



Comox Valley Schools

A Community of Learners

INNOVATIVE • INQUISITIVE • INCLUSIVE

2023-24 ANNUAL BUDGET

PRELIMINARY REPORT

SCHOOL DISTRICT NO. 71 (COMOX VALLEY)

April 11, 2023

2023-24 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 from 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

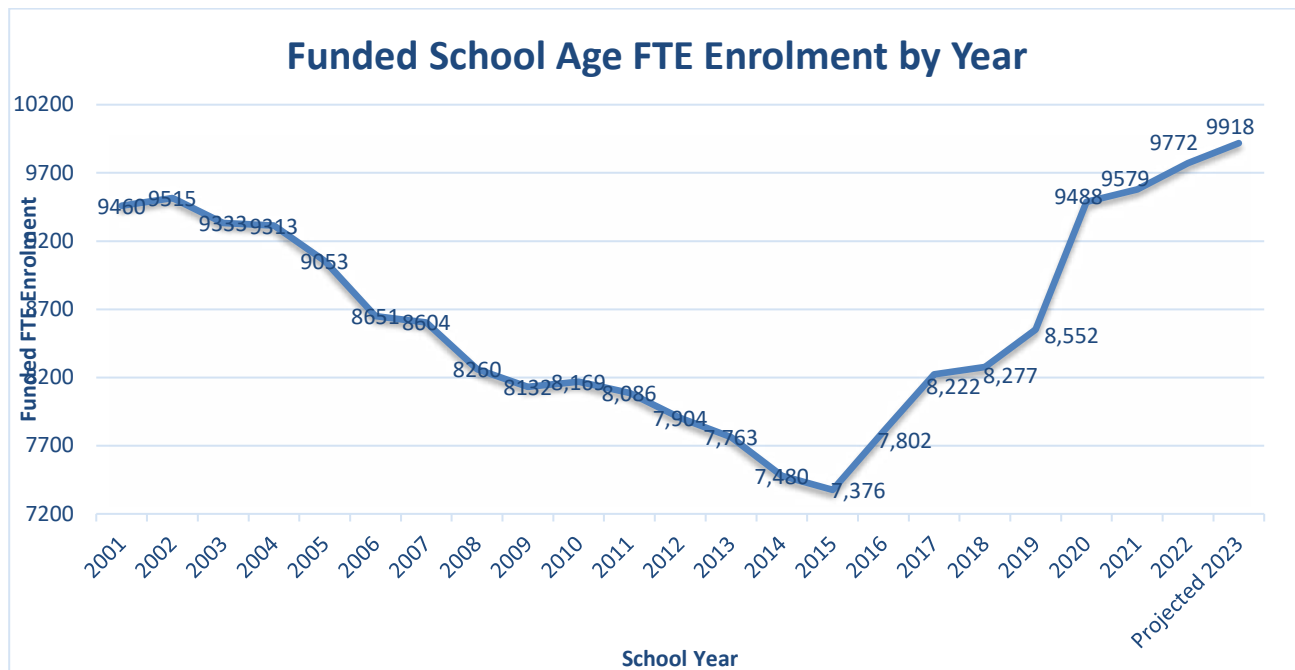
Boards of Education operate on a fiscal year of July 1st to June 30th. For 2023-2024, Section 113 of the *School Act* requires Boards to prepare an annual budget and have it adopted by bylaw and submitted to the Ministry of Education by June 30, 2023.

Student Enrolment

Student enrolment is the primary factor determining how much funding the District receives from the Ministry of Education and Childcare, 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 2023-24 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 9,918 FTE, which is an overall increase of 146 FTE. The number of students attending School District No. 71 (Comox Valley) in regular schools is projected to increase while online learning FTE are projected to slightly decrease.



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 2023-24, the District will have to consider the ongoing effects 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 meant increased revenue but also created space and capital pressures. In the 2022-23 actual enrollment, we saw slightly lower than projected students in our on-line school which was offset by continued in-migration to regular schools. Our various methods for predicting enrollment indicate this trend is going to continue in 2023-24. Additionally, supply chain challenges are easing but we are still seeing 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 2023-24 on March 15, 2023 (*See Section 2 – 2023-24 Annual Operating Grant Announcement*). Provincially, the Ministry has provided funds for enrolment growth and the per pupil FTE rates have increased to reflect negotiated employee group labour settlements.

Based on the 2023-24 preliminary operating grant, the district is projected to receive approximately \$10,293,890 in additional revenue from the Ministry of Education. It must be noted that 85% of this increase is to support negotiated wage increases.

This increase is then adjusted by anticipated revenue changes in other areas:

Interest Revenue

Unspent revenue in the district is invested in the Province of British Columbia's Central Deposit Program (CDP). The rise in the Central Bank Interest Rate has caused the CDP rate to rise significantly. Our projected interest income increased in 2022-23 from an estimated \$160,000 in the preliminary budget to an estimated \$653,693 in the 2022-23 amended budget. Thankfully, the additional interest revenue helped offset the other inflationary pressures. Interest rates show signs of leveling however, the preliminary budget for 23-24 will project higher interest income than reflected in the amended budget as we will exceed the February 2023 forecast by June 30th.

Other Revenue

It is anticipated that COVID-19 may 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, rental income will remain unchanged, it is unknown if SD71 will support Nisga'a students next year and the International student enrollment is down slightly.

Therefore, the overall increase in projected revenues for 2023-24 is approximately \$10,067,703.

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 incorporated into our planning.

For 2023-24, these include the following:

Staffing Increases

In 2020-21, the District saw a significant shift from its bricks-and-mortar schools to online learning education. 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. Then in September 2022, the on-line registrations were slightly less than projected, offset by a continued increase in regular school. We anticipate this new trend to continue but projections are still dynamic, so a contingent staff allocation is reserved. The proposed budget staffing levels are based on current and projected FTE registrations. They are likely conservative, given the increase in families moving to the area and further anticipated shift away from online learning. Thus, it is anticipated that additional staffing will be required in the fall of 2023/24.

Currently, for projected enrolment and student complexity, additional staffing is projected for all employee groups:

Increased Teacher Staffing – increase of \$1,463,753 is projected and includes staffing to support enrollment and a new District teaching position.

Support Staffing – increase of \$ 689,447 is projected and includes release time, 4 additional Youth & Family Program Workers, additional clerical support, 6 additional EA positions, increased custodial time, and retention of a trades position and the daytime custodial hours formerly funded through surplus.

Exempt Staffing – increase of \$276,765 is projected and includes a VP for Inclusive Education, increased elementary administrative time, and Board Office staff reorganization.

Negotiated Wage and Salary Increases

The Ministry has identified estimated labour settlement funding of \$8,693,203 on Table 7 – Operating Grants. However, the MOEC calculation is based on averages for salaries and benefits in both Operating and Special Purpose Funds. Actual costs in Operating will vary from this Ministry calculation and salary increases alone are projected to be a cost pressure of \$5,872,460.

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) and exempt staff. The PVP salary grids will likely be consistent with the increases provided to unionized staff but funding for exempt staff increases has not yet been announced.

Thus, cost increases for the principals and vice-principals and exempt staff have been included in the preliminary budget and are estimated at \$775,930.

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, costs will likely increase beyond the negotiated increases but no estimates have yet been included.

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 still not be funded but the resulting cost pressures are absorbed into existing operating cost estimates, so no longer show as a cost pressure.

Framework for Enhancing Student Learning/School-Based

MECC 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 achieve goals so \$160,000 has been set aside for the District learning agenda. As well, 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 above are included in the \$234,570 school-based estimate.

Pension Plan Premiums

Teacher Pension Plan and Municipal Pension Plan premiums are anticipated to increase once settlements are finalized. However, the increases are included in the \$8.6 million in funding, so no cost pressure is recorded.

Other Employer Benefit Premiums

CPP and EI premiums will increase in 2023-24 due to changes in employer contribution rates. Again, these increases are funded.

Supply Costs

Facilities supplies including vandalism costs, energy management projects and fleet maintenance are projected to increase by \$135,000.

Program Costs

An increase in Indigenous students requires a projected increase in these targeted fund expenses. As well, we are projecting an increase to costs required to support the International Student program. Budgeted increases for Indigenous Education are projected at \$ 341,092.

Utility Costs

BC Hydro rates are proposed to increase in 23-24 as well as natural gas rates, and fuel costs are anticipated to be higher than current. Thus, an overall budget increase of \$132,402 is included.

Information Technology

Internet, digital services and licensing are projected to increase by \$46,700

Transportation Costs

The District Transportation costs are contracted to increase by \$ 127,167

Transfer to Local Capital:

The number of students supported by Inclusive Education is increasing thus we have projected a transfer of \$50,000 for Assistive Technology.

As well, with increased enrollment and adding new classrooms, an increase to the furniture and equipment transfer has been budgeted at \$ 100,000.

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. A transfer of \$ 250,000 is proposed.

The overall increase in projected costs for 2023-24 is approximately \$10,495,286.

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 2023-24 is a Net Budget Deficit of approximately **\$427,583.**

However, the Ministry has not yet released the funding grants for the cost of living adjustments nor made a decision on whether or not exempt compensation will be funded. As well, the Finance department is still continuing to review school and department budget needs. Further revenue is anticipated along with further cost pressures.

Next Steps

The Board is required to approve an Annual Budget on or before June 30, 2023 for the 2023-24 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 2023-24 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 11, 2023, the Open Committee of the Whole along with stakeholders and partner groups 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:

2023-24 Preliminary Budget consultations will occur at the April 11th and May 9th Open Committee of the Whole meetings. In addition, the Board has a 2023-24 Preliminary budget information page open and will publish an email link for further public input.

Initially, the 2023-24 Annual Budget and Bylaw will be proposed for tentative adoption at the Board Meeting on May 30, 2023 and staff will continue to work towards presenting a draft annual budget in May. This may be delayed as several Ministry grants have not yet been finalized. Staff are expecting a decision around funding for Exempt Compensation. It is the preference of staff to delay the finalizing of the budget until all the anticipated grants are announced to reduce the variance with the Amended Annual Budget, however, as previously noted the June 27, 2023 Public Board meeting would be the last date for the Board to consider the Annual Budget Bylaw.