

School District #62 (Sooke) 2019/20 Budget Narrative

INTRODUCTION

This budget narrative document for School District #62 (Sooke) is meant to provide a high level overview of the financial plan required to deliver on the goals and objectives of the District's Strategic Plan. The Board of Education has defined the strategic direction for the District and also has the responsibility to resource the work required to meet the desired outcomes found in the Strategic Plan. This document reflects the necessary revenue required to fund the District's operations and how the expenditures are expected to be made.

EXECUTIVE SUMMARY

The District is required to approve an annual budget per Section 111 of the School Act. The Ministry of Education has prescribed how the annual budget must be submitted (per the attached budget template). Given the large amount of details that are included in the budget template, this narrative has been created to summarize the major components of the budget for easy digestion.

The annual budget bylaw totaling \$143.060 million (m) is broken down into the Operating Fund of \$114.549 m, the Capital Fund of \$9.352 m and the Special Purpose Fund of \$19.159 m.

The **Operating Fund** outlines the revenues and expenditures required to deliver the daily operations of the District and is comprised of four components: revenues, expenses, tangible capital assets purchased, and operating surplus or deficit. The majority of this document will be focused on the Operating Fund.

The **Capital Fund** represents the amount of tangible capital assets purchased and tangible capital assets that are a work in progress.

The **Special Purpose Fund** accounts for all restricted contributions received, with the exception of capital contributions and unearned revenues (tuition, rentals, etc.). These restricted funds include the Annual Facilities Grant (AFG), Learning Improvement Fund (LIF), Classroom Enhancement Fund (CEF) and School Generated Funds (SGF).

REVISED BUDGET DEVELOPMENT PROCESS

Top Down to Bottom Up

For the last several fiscal/school years, the District has taken a top down approach to its budget development process. This has resulted in staff taking the previous year's budget as the base and making the necessary adjustments to that base in order to balance the budget. Stakeholder groups would be provided with the current year's budget context and be asked to provide input to the Board on how they would like the budget to be adjusted.

Although this process resulted in balanced budgets, it did not take a critical view of how and where the District spends its funding. Historical budget amounts were taken at face value and not deeply questioned. Part of the reasoning behind taking this approach was that there was not clear direction on the goals and desired outcomes of the District. This was corrected in June 2018 as the Board approved the District’s first Strategic Plan. This year’s budget process included a critical review of all discretionary expenditures using the goals and objectives of the Strategic Plan as the guiding document to create a bottom up approach. The discretionary expenditures were then added to the core or statutory expenditures to equal the total operating budget.

Core + Discretionary = Total Operating Budget
\$132.027 + \$11.033 = \$143.060 m

The other major change in the process was increasing the number of “touches” on the budget by staff and stakeholders. The District’s Leadership Team (Principals, Vice Principals, Directors and Managers) reviewed, prioritized and recommended funding levels for discretionary budget lines.

The Resource Committee also reviewed the prioritized listing of discretionary budget amounts and provided feedback to Trustees on the proposed plan. This allowed our stakeholder groups direct access to Trustees to discuss budget specific decisions prior to being reviewed by the entire Board.

These changes were implemented to the budget development process to increase transparency of the process and to ensure the Strategic Plan was the key document in determining how funding is being proposed to be spent.

LINK TO THE STRATEGIC PLAN

Throughout this year’s budget development process, staff have used the Strategic Plan as the document to guide the prioritization of the discretionary expenditures (\$11.033 m). The following table reflects how the discretionary budget is being proposed to be allocated based on the District’s goals:

	18/19 AMENDED BUDGET		19/20 PRELIM BUDGET		\$ AMOUNT
	\$ AMOUNT	% ALLOCATION	\$ AMOUNT	% ALLOCATION	INCR / (DECR)
#1 LEARNING	6,710,982	66.97%	6,055,482	54.88%	(655,500)
#2 ENGAGEMENT	202,294	2.02%	4,294	0.40%	(158,000)
#3 GROWTH	3,108,336	31.02%	4,933,336	44.71%	1,825,000
TOTAL	10,021,613	100.000%	11,033,113	100.0%	1,011,500

The large increase in Growth related funding is due to the dedicated resources being earmarked for the implementation of the IT Plan. This is structural funding for the ongoing support of the IT infrastructure.

The reduction in Learning based funding is largely a result of the underspend in Student Support Services funding over the supplemental funding allocation provided by the funding formula.

FEEDBACK RECEIVED FROM OUR STAKEHOLDERS

On March 5th, the Board hosted individual and in-camera meetings with each of the District's direct stakeholders (teachers, CUPE and parents). These meetings provided our stakeholders an opportunity to raise their budget issues directly with the Board of Education.

From these meetings, a number of common themes were identified with strong linkages to the Strategic Plan. These themes are summarized as follows:

- Employee safety and wellness (G2/O1)**
- Pay Equity & Equal Hours (G2/O4)**
- Additional Staff – non-enrolling, payroll & IT (G3/O1)**
- Training & full replacement (G2/O5)**
- Emergency Prep (G3/O4)**

Student and staff safety remains paramount to the District as we deliver learning opportunities in a safe and respectful environment. Dedicated funding has been planned for the Safer Schools Program (\$75,000) as well as Restitution/Social Emotional Learning (\$220,000). Both of these areas of funding will continue to address the safety and wellness of the people in our schools and buildings.

The support staff pay grid challenges (equity, competitiveness with the private sector and heavy use of premiums) is being reviewed as we close out the current fiscal year. A compensation consultant has been retained and is currently looking at our pay grid to develop recommendations for the employer and union to consider.

The District has also been able to increase its staffing complement in the areas of teachers, facilities, payroll, information technology and human resources. These additional resources are largely due to growth and will allow the District to deliver and support the delivery of educational programming.

Significant investment over the last couple of years has transpired in the areas of training and development – both on the teacher and support staff side. The District expects the first year of the Human Resources Operational Plan will ensure our training and development funds are spent in the most effective and efficient manner possible.

Finally, an additional \$10,000 is being planned to be spent on Emergency Prep in the District. This is further to the \$100,000 spent over the last year in this area.

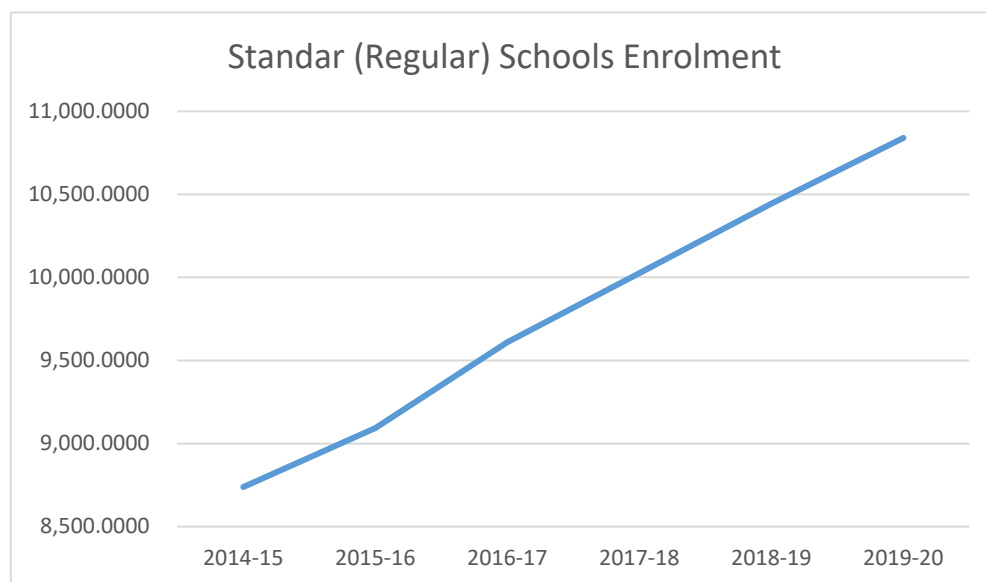
KEY BUDGET DRIVERS

Enrolment

Enrolment continues to be the key driver in the operating budget and consistent with previous years, enrolment is estimated to continue to grow. To illustrate this growth, the following tables reflects the actual enrolment for the last several years combined with the next year's estimate based on the Standard (Regular) School FTE count:

Standard (Regular) Schools Enrolment

YEAR	FTE
2014-15	8,738.1250
2015-16	9,094.2500
2016-17	9,609.3125
2017-18	10,026.0000
2018-19	10,443.6250
2019-20	10,840.0000



Breaking down the numbers between the current year (18/19) and next year, we are estimating to grow by 396.38 FTEs in the Standard (Regular) School Count for September but have a reduction in the February and May counts of Distributed Learning and Continuing Education FTEs. The comparison is highlighted below.

	FY20 BUDGET	FY19 BUDGET	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
ENROLMENT (in FTE) SEPTEMBER	A	B	C = A-B	D = C/B
STANDARD (REGULAR) SCHOOLS	10,840.00	10,443.63	396.38	4%
CONTINUING EDUCATION	21.00	21.00	-	0%
ALTERNATE SCHOOLS	240.00	243.00	(3.00)	-1%
DISTRIBUTED LEARNING	124.69	124.69	-	0%
HOME SCHOOLING & COURSE CHALLENGES	6.00	6.00	-	0%
DESIGNATED STUDENTS	682.00	655.00	27.00	4%
ENGLISH LANGUAGE LEARNING	551.00	551.00	-	0%
ABORIGINAL EDUCATION	1,173.00	1,173.00	-	0%
ADULT EDUCATION	10.00	12.88	(2.88)	-22%
TOTAL SEPTEMBER COUNT	13,647.69	13,230.19	417.50	3%
FEBRUARY COUNT	136.00	163.00	(27.00)	-17%
MAY COUNT	46.00	115.00	(69.00)	-60%
TOTAL ENROLMENT	13,829.69	13,508.19	321.50	2%

Teacher FTE and Average Salaries

Another driver of the budget is Teacher FTEs and the average salary and benefit costs of those teachers. From the current year, staff are proposing to add 9.27 teacher FTEs to the budget and we are estimating the average annual salary of those teachers will be \$78,951. Adding in benefits at 26% of salary, the total cost for a teacher, for budgeting purposes, is roughly \$100,000/FTE.

FY20 TOTAL BUDGETED STA TEACHERS (IN FTE)	690.95
FY19 TOTAL BUDGETED STA TEACHERS (IN FTE)	681.68
TOTAL BUDGETED INCREASE OF STA TEACHERS	9.27

BUDGETED AVERAGE TEACHER SALARY (EXCLUDING AB ED)	\$ 78,950.52	
BUDGETED AVERAGE TEACHER BENEFITS (EXCLUDING AB ED) - 26% OF SAL	\$ 20,527.14	26.00%
TOTAL BUDGETED AVERAGE TEACHER SAL/BEN (EXCLUDING AB ED)	\$ 99,477.66	

Budget by Object

Another measurement is how the budget is broken down between salary and benefits. The following table reflects how next year's budget is planned to be spent and the following graph reflects by percentage, how SD#62 compares to the provincial average.

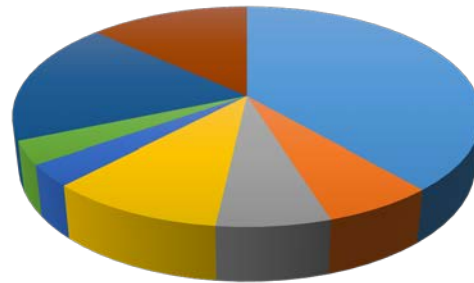
	FY20 PRELIM BUDGET	FY19 AMENDED BUDGET	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
	A	B	C = A-B	D = C/B
SALARIES & BENEFITS				
TEACHERS SALARIES	44,272,507	42,673,214	1,599,293	3.7%
PVP SALARIES	7,436,644	7,301,552	135,092	1.9%
EA SALARIES	7,605,103	7,532,924	72,179	1.0%
SUPPORT STAFF SALARIES	11,760,835	11,047,860	712,975	6.5%
OTHER PROFESSIONAL SALARIES	3,644,396	3,638,503	5,893	0.2%
SUBSTITUTES SALARIES	3,858,742	3,806,170	52,572	1.4%
TOTAL SALARIES	78,578,227	76,000,223	2,578,004	3.4%
EMPLOYEE BENEFITS	20,883,636	19,825,174	1,058,462	5.3%
TOTAL SALARIES AND BENEFITS	99,461,863	95,825,397	3,636,466	3.8%
	26.58%	26.09%		

Notes:

- 1) Increase in benefit rate due to Employer Health Tax for full year, offset by MSP ending Dec 31 2019
- 2) Funding has been provided for May 2019 negotiated increases – additional funding to follow for any increases negotiated for July 1, 2019 onwards.

TOTAL SERVICES AND SUPPLIES	15,086,957	15,440,503	(353,546)	(2.3%)
TOTAL OPERATING EXPENSES	114,548,820	111,265,900	3,282,920	3.0%

FY20 EXPENSES BY OBJECT



- TEACHERS SALARIES (SD62=38.6%; Prov=42.5%)
- PVP SALARIES (SD62=6.5%; Prov=5.6%)
- EA SALARIES (SD62=6.6%; Prov=7.5%)
- SUPPORT STAFF SALARIES (SD62=10.3%; Prov=9.1%)
- OTHER PROFESSIONAL SALARIES (SD62=3.2%; Prov=2.6%)
- SUBSTITUTES SALARIES (SD62=3.4%; Prov=3.1%)
- EMPLOYEE BENEFITS (SD62=18.2%; Prov=17.1%)
- TOTAL SERVICES AND SUPPLIES (SD62=13.2%; Prov=12.5%)

Budget by Function

The budget can also be broken down by Function (Instruction, Admin, Ops. & Maintenance and Transportation).

	OPERATING FUND SCHEDULE 2		
	19/20	18/19	Incr / (Decr)
	Annual \$	Amended \$	\$
Revenues			
Provincial Grants			
Ministry of Education	106,120,530	101,045,483	5,075,047
Municipal Grants Spent on Sites			0
Tuition	6,996,209	6,996,209	0
Other Revenue	841,051	861,051	(20,000)
Rentals and Leases	388,500	388,500	0
Investment Income	202,530	202,530	0
Amortization of Deferred Capital Revenue		0	0
Amortization of Deferred Capital Revenue - for long term lease		0	0
Total Revenue	114,548,820	109,493,773	5,055,047

Expenses

Instruction	96,549,035	92,650,963	3,898,072
District Administration	4,895,314	4,630,315	264,999
Operations and Maintenance	10,484,666	11,465,573	(980,907)
Transportation and Housing	2,619,805	2,519,049	100,756
Total Expense	114,548,820	111,265,900	3,282,920
Net Revenue (Expense)	0	(1,772,127)	1,772,127
Budgeted Prior Year Surplus Appropriation		3,163,062	(3,163,062)
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(1,390,935)	1,390,935
Surplus (Deficit), for the year	0	0	0

The functional split of the District vs. the Provincial Average:

Budgets by Function as a %

Function	SD62	Provincial	+/-
Instruction	84.3%	82.8%	1.5%
Administration	4.3%	3.8%	0.5%
Maintenance	9.2%	11.5%	(2.3%)
Transportation	2.3%	1.9%	0.4%
Total	100.0%	100.0%	

Next Steps

Once the annual budget is approved by the Board, staff will load the amounts into the District’s financial system to begin the school/fiscal year. The budget will then be amended based on actual September enrolment and staff will request the Board pass the Amended Budget Bylaw by February 28, 2020.