

2021-2022 Budget

BACKGROUND

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

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

2021/22 BUDGET OVERVIEW

The Annual Operating Budget for 2021/22 is \$169.480 million.

The District anticipates a growth in enrollment of 35 full-time enrolled (FTE) students for the 2021/22 school year, bringing the student FTE total from 15,551 in the 2020/21 Original Budget projection to 15,586 student FTE forecasted for the upcoming year.

The Delta School District is **projecting a shortfall in its Annual Operating Budget for 2021/22**. At **\$2.722 million**, the shortfall makes up 1.6% of the 2021/22 budgeted operating expenses.

In order to balance the budget, the District is proposing a **gentle, sustainable and measured approach to reducing its expenditure**. **No reductions to staffing positions have been made to present a balanced draft budget. Normal staffing procedures still apply.**

MINISTRY OF EDUCATION FUNDING ANNOUNCEMENT

The District had anticipated funding of **\$154.468 million** based on the then known Ministry **Operating Grant formula** of \$148.028 million, plus an estimated increase to accommodate 2021/22 **Labour Settlement costs** of \$6.440 million. For 2021/22, the Labour Settlement Funding was rolled into the Per Pupil Funding instead of through a separate grant as in the previous year. As a result, although the Per Pupil amounts increased by 4.3% over the prior Operating Grant formula to \$6.168 million, the change to the way the Labour Settlement Funding was allocated resulted in a shortfall of \$272 thousand. It should be noted that the Ministry is using a funding allocation system, not a cost-based system. Additional funding changes mitigated this reduction by \$47 thousand, resulting in an overall reduction of **\$225 thousand** from the Operating Grant anticipated.

THE 2021/22 BUDGET SHORTFALL COMPOSITION

The shortfall from the Ministry of Education's funding announcement (\$225 thousand), investment income loss (\$450 thousand) resulting from an interest rate reduction in the Province's Central Deposit Program and increased District costs (\$2.047 million) collectively contribute to the \$2.722 million shortfall. In the prior year, by comparison, the District had a shortfall of \$582 thousand.

Included in the increased District costs are staffing cost increases of \$495 thousand (including key positions to support: the HR department with staff recruitment, retention and wellness given the competitive job market; the Finance department which is dealing with increasingly complex reporting requirements and standards; the IT department which is dealing with an increasing technology workload resulting from the increased reliance on online learning resources as a result of the pandemic; and the Facilities department), increased salary costs of \$581 thousand as a result of the regular instruction staffing increases, benefit rate increases of \$766 thousand, provision for unfunded salary increases of \$113 thousand, and a shortfall in income from Academy programs of \$92 thousand, as not all Academy programs will be operating in 2021/22 due to the pandemic.

THE 2021/22 BUDGET BALANCING RECOMMENDATION

Delta School District remains committed to fully funding its operating costs without undue reliance on funding sources that are not certain in these uncertain times. To that end, the recommendation calls for the budget to be balanced by reducing expenses in the least impactful way and using Reserve funds in a conservative manner, for example, for costs that are anticipated to be temporary in nature. The District is committed to holding sufficient Reserve funds to buffer potential revenue shortfalls, particularly in light of the ongoing impact of the COVID-19 pandemic.

Budget Balancing Initiatives

- **Use of Reserves to cover temporary costs – \$854 thousand.** The following costs are anticipated to be temporary in nature and it is proposed that one-time Reserve funds are used to cover them:
 - Investment income loss (\$450 thousand)
 - Temporary staffing increases (IT position) (\$88 thousand)
 - Temporary benefit rate increases (WorkSafeBC) (\$224 thousand), and
 - Shortfall in income from Academy programs (\$92 thousand)
- **Removal of Contingency Funds from the Budget - \$1.386 million.** These contingency funds were newly added to the budget in 2018/19 when the budget year allowed for such a provision. Before 2018/19, such contingencies were covered by Reserve funds if required. Removing them from the 2021/22 budget and instead relying on Reserve funds again alleviates the need to reduce funding from actual filled positions or other critical initiatives. The District remains committed to meeting the needs of students and has sufficient Reserve funds available to cover these contingency funds if required:

- Contingency fund for unforeseen regular staffing needs (\$849 thousand)
- Contingency fund for Inclusive Education provisions (\$537 thousand)

- **Operational Savings - \$482 thousand** consisting of:
 - Reduced Academy staffing costs as not all Academies will be running in 2021/2022 (\$165 thousand)
 - Estimate of unspent salary costs due to unavoidable hiring delays (\$126 thousand)
 - Estimate of unspent funds arising from a decrease in operational need (\$100 thousand). The District has made general education classrooms more inclusive and equitable for students with unique needs. As a result, there has been reduced demand for transportation services to take students with unique needs to Resource Rooms at other sites. The removal of these funds from the budget will not have any negative impact to staff or students. Students who currently receive this service will continue to receive it.
 - Adjustments to the Curriculum and Learning Support Grant costs to align with Ministry of Education funding (\$91 thousand)

QUOTE

“Our focus has been on presenting a balanced draft budget that is gentle as we hope to transition out of the COVID-19 pandemic. We have looked for cost reductions that have the least negative impact on Education while at the same time protecting the School District from risk. As you can imagine, we have had to work hard to find ways to reduce costs that won’t impact our students, staff and classrooms. We hope that the decisions we have made will help to reduce some stress for staff, parents and students in these challenging times.”

Nicola Christ, Secretary Treasurer
Delta School District

The Delta School District is committed to being a leading district for innovative teaching and learner success. Its mission is to enable all learners to succeed and contribute their full potential to the future.