

2022-2023 Budget

BACKGROUND

Delta School District staff and the Board of Trustees are committed to a thoughtful and student-centred approach to balancing the budget each year.

A balanced budget is a stipulation of the *School Act*.

2022/23 BUDGET OVERVIEW

The Annual Operating Budget for 2022/23 is \$166.2 million, down by \$10 million from the 2021/2022 Amended Annual Operating Budget of \$176.2 million. *(Please see the 'Change in Financial Circumstances' section for further detail).*

The district anticipates a decrease in enrolment of 293 full-time enrolled (FTE) students for the 2022/23 school year, bringing the student FTE total from 15,586 in the 2021/22 Original Budget projection to 15,293 student FTE forecasted for the upcoming year.

The Delta School District is **projecting a shortfall in its Annual Operating Budget for 2022/23**. At **\$2.748 million**, the shortfall makes up approximately 1.7% of the 2022/23 budgeted operating expenses.

In order to balance the budget in a sustainable and measured way, the district is proposing a budget balancing strategy based on the following themes:

- Ensuring that the proposed reductions have the least impact on students
- Decreasing program areas that have had limited impact on student success and wellbeing
- Mitigating risk and ensuring long-term sustainability by reducing the reliance on Reserve funds

Approximately 92% of the district's operating costs are staffing related. **In order to balance the budget, a reduction to staffing positions is unavoidable this year.**

MINISTRY OF EDUCATION FUNDING ANNOUNCEMENT

Based on last year's Ministry **Operating Grant formula**, the district had anticipated funding of **\$151,618 million**. This year, the Operating Grant Funding changed solely based on enrolment. The Per Pupil amounts remained the same as last year. This indicates there is no provision for inflationary costs that generally arise, and that are significantly higher than usual this year as a result of the challenges caused by COVID. The district received additional Operating Grant funding of **\$162 thousand**, composed of \$142 thousand in **enrolment decline funding** and \$20 thousand from other **small formula driven changes** (Unique Geographic Factors, Student Location Factor, Salary Differential, Equity of Opportunity Supplement). **Labour Settlement Funding** will be provided at the completion of bargaining via a separate labour settlement grant.

THE 2022/23 BUDGET SHORTFALL COMPOSITION

The \$2.748 million shortfall is a result primarily of the enrolment decline and its impact on the staffing model (\$631 thousand), an increase in benefit costs (\$643 thousand) and the previously Reserve funded carry-forward portion of last year's budget shortfall (\$854 thousand) and various other salary composition costs (\$620 thousand). In the prior year, by comparison, the district had a shortfall of \$2.722 million.

CHANGE IN FINANCIAL CIRCUMSTANCES

This year's shortfall will be felt more deeply than last year's due to a significant change in the district's financial circumstances over the last few years.

In 2020/2021, the district received an additional \$7.314 million in one-time federal and provincial COVID-related funding to help keep staff and students safe, and provide support to vulnerable student populations in times of increased need. This provided additional education program delivery (\$3.514 million), vulnerable student and mental health supports (\$851 thousand), health and safety support including 24 custodians (\$2.224 million), technology (\$354 thousand) and miscellaneous other supports (\$371 thousand). This funding enabled the district to conserve its own COVID-contingency reserves, which had been set aside before it was known that government funding would be made available.

In 2021/2022, provincial COVID-related funds included a restart fund for increased health and safety initiatives (\$373 thousand), mental health funding (\$120 thousand) and funding for learning impacts (\$488 thousand). There were also supports for ventilation improvements and the provision of rapid access kits for COVID testing.

For the current budget year (2021/2022), there are also one-time District Accumulated Operating Surplus Funds of \$4.305 million, including almost \$3 million for COVID transition costs, including Inclusive Learning supports (\$1.5 million) and funding to ensure continued elevated custodial presence (\$1 million). This surplus was a result of the district setting aside COVID-contingency funds earlier in the pandemic and, like most other school districts in B.C., we have used these funds to continue COVID-related supports in the current school year.

None of these one-time sources of funding are available for 2022/2023. Their absence from the 2022/2023 budget is highly significant and will be felt throughout the district.

Another factor affecting this year's budget is the impact of the pandemic on our International Student Program. **Enrolment in the program has decreased resulting in reduced revenues** that previously would have been used to top up the district's Reserves and to supplement the available Ministry funding to support students and educational facilities.

Last year, the district was able to address its \$2.722 million shortfall through \$1.868 million in operating reductions and \$854 thousand from Reserves. A gentle approach to balancing the budget was possible due to the availability of Reserve funds and the ability to remove contingency staffing amounts from the budget that did not fund the positions of specific individuals. However, using Reserves to balance the budget last year has led to a carry-forward shortfall, and removing the contingency staffing amounts means there is even less flexibility in the budget this year. **As a result, our capacity to top up district Reserve funds, which are often used to find dollars for initiatives that are not in the budget, is reduced.**

In summary, we have developed increased funding needs and enhanced service expectations yet we are now facing a significantly tighter budget with decreasing Reserves. As a result, we believe the appropriate financial approach going forward is a cautious one.

THE 2022/23 BUDGET BALANCING RECOMMENDATION

Delta School District remains committed to fully funding its operating costs without undue reliance on funding sources that are not certain in these uncertain times. The recommendation calls for the budget to be balanced by reducing expenses with the **least possible impact to students**. The District continues to be committed to holding sufficient Reserve funds to buffer potential revenue shortfalls, particularly in light of the continuing impact of the COVID-19 pandemic.

Every department has examined its budget to identify possible efficiencies and areas for reduction. Unfortunately, balancing options that avoid impacts on the classroom are limited resulting in some hard choices this year.

Budget Balancing Initiatives

Reduction in Supplies/Expense Allowances - \$297 thousand consisting of:

- Reduction in District Administration Expenses (\$116 thousand). This relates to reductions in supplies and expenses in the Superintendent's Office, Facilities and Planning, Finance and Management Services and District Governance.
- Reduction of technology funds (\$96 thousand). The district maintains an overall technology budget of \$1.198 million. This reduction will come from the technology replacement fund, which will be supplemented with Reserve funds, when available, instead.
- Reduction of District Learning Resources (\$50 thousand). The Learning Resources budget of \$468 thousand provides resources related to the curriculum, teacher pedagogy, assessment for learning and communicating student learning.
- Reduction of Coordinator Expense Allowances (\$35 thousand). This reduction relates to the expense allowances of the Coordinators in the Learning Services – Curriculum, Instruction and Assessment Department.

Removing dollars from supplies and expense allowance funds alleviates the need to reduce funding from actual filled positions or other critical initiatives.

Operational Savings - \$2.479 million consisting of:

- Reduction in Inclusive Learning Staffing (\$1.772 million). The district has a history of spending significantly more in this area than the minimum required staffing ratios. As a result, Inclusive Learning has one of the largest budgets in the district, so it was inevitable that we would have no choice but to find reductions here. Students with Ministry Special Education Designations will continue to receive support services as per their Individual Education Plans despite overall reductions in staffing. There will be a re-organization of Inclusive Learning district staff that will redirect some services to schools. Efforts have been made to focus the reductions in ways that have the least possible impact on direct services to students. However, there will be some minor reductions in certain support areas for students who don't have Ministry designations at the school level that is unavoidable.
- Reduction in International Program Operating Expenses (\$224 thousand). As a result of the uncertainties brought about by the pandemic, including limited homestay availability and enrolment unpredictability, the department is operating at reduced levels and can reduce its overheads.
- Reduction of Indigenous Budget (\$128 thousand). For years, the district has provided funding to this budget that exceeds the available Ministry funding. Given current funding constraints, this is no longer sustainable. The reduction removes one block of Indigenous Education Advocates

time from each of the seven secondary schools. Funding is maintained for the District Indigenous support team and Reserve-funded Indigenous Early Literacy initiative in line with our new Vision 2030 and its focus on Indigenous Ways of Learning.

- Removal of Energy Manager Budget (\$123 thousand). Having exhausted funding opportunities available from BC Hydro-funded Energy Management initiatives, the district cannot sustain this cost given current budget constraints. This reduction assists in achieving greater strategic alignment in other budget areas where there is greater need.
- Efficiencies from the Academies Program (\$93 thousand). As with last year, not all Academies will run in 2022/2023 leading to cost savings.
- Reduction in Utility Costs (\$60 thousand). Identifying an inefficiency in the water utilization measurement has enabled the district to reduce its water-related utility costs.
- Reduction of Boundary Bay location operations (\$49 thousand). The Farm Roots initiative has not proven to be financially sustainable and there is insufficient student interest to warrant its continuance.
- Discontinuation of the Continuing Education print catalogue (\$30 thousand). Moving solely to an online version of the catalogue reduces operating costs and improves the district's environmental footprint.

Additional Cost This Year - \$28 thousand:

While we have looked to reduce costs wherever possible, the following additional cost is required to support school and district operations:

- Addition of Human Resources Clerical Staffing (\$28 thousand). This addition specifically increases sub-desk staffing, enabling improved efficiency and better support to schools needing substitute staff to cover absences.

COMMENTARY

“This year, in line with our Vision for 2030 and strategic plan, we initiated a new public engagement process to help stakeholders learn more about the budget and give them a chance to provide their feedback and ideas. While we would have wished to start this new engagement process with an easy budget where we were in a position to offer choices as to where to direct funding, these are not ordinary times and instead we found ourselves faced with a difficult budget year and some hard decisions to make. However, the engagement process provided an opportunity to have valuable conversations with our stakeholders and learn how we can best support each other through these challenging times.

As always, we are committed to balancing the budget in the most student-centred way possible, while at the same time protecting the school district from risk, and ensuring alignment with our Vision 2030 and strategic priorities. We thoroughly examined all areas to see what we can do more efficiently to make the most thoughtful and strategic decisions possible, and to ensure that we do not impact any one area more than necessary. Where we have had to make reductions to programs, we identified programs that haven't made as much of a beneficial impact to students as anticipated or that are not sustainable moving forward.

We are extremely thankful to have received additional federal and provincial funding to support and sustain school and district operations earlier in the pandemic. Now, as we hopefully transition out of the pandemic, we believe we have done the best we can with the dollars available.”

Nicola Christ, Secretary Treasurer
Delta School District

***The Delta School District is committed to being an innovative, inclusive community where all learners belong and everyone soars.
Its mission is to inspire and nurture thriving, future-ready learners.***