

BUDGET 2022-23

April 12, 2022

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Presentation Outline

1. Key Budget Dates
2. Directions 2025 and Financial Governance
3. Budget Process and Consultation
4. 2022-23 Proposed Budget
 - Current year Update and Outlook
 - Assumptions, Funding and other Considerations
 - Budget –Operating Fund, Special Purpose Funds and Capital Funds
 - Revenues, Expenses, Staffing
5. Risk Factors
6. Multi-Year Fiscal Plan



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Key Budget Dates

- February 15 - Stakeholder and Public / Budget Input Meeting
- February 22 - *Provincial Budget announcement*
- March 11 - Ministry announcement of 2022/23 - Preliminary Operating Grant
- **April 12** → - **Public Board Meeting – 2022/23 Proposed Budget**
- April 19 - Special Public Budget Meeting – Stakeholder Feedback Comments
- April 26 - Public Board Meeting and Board - Approval of the 2022/23 Budget



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Budget Approval Timeline

- Per School Act (Sec 113) → School Districts are required to file a balanced budget by June 30th of each year



Why does SD43 complete the budget process in April?

- Funding for next year not announced until March 15th
- SD43 has contractual obligations that stipulate a 60-day notification period to meet certain commitments. (required for staffing layoff notification).



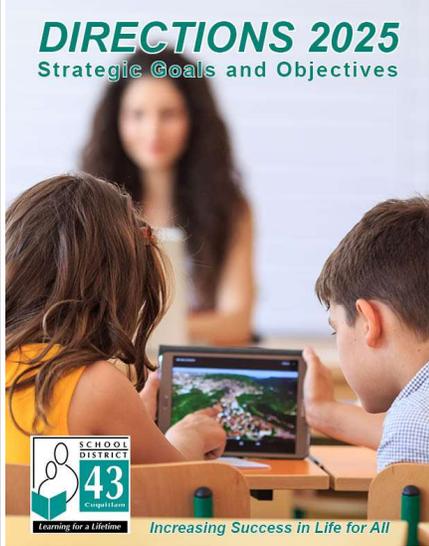
As an outcome, the public presentation of the budget, the subsequent discussion, public comments, and final Board approval is squeezed into the month of April.



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Directions 2025

DIRECTIONS 2025
Strategic Goals and Objectives



- Financial framework is guided by *Directions 2025* goals and objectives:



Increasing Success in Life for All

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How the Budget supports the Goal of: Achieve Student Success

- Aligning available resources and Action Plans for Learning with student achievement, educational outcomes and understanding of First Peoples Principles.
- Providing professional learning support and resources for numeracy, literacy, and core competency development through Curriculum coordinators and Support teachers.
- Investing in e-resources and curricular resources
- Providing students access to a variety of educational programs of choice, board authorized courses and career and trades programs.
- Investing in mentorship programs and professional development
- Allocating resources to promote STEAM tools in classrooms



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How the Budget supports the Goal of: Develop the Educated Citizen

- Providing a variety of Alternate Education Programs
- Utilizing data driven, needs based resourcing, to support students
- Allocating resources towards School Based Teams, District Specialists, and Itinerant Teams in meeting the needs of individual students.
- Providing direct and consultative services to students with diverse needs
- Aligning targeted funding and resources to support and enhance learning opportunities for all Indigenous learners
- Supporting social and emotional Learning, wellness and mental health initiatives through provided grants and partnerships with various agencies



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How the Budget supports the Goal of: Foster a Sustainable Organization

- Investing in Professional Development and Training at all levels
- Designing new buildings – collaborative, NLC, enhanced technology
- Updating existing buildings, while reducing their environmental footprint
- Updating ERP system and Streamlining business processes
- Replacing older vehicles, equipment and updating technology infrastructure
- Applying our Financial Reserve policy to ensure on going financial stability
- Utilizing funds released from annuitization of NTPP pension plan back into educational needs



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How the Budget supports the Cross Cutting Theme of: Technology

- Sustainable approach for provisioning technology.
- Promoting equity of access to quality technology for all learners
- Promoting effective use of technology through training, professional development and dedicated mentorship staffing resources.
- Fostering Digital Citizenship.
- Investing in robust data systems to improve access to data and data drive decision making.
- Commitment to privacy, security and data use standards.



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How the Budget supports the Cross Cutting Theme of: Social Engagement

- Encouraging community involvement and building partnerships to address local needs.
- Supporting environmental stewardship through various green initiatives
- Engaging international partners to create global learning opportunities and promote SD43's profile internationally.
- Developing local industry partnerships to create new learning opportunities with a focus on STEAM and career programming.



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Financial Governance Framework



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Financial Statement Discussion & Analysis

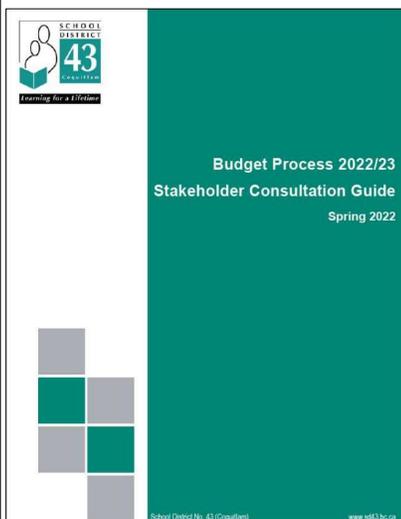


- Increased Transparency:
 - More detailed and open discussion on financial results
 - Explaining Variances to Budget
 - Providing updated projections
 - Standardized Quarterly Reports
 - Comprehensive Year End Financial Report



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Budget Process Consultation Guide



- Budget Consultation Guide
 - Aligning Budget Planning and resource allocation to Directions 2025
 - Governance and Accountability Principles under which budgets are developed
 - Budget Process and Timelines
 - General Background Information
 - Stakeholder Engagement
 - Roles of Stakeholders
 - Roles of Trustees



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2022/23 Budget Consultation

- Prior to developing the 2022/23 Budget, the Board invited stakeholder groups (CTA, CUPE, CPVPA, DPAC) to present their priorities and budget requests prior to developing the budget.
- Special Public Meeting held on February 15th, 2022, to receive stakeholder and public input to help shape the 2022/23 budget.
- This allows the Board and the district Leadership Team (DLT) the opportunity to discuss these requests, including identifying the underlying problem resulting in the request, discussing current or potential solutions, and incorporating these requests into the draft budget if funding permits and align with current district priorities



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2022/23 Budget Consultation

- A complete summary of the comments received during these meetings and responses to these recommendations are captured in the budget document

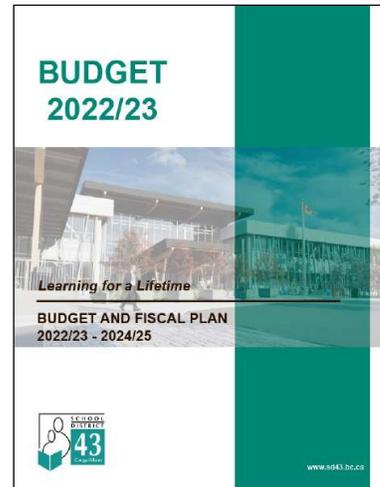
 BOARD OF EDUCATION Budget Stakeholder and Partner Group Meetings Summary 2022/23				
Item #	Partner Group	Stakeholder/Request	Budgetary Request - What we Heard	How we Responded
Teachers - Non Enrolling/Learning Services				
1	CTA	CTA - Learning supports	Additional Learning Supports at the school level (Counsellors, YW, EA's, school based learning teams) to help with challenging environments and support vulnerable students	Non enrolling teachers ratios are established in the teacher collective agreement as restored by MOU#17. SD43 continues to provide incremental support as priorities are established and funding permits. During the 2021/22 year budget process, 10 FTE teachers were added to Middle Schools to support the curriculum changes. In 2020/21 an additional 14 EALISW positions were added: which addressed aspects of this concern. 17 EA's and 2 LISW's were added in October to address the needs in schools. Additional learning services school based teacher staffing was added to address changes in the number of students in October.
2	CPVPA	CTA - Learning Supports	Keep as many services and resources within schools (e.g. provide tier 1 approach where we are trying to create inclusionary learning for all of our students not requiring significant additional transportation time, this means keeping EAs, caretaking, secretarial, mentoring, and targeted supports).	Our IST team continues to focus on working with school based teams to support the needs of our vulnerable learners. We have also been supporting school based professional development that focuses on the classroom teacher and the use of universal classroom supports.



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Budget 2022/23

- The details and assumptions are documented in our published 'Budget 2022/23 & Fiscal Plan document.
- This is an aspect of our commitment to increased transparency and accountability.
- Our budget development is guided by *Directions 2025*



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2021/22 Current Year Update

- **2021/22 Budget was impacted by:**
 - Lower International Education Enrollment – Covid-19, travel restrictions and visa delays
 - Lower Rental Revenues – Restrictions on community use of school facilities
 - Lower Investment Income – Lower interest rates from economic impact
 - Increase in Substitute costs – Due to the spread of Omicron
- **2021/22 Budget was stabilized by:**
 - Utilizing \$2.35M in additional reserves, above the amount outlined in our surplus policy, as one time use, to offset the ongoing impact of COVID.
 - On-Going savings of \$3.0M resulting from the NTPP attaining 100% solvency and being annuitized thereafter.



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2021/22 Current Year Update

- **Received \$734,000 in One-Time Provincial Restart Funding:**
 - 10 Custodial positions
 - Cleaning Supplies
- **Commitment of \$548,000 in Federal Funding for ventilation:**
 - Purchased 235 portable HEPA filtration units for classrooms and portables with non-mechanical ventilation systems.
 - Remaining funds will be spent on HVAC system upgrade initiatives.
- **Projecting an excess of revenues to expenditures:**
 - Based on confirmation of second semester IE enrollment
 - Underspending of Pro-D budgets and other supply budgets
 - Slippage in Support staff salary budgets occurring from the time between posting and filling a vacant position and unpaid leaves.
 - Surplus will be sufficient to support future financial stability per accumulated reserve policy



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2022/23 Budget Assumptions

- Assuming school operations will be normal in September
- One-time Return to School/Class grants will not be repeated
- There will be some residual Pandemic overhang - focus on cleaning and hygiene protocols.
- International education program will take a few years to re-establish to Pre-Pandemic levels.
- Interest rates will increase generating additional interest income
- Rental revenues will continue to improve as restrictions are lifted.
- Supplies will be impacted by inflation.



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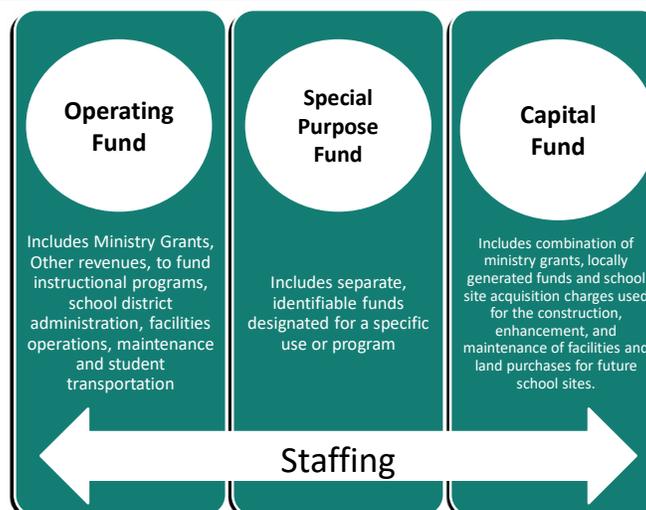
2022/23 Budget Deliberations

- The majority of expenditure increases are due to contractual, legislative, inflationary or regulatory requirements.
 - The ministry does not provide funding for these increases, other than negotiated wage and salary increments for Teachers and support staff.
- Projecting an enrollment decline in our standard K-12.
 - All metro Vancouver school districts are experiencing budgetary challenges due to enrollment declines and increased costs not funded by the ministry
- We have \$2.3 million less in surplus than what we used in the current year to help stabilize the budget.
- \$2.0 million of our operating funds have been committed towards the capital contribution requirement from the Ministry for Burke Mountain Secondary.
- We are facing supply chain issues and inflationary increases not seen in 40 years.
- Expense and Staffing reductions will be required to address funding pressures and enrollment decline.



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Budget incorporates three Funds:



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Change in Operating Grant Funding

★ No increases in base per student grant funding. ★

Change in enrolment based funding	incr/decr FTE	incr/decr \$
Standard Schools	(147)	(1,162,052)
Internal Enrolment Holdback	(100)	(788,500)
Continuing Education	5	35,483
Alternate Schools	-	0
Distributed Learning (online)	(85)	(537,420)
Level 1 Special Needs	(2)	(89,700)
Level 2 Special Needs	30	638,400
Level 3 Special Needs	(33)	(354,750)
English Language Learning (ELL)	(98)	(155,330)
Indigenous Education	(38)	(59,470)
Adult Education	3	16,662
Other Supplemental Grants		86,934
July Enrolment Count		1,444,128
February Enrolment Count		31,800
May Enrolment Count		(31,800)
TOTAL DECREASE in Enrollment FUNDING		(\$925,616)



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2022/23 Surplus usage

Difference in prior year Surplus usage from prior year	\$
Reversal of surplus utilized during 2021/22	(6,100,000)
Surplus usage for 2022/23 per surplus policy	3,750,000
Shortage in surplus for 2022/23	(\$2,350,000)
Additional Surplus usage proposed for 2022/23	\$
Use remaining Education Stabilization Reserve	900,000
Current year surplus expected from changes to SLBP	400,000
*SLBP - Sick leave benefit Plan	
Additional surplus usage for 2022/23	\$1,300,000
Net decrease in surplus usage for 2022/23	(\$1,050,000)

=Sustainable approach to reverting back to planned surplus usage per our surplus policy of \$3,750,000



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2022/23 Contractual/Statutory Increases

Contractual /Statutory Increases - Salaries and Benefits	\$
Teachers – net salary increase - step increments/retirements	690,864
Administrators - step increment and 2% wage increase	406,986
Other Professionals - step increment and 2% wage increase	217,856
Employee Benefits (CPP, EI, WorkSafeBC, Pension, Health Benefits)	2,570,231
Contractual Increases in Employee Salaries and Benefits	3,885,937
Contractual Increases - Services and Supplies	\$
IT contractual increases (existing contracts and licensing)	94,000
Facilities contractual increases (waste, organics, recycling)	89,000
Utilities contractual increases (natural gas and electricity)	139,296
Contractual Increases in Services and Supplies	322,296
UNFUNDED Contractual/Statutory Increases	\$4,208,233



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2022/23 - Other Revenues

International Education	\$
Increased projections of 25 FTE This will bring enrollment to 825 FTE	412,500
Rental Revenues	\$
Easing of COVID and gathering restriction will allow for more district rentals to community users and increase revenue	400,000
Investment Income	\$
Interest rates are expected to increase resulting in higher investment revenues	200,000
TOTAL INCREASE in Other Revenues	\$ 1,012,500



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2022/23 – Expense Reductions

Operating Fund - Budget Reductions	\$
Services budgets (NGN, Bank Fees, professional fees)	185,000
Professional Development	40,000
Supplies Budgets across all department	300,000
Contingency Budget	100,000
Sick Leave Benefit Plan savings	100,000
	725,000
Reversals of one-time Covid/Other Budgets added in 2021/22:	
	\$
Substitutes – due to increased absences from COVID	950,000
COVID supplies	320,000
Indigenous Literary resources	80,000
	1,350,000
TOTAL Reductions in Expense Budgets	\$2,075,000



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2022/23 Staffing

- Staffing reductions have been mitigated through 4 significant actions:

	\$
Increase in Other Revenues	1,012,500
Reduction of Expense Budgets	2,075,000
Additional surplus usage - education stabilization reserve	900,000
Current year 2021/22 surplus usage - Sick Leave Benefit Plan changes	400,000
Total	\$4,387,500



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Staffing Summary – Operating Fund

- Overall Staffing reduction of 24.4 FTE positions, net of 7.0 FTE EA positions added

Operating Fund	Actual 2020/21	Amended 2021/22	Preliminary 2022/23	Change from prior year
Teachers	1,675.88	1,694.68	1,665.28	(29.40)
Support	547.61	552.06	550.06	(2.00)
Educational Assistants	566.61	591.44	598.44	7.00
Administrators	124.50	125.50	125.50	0.00
Other Professionals	69.00	69.00	69.00	0.00
TOTAL	2,983.59	3,032.68	3,013.28	(24.40)



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Summary of Staffing Changes

Staffing Changes - Operating Budget	FTE	Addition	Reduction	\$
Retained 17 EA's and 2 LISW added during 2021/22				
Addition of 7 FTE EA's for increase in Level 2 students	7.0	358,000		
Reduction of 2 FTE Caretaking relief for absence coverage	(2.0)		140,000	
Reduction of temporary staffing added during 2021/22 one-time			283,584	
Reduction of 12 FTE Teachers added during 2021/22- one time	(12.0)		1,306,208	
Reduction of 13.4 Teachers related to enrollment decline	(13.4)		1,581,200	
Reduction of 5 FTE will be offset with increase of 5 FTE in CEF	(5.0)		590,000	
Addition of 1 FTE Teacher for increase in International Ed	1.0	117,686		
Restore Summer Learning Teacher Staffing		328,958		
TOTAL - Staffing Changes	(24.4)			\$3,096,348



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Summary of Changes

Summary of Changes	\$
Ministry Grant Funding Decrease	(925,616)
Reduction in total surplus usage from prior year	(1,050,000)
Contractual/Statutory Increases	(4,208,233)
Increases in Revenues	1,012,500
Expense Reductions	2,075,000
Staffing adjustments	3,096,348
Balanced Budget (after appropriation of planned reserves of \$3.75M)	0



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Operating Budget – Summary

	Actual 2020/21	Amended 2021/22	Preliminary 2022/23	Variance
Revenues				
Provincial Grants - MOE, Operating Grant	290,588,676	303,743,095	302,817,479	(925,616)
Provincial Grants - Other MOE grant and MCFD	12,272,753	2,626,154	2,634,058	7,904
Offshore Tuition Fees	20,081,360	14,262,000	14,674,500	412,500
Rentals and Leases	1,146,038	1,408,296	1,808,296	400,000
Investment income	1,622,870	1,151,047	1,351,047	200,000
Other Revenue	1,274,064	1,010,959	941,894	(69,065)
Total Revenue	326,985,761	324,201,551	324,227,274	25,724
Expenses				
Salaries and Benefits	301,773,502	296,797,438	296,667,722	(129,716)
Services and Supplies	23,120,572	29,207,284	28,109,552	(1,097,732)
Total Expenses	324,894,074	326,004,722	324,777,274	(1,227,448)
Current Period Surplus (Deficit)	2,091,687	(1,803,172)	(550,000)	1,253,172
Capital Purchases and Transfers	(11,427,568)	(8,500,000)	(4,500,000)	4,000,000
Use of Appropriated Surplus	9,335,881	10,303,172	5,050,000	(5,253,172)
Budgeted Surplus (Deficit)	0	0	0	0



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Operating Budget – Summary

- Used Reserves in a fiscally responsible manner to ensure future financial sustainability
- Used Education Stabilization Reserve to mitigate staffing reductions
- Prioritized funding to support Student Success:
 - Retained 17 EA's and 2 LISW added during current year
 - Added 7 Educational Assistants
 - Maintained support for our most vulnerable learners
- Retained \$400,000 contingency reserve for unforeseen expenses
- Budgeted for capital contributions required for the funding of Burke Mountain Secondary
- Taken a cautious and conservative approach in the Preliminary Budget planning to minimize operational disruptions during the school year



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Special Purpose Funds

Special Purpose funds include:

- School Generated Funds
- Annual Facility Grant
- Learning Improvement Fund
- CommunityLINK Funds
- Classroom Enhancement Fund
- Provincial Resource Program
- Federal French Language Grant
- Settlement Services and Language Instruction for Newcomers
- Early Learning Programs (Strong Start & Ready Set Learn, Changing results for Young children)
- Mental Health in Schools
- First Nations Student Transportation
- Other Funds and One-Time Funds



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Staffing Summary – Special Purpose Fund

Special Purpose Fund	Actual 2020/21	Amended 2021/22	Preliminary 2022/23	Change from prior year
Teachers	353.54	316.94	321.94	5.00
Support	27.80	17.40	7.40	(10.00)
Educational Assistants	92.78	89.28	89.28	0.00
Administrators	1.50	1.50	1.50	0.00
Other Professionals	0.00	0.00	0.00	0.00
TOTAL	475.62	425.12	420.12	(5.00)

- Increase of 5.0 FTE Teachers for Class/Size Composition - Classroom Enhancement Fund.
- Decrease of 10 FTE Custodians – hired through one-time Restart funding from the Provincial Government to address Health and Safety



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Classroom Enhancement Fund

	Amended 2021/22		Preliminary 2022/23		Variance	
	FTE	\$	FTE	\$	FTE	\$
Teachers	302.95	34,835,276	307.95	35,403,902	5.00	568,626
TTOC's		1,295,109		1,316,484	-	21,375
EA's	33.00	1,696,563	33.00	1,696,563	-	-
Administrators	1.00	401,849	1.00	401,849	-	-
Other Expenses		96,000		96,000	-	-
Remedy Costs		2,254,014		-	-	(2,254,014)
TOTAL	336.95	40,578,811	341.95	38,914,798	5.00	(1,664,013)



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Capital 2022/23

- Our Capital Budget incorporates the following key elements:
 - Net Budget Changes to Investment in Tangible Capital Assets
 - Annual Facility Grant
 - Lease revenues from closed schools, Interest Income and SSAC charges.
 - Construction activity for Centennial Secondary, Irvine Elementary, Coast Salish Elementary, Education Learning Center, Moody Elementary
 - Continued MOA#17 best efforts:
 - Panorama Heights Elementary (4 classrooms) and various other space to classroom conversion
 - Planning for Burke Mountain Secondary and Montgomery Middle



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Capital Contributions for Burke Mountain Secondary

- \$25M Capital Funding Contribution Required by the Ministry of Education to be paid over a 5-year period:

Capital Contributions for Burke Mountain Secondary	\$
Local Capital Reserves - repurposed from other projects	12,000,000
Transfers - Operating Fund & Operating fund Reserves - 2021/22	6,000,000
\$1M in annual Savings from termination of NTPP (2022/23 to 2025/26) - 4 years	4,000,000
\$1M in annual contribution from Operating (2022/23 to 2024/25) - 3 years	3,000,000
TOTAL	\$25,000,000
Est. cost of Portables required over 7-year period if project delayed or cancelled	14,000,000
Net Contribution	\$11,000,000



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Risk Factors

- COVID-19 – Residual Pandemic Overhang
- International Education Program Recovery
- Funding Adequacy
 - Underfunding of wage settlements and statutory benefit cost increases
 - Lack of funding for inflationary costs
 - Grant Funding Model Implementation Phase II Impacts
- Classroom Enhancement Fund
- Capital Funding Requirements
- Student Mental Health and Vulnerable Children
- Ministry of Education Mandates
- Geopolitical events



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Multi-Year Forecast

- Comprehensive Multi-year Financial Plan
 - The assumptions, graphs, and projections are discussed in more detail in our Report.
- Projecting enrollment decline.
- Key takeaway – Recovery from Pandemic will take a few years.
- Accumulated Reserves – will help stabilize the district through the recovery period but will need to be replenished for the long term.
- Unknown risks to our multi-year plan forecast.



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2022/23 Budget Outcomes

- Balanced the multiple interests of all stakeholders
- Limiting the impact of underfunding on staffing reductions
- Financial Stability through Accumulated Operating Surplus Policy
- Supporting our most Vulnerable Learners
- Maximizing Resources for Student Success

