
Administrative Memorandum

Regular Board Meeting

Date: May 11, 2017
Topic: Report of the 2017/2018 Budget Committee

Annual Budget for 2017/2018

Overview of the Budget Process

The Board of Education's budget process and decisions were guided by the districts strategic vision as supported by the districts Learning by Design plan and the Long Range Facilities and Education plan. Specific Guiding Principles included:

- Supporting the design of engaging learning environments for all students
- Operational efficiencies that prioritize resources to directly support learning
- Relationships with community partners to broaden opportunities for students
- Advocacy for necessary facilities and resources
- Schools and workplaces that are safe and welcoming
- Environmental stewardship

The Budget Committee began its deliberations in November 2016 and held several meetings in subsequent months focused on developing the 2017/2018 and three year budget.

The Board's consultation process included a public survey, written submissions and community forum. In addition, the Board undertook to meet with employee stakeholder groups and the district parent advisory council to engage and listen to their suggestions.

Key Budget Timelines

- | | |
|---------------------|--|
| • February 16, 2017 | Board approval of the 2016-2017 amended annual budget |
| • February 20, 2017 | Public community forum on budget |
| • February 21, 2017 | Provincial budget announcement |
| • February 28, 2017 | Receipt of written and online survey on budget input |
| • March 15, 2017 | Ministry of Education announcement of 2017-2018 preliminary operating grants |
| • March 21, 2017 | Ministry of Education announcement of Classroom enhancement fund |
| • May 11, 2017 | Board approval of 2017-2018 annual budget |

Operating Fund

Budget Development

In preparation of the 2017-2018 operating budget, the 2016-2017 preliminary and amended annual budgets serve as the starting basis for budget development. The 2016-2017 annual

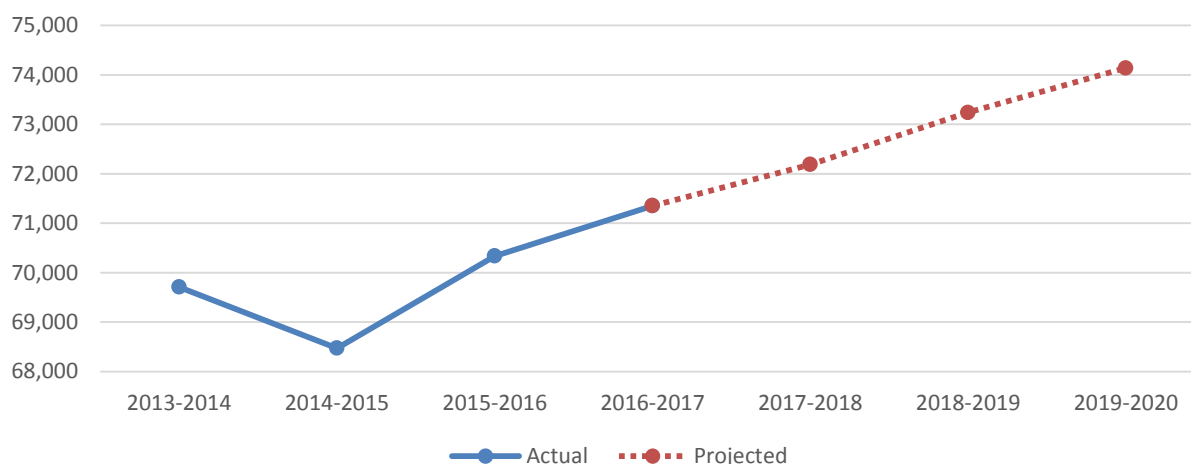
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budget was adjusted to remove any one-time expenditures or revenue sources and any proration of staffing FTE or costs to establish a base line budget. Adjustments are also made for any contractual and statutory requirements, forecast of student enrolments by category and changes to the districts Operating Grant and other revenue sources. Other factors include adjustment for anticipated inflation and utility rates and estimated resources needed to operate programs or operations. Further budget adjustments are made for changes in programs or services as appropriate.

Three Year Enrolment Projection

Graph 1 shows the change in the total full-time equivalent student enrolment, including school-aged students, adults and distributed learning students for the period 2013-2014 to 2019-2020. The projected enrolment for 2017/2018 is estimated to be 72,188 students FTE, 73,306 FTE for 2018-2019 and 74,278 FTE for 2019-2020.

Graph 1 - Projected Enrolment



Operating Grants and Other Revenues

On March 15, 2017, the Ministry of Education announced a total of \$4.998 billion available to school districts for the 2017/2018 school year for a projected enrolment of 550,238 FTE students. This announcement included continued funding for labour settlements with teachers and support staff and funding for provincial enrolment growth. No consideration has been provided for inflation or other employee group wage increases.

Also announced was the return of \$25 million of Year 2 administrative savings targets applied to all school districts as a proportion of the district's operating grant to the total operating grants. Surrey will receive \$3.1 million in returned administration savings for the 2017/18 year.

Surrey's preliminary operating Grant allocation is \$623.2 million. The district's preliminary Operating Grant is based upon a projection of 72,188 FTE students representing over 13% of the total provincial enrolment. A detailed distribution of grants and funding rates can be found on the Ministry of Education website www.bced.gov.bc.ca/k12funding/.

International Education revenue have been adjusted to reflect 1,000 students projected for 2017-2018. Other revenue sources have been assessed to determine their level of predictability

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to continue into future years and adjusted accordingly.

Operating Budgeted Expenditures for 2017/2018

Salaries have been adjusted for known contractual and other anticipated increases. The contractual agreement increases include:

Teachers

- Economic Stability Dividend of 0.35%, effective May 1, 2017, and
- Wage increases of 0.5%, effective July 1, 2017 and 1.0%, effective May 1, 2018

Unionized Support Staff

- Economic Stability Dividend of 0.35%, and wage increase 1.0%, effective May 1, 2017, and
- Wage increase of 0.5%, effective July 1, 2017 and, 1.0%, effective May 1, 2018

Substitute Costs have been adjusted to reflect wage increases and anticipated usage for 2017-2018.

All benefits have been adjusted to reflect staffing FTE changes, wage adjustments and anticipated rate changes including the recently announced changes in MSP premiums.

Services and supplies costs have been adjusted for anticipated inflation of 2.2% for 2017-2018 and other cost adjustments for projected student and staff growth. The district's Next Generation Network costs have been estimated at \$2.9 million a decrease of \$200 thousand from 2016-2017. Utility costs have been adjusted to reflect anticipated rates / usage for 2017-2018 including the provincial sales tax reduction on electricity to 3.5% effective October 1, 2017.

Net Position Control Changes for 2017/2018 Operating Fund

Position Control	2017/2018 Annual	2016/2017 Amended	Change
Principals and Vice Principals	247	245	2
Teachers (see note below)	4,001	3,946	54.65
Other Professional Staff	100	98	2
Educational Assistants	1,456	1,441	15
Support Staff	1,126	1,111	15
Total:	6,930	6,841	88.65

Note: Excludes Teachers hired through the Classroom Enhancement Fund; see Special Purpose Funds.

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Expenditures by Functions within the Operating Fund

Functions	2017/2018 Annual	2016/2017 Amended	Change
Instruction	85.98%	86.67%	-0.69%
District Administration	2.60%	2.35%	0.25%
Operations and Maintenance	10.56%	10.11%	0.45%
Transportation and Housing	0.86%	0.87%	-0.01%
Total:	100.00%	100.00%	

Special Purpose Funds

The Board of Education receives restricted funds that are specifically targeted towards various programs or activities. These include Ministry designated activities, such as Annual Facility Grants, Learning Improvement Funds, Community Link Funds, Strong Start, Ready Set Learn and Provincial Resource Programs. Other restricted funds include Parent Advisory Councils Funds, Scholarships and other specifically targeted funds for targeted activities.

New for 2017-2018 is the **Classroom Enhancement Fund (CEF)** provided for the restoration of 2002 contractual language into the teachers collective agreement on Class size/composition and non-enrolling teacher ratios.

Notional CEF funds for districts have been calculated by the province based on their estimates of each school district needs to implement the memorandum of agreement. Actual funds allocated to districts will be adjusted to reflect September student enrolment. It is anticipated the CEF funds will provide 320 teachers in addition to regular teacher staffing included in the operating budget.

The teacher portion (including FTE teachers) of the Learning Improvement fund and the Priority Measures fund in 2016-2017 have been eliminated to be incorporated into the Classroom Enhancement fund for the 2017/2018 year.

More details of all Special Purpose funds can be found on Schedule 3A.

Capital Funds

The capital fund reflects the budgeted amortization of deferred capital revenues, anticipated amortization of tangible capital assets, and interest earned on capital fund balances for the 2017-2018 year.

Schedule 4 outlines the anticipated change in Investment in Capital and Local Capital Reserve funds.

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Revenue & Expenditure Budgets

The attached Statements and Schedules provide the revenue and expenditure estimates distributed in accordance with Public Sector Accounting Standards and prescribed Ministry of Education account structure and presentation format.

Statements

- 2 Revenue and Expense
- 4 Change in Net Financial Assets (Debt)

Schedules

- 2 Operating Revenue and Expense
- 2A Operating Revenue by Source
- 2B Operating Expense by Source
- 2C Operating Expense by Function and Program
- 3 Special Purpose Revenue and Expense
- 3A Change in Special Purpose Funds
- 4 Capital Revenue and Expense

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Annual Budget Bylaw No. 1 (Teachers)

IT IS THEREFORE RECOMMENDED:

1. THAT all decisions taken by the 2017/2018 Budget Committee during its deliberations regarding Teacher costs totaling \$435,108,196 and summarized in this report, be approved by the Board for implementation.
2. THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 1 (Teachers) be given three (3) readings at this meeting (vote must be unanimous).
 - (a) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 1 (Teachers) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 1 (Teachers) be approved as read a second time.
 - (c) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 1 (Teachers) be approved as read a third time and finally adopted.

Annual Budget Bylaw No. 2 (Other)

IT IS THEREFORE RECOMMENDED:

1. THAT all decisions taken by the 2017/2018 Budget Committee during its deliberations regarding all Other costs totaling \$341,171,501 and summarized in this report, be approved by the Board for implementation.
2. THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 2 (Other) be given three (3) readings at this meeting (vote must be unanimous).
 - (a) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 2 (Other) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 2 (Other) be approved as read a second time.
 - (c) THAT the attached School District No. 36 (Surrey) 2017/2018 Annual Budget Bylaw No. 2 (Other) be approved as read a third time and finally adopted.

Respectfully submitted by:

Trustee Terry Allen,
Committee Chairperson,
2017/2018 Budget Committee
(Committee-of-the-Whole)