

Released on April 13, 2023

## 2023/2024 Proposed Budget Recommendations

### BACKGROUND

Delta School District staff and the Board of Trustees are committed to a thoughtful, strategic and student-centred approach to balancing the budget each year. **A balanced budget is a stipulation of the *School Act*.**

### 2023/24 BUDGET OVERVIEW

**The Annual Operating Budget for 2023/24 is \$187.3 million, up by \$6.2 million from the 2022/2023 Amended Annual Operating Budget of \$181.1 million.**

The district anticipates an increase in enrolment of 99 full-time enrolled [FTE] students for the 2023/24 school year, bringing the student FTE total from 16,131 in the 2022/23 Amended Annual Operating Budget to 16,230 student FTE forecasted for the upcoming year.

The district will receive **\$1.085 million** more in Operating Grant funding than anticipated prior to the funding announcement, which will help to cover operational cost increases.

In order to develop the most sustainable and strategically effective budget possible, the district has followed a budget balancing strategy based on the following themes:

- Ensuring that any 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 91.1% of the district's operating costs are staffing related.

### MINISTRY OF EDUCATION AND CHILD CARE FUNDING ANNOUNCEMENT

Based on last year's Ministry **Operating Grant formula**, the district had anticipated funding of **\$168.659 million**. This year, the Per Pupil amounts have increased by **9.4%**. As a result of the increase in per pupil amounts and the estimated increase in student enrolment for the fall of 2023\*, the district will receive **\$1.085 million** more than anticipated in Operating Grant funding for the 2023/24 school year, bringing the total Ministry funding received to **\$169.744 million**. \*Please note: The enrolment numbers are early

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estimates and subject to change. The final funding received will reflect the actual enrolment numbers reported once the 2023/24 school year has started.

## THE 2023/24 BUDGET COMPOSITION

A number of non-discretionary budgeted costs have increased including salaries due to labour settlements [\$13.112 million] and other wage increases/salary composition costs [\$1.595 million], benefit rate increases [Extended health benefits, Canada Pension Plan and a new sick leave allowance for casual workers - \$2.203 million], staffing model increases [\$1.332 million] and non-staffing related increases [audit fees and utility costs - \$326 thousand].

Increases in budgeted funding sources including additional Ministry funding [\$17.964 million] and investment income [\$827 thousand] will help to cover these costs.

## FACTORS INFLUENCING THE BUDGET

In recent years, school districts in B.C., including the Delta School District, have experienced significant financial uncertainties and volatility arising from a number of factors, all of which need to be considered when formulating the budget.

Delta, like many other school districts, saw **higher student enrolment** in September 2022 than expected, largely due to work permit population increases. The district expects to see increased enrolment again in September 2023 for the same reason. However, the district is also anticipating an increase of 86 FTE in the number of English Language Learners [ELL] and a decrease of 77 FTE in the number of Inclusive Learning students in Levels 1, 2 and 3, which will decrease the amount of targeted funding overall for Inclusive Learning support.

High inflation means that some **costs have increased significantly** [e.g. audit fees, utility costs]. It is not possible to increase all budgeted amounts which means **less can be purchased than before**.

Another factor is that, while **enrolment in our International Student Program** is recovering faster than the provincial average, it has **not yet returned to pre-pandemic levels**. In addition, **agent commissions have increased**. As a result, International Student Program net contribution remains volatile and cannot be relied upon to top up the district's Reserves and to supplement the available Ministry funding to support students and educational facilities.

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**Staffing costs are increasing.** There were less retirements in the 2022/23 school year than expected which means that the district has more teachers at the higher levels on the salary grid. Fortunately, the provincial funding announcement will help to cover some of this cost.

Since the pandemic, work absences from illness are at an all-time high across Canada and show few signs of relenting. People are now far more inclined to stay home from work if they are unwell to avoid spreading their illness to others in their workplace. The district, like most organizations, has seen a significant **increase in illness costs** as a result. For example, in the fall and winter of 2022/23, illness costs increased by 30% or by an estimated \$2.092 million in the 2022/23 Amended Annual Operating Budget. This has resulted in levels of illness costs in excess of budget that will need to be addressed in the 2023/24 budget. This will reduce reliance on Reserve funds, a one-time funding source, to cover an anticipated ongoing increase in illness costs and help ensure that they do not negatively impact other key areas in the budget moving forward.

The district continues to rely on the availability of Reserve funding for **technology purchases**. The district would prefer to build these costs into the budget as the availability of Reserve funding is uncertain from year to year and does not necessarily align with the timeline required for technology replacement.

The district anticipates a significant **increase in investment income** compared to previous years that will assist with budgeted needs this year. However, this cannot be relied on as a regular source of funding moving forward due to large fluctuations in investment rates.

Last year, in the 2022/23 Draft Annual Operating Budget, the district addressed its significant budget shortfall through operational savings [\$2.479 million] and a reduction in supplies/expense allowances [\$297 thousand]. The recently published Amended Annual Operating Budget, which captures actual revenues and expenses for the 2022/23 school year, shows that the district received more funding than expected last year due to increased enrolment, International Student Program revenues and investment income. This is good news as it will help to replenish the Reserve funds needed to mitigate financial volatility, cover financial uncertainty and support strategic objectives including regular instruction, Inclusive Learning, Indigenous Education, Facilities and technology needs.

## 2023/24 STRATEGIC BUDGET CHANGES

As in previous years, the district is recommending a budget strategy that ensures the **proposed changes have the least possible impact on students and classrooms**. Every department has examined its budget to identify possible efficiencies while ensuring it is continuing to support the district's strategic objectives and Vision for 2030. In addition, the district remains committed to fully funding its operations without

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undue reliance on funding sources that are not certain in these uncertain times and to holding sufficient Reserve funds to buffer potential future revenue shortfalls.

The district proposes to utilize \$223 thousand of the additional announced \$1.085 million of the Operating Grant funding plus operational savings of \$422 thousand [*see initiatives outlined below*] to make a contribution [\$499 thousand] towards illness costs in excess of budget and to retain a Peer Support Coordinator position [\$146 thousand] that provides valuable support to teachers and which had been funded by a two-year Ministry grant previously.

### **Initiatives Resulting in Operational Savings - \$422 thousand consisting of:**

- Change in Library Unallocated Flexible Time [\$200 thousand]. Changes in the staffing model for librarians will enable some cost savings related to the provision of preparation time for teachers. A full-time librarian will be teaching library prep coverage 9% [from 71% to 80%] more than currently. There will be no reduction in librarian staffing overall.
- Vehicle Equipment Services Department [\$191 thousand]. Currently, the Facilities Department has two vacant FTE positions in its Vehicle Equipment Services Department. By not filling these positions for the 2023/24 school year, significant savings are possible while the long-term impact on operations can be reviewed and assessed.
- Educational Program Savings [\$31 thousand]. Carefully considered decreases in program areas that have limited impact on student learning will provide additional cost savings.

## **COMMENTARY**

“We are fortunate that our early concerns regarding another difficult budget year were alleviated by the increase in Operating Grant funding received. This means that we were able to make strategic budget decisions to address cost increases without compounding some of the reductions made in previous years. This year, it has become clear that the amount currently budgeted for illness costs is no longer sufficient given the upward trend in staff illness.

Through our budget public engagement process, we recognize that providing support for Inclusive Learning continues to be a top priority for many of our rightsholders. Inclusive Learning will remain a priority for using Reserve funds to ensure continued levels of service quality. Additional priorities include supporting early literacy for students of Indigenous ancestry, regular staffing contingency [including increased illness costs] and replacement of aging technology.

As always, we remain committed to creating a budget in the most student-centred way possible. We have

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taken a sustainable and measured approach that will protect the school district from risk and ensure it is less reliant on Reserve funds which have declined in recent years.”

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.*

## **PUBLIC INPUT**

Members of the public are asked to provide their input and feedback at the Draft Budget Input Public Meeting at **7:30 p.m. on Tuesday, April 18, 2023** at the School Board Office, 4585 Harvest Drive, Delta, via email or by completing a short survey on the district’s website: [www.deltasd.bc.ca](http://www.deltasd.bc.ca).

To sign up to speak at the meeting, please email [rsonsalla@deltaschools.ca](mailto:rsonsalla@deltaschools.ca) or submit your input by sending an email to [budget@deltaschools.ca](mailto:budget@deltaschools.ca) before **noon on Tuesday, April 18, 2023**.

For more information on the budget process, please visit: <https://www.deltasd.bc.ca/news-events/news/2023-2024-school-district-budget-process/>