

Budget Advisory Working Group

2023/2024 Annual Budget

March 9, 2023

Meeting Objectives

1. Budget Information

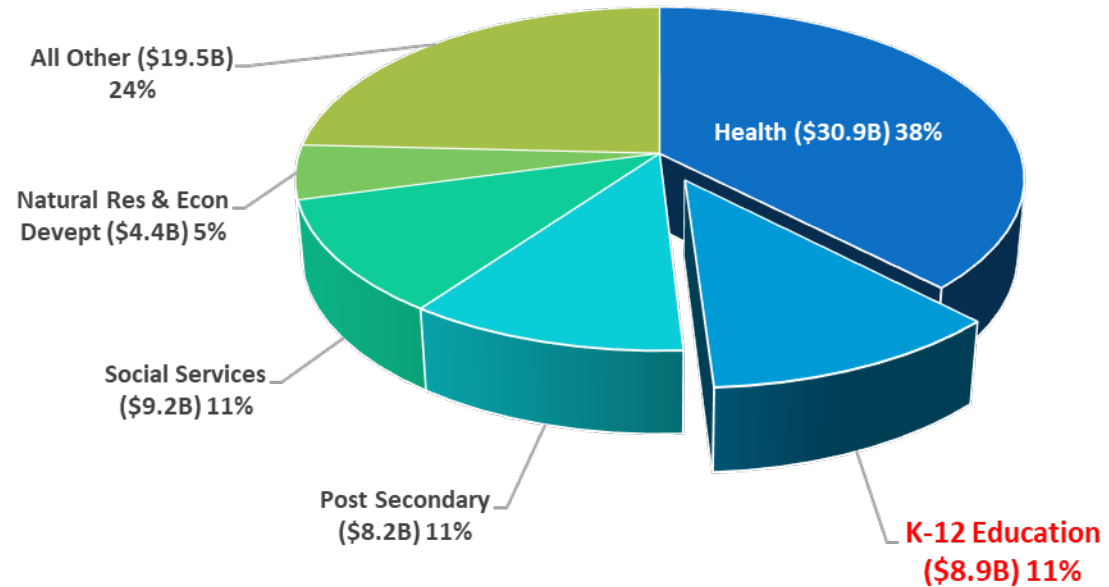
- Provincial Budget 2023
- District Operating Budget Assumptions
 - Enrolment Based Revenues
 - Other Revenues
 - Operating Expenses
- Budget Process
- Budget Consultation

2. Table Discussions

Provincial Budget 2023

Provincial Budget 2023

- \$81.2 billion in total provincial operating budget
- \$8.9 billion for K-12 Education – 3rd largest expenditure in function



Budget 2023 Support for Education

- **Budget 2023 – Ministry of Education and Child Care:**
 - **New grant – School Food Programs:** \$59M for the province for K-12 students to access healthy foods at schools
 - Funding for **enrolment growth and provincial settlement**
 - **Increases in Learning Improvement Funding (LIF) and Annual Facilities Grant (AFG)**
 - **March 15 Ministry funding announcement:** specific information will be provided on funding formula and allocations to each district

Overview of Operating Grant Allocation Formula (2023/2024)

Provincial Totals

76% allocated through the Basic Allocation

Basic Allocation	
Common per student amount for every FTE student enrolled by school type	
Standard School: \$8,625 per school age FTE	Continuing Education: \$8,625 per school age FTE
Alternate School: \$8,625 per school age FTE	Online Learning: \$6,960 per school age FTE

17% allocated to recognize unique student enrolment

Unique Student		
Additional per student funding to address uniqueness of district enrolment and support additional programming		
Level 1 Special Needs: \$49,070 per student	Level 2 Special Needs: \$23,280 per student	Level 3 Special Needs: \$11,760 per student
English/French Language Learning: \$1,735 per student	Indigenous Education: \$1,710 per student	Adult Education: \$5,505 per FTE
Equity of Opportunity: Mental health; youth in care		

7% allocated to recognize unique district factors

Unique District				
Additional funding to address uniqueness of district factors				
Small Community: for small schools located a distance away from the next nearest school	Low Enrolment: for districts with low total enrolment	Rural Factor: located some distance from Vancouver and the nearest large regional population centre	Climate Factor: operate schools in colder/ warmer climates additional heating or cooling requirements	Sparseness Factor: operate schools that are spread over a wide geographic area
Student Location Factor: based on population density of school communities		Supplemental Student Location: Level 1 and 2 special needs enrolment		
Salary Differential: Funding to districts that have higher average educator salaries				

0.1% allocated to buffer the effects of declining enrolment

Funding Protection / Enrolment Decline	
Enrolment Decline: funding to districts experiencing enrolment decline of at least 1% when compared to the previous year	Funding Protection: funding to ensure that no district experiences a decline in operating grants greater than 1.5% when compared to the previous September

CSF Supplement – district receives a 15% funding premium on allocated funding

RICHMOND
SCHOOL DISTRICT NO.38

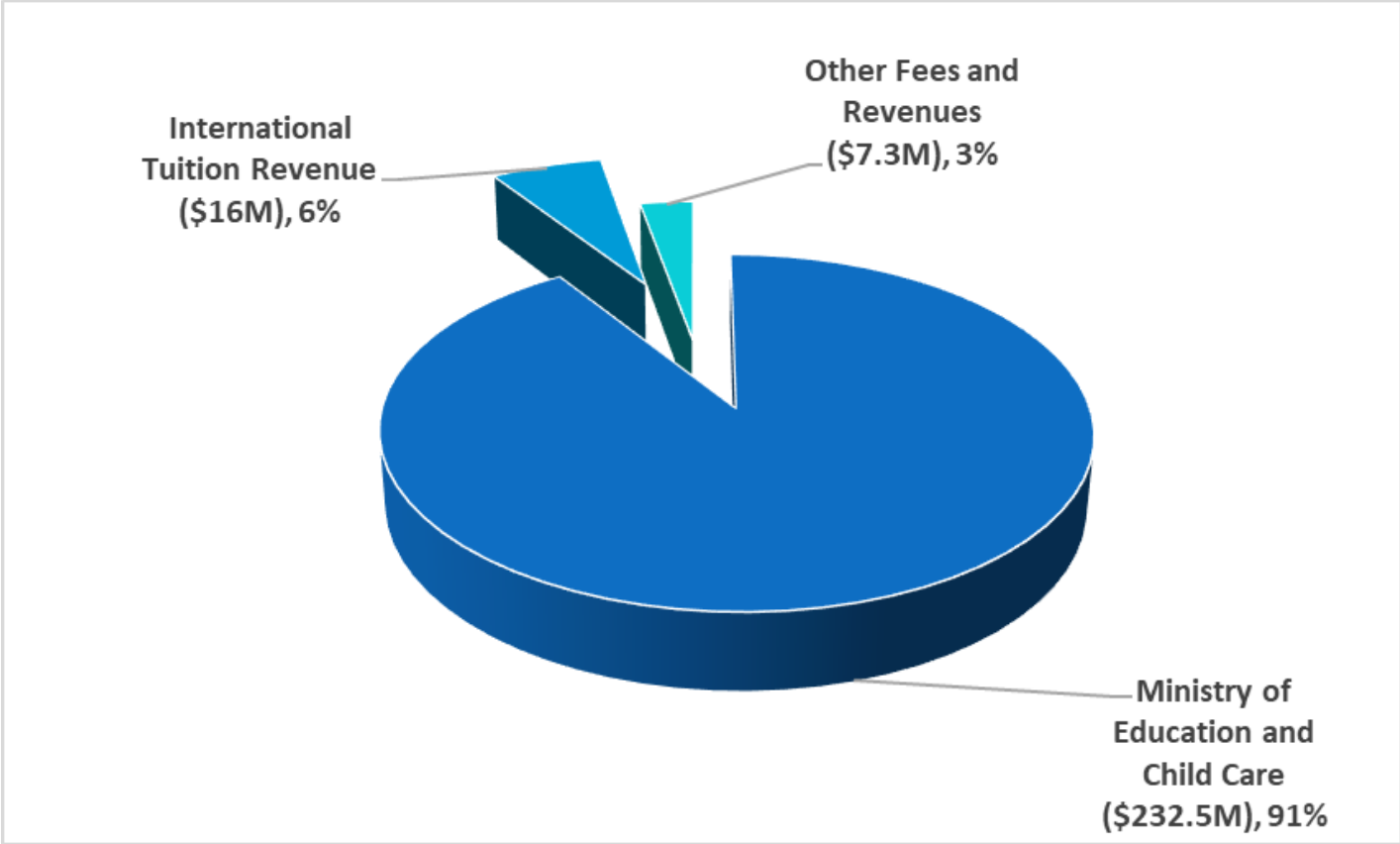
RICHMOND
SCHOOL DISTRICT NO.38

Source: Ministry of Education and Child Care March 15, 2023.

Operating Budget Assumptions: Enrolment Projections and Revenues

Operating Revenue Sources

- Preliminary 2023/2024 Revenue Estimate: \$255.5M

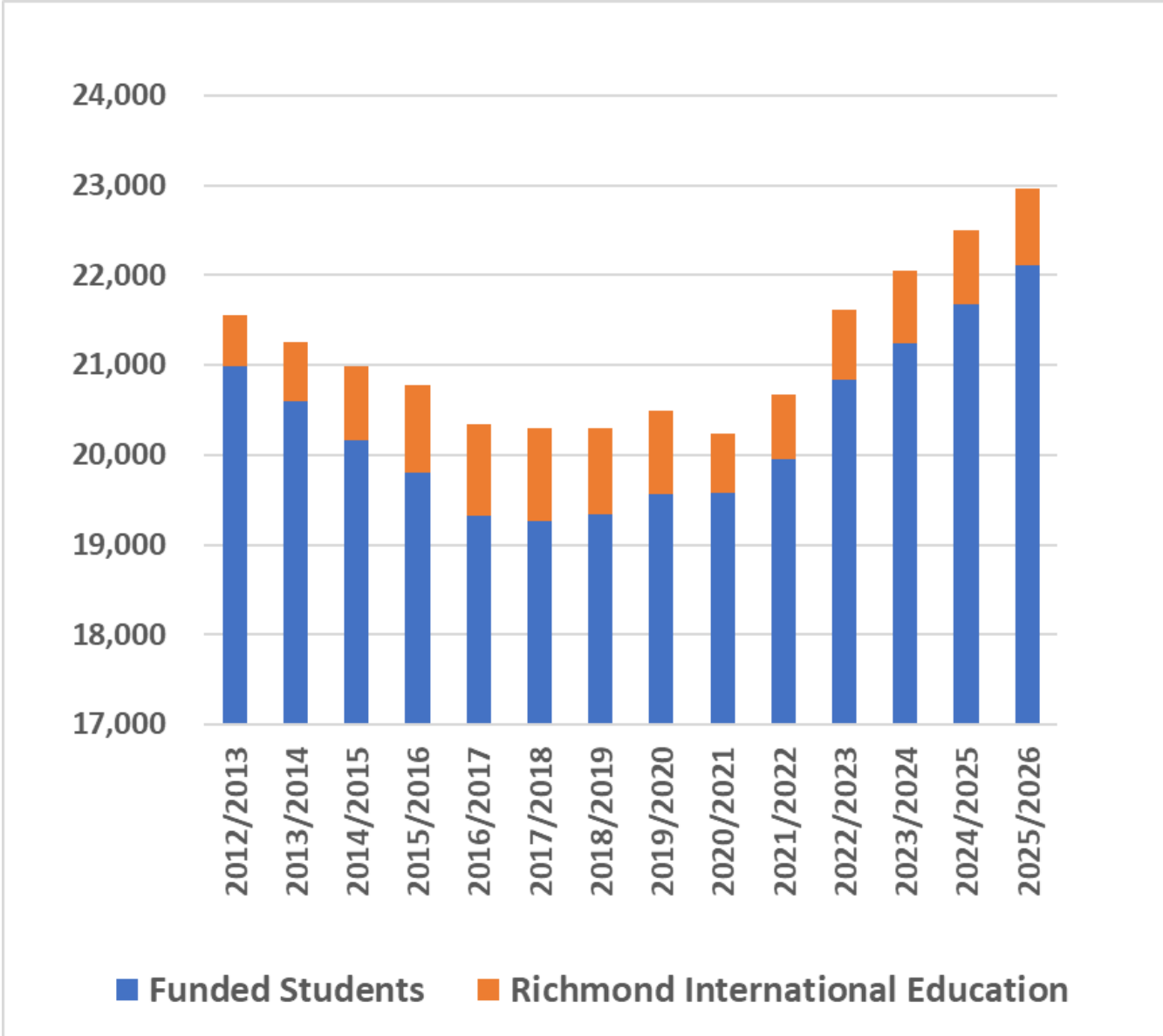


Note: Ministry funding revenue is based on March 15 preliminary operating grants announcement.

Three-Year Enrolment Projections

- **Definition of Budget Assumptions:**
 - Best estimates of budget factors based on available information
 - These estimates are subject to change as new information becomes available
 - It is important to monitor actuals and adjust budget as needed
- **Student Enrolment Projection – Planning Department:**
 - Hybrid model: school catchment-based local knowledge on growth and district five year retention rates
 - Housing development and completion data in the City of Richmond
 - Birth and age cohort data from Statistics Canada and BC Stats
 - Kindergarten children projection – age 5 estimates by the district and school catchment
 - Federal Government immigration policy shift – increased targets to 500k per year
 - Social, economic and political impacts on net in-migration and student population
- **Enrolment Growth Projection for the Next Three Years:**
 - Domestic total student population:
 - 2023/24: 1.96%, 2024/25: 2.02%, and 2025/26: 2.03%
 - Students requiring additional support:
 - 2023/24: 2.22%, 2024/25: 2.29%, and 2025/26: 2.30%
 - International students:
 - 2023/24: 800, 2024/25: 820, and 2025/26: 850

Funded Enrolment 2012/2013 – 2025/2026



Enrolment Based Revenue Volatility

Factors Contributing to Potential Volatility of Enrolment Based Revenues:

RICHMOND
SCHOOL DISTRICT NO.38

- Volume – unexpected domestic or international student enrolment volatility due to changes in inter-provincial and regional migration, and international immigration
- Rate – funding for salary increases have been included into the basic education grant formula:
 - Potential negative variance or unfunded settlement costs
- Overall, cautiously optimistic on enrolment-based revenues
 - Conservative budgeting approach
 - Contingency to deal with potential enrolment volatility

RICHMOND
SCHOOL DISTRICT NO.38

Other Revenues

- **Budget Assumptions for Two Other Main Revenue Sources:**

- Investment income: is projected to be stable with slight increase
- Rental revenue: is projected to be stable

- **Risk Factors:**

- Unexpected significant changes in interest rates due to changes in global and national economy
 - ✓ Impact on investment income
 - ✓ Impact on computer lease program expenses
 - ✓ Conservative budgeting approach

Operating Budget Assumptions – Expenses

Consolidated Budget

Total Consolidated Budget



Capital Fund 9%

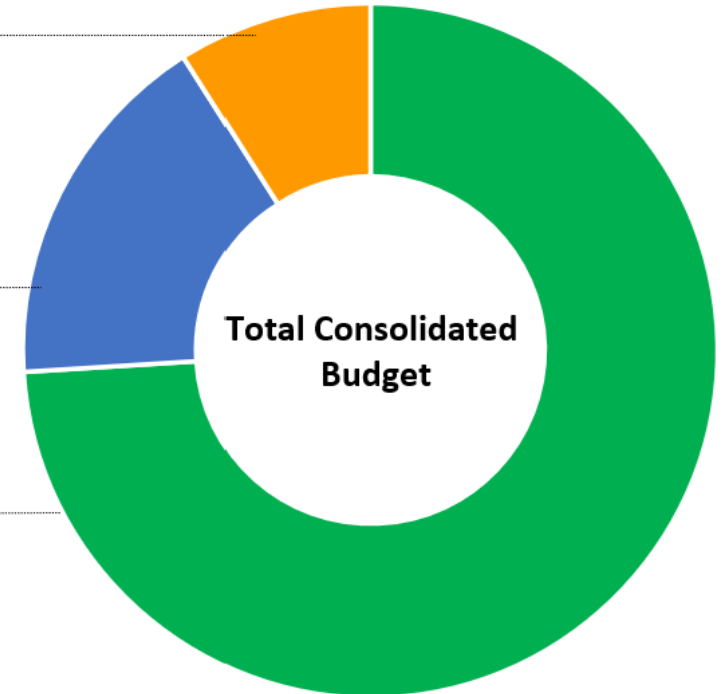
Construction of seismic projects, building upgrades, and bus and equipment purchasing

Special Purpose Fund 17%

Targeted for specific programs and services, for example: Classroom Enhancement Funds and Annual Facilities Grant program

Operating Fund 75%

Staff salaries and benefits, supplies, cleaning, heat, light, administration, student transportation and the day-to-day

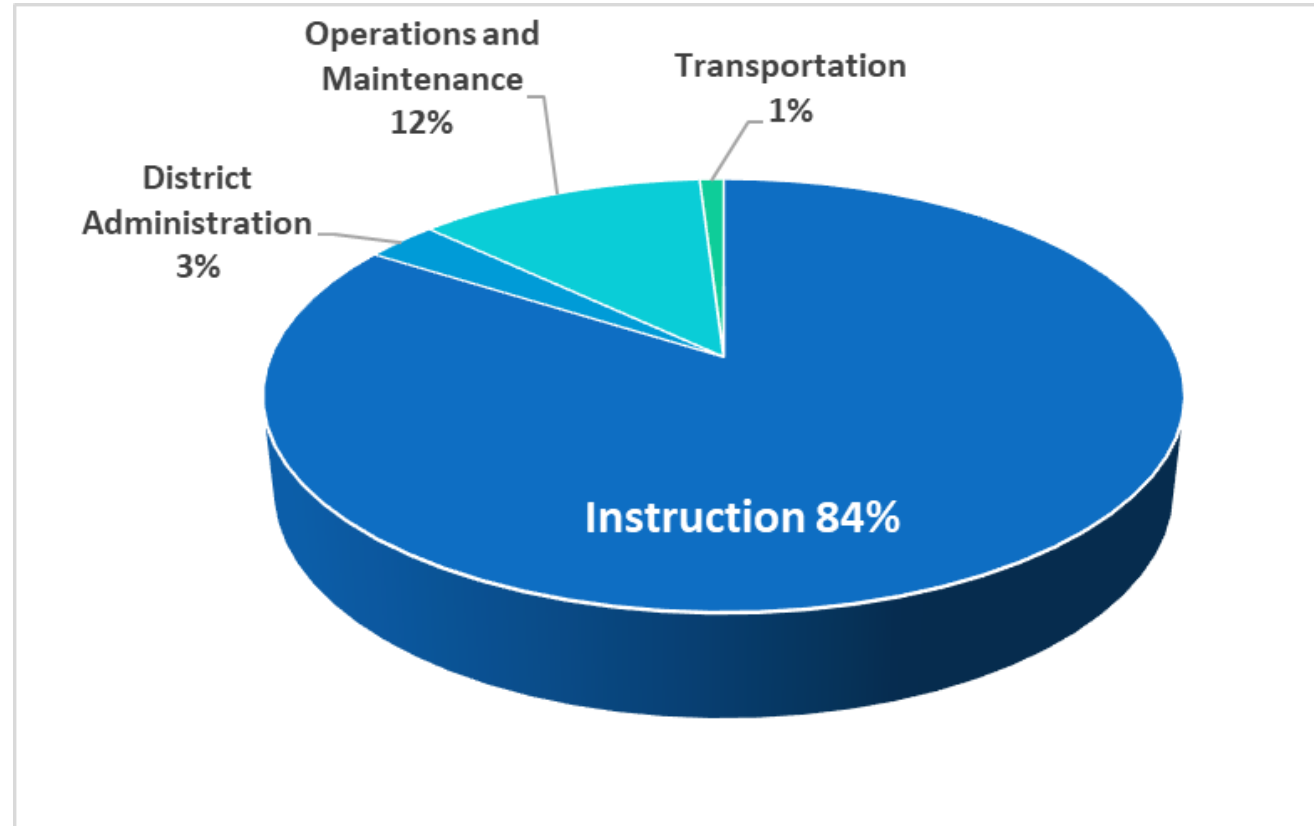


Data source: 2022/2023 Amended Annual Budget; will be updated when information becomes available through the budget process.



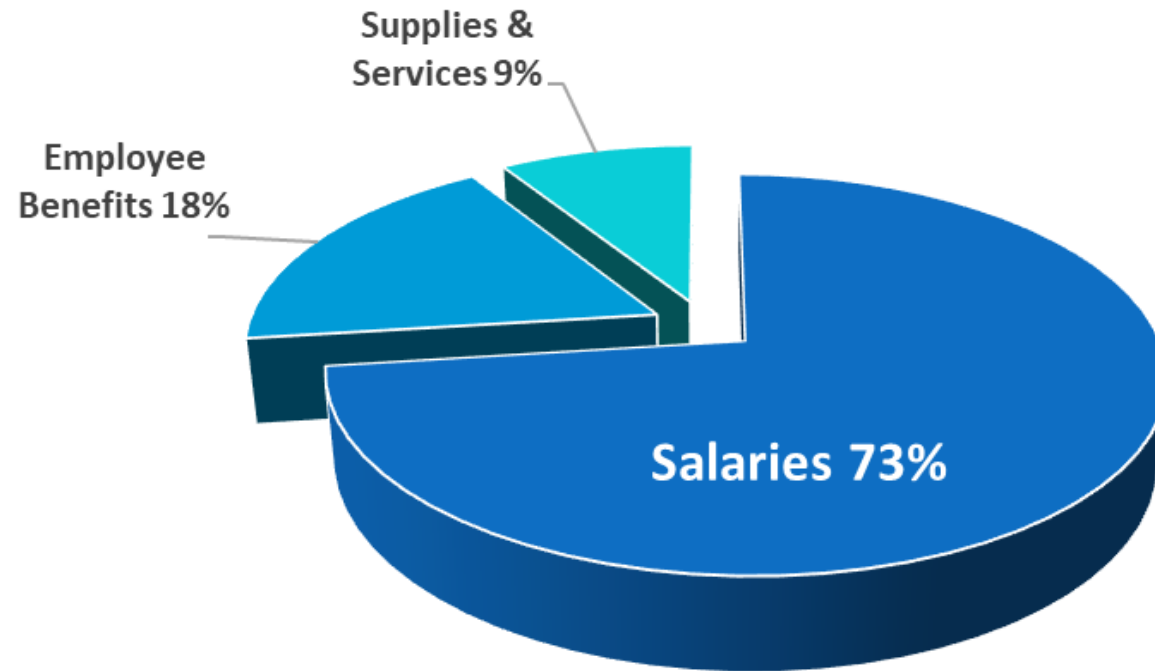
Operating Budget – Expenditure Program Allocation

Operating Budget Program Allocation



Operating Budget – Expenditure Object Allocation

Operating Budget Object Allocation



Operating Budget Assumptions – Expenses

Staffing Costs:

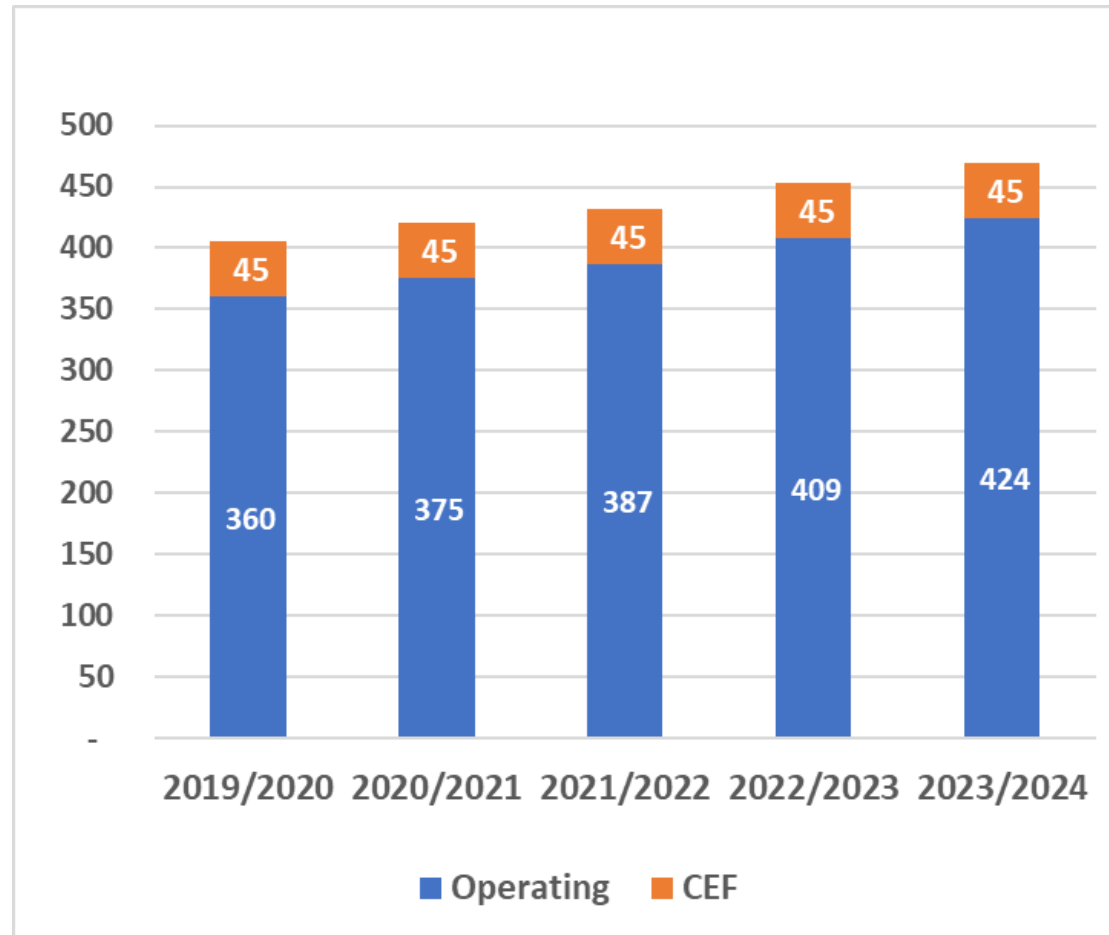
- Enrolling teacher positions to support enrolment growth
- Educational Assistant positions to support students with additional needs
- Salary increases due to provincial settlement
- Salary step increments for teachers, administrators and exempt staff
- Benefit increases due to salary increase, rate increase and higher benefit usage
- Substitute costs increases

Supplies and Service Costs:

- General inflationary cost increases
- Utilities rate increases (electricity, natural gas, water/sewage, insurance)
- Cost increases in services and contracts, including rental expenses, software and licensing cost increases and international student homestay
- Transfers to local capital fund to meet capital asset replacement requirements, including portable classrooms, vehicle replacement, computer and photocopier leases, custodial and IT equipment upgrade and replacement

Educational Assistants

Growth of Educational Assistant FTEs (Operating and CEF Fund)



District Budget Process



The budget will support and align to the Board's strategic plan and priorities and reflect the Board's commitment to responsible long term fiscal planning



Budget processes will be inclusive, transparent and will encourage stakeholder and community input



All budget decisions will be focussed on creating and maintaining educational programs and services for students which maximize opportunities for learning



Budget decisions will support a culture of innovation and responsiveness to system change, while maintaining cost effectiveness and long term sustainability



Business and operational services and systems required to support schools and students will be based on best practices and maintained in an efficient and cost effective manner



Budget decisions will be based on accurate, relevant data and information

Guiding Principles

Budgeting Cycle

November – December

- Update current year budget for September enrolment and known cost pressures
- Ministry operating grants announcement
- On-going budget analysis
- Budget assumptions analysis from previous year
- Board approval of budget timeline

July – November

- Financial statements
- School budget allocation
- School & Department budget implementation



May

- Budget approval

June

- Updated financial plan publication
- Submission to Ministry

January – February

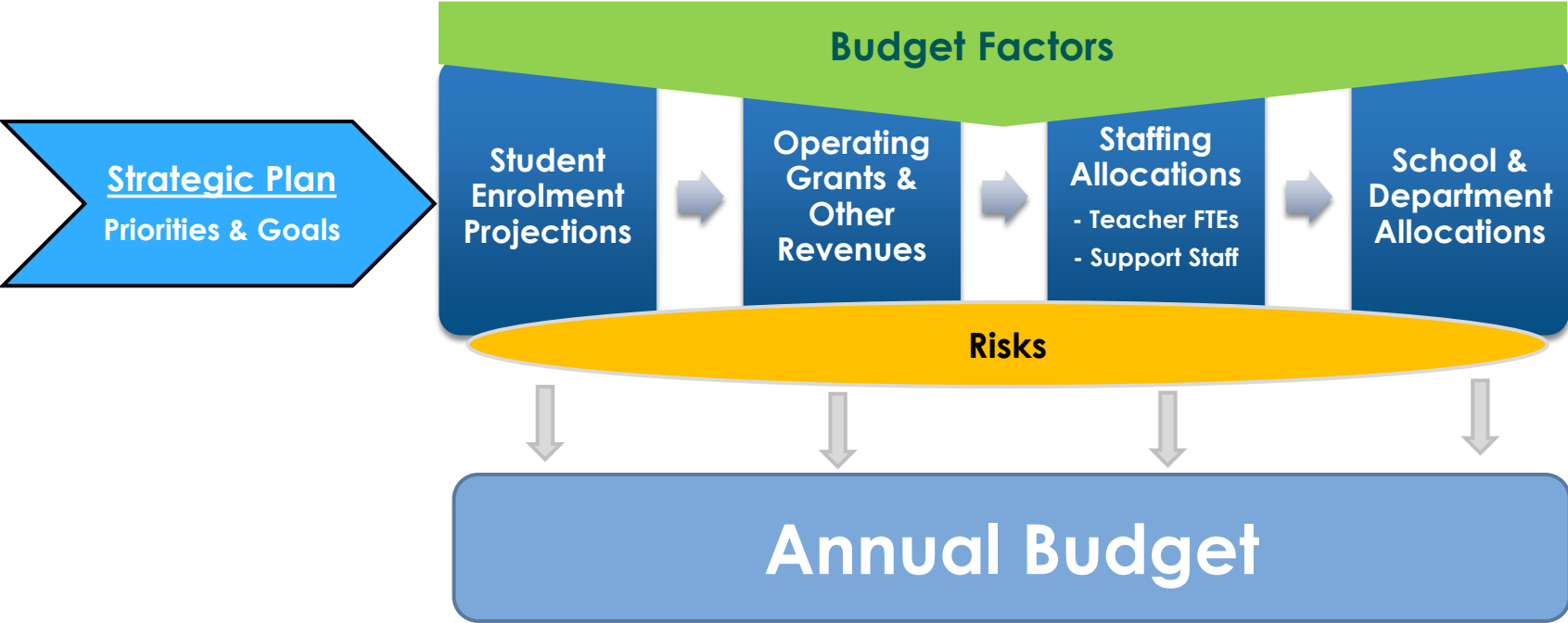
- On-going implementation of Strategic Plan
- Budget estimates & forecasting
- Amended budget approval
- Update enrolment projection

February – April

- Budget consultation
- Program/service cost review
- Enrolment projections
- Develop three-year base budget
- Provincial budget
- Ministry funding announcement

Annual Budget Development Process

Aligning Budget
to Strategic Plan



Accumulated Surplus Policy

Ministry K-12 Public School Financial Reporting Policy

- Ministry's financial reporting policy requires that boards of education to prepare a balanced annual budget, engage in a long-term planning, mitigate financial risk and support consistent service to students.

Policy 631 and 631-R Accumulated Operating Surplus and Capital Reserves

- The Board is responsible for the financial health of the district and protecting the district from financial forecasting risk and unforeseen circumstances that would negatively impact the education of students.
- Maintain long-term fiscal stability, manage financial risks and support the mandate of success for all students
- Create a contingency fund for unforeseen circumstances
- Budget for one-time funding for educational programs and unfunded capital projects
- One-time funding to cover unforeseen and unavoidable expenditures
- Unrestricted accumulated operating surplus and local capital reserve balance: 2-4% of the district's annual operating budget

Budget Consultation

Stakeholder Engagement

Stakeholder Engagement:

- Two-way dialogue to allow the Board and stakeholders to define opportunities and challenges and work together on solutions
- Allows for valuable input to the district's fiscal decision making

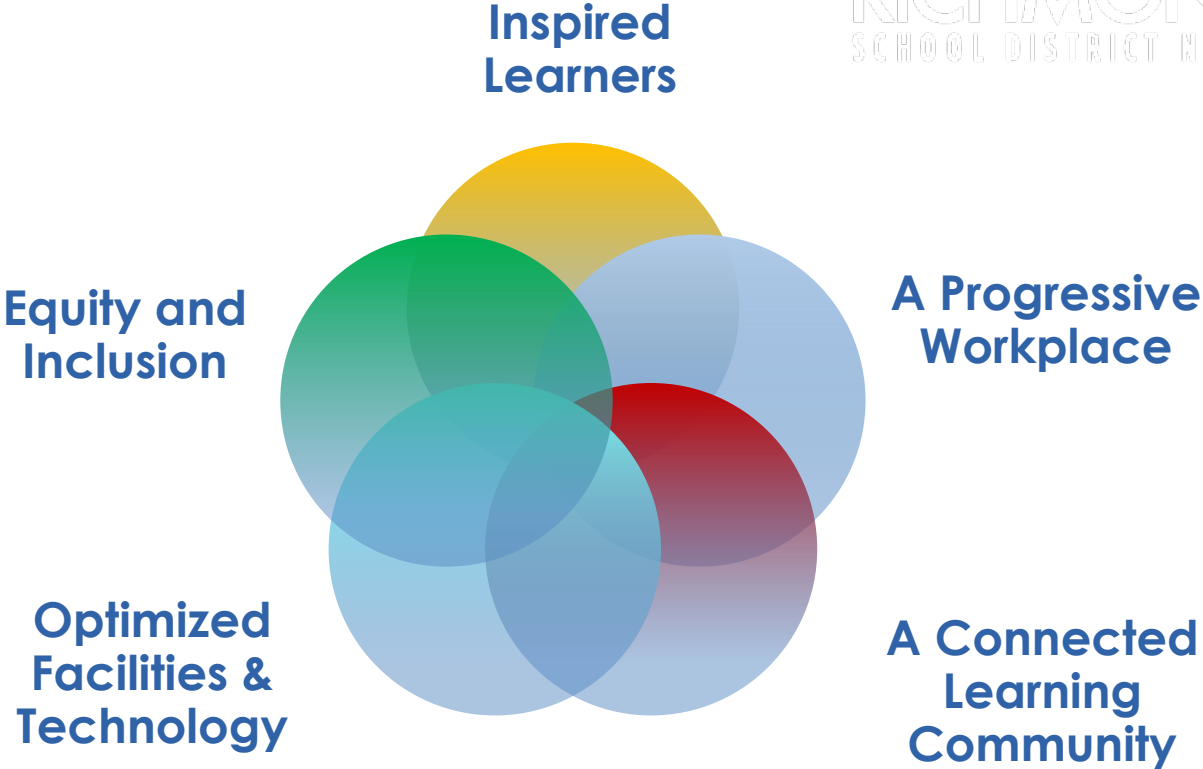
Role as Stakeholders:

- Learn about government funding allocation and district budget process
- Learn about the priorities and goals set out in the district Strategic Plan
- Learn about the district's responsibility to the provincial government
- Engage in the budget consultation by asking questions about the budget
- Contribute ideas and input that align the priorities and goals in the Strategic Plan with the district fiscal plan and resource allocation

Role as Board of Education:

- Elected decision-making body
- Accountable to the interest of public education and provincial government in fiscal management
- Listen and consider stakeholder input and feedback

Areas of Focus



Key Dates

March 9, 2023	March 15, 2023	April 17, 2023	April 24, 2023	May 1, 2023	May 24, 2023
Budget Advisory Working Group Meeting	Ministry Funding Announcement	Budget Advisory Working Group Meeting	Stakeholder Public Feedback	Trustee Budget Workshop	Final Budget Presentation
The Board and Stakeholders are presented with budget assumptions and have a round table discussion on the alignment of fiscal plan and strategic plan priorities	Ministry makes funding announcement for the 2023/2024 school year	The Board and Stakeholders are presented with a preliminary budget for feedback and input	The public and stakeholders are invited to comment on the proposed preliminary budget during the “Committee of the Whole” at the public board meeting	Trustees are presented with preliminary budget for information and deliberation	The Board is presented with a final budget for consideration and decision at the public board meeting

Stakeholder Budget Discussions

Table Discussions

- 1. What are the top priorities for the Annual Budget this year?**
- 2. Are there any particular areas that you think the Board should consider allocate more funds or less funds to support the priorities in the Strategic Plan?**
- 3. Are there any budget-related suggestions that you would like to share with the Board?**

Thank You!

Questions?

