

Burnaby School District
Preliminary Budget Report
2021/2022

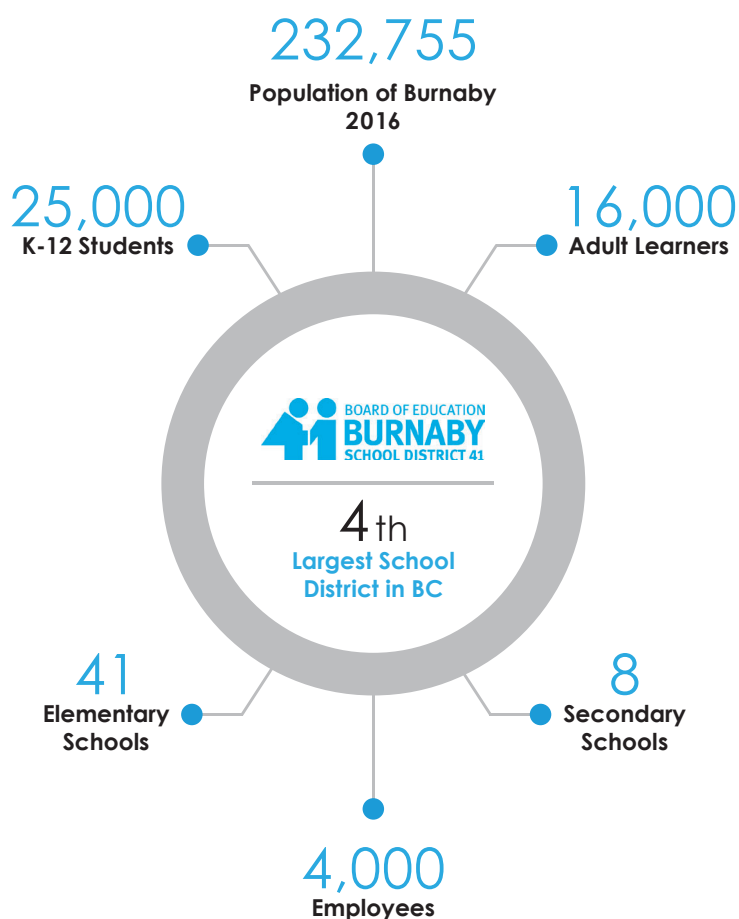
Introduction

In the Spring of 2021, as the Burnaby School District looks to the budget process, across the country and around the world life looks different because of COVID-19. The changeability and unpredictability brought on by the pandemic is impacting all areas of life, including financial projections for school districts. In these uncertain times, the Burnaby School District looks to its vision, mission, and core values as defined in the district's strategic plan to guide its work. While we anticipate a difficult budget year, we will continue to have a student-centred focus.

Who We Are

Formed in 1906, the District is on the traditional territory of the Coast Salish Nations of Musqueam, Tsleil-Waututh and Squamish. Our District is now the fourth largest in BC, with 25,000 students (K-12) and 4000 dedicated employees. We operate 41 elementary schools and 8 secondary schools, including a range of district programs and Provincial Resource Programs. We also provide lifelong learning opportunities to more than 16,000 adult learners through our established Burnaby Community & Continuing Education program.

The District's work is governed by seven elected Trustees, whose four-year term began in 2018.



Budget Timeline

Traditionally the District's budget process takes place in the month of April, which includes consultation with school and district staff, partner groups and the public. It normally concludes at the end of April with final budget approval by the Board of Education. This year, the process was extended due to the uncertainty of the status of public health measures and to refine enrolment estimates. Therefore the timing of the typical budget process was delayed. The revised budget timeline is below.

2021-2022 Budget Calendar		
Date	Topic	Audience
May 4, 2021	2021/2022 Annual Budget proposals	Burnaby Leadership Team
May 4, 2021	2021/2022 Annual Budget proposals	Partner groups
May 6, 2021	2021/2022 Annual Budget proposals	Public
May 10, 2021	2021/2022 Annual Budget input on priorities	Partner groups
May 17, 2021	2021/2022 Annual Budget proposals	District Parent Advisory Council
May 25, 2021	2021/2022 Annual Budget presented for Board approval	Board Meeting
May 28, 2021	Submission of 2021/2022 Annual Budget	Ministry of Education

Our Vision, Mission, and Values



Our Vision

A premier learning community where we engage and innovate to inspire global citizenship.



Our Mission

To engage and empower a caring, inclusive community of learners for the opportunities of today and tomorrow.



Our Values

Together these ways of thinking and acting help form the culture of our schools and workplaces. By upholding these values, we can build an environment that will lead to the fulfilment of our mission and vision.

Students Come First

Learners are at the centre of what we do. We focus on their lives within our schools, support them in their lives away from our schools, and keep in mind the lives they will lead in the future, recognizing that their time with us will be key in shaping their futures.

The Power of Diversity

Burnaby is one of the most diverse cities in the world, and we recognize this as a privilege and a strength. We meaningfully involve all learners and respect and value the infinitely variable characteristics that make them unique human beings.

Equity, Access, Inclusion

Our schools are for everyone. We recognize that barriers exist and seek to identify and remove them. We encourage our learners to speak honestly, and we uphold the rights of individuals, families and organizations within our schools and our community. We value and respect everyone's contributions.

Collaboration and Partnership

We strive for trusting, respectful, collaborative relationships, and we work together to ensure we make the best decisions. The learning environment includes our learners, teachers, all staff, families and the community. We work with and encourage the participation of all.

Curiosity, Innovation, Discovery

The world we live in is complex and rapidly changing. We, our students, and the world itself are beneficiaries when questions are asked, experiments undertaken, ventures launched, and challenges embraced. Our classrooms and school communities foster curiosity, innovation, and discovery.

Excellence, Success, Improvement

We challenge ourselves and our learners to make their highest contributions, and we foster opportunities to make this possible. We celebrate success and recognize that there are many ways to define and achieve it. Working collaboratively, we challenge ourselves and our learners to improve, as individuals and as a group. Along with these ideals, we place an equal emphasis on health and well-being, as it is required to support all of our contributions and achievements.

2021/22 Status Quo Budget

The development of the 2021/22 budget required the District to make a number of assumptions related to the provincial budget, local factors, and factors affected by COVID-19. The following COVID-19 and strategic risks are highlighted to the Board in order to provide additional context.

COVID-19 Risks

1. Status of public health September 1, 2021 to support a Stage 1 school opening
2. Return to School grants discontinued from Federal and Provincial governments
3. Large number of students, staff members, or key staff in segregated areas, contract COVID-19 resulting in business continuity challenges and/or potential WorkSafe claims.
4. There is a decrease in enrolment from international students.

Strategic Risks

1. The financial model is not sustainable.
2. Immigration laws change that lead to a decrease in enrolment from international students.
3. Impact of COVID-19 to overall community (especially vulnerable learners) and potential increased requirements in areas such as mental health and wellness supports, technology, program supports and food security.

Budget Assumptions

Provincial
Provincial government will fund total provincial enrolment including any growth
Wage settlements for BTA and CUPE will be funded
Discontinuation of Safe Return to Schools grants from the provincial and federal governments and discontinuation of COVID related expenditures
Public health will be at stage 1
Local
Enrolment stability, with no growth
No At-Home Learning or Transitions Programs
Staffing: -BTA 2% annual increase and salary increments -CUPE 2% annual increase -Exempt / PVP 2% annual increase and salary grid increases
General inflation applies to utility costs only and other services and supplies remain constant
Benefits Rate Changes - Canada Pension Plan 3.8%, Employment Insurance 0.0%, WorkSafeBC 10.9%, Teacher Pension 0.0%, Municipal Pension 0.0%, Health (1.0%), Dental 2.7%
COVID-19 Related
International enrolment will increase by 14% to 950 FTE
Summer school will run but will generate a reduced surplus due to capacity restrictions and cleaning requirements
Community group facility rentals will resume in 2021/2022
Interest rates will decrease (1.45% to 0.95%)

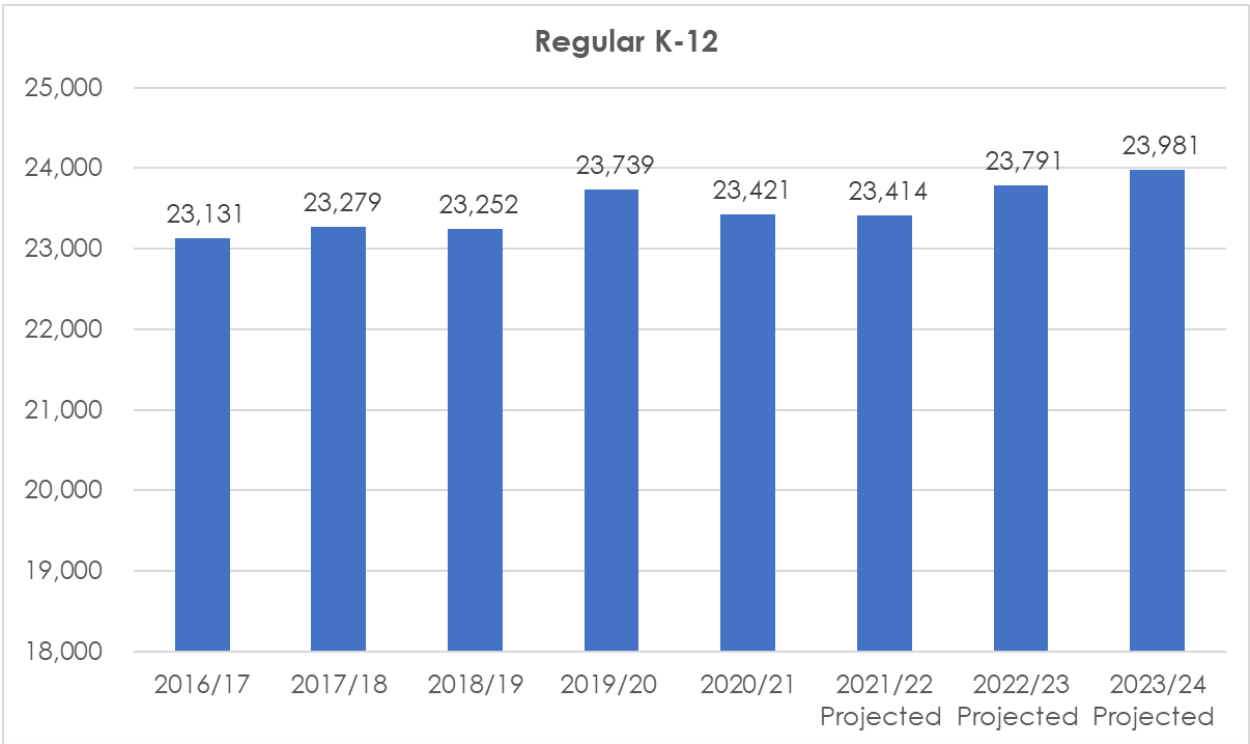
Enrolment

The Burnaby School District is funded primarily through an operating grant received from the Ministry of Education. The operating grant is based on student enrolment which is compiled through a data collection process in September, February, May and July. The District receives a fixed amount per full-time equivalent student (FTE). The School District also receives supplementary grants for students who are identified as having unique needs and for other demographic and geographical factors.

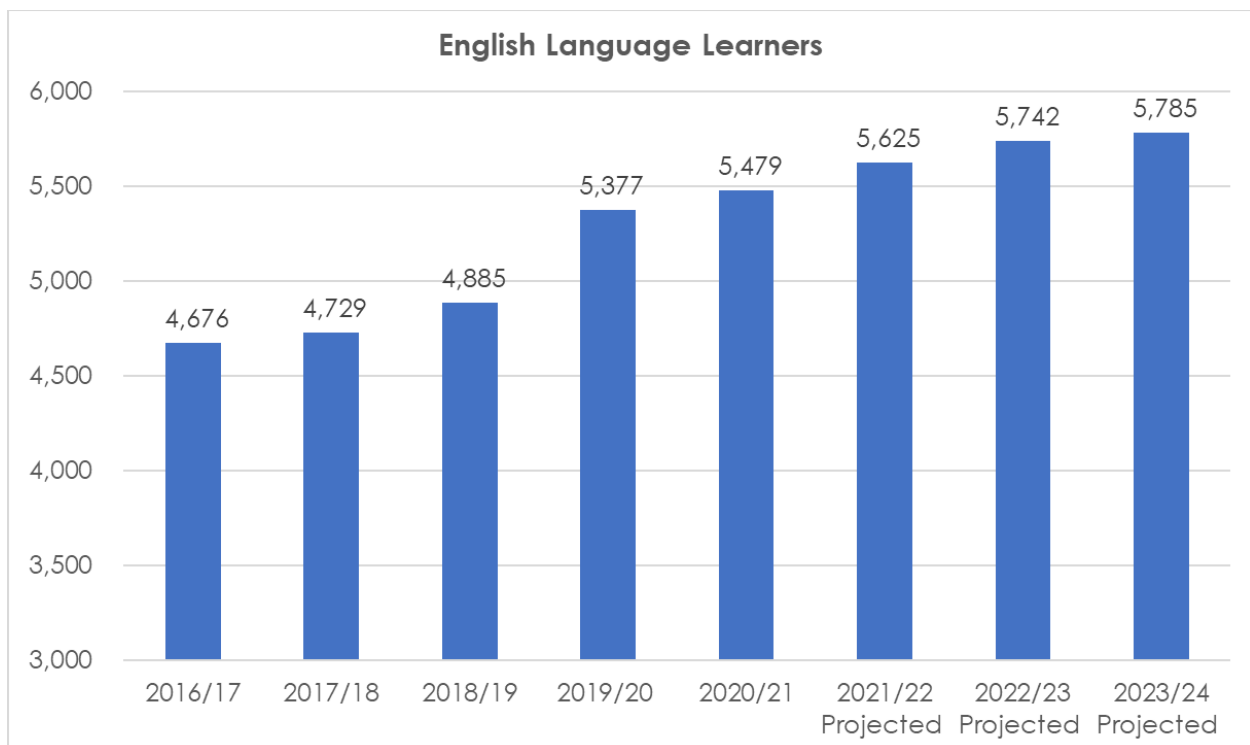
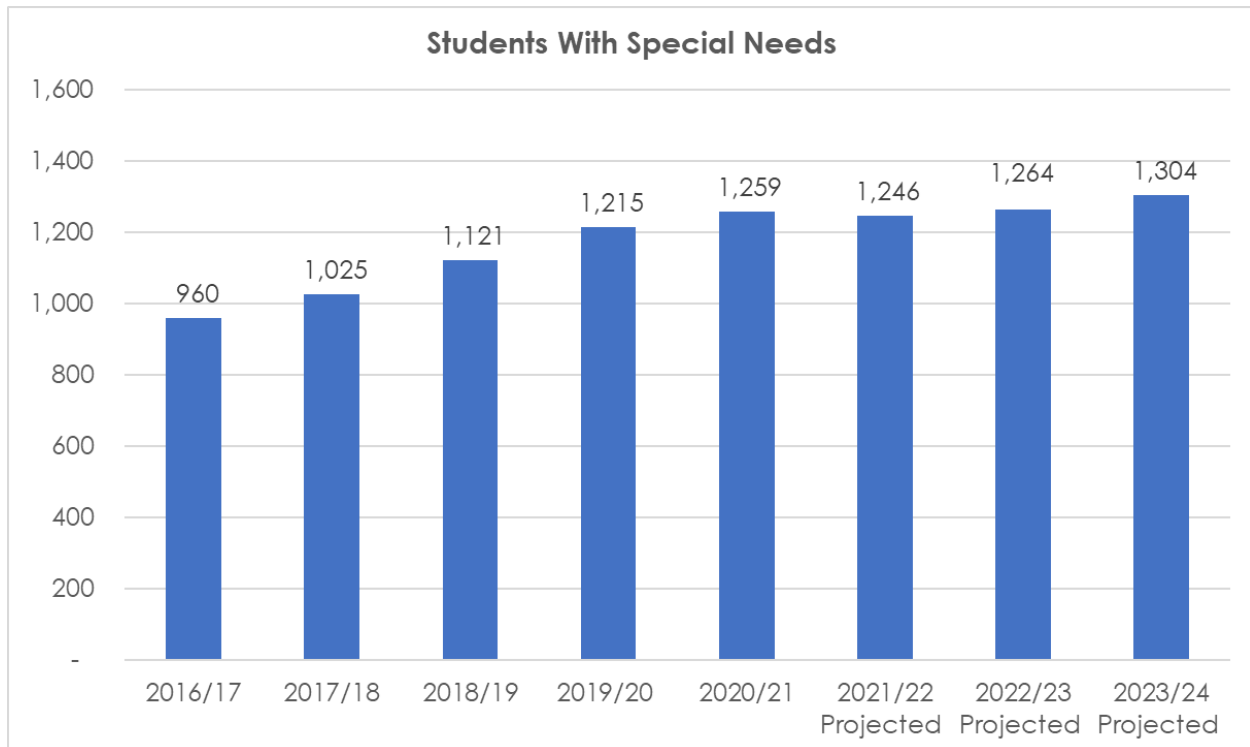
District staffing levels are driven directly by student enrolment. Since salaries and benefits make up approximately 90 percent of District expenses, reliable enrolment data is essential for financial planning. Each year the School District completes an analysis of historical enrolment and student retention trends,

reviews population data and new municipal development approvals to develop an estimate of elementary and secondary student FTE for the ensuing three budget years.

Prior to the COVID-19 pandemic, regular K-12 enrolment was stable year over year showing only moderate growth. Due to COVID-19 reducing both inter-provincial and international migration, the District experienced a significant enrolment decline in 2020/2021. This is expected to recover over the next three years as pre-pandemic migration patterns return.

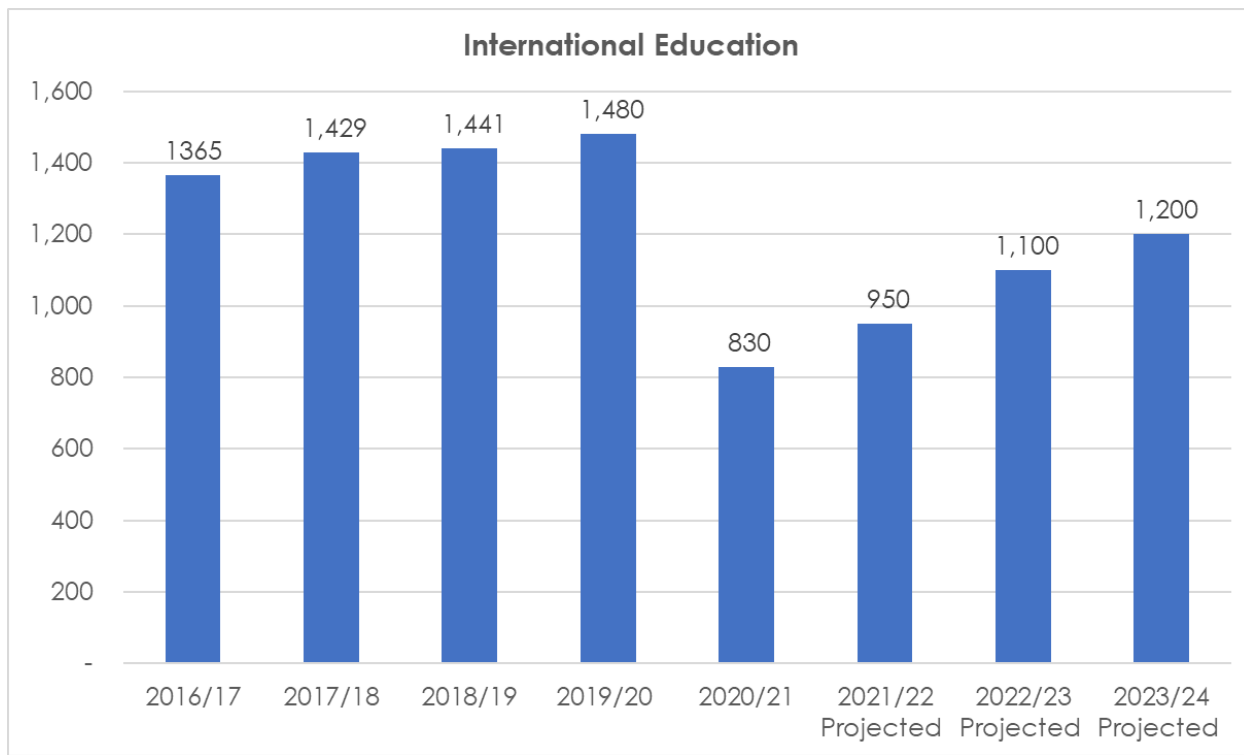


Over the past five years the School District has experienced significant growth in the number of students with special needs and English language learners (ELL). Although the number of students with special needs is forecast to slightly decline in 2021/22, the long-term trend is expected to continue through the 2023/2024 school year.



International education has seen significant historical enrolment growth. As a result of the global travel restrictions put in place to combat COVID-19 and personal health related concerns, enrolment declined by 650 FTE or 44% in 2020/2021. The District is expecting a slow recovery of 120 FTE in 2021/2022. As

travel restrictions are lifted and health concerns gradually subside over the next three years the District is anticipating a further recovery to 1200 FTE.



2021/22 Operating Grant Allocation Formula Overview

Public school districts in BC are primarily funded through an operating grant provided by the Ministry of Education. The formula for the grant is based on student counts across various areas and other district factors as outlined below.

Provincial Totals

76%
allocated
through the
Basic
Allocation

Basic Allocation	
Common per student amount for every FTE student enrolled by school type	
Standard School: \$7,885 per school age FTE	Continuing Education: \$7,885 per school age FTE
Alternate School: \$7,885 per school age FTE	Distributed Learning: \$6,360 per school age FTE

16%
allocated to
recognize
unique
student
enrolment

Unique Student		
Additional per student funding to address uniqueness of district enrolment and support additional programming		
Level 1 Special Needs: \$44,850 per student	Level 2 Special Needs: \$21,280 per student	Level 3 Special Needs: \$10,750 per student
English/French Language Learning: \$1,585 per student	Indigenous Education: \$1,565 per student	Adult Education: \$5,030 per FTE
Equity of Opportunity: Mental health; youth in care		

8%
allocated to
recognize
unique
district
factors

Unique District				
Additional funding to address uniqueness of district factors				
Small Community: for small schools located a distance away from the next nearest school	Low Enrolment: for districts with low total enrolment	Rural Factor: located some distance from Vancouver and the nearest large regional population centre	Climate Factor: operate schools in colder/ warmer climates additional heating or cooling requirements	Sparseness Factor: operate schools that are spread over a wide geographic area
Student Location Factor: based on population density of school communities			Supplemental Student Location: Level 1 and 2 special needs enrolment	
Salary Differential: Funding to districts that have higher average educator salaries				

Revenues

The table below summarizes projected revenues in the 2021/22 status quo budget compared to the 2020/21 amended budget:

	2020/21 Amended	2021/22 Status Quo	Variance
Ministry of Education Grants	\$ 220,908,865	\$ 229,887,289	\$ 8,978,424
Other MOE Grants	11,023,506	3,490,027	(7,533,479)
International Education	13,904,370	15,856,600	1,952,230
Continuing Education	2,232,000	2,827,544	595,544
Investment Income	619,576	460,444	(159,132)
Rentals & Leases	362,752	910,719	547,967
Other Fees & Revenues	1,181,912	1,260,435	78,523
Total Grants & Revenue	\$ 250,232,981	\$ 254,693,058	\$ 4,460,077

Variance Analysis

The substantial variance in Ministry of Education Grants and Other MOE Grants is a result of the Ministry of Education including Labour Settlement Funding for Teacher and Support Staff wage increases in the 2021/22 Ministry of Education Operating Grant, rather than including it as Other Ministry Grants. The remaining increase is primarily due to an increase in Level 2 Special Needs and English Language Learners.

Projected enrolment recovery in the International Education and Community and Continuing Education programs resulted in significantly increased revenues. Investment income will decrease as a full-year of lower interest rates is realized on lower cash balances held. Rentals & Leases were heavily impacted by COVID-19 in the 2020/21 year. As restrictions around use of space are relaxed, space rentals and leases are expected to increase, leading to higher revenue.

Expenses

The following tables summarize projected expenses in the 2021/22 budget compared to the 2020/21 amended budget:

	2020/21 Amended	2021/22 Status Quo	Variance
Salaries			
Teachers & Teachers Teaching on Call	\$ 131,151,266	\$ 134,953,415	\$ (3,802,149)
Educational Assistants	22,361,324	23,520,127	(1,158,803)
Support Staff	22,070,156	22,571,802	(501,646)
Principals and Vice Principals	10,389,518	10,654,455	(264,937)
Other Professionals	5,594,373	5,716,111	(121,738)
Total Salaries	191,566,637	197,415,910	(5,849,272)
Benefits	43,003,733	45,328,144	(2,324,411)
Total Salaries and Benefits	\$ 234,570,370	\$ 242,744,054	\$ (8,173,683)
Services & Supplies	\$ 24,449,403	\$ 21,895,563	\$ 2,553,840
Local Capital	2,102,000	2,502,000	(400,000)
Total	\$ 261,121,773	\$ 267,141,617	\$ (6,019,843)

Variance Analysis

Teachers & Teachers Teaching on Call costs are rising because of a 2% collective agreement wage increase and grid movements as well as an increase in the number of teachers related to increased International student enrolment. Educational Assistants also had a 2% collective agreement wage increase, which made up approximately half of the variance. The remaining half

is an increase in staffing levels driven by a change in composition of enrolment which required additional supports. Support staff increases are driven by a 2% wage increase and small staffing increases related to growth in International and Community and Continuing Education programs. Principals, Vice Principals, and Other Professionals were all impacted by wage increases.

Operating Surplus

The table below shows the revenues, expenses and total surplus in the 2021/22 budget compared to the 2020/21 amended budget:

	2020/21 Amended	2021/22 Status Quo	Variance
Revenue	\$ 250,232,981	\$ 254,693,058	\$ 4,460,077
Salaries	(191,566,637)	(197,415,910)	(5,849,273)
Benefits	(43,003,733)	(45,328,144)	(2,324,411)
Services & Supplies	(24,449,403)	(21,895,563)	2,553,840
Local Capital	(2,102,000)	(2,502,000)	(400,000)
Restricted Surplus	3,910,119	-	(3,910,119)
Balance 20/21 Preliminary Budget	8,880,647	-	(8,880,647)
Surplus / (Deficit)	\$ 1,901,974	\$ (12,448,559)	\$ (14,350,533)

Covid-19 Budget Impact

The COVID-19 crisis has had a significant impact to the budget for 2021/22. Overall, COVID-19 has negatively affected the operating budget by \$10,145,092. Below is a table detailing the areas of the budget that COVID-19 has significantly impacted.

	Revenues	Expenditures	Surplus/(Deficit)
21/22 Status Quo - NO COVID	275,004,313	277,307,780	(2,303,467)
Enrolment	(7,944,770)	(3,829,036)	(4,115,734)
International	(9,771,550)	(5,650,155)	(4,121,395)
Summer Session	(774,932)	(441,993)	(332,939)
Continuing Education	(718,447)	(244,980)	(473,467)
Investment Income	(1,101,556)	-	(1,101,556)
21/22 Status Quo	254,693,058	267,141,616	(12,448,558)

Three Year Budget

Below is a three-year projection of the operating budget. This projection is based on factors that are known to the District at that time and contain assumptions that the District will maintain current service level and programs.

Revenues are primarily based on enrolment projections and the Ministry's current funding formula. International Education enrolment is anticipated to increase by 16% in 2022/23 and an additional 9% in 2023/24. Expenses are based on maintaining current service levels with projected increases to salaries based on estimated collective agreement increases and inflation applied to benefits and utilities costs. Local Capital expenditures are increased to reflect the contributions required to support the Education Technology Plan.

	2021/2022 Status Quo	2022/2023 Projected	2023/2024 Projected
Revenue	\$ 254,693,058	\$ 266,037,366	\$ 275,914,160
Expenses	(264,639,617)	(274,903,841)	(283,873,290)
Local Capital	(2,502,000)	(3,002,000)	(3,502,000)
Surplus / (Deficit)	\$ (12,448,559)	\$ (11,868,475)	\$ (11,461,130)

2020/2021 Q3 Projections

The District closed the 2019/2020 fiscal year with an unrestricted reserve of \$17,383,590. This amount of reserve was higher than in prior years and was driven by the impact that shutting down in-class instruction had on budgets in the last quarter of the year. Of this reserve, \$8,880,648 was required to balance the 2020/2021 operating budget in June of 2020.

Since then, the District added \$1,901,974 to the reserve as a result of projections contained in the 2020/2021 Amended Budget prepared in February 2021. This change was driven by lower than projected costs for health and dental benefits due to lower plan usage caused by COVID-19, slightly higher than projected international Education enrolment and lower than projected costs for information technology services & supplies due to costs being covered by the 8-Year Information Technology Sustainability plan funded through the Local Capital Reserve. The Quarter 3 Financial Projection prepared in April 2021 added another \$2,643,390 to the reserve driven by lower than projected spending through school block budgets, program development and professional development as COVID-19 caused a steep reduction of in-person professional development.

Moving into the 2021/2022 fiscal year and beyond, it is estimated that the District has \$13,048,306 of unrestricted reserves available. It is important to note that these reserves are one-time funds available to the District as a result of previous period budgets.

Fund Balance		
2019/20 Financial Statements	\$	17,383,590
Application of Prior Year's Surplus		(8,880,648)
Amended Budget Surplus Addition		1,901,974
2020/21 Amended Budget Fund Balance	\$	10,404,916
Q3 Projected Surplus Addition		2,643,390
2020/21 Q3 Projected Fund Balance	\$	13,048,306

Budget Adjustments

A difficult financial position exists that has been brought on by the COVID-19 pandemic. The budget adjustments below were developed with the District's vision, mission and core values as defined in the strategic plan in mind.

An effort was made to protect resources supporting vulnerable students and mental health as these are supports that will be vital to the classroom as schools recover from the pandemic. During the budget development process, the goal was to mitigate the structural deficit brought to the District's financial position as a result of COVID-19 and, in combination with the unrestricted reserve, to balance the budget for the next two fiscal years.

**Positive amounts are budget reductions, negatives are budget additions*

Staffing Adjustment Summary		
Area	FTE	\$
CUPE		
Facilities	9.00	578,988
School Allocations	13.29	718,818
CUPE Total	22.29	1,297,806
Excluded/Admin		
Facilities	0.90	122,376
Excluded/Admin Total	0.90	122,376
Teaching		
Staff Development	4.00	399,784
International Education	1.00	99,946
School Allocations	21.91	2,189,817
Teaching Total	26.91	2,689,547
Staffing Total	50.10	4,109,729

Services & Supplies Adjustment Summary	
Area	\$
Business Services	540,000
All Departments	705,000
Vehicle Replacement (Local Capital)	250,000
Grand Total	1,495,000

Three Year Budget Fund Balance

Along with the budget adjustments above, an allocation of prior year surpluses and reserves is required to balance the budget and position the District to financially recover from the impact of the COVID-19 pandemic. Below is a table detailing the usage of surpluses and reserves over three years.

	2021/2022 Preliminary Budget	2022/2023 Projected	2023/2024 Projected
Revenue	\$ 254,693,058	\$ 266,037,366	\$ 275,914,160
Expenses	(259,284,888)	(269,997,298)	(278,966,747)
Local Capital	(2,252,000)	(2,877,000)	(3,502,000)
Surplus / (Deficit)	\$ (6,843,830)	\$ (6,836,932)	\$ (6,554,587)

	2021/2022	2022/2023	2023/2024
Fund Balance Beginning of the Year	13,048,306	5,204,476	(1,632,456)
Current Year Surplus/(Shortfall)	(6,843,830)	(6,836,932)	(6,554,587)
COVID-19 Response Contingency	(1,000,000)	-	-
Fund Balance End of the Year	5,204,476	(1,632,456)	(8,187,043)

Budget Monitoring and Stages of COVID-19

The budget is being built on the assumption that public health will be in stage 1, with students fully back in the classroom with no enhanced online learning options, with no COVID-19 cleaning protocols, and no other additional health & safety costs that we experienced in the 2020/2021 school year. Due to the risks in this assumption and other risks identified earlier in this report, more frequent and detailed budget monitoring will be required as more information is known.

In addition, contained in the budget adjustments above, was the establishment of a \$1,000,000 COVID-19 Response Contingency from the unrestricted reserve that would otherwise have been used to balance the budget in the 2022/2023 operating budget. It is unknown at this time the type of challenges the District may face to start the 2021/22 school year (i.e. mental health, learning gap, blended learning programs, etc.), nor is it known if provincial or federal funding will be provided. This contingency fund is aimed to be responsive in providing access to District resources in a timely manner. In the prior year, the District established a \$1,000,000 Restricted Operating Reserve to provide similar support. If all COVID-19 related issues are funded, then this amount would not be spent and returned to the District Operating Reserve to support the 2022/23 operating budget.

Special Purpose Fund

The Special Purpose Fund consists of restricted grants and other funding subject to a legislative or contractual restriction on its use. These funds are not available for expenditures in the operating fund. These revenues are deferred until the related expenditures are incurred. The School District projects the following Special Purpose Fund revenues to be received in 2021/22:

Category	Amount	Discussion
Annual Facility Grant	\$930,932	These funds are used throughout District schools to address ongoing maintenance and improvement needs.
Learning Improvement Fund	\$800,400	Funding used specifically to augment Educational Assistants' hours providing additional support to complex learners.
Strong Start	\$384,000	Strong Start early learning centres provide school-based, drop-in programs for children aged birth to five and their parents or caregivers.
Ready, Set, Learn	\$100,450	Eligible RSL events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten
Official Languages in Education French Programs	\$272,270	Funding for core French-language programs and curriculum resources.
Community LINK	\$3,766,606	Funding for programs and initiatives to improve the education performance of vulnerable students, including both academic achievement and social functioning.
Classroom Enhancement Fund (CEF)	\$10,471,372	Eligible expenses includes teacher staffing, overhead staffing and equipment costs resulting from restoration of class size and composition language.
BC Provincial School for the Deaf	\$6,933,789	The BC Provincial School for the Deaf is a K to 12 school for the deaf or hard-of-hearing.
Fraser Park / Maples	\$2,414,974	A secondary program which provides assessment, consultation services and classroom instruction to youth referred to the Maples Adolescent Center.
CIC – LINC, SWIS, Wraparound	\$3,751,864	These programs are funded by Citizenship and Immigration Canada. Language Instruction for Newcomers to Canada (LINC) provides language instruction for adults who are newly settled in Canada. Settlement Workers in Schools (SWIS) places settlement workers in schools that have high numbers of newcomer students.
School Generated Funds	\$9,121,657	Funds that are generated locally at the school level and used for school operations
Other	\$385,734	Other programs funded through the Special Purpose Fund
Total	\$39,334,048	

Major Capital Projects

The Burnaby School District expects to have eight active major capital projects at various stages of progress during the 2021-2022 school year. The below table outlines the active projects and timelines. Capital expenditures are primarily funded by the Ministry of Education, with additional funding provided through locally generated District capital funds and third-party contributors such as the Ministry of Children and Family Development and the City of Burnaby.

Capital Projects	Project Scope	Date of Approval	Construction Completion	Target Occupancy
District Board Office	Replacement	06-Feb-18	Jul-21	Oct-21
Burnaby North Secondary	Replacement	26-Sep-18	Jun-23	Jun-23
Parkcrest Elementary	Seismic Partial Replacement	12-Jul-19	Jul-22	Sep-22
Seaforth Elementary	Seismic Strengthening	12-Jul-19	Jul-22	Sep-22
Childcare Facilities	Combination - New Build and Renovation	11-Feb-20	Sep-20	Sep-20
Stride Elementary	Replacement	08-Apr-21	Jun-24	Sep-24
Brentwood Park Elementary	Expansion	Planning		
Cameron Elementary	Expansion	Planning		

Other Capital Funded Projects

The District is required to submit a five-year capital plan to the Ministry of Education for additional funding for capital projects as described below.

Annual Facilities Grant (AFG) funds are used throughout District schools to address ongoing maintenance and improvement needs.

School Enhancement Program (SEP) projects are investments that contribute to the safety and function of the school while extending the life of the asset.

Carbon Neutral Capital Program (CNCP) projects are investments that contribute to measurable emission reductions and operational costs savings expected as a result of completed projects.

School Playground Equipment projects are investments in various playground equipment.

March 31st Fiscal Year end	2021/2022 Planned Spending
AFG (Capital only)	\$3,645,182
SEP	\$645,000
CNCP	\$501,134
Various School Playground Equipment	\$330,000