



School District No. 22 (Vernon)

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2017/18 Budget Report to the Board

March 9, 2017

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. Boards must prepare an annual budget and have it adopted by bylaw on or before June 30, 2017 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 14, 2016 and February 22, 2017.

The district will be working to develop a draft 2017/18 budget adjustment plan to be presented to the board at a special public board meeting on April 12, 2017.

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 26, 2017 Board Meeting.

Based upon the Supreme Court of Canada decision, BCPSEA and the BCTF reopened the collective agreement and have reached a tentative agreement for restored language.

The district expects a March 15th Ministry funding announcement for the 2017/18 school year. Information regarding the funding of the restored language 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/



Costs of providing existing services

The District is projecting the costs of providing existing services into the next year (Salaries, benefits, utilities, etc). A number of cost pressures that will impact the school district in the 2017/18 school year identified to date are:

Total salary and benefit costs increases are \$1,443,000. This is an increase of \$277,000 over previous budget reports.

- Negotiated CUPE salary and benefits is \$271,000.
- Increased CUPE premiums for existing benefits are \$155,000.
- Negotiated teacher salary and benefits is \$477,000.
- Increased teacher premiums for existing benefits are \$296,000.
- Salary and benefit increases for PVPs are \$159,000.
- Salary and benefit increases for exempt staff are \$85,000.

Cost of negotiated increases is \$748,000.

Expenditure increases for services and supplies is estimated at \$158,000. This is a decrease of \$191,000 over previous budget reports.

- Medical Services Plan premiums decrease of \$120,000.
- BC Hydro rate increases offset by decreases in PST charges.
- General inflation is predicted at 2% resulting in additional costs of \$200,000.
- WorkSafeBC premiums increasing by \$78,000.

Total preliminary cost pressures identified above equal \$1,601,000.

This is an increase of \$86,000 over previous budget reports.

In addition to the amounts determined above, there will be increased costs resulting from the tentative agreement for the restoration of the previous collective agreement language. These increased costs are currently being calculated.

Implications of the restored language can be categorized in four areas; local process language, non-enrolling ratios, class size, and class composition. Increased costs will be incurred for increased teaching staff for non-enrolling staff, to support decreases in class size provisions and to address class composition changes. Increased administration and increased facility costs will be incurred to plan, implement, and maintain these changes.

The district has also provided enrolment estimates to the Ministry of Education. Funding from these increases in enrolment estimated at \$1.6 million will likely offset additional costs of increasing current staffing levels and resource requirements to support the increased enrolment. This amount is not included in either the identified cost pressures or available operating revenue.



Changing Factors (Enrolment)

Our district has submitted preliminary enrolment projections to the Ministry of Education for inclusion in the March 15th funding allocations.

Enrolment projections included increases in regular, alternate and DL schools. Changes for student enrolment for Supplementary Grants were also submitted.

Other Changing Factors

The board approved a Strategic Plan on February 22, 2017. An Implementation Plan is being developed which will identify potential budget changes.

As noted previously, based upon the Supreme Court of Canada decision, BCPSEA and the BCTF reopened the collective agreement and have reached a tentative agreement for the restored language. Implications of this restored language can be categorized in four areas; local process language, non-enrolling ratios, class size, and class composition.

Local process language outlines processes for determining staffing, student placement and other issues. Local process language includes processes at the school level and at the district level. These processes will increase administration time and costs and potentially increase disputes over the interpretation and application of the processes.

Non-enrolling ratios determine the minimum number of teachers the district must employ for Library, Counselling, Learning Assistance, Special Education Resource, and English as a Second Language support. The district is determining where we are under and over these ratios to inform decisions regarding any changes required.

Class size language determines the number of students the district is permitted to have in individual grades and classes. Reductions in class size limits will impact the number of divisions and course offerings in schools.

Class composition includes staffing and student placement issues pertaining to situations such as the number of students with special education needs that may normally be integrated at the same time into any one regular classroom. This will also impact the number of divisions and course offerings.

In addition to staffing costs related to collective agreement changes, the district expects issues related to the available space in individual schools. The number of divisions required will increase from any reductions in class size which will increase the number of classrooms required. The district will need to review existing school facility space and develop staffing plans based upon the tentative collective agreement changes.



The school district may be required to change catchment areas, restrict student transfers, and /or add portables to accommodate any changes. Short term changes may be required while the Board's established committees to review potential boundary and program location changes and to review the district's alternate program structure complete their deliverables.

The district will need to implement strategies to ensure sufficient flexibility to achieve a balanced budget. Notice will need to be given to facilitate potential staffing changes to comply with collective agreement provisions regardless of the level of funding that is provided from the Ministry of Education.

In addition to the factors identified above, other changing factors may be identified over the next few months and included in future budget considerations.

Revenues

The BC Government presented its budget on February 21, 2017. The budget included budget estimates for the Ministry of Education. The budget included funding for all previously announced funding but did not include any additional funding to support the implementation of the restored collective agreement language. Government has communicated that this funding, once determined, will be provided through other contingency funds.

The Ministry will announce preliminary operating grants to districts on or before March 15, 2017 for the 2017/18 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 current funding levels and the district's projected enrolment changes, the district should receive approximately \$1.6 million in additional revenue. Funding from these increases in enrolment will likely offset additional costs of increasing current staffing levels and resource requirements to support the increased enrolment. This amount is not included in either the identified cost pressures or available operating revenue.

The district is expecting funding to cover additional costs associated with the teacher and support staff negotiated union collective agreements salary and benefit increases. **To offset projected negotiated salary and benefit costs, the district should receive approximately \$748,000.**

The combined revenue increase through the Funding Allocation System is estimated at \$2,348,000 for enrolment growth and Labour Settlement funding. No additional funding is expected to cover other cost increases identified above.



In addition to the funding for enrolment growth and Labour Settlement funding, the district also expects funding to cover costs associated with any restored language in the teacher's collective agreement. The method of distributing this funding and the amount of funding is unknown.

The Ministry currently provides our school district with \$1,224,334 through the Teacher Education Fund and recently provided Priority Measures funding of \$768,040 (\$1,536,080 annualized). This funding will likely be required to support the implementation of any restored language. Staffing through these existing funds will need to be reviewed.

The Board approved a number of one-time expenditures in 2016/17 from recurring revenues. These one-time budgets are identified at the end of this report. As the revenue continues into 2017/18, these funds are available to support ongoing expenses. **This available annual revenue is \$948,000.**

The district has submitted an application for the Rural Education Enhancement Fund and should be notified of the status of the application by March 15, 2017.

Available operating revenue to address identified cost pressures for existing services is projected at \$1,696,000.

This is a decrease of \$174,000 over previous reports.

Projected Net Budget Position

The combination of \$1,601,000 in projected cost pressures along with a projected revenue increase of \$1,696,000 results in a **projected available budget of \$95,000** for the 2017/18 school year.

This is a decrease of \$260,000 over previous reports.

This projection is based upon an expectation that government will be fully funding the costs of negotiated labour settlements and fully funding the costs of any staffing required from the reopening of the collective agreement and the restored or amended language.

The projection also expects a continuation of the administrative savings reduction and the transportation supplement.

The projection does not include any additional funding from the Rural Education Enhancement Fund application.



Next Steps

The Board is required to approve an annual budget on or before June 30, 2017 for the 2017/18 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 2017/18 school year.

The Board will need to determine what changes in resource allocations are necessary to support the District Strategic Plan through the 2017/18 budget development process.

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 2017/18 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 to request a presentation time and be scheduled and placed on the 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 12, 2017 and to be finalized and approved on April 26, 2017. This will allow departments time to prepare and implement plans for the next school year.

Final reading of the 2017/18 Budget Bylaw is scheduled for May 24, 2017.



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



2017/18 Preliminary Budget Development Timelines

December 14 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - 2017/18 District Budget Report provided
January 25 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - Budget Update
February 22 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - Budget Update
February 23 - April 14	<ul style="list-style-type: none"> • Public Input to the Board through the district Web Site: www.sd22.bc.ca
March 15 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - Budget Update
April 12 (Wednesday) 4:00pm @SBO	<ul style="list-style-type: none"> • SPECIAL Public Board Meeting - Draft 2017/18 Budget Adjustment Plan
April 19 (Wednesday) TBD	<ul style="list-style-type: none"> • Budget Information / Feedback Meeting for Staff and Public
April 26 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - Approve 2017/18 Budget Adjustment Plan - First & Second Reading of 2017/18 Budget Bylaw
May 24 (Wednesday) 7:00pm @SBO	<ul style="list-style-type: none"> • REGULAR BOARD MEETING - Final Reading & Adoption of 2017/18 Budget Bylaw

Summary of Budget Adjustments

	2015/16		2016/17		
	FTE	Recurring	FTE	Recurring	One-time
Instruction					
Classroom teachers	3.1535	315,350	1.7143	100,000	71,430
Curriculum specialist teachers	1.4000	140,000	3.7000	370,000	
Student support specialist teachers			7.5857	688,570	70,000
Support worker services				81,000	
Career specialist teachers			0.7187	71,870	
Close Six Mile				(100,000)	
Professional development		2,490		132,016	162,000
School supplies and equipment				60,000	135,000
Education assistants			2.0000	80,000	10,000
Curriculum support and equipment				35,000	10,000
Committee attendance					
Student support services services and equipment				11,000	
SubTotal Instruction	4.5535	\$ 457,840	15.7187	\$ 1,529,456	\$ 458,430
Administration and Operations					
School PVP time	(0.3000)	(75,000)	0.6400	80,000	
Learning progress software					20,000
Wellness initiatives				10,000	
Millwright	1.0000	85,000			
Professional development					175,000
Strategic plan					40,000
Committee attendance				28,586	
Succession planning					10,000
Clerical staff	0.8571			45,000	
SubTotal Administration and Operations	1.5571	\$ 10,000	0.6400	\$ 163,586	\$ 245,000
Transportation					
Phase 3 of transportation change	(1.5000)	(200,000)			
Transportation safety				61,094	
Technology					
IT management	1.0000	151,000			
IT helpdesk	1.0000	50,000			
Technology equipment				500,000	245,000
TOTAL	6.6106	468,840	16.3587	2,254,136	948,430