



**COWICHAN VALLEY**

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School District

**2022/2023 Annual Budget**

**Special Board Education and Business  
Committee Meeting – April 14, 2022**



# Budget Guiding Principles

## **2022/2023 BUDGET GUIDING PRINCIPLES**

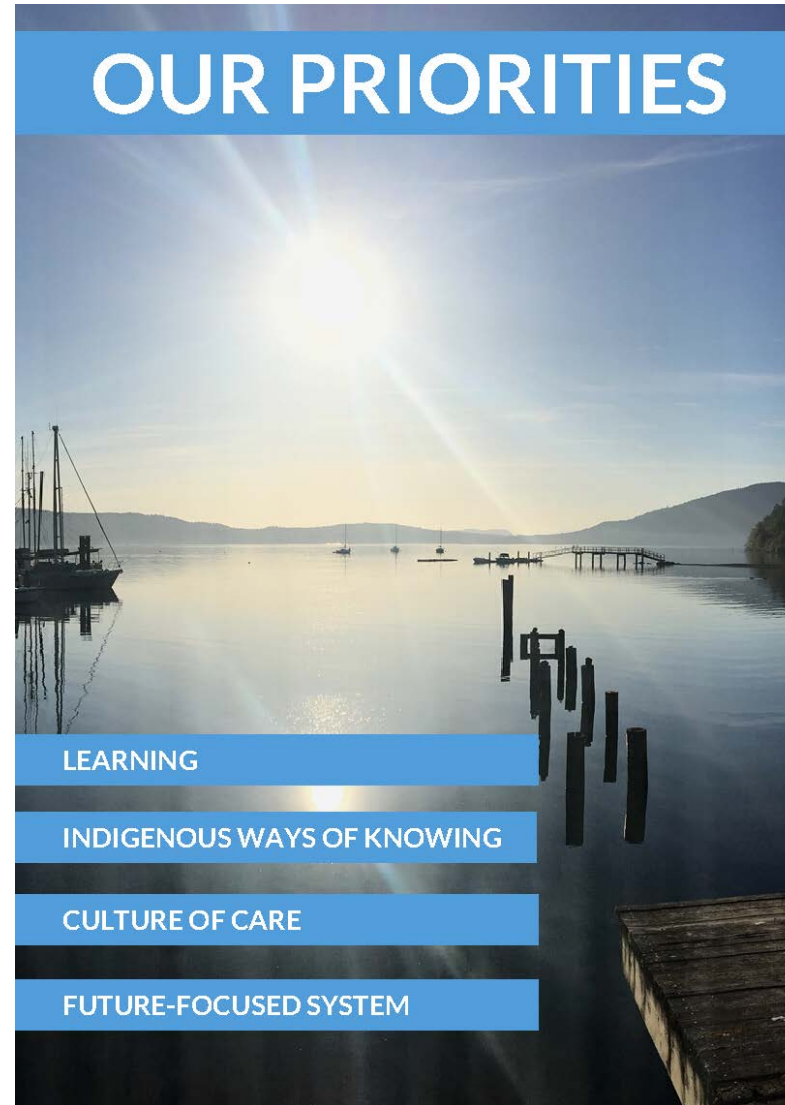
The School District's budget is a financial plan that helps the Board prepare all learners in the Cowichan Valley School District for a world they will create. The Board does this by properly allocating funding that aligns with the Strategic Plan and reflect priorities within that plan. The budget also 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



# The Budget Process so Far

- The Board has been actively engaging the community to collect information in order to establish priorities for the 2022/2023 Annual Budget.
- To date the Board has:
  - Established the 2021/2022 Budget Guiding Principles;
  - Considered the priorities of the Strategic Plan when discussing options to balance the Budget;
  - Issued a survey on the Budget;
  - Held a liaison meeting with Rights Holders;
  - Held liaison meetings with DSAC, CVTF, USW, CUPE, PVPA, and DPAC;
  - Received information from staff at a Board Education and Business Committee and a Regular Board meeting.

# The Budget Process so Far

- At the March 29, 2022 Regular BEBC meeting, the Board received the following information:
  - A review of the Ministry Funding announcement;
  - The contents of the opening budget position;
- At this meeting we will:
  - Present a list of options;
  - Invite Trustees to provide feedback and recommendations;
  - Review the two primary Special Purpose Funds.

# Employment Standards Act Change

- On March 31, 2022, Royal Assent was received for the following two amendments to the Employment Standards Act (ESA):
  1. Annual entitlements for sick leave under the ESA are now based on calendar year, rather than employment year;
  2. Employees covered by collective agreement language that meets or exceeds the minimum entitlement paid illness and injury leave are no longer exempt from its application under Part 1, Section 3 Scope of the ESA.
- The second change means that **the five (5) days of annual paid illness and injury leave under the ESA are now available to all employees who do not already receive five (5) or more sick/injury days.**
- The budget will now need to account for the provision of sick days for casual employees. We currently do not have any history to use as a basis to create this estimate and are suggesting a budget of **\$400,000**.
- The budget position presented on March 29, 2022 did not account for this change to the ESA. As funding will not accompany this new benefit it is a new pressure that has been added and will adjust the opening budget position.



# The Operating Shortfall for 2022/2023?

- At the March 29, 2022 Board Education and Business Committee the District identified an Opening Operating Budget shortfall of \$2,406,252 (expenditures exceeding revenues) for 2022/2023. This was prior to applying any surplus or adjustments.
- The following subsequent events must now be added to the opening position:
  - Provision of 5 days of paid sick leave for casual employees;
  - The addition of an Early Years Manager as per the Board's motion at the April 5, 2022 Open Board Meeting.

# The Operating Shortfall for 2022/2023 Restated

<b>Opening Budget Position as at March 29, 2022</b>	-	<b>2,406,252</b>
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Changes:

Employment Standards Act - Casual Sick Leave	-	400,000
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Addition of Early Years Manager	-	104,073
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<b>Adjusted Opening Budget Position as at April 14, 2022</b>	-	<b>2,910,325</b>
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# What is Currently Included in the 2022/2023 Operating Budget Expenditures?

	FTE	BUDGET
<b>SALARIES</b>		
Principals / Vice-Principals	47.970	6,286,814
Teachers	446.078	38,065,325
Education Assistants	152.569	6,809,587
Indigenous and Cultural Workers	23.857	1,143,389
Clerical	65.788	3,325,382
Noon-Hour Supervisors	9.431	364,629
Custodians	52.438	2,792,897
Maintenance	13.000	944,695
Grounds	7.000	418,535
Tech Support	6.000	443,628
Bus Drivers / Mechanics	22.906	1,318,864
Exempt	19.083	2,009,743
Trustees	7.000	110,331
<b>SUBTOTAL SALARIES</b>	<b>873.120</b>	<b>64,033,819</b>
<b>SUBSTITUTES</b>		<b>4,680,281</b>

What is  
Currently  
Included in the  
2022/2023  
Operating  
Budget  
Expenditures?

	FTE	BUDGET
<b>EMPLOYEE BENEFITS</b>		
Statutory		6,079,081
Pension		7,036,019
Health		3,279,552
<b>SUBTOTAL BENEFITS</b>		<b>16,394,652</b>
<b>SERVICES AND SUPPLIES</b>		
Services		3,303,136
Student Transportation		276,525
Professional Development & Travel		584,148
Rentals & Leases		67,100
Dues & Fees		114,310
Insurance		250,134
Supplies		3,085,709
Utilities		1,596,900
Equipment Replacement		115,000
<b>SUBTOTAL SERVICES AND SUPPLIES</b>		<b>9,392,962</b>
<b>OPERATING CAPITAL</b>		<b>38,866</b>
<b>TOTAL OPERATING EXPENDITURES</b>		<b>94,540,580</b>



# Options to Reduce the 2022/2023 Operating Budget Shortfall

(Positive numbers reduce the shortfall)

<b>Opening Shortfall</b>	<b>\$ -2,910,325</b>
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## **Revenue Options:**

Appropriation of 2021/2022 Surplus	2,000,000
Interest Revenue	<u>76,000</u>

<b>Budget After Revenue Options</b>	<b>\$ -834,325</b>
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## **Expenditure Reduction Options:**

Benefit Premium Holiday (USW)	\$ 50,000
CUPE Budget Formula Adjustment	289,138
Average Teacher Salary Adjustment	<u>100,000</u>

<b>Expenditure Reduction Options</b>	<b>\$ 439,138</b>
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# Options for Additions to the 2022/2023 Budget

(Negative numbers increase the shortfall)

**Budget After Expenditure Reduction Options    \$   -395,187**

**Expenditure Addition Options:**

COVID Contingency	-100,000
PVP / Exempt Compensation % Adjustment	-184,814
Literacy Teacher	-106,000
Technology dashboard	-25,000
Technology installation	-40,000
Website update	-30,000
Transportation routing adjustments	-10,800
Transportation lead hand restoration	-38,704
Automated Dispatch System	-
Industry Training Authority Student Payments	<u>-16,000</u>
<b>Budget Position After Expenditure Options</b>	<b>\$   -946,505</b>

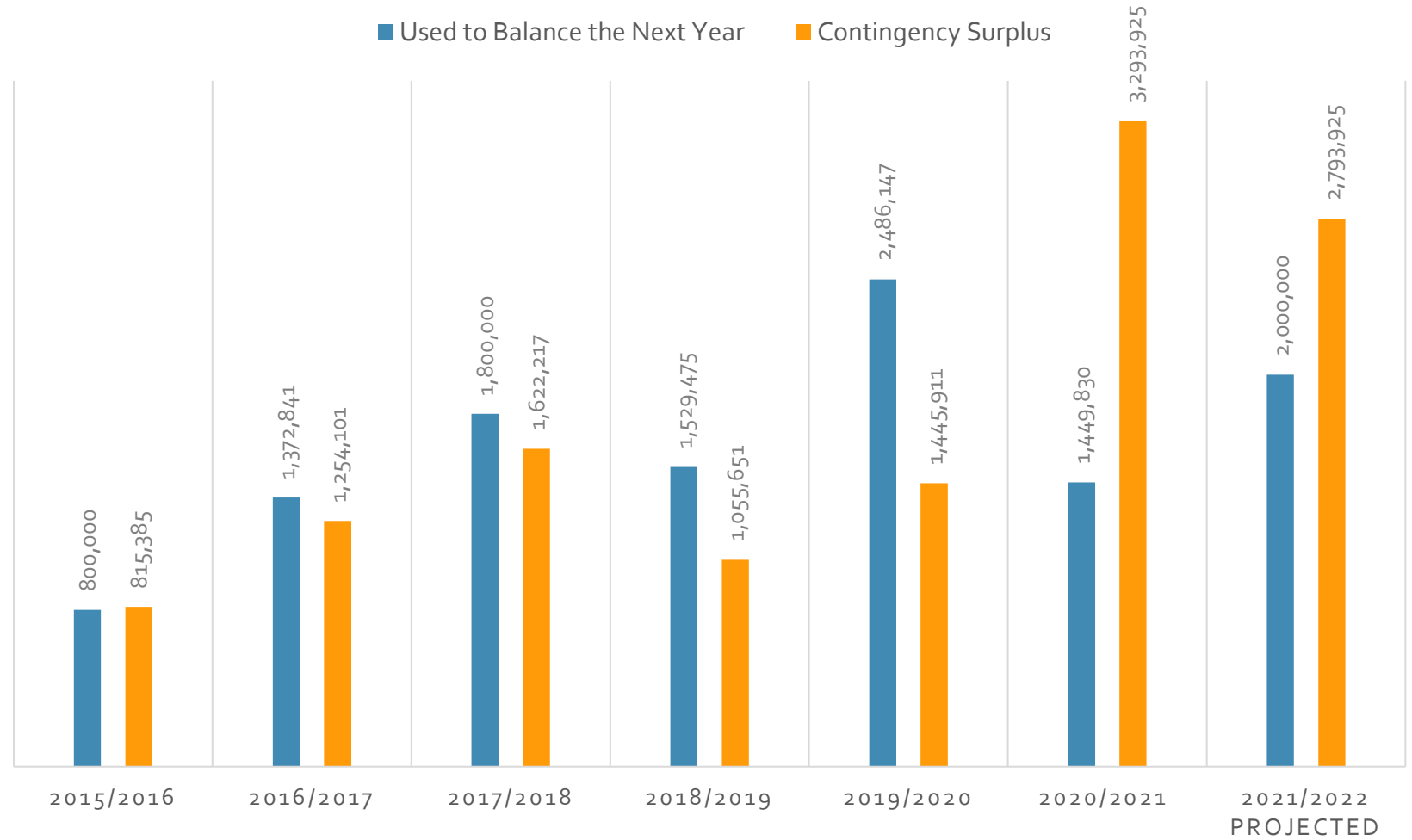
Projected  
Surplus  
Position at  
June 30, 2022

2022/2023 Annual Operating Budget  
Surplus Reconciliation

	2021/2022 Amended Budget
Operating Surplus as at June 30, 2021	6,507,642
Internally Restricted :	
Offset 2021/2022 Shortfall	1,449,830
Other	1,763,887
Subtotal	3,213,717
Unrestricted Surplus	3,293,925
Surplus Projection as at March 31, 2022	1,500,000
<b>Projected Available Surplus as at June 30, 2022</b>	<b>4,793,925</b>
<b>% Of Operating Budget</b>	<b>5.10%</b>

# Surplus Utilization

## SURPLUS HISTORY





# Budgeting Risks

- Budgeting entails a certain amount of risk in the development of estimates.
- We can use our prior year's experience, known rates, and predicted trends to reduce the risk. An example would be establishing a budget for Hydro. We can make a calculated estimate based on those factors. But we can't predict how cold of a winter it will be.
- It is also important to not only consider financial risk. An overly conservative budget while ensuring a surplus may remove important services and opportunities for learning. I call this Learning Risk.

## Options for Consideration to Balance with Risk Factors

- Utilization of additional surplus. The current proposal of accessing \$2,000,000 currently leaves \$2,793,925 of projected surplus for use in future years. A total of 2.98% of budget. The Board could explore accessing additional surplus and still stay well within the 1% to 3% contingency policy.
- The 2021/2022 International Student Program performance exceeds the proposed budget for 2022/2023. This could perhaps be increased as the world opens again for students learning abroad.
- The Bank of Canada increased the central bank lending rate by .25% on March 2<sup>nd</sup> and a further .50% on April 13<sup>th</sup>. It is anticipated that further increases will be implemented to curb inflation. Additional interest revenue could be considered.

## Options for Consideration to Balance with Risk Factors

- The current proposals include a reduction to the average teacher salary of \$100,000. This is based on the assumption that teachers will retire or go on leave and be replaced by new teachers at a lower cost. Many teachers have already declared their retirement intentions, and this could provide additional savings.
- There are items proposed that align with the Board's strategic priorities. The Board could consider redistributing resources within departments to add these items. For example: Change to a teacher assignment.
- A COVID contingency was presented as an option. As this is an unknown item the Board could consider using accumulated surplus to ensure that funds would be available if needed.
- Wage increases for CUPE, USW and Teachers have not yet been determined in bargaining and form the basis for Provincial approval for the non-unionized employees. The Board could hold on making any decisions around budgeting for Principal / Vice-Principal and Exempt wage increases and readdress in the Fall.

# Special Purpose Funds

- A Special Purpose Fund is funding that is set aside for a specific purpose. We will go into more detail on the revenues and expenditures currently budgeted within the following funds:
  - Classroom Enhancement Fund – Overhead
  - Community Link



# 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.

# Proposed Classroom Enhancement Fund Budget

## CLASSROOM ENHANCEMENT FUND - OVERHEAD

		2018/2019		2019/2020		2020/2021		2021/2022		2022/2023	
		FTE	BUDGET	FTE	BUDGET	FTE	BUDGET	FTE	BUDGET	FTE	BUDGET
<b>REVENUES:</b>											
	Ministry of Education Grant		988,606		988,606		877,071		877,071		877,071
<b>EXPENDITURES:</b>											
	Human Resources Support					1.000	83,986	1.000	96,143	1.000	96,143
	Education Assistants	10.000	530,657	10.000	562,969	5.947	341,255	5.901	329,128	6.000	329,128
	Leave Replacements		356,119		323,807		350,000		350,000		350,000
	Inservice		75,000		75,000		75,000		75,000		75,000
	Pro-D Fund Teachers		26,830		26,830		26,830		26,830		26,830
<b>TOTAL EXPENDITURES</b>		<b>10.000</b>	<b>988,606</b>	<b>10.000</b>	<b>988,606</b>	<b>6.947</b>	<b>877,071</b>	<b>6.901</b>	<b>877,101</b>	<b>7.000</b>	<b>877,101</b>

# Community Link Fund

- Funding of \$681,913 will be in place for continued support of school meal programs and other areas that address student needs.
- The 2020/2021 Budget included the following changes:
  - A phased reduction of funding for the Community School component (1/3 per year for three years);
  - A reduction of positions in support of the food program;
  - An increase in the food budget utilizing the redistributed funding;
  - A plan to add Youth Support Worker supports in future years.
- For 2022/2023 the budget continues with these recommendations.



# Proposed Community Link Budget

## COMMUNITY LINK

		2019/2020		2020/2021		2021/2022		2022/2023
	FTE	BUDGET	FTE	BUDGET	FTE	BUDGET	FTE	BUDGET
<b>REVENUES:</b>								
Ministry of Education Grant		649,036		667,259		681,913		681,913
<b>TOTAL REVENUES</b>		<b>649,036</b>		<b>667,259</b>		<b>681,913</b>		<b>681,913</b>
<b>EXPENDITURES:</b>								
Early Learning								
Staffing	0.571	31,339	0.571	31,838	0.571	31,735	0.571	31,735
Services and Supplies		12,000		12,000		12,000		12,000
Total Early Learning	0.571	43,339	0.571	43,838	0.571	43,735	0.571	43,735
Community School								
Services and Supplies		57,500		38,333		19,167		-
Food Programs								
Staffing	2.086	110,049	1.514	80,036	1.929	92,421	1.929	92,421
Food		64,250		123,203		148,286		167,453
Total Food Programs	2.086	174,299	1.514	203,239	1.929	240,707	1.929	259,874
Social, Emotional and Behaviour Supports	6.271	373,898	6.271	381,849	6.200	378,304	6.200	378,304
<b>TOTAL EXPENDITURES</b>	<b>8.928</b>	<b>649,036</b>	<b>8.357</b>	<b>667,259</b>	<b>8.700</b>	<b>681,913</b>	<b>8.700</b>	<b>681,913</b>

## Other Special Purpose Funds

- **Learning Improvement Fund – Support Staff:** The District will receive \$300,101 to continue to add Education Assistant supports in classrooms.
- **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.

# The Next Steps

- The Budget survey was released to the Public on April 1<sup>st</sup> and will close on April 17<sup>th</sup>. A summary of the results will be presented at the April 26<sup>th</sup> Special Board Education and Business Committee Meeting.
- The Advisory Committee will review the budget proposals on April 19<sup>th</sup> and provide feedback.
- A public meeting will be held on April 19<sup>th</sup> 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 26<sup>th</sup>.
- A Special Board of Education and Business Committee will be held on April 28<sup>th</sup> to recommend the 2022/2023 Annual Budget to the Board.
- The Board will receive a balanced budget for consideration at the May 3<sup>rd</sup> Open Board Meeting.
- Staffing processes for the 2022/2023 school year will begin on May 4<sup>th</sup>.

# Questions / Comments from Trustees

