
Administrative Memorandum

Regular Board Meeting

Date: May 09, 2018
Topic: Report of the 2018-2019 Budget Committee
Submitted by: D. Greg Frank, Secretary-Treasurer

ANNUAL BUDGET FOR 2018/2019

Overview of the Budget Process

The Board of Education budget decisions were focused on supporting the district's Vision and Guiding Principles as supported by the district's 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 2017 and held several meetings in subsequent months focused on developing the 2018/2019 and three year budget.

The Board's consultation process included a place speak forum, public survey, written submissions and a community forum. In addition, the Board undertook to meet with each of the employee stakeholder groups and the District Parent Advisory Council to engage and listen to their suggestions.

Key Budget Timelines

- February 14, 2018 Board approval of the 2017-2018 amended annual budget
 - February 20, 2018 Public community forum on budget
 - February 20, 2018 Provincial budget announcement
 - March 9, 2018 Receipt of written and online survey on budget input
 - March 14, 2018 Ministry of Education announcement of 2018-2019 preliminary operating grants
 - May 9, 2018 Board approval of 2018-2019 annual budget
-

OPERATING FUND

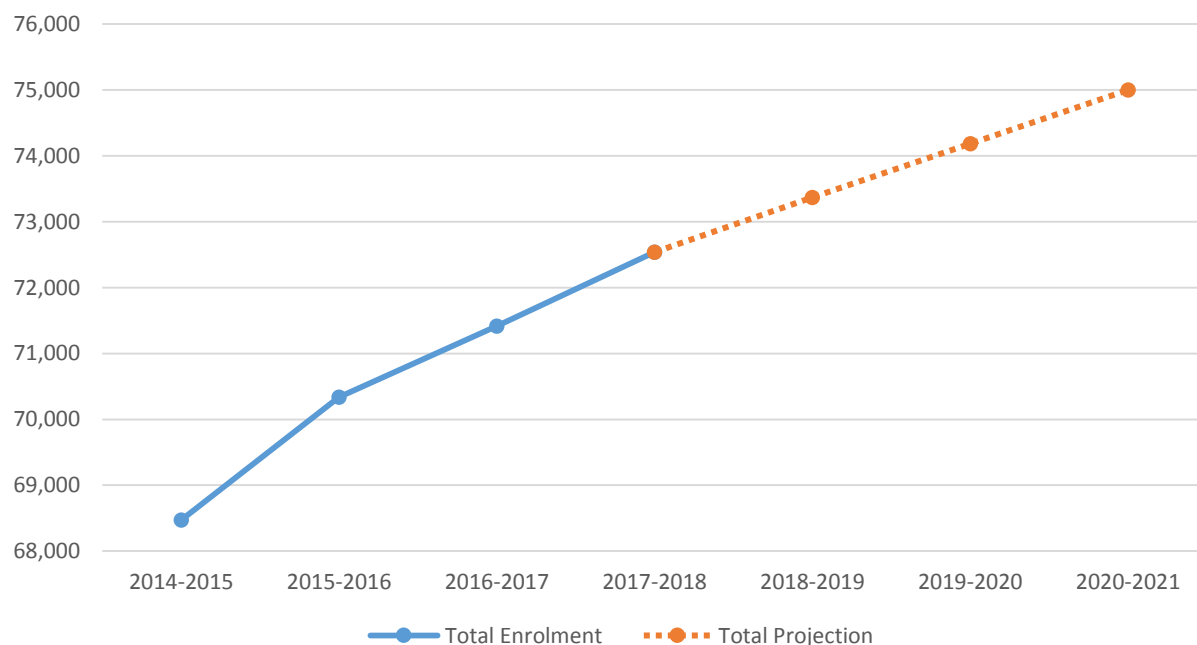
Budget Development

In preparation of the 2018-2019 operating budget, the 2017-2018 amended annual budget serves as the starting basis for budget development. The 2017-2018 amended annual budget is adjusted by removing any one-time expenditures or revenue sources and any proration of staffing FTE or costs to establish a base line budget. Adjustments are then made for any contractual and statutory requirements, forecast of student enrolments by category and changes to 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 full year since 2014/2015, as well as projected enrolment for the next 3 years. The projected enrolment for 2018/2019 is estimated to be 73,368 students FTE, 74,186 FTE for 2019-2020 and 75,000 FTE for 2020-2021.

Graph 1 - Projected Enrolment



Operating Grants and Other Revenues

On March 14, 2018, the Ministry of Education made a total of \$5.16 billion available to school districts for the 2018/2019 school year for a projected enrolment of 555,482 full year students (FTEs). 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.

Surrey's preliminary grant allocation is \$649 million. The district's preliminary grant is based upon a projection of 73,368 student FTE's for the full year. 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 has been adjusted to reflect approximately 1,000 students projected for 2018-2019. Other revenue sources have been assessed to determine their level of predictability to continue into future years and adjusted accordingly.

Operating Budgeted Expenditures for 2018/2019

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

Teachers

- Economic Stability Dividend of 0.4%, and wage increase 1.0%, effective May 1, 2018, and
- Wage increase of 0.5%, effective July 1, 2018 and 1.0%, effective May 1, 2019

Unionized Support Staff

- Economic Stability Dividend of 0.4%, and wage increase 1.0%, effective May 1, 2018, and
- Wage increase of 0.5%, effective July 1, 2018 and 1.0%, effective May 1, 2019

Substitute Costs have been adjusted to reflect wage increases and anticipated usage for 2018-2019.

All benefits have been adjusted to reflect staffing FTE changes and wage adjustments and anticipated rate changes.

Report of the 2018-2019 Budget Committee

Medical Services Plan (MSP) premiums have been adjusted to reflect the provincial budget announcement of February 20, 2018, effective January 2018. MSP will be reduced by 50% in the calendar year of 2019, and will be eliminated January 1, 2020.

Effective January 1, 2019, a new Employer Health Tax (EHT) will be implemented at a rate of 1.95% applied to payroll. The incremental cost of reduced MSP and the EHT will create an additional benefit expense of \$3 million. No funding has been provided by the province for this additional operating cost.

Services and supplies costs have been adjusted for anticipated inflation factor of 2.2% for 2018-2019 and other cost adjustments for projected student and staff growth. Utility costs have been adjusted to reflect anticipated rates and usage for 2018-2019.

Net Position Control Changes for 2018/2019 Operating Fund

Position Control	2018/2019 Annual	2017/2018 Amended	Change
Principals and Vice Principals	248	247	1
Teachers (see note below)	4,069	4,003	66
Support Staff	1158	1130	28
Education Assistants	1,575	1,551	24
Other Professional Staff	101	101	0
Total:	7,151	7,032	119

Note: Excludes 388 teachers hired through the Classroom Enhancement Fund; see Special Purpose Funds.

Expenditures by Major Functions within the Operating Fund

Major Functions	2018/2019 Annual	2017/2018 Amended	Change
Instruction	86.03%	85.94%	0.09%
District Administration	2.33%	2.58%	-0.25%
Operations and Maintenance	10.70%	10.56%	0.14%
Transportation and Housing	0.94%	0.92%	0.02%
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 – Support Staff, 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.

Classroom Enhancement Fund (CEF) will continue to be provided for the restoration of 2002 contractual language into the teachers' collective agreement on Class size/composition and non-enrolling ratios resulting from the Supreme Court of Canada's ruling against the Province of BC.

Notional CEF funds have been allocated by the province based on estimates of school district needs to implement the memorandum of agreement. Funds will be adjusted to reflect actual September student enrolment. Notional allocations will provide 388 teachers in addition to regular teacher staffing included in the operating budget.

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 2018-2019 year.

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

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

It is therefore recommended:

Annual Budget Bylaw No. 1 (Teachers)

1. THAT all decisions taken by the 2018/2019 Budget Committee during its deliberations regarding Teacher costs totaling \$451,875,185 and summarized in this report, be approved by the Board for implementation.
2. THAT the attached School District No. 36 (Surrey) 2018/2019 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) 2018/2019 Annual Budget Bylaw No. 1 (Teachers) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2018/2019 Annual Budget Bylaw No. 1 (Teachers) be approved as read a second time.
 - (c) THAT the attached School District No. 36 (Surrey) 2018/2019 Annual Budget Bylaw No. 1 (Teachers) be approved as read a third time and finally adopted.

Annual Budget Bylaw No. 2 (Other)

1. THAT all decisions taken by the 2018/2019 Budget Committee during its deliberations regarding all Other costs totaling \$356,150,745 and summarized in this report, be approved by the Board for implementation.
 2. THAT the attached School District No. 36 (Surrey) 2018/2019 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) 2018/2019 Annual Budget Bylaw No. 2 (Other) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2018/2019 Annual Budget Bylaw No. 2 (Other) be approved as read a second time.
-

- (c) THAT the attached School District No. 36 (Surrey) 2018/2019 Annual Budget Bylaw No. 2 (Other) be approved as read a third time and finally adopted.

Respectfully submitted by:

Trustee Terry Allen,
Committee Chairperson,
2018/2019 Budget Committee
(Committee-of-the-Whole)
