

# NOTICE OF MEETING

## FINANCE COMMITTEE

Secretary Treasurer's Office  
January 12, 2022  
Teams Live Broadcast

Oliver Hanson  
Lois Chan-Pedley  
Fraser Ballantyne  
Estrellita Gonzalez

Helen McGregor, Superintendent of Schools  
J. David Green, Secretary-Treasurer

### Notice of Meeting

A Meeting of the **Finance Committee** will be held on Teams Live Broadcast on on **Wednesday, January 12, 2022, at 5:00 pm.**

Trustees:	Carmen Cho Janet Fraser Barb Parrott (Alternate)	Jennifer Reddy Allan Wong
Student Trustee:	Ricky Huang	
Senior Management Staff:	Pedro da Silva Jody Langlois David Nelson	Pete Nuij Rob Schindel Shehzad Somji
Reps:	Terry Stanway, VSTA Vanessa Lefebvre, VESTA Mike Vulgaris, VASSA Joel Levine, VEPVPA Gord Lau, DPAC  Tyson Shmyr, PASA Warren Williams, CUPE 15 Brent Boyd, CUPE 407 Neil Munro, Trades Harjit Khangura, IUOE Vicky Qui, VDSC	Alt. Treena Goolieff, VSTA (Alt.) Jody Polukoshko, VESTA (Alt.) David Bach, VASSA (Alt.) Ankie Carswell, VEPVPA (Alt. 1) Vik Khanna, DPAC (Alt. 1) Skye Richards, DPAC (Alt. 2)  Charleen Ann Derzak, CUPE 407  Tim De Vivo, IUOE (Alt.)
Other Staff:		

# FINANCE COMMITTEE

## MEETING AGENDA

Wednesday, January 12, 2022  
at 5:00 pm  
Teams Live Broadcast

We are unlearning and relearning on the traditional and unceded lands of the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam), Skwxwú7mesh (Squamish) and səliiwətał (Tseil-Waututh) Nations. The meeting is being live-streamed and the audio and visual recording will also be available to the public for viewing after the meeting. The footage of the meeting may be viewed inside and outside of Canada.

### Meeting Decorum:

The Board has a strong commitment to ethical conduct. This includes the responsibility of committee members to conduct themselves with appropriate decorum and professionalism. As Chair of the Committee it is my responsibility to see that decorum is maintained. To do that I ask that:

- i. All members/delegates request to speak through the chair;
- ii. Civility towards others is maintained as stakeholder representatives and trustees share perspectives and participate in debate;
- iii. Staff be able to submit objective reports without influence or pressure as their work is acknowledged and appreciated;
- iv. Committee members refrain from personal inflammatory/accusatory language/action;
- v. Committee members, trustees, representatives and /staff present themselves in a professional and courteous manner.

Please see reverse for the Purpose/Function and Powers and Duties of this Committee.

Committee members consist of four trustees and members may vote on committee recommendations.

### 1. Information Items

1.1 2021-2022 Amended Budget Changes (15 min)

### Presenters

Shehzad Somji, Assistant  
Secretary Treasurer

### 2. Discussion Items

2.1 Financial Planning and Reporting Administrative Procedure (FPAR)  
(15 min)

J. David Green, Secretary  
Treasurer

### 3. Items for Approval

3.1 Budget Process & Timeline (2022-2023 Preliminary Annual  
Budget) (30 min)

J. David Green, Secretary  
Treasurer

### 4. Information Item Requests

*Committee members may request follow-up information on previously discussed items and/or suggest possible topics for future committee meetings agendas. All requests for future agenda items will be considered by the Chair and Vice Chair at their weekly Agenda Setting meeting.*

### Date and Time of Next Meeting

Wednesday, February 16, 2022

## **Finance Committee**

### **5.1 Purpose/Function:**

5.1.1 To assist the Board in being fiscally responsible.

### **5.2 Powers and Duties:**

5.2.1 Annually make recommendations to the Board regarding its submission to the Select Standing Committee on Finance and Government Services.

5.2.2 Provide input regarding the budget development process.

5.2.3 Review Budget assumptions and budget priorities that provide a framework for the preparation of the annual District budget and to be approved by the Board of Education in conjunction with senior administration.

5.2.4 Make recommendations regarding school fees.

5.2.5 By reviewing quarterly financial reports make recommendations for increasing value for money including: reducing costs, increasing revenue, eliminating or reducing resource allocations where commensurate results are not being achieved, disposal of assets, and increasing benefits without increasing costs.

5.2.6 Make recommendations re the appointment of the District Banker and review banking services at least every three years.

5.2.7 Fiscal Matters Referred to the Committee by the Board:

5.2.7.1 Review matters referred and make recommendations as requested.

January 12, 2022

**ITEM 1.1  
(Revised)**

TO: Finance Committee

FROM: J. David Green, Secretary-Treasurer  
Shehzad Somji, Assistant Secretary-Treasurer

**RE: 2021-2022 Amended Budget Changes**

*Reference to Strategic Plan:*

*Goal 4: Provide effective leadership, governance, and stewardship.*

*Objective: Effectively utilize school district resources and facilities.  
Advocate for public education.*

**INTRODUCTION:**

This report is provided for information.

**BACKGROUND:**

Administrative Policy 501, Budget Monitoring and Reporting, contains a section on Budget Updates. It states:

*The approved annual budget is developed at a point in time, using the assumptions and information available at that time. Changes in the assumptions and information will result in changes to the budget and will lead to the development of the amended budget for the fiscal year and to the projected year-end financial position.*

*Budget update materials will be prepared on a quarterly basis and provided to the Board of Education through presentations at Finance Committee meetings. The updates, primarily focused on the operating fund, will include a comparison to the original budget and forecast to the end of the school year in the following areas:*

- *Revenues;*
- *Expenses;*
- *Accumulated operating surplus or deficit;*
- *Staffing levels;*
- *Student enrolment levels.*

This report identifies the major changes that will be reflected in the Amended Budget to be presented at the February 16<sup>th</sup> Finance Committee meeting.

## Analysis

This report provides the committee with significant budget variances that have occurred since the budget was adopted in June 2021.

1. The most significant change in the annual budget relates to the change in the Ministry of Education operating grant due to higher or lower student enrolment than the levels used in the Annual Budget. For the 2021-2022 school year this variance results in a decrease in funding of \$4.10 million, as illustrated below:

	FTE	Surplus (Deficit)
K-12 Student Enrolment	(568.81)	\$ (4,485,087)
ELL Student Supplement	27.00	42,795
Special Needs Students	66.00	1,729,930
Distance Education	(12.63)	(62,174)
Indigenous Students	54.00	84,510
Adult Students	3.88	(35,111)
Summer School		(199,768)
Teacher Salary Differential		(1,185,496)
Other		11,184
		<u>\$ (4,099,216)</u>

2. The second most significant change in the annual budget relates to the staffing changes that need to take place to address the change in the student enrolment. For the 2021-2022 school year this variance results in a decrease in cost of \$1.35 million, as illustrated below:

	FTE	Surplus (Deficit)
Lower Elementary Teacher Allocation	(7.43)	\$ 816,174
Lower Secondary Teacher Allocation	(4.44)	\$ 487,575
Lower VLN Staffing Allocation	(4.04)	100,904
Higher VLN Supplies Allocation		(57,918)
		<u>\$ 1,346,735</u>

3. Another significant area of funding for the District is the revenue that is generated by the International Student Department. There are often changes in enrolment levels from what was projected in the annual budget. In 2021-2022 the District continues to experience the significant decline in enrolment due to the pandemic. However, in September enrolment came in higher than the level used in the annual budget.

	FTE	Surplus (Deficit)
ISP - Student Enrolment	70.00	\$ 1,085,000
ISP - Staffing Impact	1.52	(166,657)
		<u>\$ 918,343</u>

4. The following chart illustrates other significant additional costs and sources of revenue, some of which are one-time expenditures, for a net reduction of cost of \$0.72 million.

	<u>Surplus (Deficit)</u>
PeopleSoft Update	\$ 115,000
Restore School Flex Support (International Students)	(46,950)
Exempt staff compensation increase	(276,380)
Natural Gas price increase (estimate)	(250,000)
COVID-19 - Health & Safety Team	(50,000)
COVID-19 - 10% Replacement Contingency	(1,000,000)
One-Time Service Improvement Allocation	667,763
Seamless Day Childcare	(10,000)
MPP Employer Rate decrease	263,303
Living Wage Project	(25,000)
Other	(102,824)
	<u>\$ (715,088)</u>

The following are reasons for some of these changes:

- The PeopleSoft update cost is included in the Oracle migration project
- International Student School Flex Support was on hold last year due to the pandemic
- PSEC approved Exempt Compensation increase in July 2021
- Fortis BC announced rate increase in September 2021
- Additional support to the Health and Safety Team due to the pandemic
- Potentially 10% increase to replacement costs due to the increased levels of absenteeism due to the pandemic
- The Service Improvement Allocation was budgeted as an ongoing item in the Annual Budget
- PeopleSoft reassessed cost structure and announced license fee increase in October 2021
- Piloting Seamless Childcare with the MOE partially funding the program's cost
- Municipal Pension Plan announced 2022 rate in October 2021
- Living Wage Project as per October 25, 2021 Board motion

### **Amended Budget Summary**

These major areas of change amount to an additional net cost of \$2.5 million as shown in the table below. Staff continue to work on completing the amended budget, which will require the use of surplus to balance. The significant variances listed above are intended to inform the committee of the major budget changes that have occurred since the annual budget was adopted. There are smaller changes that have not been listed.

Enrolment	\$	(4,099,216)
Staffing		1,346,735
International Program		918,343
Other		(715,088)
	\$	<u>(2,549,225)</u>

**CONCLUSION:**

The Amended Budget will be presented at the February 16, 2022 Finance Committee for recommendation to the Board for approval.

**RECOMMENDATION(S):**

This report is provided for information.

Date January 12, 2022

**ITEM 2.1**

TO: Finance Committee

FROM: J. David Green, Secretary Treasurer

**RE: Financial Planning and Reporting Administrative Procedure**

*Reference to Strategic Plan:*

*Goal 4: Provide effective leadership, governance and stewardship*

*Objectives:*

- *Effectively utilize School District resources and facilities*
- *Develop and implement a long-term financial planning model*
- *Support effective communication, engagement and community partnerships*

*Goal 2: Build capacity in our community through strengthening collective leadership*

*Objectives:*

- *Encourage and appreciate the contributions made by our students, families, employee groups and community partners*

## INTRODUCTION:

On May 28, 2021, the Ministry of Education issued two new Public Financial Management Policies:

1. K-12 Public Education Financial Planning and Reporting Policy
2. K-12 Public Education Accumulated Operating Surplus Policy

The [K-12 Public Education Financial Planning and Reporting Policy](#) directs boards to develop multi-year financial plans that identify how funding and resources will support board strategic plans, operational needs of school districts and improved educational outcomes for students.

The [K-12 Public Education Accumulated Operating Surplus Policy](#) ensures consistency, transparency and accountability for the use and reporting of operating funding that is not used in the year in which it was provided. It acknowledges that it is appropriate for boards to maintain an operating surplus to manage financial risk and the accumulation and holding of appropriate operating surpluses by school districts is a component of sound financial and strategic planning.

At the September 15, 2021 meeting of the Finance Committee, a report was presented that addressed the K-12 Public Education Financial Planning and Reporting Policy (FPAR). That report is attached for reference (Attachment A).



## BACKGROUND:

The Financial Planning and Reporting Policy aligns multi-year financial planning and reporting processes with provincial requirements. The Policy's primary purpose is to create an efficient use of funding and resources to support a board's strategic plan, enhanced educational outcomes for students and other operational needs. It is a component of a provincial framework for transparency, accountability and equity that is centered on the goals contained in the [Statement of Education Policy Order](#).

The multi-year financial planning and reporting requirement is informed by the Framework for Enhancing Student Learning which requires boards to develop and implement multi-year strategic plans, supported by operational and financial plans, that are focused on improving educational outcomes for students. A new Ministerial Order connected to the Framework, the [Enhancing Student Learning Reporting Order](#), came into effect on September 1, 2020. The Policy requires boards to submit annual reports on student performance measured against certain educational outcomes. The new Order contains the following educational outcomes, in alignment with the objectives of Recommendation 12 of the Funding Model Review:

1. Students will meet or exceed literacy expectations for each grade level
2. Students will meet or exceed numeracy expectations for each grade level
3. Students will feel welcome, safe, and connected to their school
4. Students will graduate.

The Order contains specific measures under each educational outcome and requires separate reporting for Indigenous students (living on and off reserve), children and youth in care and students with disabilities or diverse abilities.

To comply with the FPAR policy, boards must:

1. Develop, implement, and provide multi-year financial plans to the Ministry that outline how funding and resources will be used to support strategic plans to enhance student outcomes and operational needs.
2. Develop and have in place by January 2022 a local policy that supports transparency and accountability when developing financial plans so that the education community is engaged in the development of those plans and are informed of progress in aligning funding and resources with strategic plans and student outcomes.
3. Develop and implement internal processes to monitor financial progress and adjust strategic plans as required.

The reporting component required by the policy will be accomplished using the existing financial framework for reporting which includes the annual Financial Statement Discussion and Analysis, published on the District website, that districts prepare to explain their financial results. This annual report will be expanded to include information on the Board's progress toward meeting the objectives outlined in their multi-year financial plans to enhance student educational outcomes and operational needs.

## ADMINISTRATIVE PROCEDURE:

In the September 2021 report to the Finance Committee, the steps moving forward were:

1. Develop a local policy to engage the education community in the development of multi-year plans
2. Develop and implement multi-year financial plans
3. Monitor financial progress and adjust strategic plans as required.

At the time, it was thought that the District's Administrative Procedure 501 (Budget Monitoring and Reporting) might be the instrument for meeting the compliance requirements of FPAR. This thinking has changed in that FPAR is intended to be beyond the scope of the annual budget process. A separate Administrative Procedure 502 (Financial Planning and Reporting) has been developed to meet the requirements of the Ministry policy. It is attached for the Committee's information (Attachment B).

## RECOMMENDATION:

This report is provided for information.

### Attachments:

- Attachment A: September 15, 2021 Finance Committee Report - Financial Planning and Reporting Policy
- Attachment B: Administrative Procedure 502

**ATTACHMENT A**

Date September 15, 2021

TO: Finance Committee

FROM: J. David Green, Secretary Treasurer

**RE: Financial Planning and Reporting Policy**

*Reference to Strategic Plan:*

**Goal 4: Provide effective leadership, governance and stewardship**

**Objectives:**

- Effectively utilize School District resources and facilities
- Develop and implement a long-term financial planning model
- Support effective communication, engagement and community partnerships

**Goal 2: Build capacity in our community through strengthening collective leadership**

**Objectives:**

- Encourage and appreciate the contributions made by our students, families, employee groups and community partners

**INTRODUCTION:**

On May 28, 2021, the Ministry of Education issued two new Public Financial Management Policies:

1. K-12 Public Education Financial Planning and Reporting Policy
2. K-12 Public Education Accumulated Operating Surplus Policy

The [K-12 Public Education Financial Planning and Reporting Policy](#) directs boards to develop multi-year financial plans that identify how funding and resources will support board strategic plans, operational needs of school districts and improved educational outcomes for students.

The [K-12 Public Education Accumulated Operating Surplus Policy](#) ensures consistency, transparency and accountability for the use and reporting of operating funding that is not used in the year in which it was provided. It acknowledges that it is appropriate for boards to maintain an operating surplus to manage financial risk and the accumulation and holding of appropriate operating surpluses by school districts is a component of sound financial and strategic planning.

This report addresses the K-12 Public Education Financial Planning and Reporting Policy (FPAR). A separate report will address the K-12 Public Education Accumulated Operating Surplus Policy (AOS). This surplus policy is a subset of the FPAR policy as it addresses the allocation of resources from operating fund surpluses.

## BACKGROUND:

The development of these two policies is part of the implementation of the Ministry's Funding Model Review that commenced in 2017. An independent panel undertook extensive consultation in 2017 and 2018 and produced a report in May 2018 that contained 22 recommendations under three themes:

1. Equity of Educational Opportunity
2. Accountability
3. Financial Management

The panel's report can be found [here](#).

After an initial evaluation of the panel's recommendations, the Ministry informed districts, in December 2018, it was establishing four working groups to look at Inclusive Education, Financial Management, Adult & Continuing Education and Online Learning and an advisory committee to look at the Framework for Enhancing Student Learning to obtain more feedback from stakeholders. Initial work from these groups informed a progress report issued by the Ministry in June 2019 which can be found [here](#). The basis for the Ministry's two new policies lies in the connection between the work of the Financial Management Working Group and the Advisory Committee work related to the Framework for Enhancing Student Learning. The development of multi-year strategic plans that are focused on improving educational outcomes for students can only be successful through an appropriate allocation of resources, sound financial management of that allocation and transparent reporting of the results.

The final reports from the working groups were made public in early October 2019. The [Financial Management Working Group Report \(Addressing Recommendations 18, 19, 20\)](#) led to the establishment of a Financial Management Committee ("FMC") comprised of BCASBO members, representatives from FNEC and Government officials. Recommendations 18 and 19 are addressed in the FPAR policy and Recommendation 20 is addressed in the AOS policy.

With respect to Recommendation 19, the FMC focused on the comments of the working group primarily in relation to the multi-year planning aspect of Recommendation 19.

*Recommendation 19 – To support multi-year financial planning school districts should be required to develop three-year financial plans*

Recommendation 18 of the Funding Model Review is addressed directly by the Ministry of Education in the FPAR as support for boards by committing to work with boards and BCASBO to ensure that projected funding pressures are identified for the annual provincial K-12 budget process.

*Recommendation 18 – The Ministry should identify net cost pressures and new program expenditures and, as part of the annual provincial budget process, bring them forward to Treasury Board for consideration when the total quantum of public education funding is being set.*

The Advisory Committee for Enhancing Student Learning was identified in the June 2019 Progress Report to address Recommendations 12, 13 and 14 of the Funding Model Review. [The Framework for Enhancing Student Learning](#) is focused on outcome-based performance measures and ensuring school districts are taking an in-depth look at how students are learning. The new funding formula is intended to provide

more flexibility for districts to allocate funds in ways that will enhance student learning. The FMC also considered the intent of the three recommendations addressed by the Advisory Committee.

*Recommendation 12 – The Ministry should establish a provincial accountability and reporting framework for the K-12 public education sector, including common principles and templates. The framework should have three to five broad, system-wide goals that are specific, measurable, and focused on student outcomes. The Ministry should monitor school district progress against these goals and work directly with school districts experiencing difficulty in meeting their objectives.*

*Recommendation 13 – Boards of Education should be required to develop Strategic Plans that are based on the broad goals established by the Ministry, with flexibility to add additional goals based on local priorities.*

*Recommendation 14 – As a critical component of good operational practice, Boards of Education should be required to strengthen their planning processes*

#### ANALYSIS:

The Financial Planning and Reporting Policy aligns multi-year financial planning and reporting processes with provincial requirements. The Policy's primary purpose is to create an efficient use of funding and resources to support a board's strategic plan, enhanced educational outcomes for students and other operational needs. It is a component of a provincial framework for transparency, accountability and equity that is centered on the goals contained in the [Statement of Education Policy Order](#).

The multi-year financial planning and reporting requirement is informed by the Framework for Enhancing Student Learning which requires boards to develop and implement multi-year strategic plans, supported by operational and financial plans, that are focused on improving educational outcomes for students. A new Ministerial Order connected to the Framework, the [Enhancing Student Learning Reporting Order](#), came into effect on September 1, 2020. The Policy requires boards to submit annual reports on student performance measured against certain educational outcomes. The new Order contains the following educational outcomes, in alignment with the objectives of Recommendation 12 of the Funding Model Review:

1. Students will meet or exceed literacy expectations for each grade level
2. Students will meet or exceed numeracy expectations for each grade level
3. Students will feel welcome, safe, and connected to their school
4. Students will graduate.

The Order contains specific measures under each educational outcome and requires separate reporting for Indigenous students (living on and off reserve), children and youth in care and students with disabilities or diverse abilities.

To comply with the policy, boards must:

1. Develop, implement, and provide multi-year financial plans to the Ministry that outline how funding and resources will be used to support strategic plans to enhance student outcomes and operational needs.
2. Develop and have in place by January 2022 a local policy that supports transparency and accountability when developing financial plans so that the education community is engaged in the development of those plans and are informed of progress in aligning funding and resources with strategic plans and student outcomes.
3. Develop and implement internal processes to monitor financial progress and adjust strategic plans as required.

The reporting component required by the policy will be accomplished using the existing financial framework for reporting which includes the annual Financial Discussion and Analysis Report that districts prepare to explain their financial results. This annual report will be expanded to include information on the Board's progress toward meeting the objectives outlined in their multi-year financial plans to enhance student educational outcomes and operational needs.

Attached to this report as Appendix A is a Q & A document that addresses various aspects of the FPAR.

#### PLAN MOVING FORWARD:

From the analysis section above there are essentially three requirements the District will have to have in place to be compliant with the FPAR. They are listed below in the order in which they will be completed:

1. Develop a local policy to engage the education community in the development of multi-year plans

The attached timeline (Appendix B) indicates that the local policy on how to engage the education community in the development of multi-year plans and inform them on progress in aligning funding and resources with strategic plans and student outcomes needs to be done this fall and be in place for January 2022. This will be done employing the IAP2 framework in Administrative Procedure 106 (District Public Engagement) and will involve all stakeholders, local First Nations and Metis Nation BC. The meetings that will take place (schedule to be developed) will focus on the current report on the Framework for Enhancing Student Learning and specifically on the goals for next year, which would be the key drivers for the discussion on how to allocate funding and resources in a multi-year plan.

2. Develop and implement multi-year financial plans

A multi-year financial plan is not meant to represent a multi-year detailed budget. The purpose of a multi-year financial plan is to disclose to the public what the District's long-term plans are and what the long-term future financial outlook might look like. The intent would be for the multi-year plan to forecast funding allocations for three years to correspond with the Ministry of Education's three-year rolling service plans. With the local policy in place the education community will spend the next several months developing that three-year plan with a detailed budget prepared for 2022-2023.

3. Monitor financial progress and adjust strategic plans as required.

The District already has Administrative Procedure 501 (Budget Monitoring and Reporting) in place to compare actual financial results with budget. The periodic reporting of this comparison to the Finance Committee will continue but the Administrative Procedure will be reviewed to explore if any changes are required. As mentioned earlier, there will also be an annual reporting of the progress made under the FPAR in the Financial Statement Discussion & Analysis that is produced and submitted to the Ministry every September. Going forward, it will provide information on student outcomes in relation to the financial plans that were put in place to enhance those outcomes. Because much of the data on student achievement is not available at the time the Financial Statement Discussion & Analysis is prepared, that section of the report will reference the previous year's plans. Hence the benefit of a multi-year approach – the District will be able to see trends to inform future strategic plans.

While the Framework for Enhancing Student Learning provides the current direction in terms of the educational outcomes contained in the Enhancing Student Learning Reporting Order, the development of the District's Education Plan for 2022-2026 will also be used to develop the multi-year planning for 2022-2023 to 2024-2025.

**RECOMMENDATION:**

This report is provided for information.

## Administrative Procedure 502

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### FINANCIAL PLANNING AND REPORTING

#### Background

This Administrative Procedure has been developed in response to the compliance requirements in the Ministry of Education's [K-12 Public Education Financial Planning and Reporting Policy](#) which directs Boards of Education to develop multi-year financial plans that identify how funding and resources will support board strategic plans, operational needs of school districts and improved educational outcomes for students.

The Financial Planning and Reporting Policy (FPAR) provides for greater transparency and accountability for the planning and reporting of the financial resources managed by Boards of Education. The Policy provides direction and guidelines to align Boards' multi-year financial planning and reporting processes with these provincial requirements. The [Framework for Enhancing Student Learning Policy](#) directs boards to develop and implement multi-year strategic plans, supported by operational and financial plans, that are focused on improving educational outcomes for students. The [Enhancing Student Learning Reporting Order](#) requires boards to annually report to the Ministry on student performance using specified outcomes and measures. The financial planning and reporting requirements in the Policy are intended to demonstrate how financial resources are used to support the Board's strategic planning and operational needs to enhance the student educational outcomes specified in the District's Framework.

This Administrative Procedure does not change, or impact bylaw processes or annual budget processes established in the *School Act*. It is outside the scope of the Board's Annual Budget. Each board may establish their own approval process for multi-year financial plans.

#### Procedures

##### 1. Responsibility for Development of Multi-year Financial Plans

- 1.1 The multi-year financial plans shall be developed in a thoughtful, planned and transparent manner.
- 1.2 The Superintendent is delegated responsibility for the overall management of the educational and operational programs that are supported by the multi-year financial plans.
- 1.3 The Superintendent delegates specific responsibility to the Secretary Treasurer for the financial management of the multi-year financial plans and all related reporting.



## 2. Development of Multi-Year Financial Plans

- 2.1 Annually, the District will develop three-year financial plans representing strategies to be implemented beyond the next fiscal year's annual budget to support the goals of the Framework for Enhancing Student Learning and the District's Education Plan.
- 2.2 The District's multi-year financial plans will be developed in conjunction with and along the same timeline as the development of the Annual Budget.
- 2.3 The Secretary Treasurer is responsible for working with the Education Services Department and the Learning Services Department to identify the assumptions to support the multi-year plans and quantify the financial resources required to support the strategies in the Framework for Enhancing Student Learning and the District's Education Plan.
- 2.4 The financial resources required to support the strategies in the Framework for Enhancing Student Learning and the District's Education Plan will come primarily from the District's operating fund but will also include resources in the District's special purpose funds and capital fund, as applicable.
- 2.5 The financial resources required to support the strategies in the Framework for Enhancing Student Learning and the District's Education Plan may also include the use of the District's accumulated operating surplus, as detailed in Board Policy 19 – Accumulated Operating Surplus.
- 2.6 The Secretary Treasurer will prepare an initial draft of the multi-year financial plan, using the assumptions identified and supported by the planned allocation of District financial resources and accumulated surplus.
- 2.7 The initial draft of the annual multi-year financial plan will be:
  - 2.7.1 Discussed at scheduled meetings with the District's stakeholder representatives who sit on the Finance Committee for their input.
  - 2.7.2 Discussed with the District stakeholder representatives who attend the individual stakeholder meetings that are hosted by the Finance Department as part of the Annual Budget development process for their input.
  - 2.7.3 Presented at the scheduled Board of Education Committee of the Whole meetings associated with the Annual Budget development process.
  - 2.7.4 Included in the annual survey on the development of the Annual Budget with a request for feedback from the broader school community.
  - 2.7.5 Presented to the education leads of the District's Indigenous community by the District Principal of Indigenous Education, supported by Finance Department staff, for discussion of how targeted funding is being allocated in the multi-year plans and to receive feedback from an Indigenous perspective.
- 2.8 All feedback received on the multi-year financial plans will be evaluated by District staff and incorporated, as appropriate, in a final draft that will be presented to the Board of Education for approval along with the Annual Budget.
- 2.9 The Secretary Treasurer is responsible for annually submitting the District's multi-year financial plans to the Ministry of Education, along with the District's annual budget.
- 2.10 The Secretary Treasurer is responsible for publicizing the District's multi-year financial plans on the District's website, along with the Annual Budget.

### 3. Monitoring and Reporting

- 3.1 The strategies to support improving student outcomes and operational needs that have been included in the Framework for Enhancing Student Learning and the District's Education Plan will be adjusted as changes to the financial assumptions used in the associated multi-year financial plans happen.
- 3.2 The quarterly reporting procedures in Administrative Procedure 501 – Budget Monitoring and Reporting will be used to inform the Finance Committee of possible required changes to the multi-year financial plans.
- 3.3 To ensure the local community and partner groups, including the Indigenous community, is informed of the Board's progress towards aligning funding and resources with strategic plans, other operational needs of the school district, and enhanced student educational outcomes a section of the District's annual Financial Statement Discussion and Analysis Report, that is published on the District website, will provide information on:
  - 3.3.1 The strategies included in the multi-year plans and the financial resources allocated to support them.
  - 3.3.2 Progress made in achieving the objectives of the multi-year plans.
  - 3.3.3 Possible changes to the multi-year plans due to changed financial assumptions and other factors.

January 12, 2022

**ITEM 3.1**

TO: Finance Committee

FROM: J. David Green, Secretary-Treasurer  
Shehzad Somji, Assistant Secretary-Treasurer

**RE: Budget Process & Timeline (2022-2023 Preliminary Annual Budget)**

*Reference to Strategic Plan:*

*Goal 4: Provide effective leadership, governance, and stewardship.*

*Objectives:*

- *Effectively utilize school district resources and facilities.*
- *Advocate for public education*
- *Develop and implement a long-term financial planning model*
- *Support effective communication, engagement, and community partnerships*

*Goal 2: Build capacity in our community through strengthening collective leadership*

*Objective:*

- *Encourage and appreciate the contributions made by our students, families, employee groups, and community partners.*

## INTRODUCTION:

The Board of Education is responsible, through the Superintendent of Schools, for overseeing the educational and operational activities of the District and for all statutory requirements of provincial legislation to implement educational standards and policies. The approval of the Annual Budget is one of those specific requirements under the *School Act*, specifically school districts must annually approve a balanced budget for the next fiscal year and submit it to the Ministry of Education by June 30 of the current fiscal year. In addition, under Section 9.1 of [Board Policy 2: Role of the Board](#), the Board must approve the budget process and timelines at the outset of the budget process.

The Board is committed to undertaking a transparent process in order to approve the budget and has fully adopted Ministry recommended requirements for financial governance including the development of the annual budget guided by its vision statement and encompassing a consultative budget process. In terms of process, while productive engagement helps to inform budget development, responsibility for the budget and decision-making regarding it remain with the Board.

This budget process and timeline document is presented for the committee's consideration and possible recommendation to the Board of Education for approval. This report also contains a section, for discussion, about changes Trustees may want to see in the budget development process.

This report contains a recommendation.

## BACKGROUND:

### Reporting Standards

The District's budget is prepared in accordance with the following Provincial legislation and regulation that establishes government's framework for financial reporting:

1. Section 23.1 of the Budget Transparency and Accountability Act
2. Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board

As required by Public Sector Accounting Board ("PSAB") standards for budgeting and financial reporting the District reports revenues and expenses under three separate funds: the operating fund, the special purpose fund and the capital fund. Under the PSAB standards the District is required to prepare a budget incorporating the format described in Appendix A. The summary budget document (Statement 2 – Revenue and Expense) contains the required budget bylaw that the Board of Education must approve by June 30, 2022 as per the *School Act*. Statement 2 is the consolidation of the operating, special purpose and capital funds of the District. A brief description of these funds follows:

**OPERATING FUND:** The operating fund includes Ministry grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation.

**SPECIAL PURPOSE FUND:** The special purpose fund includes separate, identifiable funds designed for a specific use or program. These funds are received from the Ministry of Education and other sources with restrictions on how they may be spent.

**CAPITAL FUND:** The capital fund includes a combination of Ministry capital grants and locally generated funds. These funds are used for facility operations including construction, seismic upgrades, enhancement, and maintenance of buildings, fields and infrastructure.

While the District is required to budget for all three funds, this planning document is focused on Schedule 2 of the PSAB format (Operating Revenue and Expense), which encompasses the District's operating activities. Separate budgets will be prepared for the Special Purpose Fund and the Capital Fund and will be presented at future meetings.

### Guiding Principles – Operating Fund

The budget development process used by the Vancouver School District addresses resource allocation from a District perspective, attempts to provide equity for students and creates a cost consciousness, all of which will serve to enhance learning opportunities for Vancouver students. The process is transparent and provides accountability. In that way it contains beliefs, values and guiding principles which address the educational focus of the District and includes extensive engagement with all stakeholders.

The strategy to develop the budget in this way is based on the following budget priorities:

- Maintaining a focus on student achievement, recognizing the personalized learning needs of students;

- Reflecting on responsible stewardship in implementing the objectives of the District’s educational, financial and facilities-related plans;
- Respecting the District’s decision-making culture, encouraging creativity and innovation in meeting the learning needs of specific communities;
- Be sustainable over the longer term while providing the flexibility to address changing short-term needs;
- Focus on equity for all schools and for all students of the District;
- Reflect the specific needs of vulnerable students; and,
- Include engagement with the District’s educational leaders and stakeholder groups as well as the opportunities for broader community input.

### **Previous Work Guiding the Budget Development Process**

Adopting a practice of continuous improvement, Senior Management attempts to incorporate previous advice and recommendations in the budget development process. The following is some of that work.

#### **Needs Budget**

The work of the Needs Budget Working Group (NBWG), formed in November 2018, will continue to be considered in the development of the District’s budget for 2022-2023 and the development of a three-year financial plan. The NBWG focused its work on equity and advocacy. When asked to provide thoughts on what to include in the Needs Budget, some stakeholders provided specific positions or past reductions for consideration whereas other stakeholders provided general items for consideration. There was also input on areas where stakeholders want the Board to advocate on the District’s behalf. All these considerations will be further discussed with stakeholders when District staff meet with them in the coming months.

#### **Survey on 2019-2020 Budget Development Process**

The survey conducted at the end of the development of the 2019-2020 budget provided valuable feedback to inform the development of future budgets. Key components of that feedback include:

- concluding the development of the staffing component of the budget by the end of April;
- there should be an earlier start to public engagement;
- meetings with individual stakeholders should continue, with trustees as observers;
- there should be a clearer way to explain the budget development process which can be shared transparently;
- there should be a greater incorporation of stakeholder input versus proposals by trustees and management;
- there should be more graphic representations of the process.

District staff has taken this feedback into consideration in the form of revisions to the Budget Development Process 2022-2023 document that will accompany the development of the budget, and which will be published in January, after the Finance Committee meeting.

## **Balanced Budget Concept & Connection to Strategic Planning**

The District's budget development process involves engagement with all stakeholders but at the same time positions the District to achieve its goal of producing a balanced budget. In order to accomplish this, there should be an understanding of the connection between the guiding principles in the current Strategic Plan and the allocation of resources in the budget. Overall, the process of budget development should be one of excellence, driven by our vision to "inspire student success by providing an innovative, caring and responsive learning environment". The principles of collaboration and engagement will guide the conversations with stakeholders and the principles of transparency and inclusion will serve as integral foundations for the process. Inherent in the transparency of the process will be defining the assumptions used and the identification of specific areas of priority that will need to be addressed and assessed from a feasibility perspective. In working with the District's stakeholders, it is necessary to understand that while productive consultation will inform the process, the final decision-making is in the hands of the Board.

The development of the [Education Plan 2026](#) is expected to be approved by the Board in the Spring and will focus on the District's core goals to support student achievement and well-being for the next five years. This Plan will help the budget development process in planning spending priorities to ensure the goals and objectives are met. Along with the Education Plan, the Ministry's [Framework for Enhancing Student Learning](#) (Framework) will also play a key role in developing spending plans to ensure the focus is on enhancing student learning and success. The Framework combines accountability with evidence-informed decision making and system-wide continuous improvement to support equity of outcomes for all students in the provincial K-12 public system. It also reflects a public commitment by Indigenous peoples, Indigenous rights holders, education partners and communities to work together to improve student learning and enhance the intellectual, social and career development of all learners.

## **Consultation with Stakeholders and Trustees**

The Senior Management Team has identified that all District stakeholders will continue to be involved in the budget development process. It is anticipated that meetings with these groups will take place throughout the budget development process, starting once the process is approved. During the development of the 2021-2022 Annual Budget, District staff held meetings individually with each stakeholder group. The value of these individual meetings was acknowledged as providing opportunity for more open discussion of budget concerns. Staff intends to continue with the individual meetings with stakeholder groups, including feedback from previous years' meetings.

As established in the development of the 2020-2021 budget, trustees have been able to attend the stakeholder meetings. District staff think the presence of a single trustee at the stakeholder meetings in the role of observer is appropriate and will help to inform discussions at future meetings of the Finance Committee when they report back on their observations. Accordingly, trustees are asked to inform the Secretary Treasurer's office which meetings from the dates in the timeline in the Discussion Matters section below they would like to attend, and a schedule will be developed.

Finance Committee meetings and workshops will provide opportunities for stakeholders and trustees to jointly have input in the development of the budget. As mentioned above, there are two components of the budget development process to which stakeholders and trustees are encouraged to contribute.

They are the determination of the budget assumptions and the identification of specific priority areas where resources should be allocated. Initial budget assumptions are listed in the Discussion Matters section below. At the Finance Committee meeting on January 12, 2022, staff will engage the committee in discussion of these two components.

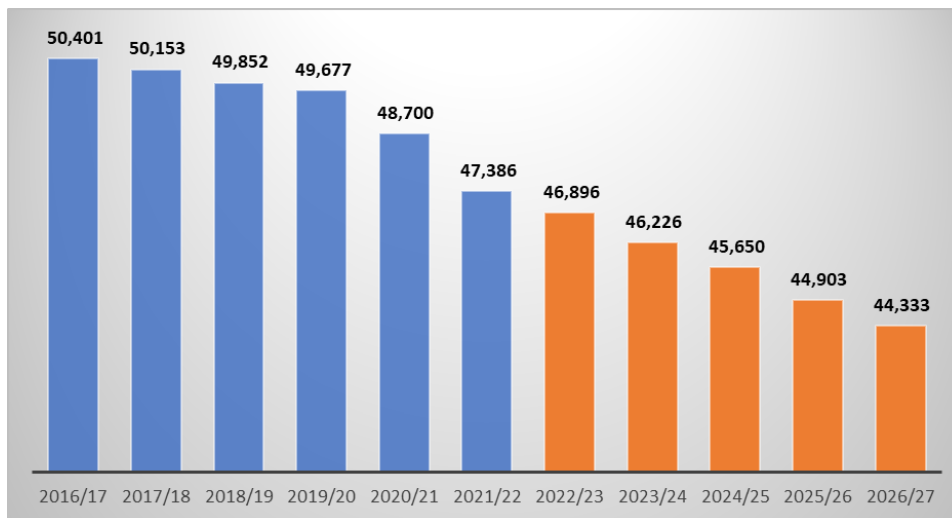
**BUDGET DEVELOPMENT PROCESS:**

In developing the budget for 2022-2023 the overall goal is to provide, to the extent possible, the same level of programs and services as provided in 2021-2022. However, the impact of declining enrolment and the financial impacts on revenues and expenses due to the pandemic and other factors have to be recognized. The 2021-2022 budget was significantly impacted by COVID-19, resulting in the need to appropriate \$9.4 million of prior year surpluses to balance it.

**Financial Factors in Budget Development**

There are several existing financial factors that will need to be taken into consideration in the development of the 2022-2023 preliminary annual budget. One of the most significant of these factors is the impact of declining enrolment on funding and staffing levels.

The enrolment information presented below is for K-12 Standard School students by head count. The District has seen an enrolment decline of 3,015 students, or 6.0%, from 2016-17 to 2021-22. The forecast for 2022-23 and beyond assumes that the downward enrolment pressure will continue. The projected decline of 490 students in 2022-2023 represents a funding loss of \$3.9 million. While the rapid decline in the last two years likely reflects some impact of COVID-19, the rate of decline is expected to return to pre-COVID levels, approximately 250 students per year.



With the enrolment decline shown above there is an expectation that staffing levels will also decline, offsetting, to some degree, the funding loss. The Finance Department will project teacher staffing levels in the budget, using historical formulae. The Employee services Department assigns teacher staffing to schools based on student timetables and course selections at secondary schools and based on maximum staffing levels for different grade levels at elementary schools. Prior to the budget being completed there is a reconciliation of these two processes to ensure teacher staffing is appropriate.

Other financial factors that will impact the development of the preliminary budget are:

- The provincial economic outlook – the Ministry’s funding announcement which will be influenced by the economic environment;
  - how the further funding formula review recommendations will be implemented
  - the provincial deficit resulting from the pandemic and the additional capital costs related to forest fires and floods
- The continuing COVID-19 pandemic
  - cost pressures that remain at the expiration of the Federal and Provincial Return to School grants or new ones created by Ministry direction
  - continued lower interest income and rental revenues
  - the impact of lower International Student Program enrolment
- Additional known cost pressures
  - Increased CPP and Employment Insurance premiums
  - Increased WorkSafe BC fees
- The beginning of provincial bargaining for teachers and support staff
  - Will result in increased wages and benefit costs, which historically have not been fully funded by the Ministry.

### **Logistical Processes in Budget Development**

The development of the operating fund budget for 2022-2023 will also be guided by the following processes:

- the development and approval of the 2021-2022 amended annual budget;
- the development of enrolment projections for the 2022-2023 school year;
- the creation of a status quo budget and the development of surplus creation strategies to ensure a balanced budget is achieved.

### **Amended Budget**

The Finance Department has been working on the amended budget for the 2021-2022 school year since September. Information on the status of the amended budget will be brought to the Finance Committee in January and February in the form of financial year-to-date updates and forecasted results for the balance of the year. At its February 16, 2022 meeting the Committee will be asked to recommend approval of the amended budget to the Board.

### **Enrolment Projections**



Currently the District is required each year to submit enrolment projections to the Ministry for the next three years. Enrolment projections are due to the Ministry by February 15<sup>th</sup> and will consist of the following:

- school-aged children who are not enrolled in either distance learning or continuing education programs as at September 30<sup>th</sup>;
- students enrolled in distance learning and continuing education programs as at September 30<sup>th</sup>, February 28<sup>th</sup> and May 31<sup>st</sup>;
- elementary and secondary summer school students;
- non-graduated adults as at September 30<sup>th</sup>;
- students with special needs as at September 30<sup>th</sup> and February 28<sup>th</sup>;
- Indigenous students who are not “status First Nations living on reserve” as at September 30<sup>th</sup>;
- students who are being provided with English Language Learner (ELL) support as at September 30<sup>th</sup>; and
- refugees as at September 30<sup>th</sup>.

District staff will begin the process of projecting the September 2022 enrolments in January. The approach used will be a conservative one – rolling forward the current headcount enrolments to the next grade, adding estimated kindergarten enrolments and adjusting certain schools for growth factors. The kindergarten and growth factor elements of the projections are based on the information in the current Baragar Demographics module. The projections from Baragar are based on historical information of enrolments and migration trends only. District staff will therefore have an opportunity to work to potentially modify these historical-based projections to take into account housing development information and other local knowledge in order to come up with the growth factors to be used in the projections. The extent to which the Baragar projections would be modified for this additional information will be assessed from a conservative perspective.

The enrolment projections provided to the Ministry have to be in the form of FTEs (Full Time Equivalents) and not headcount. Elementary students, secondary grade 8 and 9 students and alternate school students have FTEs equal to their headcounts. Secondary students in grades 10-12 have their headcounts converted to FTE based on historical information of courses taken. This approach may change in the new funding formula as work has been undertaken with the Sector Advisory Council to consider a move to a secondary (Grade 10-12) headcount model.

Distributed learning and continuing education programs projected enrolments are determined after discussion with district principals. The Finance Department and the Senior Management Team will also be meeting in January with district principals and directors to obtain information on developing projections for the supplemental funding categories of Indigenous, English Language Learners and students with Special Needs.

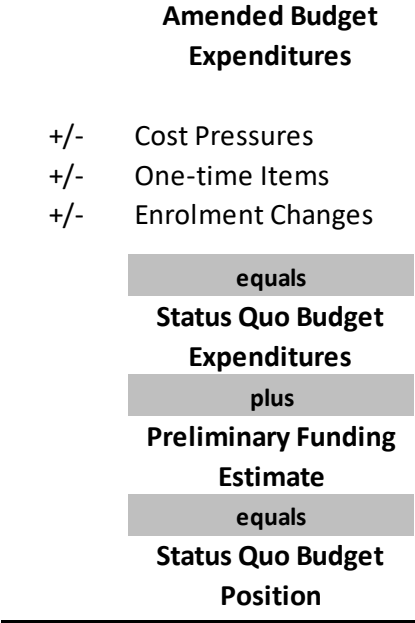
Not only will the enrolments supplied to the Ministry provide the District with a preliminary funding estimate for the next school year, they will also inform the budget process in terms of formulating preliminary staffing levels and resource supports.

### **Status Quo Budget**

The amended operating fund budget for 2021-2022 will serve as the base or status quo budget for the operating fund for 2022-2023. This is the budget which assumes to provide the same level of service and

programming as has been provided in the current year, adjusted for one-time items. The process of developing the base or status quo budget is as follows:

- The expenditure component of the amended budget for the current year serves as the base and is adjusted for the following elements to produce a status quo expenditure budget:
  - the impact that enrolment changes will have on the following year’s staffing levels;
  - the addition of known changes in expenditure levels, such as changes in benefit rates and necessary school and department requests;
  - the addition of other known cost pressures, such as utilities increases and wage lifts for exempt staff and principals and vice-principals;
  - the removal of one-time or non-continuing expenditure items;
  
- The revenue component of the amended budget for the current year is adjusted for the following to produce a revenue budget for the following year:
  - expected enrolment changes in all Ministry-funded student and adult categories;
  - projected growth or decline in the revenue in the International Student Program;
  - known changes in provincial core or supplementary funding (after the Ministry announcement in mid-March);
  - expected or planned changes in local revenue.
  
- The status quo expenditure budget and the preliminary revenue budget are then compared to determine whether a status quo budget surplus or deficit exists, as illustrated below:



Regardless of whether a status quo surplus or deficit exists, budget strategies and considerations to achieve the goal of producing a balanced budget for 2022-2023 need to be determined. Once done, a balanced preliminary budget is finalized for the Board’s consideration and approval by the end of May 2022, as per the timeline in the Discussion Matters section below.

## DISCUSSION MATTERS:

There are three discussion items for the Finance Committee to consider before the budget process and timeline is recommended to the Board of Education for approval. These are:

- Proposed budget process timeline – Appendix B
- Initial budget assumptions used – Appendix C
- Potential changes that Trustees have proposed – Appendix D

Once these items have been discussed and agreed on by the committee the budget process and timeline can be forwarded to the Board of Education for approval as per the recommendation below.

## CONCLUSION:

The budget process outlined in this document represents a transparent and accountable way to develop a budget for the Vancouver School Board. It contains beliefs, values and guiding principles which address the educational focus of the District and it includes extensive consultation with all stakeholders. The process will be challenging due to the continuing impact of the pandemic and cost pressures that will come into play for next year. These include, in addition to the increased WorkSafe BC fees and benefit cost increases already mentioned, the requirement to fund possible wage lifts for exempt staff and principals and vice-principals, the cost of continuing to operate under-utilized schools, increasing technology demands, rising utilities costs, and general inflation. The consultation that is proposed will be focused on creating a balanced budget and consequently the District will only be able to address requests for additional funding from individual stakeholder groups through a re-allocation of projected resources within a cost savings strategy.

The Senior Management Team believes the budget development process outlined in this document lays the foundation for looking at resource allocation from a District perspective, striving for equity for all schools and creating a cost consciousness; all of which will serve to enhance learning experiences for Vancouver students.

## RECOMMENDATION(S):

That the Finance Committee recommends to the Board of Education that the budget process and timeline presented and finalized at the January 12, 2022 meeting of the Committee be approved.

## APPENDIX A

Under PSAB standards the annual budget will have to be submitted in the following format:

- Statement 2 – Revenue and Expense
- Statement 4 – Change in Net Financial Assets (Debt)
- Schedule 2 – Operating Revenue and Expense
- Schedule 2A – Schedule of Operating Revenue by Source
- Schedule 2B – Schedule of Operating Expense by Source
- Schedule 2C – Operating Expense by Function, Program and Object
- Schedule 3 – Special Purpose Revenue and Expense
- Schedule 3A – Changes in Special Purpose Funds
- Schedule 4 – Capital Revenue and Expense

The following is a brief description of the purpose of these statements and schedules:

- Statement 2 “Annual Budget – Revenue and Expense” consolidates all revenue and expense by function for the operating fund (Schedule 2), the special purpose fund (Schedule 3) and the capital fund (Schedule 4). The presentation of expense by function rather than by object is a change required under PSAB. The total budget bylaw is presented at the end and includes expenses and asset purchases from all funds.
- Statement 4 “Annual Budget – Change in Net Financial Assets (Debt)” is a PSAB statement that is required to produce the budget figures for presentation in the audited financial statements.
- Schedules 2 – 2C report operating fund revenue and expense. Schedule 2 consists of the budgeted revenues and expenses for the fund and show a balanced position. Schedule 2A is a more detailed breakdown of the budgeted operating fund revenue by source. Schedule 2B is a breakdown of the budgeted operating fund expenses by source. Schedule 2C provides a further breakdown of the budgeted operating fund expenses by function, program and object.
- Schedules 3 and 3A reports the special purpose fund revenue and expenses.
- Schedule 4 reports revenue and expense in the capital fund.

## APPENDIX B

### Proposed Budget Process Timeline

Date/Time	Meeting
Wednesday, January 12, 2022	<b>Release Budget Process Stakeholder Consultation Guide</b> <b>Release Financial Planning and Reporting Admin Procedure</b>
February 14 – 25, 2022	<b>Budget Public Survey</b>
Wednesday, February 16, 2022 5:00 – 6:30 PM	<b>Finance Committee</b> Amended Budget
Thursday, February 17, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 17, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, February 23, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, February 23, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 24, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 24, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Monday, February 28, 2022 7:00 - 9:00 PM	<b>Board Public Meeting</b> Amended Budget Approval
Wednesday, March 2, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, March 2, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, March 3, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, March 3, 2022	<b>Stakeholder Workshop</b>

	Budget discussion & Multi-Year Financial Plans
Tuesday, March 8, 2022 7:00 - 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Friday, March 11, 2022	<b>MOE Funding Announcement</b> 2022-2023 Funding announcement from the MoE
March 14-25, 2022	<b>Spring Break</b> Budget team to finalize budget proposal documents
Monday, April 4, 2022 7:00 – 9:00 PM	<b>Special Board Public Meeting</b> Present Status Quo Budget 2022-23 and survey/stakeholder results
Tuesday, April 12, 2022 7:00 – 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Wednesday, April 20, 2022 5:00 -6:30 PM	<b>Finance Committee</b> Budget 2022-23 discussion
Tuesday, May 3, 2022 7:00 – 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Wednesday, May 18, 2022 5:00-6:30 PM	<b>Finance Committee</b> Budget 2022-23 discussion
May 19-27, 2022	Staff prepare recommendation based on delegation and stakeholder feedback for Trustees to consider at May 30, 2022 Board meeting
Monday, May 30, 2022 7:00-9:00 PM	<b>Board Meeting</b> Three readings and adoption of 2022-2023 budget bylaws

## **APPENDIX C**

### **Initial Budget Assumptions Used**

#### **Enrolment**

- 46,896 K-12 Standard School
- Int'l Ed enrolment to be confirmed in Feb. 2022

#### **Financial**

- No major changes to supplementary funding
- Inflation rates:
  - 3.20% general inflation
  - 4.20% food inflation
  - 11.00% water & sewer
  - 1.20% electricity
  - 17.50% natural gas
  - 34.40% fuel & oil
- Negotiated wage lifts will be fully funded
- No change to rental rates, update cost recovery rates based on wage and utility rate increases
- No change in interest rates

#### **Wages & Benefits**

- Not budgeting for wage lifts until negotiations complete
- Teacher Step Increment - 1.17%
- Exempt wage lifts will be budgeted once PSEC approves.
- Average Teacher Salary \$87,899 (2021-22 - \$87,000)
- Benefit Rates:
  - Teachers - 27.20%
  - Principals & Vice Principals - 22.80%
  - Educational Assistants - 29.30%
  - Support Staff - 22.70%
  - Other Professionals - 23.80%
  - Substitutes - 23.10%

#### **Staffing**

- Ratios
  - Enrolling Teacher
    - K - 20:1
    - 1-3 - 21:1
    - 4-7 - 29:1
    - 8-12 - 30:1
  - International - ELL - 20:1
  - International - Non-ELL - 24:1
- Education Assistants
  - Category A/B - 1:1
  - Category C - 2:1
  - Category D - 4:1
  - Category E - 5:1
  - Category G - 2:1

#### **Operational**

- In class learning for all students
- Regular summer school
- COVID-19 contingency for enhanced cleaning - \$300,000
- Community rentals open
- Cafeterias operate normally

## APPENDIX D

### Potential Changes (As proposed by Trustees)

The following suggestions and/or concerns were provided by Trustees in November/December 2021 when the original budget process and timeline documents were postponed. These are presented for the Committee's consideration.

- While appreciating the desire by some to have an earlier start to the process there would be too much uncertainty in having a draft budget created before the amended budget is approved in February.
- Before the preliminary budget is provided there could be presentations on the impact of budget-driven changes from the previous year, projected enrolment, approval of the amended budget and presentation of preliminary budget estimates.
- There was not a concise description of "the budget" and the impact on surplus/reserves.
- There could be a concise summary with prior year's actual data, the current proposal and use of accumulated surplus, with previous reference to enrolment and staffing. They also include concise facilities/capital information, for example the SEP/AFG spending and local capital budget, and so have all operating and capital information in one document that is relatively easy to navigate.
- Think we can tighten up the timeline and be clearer about what information will be provided at each stage, which will assist trustees/delegates in providing feedback.
- Having a draft budget done sooner than later i.e., March 2022, so that Trustees have a chance and time to make meaningful requests with all the information on hand and pass the budget by the end of April.
- A shortened schedule allows trustees to hear the input from stakeholders and the public and then allows time to review the draft budget to consider any changes or suggestions the Board would like to consider based on that feedback.
- Would like not to have so many Committees of the Whole meetings.
- Would like to see a more direct connection between budget items brought forward by stakeholders to line items in the budget.
- Is there a way to go from the status quo budget to a document that shows how the budget changed based on stakeholder feedback?
- Would like to see an earlier start and if so, would that be the status quo budget?
- There are challenges with developing the budget for next year in a process that overlaps with the amended budget for the current year.
- Would like more time to discuss budget proposals.
- Would like the Board to approve the budget by the end of April.
- Would like to see a date earlier in the process as a deadline for trustee requests for budget additions to be received so that staff can evaluate the impact.
- Prefers that trustee budget requests not come forward at the end of the process.



# VANCOUVER SCHOOL DISTRICT FINANCE COMMITTEE

January 12, 2022



**Sk̓wx̓wú7mesh  
Úxwumixw**

Squamish Nation



# Indigenous Acknowledgement

Please join me in acknowledging that we are unlearning and relearning on the traditional and unceded lands of the

x̓w̓məθk̓w̓əy̓əm (Musqueam),

Sk̓wx̓wú7mesh (Squamish) and

səlilwətał (Tsleil-Waututh)

Nations.

# Live-streamed

The meeting is being live-streamed and the audio and visual recording will also be available to the public for viewing after the meeting.

The footage of the meeting may be viewed inside and outside of Canada.

# Meeting Decorum

The Board has a strong commitment to ethical conduct. This includes the responsibility of committee members to conduct themselves with appropriate decorum and professionalism. As Chair of the Committee it is my responsibility to see that decorum is maintained. To do that I ask that:

- i. All members/delegates request to speak through the chair;
- ii. Civility towards others is maintained as stakeholder representatives and Trustees share perspectives and participate in debate;
- iii. Staff be able to submit objective reports without influence or pressure as their work is acknowledged and appreciated;
- iv. Committee members refrain from personal inflammatory/accusatory language/action;
- v. Committee Members, Trustees, representatives and /staff present themselves in a professional and courteous manner.

# Committee Roll Call

- Roundtable roll call
  - Stakeholders: please state your first and last name and the name of the group you are representing
  - Trustees and staff: please state your first and last name and position

# ITEM 1.1

## 2021-2022 Amended Budget Changes

Shehzad Somji, Assistant Secretary Treasurer

# Enrolment Impact

	FTE	Surplus (Deficit)
K-12 Student Enrolment	(568.81)	\$ (4,485,087)
ELL Student Supplement	27.00	42,795
Special Needs Students	66.00	1,729,930
Distance Education	(12.63)	(62,174)
Indigenous Students	54.00	84,510
Adult Students	3.88	(35,111)
Summer School		(199,768)
Teacher Salary Differential		(1,185,496)
Other		11,184
		<u>\$ (4,099,216)</u>

- Teacher salary differential
  - Enrolment change - \$0.11 million
  - Variance from provincial average - \$1.1 million
  - Provincial average increased \$2,598 y-o-y, \$81,579 to \$84,177
  - District average increased \$2,224 y-o-y, \$84,092 to \$86,316
  - Less differential between District and Province leads to less funding

# Staffing Impact

	FTE	Surplus (Deficit)
Lower Elementary Teacher Allocation	(7.43)	\$ 816,174
Lower Secondary Teacher Allocation	(4.44)	\$ 487,575
Lower VLN Staffing Allocation	(4.04)	100,904
Higher VLN Supplies Allocation		(57,918)
		<hr/>
		\$ 1,346,735



# International Education

ISP - Student Enrolment  
ISP - Staffing Impact

FTE	Surplus (Deficit)
70.00	\$ 1,085,000
1.52	(166,657)
	<u>\$ 918,343</u>

# Operational Adjustments

	<u>Surplus (Deficit)</u>
PeopleSoft Update	\$ 115,000
Restore School Flex Support (International Students)	(46,950)
Exempt staff compensation increase	(276,380)
Natural Gas price increase (estimate)	(250,000)
COVID-19 - Health & Safety Team	(50,000)
COVID-19 - 10% Replacement Contingency	(1,000,000)
One-Time Service Improvement Allocation	667,763
Seamless Day Childcare	(10,000)
MPP Employer Rate decrease	263,303
Living Wage Project	(25,000)
Other	(102,824)
	<u>\$ (715,088)</u>

- Exempt increase approved by PSEC July 2021
- COVID-19 replacement contingency to cover potential absenteeism costs
- Service Improvement Allocation is a correction as it should not have been budgeted
- MPP rate announced for 2022 in Oct 2021 (9.31%), budgeted (9.73%)

# Summary of Changes

Enrolment	\$	(4,099,216)
Staffing		1,346,735
International Program		918,343
Other		(715,088)
		<hr/>
	\$	<u>(2,549,225)</u>

# QUESTIONS?

## ITEM 1.1

# 2021-2022 Amended Budget Changes

# ITEM 2.1

## Financial Planning and Reporting Administrative Procedure (FPAR)

J. David Green, Secretary Treasurer

# New Ministry Financial Policies

- On May 28, 2021, the Ministry of Education issued two new Public Financial Management Policies:
- K-12 Public Education Financial Planning and Reporting Policy
- K-12 Public Education Accumulated Operating Surplus Policy

# Financial Planning & Reporting Policy (FPAR)

The [K-12 Public Education Financial Planning and Reporting Policy](#) directs boards to develop multi-year financial plans that identify how funding and resources will support board strategic plans, operational needs of school districts and improved educational outcomes for students.

# FPAR – Primary Purposes

- To create an efficient use of funding and resources to support a board’s strategic plan, enhanced educational outcomes for students and other operational needs.
- Aligns multi-year financial planning and reporting processes with provincial requirements.
- Is a component of a provincial framework for transparency, accountability and equity that is centered on the goals contained in the [Statement of Education Policy Order](#).
- The mechanism for bringing the strategies in the Framework for Enhancing Student Learning and the Education Plan into multi-year plans.



# Framework for Enhancing Student Learning

- Contains multi-year plans focused on improving educational outcomes for students
  - Multi-year plans are supported by operational and financial plans.
- A new Ministerial Order connected to the Framework, the [Enhancing Student Learning Reporting Order](#), came into effect on September 1, 2020.
- Education Plan still in development

# Enhancing Student Learning Reporting Order

- Educational Outcomes addressed in the Order
  1. Students will meet or exceed literacy expectations for each grade level
  2. Students will meet or exceed numeracy expectations for each grade level
  3. Students will feel welcome, safe, and connected to their school
  4. Students will graduate.
- Order contains specific measures under each educational outcome and requires separate reporting for:
  - Indigenous students (living on and off reserve)
  - Children and youth in care
  - Students with disabilities or diverse abilities.

# To Comply with FPAR Boards Must

1. Develop, implement, and provide multi-year financial plans to the Ministry that outline how funding and resources will be used to support strategic plans to enhance student outcomes and operational needs.
2. Develop and have in place by January 2022 a local policy that supports transparency and accountability when developing financial plans so that the education community is engaged in the development of those plans and are informed of progress in aligning funding and resources with strategic plans and student outcomes.
3. Develop and implement internal processes to monitor financial progress and adjust strategic plans as required.

# Administrative Procedure 502 – FPAR

- Responsibility
  - Must be thoughtful, planned and transparent
  - Through the Superintendent with delegation to the Secretary Treasurer
- Development
  - Working with the strategies in the Framework for Enhancing Student Learning and the Education Plan
  - Connecting with Education Services and Learning Services to identify assumptions to support multi-year plans
  - Quantifying resources needed in all funds as required and with use of surplus if needed
  - Same timeline as budget development and using the same engagement sources to discuss a draft and finalize it
    - In particular, connecting with the District's Indigenous community

# Administrative Procedure 502 – FPAR

- **Monitoring and Reporting**

- As financial assumptions in the multi-year plans change adjustments will be made to the strategies in the Framework and the Education Plan
- Will use a quarterly reporting process in conjunction with Admin Procedure 501 to inform the Finance Committee of changes required in the multi-year plans
- Adding a section to the District's annual Financial Statement Discussion and Analysis Report to provide information on:
  - Strategies included in the multi-year plans and the financial resources to support them
  - Progress made in achieving the objectives of the multi-year plans
  - Possible changes to the multi-year plans due to changed assumptions and other factors

# QUESTIONS?

## ITEM 2.1

# Financial Planning and Reporting Administrative Procedure (FPAR)

# ITEM 3.1

## Budget Development Process & Timeline (2022-2023 Preliminary Annual Budget)

J. David Green, Secretary Treasurer  
Shehzad Somji, Assistant Secretary Treasurer

# Agenda

- Introduction
- Reporting Standards
- Balanced Budget Concept
- Status Quo Budget Concept
- Declining Enrolment
- Timeline
- Assumptions
- Trustee Concerns



# Introduction

- Board of Education is responsible for approving the Annual budget
- Sub-section 111(2) of the *School Act* requires a Board of Education to prepare an Annual Budget in the form and containing the content specified by the Minister
- Sub-section 113(1)(a) of the *School Act* directs Boards to adopt, by bylaw, an Annual Budget on or before June 30 for the following school year and send a copy to the Minister
- Board of Education is also responsible for approving the budget process and timeline (section 9.1 of Board Policy 2)

# Reporting Standards

- Districts are part of the Government Reporting Entity (GRE)
- Government's framework for financial reporting is found in:
  1. Section 23.1 of the Budget Transparency and Accountability Act
  2. Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board
- Direct districts to follow the revised Public Sector Accounting Board (PSAB) framework for fiscal years commencing after December 31, 2011
- PSAB Framework requires budgets to include elements of:
  - Operating Fund
  - Special Purpose Fund
  - Capital Fund

# PSAB Format (appendix A in Committee Report)

- Statement 2 – Revenue and Expense
- Statement 4 – Changes in Net Financial Assets (Debt)
- Schedule 1 – Changes in Accumulated Surplus (Deficit) by Fund
- **Schedule 2 – Operating Revenue and Expense**
- **Schedule 2A – Schedule of Operating Revenue by Source**
- **Schedule 2B – Schedule of Operating Expense by Object**
- **Schedule 2C – Operating Expense by Function, Program and Object**
- Schedule 3 – Special Purpose Revenue and Expense
- Schedule 3A – Changes in Special Purpose Funds
- Schedule 4 – Capital Revenue and Expense

# Schedule 2 - Operating Fund Revenue and Expense

- Shows revenue and expense for the Board's operating fund to produce a balanced budget position
- Revenue by major source, including tuition separately
- Expenses are shown by function
- Appropriation of prior year's surplus is permitted as per Section 111 of the *School Act*

# Budget Process - Connections to 2021 Strategic Plan

- Meant to support learners through innovation – Goal 1
  - Meant to build capacity through collective leadership – Goal 2
  - Meant to create culture and social responsibility – Goal 3
  - Meant to effectively utilize district resources – Goal 4
- All budget decisions going forward have to be made in the context of a balanced position – to add something means to reallocate existing resources.

# Guiding Principles

- Maintaining a focus on student achievement, recognizing the personalized learning needs of students;
- Reflecting on responsible stewardship in implementing the objectives of the District's educational, financial and facilities-related plans;
- Respecting the District's decision-making culture, encouraging creativity and innovation in meeting the learning needs of specific communities;
- Being sustainable over the longer term while providing the flexibility to address changing short-term needs;
- Focusing on equity for schools and for students of the District;
- Reflecting the specific needs of vulnerable students; and,
- Including engagement with the District's educational leaders and stakeholder groups as well as the opportunities for broader community input.

# Previous Work Guiding Budget Development

- Needs Budget Working Group
  - Focus was on equity discussions and advocacy for past cuts
- 2019-2020 Budget Survey
  - concluding the development of the staffing component of the budget by the end of April
  - there should be an earlier start to public engagement
  - meetings with individual stakeholders should continue, with trustees as observers
  - there should be a clearer way to explain the budget development process which can be shared transparently
  - there should be a greater incorporation of stakeholder input versus proposals by trustees and management
  - there should be more graphic representations of the process.

# Budget Development Process

- Overall goal is to provide consistent level of service and programs
- Will be impacted by the continuing pandemic on both the revenue and expenditure side
- The District's budget has a structural deficit as reflected in the need to use surplus to balance - \$9.4 million for 2021-2022
- The District is also experiencing a declining enrolment trend, and this will impact Ministry funding and staffing levels
  - 3,015 fewer students in 2021-2022 than in 2016-2017
  - 490 fewer students projected for 2022-2023 representing a funding loss of \$3.9 million



# Projected Enrolment Decline



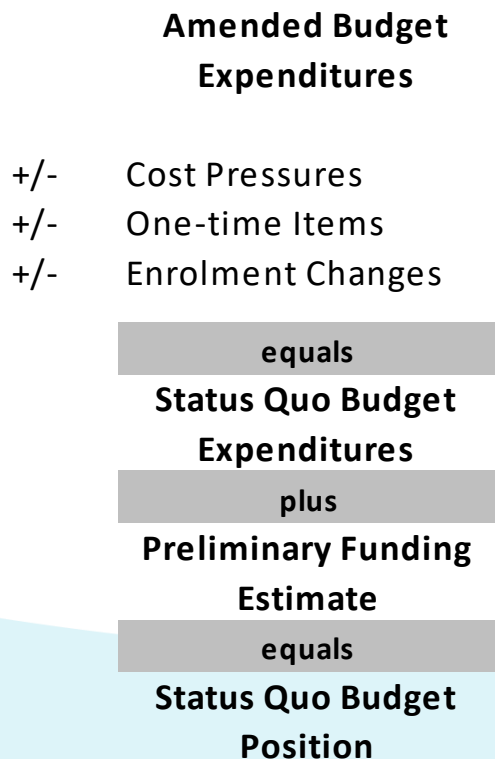
# Budget Development Process – Other Financial Factors

- The provincial economic outlook – the Ministry’s funding announcement which will be influenced by the economic environment
  - how the further funding formula review recommendations will be implemented
  - the provincial deficit resulting from the pandemic and the additional capital costs related to forest fires and floods
- The continuing COVID-19 pandemic
  - cost pressures that remain at the expiration of the Federal and Provincial Return to School grants or new ones created by Ministry direction
  - continued lower interest income and rental revenues
  - the impact of lower International Student Program enrolment (to be determined in February)
- Additional known cost pressures
  - Increased CPP and Employment Insurance premiums
  - Increased WorkSafe BC fees
  - Others ???
- The beginning of provincial bargaining for teachers and support staff
  - Will result in increased wages and benefit costs, which historically have not been fully funded by the Ministry.

# Budget Development Process – Logistical Factors

- Development and approval of the 2021-2022 amended annual budget
  - Being worked on now to come to Finance Committee on February 16, 2022
  - Some changes already presented earlier
- Development of enrolment projections for the 2022-2023 school year
  - Already projected but will be refined for Ministry submission
  - Will include FTE's for student types at key Ministry dates (September, February and May)
  - Conservative approach – using Baragar and local knowledge
- Creation of a status quo budget and the development of surplus creation strategies to ensure a balanced budget is achieved.

# Budget Development Process – Status Quo Budget



- Status quo expenditure budget:
  - Impact that enrolment changes will have on the staffing levels;
  - Addition of known changes in expenditure levels, such as changes in benefit rates
  - Addition of other known cost pressures
  - Removal of one-time or non-continuing expenditure items
- Status quo revenue budget:
  - Enrolment changes in all Ministry-funded student and adult categories;
  - Projected growth or decline in the revenue in the International Student Program;
  - Known changes in provincial core or supplementary funding
  - Expected or planned changes in local revenue.

# Budget 2022-2023 Proposed Timeline

Date/Time	Meeting
Wednesday, January 12, 2022	<b>Release Budget Process Stakeholder Consultation Guide</b> <b>Release Financial Planning and Reporting Admin Procedure</b>
February 14 – 25, 2022	<b>Budget Public Survey</b>
Wednesday, February 16, 2022 5:00 – 6:30 PM	<b>Finance Committee</b> Amended Budget
Thursday, February 17, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 17, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, February 23, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, February 23, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 24, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, February 24, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Monday, February 28, 2022 7:00 - 9:00 PM	<b>Board Public Meeting</b> Amended Budget Approval

Wednesday, March 2, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Wednesday, March 2, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, March 3, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Thursday, March 3, 2022	<b>Stakeholder Workshop</b> Budget discussion & Multi-Year Financial Plans
Tuesday, March 8, 2022 7:00 - 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Friday, March 11, 2022	<b>MOE Funding Announcement</b> 2022-2023 Funding announcement from the MoE
March 14-25, 2022	<b>Spring Break</b> Budget team to finalize budget proposal documents
Monday, April 4, 2022 7:00 – 9:00 PM	<b>Special Board Public Meeting</b> Present Status Quo Budget 2022-23 and survey/stakeholder results
Tuesday, April 12, 2022 7:00 – 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Wednesday, April 20, 2022 5:00 -6:30 PM	<b>Finance Committee</b> Budget 2022-23 discussion
Tuesday, May 3, 2022 7:00 – 9:00 PM	<b>Committee-of-the-Whole</b> Delegations, Stakeholder and public input on priorities
Wednesday, May 18, 2022 5:00-6:30 PM	<b>Finance Committee</b> Budget 2022-23 discussion
May 19-27, 2022	Staff prepare recommendation based on delegation and stakeholder feedback for Trustees to consider at May 30, 2022 Board meeting
Monday, May 30, 2022 7:00-9:00 PM	<b>Board Meeting</b> Three readings and adoption of 2022-2023 budget bylaws

# Budget 2022-2023 Assumptions



# Enrolment

- 46,896 K-12 standard school students
- International Education enrolment to be confirmed Feb. 2022

# Financial

- No major change to supplementary funding
- Inflation rates:
  - 3.20% general
  - 4.20% food
  - 11.00% water & sewer
  - 1.20% electricity
  - 17.50% natural gas
  - 34.40% fuel & oil
- Negotiated wage lifts to be fully funded
- No change to rental rates
  - Update cost recovery rates based on wage and utility rate increases
- No change in interest rates

# Wages and Benefits

- Not budgeting for wage lifts until negotiations complete
- Teacher step increment – 1.17%
- Exempt wage lifts budgeted once PSEC approves
- Average teacher salary - \$87,899 (2021-22 - \$87,000)
- Benefit rates:
  - Teachers – 26.90%
  - Principals & Vice Principals - 22.50%
  - Educational Assistants – 29.10%
  - Support Staff – 22.50%
  - Other Professionals – 23.60%
  - Substitutes – 22.80%

# Staffing

## Ratios:

### Enrolling Teachers

- K – 20:1
- 1-3 – 21:1
- 4-7 – 29:1
- 8-12 – 30:1
- International – ELL – 20:1
- International – Non-ELL – 24:1

### Education Assistants

- Category A/B – 1:1
- Category C – 2:1
- Category D – 4:1
- Category E – 5:1
- Category G – 2:1

# Operational

- In-class learning for all students
- Regular summer school
- COVID-19 contingency for enhanced cleaning - \$300,000
- Community rentals open
- Cafeterias operate normally

# Potential Cost of Budget Assumptions

	<u>Surplus/(Deficit)</u>	
Enrolment Decline (490 HC)		
Funding	\$ (3,863,650)	
Staffing	<u>\$ 2,024,314</u>	\$(1,839,336)
Inflation		
General Inflation	(928,220)	
Food Inflation	(154,374)	
Water and Sewer	(150,702)	
Electricity	(37,311)	
Natural Gas	(450,417)	
Fuel and Oil	<u>(71,030)</u>	(1,792,055)
Average Teacher Salaries		
Teacher Step Increase	(3,083,437)	
Retirement Savings	<u>2,878,878</u>	(204,559)
Benefit Rate Change	<u>(2,033,528)</u>	<u>(2,033,528)</u>
		<u><u>\$ (5,869,478)</u></u>

# Trustee Concerns

- Earlier start and shortened schedule
  - A shortened schedule allows trustees to hear the input from stakeholders and the public and then allows time to review the draft budget to consider any changes or suggestions the Board would like to consider based on that feedback.
- Before the preliminary budget is provided there could be presentations on the impact of budget-driven changes from the previous year, projected enrolment, approval of the amended budget and presentation of preliminary budget estimates
- There could be a concise summary with prior year's actual data, the current proposal and use of accumulated surplus, with previous reference to enrolment and staffing. They also include concise facilities/capital information, for example the SEP/AFG spending and local capital budget, and so have all operating and capital information in one document that is relatively easy to navigate.
- Would like not to have so many Committees of the Whole meetings.
- Is there a way to go from the status quo budget to a document that shows how the budget changed based on stakeholder feedback?
- Would like more time to discuss budget proposals.
- Would like the Board to approve the budget by the end of April.
- A deadline for trustee requests for budget additions to be received so that staff can evaluate the impact.
- Prefers that trustee budget requests not come forward at the end of the process.

# Recommendation

- That the Finance Committee recommends to the Board of Education that the budget process and timeline presented and finalized at the January 12, 2022 meeting of the Committee be approved.



# QUESTIONS?

## ITEM 3.1

### Budget Development Process & Timeline (2022-2023 Preliminary Annual Budget)

# Information Item Request

# Date and Time of Next Meeting

Wednesday, February 16, 2022 at 5:00 pm

Thank you for your time,

# The End

