Staff Report to the Board of Education

April 2, 2025

SUPERINTENDENT'S BUDGET RECOMMENDATIONS

Karla Mitchell, Superintendent and Adrian Johnson, Secretary-Treasurer

BACKGROUND

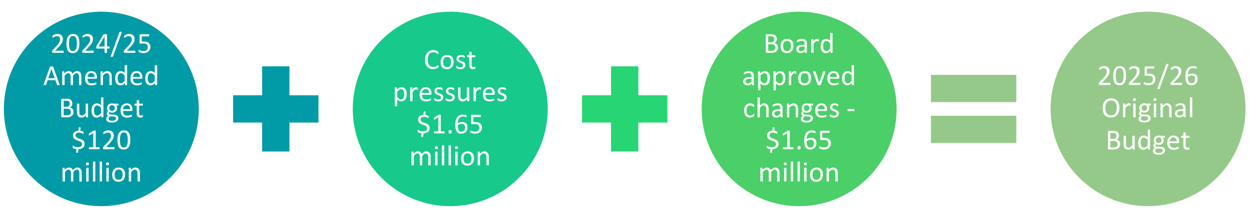
This document summarises the anticipated cost pressures for the next school year and the Superintendent's recommended operational changes to address those cost pressures.

These recommended operational changes are presented for the Board's consideration. Staff will consider the Board's feedback and draft a proposed budget for the Board at the April 16, 2025, Regular Board meeting.

The School Act requires the Board to submit a balanced budget for the 2025/26 school year to the Ministry of Education and Child Care (MECC) before June 30, 2025. The submitted budget is referred to as the 2025/26 Original Budget.

The Board adopted the 2024/25 Amended Budget at the February 19, 2025, regular board meeting.

The Secretary Treasurer will prepare the operating component of the 2025/26 Original Budget as follows:



Staff will seek Board approval of budget changes at the April 16, 2025, Regular Board Meeting. That timeline provides the necessary time to implement the staffing changes prior to the start of the school year in September.

The Board's work plan for the 2024/25 school year allows for the first and second reading of the 2025/26 Original Budget at the April 16 Regular Board Meeting, followed by the third reading at the May 14, 2025, Regular Board Meeting.

BUDGET COLLABORATION

Between January and March, the Board received budget submissions from CUPE, VTA, and 83 members of the public. A consistent theme of these submissions is the need for more Education Assistants (EA) and School Based Resource Teachers (SBRT) to address the growing number of students with additional complex needs.

A lack of additional funding for cost pressures means an anticipated $1,650,000 of cost savings must be found in this budget. That makes it particularly difficult to add resources, including SBRTs and EAs.

To find ways to address both the cost pressures and the feedback received, the Superintendent and Department Leaders have had many detailed conversations and meetings with School District leadership, including Principals and Vice Principals. Such conversations corroborate the need for more EAs and SBRTs.

The information gained through this collaborative approach informs a means to offset the cost pressures with minimal impact on students.

COST PRESSURES IDENTIFIED TO DATE

The table below outlines the Secretary Treasurer's current estimate of cost pressures. Negative numbers imply a cost saving or additional revenue.

Pressure	**$**	**Commentary**
2024/25 budget expenses > revenue	434,000	The current year budget assumes a $434,000 shortfall.
Declining enrolment	500,000	Enrolment forecast is for approximately 60 fewer students next year, with a corresponding decline in per-student funding.
Designated students	- 360,000	The number of designated students increased after the September 30, 2024, enrolment count, which drives current year funding. Should this number of designated students sustain into September next year, it will create approximately $360,000 more in funding. However, with additional designates comes additional student need. The recommended operational changes in the next section allocate potentially an additional $310,000 to inclusion supports.
Interest income	250,000	A decline in interest rates leads to a decline in interest income on SD22's deposits.
Canada Pension Plan (CPP)	270,000	The Federal Government capped total employer CPP contributions at $4,056 in calendar year 2024. That cap increases by 9% to $4,430 in 2025. The impact of that increase will hit the 2025/26 school year budget. In previous years, funding for wage increases has helped offset some changes in CPP limits. There is no indication that such taxpayer funding will be provided for next school year.
Employment Insurance (EI)	56,000	This reflects the increase in the maximum EI employer contribution, for which there is no indication of funding at this point.
WorkSafe BC (WBC) premium increases	150,000	SD22's WBC premiums are below the Provincial average. SD22 receives a discount as we have fewer claims than average. The Provincial average is trending upwards, and this increase reflects that trend.
Inflation	270,000	The Board has about $13.7 million in service and supply costs. A 2% inflation rate, which may be optimistic given the current political climate, leads to an increase in costs of $270,000.
College instruction	80,000	SD22 provides dual credit opportunities to many of our students, allowing them to gain credit towards graduation for courses taken

Pressure	$	Commentary
		through, primarily, Okanagan College. There has been an increase in the uptake for these courses, leading to an increase in course fees paid to Okanagan College.
Total	**1,650,000**	

RECOMMENDED CHANGES

The Superintendent recommends the following changes to offset the $1.65 million of cost pressures. Negative amounts show an increase in cost, and positive amounts reflect a decrease in cost. Opportunities to add more inclusion supports are highlighted.

Change	$	Commentary
Decrease in elementary divisions - enrolment	700,000	Elementary schools are allocated divisions based on their forecast enrolment, which, overall, reflects fewer students than this current year. This reflects a net reduction of five divisions.
Decrease in elementary divisions – contingency	-140,000 140,000	It is difficult to predict the number of divisions that will be needed at some schools in September. Staffing for one division will be held back, and if necessary, allocated near the start of the school year. If it is not needed, then the funding will be used for additional EA or SBRT supports instead.
Increase in secondary blocks - enrolment	-100,000	Secondary schools are allocated blocks based on their forecast enrolment, which, overall, reflects more students than this current year.
Reduction in secondary blocks – program adjustment	130,000	This reflects an overall decrease of seven blocks, or 1.0 FTE. District staff are coordinating with Secondary Principals to minimize the educational impact of this cost saving reduction.
Transfer of Early Learning Success Teachers from targeted funding to operating	-260,000	In the 2022/2023 school year, the district itinerant Early Learning Success teachers were funded through the operating fund. The Integrated Inquiry Project (IIP) targeted funding provided an alternative funding source for these teachers. They have been funded through the IIP for the 2023/2024 and 2024/2025 school years. The IIP funding is no longer available for this purpose, and so this is an increase in cost for the operating fund.
Reduction in English Language Learner (ELL) Teachers	260,000	This change reduces the number of ELL teachers from 10 to 8. This year's allocation of 10 teachers was based on a forecast of 455 ELL students. The actual number of ELL students was 60 fewer than forecast (395 students), and we forecast to have 400 ELL students next school year. This reduction brings the expected ELL student to teacher ratio to about 50 : 1, which is more in line with other School Districts. Forecast Provincial funding allocation for ELL students is $726,000, which is less than the salaries and benefit cost of 8 teachers of about $1,040,000.

Change	$	Commentary
Itinerant teacher reduction	572,000	This cost saving results from a reduction in the number of district itinerant staff. It includes the re-allocation of one literacy support teacher to a newly announced literacy support targeted fund, with funding confirmed for two years.
Staffing reduction	130,000	This cost saving results from a reduction in the number of staff who are not directly involved in the education of students.
Additional inclusion support	-130,000	The inclusion team will use this available funding to add more SBRT and / or EA time in September.
Reduction in service and supply budgets	242,000	This cost saving measure will reduce the opportunity to buy supplies, software licenses etc.
Trustee Travel	40,000	Board policy restricts unutilised portions of individual Trustee's professional development allocations for future use by the Trustee. This one-time adjustment releases the restriction on the unused amounts, allowing the funds to be used to balance the budget.
Utilities	50,000	A substantial amount of cleaning and maintenance occurs in schools over the summer, and the air conditioning runs in schools all summer to accommodate that. Adopting a team cleaning approach will allow some schools to be vacant for periods, with the air conditioning turned off. This reduction represents about 5% of our annual electricity costs of about $1 million.
Transportation fees	16,000	This reflects the increased ridership fees expected to be collected due to the Westside Road route extension.
Transfer from Superintendent's discretionary budget to inclusion	-50,000 50,000	This net zero change allocates resources away from administration to inclusion.
Total	**1,650,000**	

Opportunities to add additional supports for inclusion students within these recommended changes include an increase in the Inclusion budget and a contingency amount which, if not needed for divisions, can be utilised for additional EAs or an SBRT.

It is possible that, come September, enrollment will exceed forecast or further students with designations may be identified. If so, additional revenue will be generated and an increase in the number of EAs and SBRTs will be prioritized.

POTENTIAL VARIANCES AND RISKS

The cost pressures of $1.65 million are about 1.4% of the total operating budget. A number of assumptions are used in calculating the cost pressures. Small differences in those assumptions can have a significant financial impact. The following table considers some key assumptions.

Variance	Commentary
Enrolment	MECC provide funding of $9,015 for every student enrolled in SD22. 37 fewer students enrolled at SD22 in September 2024. A similar variance next school year would result in a funding reduction of $330,000. To forecast as accurately as possible, SD22 engages a demographics company called Baragar to assist in enrolment projections. The budgeted enrolment includes the following factors: • the number of pre-kindergarten children living in the catchment area • the number of children graduating from SD22 at the end of this school year • the expected percentage of children living in the catchment area who enrol in SD22 (the participation rate), based on historical trends • expected in and out migration based on historical trends.
Student designations	In February, 962 students enrolled in SD22 had additional inclusion needs that generate an average of nearly $20,000 each in additional funding for SD22 from MECC. The forecast assumes the same number of students next year. Historical trends have shown a steady year-on-year increase in the prevalence inclusion students, so this may be an overly prudent forecast. However, unlike previous years, overall enrolment is expected to decline which may lead to a decrease in inclusion students. Variances from forecast in this current school year resulted in about $1.3 million more in revenue, as well as additional cost pressures to support the extra inclusion needs.
Sick leave	The cost of replacing staff who are absent due to illness has risen substantially every year since 2020. The cost pressure forecast assumes this trend comes to an end next school year, with sick leave rates remaining consistent with the current school year. This may be an optimistic assumption. Unexpected variances from the original budget in this current school year resulted in an increase of about $1 million in sick leave replacement costs. This change is reflected in the current year's amended budget.
Benefit costs	SD22 provides extended health and dental benefits to its employees through an Administrative Services Only plan. This means that the benefit premiums are based on forecasted use of health and dental benefits, and then there is an annual adjustment to reflect actual usage. Teacher and support staff benefit plan premiums will increase next year by 8% and 7% respectively. This leads to a total increase in annual premiums of about $500,000. However, this year, actual usage was less than the premium costs, resulting in a $400,000 cost saving. This forecast assumes that actual usage will continue to be less than the cost of premiums and so assumes no overall cost increase. This may be an optimistic assumption.
Wages	The Provincial Government has not yet committed to any wage increases for staff for next year.

Variance	Commentary
	Should there be any increase for unionised staff, it is very likely that this cost increase would be matched by additional taxpayer funding. There is a significant risk that wage increases for non-unionised staff would not be offset by additional funding and so be an unexpected cost pressure. This forecast assumes that any wage increases, unionised and non-unionised, are offset by additional funding.