

# **PRELIMINARY BUDGET 2016-17**

Preliminary Budget Information  
April 12, 2016

## 2016-17 Preliminary Budget Information

The Abbotsford Board of Education will be facing a projected \$3.7 million budget shortfall in 2016-17, including \$1 million in reserve fund spending previously approved by the Board. In accordance with the *School Act*, the Board must approve a balanced budget by June 30<sup>th</sup> of each year. The purpose of this report is to provide information about current spending and to consider options which will may assist in reducing the projected budget deficit.

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### GUIDING PRINCIPLES FOR BUDGET DEVELOPMENT

The Board has developed the following guiding principles to assist in the development of the budget:

- Maximize the allocation of budget resources to support goals & priorities in the Strategic Plan.
- Commit to building a strong understanding of budget information through ongoing communications.
- Maintain a three year budget plan to ensure funding sources can support program initiatives.
- Maintain surplus/reserve balances to respond to emergent needs.
- Maintain strong internal fiscal management policies.

Their budget objectives for 2016-17 are:

- Maintain support for strategic priorities
- Ensure a reasonable use of accumulated surpluses for planned program spending
  - to limit current year spending reductions
  - review discretionary program spending

### Budget Assumptions

#### Major Budget Assumptions

- Revenues and expenditures and staffing estimates are based on enrolment projections for September 30<sup>th</sup>.
- Salary increases of \$1.6M for unionized employees.
- Staffing changes totaling \$1M due to enrolment increase (Teachers & Education Assistants).
- Increments for teacher salaries of \$0.7M.
- Decreased benefit costs for the Teachers' Pension Plan (\$1M).
- Ongoing costs related to the NGN funded internally going forward, estimated at \$0.5M.
- No adjustment for inflationary factors, as any increases will be absorbed within existing cost centres.
- Province will fund actual September 30<sup>th</sup> enrolment at the current published per student rates.
- \$1.9M in Ministry funding reductions for administrative savings will continue.

## Enrolment Estimates

Enrolment Information	2013-14	2014-15	2015-16	2016-17	Change
<b>Enrolment (September)</b>					
School Aged	18,477.563	18,383.625	18,557.000	18,729.000	172.0000
Alternate Ed	244.375	236.375	232.375	232.000	(0.3750)
Adults	5.375	6.875	7.125	7.125	-
Distributed Learning (School Aged)	166.500	136.1875	157.875	160.000	2.1250
<b>Total</b>	<b>18,893.813</b>	<b>18,763.0625</b>	<b>18,954.375</b>	<b>19,128.125</b>	<b>173.7500</b>
Unique Student Needs:					
ESL	2,036.000	2,051.000	2,051.000	2,102.000	51.0000
Aboriginal Education	1,924.000	1,898.000	1,898.000	2,008.000	110.0000
Special Education:					-
Level 1	27.000	19.000	19.000	16.000	(3.0000)
Level 2	563.000	581.000	581.000	625.000	44.0000
Level 3	290.000	294.000	295.000	322.000	27.0000
<b>Enrolment (February)</b>					
Distributed Learning:					
Elementary	29.000	19.000	23.500	23.500	-
Secondary	61.500	59.813	60.500	60.500	-
Adults	4.750	6.500	5.000	5.000	-
CE					
School Aged	18.875	20.500	18.500	18.500	-
Adults	27.625	26.250	25.000	25.000	-
Other	1.000				
<b>Total</b>	<b>142.750</b>	<b>132.063</b>	<b>132.500</b>	<b>132.500</b>	<b>-</b>
<b>Enrolment (May)</b>					
Distributed Learning:					
Elementary	7.500	15.000	12.000	12.000	-
Secondary	54.688	72.438	40.000	40.000	-
Adults	2.875	7.125	6.000	6.000	-
CE					
School Aged	24.875	28.875	18.500	18.500	-
Adults	10.000	25.000	25.000	25.000	-
<b>Total</b>	<b>99.938</b>	<b>148.438</b>	<b>101.500</b>	<b>101.500</b>	<b>-</b>
<b>Total Funded Students</b>	<b>19,136.5000</b>	<b>19,043.5625</b>	<b>19,188.3750</b>	<b>19,362.1250</b>	<b>173.7500</b>

## Operating Grant

2016-17 Operating Grant	2015-16	2016-17 Preliminary	Change from Prior Year	Change in Funding due to Enrolment	Change in Funding not related to enrolment
<b>Enrolment</b>	<b>18,954</b>	19,128	174		
Enrolment Based Funding	137,024,406	138,485,483	1,461,077	337,405	1,123,672
Unique Student Needs	20,953,912	21,275,192	321,280	321,280	-
Other - Salary Differential	2,107,031	2,126,346	19,315	-	19,315
Other - Unique Geographic	2,439,396	2,488,742	49,346	-	49,346
Other- BC Ed Plan	375,124	378,945	3,821	-	3,821
Other - Holdback Allocation	-	543,215	543,215	-	543,215
Other - Admin Savings Reduction	(973,063)	(846,484)	126,579	973,063	(846,484)
Other - 16-17 Supplement for Error		470,342	470,342	-	470,342
<b>Total</b>	<b>161,926,806</b>	<b>164,921,781</b>	<b>2,994,975</b>	<b>1,631,748</b>	<b>1,363,227</b>

## Projected Deficit

Projected Deficit in 2016-17	
Deficit in Prior Year	(\$4.2 M)
Changes to Funding (note: Reduction for Admin Savings is \$1.9M)	
Enrolment Related Increases	\$1.6 M
Non-Enrolment Related Increases	\$1.3 M
Cost Pressures	
Collective Agreement Costs	(\$1.9M)
Increased salary costs due to enrolment increase	(\$1.0 M)
Employee Benefits (MSP, etc)	(\$0.1 M)
Teacher Pension Plan decrease	\$1.0 M
Teacher Salary increments	(\$0.7 M)
<b>Projected Deficit in 2016-17</b>	<b>( \$4.0M)</b>

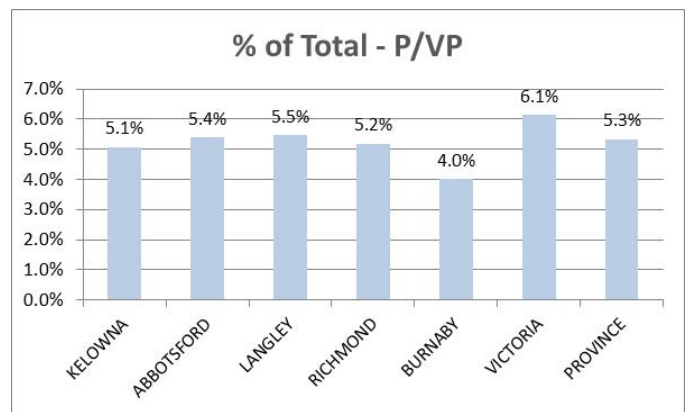
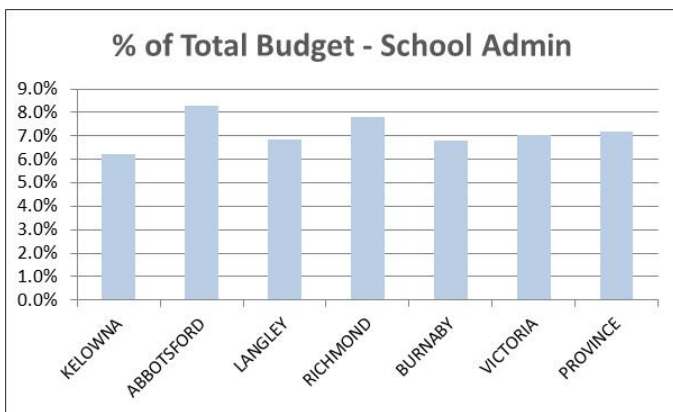
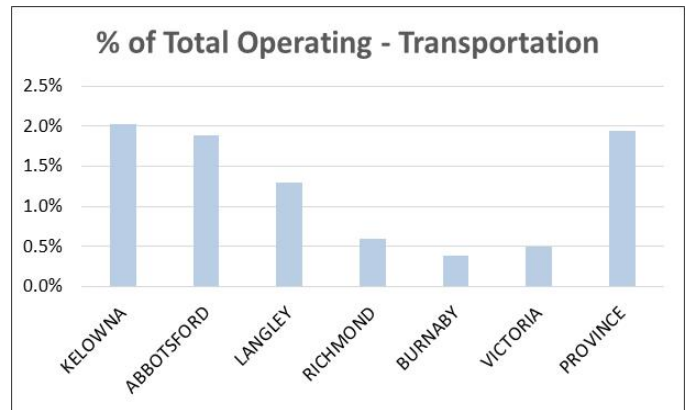
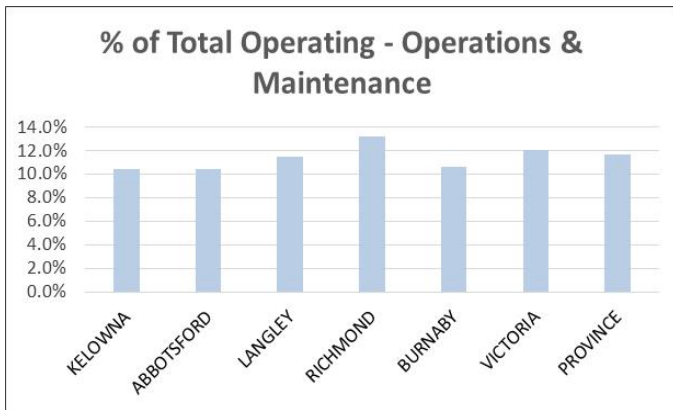
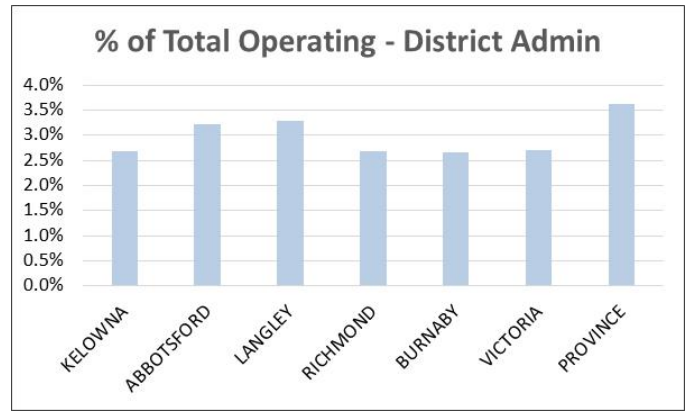
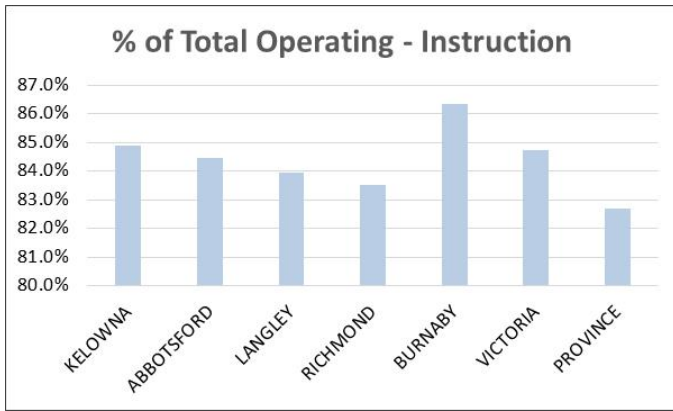
Review – Accumulated Surplus – Future Years Deficits & Planned Projects

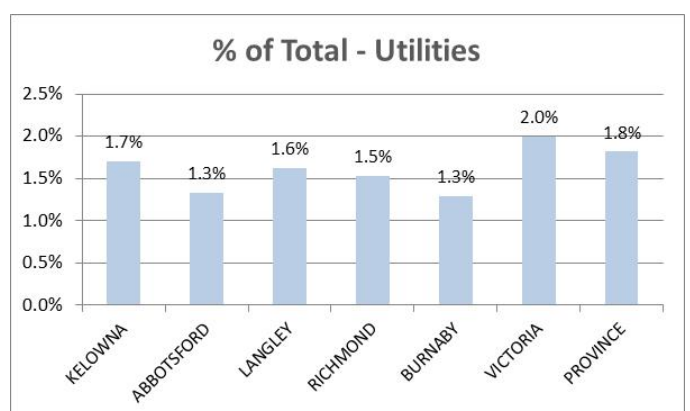
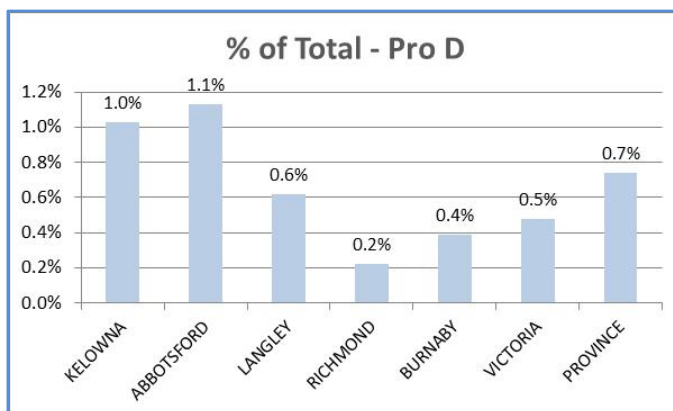
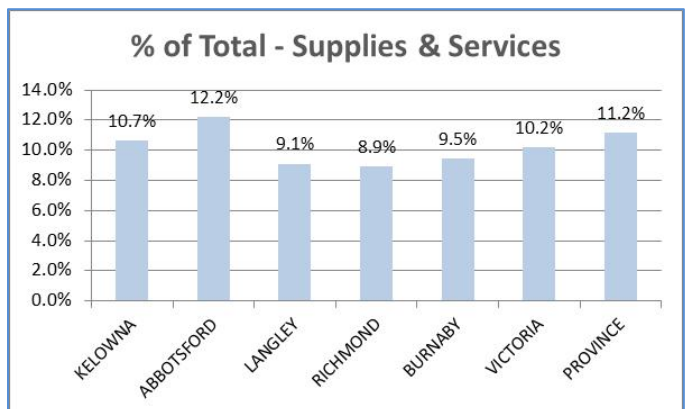
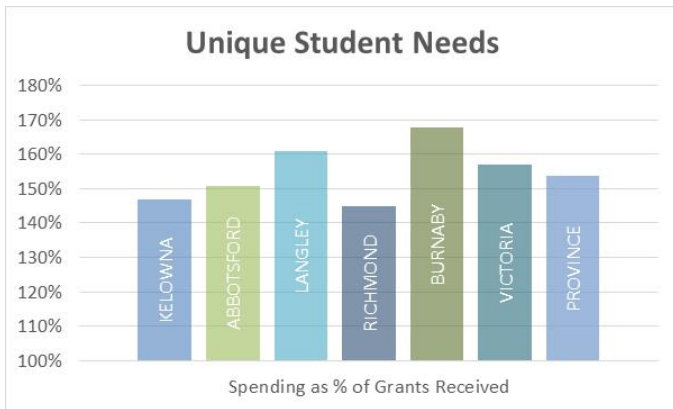
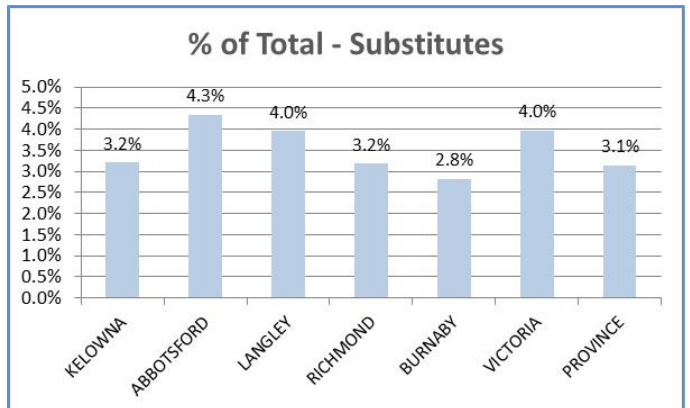
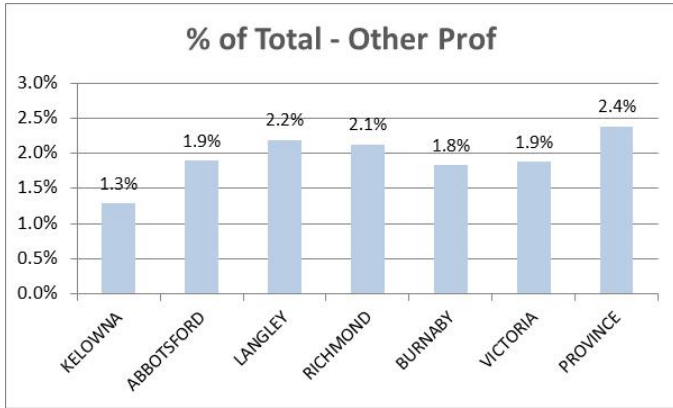
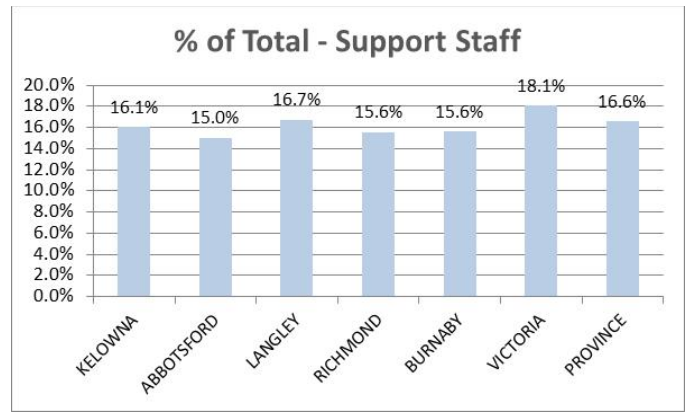
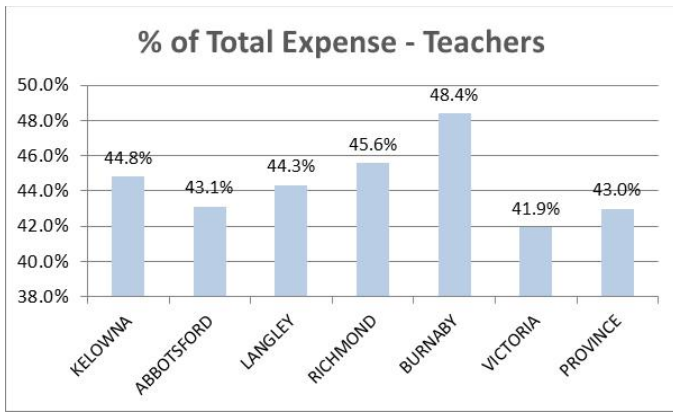
<b>Summary of Accumulated Surplus and Restricted Use Funds</b>					
<b>as at June 30, 2015</b>					
<b>Accumulated Surplus</b>					
<b>Balance July 1, 2015</b>	<b>12,106,598</b>				
		<b>Estimated Use of Accumulated Surplus Funds</b>			
<b>Details of Accumulated Surplus</b>	<b>Total</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Uncommitted</b>
School Budget Carryover	1,807,969	307,969			1,500,000
Aboriginal Education Carryover	54,743	54,743			-
Future Requirements - 2015-16 Projected Deficit	761,700	761,700			-
Other educational and targeted budgets					
Strategic Initiatives Fund	1,440,000	320,000	320,000	250,000	550,000
IT Infrastructure	1,500,000				1,500,000
Requirement to Fund Pay Equity (internally)	1,550,000	750,000	500,000	300,000	-
Middle Years Career Development Support	189,000	94,500	94,500		-
Other					
Leadership Development	74,398				74,398
BCSTA/UBCM Community Connections	40,796	40,796			-
Science Fair	11,752				11,752
Literacy Innovation	48,552				48,552
Early Learning	30,463				30,463
District hosted conferences	-				-
Abby Arts PCIF	123,016				123,016
ACE-It surplus	720,779	-			720,779
Around School Program	271,922	271,922	-		-
Strong Starts (District program/not Prov funded)	160,000	80,000	80,000		-
IBLT - PLC	43,559	-			43,559
BC Education Plan	157,922	157,922			-
Learning Commons	63,025	-			63,025
Utility cost reserve	425,000				425,000
Equipment reserve	375,000				375,000
Self insurance/loss pool	200,000				200,000
Unrestricted operating surplus	2,057,003	1,638,715			418,288
<b>Total</b>	<b>12,106,598</b>	<b>4,478,267</b>	<b>994,500</b>	<b>550,000</b>	<b>6,083,832</b>

## Financial Forecast to June 30, 2016

Operating Fund Budget (millions)	2015-16 Budget	2015-16 Forecast	2016-17 Preliminary
<b>REVENUE</b>			
Provincial Grants, Ministry of Education	161.9	161.8	164.9
Provincial Grants, Other	0.2	0.2	0.2
Federal Grants			
Other Revenue	6.6	7.3	7.3
Rentals & Leases	0.4	0.4	0.4
Investment Income	0.3	0.3	0.3
<b>Total Revenue</b>	<b>169.4</b>	<b>170.0</b>	<b>173.1</b>
<b>EXPENSE</b>			
<b>Salaries</b>			
Teachers	77.4	77.1	79.9
Principals & Vice-Principals	9.2	9.0	9.1
Education Assistants	13.0	11.8	12.2
Support Staff	12.8	12.6	12.7
Other Professionals	3.1	3.0	3.1
Substitutes	6.0	7.1	7.1
<b>Total Salaries</b>	<b>121.5</b>	<b>120.6</b>	<b>124.1</b>
Employee Benefits	32.3	31.5	30.9
<b>Total Salary &amp; Benefits</b>	<b>153.8</b>	<b>152.1</b>	<b>155.0</b>
Services & Supplies	19.3	20.2	21.3
<b>Total Expense</b>	<b>173.1</b>	<b>172.3</b>	<b>176.3</b>
Net Revenue (Expense)	(3.7)	(2.3)	(3.2)
Total Interfund Transfers	(0.8)	(1.9)	(0.8)
<b>Surplus (Deficit) for Year</b>	<b>(4.5)</b>	<b>(4.2)</b>	<b>(4.0)</b>
Accumulated Surplus, Beginning of Year		12.1	7.9
Accumulated Surplus, End of Year		7.9	3.9

**Comparative Financial Information**



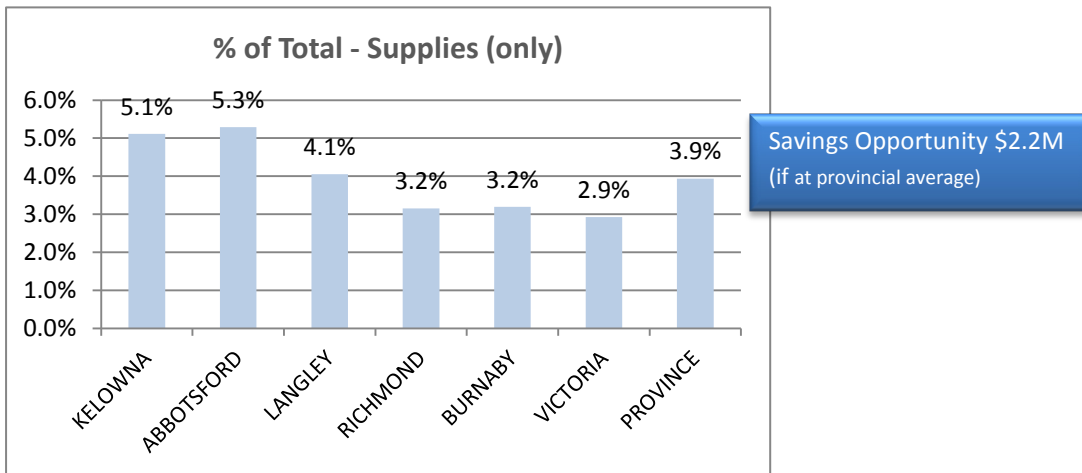




**Internal Review**

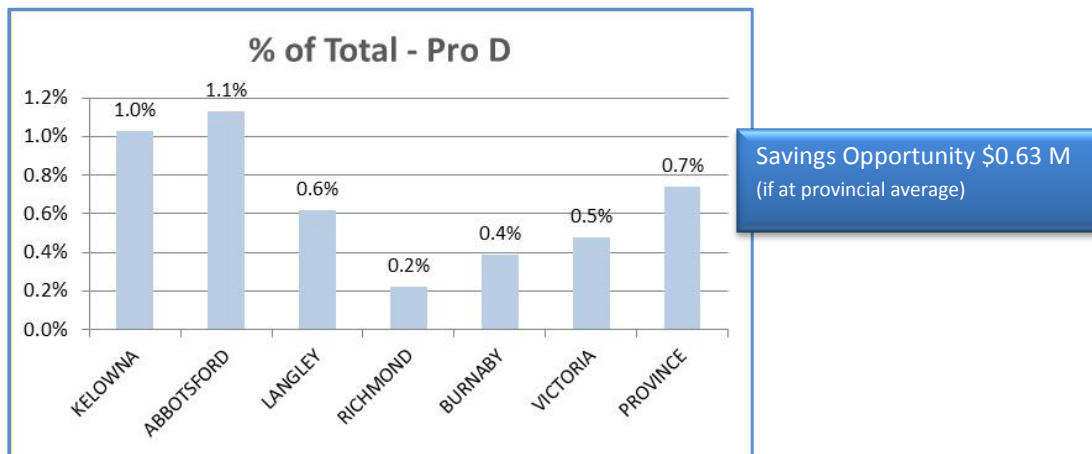
The previous graphs point to a number of areas where opportunities exist to reduce spending including supplies & services, professional development and substitutes (TOC) costs.

**Supplies & Services**



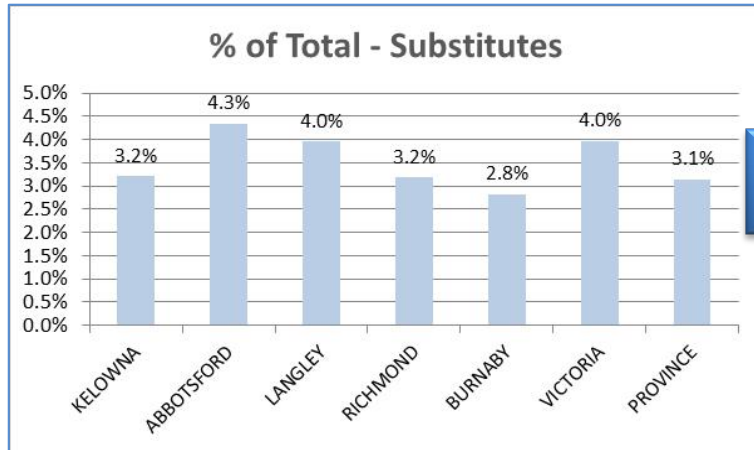
Budget Reduction Area	Current Spending	Savings Opportunity	Planned Reduction
<b>Supplies</b>	\$8.7M	\$2.2M	\$1.0M

**Professional Development**



Budget Reduction Area	Current Spending	Savings Opportunity	Planned Reduction
<b>Professional Development</b> Not including TOC costs	\$1.86M	\$0.63M	\$0.28M

**Substitute Employee Costs (TOC)**



Savings Opportunity \$2 M  
(if at Provincial Average)

Budget Reduction Area	Current Spending	Savings Opportunity	Planned Reduction
TOC's	\$5.1M	\$2.0M	\$0.60M

## Budget Balancing Proposals

### Budget Balancing Proposals 2016-17

Increase International Enrolment 40 FTE (net)	200,000
Increase Rental Revenue	20,000
Reduce Transportation Costs	200,000
General Department Supplies & Services reduction	300,000
Reduce Professional Development costs – Centralized	80,000
Reduce Facilities Maintenance salaries - Transfer to AFG	225,000
Reduce Exempt salaries & benefits (2.5 positions)	305,000
Substitute Employee expenses	
Reduce TOC costs (general)	250,000
Reduce TOC costs related to coverage for teacher ProD – Centralized	25,000
TOC Benefits	75,000
School Based Reductions	
Reduce TOC costs related to coverage for teacher ProD - Schools	250,000
Reduce Professional Development costs – Schools	200,000
Reduce Supplies & Services Allocations – Schools	700,000
Removal of One-Time Funding	700,000
Reduce LSS EA allocation by \$200,000 - reduced reserves for Pay Equity plan	200,000
Reduce Non-Enrolling teacher costs (5)	475,000

<b>Total Operating Budget Proposals/Options</b>	<b>4,205,000</b>
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### Budget Initiatives 2016-17

Increase Principal/VP Salaries	250,000
Increase Exempt (Other Professional) Salaries	200,000
Permanent funding for Around School Program	100,000
IT Plan 2.0 (Curriculum Implementation) (Ongoing)	400,000
IT Plan 2.0 (one-time funds: \$1.5M in targeted in Reserves)	tdb

<b>Total Proposed Budget Initiatives</b>	<b>950,000</b>
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<b>Projected Deficit</b>	<b>(4,000,000)</b>
Less: Budget Proposals	4,205,000
Add: Budget Initiatives	(950,000)
<b>Balance to be covered from Operating Reserves</b>	<b>(745,000)</b>

## Summary of Budget Balancing Proposals

Summary of Budget Proposals	
Increased Revenues	220,000
Reduced Salaries & Benefits	1,205,000
Reduced Substitute Employee Costs	600,000
Reduced Professional Development	280,000
Reduction in Supplies	1,000,000
Eliminate One-Time Costs	700,000
Reduce Transportation	200,000
<b>Total</b>	<b>4,205,000</b>

Summary of Budget Proposals

