



**School District 63 Saanich  
Budget 2018/19  
Community Budget Meeting**

Wednesday, April 11 at 7:00 p.m.  
Bayside Middle School  
Multi-Purpose Room



## Overview of Meeting

- 7:00 pm Introductory Comments
- 7:15 pm Presentation and Q and A
- 7:45 pm Working Session and Report-Out
- 8:45 pm Final Comments and Next Steps
- 9:00 pm Adjourn



# Overview of Presentation

- ✓ The Budget Planning Timeline
- ✓ What is a Balanced Budget?
- ✓ The Context for Budget 2018/19
- ✓ Balancing the 2018/19 Preliminary Budget
- ✓ Next Steps
- ✓ Questions and Answers
- ✓ Introduction to Working Session





# Budget Planning Timeline

January 25, 2018	Budget Advisory Committee
February 14, 2018	Board Meeting
February 20, 2018	Provincial Budget 2018 released
February 27, 2018	Budget Advisory Committee
March 14, 2018	Board Meeting
March 15, 2018	Operating Funding Announced
April 4, 2018	Budget Advisory Committee
April 11, 2018	Community Budget Meeting
April 18, 2018	Board Meeting
April 19, 2018	Management Team Working Session
April 25, 2018	Budget Advisory Committee
May 7, 2018	Special Board Budget Meeting
May 16, 2018	Board Meeting (final approval)

## What is a Balanced Budget?

- ▶ School districts are required to budget for three funds - operating fund, special purpose fund and capital fund
- ▶ The budgetary process focuses primarily on the operating fund, because funding in the special purpose and capital funds are targeted to specific purposes.
- ▶ The school act and ministerial orders require that the operating fund remain in an accumulated surplus position - this means that revenues from all previous years must exceed expenses from all previous years
- ▶ If a school district has accumulated surplus it can be used like savings to increase the budget for a particular year



## Preliminary and Amended Budgets

- ▶ School Boards adopt two budgets for each fiscal year:
  - ▶ A preliminary budget is adopted before June each year for the following fiscal year based on forecasted enrolment; and
  - ▶ An amended budget is adopted before February during each year reflecting actual fall enrolment and funding.
  
- ▶ As funding is primarily enrolment based, the preliminary budget currently under development will be “amended” once fall enrolment is confirmed.
  
- ▶ The preliminary budget reflects some conservatism to reduce the risk of deploying resources that are not funded.





## Operating Fund: Sources of Revenue

2017/18 Budgeted Revenues	
Provincial Grants	\$63,012,590
Tuition	\$4,524,900
Other Revenue	\$5,791,318
Rentals and Leases	\$291,750
Investment Income	\$180,000
Total Revenues	\$73,800,558



## Operating Fund: How Revenues are Spent

2017/18 Budgeted Expenses	
Instruction	\$63,157,135
District Administration	\$2,993,313
Operations and Maintenance	\$7,457,349
Transportation and Housing	\$1,270,117
Total	\$74,877,914





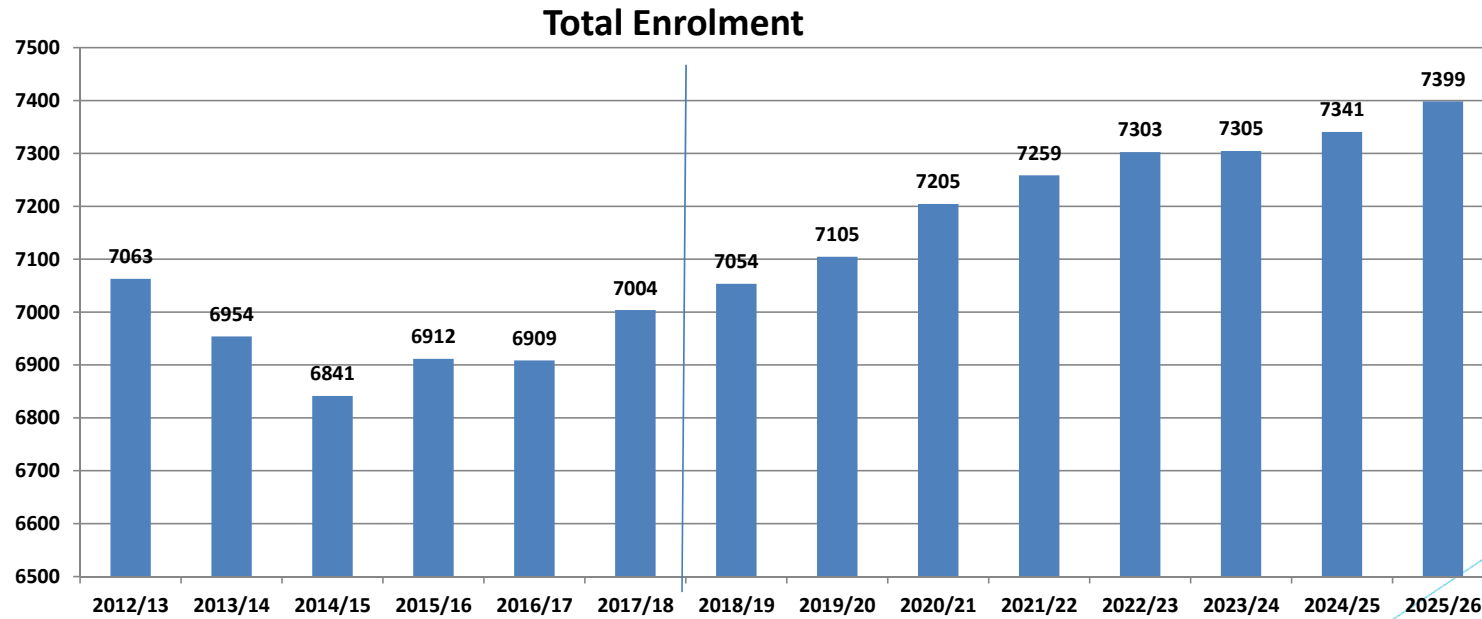
## **The Context for Budget 2018/19**

- ✓ Projected Student Enrolment
- ✓ Restoration of Class Size and Composition Language
- ✓ Education Funding Model Review
- ✓ SD63 Strategic Priorities
- ✓ Accumulated Operating Surplus
- ✓ Estimated 2018/19 Budget Balance



# Projected Student Enrolment

After declining for many years, enrolment is now growing





## Restoration of Class Size & Composition Language

- ▶ In November 2016, the Supreme Court ruled that language related to class size and composition removed in 2002 from the teachers collective agreement was to be restored
- ▶ For the 2017/18 school year, restoration of the language resulted in the addition of more than 40 teachers. It also resulted in other costs including classroom set-up, facility expansion and administration.
- ▶ The cost of the restoration is funded through the Classroom Enhancement Fund (CEF) reported in the special purpose fund. In 2017/18, the district received \$6.3 million for restoration.
- ▶ While the cost is funded through the special purpose fund, the restoration of the contract language has important implications for balancing the operating fund budget.



## Operating Fund Implications of Restoration

- ▶ The district has fewer options for balancing the operating budget because:
  - ▶ with the restored contract language, approximately 50% of the operating budget is allocated to contractually required teaching positions; and
  - ▶ opportunities to find budget savings elsewhere is limited due to significant historical budget reductions to administration and operations.
  
- ▶ There is greater uncertainty regarding the operating fund budgetary balance because:
  - ▶ there is ambiguity with the allocation of costs and savings between the operating fund and the CEF; and
  - ▶ the quantum of CEF funding is subject to review and approval following the Board's adoption of a preliminary budget.



## Education Funding Model Review

- ▶ The Ministry of Education is undertaking a review of the K-12 Public Education Funding model.
- ▶ The Ministry expects that the new funding model will be in place for the 2019/20 school year.
- ▶ While this does not impact the budgetary balance for 2018/19, it means there is uncertainty regarding the district's future structural budget balance.



## SD63 Strategic Priorities

The following budget increases (\$468,874 in total) have been proposed because they link to important outcomes identified by the district's strategic planning and risk management processes:

- \$200,000 - Information Technology - Renewal of Infrastructure/Equipment
- \$193,874 - Teacher Leadership Positions
- \$75,000 - Renewal of Communications Platform



## Accumulated Operating Surplus

- ▶ Accumulated operating surplus can be used like savings to increase budgeted expenditures for a particular year.
- ▶ An appropriate accumulated operating surplus balance needs to be maintained to reduce budgetary risk and allow the district to more effectively respond to unforeseen events and emerging cost pressures.
- ▶ The district allocated \$500,000 of accumulated operating surplus to contingency reserve in its 2017/18 amended budget. This means \$500,000 of accumulated operating surplus was not allocated to budgeted expenditures.

## **Accumulated Operating Surplus Cont.**

- ▶ At this time, we expect unallocated accumulated surplus to increase from \$500,000 to more than \$1,500,000 because of savings relative to budget.
- ▶ This increase in accumulated surplus is available to fund additional expenditures in 2018/19 if necessary.
- ▶ To the extent that budgetary savings do not persist, funding expenditures by using accumulated surplus is not sustainable.



## Estimated 2018/19 Budget Balance

Employer Health Tax (EHT)	\$520,000
MSP Savings	-\$245,000
Other Unfunded Inflationary Pressures	\$533,631
<b>Total Inflationary Pressure</b>	<b>\$808,631</b>
Proposed Budget Increases	\$468,874
<b>Total Budget Pressure</b>	<b>\$1,277,505</b>



## Options for Balancing the 2018/19 Budget

### Staff Recommendation:

Defer proposed budget increases (for now) and balance the budget by allocating \$808,631 from projected accumulated operating surplus

### Reasons for recommendation:

- ▶ Limited options for finding budget reductions
- ▶ Fiscal balance uncertain / Potential for further cost savings
- ▶ Funding formula review - future of funding uncertain

## Next Steps to a Balanced Budget

- ◆ Today we are seeking feedback on the following:
  - the approach proposed for balancing the 2018/19 preliminary budget, and
  - the strategic priorities identified.
  
- ◆ The next Budget Advisory Committee meeting is scheduled for April 25<sup>th</sup> and will be informed by:
  - information gathered in today's session, and
  - the management team budget session on April 19<sup>th</sup>.



*Questions and Answers Prior  
to Working Session*





## Working Session

*Question for each of you:*

What background and perspective do you bring to this discussion and, given this, what advice would you give to the board?

Please take 5 minutes to consider this question and document your answer in the worksheet provided.

## Working Session

*At each table discuss the following questions:*

- ▶ Do you agree with the approach proposed for balancing the 2018/19 preliminary budget?
- ▶ To the extent the Board is able, where should additional budget be allocated to best support important strategic outcomes and address risk?

*Please record in the worksheets provided and plan to report out, briefly, at the end.*



*Thank you for your support today.*

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