



The Board of Education of School District No. 83 (North Okanagan-Shuswap)

BRIEFING NOTE

TO: The Board of Education
FROM: Dale Culler, Secretary-Treasurer
RE: **2022-23 Annual Budget**

DATE: June 21, 2022

Purpose

As per Section 113 (2) of the *School Act*, the Minister of Education and Child Care requires that Annual Budgets are prepared, adopted by bylaw, and submitted on or before June 30th each fiscal year. The 2022-23 Annual Budget Bylaw for School District No. 83 (North Okanagan-Shuswap) is presented to the Board of Education for adoption.

Background

The 2022-23 proposed Annual Budget, as presented, has been prepared in accordance with Public Sector Accounting Standards and includes the Operating Fund, Special Purpose Funds, and the Capital Fund. School districts operate on a fiscal year of July 1 to June 30.

The 2022-23 Annual Budget Report included in this briefing note outlines the Board's budget development process, provides a summary of the 2022-23 projected operational revenues, anticipated cost pressures and/or savings, and proposed additional educational initiatives recommended for Board consideration.

Supporting Documentation

1. 2022/23 Annual Budget PowerPoint
2. Annual Budget - School District No. 83 (North Okanagan-Shuswap) June 30, 2023 - Version 7816 7071 5088

Annual Budget Report

❖ **BUDGET DEVELOPMENT PROCESS**

One of the primary responsibilities of an elected school board is to pass, by bylaw, a balanced annual budget for each school year on or before June 30 of the year prior. The Minister requires revenues and related expenditures to be tracked in three major categories:

- Operating Funds
- Special Purpose Funds
- Capital Funds

Operating Funds are intended to provide for the day-to-day operations of the school district, including instructional programs, school and district administration, facilities operations and maintenance, and transportation. With the exception of targeted Indigenous Education funding, Boards have the autonomy to allocate operational funding as they deem appropriate. Though

districts have the ability to generate operating funds locally, through ventures such as facility rentals, interest generation, and international student programs, the bulk of operating funds are provided by the Ministry.

Special Purpose Funds are typically allocated on an annual basis and are provided for very specific purposes or initiatives. The Board has little autonomy on how these funds are spent (e.g., Classroom Enhancement Fund, Annual Facilities Grant, Community LINK, Ready Set Learn, and School Generated Funds).

Capital Funds are provided by the Minister in response to the Board's approved 5-Year Capital Plan submission. These funds are allocated specifically for the purchase and long-term maintenance of the District's major capital assets.

To advise and assist with the 2022-23 operational budget development, the Board held five meetings with its Budget Committee. The committee consists of representation from the following partner groups:

- Teachers
- Support staff
- First Nations
- Principals and Vice Principals
- Parents
- District Staff

The purpose of this committee is to provide the Board with representative advice on budget issues and feedback on proposed changes, and to allow for an interactive forum for open communication and understanding of the budget.

At its Regular Meeting of December 14, 2021, the Board of Education adopted the **2022-2023 Annual Budget Development Timeline and Process**. In response to the pandemic situation and the restrictions on group gatherings, meetings were initially held virtually; however once restrictions were lifted the committee was able to meet in person.

Detailed Budget Presentations from each department were presented to Budget Committee Members and Trustees on April 26th and again on May 3rd. The presentations and follow-up meetings provided an opportunity for:

- Trustees to hear directly from the field through a facilitated interactive group discussion around key educational topics/issues;
- partner groups to share values and perspectives directly with trustees and the senior leadership team;
- discussion and consideration of the implications of the preliminary operating grant announcement and any potential budget shortfall or enhancement;
- direct interaction and communication with all management staff; and
- an in-depth presentation and discussion of each department's background, current goals and objectives, key strategies to achieve established goals, the performance measures in place to ensure success, and detail of past, current and projected finances.

A public budget consultation meeting was held on May 10th which was recorded and is available on the District's website. The public was provided with general information on how school districts are funded and the Ministry of Education and Child Care's established regulation related to annual budget submissions. The Board's 2022-23 preliminary budget development process was discussed,

how funding is allocated, budget risks, enrolment trends, detail of known or anticipated budget changes were shared, and the three-year budget projection. The public was given an opportunity to provide feedback and ask questions during the meeting, via email, and through a public survey that remained open from May 10th until May 24th.

The Board approved first reading of the 2022-23 Annual Budget at its regular Board Meeting held on May 17th. The Board reviewed and discussed all feedback that was received from the Budget Committee Members, the public, and administrative staff at its May 24th Committee of the Whole Meeting.

❖ OPERATING FUNDS

Boards hold autonomy and responsibility to allocate operating funds as they deem appropriate within their individual districts.

The operating revenue and expenditure budgets include:

1. the known or anticipated changes in revenues, including the Ministry of Education and Child Care Block Funding resulting from anticipated changes in student enrolment and other;
2. the known, anticipated cost pressures and/or savings;
3. the anticipated increase/decrease in equipment replacement costs and/or initiatives; and
4. the anticipated appropriated/unappropriated surplus carry-forward from the 2021-22 fiscal year.

➤ 2022-23 OPERATING REVENUES

Ministry of Education and Child Care Provincial Operating Grant

The Board of Education’s annual budget process begins each year in February. A three-year student full-time enrolment (FTE) projection summary for the following school year is required to be submitted to Ministry by mid-February.

Based on these projections and the funding rates established by government, a preliminary summary of operating grants is provided to all districts by mid-March.

As announced on March 11th, 2022, the Ministry of Education and Child Care’s Operating Grant block funding rates remained unchanged as follows:

2022-23 Ministry of Education Estimated Operating Grants		
Funding Supplement	2022/23 Rate	% increase fr prior yr
Basic Allocation	7,885	0.00%
Basic Allocation (Distributed Learning)	6,360	0.00%
Special Needs – Level 1	44,850	0.00%
Special Needs – Level 2	21,280	0.00%
Special Needs – Level 3	10,750	0.00%
English Language Learning	1,585	0.00%
Indigenous Students	1,565	0.00%
Non-Graduated Adult Education	5,030	0.00%
Student Location Factor (elementary)	282	0.00%
Student Location Factor (secondary)	377	0.00%

The resulting effects of these per student rate along with our projected decrease in student enrolment of 60.057 full time equivalent (FTE) students, combined with other Ministry of Education and Child Care grant allocation changes for 2022-23 are as follows:

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN SHUSWAP)					
2022 -2023 MINISTRY OPERATING GRANTS SUMMARY					
FUNDING SOURCE	2021/22 Amended	2022/23 Annual	Change from 2021/22 Amended	Rate Change	Enrolment Change
FTE September Enrolment	6,773.5625	6,713.5060	(60.0565)	-	(60.0565)
Enrollment Based Funding					
Standard Schools	52,400,260	52,021,335	(378,925)	-	(378,925)
Continuing Education	-	-	-	-	-
Alternate Schools	299,630	283,860	(15,770)	-	(15,770)
Online Learning	572,400	508,800	(63,600)	-	(63,600)
Home Schooling	8,000	8,000	-	-	-
Course Challenges	1,722	1,722	-	-	-
SUBTOTAL	53,282,012	52,823,717	(458,295)	-	(458,295)
Special Education					
level 1	313,950	269,100	(44,850)	-	(44,850)
level 2	9,235,520	9,065,280	(170,240)	-	(170,240)
level 3	1,720,000	1,558,750	(161,250)	-	(161,250)
SUBTOTAL	11,269,470	10,893,130	(376,340)	-	(376,340)
Distributed Ed Enrolment Based					
July (Summer Learning)	16,800	17,024	224	-	224
Feb	374,320	374,320	-	-	-
May	103,880	103,880	-	-	-
SUBTOTAL	495,000	495,224	224	-	224
Equity of Opportunity	250,615	264,165	13,550	13,550	-
English Language Learning	61,815	61,815	-	-	-
Indigenous Education	1,934,340	1,873,305	(61,035)	-	(61,035)
Adult Education	-	-	-	-	-
Salary Differential	732,652	726,155	(6,497)	(6,497)	-
Unique Geographical Factor	9,675,568	9,984,156	308,588	308,588	-
Curriculum and Learning Support Plan	57,826	60,962	3,136	3,136	-
TOTAL	77,759,298	77,182,629	(576,669)	318,777	(895,446)

The over-all impact of all funding changes will result in an expected decrease of \$576,669 in funding from the Ministry of Education and Child Care for 2022-23.

Provincial Grants – Other

Industry Training Authority (ITA) funding is projected to increase by \$43,285 as enrolment in dual credit and exploratory trades programs is expected to increase as we anticipate a return to post COVID normal.

Tuition

International Student enrolment is expected to be 28.9 FTE resulting in expected revenue for 2022-23 of \$690,710. This is expected to increase tuition fees by \$17,702.

Other Revenue

We expect to receive another Physical Literacy Grant in an amount of \$20,466.

Rentals and Leases

Rental agreements for school district facilities are expected to increase to pre-COVID norms resulting in an increase of \$8,000 in rental revenue for 2022-23.

Investment Income

Investment income is expected to increase due to an expected increase in the Central Deposit Program rate which we have projected to be 1.7%. This is expected to result in an increase of \$39,000 in investment income for 2022-23.

The total over-all anticipated operating revenue decrease for 2022-23 is estimated to be **\$448,216** as follows:

FUNDING SOURCE	2021-22 Amended	2022-23 Preliminary	Change from 21-22 Amended
Ministry of Education	77,759,298	77,182,629	(576,669)
Block Funding (Less LEA Recovery)	(984,052)	(984,052)	-
Other Grants	1,313,503	1,313,503	-
Provincial Grants - Other	157,465	200,750	43,285
Tuition	673,008	690,710	17,702
Other Revenue	1,010,152	1,030,618	20,466
Rentals and Leases	82,000	90,000	8,000
Investment Income	96,000	135,000	39,000
Over-all Incease/(Decrease)	80,107,374	79,659,158	(448,216)

The total budgeted operating revenues of \$79,659,158 can be referenced on **Schedule 2A – “Total Operating Revenue”** in the attached budget document.

➤ **2021-22 OPERATING EXPENDITURES**

Cost Pressures/Anticipated Savings

Each year, the District initiates its budget discussions with a review of unavoidable cost pressures and anticipated savings. Expected changes for 2022-23 are as follows:

- **Benefit Premiums**

Based on the annual renewal rates provided by the District's benefit plan administrators, combined with known or anticipated changes to pension contribution rates, WSBC premium rates and/or statutory benefits rates, our Director of Finance conducts an in-depth analysis in order to estimate possible budgetary impacts for benefit provisions for the subsequent year. Based on this year's analysis, it is expected that over-all benefit costs, for all employee groups, will increase by \$317,730 for 2022-23.

- **Wage/Compensation Improvements**

- **Teachers** – due to the ongoing collective agreement negotiations there has been no wage increase built into the budget for teaching staff effective July 1, 2022. However, based on expected step increases as teachers move through the grid an increase of approximately \$600,000 has been added to the calculation used to determine average teacher cost.
- **CUPE** – due to the ongoing collective agreement negotiations there has been no wage increase built into the budget for CUPE employees.
- **Principals and Vice Principals** – due to the ongoing collective agreement negotiations for unionized staff the Ministry has also delayed the approval of exempt salary grids, therefore no wage increases have been built into the budget for the PVP group.
- **Excluded Staff and Trustees**– due to the ongoing collective agreement negotiations for unionized staff the Ministry has also delayed the approval of exempt salary grids, therefore no wage increases have been built into the budget for the excluded group. Trustee remuneration was approved based on policy and has been adjusted by the CPI for BC which was 2.8% resulting in an increase of \$2,283.

- **Enrolment Growth/Decline**

- **Classroom and Non-enrolling Teachers** - Enrolment projections indicate a decrease of approximately 60 FTE students for 2022-23. Through the staffing process there were an estimated additional 78 FTE students that are expected for the start of the school year. These additional estimated students have been built into the class configurations which will result in an increase of approximately 0.495 FTE of teaching staff. The preliminary teacher staffing plan meets or exceeds all required staffing ratios as per the SD83/NOSTA collective agreement.
- **Identified Special Needs Students** – Enrolment of students with identified special needs is expected to decrease by approximately 24 students in 2022-23. Associated costs to support designated students is estimated to be reduced by \$75,000 for Educational Assistants. This includes a reserve in the amount of \$400,000.
- **Career Education** – An increase of \$67,500 in Career Program supports is expected due to an associated increase in Trades Program enrolment.

- **Other**
 - **General Inflation** – the BC Consumer Price Index for 2020-21 was 2.8%; however, we continue to see significant pressure on fuel prices, and we have increased that amount by \$343,750. Overall supplies have been increased by \$308,262 for 2022-23.
 - **Utilities** – We are expecting to see some savings in propane costs at Eagle River Secondary as the geothermal system is fully functional. Operations expects to charge the field this summer with the effect of reducing reliance on fossil fuels at that site. Operations also expects to be able to return to normal HVAC operations which will require less heating of outside air. Overall, we are expecting only a small increase in costs of approximately \$15,000 for 2022-23.
 - **Custodial Services** – An extensive review of our custodial service levels was conducted at all of our facilities. Operations measured each area in every school to establish a baseline level of hours required at each facility. They then applied local knowledge of the facility to arrive at a new proposed number of hours required at each site. Operations also established day-time custodial cleaning at several sites. Overall, this analysis determined that service levels will be more consistent across the District; however, there will be a reduction of approximately 1.75 FTE custodians.

Proposed Additional Initiatives

The following discretionary initiatives and additional supports/resources are proposed for budget 2022-23:

- **Inclusive Education**
 - **Speech Language Pathologist** – This was a request from NOSTA in their budget presentation. The Board continued to support the inclusion of this position throughout the budget process. The estimated cost for this proposed increase is \$105,753.
 - **Bridge Program Teacher** – The Inclusive Education department will continue to advertise for this currently vacant position. The Board continued to support the inclusion of this position at the last budget meeting. The draft budget proposed reducing this position, resulting in an increase over the draft budget in the amount of \$105,753.
- **Instruction and Curriculum**
 - **New Organizational Structure** – The Superintendent has presented a new organizational structure for the Instruction and Curriculum departments. The Board held the vacant Assistant Superintendent position in reserve in the 2021-22 budget until the Superintendent could evaluate the needs of this department. The new structure resulted in a reduction of three (3) District PVP positions and added an equivalent of net two (2) exempt positions. This restructuring resulted in an overall cost savings to the District.
 - **Seamless Day Pilot Project** – The Ministry of Education and Child Care now has a mandate to support before and after school childcare in schools. To support this mandate, the Ministry of Education and Child Care is providing districts who would like to pilot this program with \$50,000 to support the wages and benefits for one Early Childhood Education (ECE) Worker. The expectation is that the District would match this funding by providing \$50,000 for a second ECE Worker to provide before and after

school childcare. Based on costs to run the program we are expecting that the District will only need contribute \$44,500. The added benefit is that this ECE Worker would also be available to support the kindergarten class at Silver Creek Elementary school.

- **Business/Operations**

- **Student Information System (SIS) Level 1 Support Position:** Workload pressures continue within the Information Technology Department that result from the recent transition to MyEd BC with respect to the need to reengineer business processes and cycles (where possible) that have been built over the last 21 years. These tasks are proving to be massive, time consuming, and require collaboration with most departments in the District. This continual change of processes and business cycles in all areas of the District continue to keep staff at or over capacity. This commitment will need to continue through the coming years. In an effort to address workload concerns, the District is proposing an addition of another 0.286 FTE SIS Level 1 support staff position.

The total budgeted operating expense of \$79,286,194 can be referenced on **Schedule 2B - "Total Operating Expense"** and the total budgeted amount of \$1,152,651 for equipment purchases can be referenced on **Schedule 2 – "Tangible Capital Assets Purchased"** in the attached budget document.

➤ **2022-23 APPROPRIATED OPERATING SURPLUS**

Based on actual expenses to April 30th, 2022, Jeremy Hunt, Director of Finance, has projected an operating year-end surplus of approximately \$1.4M as at June 30th, 2022.

The **"Budgeted Prior Year Surplus Appropriation"** of \$836,687 can be referenced on **Schedule 2** in the attached budget document.

➤ **2022-23 OPERATING CONTINGENCY**

As per the Board's *Regulation 4060.01R*, an Operational Contingency Reserve of a minimum of 1% of operating expenses should be maintained in order to address unexpected increases in expenses and/or decreases in revenues that may arise in 2022-23. The budget as presented, results in an operational contingency of only 0.64% which is \$563,313. This would result in the operating surplus being less than approved policy. The current estimated student enrolment indicates that we should have an additional 78 FTE which would be an additional \$615,030 in expected Ministry funding. Staffing has been built with the inclusion of these students; therefore, this additional funding would leave the District with an estimated surplus balance of \$1,178,343 which would be more in alignment with policy.

❖ CHANGES FROM FIRST READING

➤ Staffing Impacts

Staffing - Operating Fund

	2023 Annual Budget	2023 Annual Budget Draft	Change
	\$	\$	\$
Teachers			
Schools	37,147,546	36,750,384	397,162
District Support	3,521,577	3,464,567	57,010
	<u>40,669,123</u>	<u>40,214,951</u>	<u>454,172</u>
Principals and Vice Principals			
Schools	5,556,609	5,543,431	13,178
District Support	529,577	538,543	(8,966)
	<u>6,086,186</u>	<u>6,081,974</u>	<u>4,212</u>
Educational Assistants	8,143,811	8,305,658	(161,847)
Support Staff	9,629,646	9,675,803	(46,157)
Other Professionals	3,249,059	3,232,918	16,141
Substitutes			
TTOC	2,092,850	2,087,258	5,592
CUPE	992,232	992,232	-
	<u>3,085,082</u>	<u>3,079,490</u>	<u>5,592</u>
Total Salaries and Benefits	70,862,907	70,590,794	272,113

TEACHERS - BASE (Including SPF)

	2023 Annual Budget	2023 Annual Budget Draft	Change
Schools	FTE	FTE	FTE
Teacher	313.355	314.394	(1.039)
Alternate Ed	2.000	2.000	-
Behavior Support Specialist	0.100	-	0.100
Career Coordinator	3.824	3.816	0.008
Counsellor	7.609	7.609	-
Indigenous	3.000	3.000	-
Learning Resource	41.575	39.643	1.932
Learning Support	0.857	-	0.857
Librarian	13.972	13.879	0.093
LRT Helping	0.400	-	0.400
Music	15.292	15.292	-
Schools Total	401.984	399.633	2.351
District Support			
Teacher	-	-	-
Behavior Support Specialist	1.000	1.000	-
Bridge	6.600	5.000	1.600
Counsellor	5.800	6.000	(0.200)
Eng 2nd Language	1.600	2.000	(0.400)
Hearing Resource	0.800	0.800	-
Inclusion Support	1.000	1.000	-
Indigenous	0.800	0.800	-
Instructional Leadership	0.200	0.200	-
International Student Support	0.500	1.000	(0.500)
Learning Support	5.000	5.000	-
Librarian	0.200	0.200	-
LRT Helping	-	-	-
Numeracy	1.000	1.000	-
Psychologist	2.000	2.000	-
SOGI	0.200	0.200	-
Speech Pathologist	5.300	5.300	-
Technology	0.500	0.500	-
Vision	0.800	0.800	-
District Total	33.300	32.800	0.500
Teachers Total	435.284	432.433	2.851

PRINCIPALS AND VICE PRINCIPALS - (Including SPF)

		2023 Annual Budget	2023 Annual Budget Draft	Change
Schools		FTE	FTE	FTE
Regular Instruction	1-02	7.700	7.700	-
Career Programs	1-03	-	-	-
Library Services	1-07	-	-	-
Counselling	1-08	-	-	-
Special Education	1-10	-	-	-
English Language Learning	1-30	-	-	-
Indigenous Education	1-31	-	-	-
School Administration	1-41	28.029	28.029	-
International Student Program	1-62	-	-	-
Educational Administration	4-11	-	-	-
Schools Total		35.729	35.729	-
District Support				
Regular Instruction	1-02	0.571	0.571	-
Career Programs	1-03	-	-	-
Library Services	1-07	-	-	-
Counselling	1-08	-	-	-
Special Education	1-10	0.900	0.900	-
English Language Learning	1-30	-	-	-
Indigenous Education	1-31	0.800	0.800	-
School Administration	1-41	-	-	-
International Student Program	1-62	0.200	-	0.200
Educational Administration	4-11	0.800	1.000	(0.200)
District Total		3.271	3.271	-
Principals and Vice-Principals Total		39.000	39.000	-

EDUCATIONAL ASSISTANTS - (Including SPF)

		2023 Annual Budget	2023 Annual Budget Draft	Change
Schools		HC	FTE	FTE
Certified Education Assistant	201	147.146	142.493	4.653
Certified Education Assistant Personal Care	29	13.786	14.250	(0.464)
Certified Education Intervenor	3	2.357	0.714	1.643
Certified Education Signing	1	0.786	0.714	0.072
Education Support Worker	7	6.179	6.036	0.143
Indigenous Education Worker	25	18.271	18.271	0.000
Educational Assistants Total		266	182.478	6.047

SUPPORT STAFF - (Including SPF)

	2023 Annual Budget		2023 Annual Budget Draft	Change
Schools	HC	FTE	FTE	FTE
Office Clerical	42	33.486	33.486	(0.000)
Career Centre Clerk	5	2.457	2.457	0.000
Library Clerk	12	1.843	1.843	(0.000)
Lunch Hour / Meal Support	89	9.000	9.200	(0.200)
Crossing Guard	5	0.500	0.429	0.071
Strong Start Coordinator	9	6.571	6.571	0.000
Schools Total	162	53.857	53.986	(0.129)
District				
DESC Support	HC	FTE	FTE	FTE
Accounting	2	2.000	2.000	-
District Buyer	1	1.000	1.000	-
Payroll	2	2.000	2.000	-
TTOC/Casual Dispatch	1	1.000	1.000	-
Clerical	4	4.000	3.000	1.000
Resource Centre Technician	1	1.000	1.000	-
DESC Support Total	11	11.000	10.000	1.000
Information Technology Support	HC	FTE	FTE	FTE
MyEd Support	1	0.800	0.800	-
Network Technician	5	5.000	5.000	-
Student Data Coordinator	1	1.000	1.000	-
Information Technology Support Total	7	6.800	6.800	-
Operations Support	HC	FTE	FTE	FTE
Clerical	4	4.000	4.000	-
Qualified Trades	23	23.000	23.000	-
Ground Person	3	3.000	3.000	-
Bus Driver	38	24.750	24.750	-
Shipping/Receiving	2	2.000	2.000	-
Custodian	50	40.738	40.300	0.438
Operations Support Total	120	97.488	97.050	0.438
District Total	138	115.288	113.850	1.438
Support Staff Total	300	169.145	167.836	1.309

OTHER PROFESSIONALS - (Including SPF)

District	2023 Annual Budget		2023 Annual Budget Draft	Change
	HC	FTE	FTE	FTE
Trustee	5	5.000	5.000	-
Superintendent	1	1.000	1.000	-
Secretary Treasurer	1	1.000	1.000	-
Assistant Superintendent	1	1.000	1.000	-
Director	6	6.000	6.000	-
Manager	4	4.000	4.000	-
Supervisor	1	1.000	1.000	-
OT/PT	2	1.200	1.200	-
Executive Support	3	3.000	3.000	-
Coordinator/Specialist	5	4.100	4.100	-
Outreach/Homestay Coordinator	6	4.200	4.200	-
Other Professionals Total	35	31.500	31.500	-

➤ Services & Supplies Impacts

Services & Supplies - Operating Fund

	2023 Annual Budget	2023 Annual Budget Draft	Change
	\$	\$	\$
Services and Supplies			
Services	2,293,979	2,241,840	52,139
Student Transportation	4,500	4,500	-
Professional Development and Travel	567,400	567,400	-
Rentals and Leases	36,400	36,400	-
Dues and Fees	110,520	110,520	-
Insurance	234,455	228,095	6,360
Interest	-	-	-
Supplies	3,613,033	3,617,533	(4,500)
Utilities	1,563,000	1,563,000	-
Total Services and Supplies	8,423,287	8,369,288	53,999

Recommendation

That School District No. 83 (North Okanagan-Shuswap) Annual Budget Bylaw (Version 7816-7071-5088) for fiscal year 2022/23 be given second reading.

That School District No. 83 (North Okanagan-Shuswap) Annual Budget Bylaw (Version 7816-7071-5088) for fiscal year 2022/23 be given third reading, passed, and adopted on this 21st day of June 2022.

The **Annual Budget Bylaw** is cited on page 1 of the attached budget document. The total amount of **\$94,654,339** for the fiscal year 2022-23 can be referenced in "**Total Budget Bylaw Amount**" on **Statement 2** on page 3.

Respectfully submitted,

Dale Culler

Dale Culler
Secretary-Treasurer