

TO: The Board of Education

FROM: Katrina Stride, Secretary-Treasurer

DATE: April 9, 2024

RE: **2024-2025 Annual Budget**

OPERATING BUDGET OVERVIEW

The 2024-2025 Annual Operating Budget is \$262.9 million, which is \$18.9 million higher than the 2023-2024 Annual Operating Budget of \$244.0 million.

Budget Assumptions

The following are some of the assumptions made when building the 2024-2025 Annual Budget:

- Ministry of Education and Child Care (“Ministry”) funded enrolment is based on the 2024-2025 projected enrolment submission to the Ministry in February 2024.
- Ministry per-student amount is based on the Ministry’s funding rates announced in March 2024.
- Miscellaneous revenue will remain stable and will include all known revenues.
- Community rental of facilities will remain stable.
- Interest rates earned on the funds held in the Central Deposit Program (“CDP”) are based on the current interest rate of 5.2%, and projected decreases have been incorporated as follows: a decrease of 0.25% July 1, 2024 and a further decrease of 0.25% January 1, 2025.
- Labour settlement funding for cost-of-living adjustments (“COLA”) and salary grid increases for administrators in leadership roles have not yet been announced; therefore, these have not yet been included in the 2024-2025 Annual Budget.
- Employee Benefits are based on the prior year average benefit rates per employee group and are adjusted for known and projected rate increases.
- Services and supplies expenses are status quo (no inflationary increases except for software renewals, service contracts and custodial supplies), except for reallocations within expense categories and expenses with offsetting revenues.
- Utilities budget is based on current level of usage with known and projected rate increases.
- A \$1.8 million appropriation of accumulated operating surplus from 2023-2024 has been applied against the deficit.

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.

Enrolment Changes

The District anticipates an increase in the Ministry Operating Grant funded full-time equivalent (“FTE”) of 584.817 for the 2024-2025 Annual Budget compared to the 2023-2024 Annual Budget, and an increase of 186.108 FTE compared to September 30, 2023 actual enrolment, bringing the 2024-2025 Annual Budget student FTE to 20,644.110.

The table below shows projected enrolment numbers for the 2024-2025 Annual Budget compared to the actual enrolment numbers for 2023-2024 and the projected numbers for the 2023-2024 Annual Budget.

	2024-2025 Annual Budget	2023-2024 Actual Sep 30	2023-2024 Annual Budget
School-Aged			
Elementary, Middle and Secondary	20,389	20,206	19,793
Alternative	165	161	188
Continuing Education*	27	30	30
Distributed Learning*	24	22	27
Total School-Aged	20,605	20,419	20,038
Non-Graduated Adult Students*	39	39	21
Unique Student Needs			
Students with Special Needs - Level 1	17	21	21
Students with Special Needs - Level 2	990	991	905
Students with Special Needs - Level 3	455	448	400
English Language Learners	2,378	2,379	2,202
Indigenous Education	1,519	1,518	1,489
International Students (Regular)**	890	967	925
<i>*Includes February and May 2025 estimates</i>			
<i>**International Student enrolment does not include estimated refunds of approximately 5%</i>			

Ministry Operating Grant

The funding levels per FTE for 2024-2025 have increased from the funding levels in 2023-2024. The increase is directly related to labour settlement funding that has been confirmed by the Public Sector Employers’ Council Secretariat prior to March 2024, which includes wage increases for teachers, support staff and non-educator exempt positions. It also includes labour settlement funding that was allocated as a special grant in 2023-2024, which includes COLA for teachers and support staff.

	2024-2025 Funding Levels per FTE	2023-2024 Funding Levels per FTE	Increase \$	Increase %
Basic Allocation (Standard & Alternative)	\$8,915	\$8,625	\$290	3.4%
Basic Allocation (Continuing Education)	8,915	8,625	290	3.4%
Basic Allocation (Distributed Learning)	7,200	6,960	240	3.4%
Students with Special Needs – Level 1	50,730	49,070	1,660	3.4%
Students with Special Needs – Level 2	24,070	23,280	790	3.4%
Students with Special Needs – Level 3	12,160	11,760	400	3.4%
Indigenous Education	1,770	1,710	60	3.5%
English Language Learners	1,795	1,735	60	3.5%
Non-Graduated Adult Education	5,690	5,505	185	3.4%

Operating Revenue

	2024-2025 Annual Budget	2023-2024 Annual Budget	Increase (Decrease)
Provincial Grants: Ministry of Education and Child Care	\$233,113,195	\$217,393,311	\$15,719,884
Provincial Grants: Other	283,750	274,039	9,711
Tuition	15,676,233	15,680,739	(4,506)
Other Revenue	2,876,989	1,817,162	1,059,827
Rentals and Leases	3,206,690	3,007,985	198,705
Investment Income	1,796,068	1,465,200	330,868
Total Operating Revenue	\$256,952,925	\$239,638,436	\$17,314,489

The following explains the larger variances in operating revenue:

- Provincial Grants: The District is expecting to receive \$15.9 million more in Operating Grant funding in the 2024-2025 Annual Budget compared to the 2023-2024 Annual Budget. This has been partially offset by a \$0.2 million increase in the Local Education Agreement funding deducted from the Operating Grant. The \$15.9 million increase is made up of \$5.0 million enrolment increase, \$6.0 million per student funding increase, \$0.4 million English / French Language Learners increase, \$0.1 million Indigenous Education increase, \$3.4 million Inclusive Learning increase, \$45K Equity of Opportunity grant increase, \$4K Continuing Education enrolment increase, \$9K Continuing Education funding increase, (\$42K) Distributed Learning enrolment decrease, \$4K Distributed Learning funding increase, (\$5K) Summer Learning decrease, \$0.6 million teacher salary differential increase, \$0.2 million supplement for unique geographic factors increase, \$3K Curriculum and Learning Support grant increase and \$69K in new funding for Indigenous Education Councils.
- Tuition revenue is expected to decrease by \$5K due to a decrease in international student enrolment. Some of the decrease in enrolment has been offset by an increase in international student full year tuition fees of \$500 per FTE for 2024-2025 and a further \$500 for new 2024-2025 applications received after March 31, 2024.
- Other revenue is expected to increase by \$1.1 million due to a \$0.2 million increase in Local Education Agreement funding and increased revenue from fee forfeitures, homestay fees and activity fees in international education.
- Rentals and Leases are expected to increase by \$0.2 million due to a projected consumer price index ("CPI") increase added to the license to occupy fees charged to out-of-school care service providers.
- Investment income is expected to increase by \$0.3 million due to more funds expected to be held in the CDP in 2024-2025 compared to 2023-2024, partially offset by a projected decrease in interest rates. The interest rate applied to funds held in the CDP was 5.20% at the time the 2023-2024 Annual Budget was prepared. The interest rate in March 2024 is currently 5.20% and a projected decrease of 0.25% July 1, 2024, and a further decrease of 0.25% January 1, 2025, have been built into the 2024-2025 Annual Budget.

Operating Expense

	2024-2025 Annual Budget	2023-2024 Annual Budget	Increase
Salaries	\$191,020,555	\$180,379,335	\$10,641,220
Employee Benefits	47,525,222	43,076,847	4,448,375
Services and Supplies	21,478,345	18,506,063	2,972,282
Total Operating Expense	\$260,024,122	\$241,962,245	\$18,061,877

Approximately 92% of the District's operating expense is related to staffing. The remaining 8% is spent on services and supplies.

Salaries

The following wage increases, effective July 1, 2024, have been included in the annual budget:

- Greater Victoria Teachers' Association (GVTA): 2.0% increase, 0.11% increase to the top step and regular step increases.
- CUPE 947: 2.0% increase
- CUPE 382: 2.0% increase
- Exempt:
 - Administrators in leadership roles: regular step increases
 - Non-educator exempt: 2.0% increase and regular step increases
- Trustees: 3.17% inflationary increase, effective January 1, 2025, has been estimated for Trustee stipends

Labour settlement funding for the 2.0% increase for teachers, support staff and non-educator exempt positions and support staff local table allocations has been allocated through the Operating Grant rates. The 2023-2024 labour settlement funding that was allocated as a special grant in 2023-2024, including the COLA for teachers and support staff, has also been rolled into the 2024-2025 Operating Grant rates.

Labour settlement funding for administrators in leadership roles will be allocated as a special grant pending direction from Public Sector Employers' Council (PSEC) Secretariat; therefore, no general wage increase has been included in the 2024-2025 Annual Budget.

On March 19, 2024, a 1.0% COLA was announced by the Ministry of Finance. This increase will apply to all Teachers and Support Staff salary grids effective July 1, 2024. As the Ministry funding for the increases will not be announced until after the 2024-2025 Annual Budget is approved, the expenditures and revenue have not yet been included. The revenue and expenditures related to the COLA will be adjusted in the 2024-2025 Amended Annual Budget once the funding has been confirmed.

Employee Benefits

Employee Benefits have a component that is wage-sensitive, so benefits will increase along with the wage increases noted above. Contribution limits for Canada Pension Plan have increased due to new rules that came into effect January 1, 2024. There have also been increases in Extended Health Care, Dental, Employment Insurance and WorkSafeBC rates.

Services and Supplies

The \$3.0 million increase in services and supplies can be explained by the variances in the following expense categories:

Services have increased by \$1.8 million and 27.3%.

- Legal fees have increased by \$0.2 million to reflect historical spending and an increase in Coordinated Legal & Arbitration Support Services ("CLASS") fees. CLASS is a shared service that conducts grievance arbitrations and labour litigation on behalf of the K-12 public sector. CLASS is moving to a usage-based factor to the fee calculation, which will increase our fees in 2024-2025.
- Software maintenance has increased by \$0.3 million in 2024-2025, reflecting vendor fee increases.
- The Digital Services Recovery ("DSR") is a shared service to reduce costs associated with administration and reporting for the digital services provided to schools and districts. These fees are projected to increase by 0.1 million in 2024-2025 relative to the 2023-2024 Annual Budget.

- Agent fees have increased by \$0.9 million relative to the 2023-2024 Annual Budget. Sufficient budget was not provided for international education agent fees in the 2023-2024 Annual Budget as the department expenditures were reduced during budget deliberations. Until the department had a chance to perform a review of expenditures to identify specific reductions, the entire reduction was applied against agent fees.
- In the 2023-2024 Annual Budget, the portable move budget was reduced. As this was a one-time reduction, \$60K has been added back in the 2024-2025 Annual Budget.
- Bank service charges have increased by \$81K reflecting an increase in SchoolCash Online fees.

Student Transportation has increased by \$0.1 million and 14.9% to reflect actual historical spending in the short-term international education program.

Dues and Fees increased by \$80K and 163.8%. In April 2023, the Board passed a motion to end its membership with the British Columbia School Trustees Association for the 2023-2024 school year. This resulted in a reduction of \$60K in the 2023-2024 Annual Budget. However, the motion was rescinded after the approval of the budget. This has been adjusted in the 2024-2025 Annual Budget.

Insurance expense has increased by \$0.1 million and 24.8% due to an increase in the annual cost of insurance through the School Protection Program.

Supplies have increased by \$0.6 million and 11.3%.

- Custodial supplies increased by \$0.1 million due to cost escalations in chemicals and paper products.
- Food increased by \$75K reflecting an increase in cafeteria revenue.
- Instructional supplies increased by \$0.3 million reflecting an increase in school supply allocations due to enrolment growth and an increase in Pathways and Partnerships consumables.

Utilities have increased by \$0.3 million and 5.8% reflecting an increase in utility provider rates.

2024-2025 Budget Deficit

A \$6.0 million deficit has been projected in the 2024-2025 Annual Operating Budget. However, a \$1.8 million appropriation of accumulated operating surplus from 2023-2024 has been identified and applied against the deficit, which reduces it to \$4.1 million. The \$4.1 million deficit equals approximately 1.6% of the 2024-2025 budgeted operating expenses.

Budget Deficit Comparison

Prior to implementing any balancing strategies, the projected deficit for 2023-2024 was \$3.8 million, compared to \$4.1 million projected for 2024-2025.

	2024-2025 Projected Deficit	2023-2024 Projected Deficit
Total Revenue	\$256,952,925	\$239,638,436
Total Expense	260,024,122	244,706,630
Net Revenue (Expense)	(3,071,197)	(5,068,194)
Budgeted Prior Year Surplus Appropriation	1,847,592	2,203,057
Net Transfers (to) from other funds:		
Tangible Capital Assets Purchased	(2,912,115)	(980,000)
Budgeted Surplus (Deficit), for the year	(\$4,135,720)	(\$3,845,137)

Change in Financial Circumstances

Accumulated Operating Surplus

The accumulated operating surplus at the end of 2023-2024 is projected to be \$5.1 million, compared to \$6.8 million in 2022-2023 and \$8.2 million in 2021-2022.

	2023-2024 Projected	2022-2023 Actual	2021-2022 Actual
Project Budgets	\$1,282,474	\$2,261,658	\$1,719,483
School Level Funds	1,000,000	997,230	1,424,319
Purchase Order Commitments	400,000	826,655	1,273,565
Planned Surplus to Balance Budget	1,847,592	2,139,002	2,300,000
Unrestricted Operating Surplus - Contingency	617,113	617,113	1,172,813
Unrestricted International Surplus - Contingency			328,441
Accumulated Operating Surplus, end of year	\$5,147,179	\$6,841,658	\$8,218,621

Planned Surplus to Balance Budget

There is a projected surplus of \$1.8 million for 2023-2024 that can be used to help balance the 2024-2025 Annual Budget. This has been included in the 2024-2025 Annual Budget.

Unrestricted Operating Surplus – Contingency

As per District Policy 3170 - Operating Surplus, the unrestricted operating surplus should be maintained at between 2% and 4% of the previous year's operating expense; this amounts to between \$4.59 million and \$9.18 million. The current balance of \$0.6 million equates to 0.27% of the previous year's operating expense. There are many unpredictable events that can happen during the year, including unexpected increases in expenses and/or decreases in revenues, emergent operating issues, unrealized enrolment projections and unexpected grievances/arbitrations. A reasonable contingency should be maintained to support effective planning, mitigate financial risk and support consistent service to all students in the District.

Local Capital Reserve

The balance in the Local Capital Reserve at the end of 2022-2023 was \$0.6 million. These funds were approved to be used in the 2023-2024 budget to fund amenities for Victoria High School.

The Local Capital Reserve received no new funding in 2023-2024. There is no funding available in Local Capital Reserve to balance the 2024-2025 Annual Budget.

Budget Balancing Strategy

The budget balancing strategy in prior years has included using accumulated operating surplus and Local Capital Reserves to offset the budget deficit. The projected 2023-2024 accumulated operating surplus has been used to help balance the 2024-2025 Annual Budget. However, there are no Local Capital Reserves available.

2024-2025 Budget Balancing Recommendation

Incorporating the feedback received through the budget development process and from the Board, budget balancing initiatives are detailed below and are also included in a worksheet format in the Appendices.

Reductions: Ongoing (\$2,741,624)

- Replace student devices at a ratio of 3:1 instead of 2:1 at Middle & Secondary and a ratio of 4:1 instead of 2:1 at Elementary which means less class sets of devices in schools. Elementary allocations will be based on creating parity among schools. This will result in savings of \$0.6 million.
- A \$19K reduction in Pathways & Partnerships for historic support of a low enrolling trades class (one block) at a Secondary School.
- A \$77K reduction to Inclusive Learning Contingency which can come from enrolment growth and/or holding back funds until September 30 enrolment has been confirmed. This contingency has historically not been used.
- A \$0.2 million reduction to School and District-Based Inclusive Learning by reducing 1.6 FTE non-enrolling teachers across schools and district which will bring the teacher FTE closer to the contractual ratio. Historically, the ratio has been in excess of 5 FTE compared to what is required in the GVTA Collective Agreement. Reductions will not be made in priority schools.
- A \$0.3 million reduction to School and District-Based Inclusive Learning by reducing the number of Educational Assistant positions that we have not been able to fill.
- Move to a Value Based Pricing model for KEV SchoolCash Online. Transaction fees will be included in the cost of the item and be paid by parents at time of purchase. This will save the district \$0.2 million in software, bank, and point of sale service charges.
- A \$0.1 million reduction in the interest provided to schools on their non-public account balances from the District interest revenue account.
- A \$0.2 million Counselling reduction which includes a 1.0 FTE District position that is vacant and will not be filled and a 0.1 FTE reduction at 4 Elementary schools (0.4 FTE) which will bring the teacher FTE closer to the contractual ratio. Historically, the ratio has been in excess of approximately 10 FTE compared to what is required in the GVTA Collective Agreement.
- A \$40K reduction to The Link which is currently operating at a deficit. Will explore the potential to transfer funding from the students' home schools to support them while at the Link.
- A \$25K reduction to the Emergency Preparedness budget by centralizing purchases, rather than providing funds directly to schools.
- A \$25K reduction in the funds provided to GVTA for Professional Development. GVTA has received additional professional development funds through the collective agreement in 2024-2025.
- An \$8K reduction to the TTOC support for Indigenous Education. Will be moving from district-funded TTOC replacement to Indigenous Education Department-funded TTOC replacement.
- A \$13K reduction in Indigenous-Focused Grad course support (half of 2023-2024 funding). In 2023-2024, \$25K was provided to support the first year of implementation for the Indigenous-Focused Grad Requirement. The course was supported in 2023-2024 and we now have two Provincially trained trainers who can support schools in 2024-2025.
- Information Technology Managed Print Strategy (MPS) Cost Reduction Initiative to provide savings of \$50K which means less printing and an increased number of service years for print devices.
- Change in Tolmie building mail services by moving to BC Mail Plus and a reduction in postage will save \$3K.
- The vacant Manager, Labour Relations position is being reduced for a savings of \$0.2 million.
- A reduction in school supply allocations will result in savings of \$0.6 million.
- An 18% reduction in International Education supply budgets will result in savings of \$0.1 million.
- A 63% reduction in Trustee supply budgets will result in \$12K savings.

- A 20% reduction in Deputy/Associate Superintendent, Facilities Services, Financial Services, Human Resource Services, Information Technology for Learning, Superintendent, Purchasing and Secretary-Treasurer supply budgets will result in a \$30K savings.
- A 20% reduction in Psychologists, Inclusive Learning, Levelled Support and Pathways & Partnerships supply budgets will result in savings of \$22K.
- A \$2K reduction in the district-wide sewing machine repair budget. This budget has not been used in the last few years, as schools have been paying for their own repairs.

Reductions: One-Time (\$547,130)

- Due to a teacher retirement, the Aviation Program will not be offered in 2024-2025 which will result in \$45K one-time savings.
- Facilities Services has been able to identify one-time savings in 2024-2025 totaling \$0.5 million. One-time savings include no annual window cleaning, fewer vehicle leases, 1.0 FTE Tech II position and 0.5 FTE Paint Foreperson position moved to capital, 2.0 FTE painter retirements not filled for 2024-2025, and 2% of painting and carpentry supplies charged to the Annual Facility Grant (AFG).
- A temporary savings of \$46K due to a position not being backfilled when employee on a partial temporary leave of absence.

Shifts in Practice: Ongoing (\$466,970)

- Moving 0.5 FTE Deputy/Associate Superintendents Senior Management Assistant position to be paid from Feeding Futures, resulting in a savings of \$37K.
- Moving Cafeteria Assistants to be paid from Feeding Futures Funding instead of Operating, resulting in a savings of \$86K.
- A \$0.3 million reduction in CommunityLINK expenses will allow for other operating expenses to be moved into CommunityLINK. Some of the programs or services that would no longer be a part of CommunityLINK are Behavior Interventionist to be paid for from School-Based Inclusive Learning, a reduction in Gay-Straight Alliance (GSA), PISE Physical Literacy Support, COMPASS/Stabilization, Social Emotional Learning (SEL)/Mental Health (MH) Support and TTOC Support to 2 Elementary Schools.
- Reduce the Critical Incidence Response Team budget by \$5K; this will be paid from CommunityLINK.
- Move 0.20 FTE District Principal into the ELL budget for a reduction of \$39K.
- An \$11K reduction in duplicate staffing at Oak Bay High School for District Ukulele. There is no overall reduction in FTE. The school that hosts the Ukulele program generates some staffing for this already. That portion of FTE will come from the school's staffing budget.

Shifts in Practice: One-Time (\$120,000)

- It is projected that there will be a \$0.1 million surplus in CommunityLINK that can be carried forward to next year in order for some eligible operating expenses to be shifted from Operating for one year.

Shifts in Practice: Reallocation (\$137,173)

- Moving elementary strings to a hub model with 14 hubs offering 45-minute classes twice a week will provide a net savings of \$0.1 million.

Additions: Ongoing \$70,000

- An increase of \$35K to pilot a guaranteed EA relief position at one priority school for half a year.
- An increase of \$35K for additional EA Mentorship FTE to assist with EA skills development and support for EAs in Middle Schools.

Increase Revenue: Ongoing (\$142,823)

- Limiting when schools can block off rental space for the Spring will allow for the generation of additional rental revenue of \$15K.
- Add \$128K miscellaneous revenue for Crossing Guard Services representing the funding shortfall from the District of Saanich.

Increase 2023-2024 Operating Surplus (Carryforward): One-Time (\$50,000)

- In the 2022-2023 school year, carry forward limits for schools were temporarily reduced for one year. Maintaining the school carry forward limit reduction of \$40,000 to \$25,000 for Elementary & Middle and \$80,000 to \$50,000 for Secondary at June 30, 2024 is projected to save \$50K.

Budget Bylaw

The Budget Bylaw below encompasses all funds and does not include any of the budget balancing initiatives.

	2024-2025 Annual Budget	2023-2024 Annual Budget
Operating – Total Expense	\$260,024,122	\$241,962,245
Operating – Total Capital Assets Purchased	2,912,115	2,018,250
Special Purpose Funds – Total Expense	40,171,692	38,374,180
Special Purpose Funds – Total Capital Assets Purchased	100,000	100,000
Capital Fund – Total Expense	18,741,313	15,875,941
Capital Fund – Total Capital Assets Purchased from Local Capital	-	2,397,594
Total Budget Bylaw Amount	\$321,949,242	\$300,728,210

If the budget balancing initiatives are implemented as presented, the Operating – Total Expense amount of \$260,024,122 will be reduced by \$3,342,253 to a balance of \$256,681,869 and the Operating – Total Capital Assets Purchased amount of \$2,912,115 will be reduced by \$600,644 to a balance of \$2,311,471. The Total Budget Bylaw Amount will be reduced to \$318,006,345.

The difference between the deficit of \$5,983,312 and the \$3,942,897 adjusted to Operating – Total Expenses and Operating – Total Capital Assets Purchased is \$2,040,415, of which \$142,823 relates to revenue additions and \$1,897,592 relates to additions to the Budgeted Prior Year Surplus Appropriation.

Recommended Motion

That the Board of Education of School District No. 61 (Greater Victoria) 2024-2025 Annual Budget Bylaw in the amount of \$318,006,345 be:

READ A FIRST TIME THE 9th day of April, 2024;
READ A SECOND TIME THE 9th day of April, 2024.

Appendices

2024-2025 Budget Balancing Recommendation Worksheet

Draft 2024-2025 Annual Budget Ministry Template

Draft Multi-Year Financial Forecast Memo and Worksheet