		64,800		35,000						
Other Benefit Increases		293,685								
General Inflation				113,000						
Utility Costs		75,000		54,000						
Trustee Elections										25,000
Shared Service (EPLP Legal)				47,000						
Next Generation Network (NGN)				100,000						
Misc Budget Excess Reductions		(355,919)								
COST CHANGES		\$ 3,134,011	-	\$ 915,000		\$ -	-	\$ -	-	\$ 25,000
BUDGET CHANGE REQUIRED		\$ 268,840		\$ 531,678		\$ 386,870		\$ 100,212		\$ 254,162

SCHOOL DISTRICT #22 - POTENTIAL BUDGET CHANGES

	Approved 2015/16		Projected 2016/17		2016/17 Options		Potential 2017/18		Potential 2018/19	
	FTE	\$'s	FTE	\$'s	FTE	\$'s	FTE	\$'s	FTE	\$'s
C Instruction Program Changes										
Classroom teachers	3.15	315,350					1.00	100,000	2.00	200,000
Additional curriculum teachers and Pro-D	1.40	142,490								
Unique Student Changes										
Mental Health Liason					1.00	100,000				
Secondary Behaviour Specialist					1.00	100,000				
Elementary Behaviour Specialist					1.00	100,000				
Counsellors					2.00	200,000				
Flex Career - Seaton					0.30	30,000				
Flex Alpha Program					0.70	70,000				
IEP Program						220,000				
Extended Service - Teaching						30,000				
White Valley						35,000				
NOYFSS						50,000				
Capacity Building						50,000				
Mental Health Hub					0.60	60,000				
Outdoor Education Program						30,000				
New Curriculum Implementation						75,000				
Career Program Teacher Staffing					0.72	71,870				
Primary Literacy Coordinator					0.30	30,000				
Literacy Initiatives						TBD				
Middle Years Curriculum Teacher					0.40	40,000				
Develop Numeracy Assessment tools						20,000				
Math Programs						TBD				
Mobile MakerSpace Unit						10,000				
Six Mile Education Program						(100,000)				
Reduction of Average Class Size by 1						1,200,000				
Additional Classroom Resources						TBD				
Education Assistants						TBD				
Teacher Collaboration Time						TBD				
Music / Arts / Sports						TBD				
Food Programs						TBD				
Library Resources						TBD				
Resource teachers						TBD				
Alternate Programs						TBD				
Instruction Budget Changes	4.55	457,840	-	-	8.02	2,421,870	1.00	100,000	2.00	200,000
D Administration / Operations										
School PVP Time	(0.30)	(75,000)			0.30	75,000				
Millwright	1.00	85,000								
Sale of IT equipment		(100,000)								
Legal Shared Services		(100,000)								
Admin Leadership Pro-D						20,000				
Superintendent Teacher Collaboration						10,000				
DRC Clerical Increase					0.2857	15,000				
Maintenance Clerical Increase					0.5714	30,000				
Host Google GAFE Summit						40,000	(40,000)			
Teaching Personnel Succession						10,000	(10,000)			
Learning Progress software application						20,000				
Increase School Rental Fees						TBD				
Four Day School Week						TBD				
School Clerical to 10 Month						TBD				
Custodians to 10 Month						TBD				
Succession Planning / Development						TBD				
Develop Strategic Plan						20,000	(20,000)			
Health and Safety						TBD				
Administration / Operations	0.70	(190,000)	-	-	1.16	240,000	-	(70,000)	-	-
E Transportation										
Phase 3 of transportation rollout		(200,000)								
Charge Courtesy Riders \$200						(200,000)				
Charge All Riders \$200 (Add Courtesy)						(300,000)				
Eliminate service to courtesy riders						(70,000)				
Adjust Bell Times						(170,000)				
Contract Busing						TBD				
Transportation	-	(200,000)	-	-	-	(740,000)	-	-	-	-
F Technology										
IT Management	1.00	151,000								
IT helpdesk	1.00	50,000								
Technology computer equipment						200,000				
Program Enhancements / Other Costs	2.00	201,000	-	-	-	200,000	-	-	-	-
G BUDGET CHANGES	7.25	\$ 268,840	-	\$ -	9.18	\$ 2,121,870	1.00	\$ 30,000	2.00	\$ 200,000
H SURPLUS / (DEFICIT) POSITION		\$ -		\$ 531,678		\$ (1,735,000)		\$ 70,212		\$ 54,162