
TO: The Board of Education
FROM: Kim Morris, Secretary-Treasurer-CFO
DATE: February 24, 2020
RE: **2019-2020 Amended Annual Budget**

In April 2019, the Board approved the 2019-2020 Annual Budget Bylaw, which was based on estimated revenue and expenses for the fiscal year. Annually, the Minister of Education also requires school boards to prepare and approve an Amended Annual Budget.

The Amended Annual Budget takes into account both the revenues and the expenses arising from the actual September 30, 2019 enrolment counts, all grant amounts confirmed subsequent to the approval of the Annual Budget and amounts carried forward from the previous fiscal year that will be spent in the current year.

The Amended Annual Budget has been prepared based on the Public Sector Accounting Standards which require the budget to include the operating, special purpose and capital funds. Consequently, the budget bylaw amount of \$262,397,401 includes the total budgeted expenses in the operating, special purpose and capital funds.

- Statement 2 of the Amended Annual Budget document consolidates the revenue and expense budget amounts for all funds.
- The operating budget revenue and expense details are shown on Schedules 2, 2A, 2B and 2C.
- The special purpose fund revenue and expense details are shown on Schedules 3 and 3A.
- The capital fund revenue and expense details are shown on Schedule 4.

The Greater Victoria School District wishes to recognize and acknowledge the Esquimalt and Songhees Nations, on whose traditional territories, we live, we learn, and we do our work.

OPERATING FUND

Schedule 2 Amended Annual Budget – Operating Revenue and Expense

	2019-2020 Amended Annual Budget	2019-2020 Annual Budget	Increase (Decrease)
Revenues	\$ 204,674,282	\$ 202,773,087	\$ 1,901,195
Expenses	212,324,901	206,782,854	5,542,047
Net Revenue (Expense)	(7,650,619)	(4,009,767)	(3,640,852)
Budgeted Prior Year Surplus Appropriation	8,949,889	5,449,037	3,500,852
Net Transfers to other funds	(1,299,270)	(1,439,270)	(140,000)
Budgeted Surplus (Deficit), for the year	\$ -	\$ -	\$ -

Budgeted revenues in the Operating Fund have increased by \$1.9M and budgeted expenses have increased by \$5.5M. Budgeted Prior Year Surplus Appropriation has increased by \$3.5M due to the addition of unspent expense budgets carried forward from the prior year. Inter-fund transfers for capital equipment purchases are expected to decrease by \$140K.

A 2% general wage increase effective July 1, 2019 was built into salaries in the 2019-2020 Annual and Amended Annual Budgets. However, depending on the timing of collective agreement ratifications between now and year end, salaries may come in under budget. The funding that will cover this increase has not been included in the 2019-2020 Annual and Amended Annual Budgets. As directed by the Ministry, the anticipated funding for this increase has been temporarily included in the Budgeted Prior Year Surplus Appropriation. The District expects to receive approximately \$2.0M to fund this salary increase.

Schedule 2A Amended Annual Budget – Schedule of Operating Revenue by Source

	2019-2020 Amended Annual Budget	2019-2020 Annual Budget	Increase (Decrease)
Operating Grant, Ministry of Education	\$179,934,520	\$178,824,797	\$1,109,723
Other Ministry of Education Grants	4,926,540	4,736,196	190,344
Provincial Grants – Other	49,795	-	49,795
Tuition	14,787,615	14,398,648	388,967
Other Revenues	2,124,304	1,953,506	170,798
Rentals and Leases	1,821,508	1,829,940	(8,432)
Investment Income	1,030,000	1,030,000	-
Total Operating Revenue	\$204,674,282	\$202,773,087	\$1,901,195

Operating Grant, Ministry of Education

The Operating Grant has increased by \$1.1M due to the following factors:

- 1) Overall school-aged enrolment has increased by 85 FTE as shown below, resulting in a grant increase of \$0.6M.
- 2) Funding for unique student needs has increased by \$0.2M; English Language Learning (ELL) increased by \$155K; Aboriginal Education decreased by \$93K, Special Education increased by \$70K, and Adult Education increased by \$22K.
- 3) The Supplement for Salary Differential has increased by \$0.2M due to the District having a higher average teacher salary than the Provincial average.

4) Summer Learning has increased by \$22K due to an enrolment increase of 8 FTE.

	2019-2020 Amended Annual Budget	2019-2020 Annual Budget	Increase (Decrease)
School-Aged			
Elementary-Middle Secondary	19,346	19,347	(1)
Alternate schools	236	158	78
Continuing Education*	29	21	8
Distributed Learning*	65	65	0
Total School-Aged	19,676	19,591	85
Adult Students*	40	35	5
Summer Learning	47	39	8
Unique Student Needs			
Special Needs Level 1	25	25	0
Special Needs Level 2	809	803	6
Special Needs Level 3	465	470	(5)
English Language Learning	1,987	1,883	104
Aboriginal Education	1500	1,564	(64)
International Students (Long-term)	995	990	5

*Includes February and May 2020 estimates

Other Ministry of Education Grants

Other Ministry of Education Grants increased by \$0.2M due to additional funding received for support staff standardized provincial extended health benefits plans (\$0.1M) and an increase in Education Guarantee funding for graduated adults enrolled in courses in Home Learners' Link and Continuing Education (\$0.1M)

Provincial Grants – Other

Provincial Grants – Other increased by the \$49K grant from the Ministry of Tourism, Arts and Culture for the After School Sport and Arts Initiative (ASSAI) at Tillicum Elementary.

Tuition

International tuition fees have increased by \$0.4M. Long-term enrolment has increased by 5 students and short-term enrolment has increased by 92 students compared to the 2019-2020 Annual Budget.

Other Revenues

Other Revenues increased by \$0.2M due to the following factors:

- 1) Increase in Miscellaneous Revenue due to revenues that were received during the year, but were unknown at the time the 2019-2020 Annual Budget was prepared. This includes \$142K of Industry Training Authority (ITA) grant revenue.
- 2) Increase of \$63K in International Student Program (ISP) revenues, such as student activity fees, credit card convenience fees, and homestay monitoring fees.

Rentals and Leases

Rentals and Leases Revenue has decreased slightly to better reflect expected revenues.

Schedule 2B Amended Annual Budget – Schedule of Operating Expense by Object

	2019-2020 Amended Annual Budget	2019-2020 Annual Budget	Increase (Decrease)
Salaries			
Teachers	\$ 91,382,828	\$ 90,827,114	\$ 555,714
Principals and Vice Principals	13,831,746	13,518,126	313,620
Educational Assistants	18,976,041	18,929,842	46,199
Support Staff	18,337,796	18,271,847	65,949
Other Professionals	4,463,216	4,461,121	2,095
Substitutes	8,163,054	7,795,996	367,058
Total Salaries	155,154,681	153,804,046	1,350,635
Employee Benefits	35,307,502	35,010,087	297,415
Services and Supplies			
Services	6,757,323	5,305,297	1,452,026
Student Transportation	1,112,389	1,038,960	73,429
Professional Development and Travel	1,055,785	762,477	293,308
Rentals and Leases	115,235	115,235	-
Dues and Fees	102,877	94,980	7,897
Insurance	359,998	372,000	(12,002)
Supplies	7,920,859	5,803,860	2,116,999
Utilities	4,438,252	4,475,912	(37,660)
Total Services and Supplies	21,862,718	17,968,721	3,893,997
Total Operating Expense	\$212,324,901	\$206,782,854	\$ 5,542,047

Salaries

- Teacher salaries increased by \$.6M due to additional teachers hired as a result of increased enrolment. A 2% general wage increase effective July 1, 2019 was built into salaries in the 2019-2020 Annual and Amended Annual Budgets. However, depending on the timing of collective agreement ratifications between now and year end, salaries may come in under budget. The 2% increase will be funded by the Ministry of Education once the British Columbia Teachers' Federation (BCTF) comes to an agreement with BCPSEA. The funding that will cover this increase has not been included in the 2019-2020 Annual and Amended Annual Budgets. As directed by the Ministry, the anticipated funding for this increase has been temporarily included in the Budgeted Prior Year Surplus Appropriation.
- Principals and Vice-Principals salaries increased by \$.3M due to the hiring of District Administrators to support one-time initiatives related to Inclusive Learning and Boundary Review subsequent to the preparation of the 2019-2020 Annual Budget. A 2% general wage increase effective July 1, 2019 was built into salaries in the 2019-2020 Annual and Amended Annual Budgets, as it is expected that BCPSEA will increase the regional salary model by the same percentage increase received by teachers. Although budgeted, the timing and amount of future increases to Principal and Vice-Principal salaries will still require BCPSEA approval.

- 3) Educational Assistants salaries increased by \$46K as a result of a slight increase in special education enrolment. The newly ratified CUPE 947 collective agreement includes a 2% general wage increase effective July 1, 2019 that was built into the 2019-2020 Annual and Amended Annual Budgets. The Ministry has stated that it will fund the 2% increase, but the funding amount has not been formally announced. As directed by the Ministry, the anticipated funding for this increase has been temporarily included in the Budgeted Prior Year Surplus Appropriation.
- 4) Support Staff salaries increased by \$65K mostly due to increased clerical and school assistant allocations as a result of increased enrolment. The newly ratified CUPE 382 and CUPE 947 collective agreements include a 2% general wage increase effective July 1, 2019 that was built into the 2019-2020 Annual and Amended Annual Budgets. The Ministry has stated that it will fund the 2% increase, but the funding amount has not been formally announced. As directed by the Ministry, the anticipated funding for this increase has been temporarily included in the Budgeted Prior Year Surplus.
- 5) Other Professionals salaries have increased minimally since the preparation of the 2019-2020 Annual Budget. A 2% general wage increase effective July 1, 2019 was built into salaries in the 2019-2020 Annual and Amended Annual Budgets, as it is expected that BCPSEA will increase the exempt salary grid. Although budgeted, the timing and amount of future increases to exempt salaries will still require BCPSEA approval.
- 6) Substitutes salaries increased by \$0.3M as a result of increased release time due to increased teacher staffing, plans to spend budget that was carried forward from the prior year, and additional release time related to professional development. Substitutes are eligible for the same salary increases and Ministry funding as the other unionized positions (teachers, educational assistants and support staff).

Employee Benefits

The increase in the employee benefits expense is explained by the increase of wage-sensitive benefits calculated on the increase in total salaries.

Services and Supplies

The overall increase in the Services and Supplies budget is a result of unspent budgets from the previous fiscal year being built into the applicable expenditure budget categories and spent in the current year.

Additionally, services expense have increased as a result of annual increases in software maintenance and support fees and legal fees.

The decrease in utilities is the result of a reduction in Next Generation Network (NGN) costs, announced after the preparation of the 2019-2020 Annual Budget.

SPECIAL PURPOSE FUNDS

Schedule 3 Amended Annual Budget – Special Purpose Revenue and Expense Schedule 3A Amended Annual Budget – Changes in Special Purpose Funds

Special Purpose Funds are funds received for specific purposes and must be used for those purposes. The special purpose budgeted revenues are as follows:

	2019-2020 Amended Annual Budget	2019-2020 Annual Budget	Increase (Decrease)
Annual Facility Grant	\$ 810,279	\$ 810,279	\$ -
Learning Improvement Fund	675,200	675,200	-
Scholarships and Bursaries	30,000	30,000	-
Special Education Technology	117,361	117,361	-
School Generated Funds	6,588,650	6,576,830	11,820
Strong Start	204,275	197,275	7,000
Ready, Set, Learn	66,150	66,150	-
Official Languages in Education Protocol (OLEP)	398,099	398,099	-
CommunityLINK	3,903,061	3,900,892	2,169
Classroom Enhancement Fund – Overhead	788,019	791,979	(3,960)
Classroom Enhancement Fund – Staffing	17,046,877	13,421,959	3,624,918
Classroom Enhancement Fund – Remedies	2,010,947	-	2,010,947
Mental Health in Schools	24,500	-	24,500
Changing Results for Young Children	40,125	-	40,125
Ledger School	276,405	272,927	3,478
Provincial Inclusion Outreach	780,184	548,842	231,342
Estate Trust	35,200	11,000	24,200
Special Purpose Revenues	\$ 33,795,332	\$ 27,818,793	\$ 5,976,539

The following outlines the major changes in the Special Purpose Funds in the 2019-2020 Amended Annual Budgeted Revenues compared to the 2019-2020 Annual Budgeted Revenues:

- 1) The Classroom Enhancement Fund – Overhead grant was confirmed by the Ministry in January 2020, subsequent to the preparation of the 2019-2020 Annual Budget. The 2019-2020 Amended Annual budget is slightly less than the 2019-2020 Annual Budget.
- 2) The 2019-2020 Amended Annual Budgeted Classroom Enhancement Fund – Staffing grant increased by \$3.6M compared to the 2019-2020 Annual Budget. The District received confirmation in January 2020 of additional approved funding related to a settlement and a consent award from arbitration which would be used to hire an additional 19.715 FTE teachers. The unspent portion of the 2018-2019 staffing grant will be recovered by the Ministry.
- 3) The Classroom Enhancement Fund – Remedies grant was confirmed by the Ministry in January 2020, subsequent to the preparation of the 2019-2020 Annual Budget. There was \$.7M of unspent remedies remaining at the end of 2018-2019 and \$1.3M of new remedies were added in 2019-2020.
- 4) Mental Health in Schools and Changing Results for Young Children are new grants that were confirmed subsequent to the preparation of the 2019-2020 Annual Budget.
- 5) Provincial Inclusion Outreach is a Provincial Resource Program and is operated by the District on behalf of the Ministry of Education. This grant has increased from the 2019-2020 Annual Budget as additional funding has been requested by the District to increase staffing.

- 6) The 2019-2020 Amended Annual Budget for the Estate Trust has increased slightly from the 2019-2020 Annual Budget as a result of receiving additional interest income from the trust fund.

CAPITAL FUND

Schedule 4 Amended Annual Budget – Capital Revenue and Expense

The Capital Fund includes capital expenditures related to land, buildings, computer hardware and software, vehicles and equipment that are funded from Ministry of Education capital grants, local capital, operating funds, and special purpose funds.

Tangible capital assets are assets that have an expected life greater than one year and are not consumed in the normal course of operations. These assets are amortized over their useful life, meaning that the cost of the asset is expensed over a period of time.

The following outlines the major changes in the Capital Fund in the 2019-2020 Amended Annual Budget compared to the 2019-2020 Annual Budget:

Ministry of Education Grants and Operations and Maintenance Expenses

Ministry of Education Grant Revenue is recognized when Maintenance Expenses from Bylaw Capital are incurred. Maintenance Expenses are expected to increase by \$.9M relative to the 2019-2020 Annual Budget due to additional roofing projects throughout the District.

Tangible Capital Assets Purchased

Capital additions purchased from the Operating Fund are transferred to Invested in Tangible Capital Assets in the Capital Fund. These purchases are expected to be \$0.8M in 2019-2020. Examples of items purchased from the Operating Fund include computer technology, multi-function devices, and shop tools for schools and furniture and equipment purchases throughout the District.

Local Capital

Local Capital includes proceeds from the lease of assets which were originally purchased with Board funds, interest earned on the Local Capital balance, and 25% of the proceeds of disposition of the sale of surplus school properties.

The Inclusion for Learning Strategy and Quadra Warehouse project are funded from Local Capital.

Funds transferred from the Operating Fund to Local Capital include \$0.2M to supplement the reserve for Technology for Learning equipment replacements, \$0.3M to supplement the reserve for student device replacements, and \$0.1M to supplement the reserve for childcare capital.

AMENDED ANNUAL BUDGET BYLAW

In order to pass the Amended Annual Budget Bylaw at one meeting, the Board must unanimously agree to give the bylaw all three readings in one sitting. The following motions are therefore recommended:

That the Board of Education of School District No. 61 (Greater Victoria) agree to give all three readings of the 2019-2020 Amended Annual Budget Bylaw at the Regular Board meeting on February 24, 2020.
Motion to be Carried Unanimously

That the School District No. 61 (Greater Victoria) Amended Annual Budget Bylaw for fiscal year 2019-2020 in the amount of \$262,397,401 be:

Read a first time the 24th day of February, 2020;

Read a second time the 24th day of February, 2020;

Read a third time, passed and adopted the 24th day of February, 2020;

And that the Secretary-Treasurer and the Board Chair be authorized be authorized to sign, seal and execute this Bylaw on behalf of the Board.

Attachments