



Comox Valley Schools

A Community of Learners

INNOVATIVE • INQUISITIVE • INCLUSIVE

2022-23 ANNUAL BUDGET

PRELIMINARY REPORT

SCHOOL DISTRICT NO. 71 (COMOX VALLEY)

April 12, 2022

2022-23 Annual Budget

Introduction

The Board of Education of School District No. 71 (Comox Valley) is accountable for the public funds that support the school district. One of the Board's responsibilities is the adoption of the District's preliminary budget. The budget must conform to legislative requirements set out in the *School Act* and is the financial plan that supports the District's strategic goals. Specifically, it must comply with the statutory *School Act* requirements set out in the Framework for Enhancing Student Learning Policy and the Enhancing Student Learning Reporting Order.

The Board is currently planning for the next school year, which includes:

- Setting priorities for the delivery of student learning
- Determining the ongoing effects of COVID-19
- Projecting student enrolment
- Projecting the costs of status quo for next year (salaries, benefits, utilities, etc.)
- Determining which costs will or could change
- Managing inflation and supply chain cost pressures
- Projecting revenues (international student fees, rental fees, interest revenue, Ministry grants, etc.)
- Identifying strategies and options to address the net budget position (projected revenues less projected expenditures)
- Reviewing the budget against the Board's strategic priorities and school-based plans

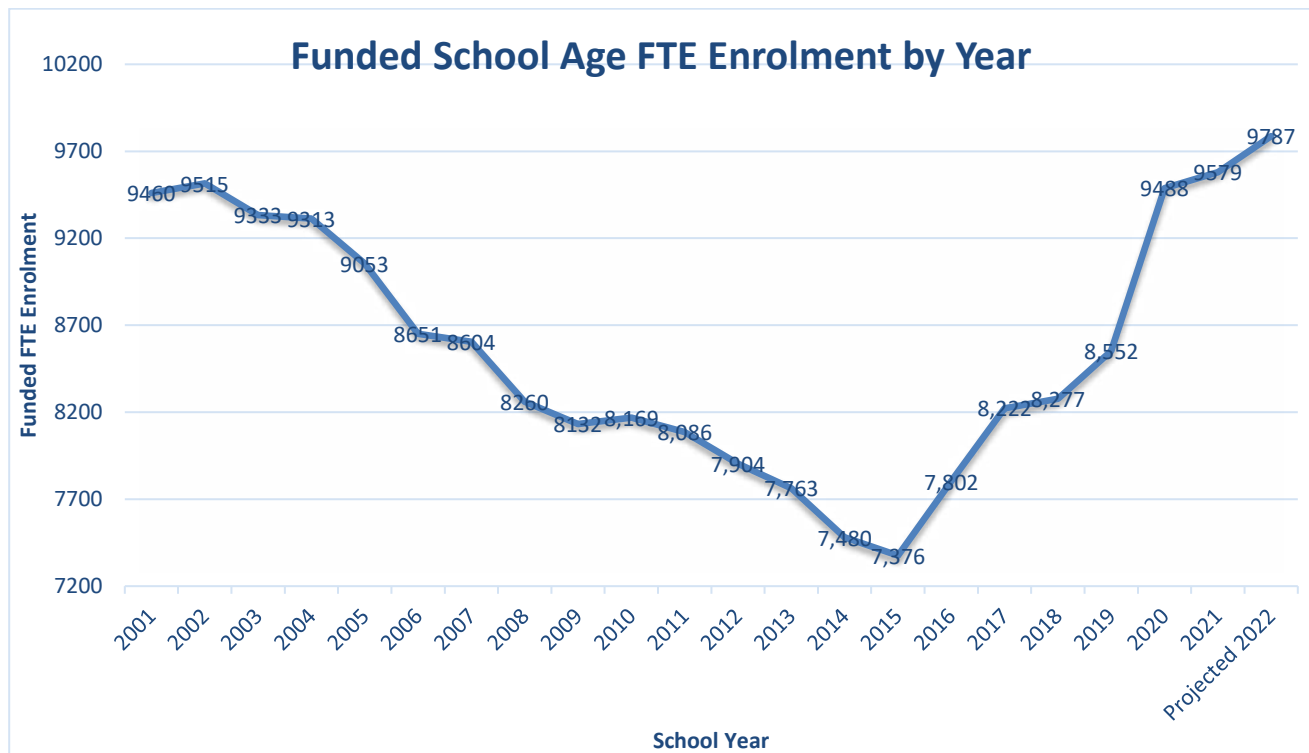
Boards of Education operate on a fiscal year of July 1st to June 30th. For 2022-2023, Section 113 of the *School Act* requires Boards to prepare an annual budget and have it adopted by bylaw and submitted to the Ministry of Education by June 30, 2022.

Student Enrolment

Student enrolment is the primary factor determining how much funding the District receives from the Ministry of Education, the number of staff to employ, and the number of classroom and schools that are required and at which locations.

The chart below shows the District's estimated FTE enrolment for the 2022-23 school year. The prior year information shown in the chart is the actual funded FTE enrolment from the September 30th confirmed data.

Enrolment in September 2023 is projected to be 9,787 FTE, which is an overall increase of 208 FTE. Both the number of school-age students attending School District No. 71 (Comox Valley) in brick-and-mortar schools as well as online learning FTE are projected to increase for the coming school year.



Changing enrolment affects school district revenue. Revenue fluctuations from enrolment changes are mainly offset by increases or decreases in expenditures as staffing, services and supplies are directly related to enrolment.

Budgets and staffing are typically conservative in the preliminary annual budget to reflect the risk of actual enrolment being lower than projected. In September, revenues are finalized on actual enrolments then staffing and expenditures are adjusted accordingly in the amended annual budget.

Again for 2022-23, the District will have to consider the ongoing affects of COVID-19. In the 2021-22 preliminary budget, we anticipated an overall decline in enrolment. Instead, the District saw a significant net gain due to in-migration which does mean increased revenue but has also created space and capital pressures. Additionally, supply chain challenges are increasing costs for both service and supplies.

Revenue

Ministry of Education Operating Grant

Approximately 95% of the District's revenue comes from the Ministry of Education through the Funding Allocation System (FAS). The FAS contains a number of formulae and is based primarily on student enrolment. There are additional allocations for differences in geographic factors, unique student needs such as special needs, Indigenous students, and English Language Learners.

The Ministry announced the preliminary operating grant for 2022-23 on March 11, 2022 (*See Section 2 – 2022-23 Annual Operating Grant Announcement*). Provincially, the Ministry has provided funds for enrolment growth and the per pupil FTE rates have remained the same.

Based on the 2022-23 preliminary operating grant, the district is projected to receive approximately \$3,610,737 in additional revenue from the Ministry of Education. This increase is adjusted by anticipated revenue changes in other areas:

Interest Revenue

Excess cash in the district is invested in the Province of British Columbia's Central Deposit Program. School Districts were advised that the CDP interest rate was being reduced in July 2021 and has not changed since then, and as such, the projected revenue for interest income is only slightly increased for 2022-23.

Other Revenue

It is anticipated that COVID-19 will continue to have impacts on the various sources of the 5% of other income the District receives. Prior year rebates and recoveries are projected to decrease, rentals to increase and the ongoing pandemic is impacting the number of willing homestay families which limits the number of International students we can support.

Therefore, the overall increase in projected revenues for 2022-23 is approximately \$3,479,809.

Cost Pressures and Adjustments

There are numerous cost pressures related to maintaining the ongoing level of programs and services in the district that need to be accounted for.

For 2022-23, these include the following:

Staffing Contingency

In 2020/21, the District saw a significant shift from its bricks-and-mortar schools to online learning education options. In 2021-22, we saw a shift back to bricks-and-mortar, but we also retained a larger percentage of the online education students than we anticipated. Thus we saw a significant net gain in enrolment.

District staff have built proposed staffing levels based on current and projected FTE registrations. This is likely conservative, given the increase in families moving to the area and further shift away from online learning. We do anticipate that additional staffing will be required in the fall of 2022/23.

Currently, for projected enrolment, additional staffing of \$942,484 has been included as a cost pressure.

Negotiated Wage and Salary Increases – Will be Funded

The Ministry has not yet allocated funding for labour settlements as negotiations are still underway for new collective agreements. MOE has advised that any funding required as a result of negotiations will be allocated through a special grant once agreements are ratified.

Negotiated Salary Increases – Not Funded

The BC Public School Employer's Association (BCPSEA) and the Public Sector Employer's Council (PSEC) have approved regionalized salary grids for the principals and vice-principals (PVP). The PVP salary grids will likely be increased consistent with the increases provided to unionized staff but will not be funded.

As well, BCPSEA and PSEC are developing a K-12 sectoral Exempt Staff Compensation plan for exempt staff. BCPSEA undertook a comprehensive market review to ensure the development of a revised exempt staff salary structure for each school district, on a total compensation basis, consistent with the relevant comparator labor market and the district's internal organizational structure. The results of that review are expected soon but again, increases are not likely to be funded.

Thus, cost increases for the principals and vice-principals and exempt staff have been included in the preliminary budget and are estimated at \$285,000.

Additional Staffing:

The additional HVAC position added as a COVID measure will continue for 2022/23. Also, an updated Local Education Agreement will add a new position to support our Indigenous students. Thus, a pressure of \$185,578 has been included.

Benefit Plan Adjustments

Initial estimates around benefits show a trend increase and the costs for benefit plans typically increase each year from increased usage and cost increases of existing plans. Based on information received from benefit plan carriers, a pressure of \$146,000 has been estimated.

Employment Standards Act (ESA) Amendments

The ESA has been revised to include 5 sick days per TTOC and Casual employee. Staff has been advised that the additional leave benefit will not be funded and a resulting cost pressure of \$400,000 has been recorded.

Framework for Enhancing Student Learning

MOE has legislated FESL which includes expectations around connectivity and accountability for school plans, strategic plans and District budgets. Funds are required to help schools develop and archive goals so \$160,000 has been set aside for the District learning agenda.

Pension Plan Premiums

Teacher Pension Plan and Municipal Pension Plan premiums are anticipated to increase once settlements are finalized. However, the increases should be funded so no cost pressure is recorded.

Other Employer Benefit Premiums

CPP and EI premiums will increase in 2022-23 due to changes in employer contribution rates. The estimated increase in 22-23 is \$183,203.

The district's WCB premiums will increase in 2022-23. The estimated increase in 22-23 is \$82,329.

Utility Costs

BC Hydro rates are now proposed to decrease by 1.4% in 2022. However, natural gas rates will likely increase, and fuel costs have already increased significantly. Thus, an overall budget increase of 5% or \$110,000 is included.

School Budgets

School supply and resource budgets are based on FTE enrolments. Thus, as students return to our brick-and-mortar schools, corresponding increases to supply and resource budgets occur. The projected increase for school supply budgets is \$11,902.

Information Technology

Internet, digital services and licensing are projected to increase by \$75,960

Transfer to Local Capital:

There were three capital projects that were deferred due to COVID-19 cost escalations. In addition, schools are becoming full and the costs of modulars is increasing. The difference between the current budgets and escalated costs is proposed to be transferred to local capital. An estimated \$875,000 has been reserved for the identified projects.

In addition, the Board has purchased new administrative space which requires an addition and code upgrades. As well, the current office will require updating for the new programs moving in and the classroom space reclaimed will need refreshing.

The overall increase in projected costs for 2022-23 is approximately \$3,429,286.

Preliminary Budget Position

After considering all the cost pressures and potential savings that are related to maintaining the ongoing level of programs and services in the district, the preliminary budget position for 2022-23 is a Net Budget Surplus/Deficit of approximately \$50,523.

Next Steps

The Board is required to approve an Annual Budget on or before June 30, 2022 for the 2022-23 school year.

The budget development process and timelines have been developed to facilitate a consultation process that will ensure timely decisions are made in order to adopt a balanced budget in May and allow for implementation of the budget for the 2022-23 school year.

The initial timeline allows the Human Resources Department time to process any staffing changes in compliance with collective agreements and allows schools and departments to prepare for the following year.

Throughout the consultation process, stakeholders and the public will be provided with opportunities to provide input on budget themes to the Board and to provide feedback on the draft information presented.

On April 12, 2022, the Budget Advisory Committee will receive the preliminary revenue and expense information. At this same meeting, the committee will discuss staff recommendations regarding the rest of the budget consultation process.

For consideration:

The initial timeline proposed a public budget information session on April 19th. Given the uncertainty with recent announcements and the timeframe of Easter, staff is suggesting that the committee consider gathering public input with a different mechanism. Staff suggests that the package reviewed today, be posted on the website and reviewed at the April 26th Public Board meeting and public feedback be collected via a survey open until April 30th.

Initially, the 2022-23 Annual Budget and Bylaw was proposed for tentative adoption at the Board Meeting on May 24, 2022. Staff will continue to work towards presenting a draft annual budget in May. However, as previously noted the June 21, 2022 Public Board meeting would be the last date for the Board to consider the Annual Budget Bylaw.