



COWICHAN VALLEY

School District

2022/2023 Annual Budget

Board Education and Business Committee

Meeting – March 29, 2022

Budget Guiding Principles

2022/2023 BUDGET GUIDING PRINCIPLES

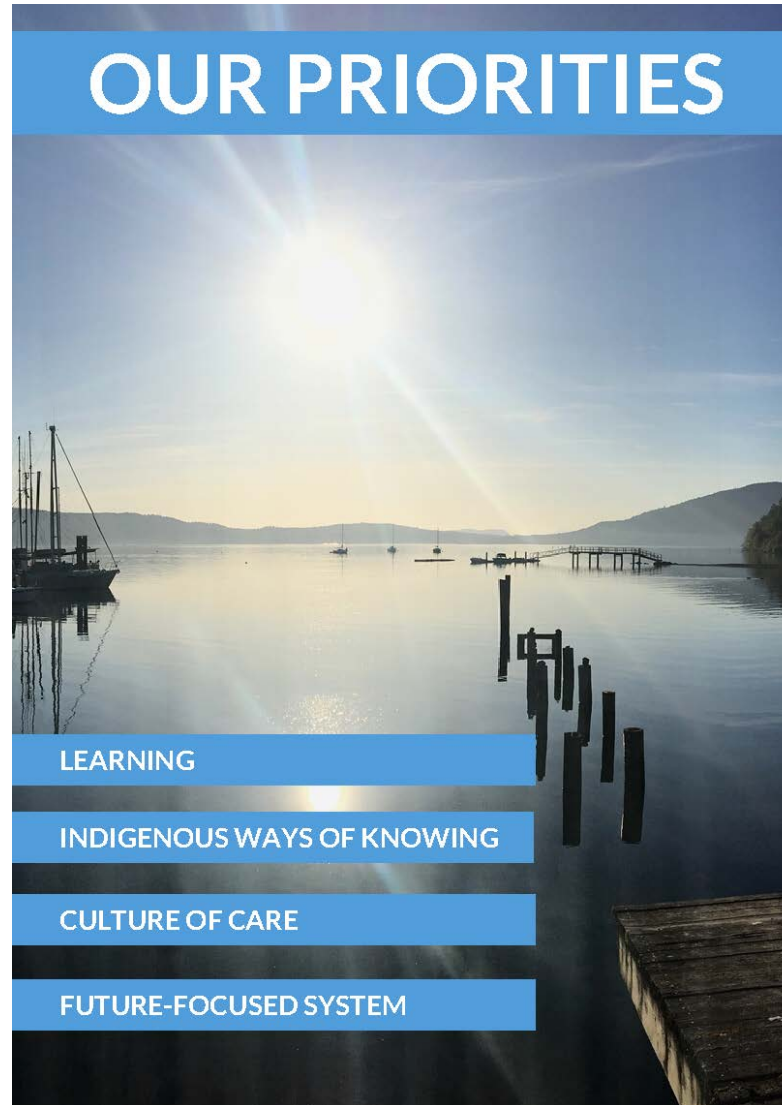
The School District's budget is a financial plan that helps the Board prepare all learners in the Cowichan Valley School District for a world they will create. The Board does this by properly allocating funding that aligns with the Strategic Plan and reflect priorities within that plan. The budget also communicates how the District utilizes its financial resources and allows for detailed, and public, monitoring of expenditures.

Budget Guiding Principles

Guiding Principles for Budget Development:

- The budget must properly fund the priorities within the Strategic Plan and prepare our learners for a world they will create. This is done through the effective prioritization of student learning through the proper allocation of resources;
- Is developed as a mechanism to aid in Reconciliation;
- Accounts for uncertainties of the global COVID-19 pandemic and its effects on the school district;
- Must be developed in a transparent process and must include public and partner input through communication, consultation and reporting back;
- Is developed on the principle of equity;
- Complies with the *School Act*, collective agreements and other regulatory requirements and Board policy;
- Considers multi-year implications of decisions;
- Balances short-term and long-term priorities;
- Maintains appropriate contingency balance.

The Four Priorities of the 2020-2024 Strategic Plan



The Main
Theme of the
2022/2023
Annual Budget

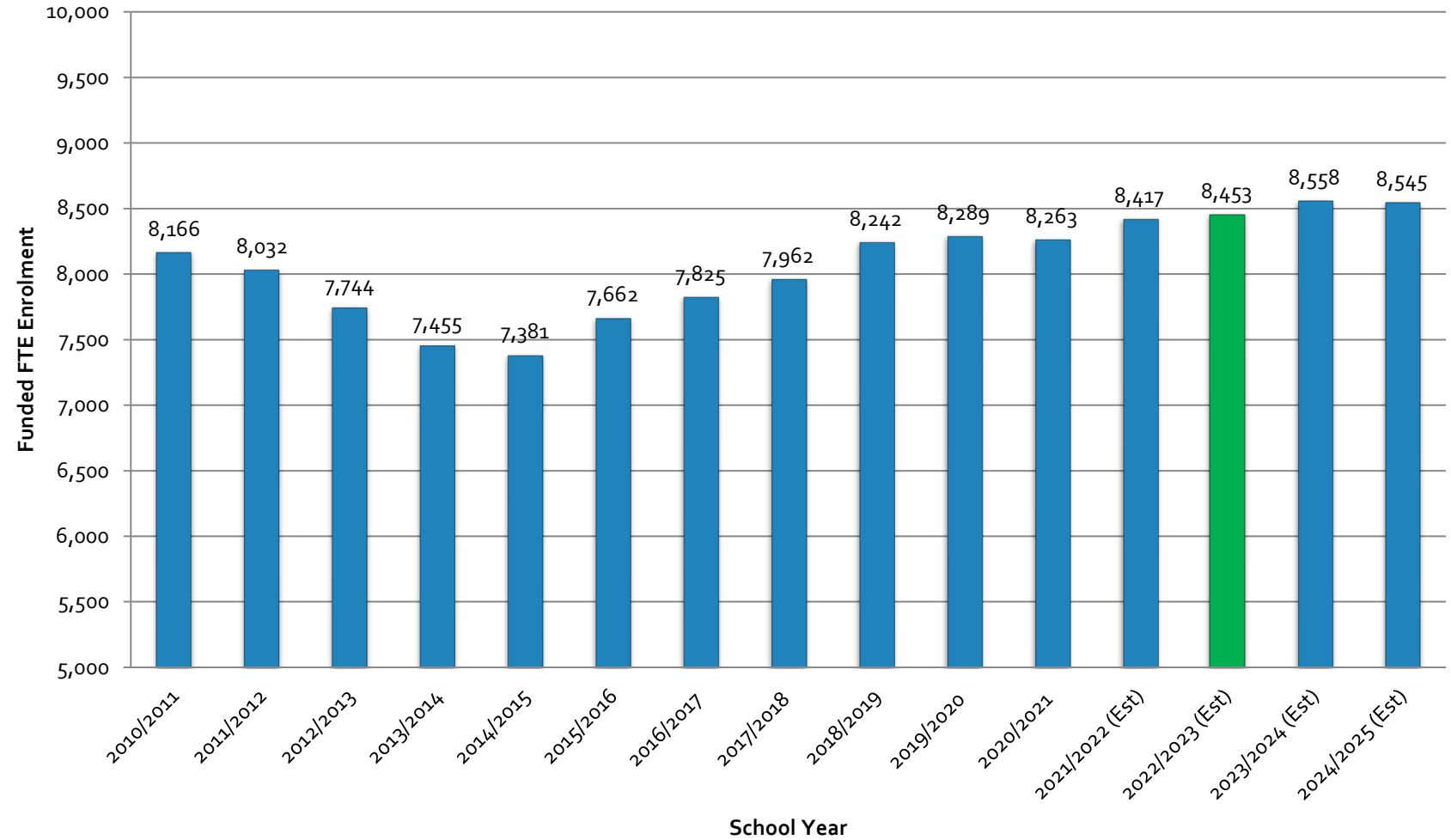


How is the Provincial Grant Calculated?

- Approximately 90% of the Operating Grant funding is directly related to the number of Full Time Equivalent Students (FTE);
- On February 15, 2022 the School District submitted enrolment projections for the next school year with a net increase of 36 FTE;
- Once the number of FTE is determined, the grant formula then applies a funding level to the various student categories;
- The Ministry has announced no changes to the per-pupil funding levels.

Student Enrolment – SD79

Funded FTE Enrolment by Year



Per Pupil (FTE) Funding Levels

Category	2020/2021			2021/2022			2022/2023		
	Rate	Change	%	Rate	Change	%	Rate	Change	%
Standard / Continuing Ed / Alternate	7,560	92	1.23%	7,885	325	4.30%	7,885	-	0.00%
Distributed Learning	6,100	-	0.00%	6,360	260	4.26%	6,360	-	0.00%
Level 1	43,000	600	1.42%	44,850	1,850	4.30%	44,850	-	0.00%
Level 2	20,400	200	0.99%	21,280	880	4.31%	21,280	-	0.00%
Level 3	10,300	50	0.49%	10,750	450	4.37%	10,750	-	0.00%
English Language Learner	1,520	25	1.67%	1,575	55	3.62%	1,575	-	0.00%
Indigenous Education	1,500	50	3.45%	1,565	65	4.33%	1,565	-	0.00%
Adult Education	4,823	50	1.05%	5,030	207	4.29%	5,030	-	0.00%

Estimated Operating Grant Comparison

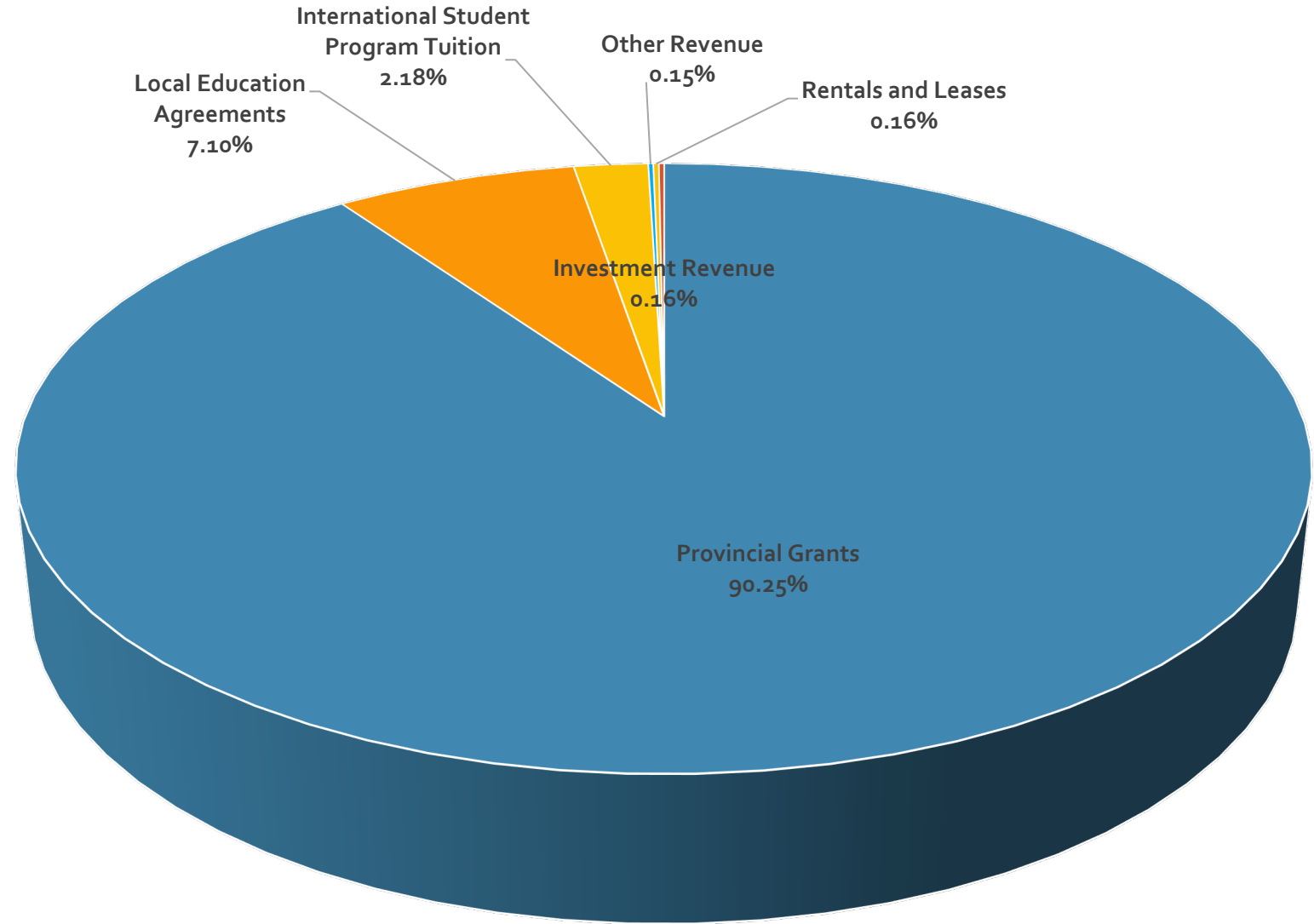
	MARCH 2022		DECEMBER 2021		FTE	DIFFERENCE
	FTE	2022/2023	FTE	2021/2022		
SEPTEMBER ENROLMENT COUNT:						
STANDARD	7,853.5650	61,925,360	7,785.5430	61,389,007	68.0220	536,353
CONTINUING EDUCATION	6.0000	47,310	6.1250	48,296	(0.1250)	(986)
ALTERNATE SCHOOLS	300.0000	2,365,500	311.0000	2,452,235	(11.0000)	(86,735)
DISTRIBUTED LEARNING	220.0000	1,399,200	227.6875	1,448,093	(7.6875)	(48,893)
HOME SCHOOLING	15.0000	3,750	15.0000	3,750	-	-
COURSE CHALLENGES	-	-	-	-	-	-
ENROLMENT-BASED FUNDING		65,741,120		65,341,381		399,739
ENROLMENT DECLINE		-		-		-
LEVEL 1 SPECIAL NEEDS	8.0000	358,800	9.0000	403,650	(1.0000)	(44,850)
LEVEL 2 SPECIAL NEEDS	454.0000	9,661,120	451.0000	9,597,280	3.0000	63,840
LEVEL 3 SPECIAL NEEDS	117.0000	1,257,750	129.0000	1,386,750	(12.0000)	(129,000)
ENGLISH LANGUAGE LEARNING	356.0000	564,260	356.0000	564,260	-	-
INDIGENOUS EDUCATION	1,670.0000	2,613,550	1,673.0000	2,618,245	(3.0000)	(4,695)
ADULT EDUCATION	-	-	0.2500	1,258	(0.2500)	(1,258)
EQUITY OF OPPORTUNITY SUPPLEMENT		476,485		466,144		10,341
UNIQUE STUDENT NEEDS		14,931,965		15,037,587		(105,622)
SALARY DIFFERENTIAL		1,381,669		1,373,597		8,072
UNIQUE GEOGRAPHIC FACTORS		5,486,175		5,332,716		153,459
EDUCATION PLAN		74,973		73,001		1,972
TOTAL SEPTEMBER ENROLMENT		87,615,902		87,158,282		457,620
FEBRUARY ENROLMENT COUNT:						
ENROLMENT-BASED FUNDING		285,030		313,520		(28,490)
UNIQUE STUDENT NEEDS		53,200		53,200		-
TOTAL FEBRUARY ENROLMENT		338,230		366,720		(28,490)
MAY ENROLMENT COUNT:						
ENROLMENT-BASED FUNDING		213,675		181,875		31,800
TOTAL MAY ENROLMENT		213,675		181,875		31,800
FULL YEAR FUNDING		88,167,807		87,706,877		460,930

Estimated Operating Grant Comparison

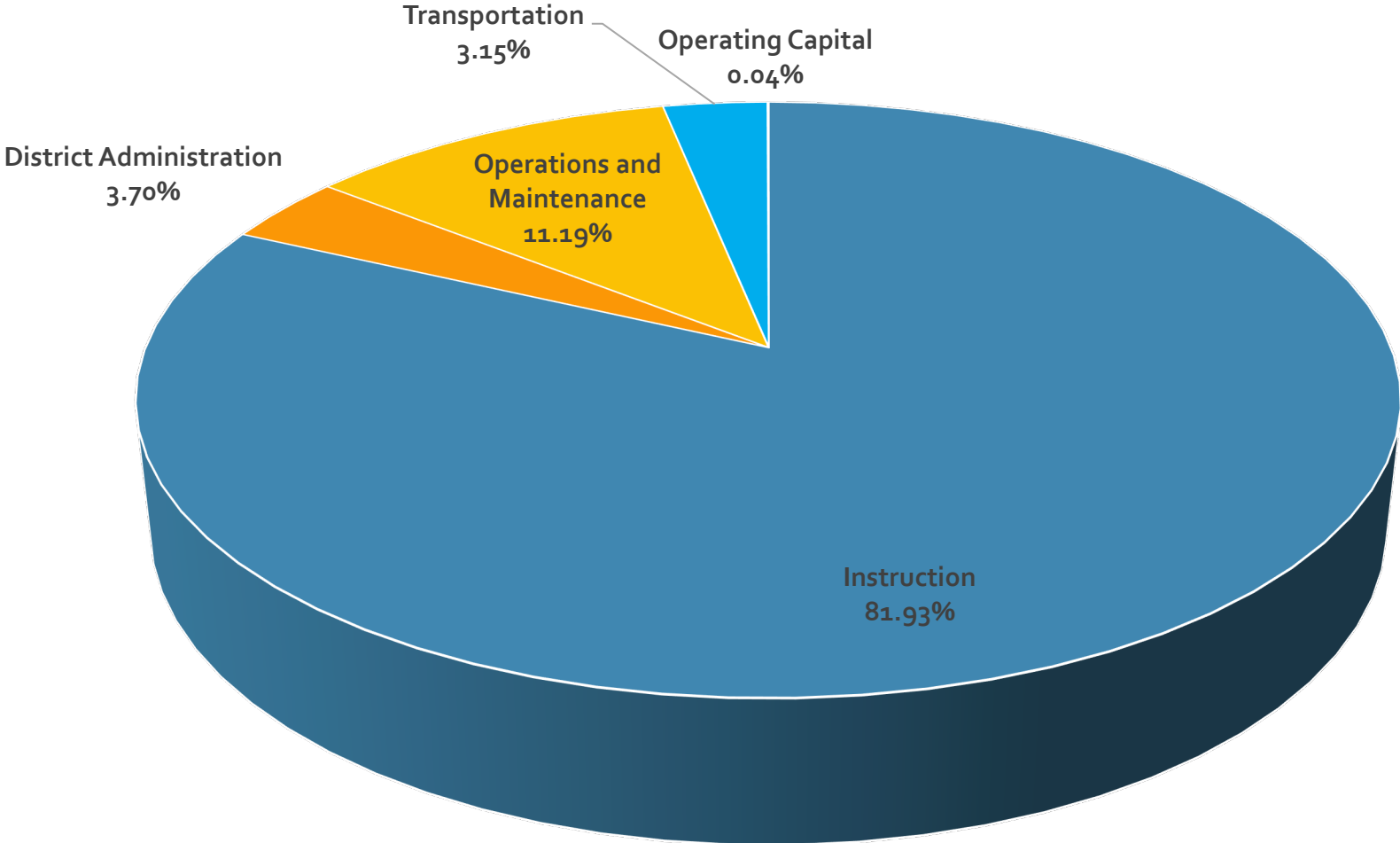
- When we compare the Estimated 2022/2023 Operating Grant to the Estimated 2021/2022 Operating Grant, the difference is an increase of \$460,930.
- This increase is a result of the modest student enrolment growth and an increase in the Unique Geographic Factors.
- As Provincial Bargaining has not yet concluded with the BCTF, CUPE and the USW, the grant does not include any adjustments for wage settlements at this time. It is anticipated that wage settlement funding will come as a special Ministry of Education and Child Care grant.

How is the District Funded?

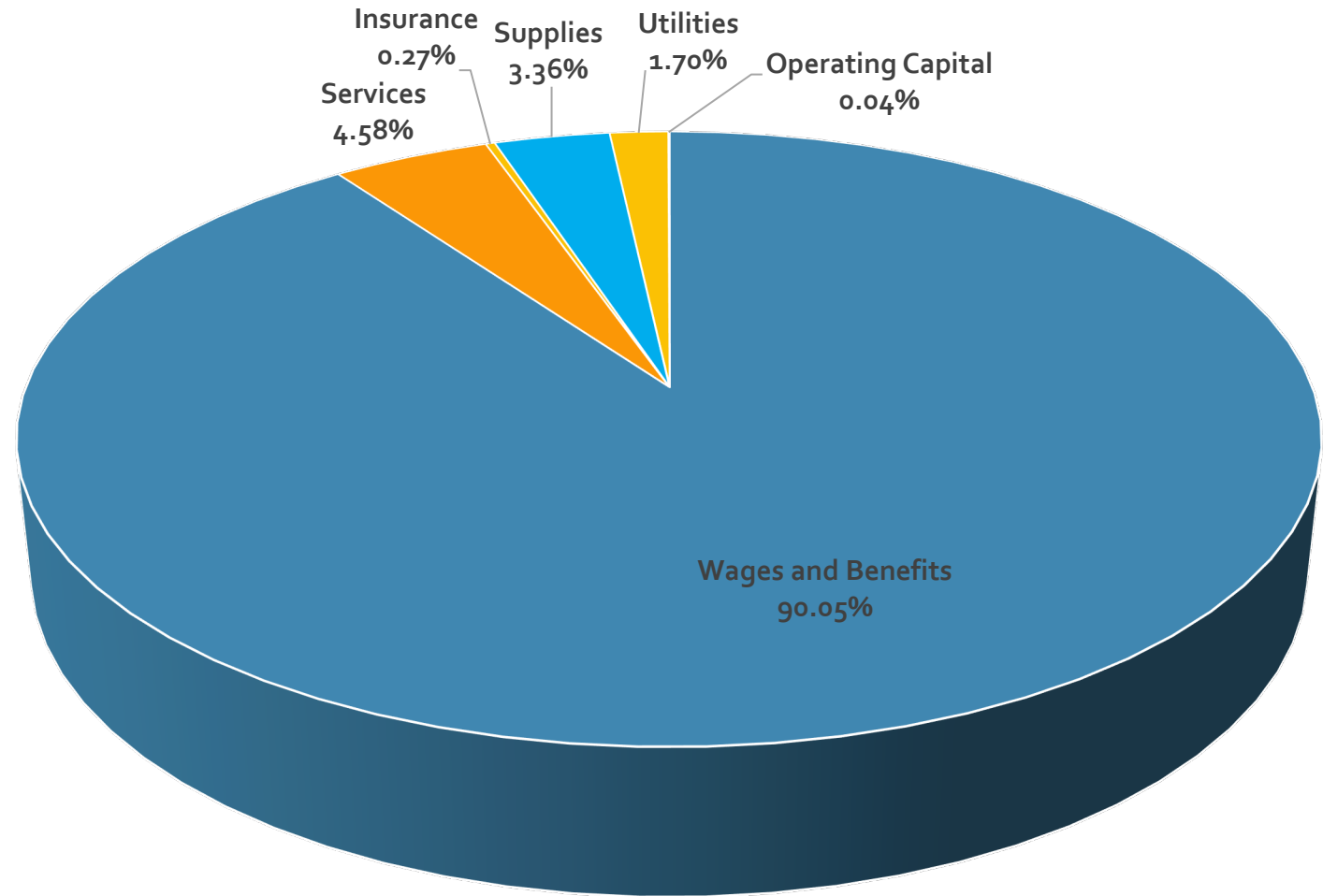
2022/2023 Annual Budget Revenues (Draft)



How are
Resources
Allocated?
2022/2023 Annual
Budget (Draft)



How are
Resources
Allocated?
2022/2023 Annual
Budget (Draft) -
Expenditure Type



Inflationary Pressures

- The 2022/2023 Annual Budget includes many inflationary expenditure pressures.

Statutory Benefits

- Canada Pension Plan premiums will be increasing from a rate of 5.75% to a rate of 5.95% effective January 1, 2023.
- Employment Insurance premiums are currently set at 1.58%. We have projected an increase to 1.63% effective January 1, 2023.
- WorkSafe BC premiums are currently 1.11% of assessable payroll. Our internal projections forecast an increase in premium to 1.27% effective January 1, 2023.
- The approximate cost of these Statutory Benefit adjustments is \$261,000.

Health Benefits

- The COVID-19 Pandemic had a significant impact on the Extended Health and Dental premiums for the 2021/2022 budget year. As premiums are based on the prior year's usage levels, and as many employees did not use these benefits in the early stages of the pandemic, the Board had a credit to apply to the 2021/2022 premiums.
- The monthly premium for Life, Extended Health and Dental will increase by 18.37% for CUPE, and 7.6% for the USW, effective July 1, 2022.
- As the premiums for the Teacher and Principal/Vice-Principal plans have not yet been announced, we have estimated an increase of 10% at this time, effective July 1, 2022.
- The net increase in health benefits has been budgeted with an increase of \$669,000.

Teacher Additions and Increments

- Using a student/educator ratio of 1:20, an additional 1.80 FTE Teachers have been added to the budget based on a net addition of 36 FTE students. The cost of this addition is approximately \$170,000.
- The Teacher pay structure is determined by the level of education (i.e. Masters degree) and the number of years of service. Teachers increment to the next year of pay level until 10 years of service have been achieved. The cost of these increments is approximately \$391,000.

COVID-19 Considerations

- The 2021/2022 Annual Budget contained a \$200,000 contribution towards health and safety protocols. These included 2.0 FTE custodians to carry out an electrostatic disinfecting program and purchase of hand sanitizer and cleaning supplies. The electrostatic disinfecting program was later expanded to 4.0 FTE custodians with the assistance of Provincial funding. These additions have been removed from the first draft of the 2022/2023 Budget.
- An additional \$150,000 was added to the 2021/2022 Amended Annual Budget for absenteeism due to COVID. These funds remain in the 2022/2023 Budget.
- An additional \$150,000 was added to the Hydro budget in 2021/2022 to reflect the additional energy required to support improved ventilation in the schools. This remains in the 2022/2023 Budget.
- As COVID Health and Safety protocols remain unknown for the next school year the Board may wish to consider budgeting for a COVID Contingency.

Other Inflationary Considerations

- The Board will have three electric buses operating next year, which approximates 10% of the total fleet. Diesel for the regular buses has increased significantly this year and has been increased from \$266,700 to \$300,000.
- Software licensing continues to be a significant expense of the Board and costs increase annually. The software budget has been increased from \$397,591 to \$488,482.
- Maintenance supplies and materials costs have increased due to inflation and increased vandalism. The budget has been increased from \$292,000 to \$332,000.
- Every fourth October there is an election for trustees to represent the community on the Board of Education. Costs related to this election approximate \$100,000. The election will take place on October 15, 2022.

Budgeting Framework

- The budget is a dynamic document. It changes continuously as additional information is received throughout the school year and even during the budget development process.
- At the time of this preliminary estimate, the following information remains unknown or was not included:
 - Health Benefit rates for Teachers and Principals. Based on increases already known for CUPE and the USW, a projected increase of 10% has been built into the budget.
 - Funding and expenditures for enhanced COVID-19 safety protocols.

Budgeting Framework

- Compensation increases for Teachers, CUPE and the USW: Provincial Bargaining of these compensation frameworks is underway and funding is expected to accompany any increases.
- Compensation increases for Principal/Vice-Principal and Exempt employee groups: Boards are required to manage any increases within their funding envelope and permitted increases are traditionally linked to those received by Teachers.
- Employee Future Benefits carrying costs: Each year the Board budgets a contribution to ensure that the fund for contractual retirement benefits is maintained. Every three years data is submitted to an Actuarial Firm to recalculate this annual contribution. The results are expected in May.

RECONCILIATION OF CHANGES IN BUDGET POSITION FOR 2022/2023

The Operating Shortfall Reconciliation for 2022/2023?

REVENUES:

PROVINCIAL FUNDING ESTIMATE	460,930	
OTHER MIN OF ED GRANTS	(12,499)	
INDUSTRY TRAINING AUTHORITY	125,000	
INTERNATIONAL & OUT-OF-PROVINCE TUITION FEES	200,000	
SURPLUS USED IN 2021/2022 TO BALANCE	(1,449,830)	(676,399)

EXPENDITURES:

TEACHER WAGE INCREMENTS	(391,000)	
TEACHERS - INCREASED ENROLMENT	(170,000)	
STATUTORY BENEFITS (CPP, EI AND WORKSAFE BC)	(261,000)	
HEALTH BENEFITS (LIFE, EXTENDED AND DENTAL)	(669,000)	
DIESEL FUEL	(33,300)	
SOFTWARE	(90,891)	
MAINTENANCE MATERIALS AND SUPPLIES	(40,000)	
COVID-19 HEALTH AND SAFETY PROTOCOLS	200,000	
CAREER PROGRAM EXPENDITURES - ITA	(98,650)	
INTERNATIONAL PROGRAM EXPENDITURES - GROWTH	(150,000)	
ELECTION	(100,000)	
CAPITAL TRANSFER	260,428	
MISCELLANEOUS ADJUSTMENTS	(186,440)	(1,729,853)

SHORTFALL RECONCILIATION

(2,406,252)

() = COST PRESSURE

Budgeting and Surpluses

Budgeting is defined as:

“An estimate, often itemized, of expected income and expense for a given period in the future.”

At year end the Board will find itself in one of three financial positions:

1. Revenues exceed Expenditures (a surplus position);
2. Revenues equal Expenditures (a balanced position);
3. Revenues are less than Expenditures (a deficit position).

Throughout the course of the year, some budgets may be under or over expended due to unforeseen circumstances.

The most recent year-end projection was presented to the Board on March 29th. The anticipated surplus when expenditure estimates are compared to the 2021/2022 Amended Annual Budget is \$1,194,595.

On February 1st the Board adopted the 2021/2022 Amended Annual Budget with \$3,293,925 in unallocated surplus. When the projected surplus of \$1,194,595 is added to the unallocated surplus the anticipated year-end surplus is \$4,488,520.

Surplus Contingency

- The Board has adopted an Annual Surplus Policy requiring the maintenance of a contingency or unrestricted surplus equal to 1 to 3 % of the Operating Budget. The 2022/2023 Draft Preliminary Operating Budget totals \$94.0M. The range of 1 to 3% is equal to \$940K to \$2.8M in surplus contingency.
- As the Board considers the appropriate level of surplus to utilize in the 2022/2023 Annual Budget consideration must also be given to future requirements identified in the three-year financial plan.

Projected
Surplus
Position at
June 30, 2022

2022/2023 Annual Operating Budget

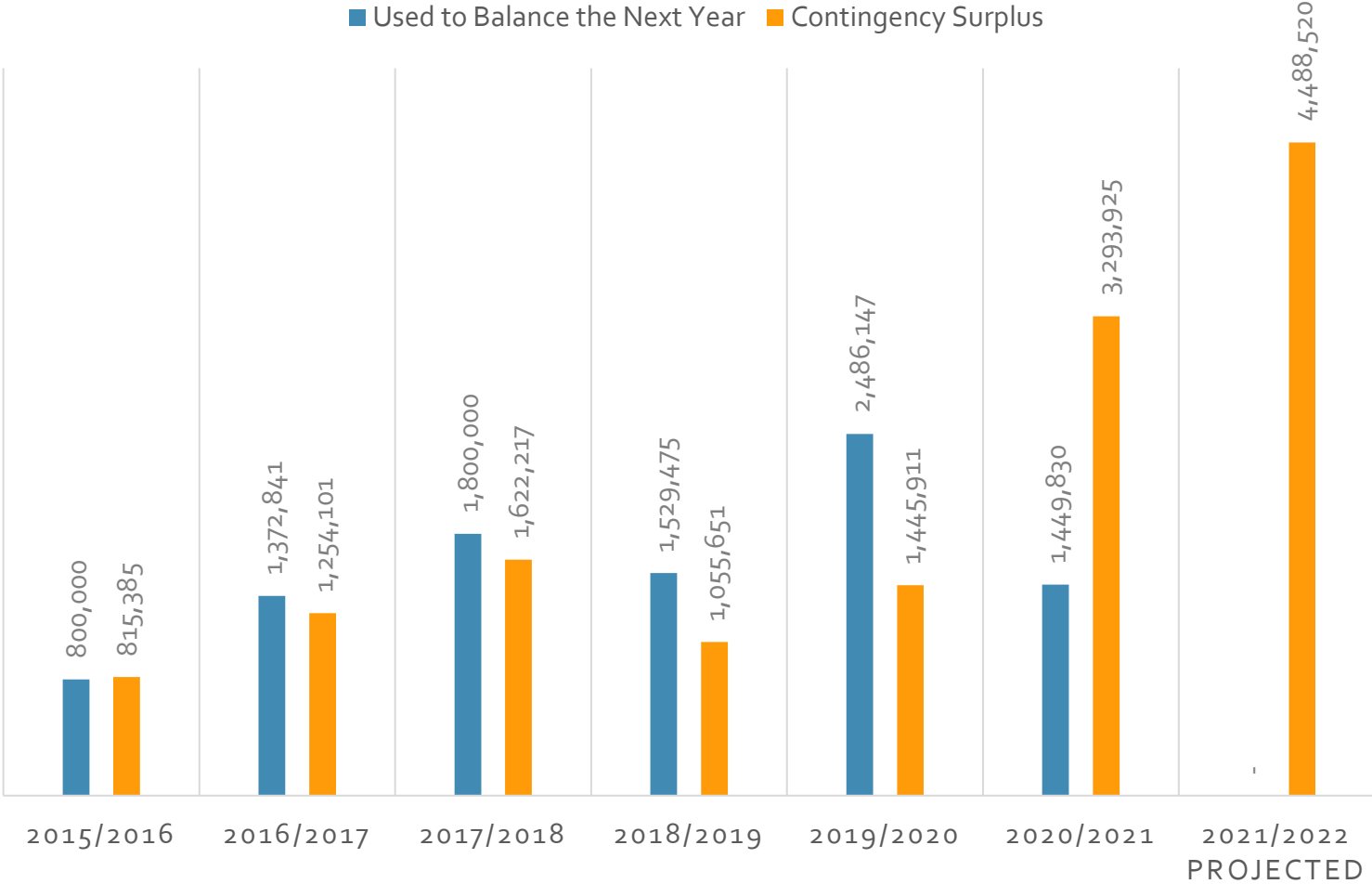
Surplus Reconciliation

	2021/2022 Amended Budget
Operating Surplus at at June 30, 2021	6,507,642
Internally Restricted :	
Offset 2021/2022 Shortfall	1,449,830
Other	1,763,887
<u>Subtotal</u>	<u>3,213,717</u>
Unrestricted Surplus	3,293,925
Surplus Projection as at February 28, 2022	1,194,595
<u>Projected Available Surplus as at June 30, 2022</u>	<u>4,488,520</u>
% Of Operating Budget	4.77%

Surplus History

SURPLUS HISTORY

■ Used to Balance the Next Year ■ Contingency Surplus



How Will Decisions on Balancing the Operating Budget be Made?

- The survey, partner groups, public comments and the Board's 2020-2024 Strategic Plan and Budget Guiding Principles will guide the Board in their decision making.
- The Board is currently forecasting a surplus for the end of 2021/2022. This surplus will be available to assist in reducing the shortfall, and a proposal will be presented as a revenue addition option for the Board's consideration.
- There are also areas of the budget where additional resources could be directed in order to focus on the Board's four Strategic Priorities and continuation of COVID safety protocols.

Classroom Enhancement Fund - Teachers

- In the Fall of 2016, the Supreme Court of Canada ruled on the removal of class size and composition language from the teachers' collective agreement (2002).
- A Memorandum of Agreement (MoA) was reached between the British Columbia Teachers' Federation (BCTF), the Province of British Columbia (The Province) and the British Columbia Public School Employers' Association (BCPSEA).
- The preliminary allocation of \$8,889,361 recognizes 100% of the 2021/2022 estimate. The teacher component will be revisited in the Fall when the actual costs are known.

Classroom Enhancement Fund - Overhead

- For 2022/2023 funding for Overhead costs related to the MoA is \$877,071. Included in these Overhead costs are sick leave replacement for Teachers, professional development fund, Education Assistants and Human Resources support.
- The Classroom Enhancement Fund is not part of the Operating Budget. It is a Special Purpose Fund and is intended to cover only the incremental costs associated with implementing the MoA.

Other Special Purpose Funds

- **Learning Improvement Fund – Support Staff:** The District will receive \$300,101 to continue to add Education Assistant supports in classrooms. This is a Special Purpose Fund.
- **Community Link:** Funding of \$681,913 will be in place for continued support of school meal programs and other areas that address student needs. This fund will be reviewed during this budget process to ensure that the funds are optimized to support students. This is a Special Purpose Fund.
- **Annual Facility Grant:** \$1,937,057 will be received to support capital upkeep of buildings such as painting, roofing, window replacement, etc. A portion of the funding will be distributed as a Special Purpose Fund with the balance coming through the Capital Bylaw process.

Capital Balances

- The Board may be presented with Budget Options of a Capital nature that are eligible for funding from the Operating Budget or Capital Reserves.

Capital Balances

	MINISTRY RESTRICTED	LOCAL CAPITAL	TOTAL
OPENING	2,442,721	790,796	3,233,517
PROJECTED INTEREST	10,800	3,500	14,300
COMMITMENTS - CUSTODIAL EQUIPMENT		(20,000)	(20,000)
CROFTON NET PROCEEDS		1,732,174	1,732,174
SUBTOTAL BEFORE CSS CONTRIBUTION	2,453,521	2,506,470	4,959,991
CSS CONTRIBUTION COMMITMENT	(800,000)	(1,400,000)	(2,200,000)
CSS SCOPE LADDER ADDITIONS		(480,621)	(480,621)
ESTIMATED CAPITAL BALANCE AVAILABLE	1,653,521	625,849	2,279,370

The Next Steps

- The Budget survey will be released to the Public on April 1st and will close on April 17th. A summary of the results will be presented at the April 26th Special Board Education and Business Committee Meeting.
- Partner group meetings are scheduled for April 1st and April 8th.
- The Board will be updated on the Budget progress on April 5th.
- Staff will begin work on developing options to reduce the shortfall and present options for additions that support the Board's 2020-2024 Strategic Priorities. Details on these options will be presented at the April 14th Special Board Education and Business Committee Meeting.
- The Advisory Committee will review the budget proposals on April 19th and provide feedback.
- A public meeting will be held on April 19th to receive feedback on the budget proposals.

The Next Steps

- Feedback will be reviewed, options explored and draft budget development instructions issued at the Regular Board Education and Business Committee Meeting of April 26th.
- A Special Board of Education and Business Committee will be held on April 28th to recommend the 2022/2023 Annual Budget to the Board.
- The Board will receive a balanced budget for consideration at the May 3rd Open Board Meeting.
- Staffing processes for the 2022/2023 school year will begin on May 4th.

Questions from Trustees

