Budget Advisory Working Group

Richmond School District Annual Budget

January 15, 2024

Presentation Outline

- 2023/24 Amended Budget Highlights
- Operating Budget Assumptions – Revenues
- Operating Budget Assumptions – Expenses
- Budget Process
- Budget Consultation
- Table Discussions

2023/24 Amended Budget Highlights

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Ministry Operating Grant Allocation Formula

75% 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
	Alternate School	$8,625 per school age FTE
	Continuing Education	$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. Includes Equity of Opportunity Supplement for children and youth in care and students with mental health challenges.	
	Level 1 Special Needs	$49,070 per student
	Level 2 Special Needs	$23,280 per student
	Level 3 Special Needs	$11,760 per student
	Indigenous Education	$1,710 per student
	English/French Language Learning	$1,735 per student
	Adult Education	$5,505 per FTE
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 Factor	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**	
	Funding Protection	Funding to ensure that no district experiences a decline in operating grants greater than 1.5% when compared to the previous September
	Enrolment Decline	Funding to districts experiencing enrolment decline of at least 1% when compared to the previous year

2023/24 Amended Budget Highlights

- Impacts of enrolment changes are reflected in revenues and expenses
- Higher revenues than budget:
  - Ministry operating grant revenue
  - Classroom Enhancement Fund (CEF) funding
  - International education revenue
  - Investment income
- Higher expenditures than projected:
  - Additional teaching positions following the collective agreement
  - Additional EA positions to ensure services to students with additional needs
  - Higher expenses in supplies and services due to general cost increases
  - Higher employee benefit expenses due to higher rates and usage, and new statutory rate addition for CPP
- Ministry deadline: Board approval is required by end of February each year

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Operating Budget – Revenues

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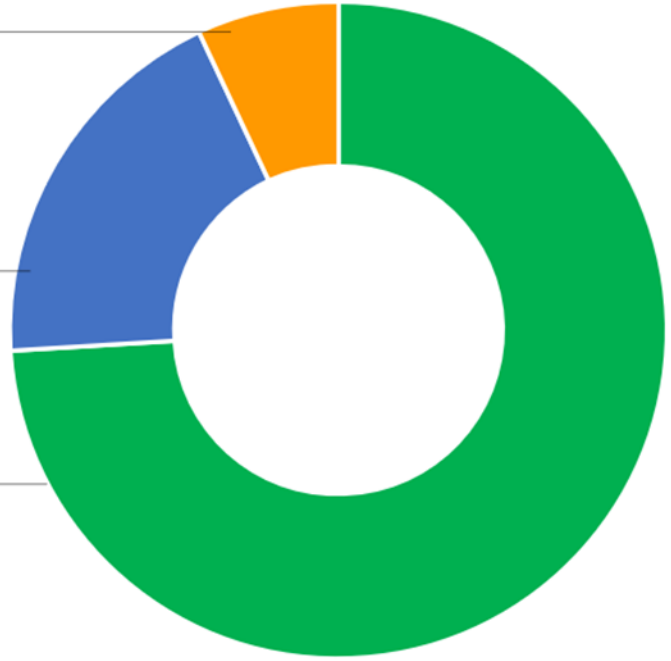
Consolidated Budget

Total Consolidated Budget

Capital Fund 7%
Construction of seismic projects, building upgrades, and bus and equipment purchasing

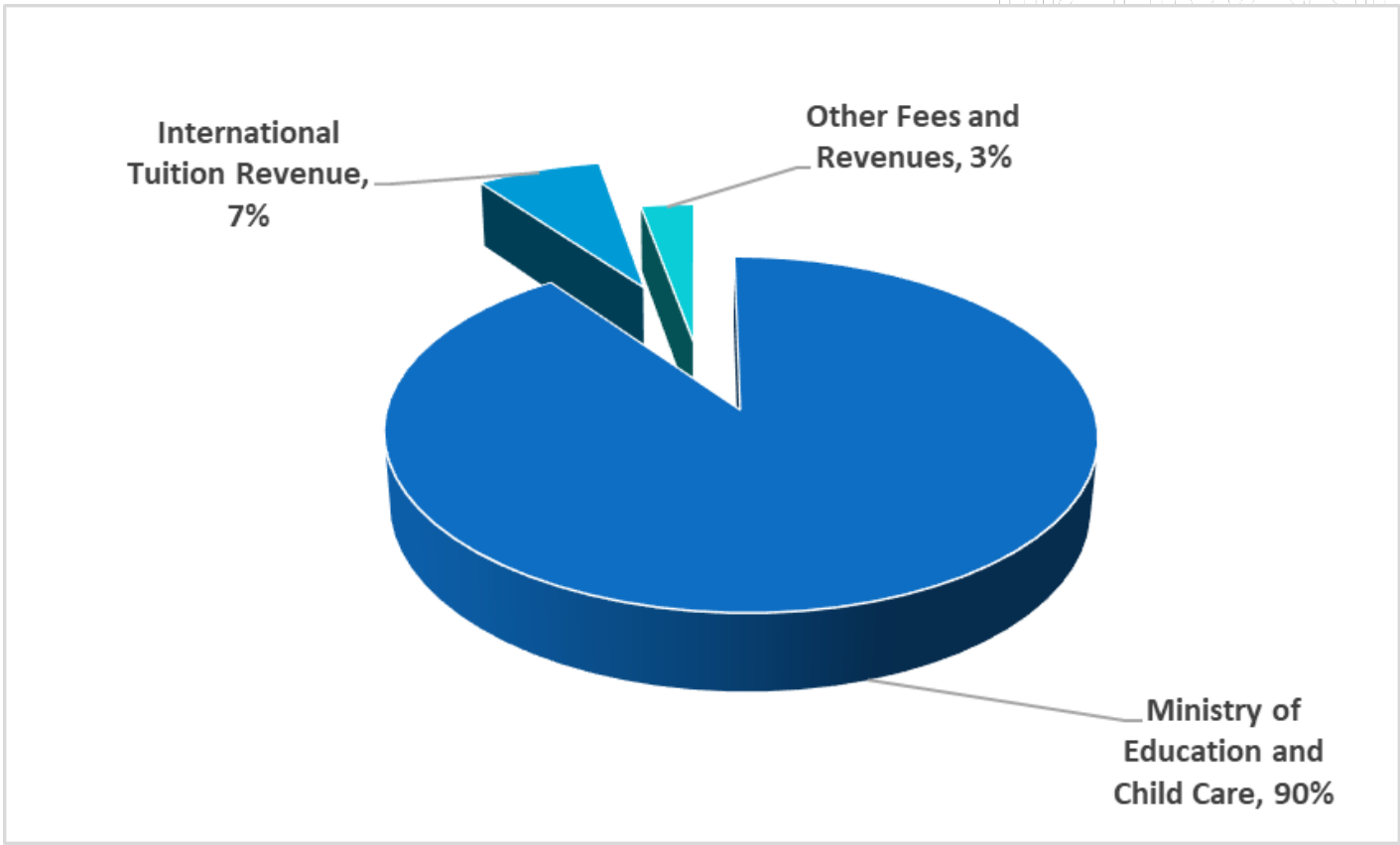
Special Purpose Fund 19%
Targeted for specific programs and services, for example: Classroom Enhancement Funds and Annual Facilities Grant program

Operating Fund 74%
Staff salaries and benefits, supplies, cleaning, heat, light, administration, student transportation and the day-to-day



Data source: 2023/24 Budget

Operating Revenue Sources



Data source: 2023/24 Budget

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Enrolment Projection - Methodology

- **Definition of Budget Assumptions:**
  - Best estimates of budget factors based on available information and extensive analysis at the time of budget development
- **Student Enrolment Projection – Planning Department:**
  - Hybrid model:
    - Uses school catchment based local knowledge on growth and demographics to develop school by school projection
    - Justified with a global cohort methodology based on district enrolment trends and demographic data
    - Global projection using the cohort methodology typically relies on a five-year average student retention rate, which is commonly used by metro school districts
  - Housing development and completion data in the City of Richmond
    - City Centre densification (localized surges), major network roads densification (localized impact) and neighborhood infill (slower impact)
  - 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 – targeting nation-wide increase of 500k per year
  - Social, economic and political impacts on net in-migration and student population

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Three-Year Enrolment Projections

- **Enrolment Growth Projection for the Next Three Years:**
  - Domestic total student population:
    - 2024/25: 2.3%
    - 2025/26: 1.2%
    - 2026/27: 1.0%
  - Students requiring additional support (special needs, ELL, Indigenous):
    - 2024/25: 2.2%
    - 2025/26: 1.4%
    - 2026/27: 1.0%

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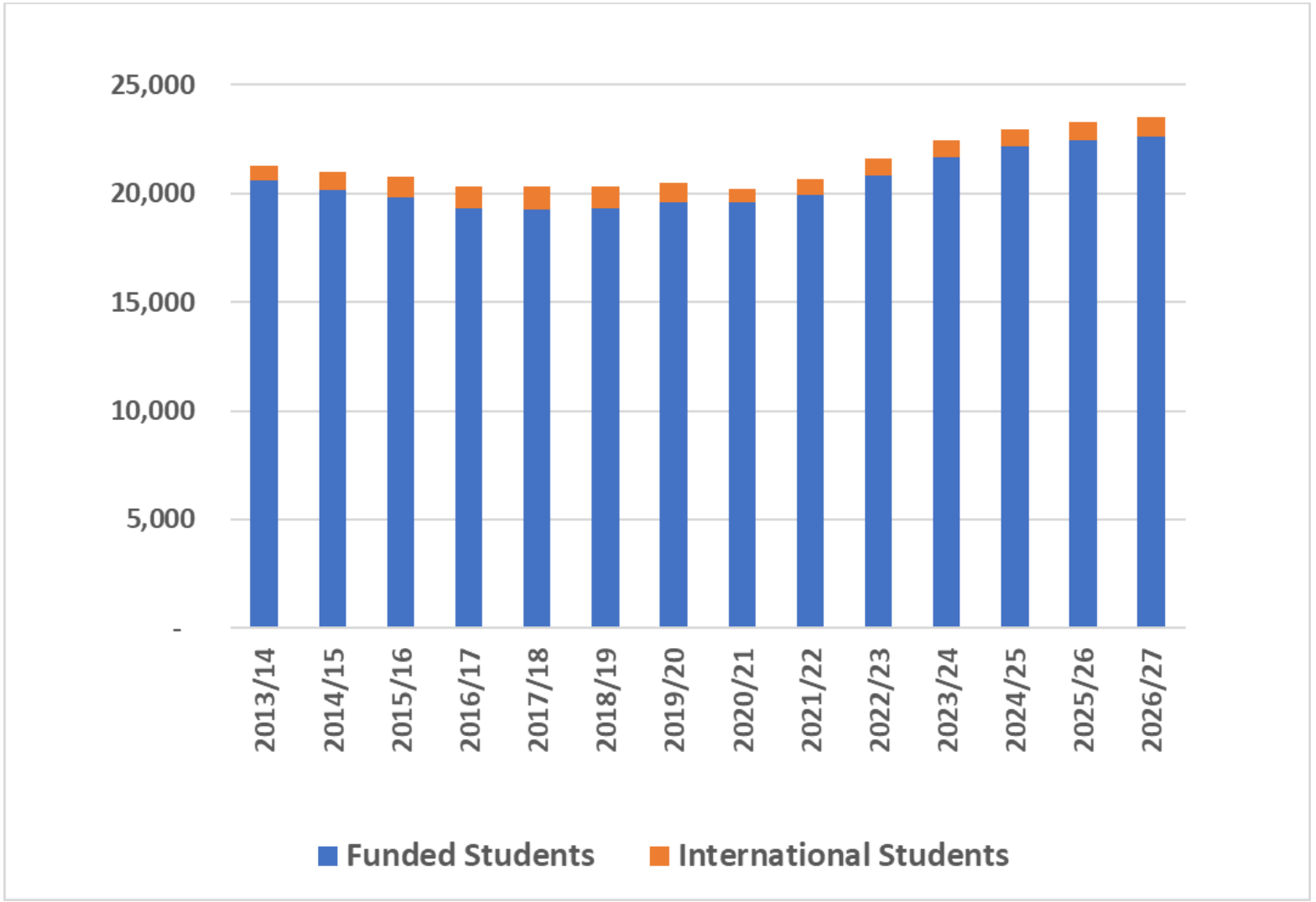
Three Year Enrolment Projection

	Actual 2023/2024 FTEs	Projected 2024/2025 FTEs	Increase from 2023/2024 to 2024/2025	Projected 2025/2026 FTEs	Increase from 2024/2025 to 2025/2026	Projected 2026/2027 FTEs	Increase from 2025/2026 to 2026/2027
Regular School-Age Students							
K-12 Standard (Regular) Schools FTE (School	21,639	22,147	508	22,419	272	22,639	220
Continuing Education FTE (School-Age)	5	5	-	5	-	5	-
Alternate Schools FTE (School-Age)	84	84	-	84	-	84	-
Distributed Learning FTE (School-Age)	177	165	(12)	165	-	165	-
Total Estimated School-Age Enrolment	**21,905**	**22,401**	**496**	**22,673**	**272**	**22,894**	**220**
			2.3%		**1.2%**		**1.0%**
Unique Student Needs							
Level 1 Special Needs FTE	13	13	-	13	-	12	(1)
Level 2 Special Needs FTE	1,013	1,055	42	1,090	35	1,120	30
Level 3 Special Needs FTE	152	155	3	158	3	161	3
English Language Learning FTE	7,418	7,576	158	7,669	93	7,745	75
Indigenous Education FTE	255	255	-	255	-	255	-
Adult Education FTE (Non-Graduates only)	15	15	-	15	-	15	-
Total Unique Student Needs	**8,866**	**9,069**	**203**	**9,200**	**131**	**9,308**	**107**
			2.2%		**1.4%**		**1.2%**

Three Year Enrolment Projection



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Other Revenues

- **Other Revenues:**
  - Investment income
  - Rental revenue (daycare operations, school rental and classrooms for LINC)
- **Budget Assumptions:**
  - Investment income is projected to be stable with slight decrease in 2025
    - Projected average interest rate:
      - 2024/25: 5.0% for central deposit program
    - Historical average interest rates:
      - 2023/24: 5.7% (actual to date)
      - 2022/23: 4.4%
      - 2021/22: 1.2%
  - Rental revenue is projected to be stable

Operating Budget – Expenses

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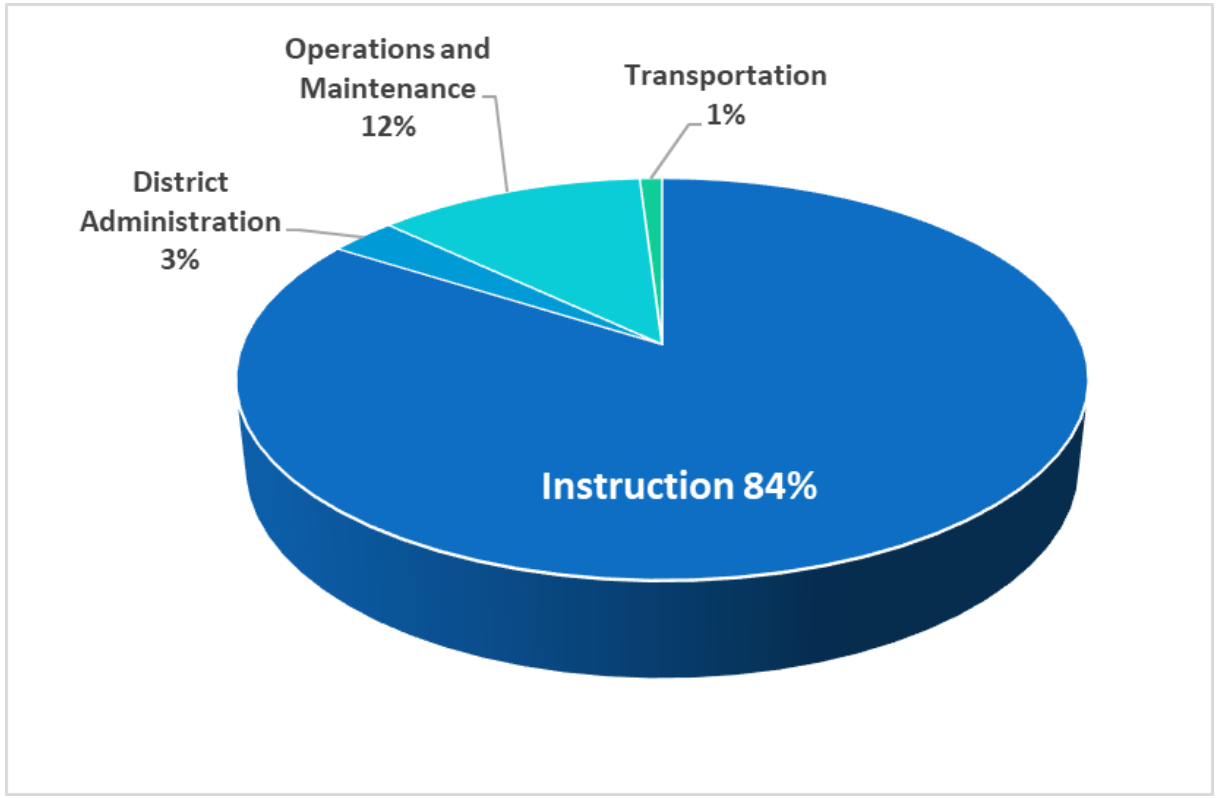
Operating Budget Program Allocation

Operating Budget – Expenditure Program Allocation



Data source: 2023/2024 Budget

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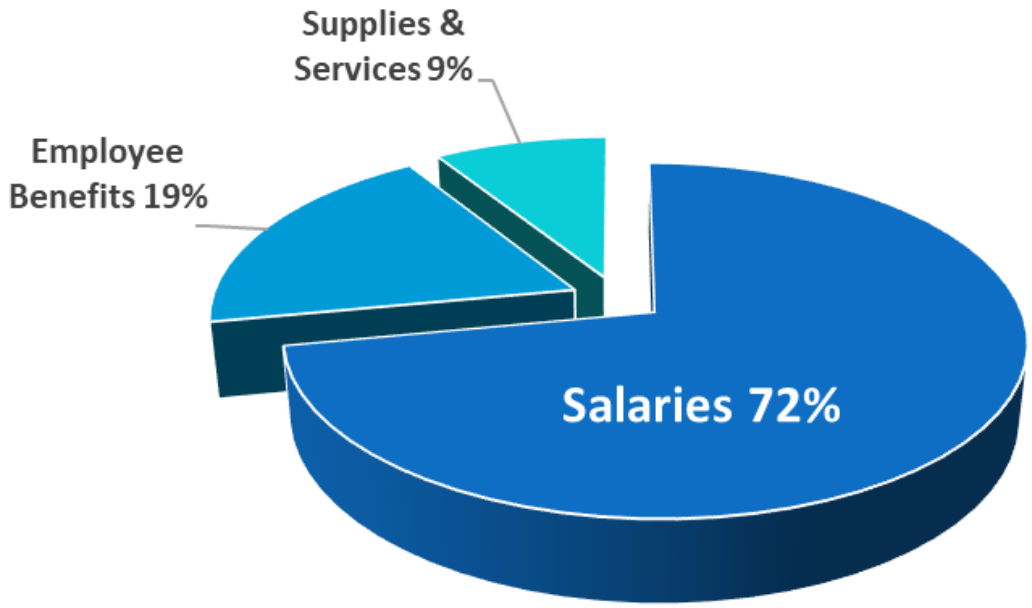
Operating Budget Object Allocation

Operating Budget – Expenditure Object Allocation



Data source: 2023/2024 Budget

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Operating Budget – Assumptions for Expenses

Staffing Costs:

- Enrolling teacher positions to support enrolment growth
- Educational Assistant positions to support students with diverse 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 vehicle replacement, computer and photocopier leases, custodial and IT equipment update and replacement, and potential portable relocation costs

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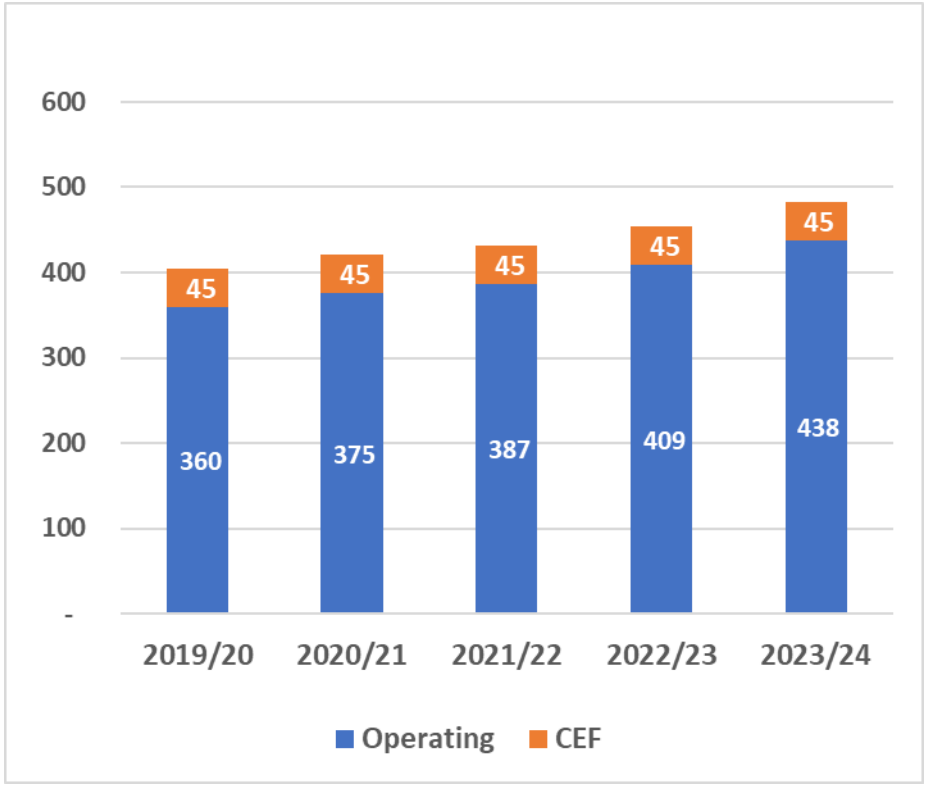
Educational Assistants

Growth in Educational Assistant FTEs (Operating and CEF)



	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23	Actual 2023/24
Operating	360	375	387	409	438
CEF	45	45	45	45	45
Total	**405**	**420**	**432**	**454**	**483**

Data source: 2023/2024 Amended Budget.

Budget Process

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Guiding Principles

- 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

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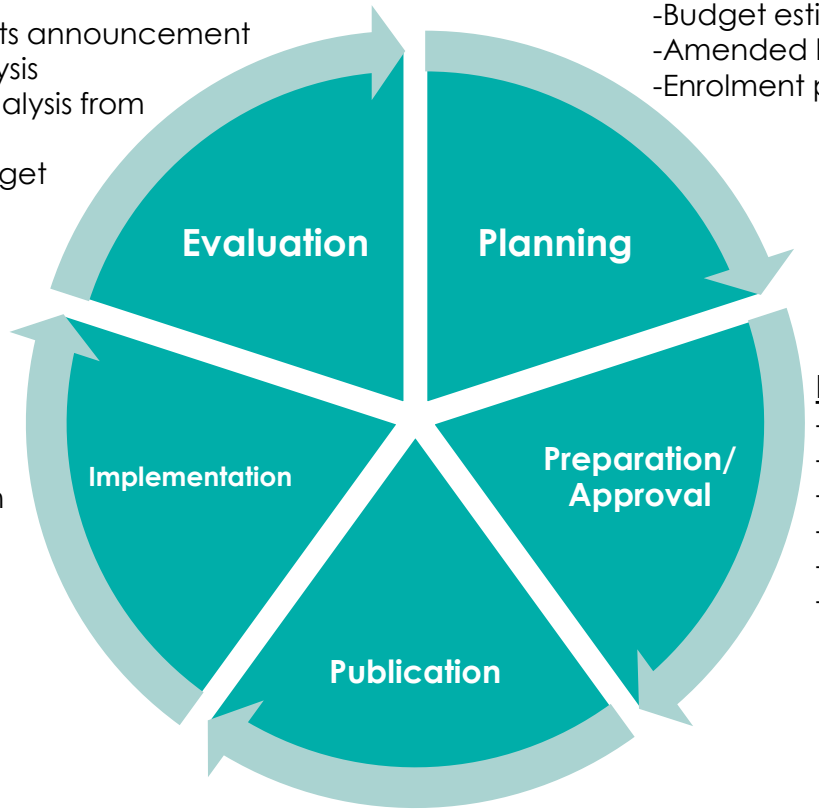
Budget Planning Cycle

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

January – February
-On-going implementation of Strategic Plan
-Budget estimates & forecasting
-Amended budget approval
-Enrolment projections



July – November
-Year-end audit
-Financial statements
-School budget allocation
-School & Department budget implementation

February – April
-Budget consultation
-Program/service cost review
-Develop three-year base budget
-Provincial budget
-Ministry funding announcement
-Budget approval

May - June
-Multi-year fiscal plan update
-Submission to Ministry

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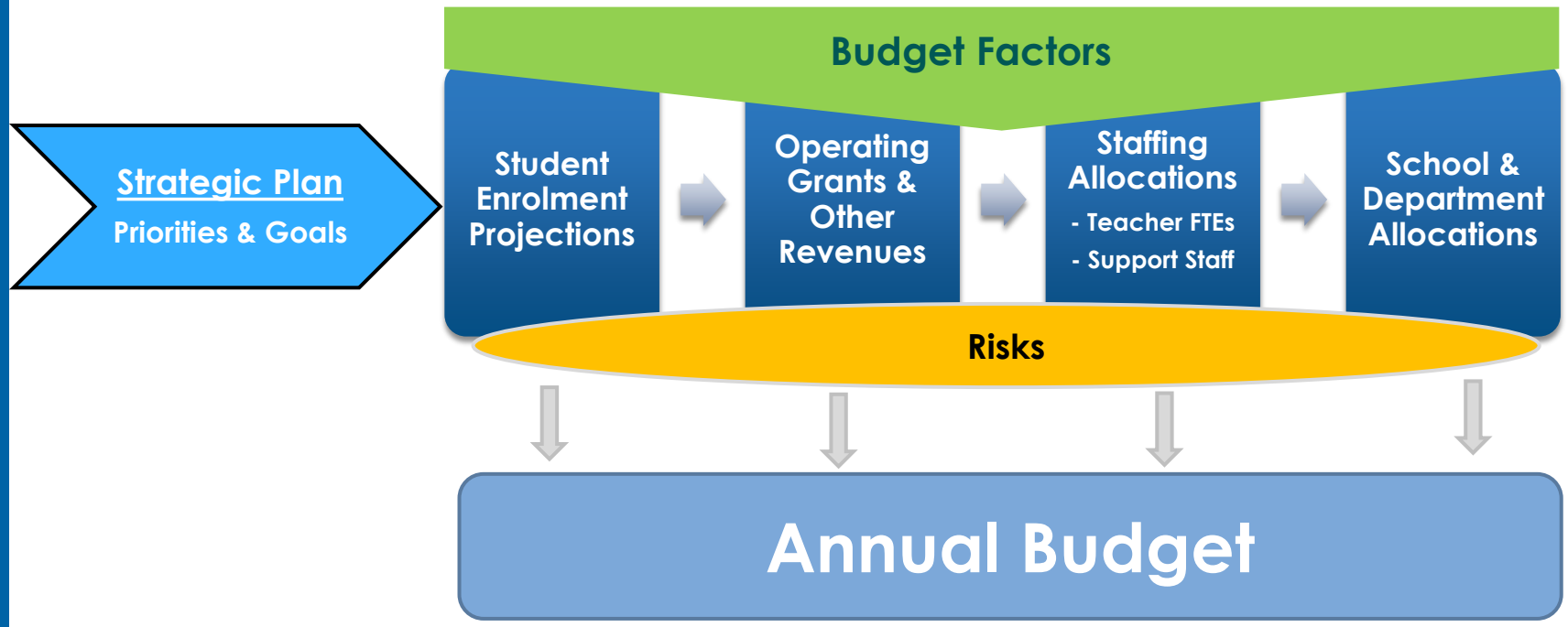
Aligning Budget to Strategic Plan

Annual Budget Development Process



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Financial Policy Framework

Ministry K-12 Public School Financial Reporting Policy

- School Districts must follow the Public Sector Accounting Board (PSAB) Standards
- School Districts must follow the Budget Transparency and Accountability Act and associated supplementary regulations
- Ministry of Education and Child Care requires that boards of education prepare a balanced annual budget, engage in a long-term planning, mitigate financial risk and support consistent service to students
- A balanced annual budget means revenues plus appropriation of prior year accumulated surplus can fully fund:
  - Operating expenses
  - Tangible capital asset acquisition

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 and/or multi-year funding for student learning programs and unfunded capital projects
- Unrestricted accumulated operating surplus and local capital reserve balance: 2 to 4% of the district's annual operating budget

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Budget Consultation

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Budget Consultation

Engagement with Education Partner Groups:

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

Role for Partner Groups:

- 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 for the Board of Education:

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

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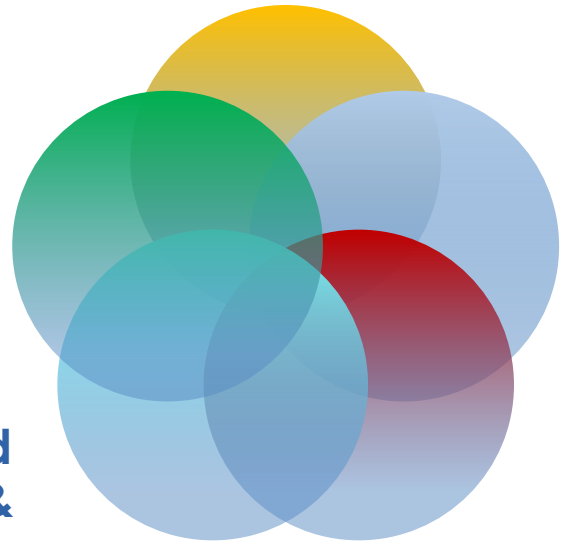
Areas of Focus



Inspired Learners

Equity and Inclusion

A Progressive Workplace

Optimized Facilities & Technology

A Connected Learning Community

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Key Dates

Date	Meeting	Goal
January 8, 2024	Trustee Budget Workshop	An opportunity for Trustees to review and discuss Amended Budget 2023/24 and preliminary 2024/25 Budget information
January 15, 2024	Budget Advisory Working Group Meeting	The board and education partner groups are presented with preliminary budget information; engage in round table discussions on the alignment between the fiscal plan and strategic plan priorities and goals
February 8, 2024	Richmond Leadership Team (RLT) Meeting Budget Consultation	Preliminary budget information presented to RLT for their feedback and input
February 14, 2024	Finance & Legal Committee Meeting	Preliminary 2024/25 three-year budget information presented to the Committee In-camera meeting
February 21, 2024	Public Board Meeting	Approval of 2023/24 Amended Budget
March 7, 2024	Budget Advisory Working Group Meeting	Preliminary three-year fiscal plan and draft budget proposals presented to education partner groups for feedback and input
March 13, 2024	Public Board Meeting – Annual Budget Committee of the Whole	The public and partner groups are invited to comment on the preliminary annual budget proposals during the Committee of the Whole of the public board meeting
April 2, 2024	Trustee Budget Workshop	An opportunity for Trustees to discuss draft budget proposals; staff finalize the annual budget following Trustee Workshop
April 24, 2024	Public Board Meeting	Final approval through three readings of the budget bylaw

Table Discussions

1. **What budget priorities are important to you?**
2. **Are there areas that you think the Board should consider allocating additional funding to support the priorities in the Strategic Plan?**
3. **Are there areas that you think the Board should consider decreasing funding to support the priorities in the Strategic Plan?**
4. **Are there any budget-related suggestions that you would like the Board to consider?**

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