Staff Report to the Board of Education

March 12, 2025

2025/26 BUDGET UPDATE

Adrian Johnson, Secretary Treasurer

BACKGROUND

The Superintendent will present budget change recommendations for next year's budget on April 2nd for the Board's consideration. The Board's approval of budget changes is scheduled for two weeks later, on April 16th. This timeline allows staff to navigate the processes needed to adjust staffing prior to the start of the following school year.

Like all school districts in BC, SD22 is facing substantial cost pressures which the Superintendent must address in the budget change recommendations. This document provides estimates of those cost pressures.

The Provincial Government will confirm operating funding for SD22 for next school year on March 13th. Expectations are that there will not be any funding to offset those cost pressures.

COST PRESSURES IDENTIFIED TO DATE

The table below outlines the Secretary Treasurer's current estimate of cost pressures.

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.
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. 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.

Pressure	**$**	**Commentary**
Extended health and dental benefits	-	Teachers' benefits plan premiums will increase by 8% next year, and support staff by 6%. This leads to a total increase in annual premiums of about $500,000. However, this current school year, premiums were more than claims by about $400,000, and it is assumed this trend will continue. As the actual cost to the board is reflective of actual claims, not premiums, a net zero cost pressure is assumed. This may be an optimistic assumption.
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.
Sick leave costs	-	The costs of covering sick leave have increased steadily over the past few years, with $1 million being added to the sick leave budget this year. These cost pressures assume that this trend of increasing costs will not continue into next year.
College instruction	80,000	SD22 provides dual credit opportunities to many of our students, allowing them to gain credit towards graduation for courses taken 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	**1,500,000**	

A sizeable amount of this cost pressure (potentially more than $500,000) will be offset by a net reduction in the number of classes due to declining enrolment.

In previous years, the Board has devoted as much funding as possible to services for students, keeping other indirect costs of education to a safe minimum. The Superintendent's budget change recommendations will reflect that approach.