Budget Advisory Committee

Date: December 8, 2022

Presented to: Budget Advisory Committee Meeting 2

Presented by: Katrina Stride, Acting Secretary-Treasurer

Territorial Acknowledgement

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.

Approval of Minutes

Minutes from November 10, 2022 meeting (pages 2-5 of agenda package)

- To be approved by consensus

Values and Guiding Principles

Values and Guiding Principles (pages 6-7 of the agenda package) have been updated based on the discussion at the November 10, 2022 committee meeting

- Change the budget year from 2022-2023 to 2023-2024
- Change the date under timelines from April 11, 2021 to April 6, 2023

Values and Guiding Principles

- Breakout rooms (5 minutes)
- Select a notetaker and a speaker in each room
- Discussion
  - Does the latest draft of the Values and Guiding Principles meet our needs?
- Report out (5 minutes)

Terms of Reference

Terms of Reference (pages 8-12 of the agenda package) have been updated based on the discussion at the November 10, 2022 committee meeting

Under Composition and Operations:

- Remove pluralization of Associate Superintendent
- Add the word Services following Director of Facilities
- Remove ‘as the conduit to and from the Four Houses’ following the position of Director of Indigenous Education (missed on draft in agenda)
- Add Director of Human Resource Services
- Add Director of Information Technology for Learning
- Add Director of International Education
- Add that student voice will be heard through the Student Symposium and the Representative Advisory Council of Students

Terms of Reference

Under Duties and Responsibilities:

- Change date to make recommendations to Board from March 10, 2022 to March 2, 2023

Terms of Reference

- Breakout rooms (10 minutes)
- Select a notetaker and a speaker in each room
- Discussion
  - Does the latest draft of the Terms of Reference meet our needs?
- Report out (5 minutes)

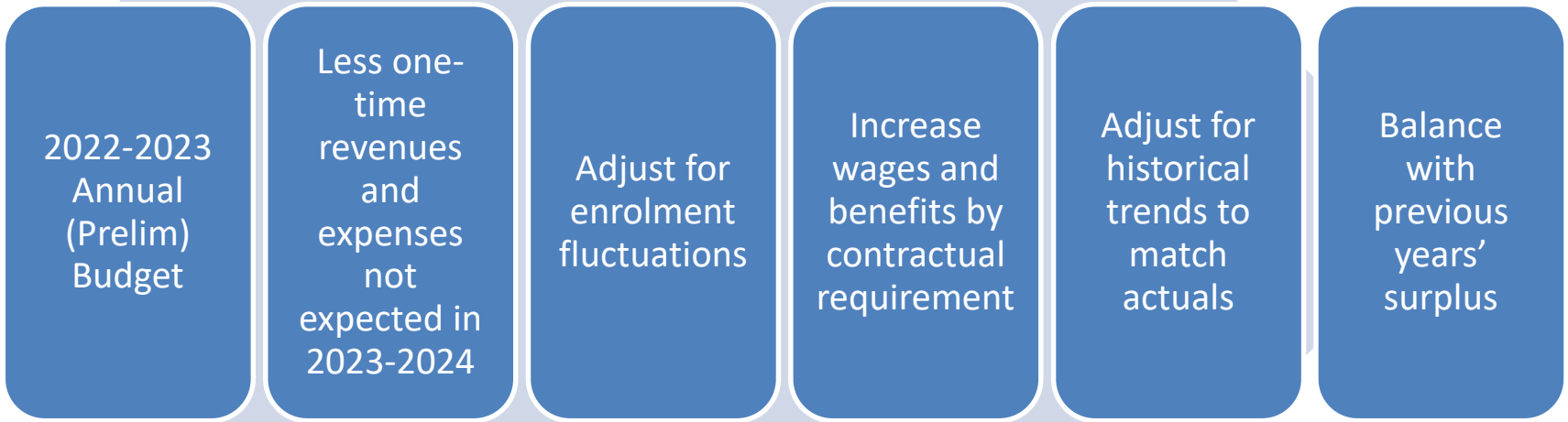
June 2022 Budget Change Report

Please refer to pages 13-57 of the agenda package

Operating Fund

- Report is intended to capture all revenue changes and larger expenditure changes after the Annual Budget is approved in April
- Amended Annual Budget adjustments not already included on the report are captured in a lump sum; there are hundreds of increases and decreases that make up this amount
- The Amended Annual Budget presentation and document have been included in the agenda package to provide examples of items that may be adjusted during the year
- Budget transfers are not completed at year end to match budget to actual revenue and expenses; surpluses and deficits remain intact

Status Quo Budget – What is it?



Status Quo Budget – What is it?

In SD61 status quo budget means:

1. Start with last year's annual (preliminary) budget; does not include any budget carried forward from the prior year
2. Adjust revenues and expenses for one-time, non-recurring items in last year's annual (preliminary) budget, e.g. elections expense
3. Adjust revenues and expenses based on enrolment projections
4. Increase wages and benefits by estimated contractual commitments, e.g. collective agreements and employment contracts (offset by revenue where applicable)
5. Adjust for historical trends to more accurately reflect actual revenues and expenses
6. Balance deficits with surplus, if possible

Alternate Budgeting Methods

- There are many alternate budgeting methods used by organizations:
  - Zero Base
    - Revenues and expenses are reset to $0 every year, each line item must be justified and in alignment with strategic goals
  - Base +
    - Estimate revenues, add base expenses (non-discretionary), add expenses to address specific department and school needs (discretionary) to max of revenues or beyond, with available surplus
  - Base + Alignment
    - Same as Base + except that discretionary expenses beyond base are in alignment with strategic goals
- Alternate budgeting methods often require longer timeline, i.e. need to plan implementation over multiple years

Enrolment and Operating Grants

- Please refer to pages 58-60 of the agenda package

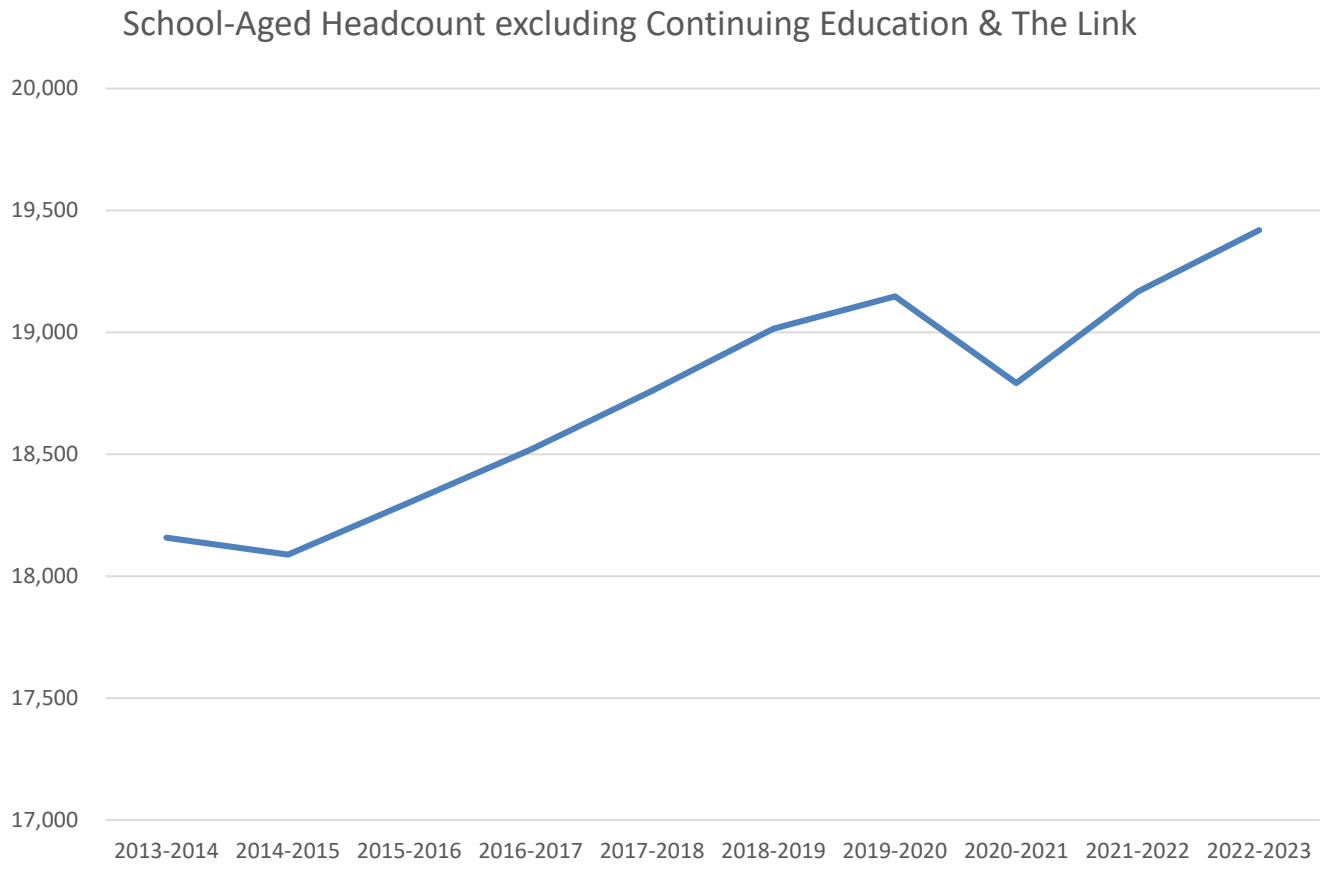
- Estimated Operating Grants – 2022/23 School Year
  - March 2022 Funding Announcement
    - Based on projected enrolment
  - Final operating grant funding for September announced December 15
    - Based on actual enrolment

- Final Operating Grant Full-Year Summary – 2021/22 School Year
  - Final operating grant for September, February and May
    - Based on actual enrolment

Enrolment Trends (Ministry Funded)

School-Aged Headcount excl CE & The Link			
Year	Prelim	Actual	% Change
2013-2014	18,124	18,158	0.2%
2014-2015	18,203	18,089	-0.6%
2015-2016	18,042	18,303	1.4%
2016-2017	18,374	18,519	0.8%
2017-2018	18,625	18,760	0.7%
2018-2019	18,696	19,015	1.7%
2019-2020	19,172	19,148	-0.1%
2020-2021	19,172	18,792	-2.0%
2021-2022	18,801	19,167	1.9%
2022-2023	19,278	19,420	0.7%

Enrolment Trends (Ministry Funded)



Factors That Impact Enrolment Projections

- Global pandemics
- Job action
- FTE:HC ratio at Secondary Schools
- Housing developments and pricing
- International economies

Operating Grant Summary

	2022/23 Estimated Final Operating Grant (December 2022)			2022/23 Preliminary Operating Grant (March 2022)			Variance 22/23 Final vs 22/23 Prelim Operating Grant		2021/22 Final Operating Grant (June 2022)			Variance 22/23 Final vs 21/22 Final Operating Grant	
	Final Enrol	Unit Rate	Final Funding (Estimate)	Est. Enrol	Unit Rate	Prelim Funding	Enrol Increase / (Decrease)	Funding Increase / (Decrease)	Final Enrol	Unit Rate	Final Funding	Enrol Increase / (Decrease)	Funding Increase / (Decrease)
			A			B		C = A - B			D		E = A - D
Enrolment Based Funding													
Regular Schools	19,801.753	$ 7,885	$ 156,136,820	19,619.137	$ 7,885	$ 154,696,895	182.616	$ 1,439,925	19,579.097	$ 7,885	$ 154,381,181	222.656	$ 1,755,639
Continuing Education	5.000	7,885	39,425	3.625	7,885	28,583	1.375	10,842	4.625	7,885	36,468	0.375	2,957
Distributed Learning	5.938	6,360	37,763	18.000	6,360	114,480	(12.063)	(76,717)	28.938	6,360	184,043	(23.000)	(146,280)
Alternate Schools	187.000	7,885	1,474,495	182.000	7,885	1,435,070	5.000	39,425	182.000	7,885	1,435,070	5.000	39,425
Home School Students	40.000	250	10,000	45.000	250	11,250	(5.000)	(1,250)	45.000	250	11,250	(5.000)	(1,250)
Course Challenges	11.000	246	2,706	1.000	246	246	10.000	2,460	1.000	246	246	10.000	2,460
Total September Enrolment-Based Funding	19,999.690		**157,701,209**	19,822.762		**156,286,524**	176.928	**1,414,685**	19,794.660		**156,048,258**	205.031	**1,652,951**
Unique Student Needs													
(a) English Language Learning	2,111	1,585	3,345,935	1,863	1,585	2,952,855	248.000	393,080	1,848	1,585	2,929,080	263.000	416,855
(b) Indigenous Education	1,474	1,565	2,306,810	1,454	1,565	2,275,510	20.000	31,300	1,454	1,565	2,275,510	20.000	31,300
(c) Inclusive Learning							-	-				-	-
- Level 1	21	44,850	941,850	22	44,850	986,700	(1.000)	(44,850)	23	44,850	1,031,550	(2.000)	(89,700)
- Level 2	936	21,280	19,918,080	875	21,280	18,620,000	61.000	1,298,080	889	21,280	18,917,920	47.000	1,000,160
- Level 3	403	10,750	4,332,250	385	10,750	4,138,750	18.000	193,500	386	10,750	4,149,500	17.000	182,750
(d) Adult Education	8.188	5,030	41,183	8.229	5,030	41,392	(0.041)	(209)	8.000	5,030	40,240	0.188	943
(e) Equity of Opportunity Supplement			956,617			956,617		-			967,134		(10,517)
Total Unique Student Needs Funding			**31,842,725**			**29,971,824**		**1,870,901**			**30,310,934**		**1,531,791**
Salary Differential			**5,478,797**			**5,478,797**		-			**5,470,970**		7,827
Unique Geographic Factors			**2,316,051**			**2,316,051**		-			**2,156,674**		159,377
Summer Learning			-			-		-			-		-
Curriculum & Learning Support Fund			**178,152**			**178,152**		-			**174,167**		3,985
Inclusive Learning Enrolment Growth (Feb)			-			-		-			**148,960**		(148,960)
Newcomer Refugee Funding (Feb)			-			-		-			**31,566**		(31,566)
Youth Train in Trades (Feb)			-			-		-			**986**		(986)
Distributed Learning February and May	29.125		**180,580**	29.125		**180,580**	-	-	26.563		**158,541**	2.562	22,039
Continuing Education February and May	26.500		**171,837**	26.500		**171,837**	-	-	30.125		**201,491**	(3.625)	(29,654)
TOTAL OPERATING GRANT			**$ 197,869,351**			**$ 194,583,765**		**$ 3,285,586**			**$ 194,702,547**		**$ 3,348,316**

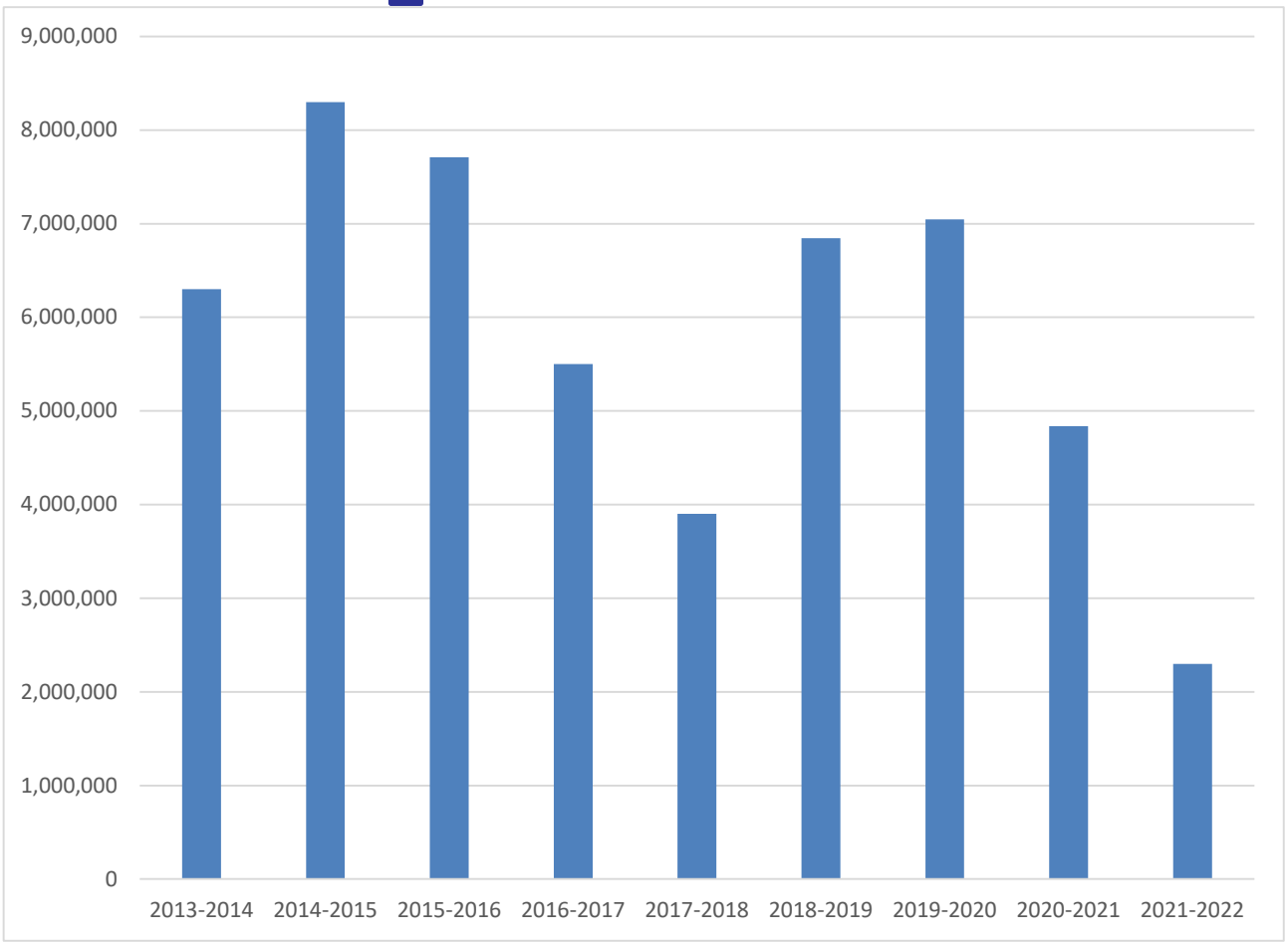
Factors That Impact Operating Grant

- Enrolment – majority of funding is enrolment driven
- Unit rate increases / labour settlement funding
- Salary differential – Average teacher salary higher than Provincial average
- Unique geographic factors
- Ministry funding model changes
- Headcount to FTE conversion at Secondary (funded based on FTE)

Structural Deficit

- What is a Structural Deficit?
  - Budgeted expenditures are greater than budgeted revenues
  - Using prior year surplus and one-time savings to balance the budget

Use of Surplus to Balance Budget



Projected 2023-2024 Structural Deficit

2023-2024 Structural Deficit			
	22/23 Beginning Structural Deficit - **Presented to Board Apr 2022**		**$ 2,300,000**
	Add back One-Time 22/23 Operating Expenses charged to Local Capital		1,388,855
	Add back One-Time 22/23 School Supply Allocation		800,000
	Add back One-Time 22/23 International Education Program Savings		150,000
	Remove One-Time 22/23 Elections Revenue		81,915
	Remove One-Time 22/23 Elections Expense		(322,580)
	22/23 International Education Program Rate Increase ($1,000/FTE x 925 x 36.72%)		(339,660)
	22/23 Enrolment growth 25% overhead contribution (18 FTE x $7,885 x 25%)		(35,483)
	23/24 Enrolment change 25% overhead contribution		TBD
	22/23 Salary Differential Change		TBD
	22/23 Unique Geographic Factors Change		TBD
	23/24 Sundance Costs (adding 1 division)		TBD
	Other costs (salary increments, benefit rate increases, contract increases etc.)		TBD
2023-2024 Beginning Structural Deficit (estimate)			**$ 4,023,048**

Surplus Philosophy & Strategy

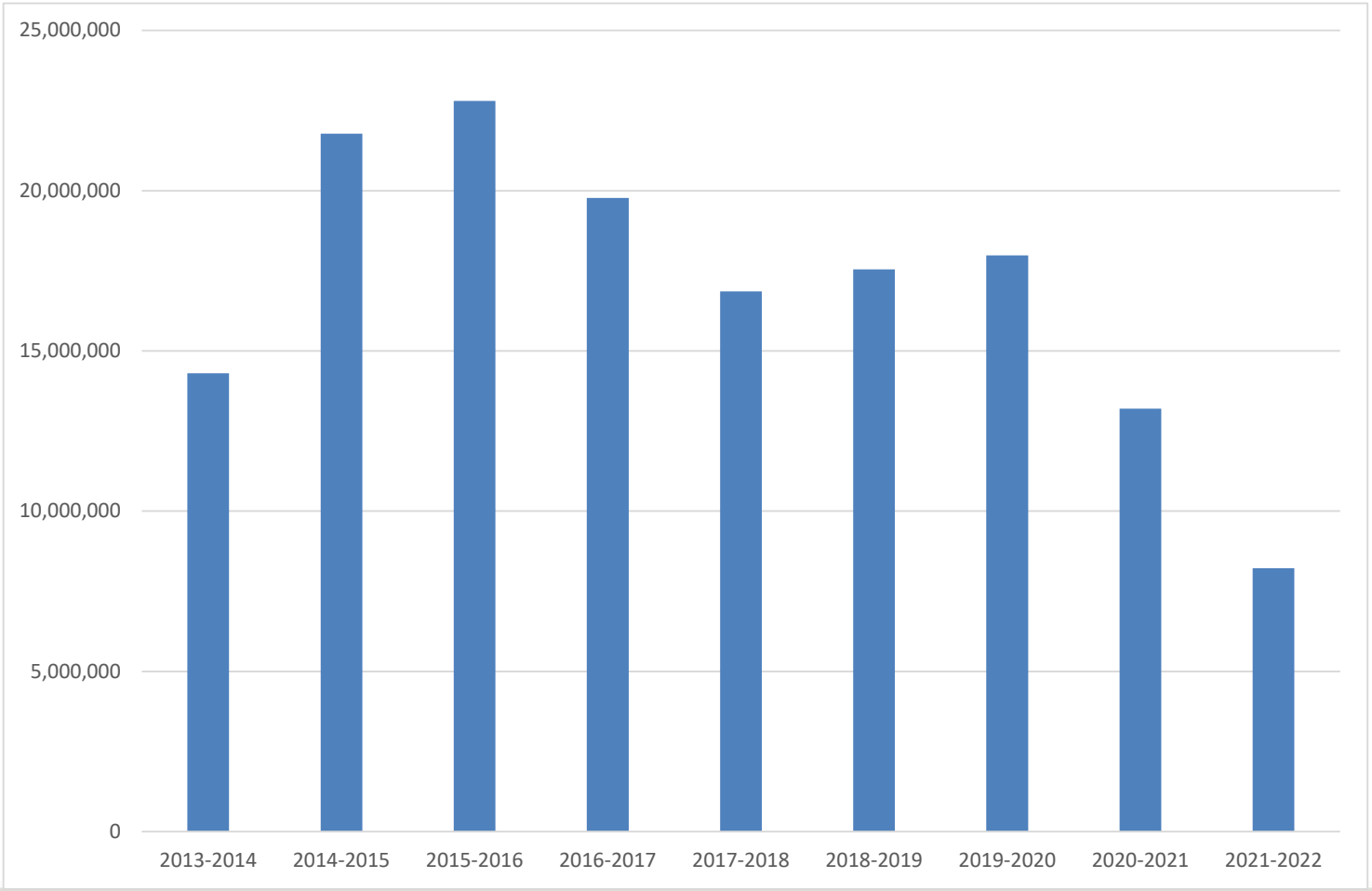
- Please refer pages 61-75 of the agenda package

- District's Policy 3170 - Operating Surplus
  - Based on K-12 Public Education Accumulated Operating Surplus Policy
  - Unrestricted operating surplus to be maintained at between 2 – 4% of previous year's operating revenue (should be $4.36M - $8.71M)
  - Currently at $1.50M

Surplus Philosophy & Strategy

Description	Actual 2021-2022	Actual 2020-2021	Variance		Actual 2021-2022	Est. 2021-2022	Variance
School Funded Balances	$ 1,407,776	$ 1,653,134	$ (245,358)		$ 1,347,625	$ 1,545,000	$ (197,375)
School Funded Balances Exceeding Reserve	(60,151)	(42,257)	(17,894)		-	-	-
The Link	76,694	80,000	(3,306)		76,694	80,000	(3,306)
International Education	-	280,000	(280,000)		-	250,000	(250,000)
Continuing Education	-	1,813	(1,813)		-	-	-
PO Commitments	1,273,565	618,487	655,078		1,273,565	630,000	643,565
Department Carryforwards (Restricted)	1,719,483	2,840,184	(1,120,701)		1,719,483	1,804,431	(84,948)
Year 1 of 5 Network Infrastructure Replacement	-	406,350	(406,350)		-	-	-
Year 2 of 2 Shops Upgrades	-	350,000	(350,000)		-	-	-
Classroom Portable	-	200,000	(200,000)		-	-	-
Carryforward - Dept CF (Unrestricted)	-	-	-		-	555,833	(555,833)
Carryforward - International (Unrestricted)	-	-	-		-	233,311	(233,311)
Carryforward - Surplus to Balance Budget	2,300,000	4,837,387	(2,537,387)		2,300,000	-	2,300,000
Carryforward - Reserve	1,172,813	1,542,641	(369,827)		1,172,813	1,542,641	(369,828)
Carryforward - Reserve International	328,441	425,000	(96,559)		328,441	425,000	(96,559)
TOTAL	**$ 8,218,621**	**$ 13,192,739**	**$ (4,974,117)**		**$ 8,218,621**	**$ 7,066,216**	**$1,152,405**

Total Surplus History



Surplus Philosophy & Strategy

- Breakout Rooms (10 minutes)

- Select a notetaker and speaker in each room

- Discussion: For the 2023-2024 Budget, should the Board:
  - continue to balance the budget with prior year surplus?
    or
  - work toward matching revenues and expenses so that there is no structural deficit? If so, should this be done in one year or over time?
  - hold an unallocated surplus for contingency? If so, how much?

- Report out (10 minutes)

Work Plan

- Please refer to page 76 of the agenda package
- January 19, 2023 Budget Advisory Committee Meeting (In-person):
  - Topics
    - Indigenous Education – Learners, Funding, and Allocation to Schools
    - Mental Health
    - Student Participation – Student Symposium Feedback
  - Department Overviews
    - Indigenous Education
    - District Team
  - Talking Tables Feedback

Work Plan

- February 9, 2023 Budget Advisory Committee Meeting (Zoom):
  - Topics
    - Student Participation – Representative Advisory Council of Students Feedback
    - Custodial Services
    - Music
  - Department Overviews
    - International Education
    - Communications
    - Facilities Services

Work Plan

- February 23, 2023 Budget Advisory Committee Meeting (In-person):
  - Topics
    - New or revisit for clarification
  - Department Overviews
    - Human Resource Services
    - Information Technology for Learning
    - Financial Services
  - Build consensus on recommendations to the Board
    - Unallocated surplus (contingency)
    - Prior year surplus to balance budget
    - Recommendations related to chosen topics
    - Other recommendations

Work Plan

- March 2, 2023 Budget Advisory Committee Meeting (Zoom):
  - Reach consensus on recommendations to the Board
    - Unallocated surplus (contingency)
    - Prior year surplus to balance budget
    - Recommendations related to chosen topics
    - Other recommendations

Work Plan

- March 9, 2023 Budget Advisory Committee Meeting (In-person):
  - Public Townhall Feedback
  - Additional time to reach consensus and finalize recommendations to Board prior to public presentation on March 14, if needed

Work Plan

- Breakout rooms (10 minutes)
- Select a notetaker and speaker in each room
- Discussion:
  - Does the sequencing of topics, department overviews, and consensus building for recommendations to the Board work? Any suggestions for improvement?
  - What information would you find useful to be presented on the chosen topics?
  - Are there other topics you want to explore?
  - Should some of the meetings be in person instead of alternating to Zoom?
- Report out (10 minutes)

Updated Timeline

- Please refer to page 77 of agenda package

- Revisions:
  1. Talking Tables moved from November 24 to January 5

Take Away

- In the chat, enter your biggest take away from today's meeting
- Any questions?

Next Meeting

- January 19, 2023 at 6:00 pm
- In-person