Vancouver School District

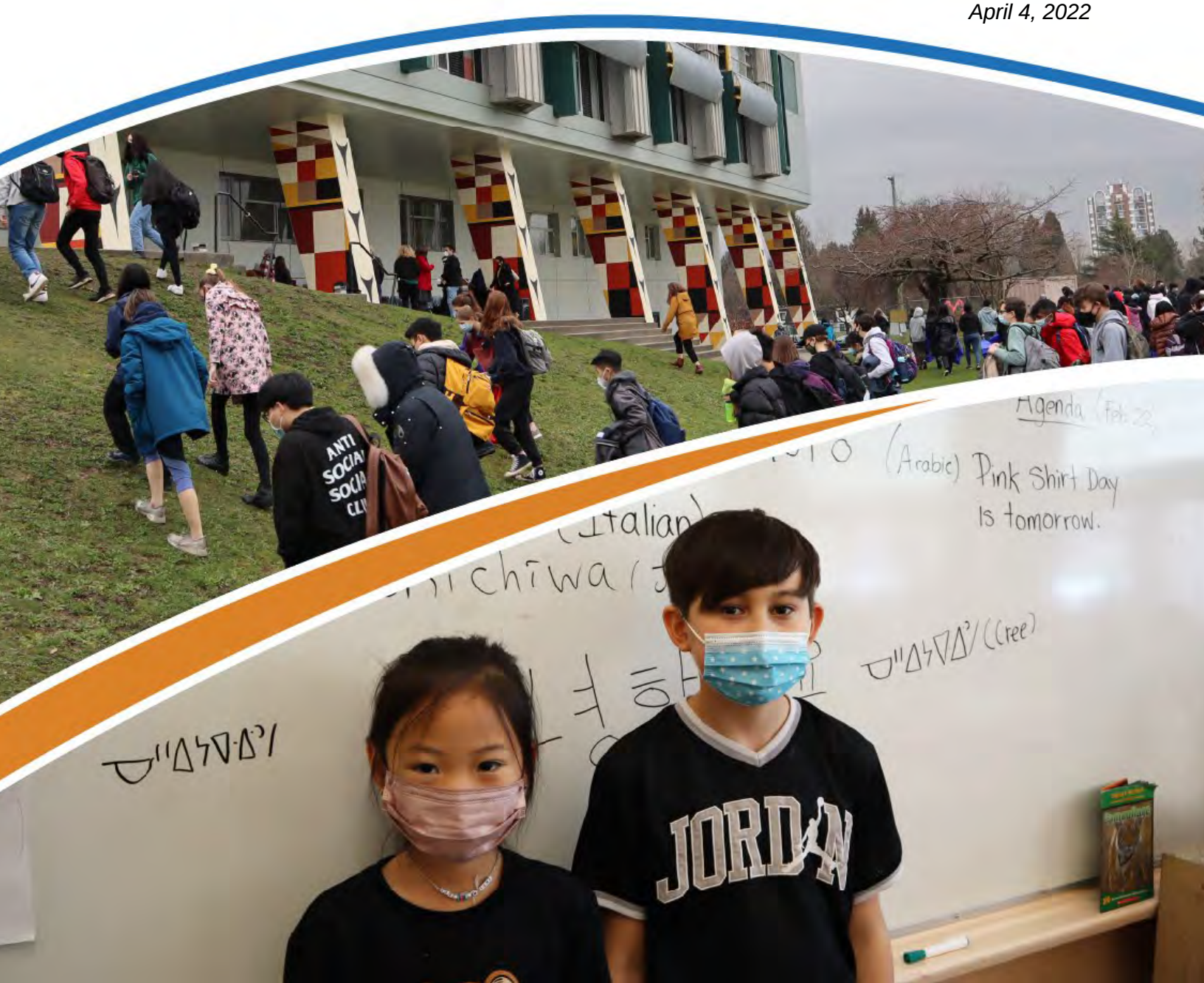
2022-2023 OPERATING FUND BUDGET

PRELIMINARY DRAFT DOCUMENT

Embargoed until 7:00 pm

Monday, April 4, 2022

Senior Management Team
April 4, 2022



This page intentionally left blank.

2022-2023

Preliminary Draft Operating Fund Budget

2022-2023 Preliminary Draft Status Quo Budget 7
Budget Development Process 2022-2023 16
Budget Development Process 2022-2023 18
VSB Strategic Plan 2021 20
Aligning Budget Planning and Resource Allocation with the Strategic Plan 29
Financial Governance and Accountability 31
Budget Development Process 32
Difference between Capital Budgets, Operating Budgets and Special Purpose Funds.33
Composition of a School District's Operating Budget 34
Student Success 37
Stakeholder Engagement Commitment 39
Stakeholder Engagement Process 40
Stay Informed 41

This page intentionally left blank.

Vancouver School Board
2022-2023 Preliminary Draft Annual Budget
Operating Fund

Reference to Strategic Plan:
Goal 2: Build capacity in our community through strengthening collective leadership
Objective: Encourage and appreciate contributions made by our students, families, employee group and community partners

Goal 4: Provide effective leadership, governance, and stewardship.
Objective: Effectively utilize school district resources and facilities.
Support effective communication, engagement, and community partnerships.

INTRODUCTION:

The development of the district's operating fund budget for 2022-2023 is intended to be a collaborative discussion among all stakeholders of the supports that are needed in our schools and centrally to support the schools. The approach being taken is explained in detail below and the in the Budget Development Process (at page 18 in this package). The preliminary draft operating fund budget for 2022-2023 is being presented as a balanced budget. Having said that, the summary budget in the package today will not be the final budget that will be incorporated in the overall budget bylaw the Board of Education will eventually adopt by bylaw.

BACKGROUND:

The process for the development of the operating fund budget for 2022-2023 and the associated timeline was approved by the Board at the January 31, 2022 public board meeting. One of the key components of the budget development process is consultation with District stakeholder groups. Finance Department staff have held individual meetings with the stakeholder groups in February and March and their input will be included in the Engagement Summary Report that will be presented at the April 20, 2022 Finance Committee. Another key component of the budget development process is public engagement. The public engagement survey was held February 14 – 25, 2022 and, due to a very small response, was re-opened from March 10 – 31, 2022 to ensure greater participation.

The 2021-2022 Amended Budget was approved at the February 28, 2022 public meeting of the Board. Finance and Employee Services staff have worked since then to start building a forecasted expenditure budget for 2022-2023, using the amended budget as the base and adjusting for cost pressures, non-recurring expenditures, and the impact of enrolment changes.

The Ministry of Education announced the operating grants for school districts on March 11, 2022. Using the enrolment projections submitted to the Ministry in February, staff have now developed a revenue

forecast for 2022-2023, and together with the expenditure forecast have developed a preliminary balanced status quo budget for presentation tonight, as illustrated in Chart 1 below.

Chart 1: Status Quo Budget Development

Amended Budget Expenditures

+/- Cost Pressures
+/- One-time Items
+/- Enrolment Changes

equals

Status Quo Budget Expenditures

plus

Preliminary Funding Estimate

equals

Status Quo Budget Position

As stated above, this draft budget will be subject to changes before adoption by the Board.

Balanced Budget Concept

The draft 2022-2023 preliminary operating fund budget takes a balanced budget approach, where all budget decisions are made in a balanced position. Meaning that to add something there should be a reallocation of existing resources or finding cost savings to reduce the need to further appropriate prior years' surpluses.

A PowerPoint presentation will take the Committee members through the changes to revenue and expense from the 2021-2022 Amended Annual Budget to the 2022-2023 preliminary draft status quo budget. The intent is to shift the focus on budget development from "budget cuts" to "budget considerations". With a balanced budget concept, the discussion will center around where to reduce if something is to be added. As we go forward in the process it is hoped there will be healthy discussion of what we value as a collective community for our students.

Ministry of Education Funding Announcement

The funding announcement from the Ministry of Education on March 11, 2022 indicated the government is providing $5.887 billion in operating funds to B.C. school districts, which is a $0.043 billion increase from the prior year. Ministry funding is on a per student basis and for 2022-2023 the rates are remaining the same as 2021-2022. Table1 below outlines the 2022-2023 rates. More information on government funding for education can be found on the Ministry website linked here.

Table 1: 2022-2023 Per Student Funding Allocations

Supplement	2022/23 Rates
Basic Allocation (standard, continuing education and alternate schools)	$7,885.00
Basic Allocation (online learning)	$6,360.00
Students with Special Needs – Level 1	$44,850.00
Students with Special Needs – Level 2	$21,280.00
Students with Special Needs – Level 3	$10,750.00
English / French Language Learners	$1,585.00
Indigenous Education	$1,565.00
Non-graduated Adult Education	$5,030.00

PRELIMINARY DRAFT STATUS QUO BUDGET:

Change in Assumptions

In preparing the draft status quo budget for presentation, certain of the assumptions have been revised from the assumptions presented in the Budget Development Process document published in January and presented to the Finance Committee on January 12, 2022. These revisions have been made based on more current information. In the wages and benefits category, the average teacher salary cost has been increased from $87,899 to $87,928. In the operational category the originally planned contingency for COVID-19 enhanced cleaning of $300,000 has been removed. The changes to some of the financial budget assumptions are in Table 2 below:

Table 2: Changes in Financial Budget Assumptions

	Original	Revised
Inflation rates:		
General Inflation	3.20%	4.30%
Food Inflation	4.20%	5.00%
Water & Sewer Inflation	11.00%	12.50%
Electricity Inflation	1.20%	- 1.40%
Natrural Gas Inflation	17.50%	2.00%
Fuel & Gas Inflation	34.40%	34.40%
Interest rates	0.95%	2.00%

The change in the interest rate assumption is due to the announcement by the Bank of Canada in March that a series of interest rates increases are planned in 2022 and 2023 to combat inflation, which is currently about twice the Bank's target rate.

Draft Status Quo Budget (Operating Fund)

The attached preliminary draft status quo operating fund budget for 2022-2023 has revenue of $525,056,250 and expenses of $539,790,270 which produces a budgeted net expense (deficit) of $14,734,020, as illustrated below in Table 3.

Table 3: 2022-2023 Preliminary Draft Status Quo Budget (Operating Fund)

	2023 Preliminary Draft Budget	2022 Amended Annual Budget	Increase / (Decrease)
	$	$	$
Revenues			
Provincial Grants			
Ministry of Education	482,758,695	485,629,176	(2,870,481)
Other	62,249	62,249	-
Federal Grants	2,478,912	2,457,164	21,748
Tuition	19,853,038	20,983,902	(1,130,864)
Other Revenue	12,122,989	9,986,019	2,136,970
Rentals and Leases	4,891,153	3,844,757	1,046,396
Investment Income	2,889,214	1,226,971	1,662,243
Total Revenue	525,056,250	524,190,238	866,012
Expenses			
Instruction	447,274,781	443,814,198	(3,460,583)
District Administration	22,147,553	22,640,273	492,720
Operations and Maintenance	67,177,561	65,391,023	(1,786,538)
Transportation and Housing	3,190,375	3,122,687	(67,688)
Total Expense	539,790,270	534,968,181	(4,822,089)
Net Revenue (Expense)	(14,734,020)	(10,777,943)	(3,956,077)
Required Prior Year Surplus Appropriation	14,734,020	16,790,176	(2,056,156)
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(3,019,461)	3,019,461
Capital Leases	-	(2,992,772)	2,992,772
Total Net Transfers	-	(6,012,233)	6,012,233
Budgeted Surplus (Deficit), for the year	-	-	-

The status quo budget deficit is due to several factors. The most significant factors relate to projected declines in regular student enrolment (490 students (531 FTE)) and international student enrolment (133 students), increases in employee benefits rates, the impact of having used employee benefit premium surpluses in previous years and inflation. Table 4 below illustrates the approximate impact of these factors.

Table 4: Significant Factors Contributing to Status Quo Budget Deficit

Impact of 531 Fewer Regular Students	$ (1,613,507)
Impact of 133 Fewer ISP Sutdents	(1,308,959)
Employee Benefit Increases	(3,735,265)
Impact of No Benefit Premium Holidays	(4,470,912)
Inflation	(1,481,738)
Other	(2,123,639)
	$ (14,734,020)

As illustrated in Table 2 above there are no budgeted transfers to the capital fund for capital purchases and capital leases funded in the operating fund. The budgeted purchase of capital assets of $4,623,721 will be budgeted in Local Capital in the Capital Fund. This strategy is being implemented to reduce the budget deficit and to minimize the need to appropriate surplus to balance the budget.

Costs Already included or Removed

In addition to the costs added or removed from the 2021-2022 amended annual budget to create the 2020-2023 status quo expenditure budget, other costs have been added and removed from the status quo budget. The most significant cost added is $451,000 for elementary teacher make-up preparation time. Also included are budget proposals totaling $212,000 for the continuation of positions funded in 2021-2022 through COVID-19 funding (Health & Safety Manager and LIT Supervisor). Table 5 below lists other costs added and removed.

Table 5: Other Costs added and Removed

Secondary Preparation Time	$ 47,500
Replenish School Flex Budgets	130,000
Strong Start program deficit	55,000
Material Services	39,017
Remove cost for Anti-Racism In-service Training Day	(159,311)
Remove 21/22 Labour Negotiation	(100,000)
	$ 12,206

Projected Unrestricted Surplus Available

The estimated surplus that will be available to offset the $14.7 million projected deficit is $8.8 million as shown in Table 6 below. This estimate was completed in January 2022 during the 2021-2022 Amended Budget process and may change by June 30, 2022.

Table 6: Projected Surplus Available to Balance Status Quo Budget

Accumulated Surplus June 30, 2021:		
Operations Spanning Future School Years	$	14,131,325
Anticipated Unusual Expenses		2,589,139
Nature of Constraints on Funds		12,832,758
Contingency Reserve		5,178,279
Unrestricted Operating Surplus		5,930,227
		40,661,728
Less:		
Appropriated Surplus June 2022 Annual Budget		(9,426,729)
Additional spending June 2022 Amended Budget		(5,073,767)
Technology Refresh for 2022-23		(354,610)
Artist in Residence 2022-23		(110,000)
Cafeteria Upgrade 2022-23		(330,000)
		(15,295,106)
Available Surplus		25,366,622
Projected Deficit 2021-22*		(2,289,680)
		23,076,942
Restricted portion of surplus		(14,258,116)
Projected unrestricted surplus available June 30, 2022	$	8,818,826

* The projected deficit was at January 31, 2022 and may change

With the draft 2022-2023 operating fund status quo budget deficit being $14.7 million and with only $8.8 million of prior year's surplus projected to be available to be appropriated, there is a shortfall of $5.9 million. To maintain a balanced budget position, savings of at least $5.9 million will have to be found. This figure will need to be higher if additional costs are added to the budget or projected revenues are lower.

Staff Mitigation Strategies

As stated above, the draft status quo budget is not final and has been developed by returning some accounts in the amended budget for 2021-2022 back to pre-pandemic base budget levels. The Finance team has also reviewed historical trends and adjusted some accounts to lower budget levels based on spending patterns. This work continues and it is anticipated that further revisions to base budget levels will be made throughout the budget process. In addition, all District central departments have been asked to find savings in their budgets for this year that can be carried forward and possibly increased in 2022-2023. The impact of this will be to reduce the projected deficit of $2,289,680 this year (creating more available surplus) and reducing the budgeted expenditures in the status quo budget for 2022-2023.

District staff will also continue to review revenue and expense accounts in order to find savings. Some of the work that will be done is as follows:

- Reconcile student FTE numbers to determine staffing levels
- Review the overage in non-enrolling teacher staffing

- Review administration allocations
- Continue to review costing in central departments
- Consider overtime control
- Analyze services and supplies budgets, particularly consulting and legal fees to see if charges have been accounted for correctly (operating versus capital expense)
- Finalize the budgeted enrolment in the International Student Program
- Analyze the cost structure in the International Student Program
- Analyze operating fund amounts supporting special purpose or targeted funds
    - Community LINK
    - Strong Start
    - Indigenous Education

Ongoing Work, Mitigating and Risk Factors

There are still some elements of the budget that have not yet been incorporated and there are several risk factors that are associated with the draft status quo budget. Some of these risks are within the District's control and some are not. The following factors and risks will still need to be considered throughout the development of the budget:

- There are no salary lifts for exempt staff and principals and vice-principals in the status quo budget. The current compensation structure for these employee groups is being re-evaluated by BCPSEA and while **an increased cost will be necessary**, the amount of that cost will be subject to the guidelines in the review.
- There are no wage lifts for teachers and unionized staff included in the budget and the assumption is that these lifts, once negotiated, will be fully funded by the Ministry of Education.
- The average teacher salary cost may be higher than what is projected.
- Staff is evaluating the recent changes to the Employment Standards Act that provides for five days of paid sick leave for employees who are not covered by provisions of collective agreements. Most recently, these changes have been clarified to include casual union employees and TTOC's. **This will be an additional cost** as the Ministry of Education has indicated there will be no funding for these days of paid sick leave.
- Enrolment in the International Student Program may be different from the 1,100 students included in the draft status quo budget. A factor that has resulted in the 133-student decline mentioned above is that some parents of ISP students are acquiring work visas, which qualify their children to be funded by the Ministry of Education. The offset of this might be an increase in the number of Ministry funded students, as this was not factored into the District's enrolment projections.
- Enrolment in summer school may be higher than the 7,200 courses figure projected in the draft status quo budget, considering that pre-pandemic levels were above 12,000 courses.
- Students opt for distance learning rather than in-class instruction will decrease the District's revenue due to how distance courses are funded.
- While the over-riding assumption is that 2022-2023 will be a normal year, like pre-pandemic years, costs for COVID-19 protocols may be necessary. There is no contingency in the draft status quo budget for such costs.

- Factors in the global and local economies may result in different inflationary impacts than those assumed to occur.

Further risks may be identified as the budget is being finalized.

NEXT STEPS AND TIMELINE

These budget documents presented to the April 4, 2022 Special Board Meeting/Committee of the Whole are accompanied with a PowerPoint presentation. The PowerPoint presentation will illustrate the major changes from the amended budget for 2021-2022 that have been incorporated in the preliminary draft status quo budget for 2022-2023.

Preliminary staffing levels in schools will be finalized by April 28, 2022.

The Special Purpose Fund and Capital Fund components of the overall district budget will be presented at the Committee of the Whole meeting on May 3, 2022.

The Committee of the Whole meetings scheduled for April 12, 2022 and May 3, 2022 will provide stakeholder representatives and the general public opportunities to have further input to the budget discussion.

Feedback from the stakeholder meetings and the Online Budget Survey will come to the April 20, 2022 Finance Committee meeting. At the May 18, 2022 Finance Committee, final discussions on the budget will be held as all feedback and delegations will have been received.

The overall budget will then be finalized in preparation for three readings and adoption of the budget bylaw at the May 30, 2022 public board meeting.

2022-23 Draft Annual Operating Budget

Schedule 2

	2023 Preliminary Draft Budget	2022 Amended Annual Budget	Increase / (Decrease)
	$	$	$
Revenues			
Provincial Grants			
Ministry of Education	482,758,695	485,629,176	(2,870,481)
Other	62,249	62,249	-
Federal Grants	2,478,912	2,457,164	21,748
Tuition	19,853,038	20,983,902	(1,130,864)
Other Revenue	12,122,989	9,986,019	2,136,970
Rentals and Leases	4,891,153	3,844,757	1,046,396
Investment Income	2,889,214	1,226,971	1,662,243
Total Revenue	525,056,250	524,190,238	866,012
Expenses			
Instruction	447,274,781	443,814,198	(3,460,583)
District Administration	22,147,553	22,640,273	492,720
Operations and Maintenance	67,177,561	65,391,023	(1,786,538)
Transportation and Housing	3,190,375	3,122,687	(67,688)
Total Expense	539,790,270	534,968,181	(4,822,089)
Net Revenue (Expense)	(14,734,020)	(10,777,943)	(3,956,077)
Required Prior Year Surplus Appropriation	14,734,020	16,790,176	(2,056,156)
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(3,019,461)	3,019,461
Capital Leases	-	(2,992,772)	2,992,772
Total Net Transfers	-	(6,012,233)	6,012,233
Budgeted Surplus (Deficit), for the year	-	-	-

2022-20233 Draft Annual Operating Budget

Schedule 2A

	2023 Preliminary Draft Budget	2022 Amended Annual Budget	Increase / (Decrease)
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	**474,364,156**	**477,141,704**	**(2,777,548)**
Other Ministry of Education Grants	**8,394,539**	**8,487,472**	**(92,933)**
Total Provincial Grants - Ministry of Education	**482,758,695**	**485,629,176**	**(2,870,481)**
Provincial Grants - Other	**62,249**	**62,249**	**-**
Federal Grants	**2,478,912**	**2,457,164**	**21,748**
Tuition			
Summer School Fees	**1,351,226**	**562,723**	**788,503**
Continuing Education	**932,812**	**864,892**	**67,920**
International and Out of Province Students	**17,569,000**	**19,556,287**	**(1,987,287)**
Total Tuition	**19,853,038**	**20,983,902**	**(1,130,864)**
Other Revenues			
Other School District/Education Authorities	**1,150,000**	**1,150,000**	**-**
Instructional Cafeteria	**1,000,000**	**1,060,740**	**(60,740)**
Miscellaneous Fees and Revenue	**2,544,372**	**3,344,778**	**(800,406)**
School Generated Funds	**7,428,617**	**4,430,501**	**2,998,116**
Total Other Revenue	**12,122,989**	**9,986,019**	**2,136,970**
Rentals and Leases	**4,891,153**	**3,844,757**	**1,046,396**
Investment Income	**2,889,214**	**1,226,971**	**1,662,243**
Total Operating Revenue	**525,056,250**	**524,190,238**	**866,012**

2022-2023 Draft Annual Operating Budget

Schedule 2B

	2023 Preliminary Draft Budget	2022 Amended Annual Budget	Increase / (Decrease)
Salaries			
Teacher Salaries	**235,285,906**	**236,952,969**	**(1,667,063)**
Principal and Vice Principal Salaries	**27,021,325**	**26,353,765**	**667,560**
Educational Assistant Salaries	**44,718,628**	**45,218,804**	**(500,176)**
Support Salaries	**55,918,553**	**55,154,590**	**763,963**
Other Professional Salaries	**12,088,374**	**12,271,782**	**(183,408)**
Substitute Salaries	**10,841,590**	**13,810,384**	**(2,968,794)**
Total Salaries	**385,874,376**	**389,762,294**	**(3,887,918)**
Employee Benefits	**106,011,589**	**100,099,235**	**5,912,354**
Total Salaries and Benefits	**491,885,965**	**489,861,529**	**2,024,436**
Services and Supplies			
Services	**13,755,236**	**14,838,688**	**(1,083,452)**
Student Transportation	**3,177,385**	**3,075,149**	**102,236**
Professional Development and Travel	**1,164,299**	**918,804**	**245,495**
Rentals and Leases	**906,117**	**550,224**	**355,893**
Dues and Fees	**1,079,126**	**901,394**	**177,732**
Insurance	**1,065,476**	**903,424**	**162,052**
Supplies	**18,216,259**	**16,033,189**	**2,183,070**
Utilities	**8,540,407**	**7,885,780**	**654,627**
Total Services and Supplies	**47,904,305**	**45,106,652**	**2,797,653**
Total Operating Expense	**539,790,270**	**534,968,181**	**4,822,089**

Vancouver School District

BUDGET DEVELOPMENT PROCESS 2022-2023

January 2022

Table of Contents

Responsibility for Budget Development 2
Budget Development Process 2022-2023 2
District Context 2
Reporting Standards 3
Guiding Principles 3
Strategic Direction 4
Our Vision 4
Guiding Principles 5
Budget Process Timeline and Stakeholder Engagement 7
Timeline 7
Engagement with Stakeholders 8
Budget Assumptions 10
COVID-19 Pandemic 11
Cost Pressures 11
Student Enrolment Trends and Forecast 11
Staffing 12
Aligning Budget Planning and Resource Allocation with the Strategic Plan 13
Financial Governance and Accountability 15
Budget Timeline 16
Difference between Capital Budgets, Operating Budgets and Special Purpose Funds 17
Composition of a School District's Operating Budget 18
Funding 19
Annual Operating Expenditures 2021-2022 20
Student Success 21
Stakeholder Engagement Commitment 23
Stakeholder Engagement Process – Karen to eliminate Step 2 24
Stay Informed 25

Responsibility for Budget Development

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 approve a balanced budget for the next fiscal year and submit it to the Ministry of Education by June 30, 2022. In addition, under Section 9.1 of the Board Policy 2, 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.

Budget Development Process 2022-2023

District Context

The Vancouver School District is a large, urban and multicultural school district that provides learning opportunities to approximately 48,000 students in Kindergarten to grade 12. The educational services are offered in 89 elementary schools (including 11 annexes), 18 secondary schools, the Vancouver Alternate Secondary School (VASS), an Adult Education school and the Vancouver Learning Network (distributed learning school). It offers programs and services to address the extraordinary and complex challenges associated with a diverse district, with the goal of serving the needs and tapping the potential of each student so they may achieve their unique potential.

There are several factors that currently exist that will need to be taken into consideration in the development of the 2022-2023 preliminary annual budget. These include:

- The continued impact of the COVID-19 pandemic
- The impact of projected declining enrolment
- The impact of the Ministry of Education K-12 Public Education Financial Planning and Reporting Policy, requiring multi-year financial plans to support strategic initiatives
- The impact of the Ministry of Education K-12 Public Education Accumulated Operating Surplus Policy, requiring more definition on the use of surpluses in budgeting
- The provincial economic outlook
- The beginning of Provincial bargaining for teachers and support staff
- Additional cost pressures

Considering these factors, District staff will ensure the budget development process (as presented in this report) will be consistent with the process used in the previous four years while recognizing the need to pivot to refinements if necessary.

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, most of the budget process 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 throughout the budget development process.

Guiding Principles

The budget development process used by the Vancouver School District lays the foundation for resource allocation from a District-wide perspective. We focus on providing equity for schools and enhancing learning opportunities for students. We endeavour to do this in a cost-effective manner, recognizing our fiscal responsibility to maintain a balanced budget position. As such, the budget process provides accountability and is transparent. It contains beliefs, values and guiding principles that address the District's educational focus 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 schools and for 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.

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 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 years' surplus to balance it. District staff will create a preliminary draft budget for next year using the current year amended budget as a base and adjusting it for the enrolment decline, remove costs no longer required and add new cost pressures, including those based on assumptions related to pandemic impacts.

The preliminary draft budget process allows stakeholders, through engagement, to comment and provide suggestions on the budget so the Board of Education can consider them prior to adoption of a final budget.

The District is committed to open, clear and transparent engagement. Input received by stakeholder groups will be included in the final budget development engagement report together with that of the broader public's.

Strategic Direction

An organization's budget is its tool for planning the allocation of resources. In order to be effective, the allocation should align with, and support, the organization's objectives and goals. For the Vancouver School District, the goals and objectives are being developed in the Education Plan 2026 for Board approval in March 2022. The knowledge gathering phase has been completed and goals and objectives will be developed over the coming months.

The VSB Strategic Plan 2021 goals and objectives are outlined below and will be replaced once the Education Plan 2026 is approved. The Strategic Plan was developed in consultation with District partners including students, families, staff and stakeholder groups. It sets out a clear and shared vision for the future of public education in the Vancouver School District. The Strategic Plan will enable the fulfillment of the District's vision and goals and provides direction for future planning.

Our Vision

We inspire student success by providing an innovative, caring and responsive learning environment.

Guiding Principles

Collaboration
We value strong relationships and open communication to promote the sharing of ideas and practice.

Engagement
We encourage and support the use of creative and innovative practices.

Excellence
We strive for excellence in everything we do.

Inclusion
We value and celebrate diversity by supporting the well-being of every individual, creating a sense of belonging.

Transparency
We are open, honest and accountable.

The 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 rightsholders, education partners and communities to work together to improve student learning and enhance the intellectual, social and career development of all learners.

The Framework Policy Statement sets out Ministry and Boards of Education responsibilities to enhance student learning. Specific responsibilities for the Board are:

1. Develop and implement a multi-year District strategic plan and individual school plans and publish annually on or before September 30;

2. Use the District strategic and individual school plans to align all District annual operational plans, including but not limited to financial plans; human resources, Information Technology, engagement and communications and long-range facilities plans with the educational objectives from the District strategic plan; and
3. Participate in a continuous improvement review program, including:
    a. Reviewing the alignment of school district strategic plan and the results of the educational outcomes for the school district to address student outcome deficiencies and inequities;
    b. Acting on findings coming out of the continuous improvement review; and
    c. Collaborating with Indigenous peoples and key education stakeholders throughout the process.

As specified in the Statement of Education Policy Order, the purpose of the British Columbia school system is to enable learners to develop their individual potential and to acquire the knowledge, skills and attitudes needed to contribute to a healthy society and a prosperous and sustainable economy. To achieve this purpose, the Ministry has a mandate to develop the "educated citizen", which is defined as having:

- *Intellectual Development* – to develop the ability of students to analyze critically, reason and think independently, and acquire basic learning skills and bodies of knowledge; to develop in students a lifelong appreciation of learning, a curiosity about the world around them, and a capacity for creative thought and expression.
- *Human and Social Development* – to develop in students a sense of self-worth and personal initiative; to develop an appreciation of the fine arts and an understanding of cultural heritage; to develop an understanding of the importance of physical health and well-being; to develop a sense of social responsibility, acceptance and respect for the ideas and beliefs of others.
- *Career Development* – to prepare students to attain their career and occupational objectives; to assist in the development of effective work habits and the flexibility to deal with change in the workplace.

Budget Process Timeline and Stakeholder Engagement

Timeline

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

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

Engagement with Stakeholders

Goal 2 speaks to the contributions of the District's stakeholder groups in supporting student outcomes and informing the District's budget process through shared leadership with appreciation for the contributions by stakeholder groups. The following stakeholder groups are integral in the process:

- Canadian Union of Public Employees (CUPE) Local 15
- CUPE Local 407
- District Parent Advisory Council (DPAC)
- The International Union of Operating Engineers (IUOE) Local 963

- Professional and Administrative Staff Association (PASA)
- Trades (various unions)
- Vancouver Association of Secondary School Administrators (VASSA)
- Vancouver District Student Council (VDSC)
- Vancouver Elementary School Teachers' Association (VESTA)
- Vancouver Elementary Principals and Vice Principals Association (VEPVPA)
- Vancouver Secondary Teachers' Association (VSTA)

District stakeholder groups will be included in the budget development process. Workshops with representatives of these groups take place throughout the budget development process beginning in February. The information gained at these workshops is shared with trustees and the public at meetings of the Finance Committee.

Feedback and input from parents, guardians, students, and the broader community will be sought through an online engagement process as well as through meetings of the Finance Committee and Committee-of-the-Whole/public Board meetings.

Budget Assumptions

The School District operates under the authority of the School Act of British Columbia as a corporation and receives over 90% of revenue from the British Columbia Provincial Government through the Ministry of Education. Any changes to provincial grants will have a significant impact on the School District's budget. The District is exempt from any provincial or federal corporate income taxes.

The following assumptions will be used in the development of the budget:

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
  - Enroling 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

COVID-19 Pandemic

The 2021-2022 school year opened with full-time in-person instruction for students and the increased health and safety measures from the previous year continued as per Provincial Health guidelines. The Ministry released the Operating Grant Holdback for 2020-21 as one-time restart funding to support schools and districts with a safe and near-normal opening in September 2021. The District received $1.5 million and have allocated $1.17 million for staffing to support Indigenous students, children and youth in care, students with disabilities and diverse needs and students who missed 10% or more instructional days in the 2020-2021 school year. The remaining $0.33 million will be used for supplies.

After the winter break, the Provincial Health Officer announced a one-week delay in school opening due to the Omicron variant. There are recommendations for additional safety measures and use of 3-ply masks by students and staff. The Federal Government announced mid-January 2022 their intent to provide additional ventilation funding to Provinces through the Federal Safe Return to Class Fund that was initiated in 2020. There has not been any notice to the District as to how much funding can be expected, however the Facilities team is already reviewing the ventilation systems at all sites to determine the need and implementation plan when the funding is announced.

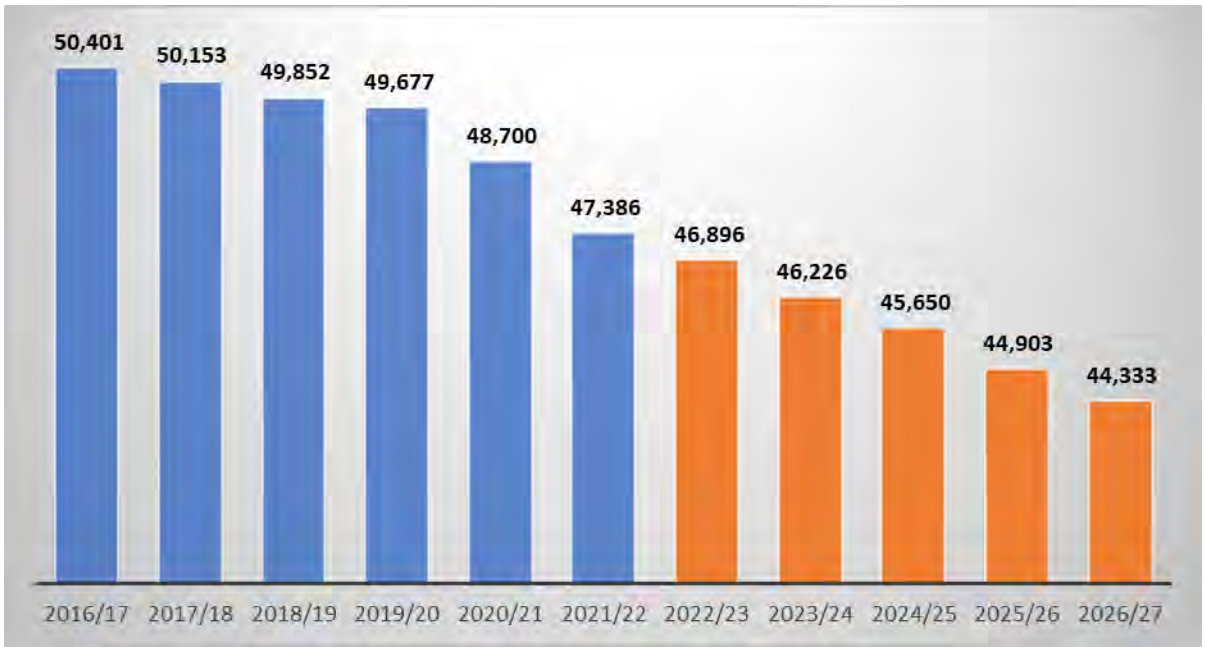
Cost Pressures

There are many cost pressures that the District faces each year which are usually not known until after the budget has been approved. In the 2021-2022 budget, the District used $9.4 million of prior year surplus to balance a status quo budget. It is anticipated that the 2022-2023 status quo budget will also be in a deficit position, however to what extent is still to be determined. There are some known areas of cost pressures that the District will encounter in the development of the 2022-2023 budget, with the dollar impact still to be determined. They are:

- Safe and Caring Schools Department -
- Pandemic health and safety measures –
- Higher inflation –

Student Enrolment Trends and Forecast

The enrolment information presented below is for K-12 Standard School students by head count. The District has experienced 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 from COVID will continue in 2022-23 but will not last indefinitely. The rate of decline will return to pre-COVID levels, approximately 250 students per year, however the District will not regain the students lost during the pandemic.



Staffing

With the enrolment decline shown above, overall staffing levels remained relatively stable with a slight increase of 8.47 FTE positions, or 0.17%, from 2016-17 to 2021-22 that are funded from the Operating Fund as shown in the following table:

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Net Change
Teachers	(82.08)	5.54	(7.82)	(42.84)	10.62	(116.58)
Principals/VPs	0.09	5.28	2.00	2.00	4.00	13.37
Other Professionals	2.00	2.00	1.61	6.10	3.39	15.10
Education Assistants	17.99	47.81	(27.73)	45.14	(0.51)	82.70
Support Staff	2.27	(0.82)	13.41	(17.08)	16.10	13.88
Trustees	-	-	-	-	-	-
Total	(59.73)	59.81	(18.53)	(6.68)	33.60	8.47

The biggest impact to staffing has been a reduction of 116.58 FTE on teachers, which is attributable to the enrolment decline and the introduction of the Classroom Enhancement Fund (CEF) in 2017-2018. Of the 82.08 FTE reduction in 2017-2018, 47.11 FTE was transferred to and funded from CEF. However, the District increased Education Assistants by 82.70 FTE due to increased enrolment of students with special needs.

The following table summarizes the changes in the Principals/Vice Principals staffing. The increase of 13.37 FTE over the past 5-years is broken down into four categories: budget approval, enrolment driven,

budget reallocation and other. The Other category captures the staffing change made by Management based on the support needed at the school.

Principals/VPs	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Net Change
Budget Approval	(1.00)	1.00	1.00	-	1.00	2.00
Enrolment	2.06	-	-	1.00	-	3.06
Reallocation/Reclassification	(1.00)	2.50	1.00	1.00	2.00	5.50
Other	0.03	1.78	-	-	1.00	2.81
Total Change	0.09	5.28	2.00	2.00	4.00	13.37

The increase in Other Professionals uses the same categorical breakdown as above, except for enrolment driven. The Other category for Other Professionals identifies positions added largely in 2020-2021 to support the technological needs for students and staff.

Other Professionals	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Net Change
Budget Approval	2.50	1.00	2.70	-	0.30	6.50
Reallocation/Reclassification	(0.50)	(1.00)	(1.00)	1.50	2.00	1.00
Other	-	2.00	-	4.51	1.09	7.60
Total Change	2.00	2.00	1.70	6.01	3.39	15.10

Aligning Budget Planning and Resource Allocation with the Strategic Plan

The Vancouver School District is committed to transparent budget planning and resource allocation that is directly aligned with the strategic vision and goals, established by the Board.

It is an interactive model that coordinates budget planning and resource allocation activities with inclusive stakeholder engagement and feedback based on the vision, goals and objectives. The model includes:

- Articulating the District's Strategic Plan (Education Plan);
- Providing timely and accurate budget information;
- Receiving budget input and feedback;
- Prioritizing budget requests for the upcoming budget year;
- Allocating available resources to best meet requests that align with the vision, goals and objectives;
- Communicating the outcomes effectively by providing transparent accountability.

The model will ensure that budget input and resource allocations are connected to and align with the vision, goals and objectives of the District.

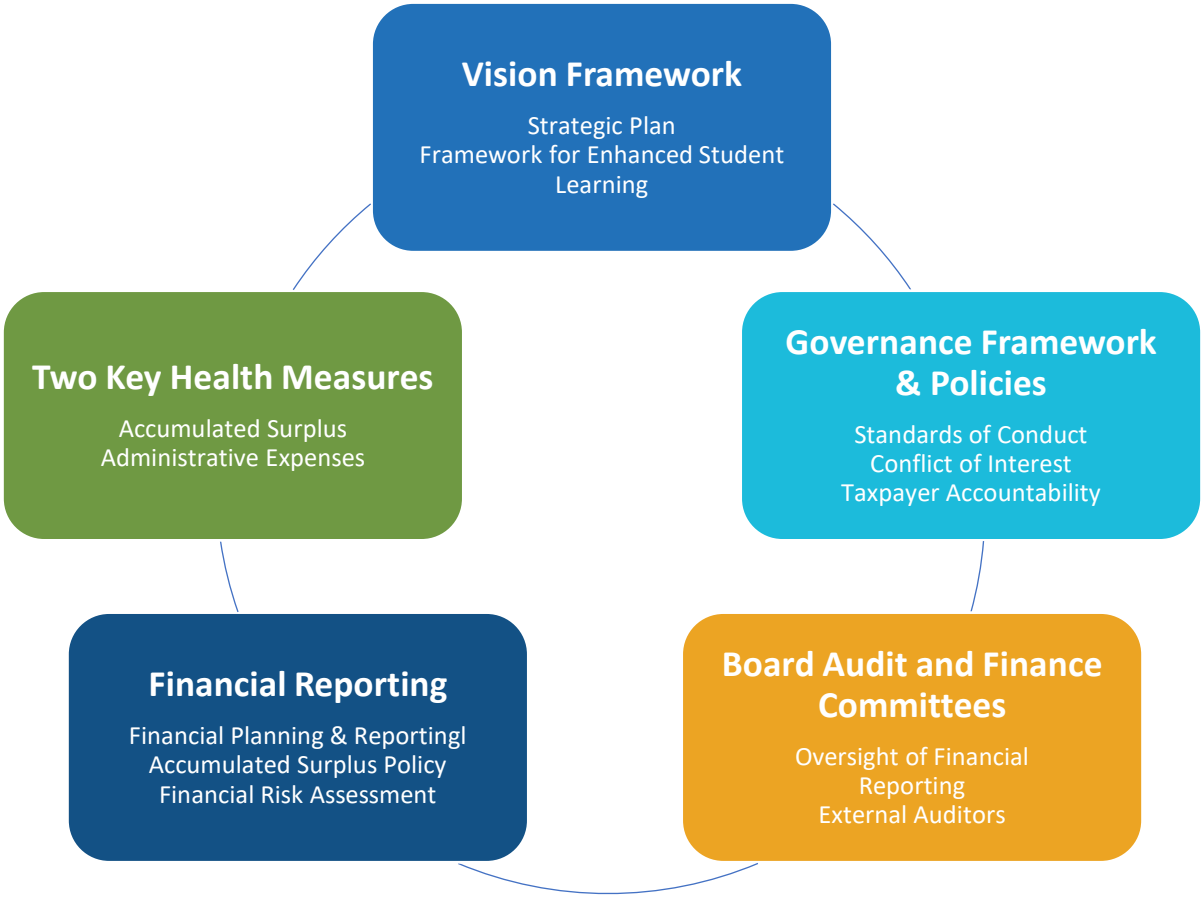
VSB STRATEGIC PLAN
Guiding Principles:
Collaboration
Engagement
Excellence
Inclusion
Transparency
VSB Vision
Goals
Objectives
Budget Stakeholder Engagement - Input and Feedback
Parents/ Guardians
Students
Staff
Public

Financial Governance and Accountability

The Board follows the Ministry of Education's good practices guidelines for financial governance and accountability. These include:

- Financial planning and reporting administrative procedure;
- Accumulated operating surplus policy;
- Financial statement and discussion analysis;
- Capacity building for trustees;
- Separation of the responsibilities of the Audit Committee from the Finance Committee;
- Alignment with the District's Strategic Plan and vision; and,
- Development of a balanced budget with policy provisions (accumulated surplus) to address unforeseen and emergent issues.

An updated Accumulated Operating Surplus Policy and Financial Planning & Reporting Administrative Procedure have been developed to align with the new Ministry of Education financial policies.



Budget Timeline

September 30:
Student enrolment actual count.

February:
Stakeholder Engagement Process – Invitations to provide input on the upcoming budget year.

February 15:
District submits an estimate of next school year's FTE student enrolment to the Ministry of Education.

February 14 - 25:
Budget Survey open for input on budget priorities and proposals

February 28:
Board adopts Amended Annual Budget for the current school year.

February/March:
Development of staffing, school and departmental budget estimates for next school year.

March 11:
Ministry releases preliminary Operating Grant Revenue estimates for upcoming school year.

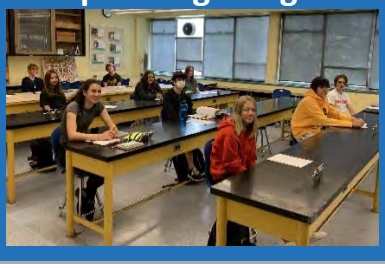
April 4:
Draft Preliminary Budget and documented assumptions presented to the Board and public for comment.

May 30:
Budget 2022-2023 three readings and adoption

June 30:
The School Act requires the Board pass a balanced budget.

Difference between Capital Budgets, Operating Budgets and Special Purpose Funds

The Board has a large and complex budget that has three separate sections:

Operating Budget	Capital Budget	Special Purpose Funds
		
Instruction Programs Utilities Administration & Operations	Seismic Upgrades Construction of Buildings Fields Infrastructure	Funds provided for a specific purpose.

The operating fund budget includes operating grants and other revenues used to fund the expenditures for instructional programs, school and District administration, facilities operations, maintenance, and transportation.

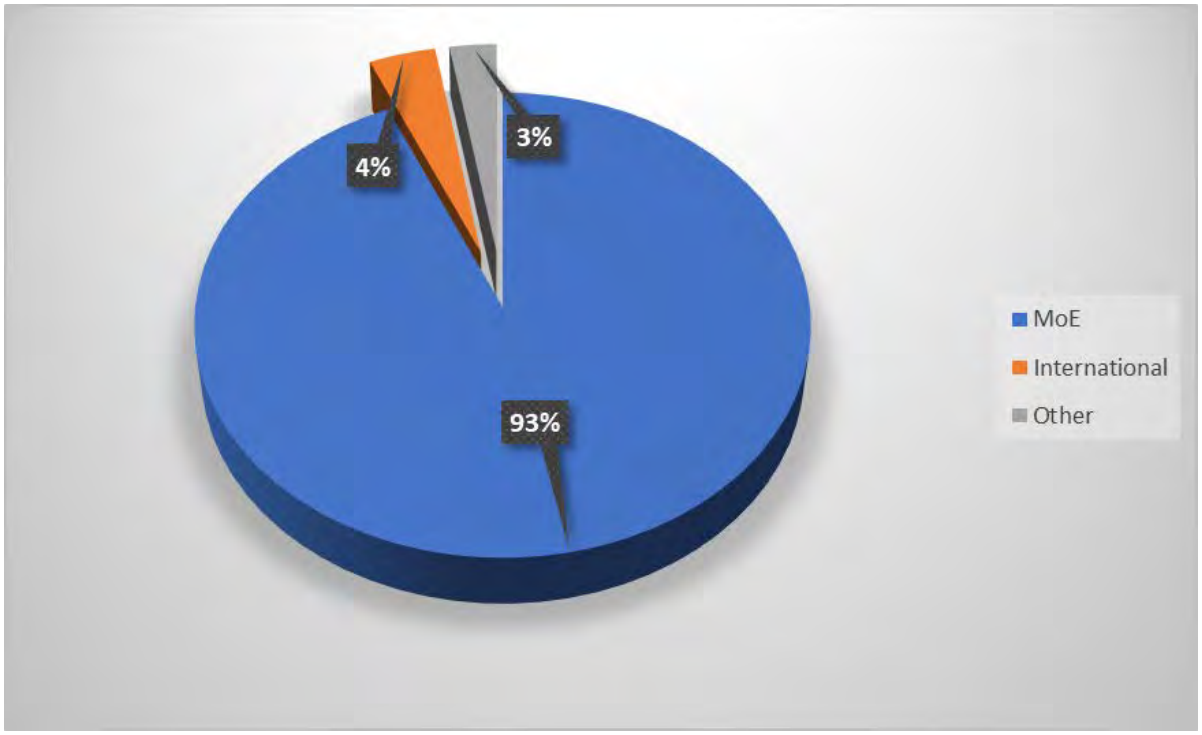
The capital fund budget includes capital expenditures related to facilities (purchases and enhancements) and equipment (purchases) that are funded by Ministry of Education capital grants, operating funds and special purpose funds. An annual budgeted deficit in the capital fund is the result of amortization expense and budgeted capital assets purchased from operating and special purpose funds exceeding the amortization of deferred capital revenue plus budgeted local capital revenue and is permitted under the Accounting Practices Order of the Ministry of Education. Funds within the capital budget are used for infrastructure upgrades and may not be used for operational budget items.

The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education, the Federal Government and other sources that have restrictions on how they may be spent (e.g., Classroom Enhancement Fund, Annual Facilities Grant, CommunityLINK, Ready Set Learn).

Composition of a School District's Operating Budget

The District's annual operating budget for 2021-2022 is $528.3 million, with 93 per cent of the funding provided by the Ministry of Education.

VSB Sources of Revenue Budget 2021-2022



Funding

The basic student operating grant allocation for 2021-2022 is $7,885 per FTE student. VSB, like other school districts, also receives additional funding for unique student and school factors. The Ministry's current grant allocation formula is as follows:

Provincial Totals

76% allocated through the Basic Allocation

Basic Allocation

Common per student amount for every FTE student enrolled by school type

Standard School: $7,885 per school age FTE	**Continuing Education:** $7,885 per school age FTE
Alternate School: $7,885 per school age FTE	**Distributed Learning:** $6,360 per school age FTE

16% allocated to recognize unique student enrolment

Unique Student

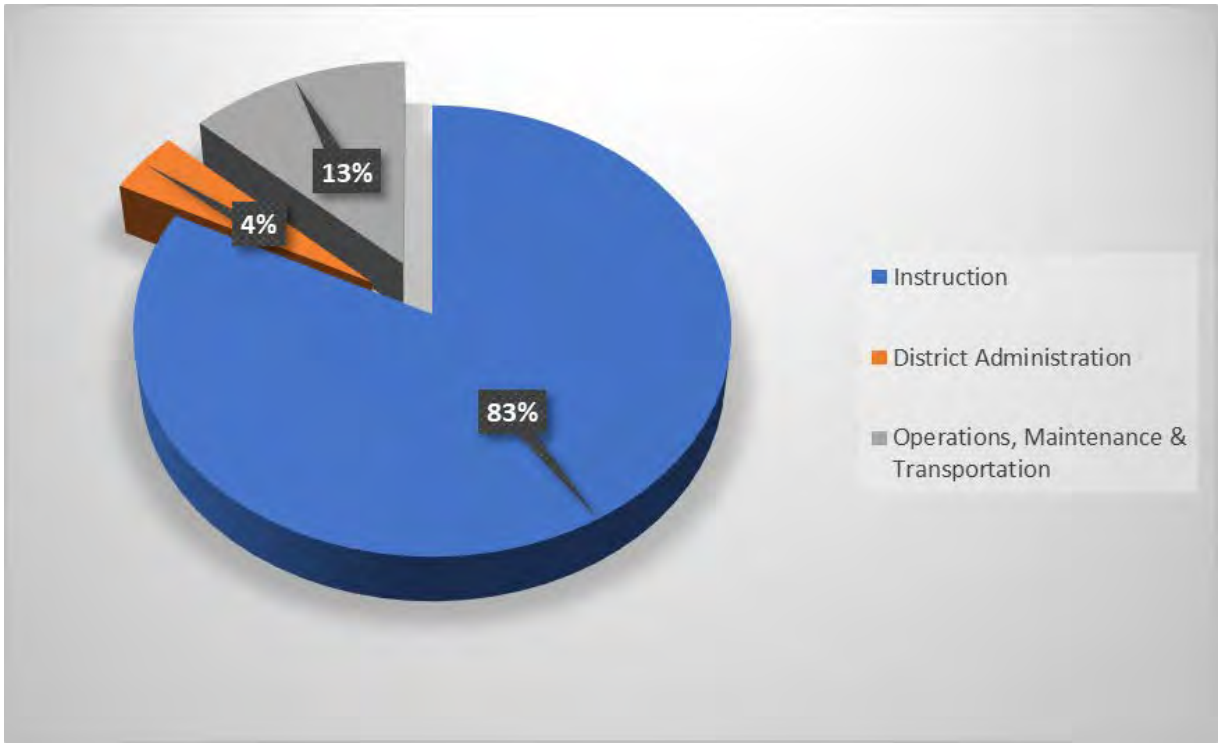
Additional per student funding to address uniqueness of district enrolment and support additional programming

Level 1 Special Needs: $44,850 per student	**Level 2 Special Needs:** $21,280 per student	**Level 3 Special Needs:** $10,750 per student
English/French Language Learning: $1,585 per student	**Indigenous Education:** $1,565 per student	**Adult Education:** $5,030 per FTE
	Equity of Opportunity: Mental health; youth in care	

Annual Operating Expenditures 2021-2022

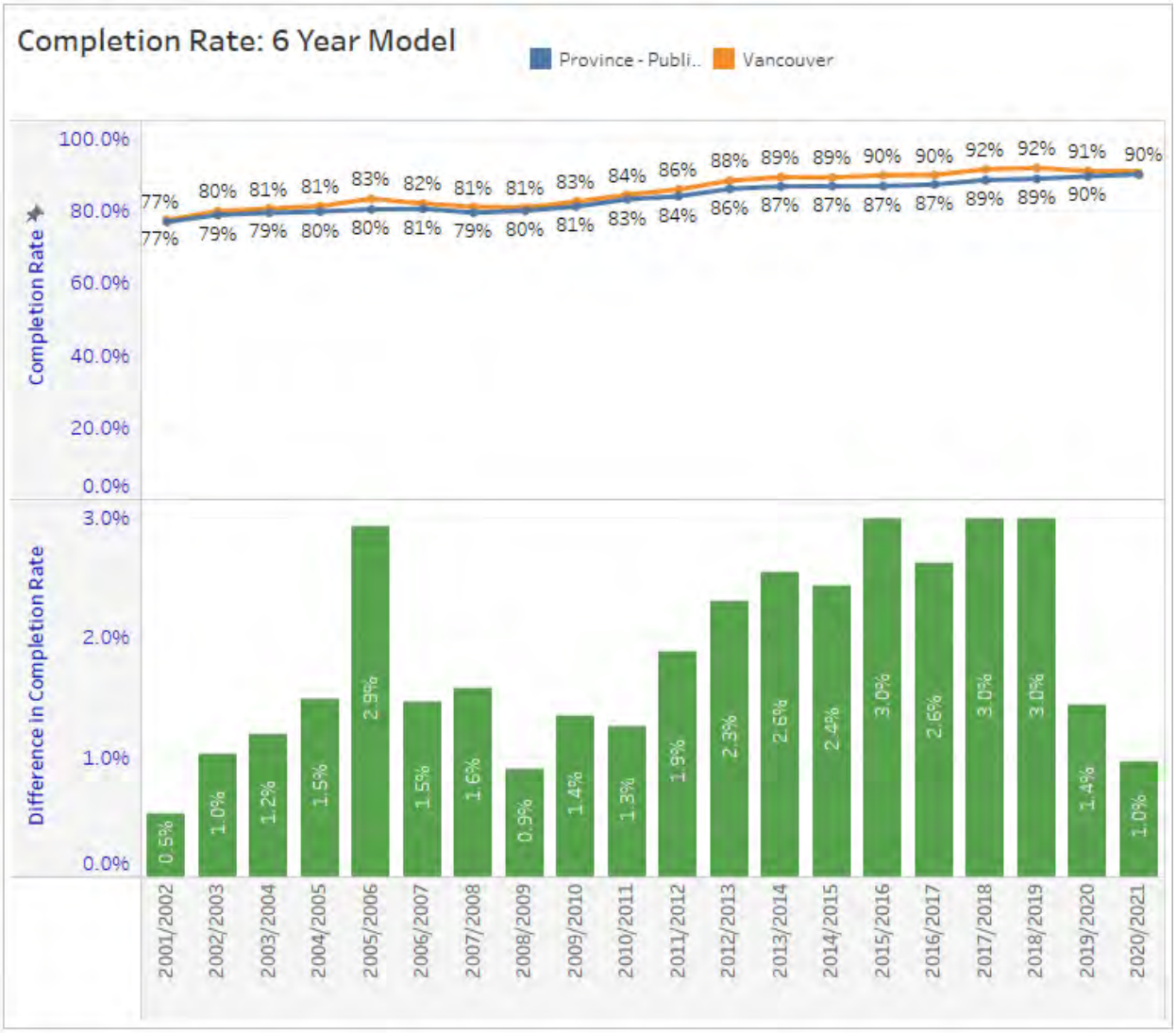
The Board's vision to *"inspire student success by providing an innovative, caring and responsive learning environment"* is reflected in the proportion of the annual budget dedicated to instruction.

Vancouver School District Operating Expenses Budget 2021-2022



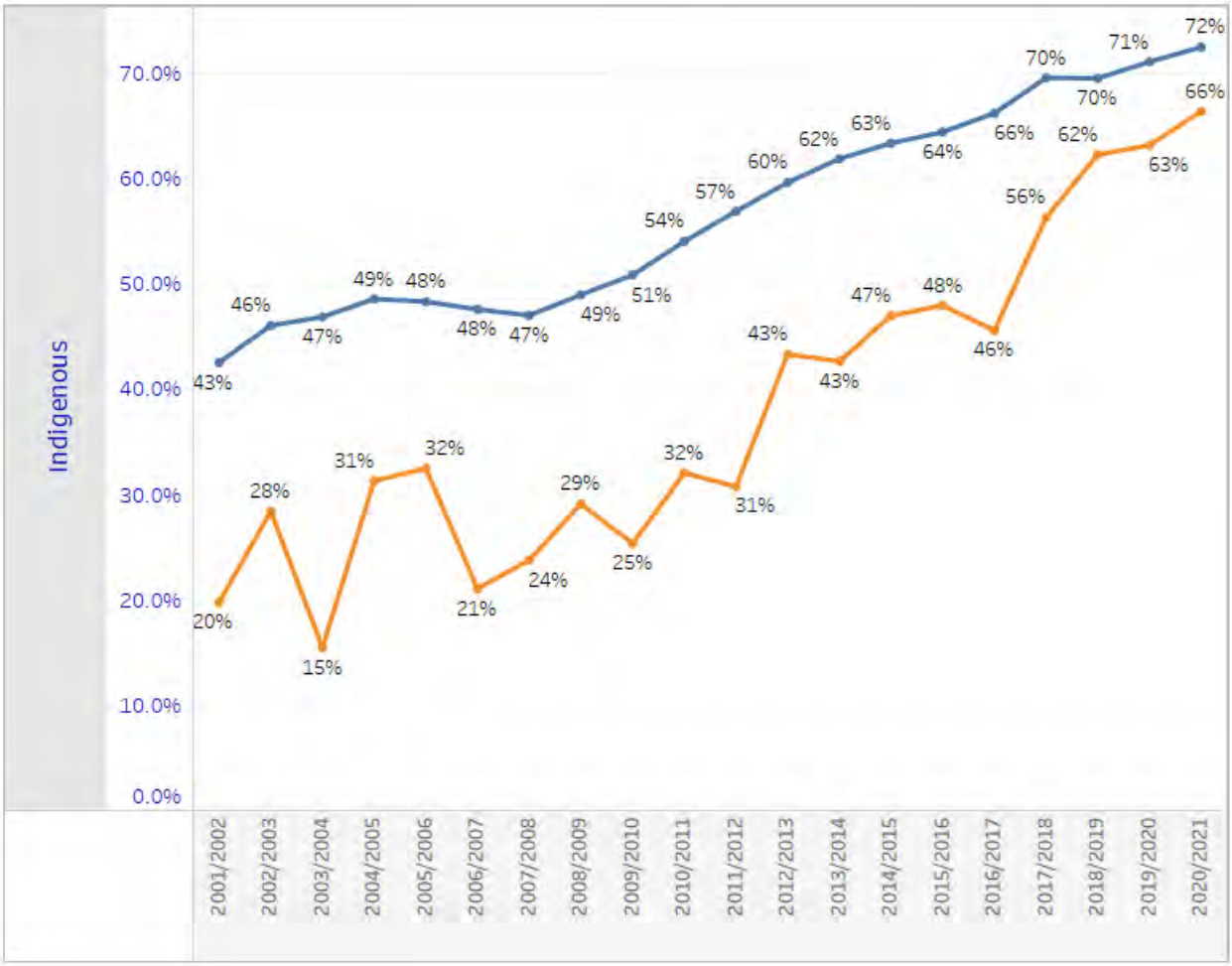
Student Success

The District has had a history of overall student success. The *2020-21 Achievement Levels* released by the Ministry of Education show that the District's student achievement results are on par with the provincial average.



There are, however, areas that should continue to be a priority and focus such as outcomes for Indigenous youth. Although the District's achievement continues to trend below the Province, there has been significant improvement as indicated in the following chart:

	2020/2021	
	6 Year Completion Rate	
	Province - Public Schools	Vancouver
Indigenous	72.5%	66.4%



Stakeholder Engagement Commitment

What is Stakeholder Engagement?
Stakeholder engagement is a two-way dialogue to allow the Board and the District's stakeholder groups to define opportunities and challenges and consider solutions. It provides for valuable input to the District's direction and decision-making.

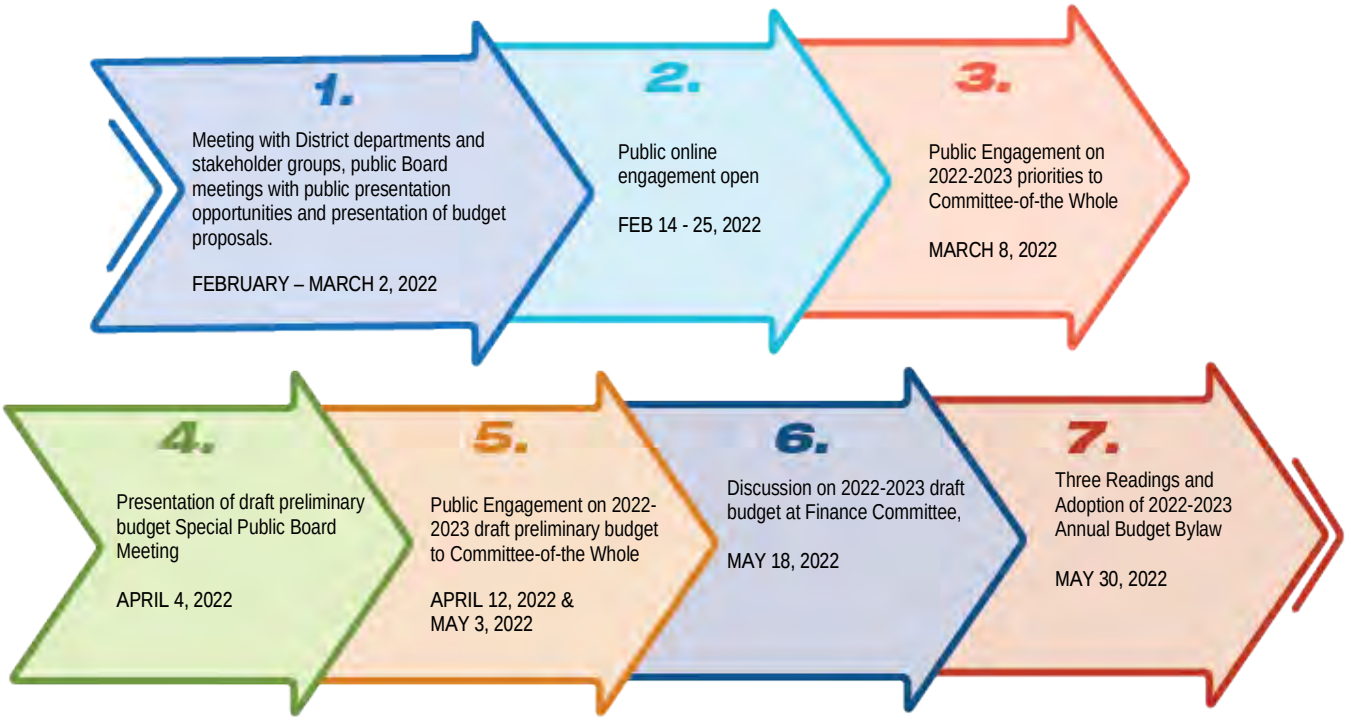
The Role of Stakeholders
To make stakeholder engagement a success, your role is to learn, engage and contribute. Start by visiting the VSB Budget page by clicking here or visit www.vsb.bc.ca to:

- Learn about government funding and allocation;
- Learn about the budget process;
- Learn about the VSB Strategic Plan 2021 and the Education Plan 2026;
- Engage in the process by asking questions about the budget;
- Share your concerns and input; and,
- Contribute ideas that align with the goals and objectives from *VSB Strategic Plan 2021* on how to address the opportunities and challenges.

The Role of the Board
As the elected decision-making body, the Board is accountable for the provision of appropriate educational services to students.

Trustees work as a Board to set clear strategic direction and decide on the use of resources in alignment with the Strategic Plan and District goals.

Stakeholder Engagement Process



Meetings with District stakeholder groups take place throughout the budget development process beginning in February.

Parents/guardians of students enrolled in the District and members of the broader community have several opportunities to be involved in the budget development process:

- Participation in the online engagement initiative.
- Attendance and/or making a delegation at one of several public Finance Committee or Plenary sessions of the Student Learning & Well-being/Finance Committee meetings.
- Attendance and/or making a delegation at a of public meeting of the Committee-of-the-Whole.
- Email comments for trustee review to budget2022-2023@vsb.bc.ca (note: all comments, delegation presentations and online engagement results will be shared with trustees and made public via regular reports to committees and the Board).

There will be three public meetings for budget discussion which all stakeholders and members of the public are invited to attend:

1. March 8, 2022 – Special Board/Committee-of-the-Whole meeting
2. April 12, 2022 – Special Board/Committee-of-the-Whole meeting
3. May 3, 2022 – Special Board/Committee-of-the-Whole meeting

All public Board and committee meetings are live-streamed and are available to watch at any time. Links to recordings are available on the calendar section of the District website.

Stay Informed

The District uses a variety of methods to keep stakeholders, staff, parents/guardians, students and the broader community informed about the budget process.

School District Website
All information on this process can be found on the District's budget page or click here.

Twitter and Facebook
Budget information and event reminders will also be shared through the District's Twitter and Facebook channels.