



ITEM 3

To: Board of Education

From: Secretary Treasurer
Flavia Coughlan

Re: **PRELIMINARY OPERATING
BUDGET 2013/14**

Date: April 24, 2013
(Public Board Meeting)

Decision

BACKGROUND/RATIONALE:

On April 9, 2013, the Proposed Preliminary Operating Budget 2013/14 was presented to the Budget Committee of the Whole and at the recommendation of the Committee the proposed budget was presented at the April 10, 2013 Public Board meeting for information. The Education Partners and the Public were invited to provide feedback on the proposed budget in writing or at the April 17, 2013 Budget Committee of the Whole meeting.

At the April 17, 2013, meeting the Board received input from CUPE, MRTA, individuals and delegations. Written submissions were also received. The majority of feedback received focused on the proposed changes to the library model in secondary schools. Concerns were also expressed related to the feasibility of implementing changes to the secondary day time custodian model during the two year trial period for converting custodial staff from 10 months to 12 months.

Based on the feedback received the proposals related to the secondary custodial model and the secondary library model have been revised. Revisions have also been made to the proposed utilization of reserves, secondary teacher allocation formula, and secondary learning resource budget allocations. Attachment A presents the revised Preliminary Operating Budget 2013/14.

The Budget Committee of the Whole has met earlier today and after careful consideration is recommending that the Board approves the Proposed Preliminary Operating budget for 2013/14 as revised.

RECOMMENDATION:

THAT the Board approves:

- 1) the transfer of \$1.52 million from the contingency reserve to operating to assist in funding 2013/14 Preliminary Operating Budget.
- 2) the preliminary operating budget balancing proposals as outlined in the Preliminary Operating Budget 2013/14 for implementation and incorporation in the Board's Budget Bylaw for 2013/14.

ATTACHMENTS



PRELIMINARY OPERATING BUDGET 2013/14

MAPLE RIDGE - PITT MEADOWS SCHOOL DISTRICT NO. 42

April 24, 2013

TABLE OF CONTENTS

Overview	1
Introduction	1
Budget Background Information	2
Enrolment History	3
Operating Revenue and Expenditures	4
Staffing	5
2013/14 Base Operating Budget	6
2013/14 Budget Assumptions	6
Enrolment	6
Operating Revenue	6
Staffing	7
Changes in Salary and Benefit Costs	7
Non-Salary Cost Increases	7
Other Budget Adjustments	7
2013/14 Projected Operating Budget Shortfall	8
2013/14 Base Operating Budget Revenue	10
2013/14 Base Operating Budget Expenditures	10
2013/14 Base Operating Budget Staffing	11
Contingency Reserve and Operating Surplus	11
Three Year Operating Budget Projections	12
Preliminary Operating Budget Balancing Proposals - Revised	13

OVERVIEW

School District No. 42 meets the learning needs of approximately 15,000 students of all ages in Maple Ridge and Pitt Meadows, and is defined by its determination to keep student learning and growth at the heart of all its decisions.

All of the initiatives and resources in the Maple Ridge – Pitt Meadows School District are aligned to support the district's commitment to continuous improvement, excellence in pedagogy, the building and sustaining of community and partner group relationships, and the fostering and development of crucial 21st century skills.

INTRODUCTION

School District No. 42 (Maple Ridge – Pitt Meadows) is estimating that, due to several cost pressures beyond its control, it will be facing an operating budget funding shortfall of \$5.66 million for 2013/14.

In accordance with the School Act, school districts in the province must approve a balanced budget and submit it to the Ministry of Education by June 30, 2013. The Maple Ridge – Pitt Meadows School District has developed a balanced budget that supports its vision, and that considers not only its shared priorities but also the needs of its community of learners.

This report provides background information for the budget process and a proposed 2013/14 Preliminary Operating Budget.

In this document you will find:

- Historical information on the 2008/09 to 2012/13 amended (final) annual operating budget and comparative enrolment, staffing, revenue and expenditure information;
- 2013/14 operating base budget information, including major assumptions made when building the base budget;
- Summary of the 2013/14 revenue and expenditures by type and the projected 2013/14 operating shortfall;
- Three year operating budget projections for 2013/14 to 2016/17;
- Budget balancing proposals.

As required by the Ministry of Education and Public Sector Accounting Standards (PSAB), SD42 tracks and reports revenue and expenditures under three separate funds: the operating fund, the special purpose fund and the capital fund.

- **Operating fund:** The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, and maintenance and transportation.
- **Special purpose fund:** The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education and other sources that have restrictions on how they may be spent (e.g. Annual Facilities Grant, CommunityLINK, School Generated and Learning Improvement Fund).
- **Capital fund:** The capital fund includes capital expenditures related to facilities (purchases and enhancements) and equipment (purchases) that are funded by Ministry of Education capital grants, operating funds, and special purpose funds.

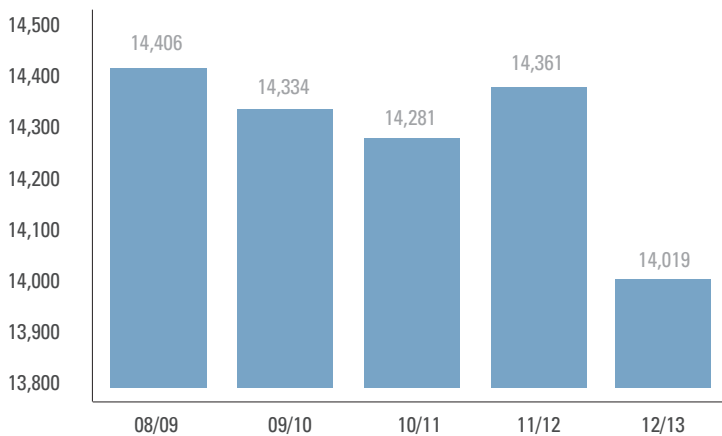
This document focuses on the Operating Fund.

BUDGET BACKGROUND INFORMATION

The information presented in this section is based on comparative final operating budget information for the years 2008/09 to 2012/13.

Enrolment History

The enrolment history for regular, distributed learning, summer school, and adult learners is presented in the following chart. Despite the introduction of all-day kindergarten in 2011/12, Ministry of Education funded enrolment has decreased by 387 FTE students since 2008/09.

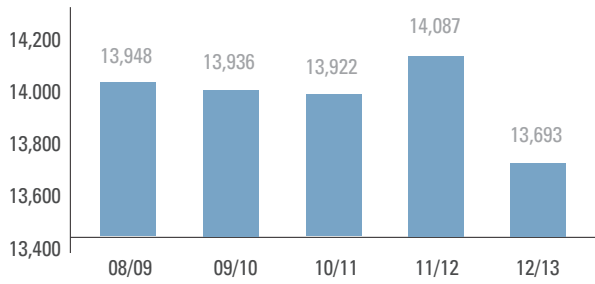


In the same time period, there have been changes in subcategories of students. While Students with Special Needs, English Language Learners, and Aboriginal Education have increased, enrolment numbers for Distributed Learning and International Education have declined.

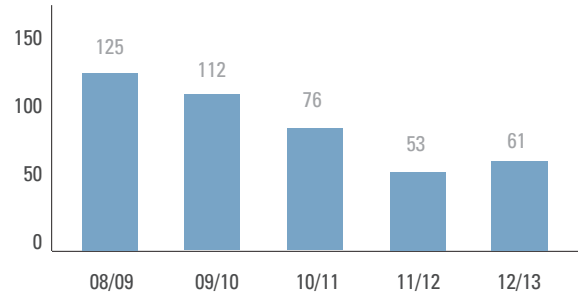
- **Students with Special Needs:** (Levels 1 and 2) +70 FTE students; (Level 3) +38 FTE students. Total increase 108 FTE students (14%)
- **English Language Learners:** +28 FTE students (9%)
- **Aboriginal Education:** +144 FTE students (14%)
- **Distributed Learning:** -64 FTE students
- **International Education:** peaked in 2010/11 and is now the same level as in 2008/09.

The enrolment history for various categories of students follows.

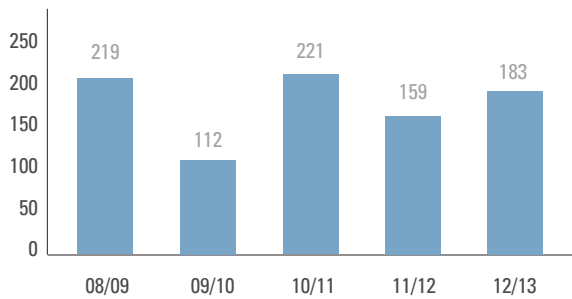
ENROLMENT HISTORY:
Regular & Alternate Education



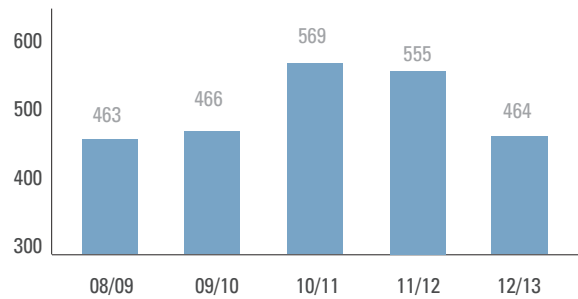
ENROLMENT HISTORY:
Distributed Learning



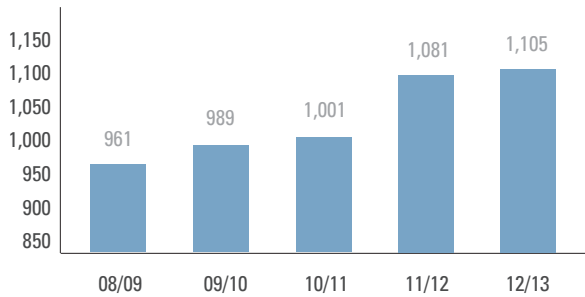
ENROLMENT HISTORY:
Adults 19 and Over



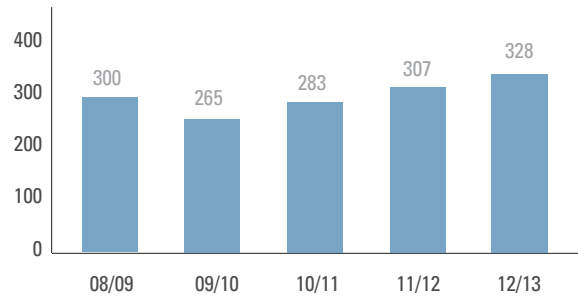
ENROLMENT HISTORY:
International Education



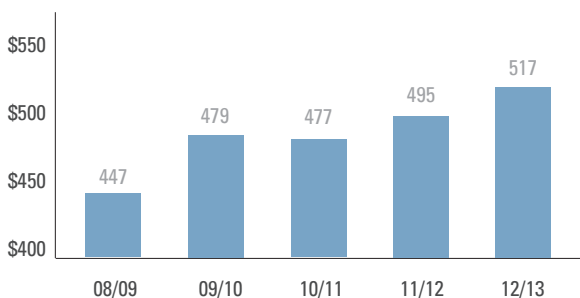
ENROLMENT HISTORY:
Aboriginal Education



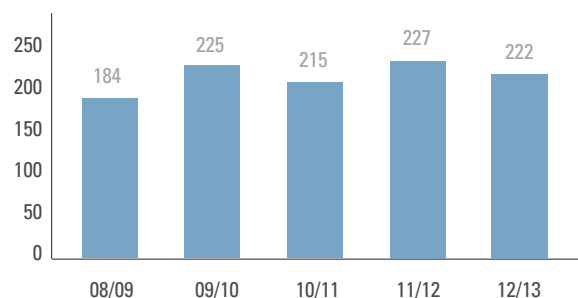
ENROLMENT HISTORY:
English Language Learners



ENROLMENT HISTORY:
Students with Special Needs (Level 1 & 2)



ENROLMENT HISTORY:
Students with Special Needs (Level 3)



Source: 2008/09-2012/13 Funding Allocation System - Full Year (excluding Summer School)

Operating Revenue and Expenditures

Since 2008/09, both revenue and expenditures have increased due to labour settlement costs and a corresponding increase in provincial funding. In the same time period, expenditure reductions have been made to compensate for student enrolment decline. The following table summarizes the revenue and expenditures submitted as part of the Amended (Final) Annual Budgets.

	2008/09 Final Budget	2009/10 Final Budget	2010/11 Final Budget	2011/12 Final Budget	2012/13 Final Budget
Operating Revenue	121.14	124.16	126.14	128.38	126.10
Prior Year Operating Surplus	4.38	3.61	2.91	2.67	4.14
Operating Expenses	(124.67)	(127.12)	(128.30)	(130.28)	(128.41)
Transfers to Other Funds	(0.40)	(0.65)	(0.75)	(0.59)	(1.83)
Reduction in Unfunded Liability	(0.45)				
Budgeted Surplus	0.00	0.00	0.00	0.18	0.00

Source: 2008/09 - 2012/13 Amended Annual Budget Submissions

From 2008/09 to 2012/13, budgeted revenues have increased by \$4.96 million. This increase is mainly due to provincial grants received to fund negotiated labour settlement costs for all employee groups. Annually, grants from the Provincial government account for over 90% percent of the Revenues.

For the same period, other revenues have declined by approximately \$1.2 million. Although there are a number of factors that have changed, the principal changes relate to investment income and to a change in the accounting treatment of International Education fees. While prior to 2012/13 monies collected for medical fees and home-stay costs were treated as revenue when received and as an expense when paid, beginning in 2012/13, the money was treated as a liability and is now no longer recorded as either revenue or expense.

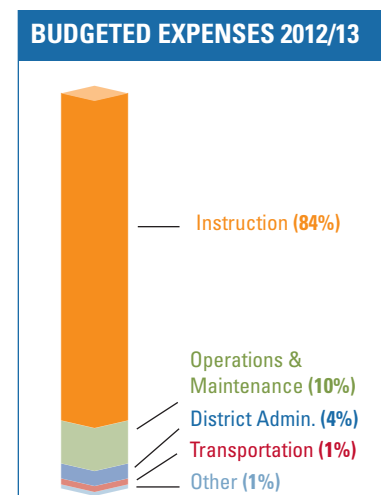
The budgeted expenses by function are outlined below.

Each year, approximately 84% of the district's expenses are allocated to instruction. Operations and maintenance, district administration, transportation and the reduction of unfunded employee future benefits, capital assets purchased and other interfund transfers account for the remainder of the expenses.

For the time shown, SD42 has on average spent 86% of its budget on salaries and benefits. The balance is used to cover supplies, utilities, services and other costs.

BUDGETED OPERATING EXPENSES BY FUNCTION (\$ millions)

	2008/09	2009/10	2010/11	2011/12	2012/13
Instruction	105.74	108.59	109.84	111.38	109.51
Operations and Maintenance	11.93	11.93	12.26	13.01	13.08
District Administration	5.72	5.26	4.99	4.64	4.56
Transportation	1.28	1.34	1.23	1.25	1.26
Other	0.85	0.65	0.75	0.59	1.83
	\$125.5	\$127.77	\$129.07	\$130.87	\$130.24



Source: 2008/09 - 2012/13 Amended Annual Budget Submissions

Staffing

From 2008/09, total staffing in the Maple Ridge – Pitt Meadows School District has increased by approximately 61.6 FTE. This number includes positions funded from the Learning Improvement Fund (LIF).

While Teaching Staff, Principal/Vice-Principal, and Other Professionals positions have been reduced due to general enrolment decline, Education Assistant staffing has increased principally due to higher enrolment of students with special needs, and Support Staff staffing has increased due to the transfer of contracted services for IT support and home-stay services in-house. As a result, there is now more staff overall in SD42 than there was in 2008/09.

	2008/09	2009/10	2010/11	2011/12	2012/13	2012/13 with LIF/LSC
Teachers	825.21	819.53	818.42	825.41	813.40	822.53
Principals/Vice-Principals	59.20	56.25	55.43	55.68	56.00	56.00
Other Professionals/Exempt	32.00	32.25	31.27	30.19	30.00	30.00
Education Assistants	260.00	268.00	272.00	280.20	297.00	324.57
Support Staff	318.48	318.70	324.00	330.40	323.40	323.40
Trustees	7.00	7.00	7.00	7.00	7.00	7.00
	1,501.89	1,501.73	1,508.12	1,528.88	1,526.80	1,563.50

Source: 1530 report submission for each year restated. Historically, SD42 has calculated FTE based on budget and annual hours divided by 12 month full time annual hours of application positions. FTE has been restated to reflect calculation of budgeted hours per week divided by full time hours per week position.

The following table provides a history of students to staff ratios for each staffing category. This is a broad measure of the ability of staff to support the needs of students and the district.

STUDENT/STAFF RATIOS

	2008/09	2009/10	2010/11	2011/12	2012/13	2012/13 with LIF/LSC
Teachers	17.88	17.85	18.07	18.00	17.71	17.51
Principals/Vice-Principals	249.23	260.01	266.78	266.75	257.15	257.15
Other Professionals/Exempt	461.08	453.50	472.96	492.00	480.03	480.03
Education Assistants	56.75	54.57	54.37	53.01	48.49	45.54
Support Staff	46.33	45.89	45.64	44.96	44.53	44.53
Trustees	2,107.78	2,089.36	2,112.60	2,121.98	2,057.26	2,057.26
Total	9.82	9.74	9.81	9.72	9.43	9.26

Source: 1530 restated submissions and enrolment based on full-year funding allocation system.

Overall, the staff to student ratio has improved modestly during the period, but the changes have not been equal across employee groups.

Staff-to-student ratios have improved for the following positions:

- **Teachers (down 1.1%)** This includes LIF funding.
- **Educational Assistants (down 19%)** This substantial improvement is mainly due to the increased number of Special Education Assistants employed to support students with special needs.
- **Support Staff (down 3%)**

Staff-to-student ratios have not improved for the following positions:

- **Principals and Vice-Principals (up 3%)**
- **Other Professionals (up 5%)**

2013/14 BASE OPERATING BUDGET

The Base Operating Budget reflects the estimated revenue and expenses for 2013/14 if the school district were to maintain the same level of service that it provided for the 2012/13 school year. The Base Operating Budget is based on the Board-approved 2012/13 Amended Annual Budget. It has been adjusted for:

- Projected enrolment changes;
- Projected changes to revenue and staffing due to changes in enrolment;
- Estimated changes to employee salaries and benefits;
- Estimated changes to services, supplies and utilities due to inflation;
- Adjustments for one time revenue or expenditures in the prior year budget.

2013/14 Budget Assumptions

The base budget estimates for 2013/14 are based on the following forecasts and assumptions. These projections have been prepared in accordance with public sector accounting standards (PSAB) without not for profit provisions.

Enrolment

In February 2013, the school district submitted its enrolment estimate to the Ministry of Education. The enrolment forecast is used by the Ministry of Education to determine funding for the school district. For 2013/14, the school district is forecasting a decline in enrolment of 197.5 FTE students.

- School age, including Alternate Programs, is forecasted to decline 177 FTE students.
- Continuing Education is forecasted to decline 11.50 FTE students.
- Distributed Learning is forecasted to decline 9 FTE students.

Operating Revenue

Operating Grant

Operating Grant calculations are based on the preliminary operating grants announced by the Ministry of Education on March 14, 2013.

The Ministry of Education has retained a \$59.6 million provincial holdback for 2013/14 to ensure there are enough funds to cover any variances from preliminary enrolment estimates.

SD42 represents approximately 2.4% - 2.6% of the provincial enrolment and/or funding envelope. It is prudent, however, to estimate holdback expectations conservatively as funding mandates could change mid-year and could therefore change eligibility criteria for these funds.

There are no provincial holdback distributions included in these estimates.

Other Revenue

Other sources of revenue have been adjusted to reflect known factors.

Staffing

The Maple Ridge – Pitt Meadows School District estimates that the enrolment decline of 197.5 FTE students will result in 7.0 FTE fewer teachers. Other enrolment related staffing changes have not been forecasted at this time.

Changes in Salary and Benefit Costs

The teacher salary budget is forecasted to increase by \$0.59 million due to salary increments (\$0.82 million), offset by staff turnover savings, which are estimated to be \$0.23 million. These are savings that occur when teachers retire and are replaced by teachers with fewer years of experience.

There are no provisions in the 2013/14 Budget for general wage increases.

Benefit costs are estimated to increase by \$1.17 million. The increase is related to the following:

- **CPP:** Up \$42,000 due to a forecasted increase in the maximum insurable earning from \$50,100 to \$51,100.
- **EI:** Up \$89,000 due to a forecasted increase in the maximum insurable earning from \$45,900 to \$47,400.
- **MSP:** Up \$60,000 due to a 4% increase in premium costs.
- **Pension:** Teacher Pension Plan up \$931,000 due to an increase in the contribution rate from 13.33% to 14.63% for earnings below \$50,100 (YMPE) and from 14.83% to 16.13% for earnings over the YMPE.
- **WCB:** Down \$79,000 due to an improvement in the rate.
- **Extended Health:** Up \$50,000.
- **Dental:** Up \$84,000.
- **Life Insurance:** No increase.

Non-salary cost increases

Services and supplies

An inflationary adjustment of 0.5% (CPI Vancouver) has been applied to all non-salary budgets, excluding utilities, with an estimated cost increase of \$60,000.

Utilities (Electricity, Natural Gas, Water, Sewer, Garbage and Recycling)

Utility costs are estimated to increase by \$282,000. This estimate includes a provision of \$100,000 for changes in rates and \$182,000 associated with the return to the PST.

Return to Provincial Sales Tax

The cost of converting from HST to PST is estimated at \$268,000 (not including PST related to utilities). The costs of services and supplies are estimated to increase, as there will be no PST rebate for school districts.

The following one-time items have been removed from the base budget:

- The surplus carried forward from 2011/12 of \$4.14 million.
- School rollover of \$0.95 million.
- Expenditures related to one-time staffing given to secondary schools to reduce the teacher allocation ratio from 1:26.5 to 1:26.0 of \$0.40 million (4.4 FTE).
- Transfer to local capital of \$0.97 million.
- Expenditures associated with one-time grants of \$0.14 million.
- Ridge Meadow College expenses related to the reduced projected revenue of \$0.07 million.

2013/14 Projected Operating Budget Shortfall

Based on the projected cost increases and enrolment changes for 2013/14, the operating budget shortfall is estimated at \$5.66 million.

2013/14 Projected Operating Budget Shortfall

		(\$ millions)
Costs not funded by the province		
Salary and benefit changes	Schedule 1	(1.89)
Inflation and other costs	Schedule 2	(0.61)
		(2.50)
Enrolment driven changes	Schedule 3	(1.17)
Other factors	Schedule 4	
2011/12 Surplus carry forward		(4.14)
2011/12 One-time revenue and expenses		2.51
Other provincial grants		(0.19)
Other revenue		(0.17)
		(1.99)
Projected Operating Budget Shortfall		(5.66)

Schedule 1 2013/14 PROJECTED CHANGE IN SALARIES AND BENEFITS

	(\$ millions)
Estimated cost of teacher increments	(0.96)
Estimated teacher turnover savings	0.27
Change in fiscal days	(0.03)
	(0.72)
Benefit Changes	
Increase CPP & EI ¹	(0.13)
Increase in non statutory benefits ²	(0.19)
Decrease in WCB ³	0.08
Teacher Pension Plan increase ⁴	(0.93)
	(1.17)
	(1.89)

¹ CPP and EI rates are forecasted to remain the same but the YMPE is expected to increase.

² Dental, Extended Health and MSP costs are forecasted to increase.

³ WCB YMPE is expected to increase, but the rate is expected to decline due to improved claims experience.

⁴ TPP premiums are increasing for Teachers, P/VP and some Management staff.

Schedule 2 2013/14 PROJECTED CHANGE IN SERVICES, SUPPLIES AND UTILITIES

	(\$ millions)
Estimated inflation provision of 0.5% ¹	(0.06)
Estimated impact of PST conversion on supplies ²	(0.27)
	(0.33)
Utilities	
Estimated increase due to rate changes	(0.10)
Estimated impact of PST conversion	(0.18)
	(0.28)
	(0.61)

¹ Based on historical CPI information

² Under HST rules, 87% of the provincial portion of HST (7%) was rebated to the district. Under PST, no rebate will be received for the 7% PST paid.

Schedule 3 2013/14 PROJECTED ENROLMENT DRIVEN CHANGES

	Rate 2012/13	Rate 2013/14	2012/13 FTE	2013/14 FTE	Change	(\$ millions)
Regular and Continuing Ed. School Aged	\$6,784	\$6,900	13,714	13,537	(177)	0.37
Distributed Learning	\$5,851	\$5,851	11	11		(0.00)
Adults						
Special Education						
Level 1	\$36,600		14	14	-	-
Level 2	\$18,300		498	498	-	-
Level 3	\$9,200		212	195	(17)	(0.16)
English Language Learners	\$1,340		328	332	4	0.01
Aboriginal Education	\$1,160		1,105	1,121	16	0.02
February and May enrolment changes			157	137	(20)	(0.10)
Other changes in Operating Grant funding						
Enrolment decline grant						(0.74)
2012/13 Holdback allocation						(1.32)
Supplement for Education Plan						(0.01)
Funding protection						0.09
Salary differential						(0.04)
Unique geographic factors						0.04
Total Change in Operating Grant						(1.82)
Enrolment Driven Staffing Changes					7 FTE	0.65
Total Enrolment Driven Changes						(1.17)

Schedule 4 2013/14 PROJECTED OTHER CHANGES TO THE BUDGET

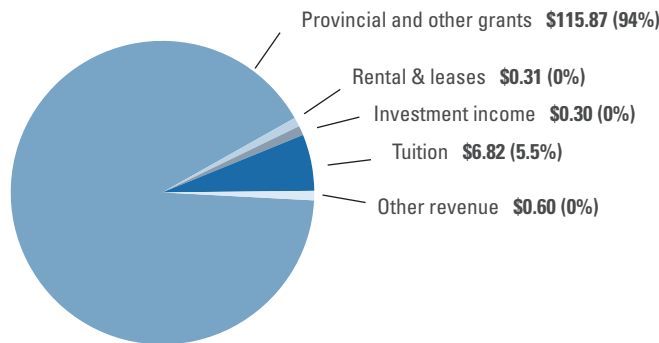
	(\$ millions)
2011/12 Surplus carry forward	(4.14)
2011/12 One-Time Revenue and Expenses	
One-time transfer to local capital	0.97
School rollover budgets in Amended Budget	0.95
Secondary staffing (4.4 FTE teachers)	0.40
Miscellaneous one-time budgets	0.19
	2.51
Provincial Grant Changes	
Education Guarantee	(0.14)
Special Education Innovation	(0.03)
Graduation Requirements	(0.02)
	(0.19)
Changes in Other Revenue	
Summer school	(0.02)
Rentals and leases	(0.02)
Ridge Meadows College tuition	(0.13)
	(0.17)
Total Other Changes	(1.99)

2013/14 Base Operating Budget Revenue

The majority of school district revenues are received from the provincial government in the form of the Ministry of Education Operating Grant and other provincial grants (94%). The level of provincial funding consequently has a significant impact on the educational services and programs that can be offered.

Because the primary determinant of provincial funding is enrolment, a forecasted decline in enrolment puts pressure on programs and services. Outside of provincial grants, International Education fees are the primary source of revenue, which accounts for 5% of total revenue. See figure 1.

FIGURE 1 2013/14 BASE OPERATING BUDGET REVENUE BY SOURCE (\$ millions)



2013/14 Base Operating Budget Expenditures

The projected expenditures for the 2013/14 Base Operating Budget total \$129.57 million, which is \$5.66 million more than the projected revenue.

Approximately 84% of the operating budget will be spent on instruction related costs. This includes school-based teachers, SEAs, school administrators and school based support staff and supplies.

Maintenance accounts for 10%, district administration is 4% and transportation is 1%. The remaining 1% is spent on capital purchases.

Approximately 89% of the budget is spent on salaries and benefits, while services, supplies, and utilities represent 11%. Figures 2 and 3 below show the allocation of expenses by function and type of expenditure.

FIGURE 2 2013/14 BASE OPERATING BUDGET BY FUNCTION (\$ millions)

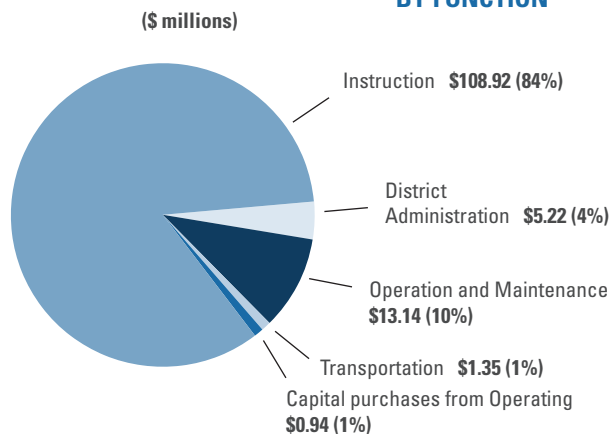
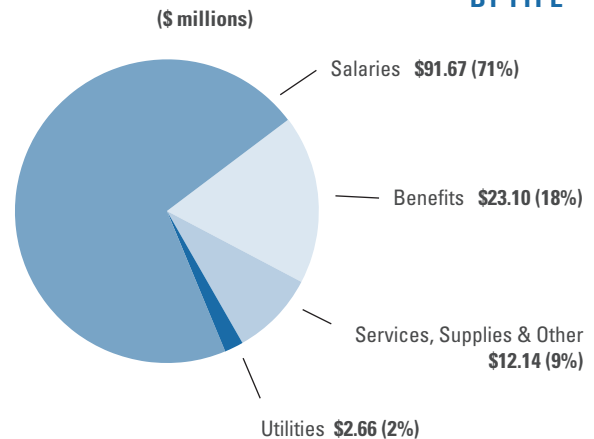


FIGURE 3 2013/14 BASE OPERATING BUDGET BY TYPE (\$ millions)



2013/14 Base Operating Budget Staffing

The base budget adjustments will result in a net decrease of 11.40 FTE. The following table provides a summary of the staff adjustments by employee group.

2013/14 BASE OPERATING BUDGET PROJECTION STAFFING (FTE) BY TYPE

	2012/13 Final	Adjustments	2013/14 Base
Teachers	813.40	(11.40)	802.00
Principals/Vice-Principals	56.00		56.00
Other Professionals	30.00		30.00
Education Assistants	297.00		297.00
Support Staff	323.40		323.40
Trustees	7.00		7.00
	1,526.80	(11.40)	1,515.40

7 FTE reduction is due to forecasted enrolment decline.

4.4 FTE reduction is due to one-time staffing given to secondary schools to reduce teacher allocation ratio from 1:26.5 to 1:26.

CONTINGENCY RESERVE AND OPERATING SURPLUS

The Board's Contingency Reserve is comprised of previous years' operating surpluses, which are transferred to the Local Capital Reserve (LCR). With Board approval, funds in the LCR can be used to assist in funding the Operating Budget. The LCR can also be used to fund major initiatives that are not funded by the Province.

The current balance in the Contingency Reserve is \$1.53 million.

As of March 31, 2013, the available operating surplus has been forecasted at approximately \$1.40 million (this amount does not include the contingency reserve of \$1.53 million). This estimated surplus is the result of lower than budgeted teacher salaries (\$0.65 million), lower than budgeted expenditures for services, supplies, utilities and transportation (\$0.65 million), and a slight anticipated increase in International Education and Continuing Education revenue (\$0.1 million).

In addition, the operating surplus to be carried forward to 2013/14 to fund contractual obligations is estimated to be approximately \$0.77 million. This amount includes carry forwards for Aboriginal Education, Professional Development, Schools Budgets, and other projects underway.

CONTINGENCY RESERVE AND OPERATING SURPLUS

	2012/13 (\$ millions)
Contingency Reserve	1.53
2012/13 Operating Surplus	1.40
Contingency Reserve and Operating Surplus	2.93

THREE YEAR OPERATING BUDGET PROJECTIONS

The following table presents three year operating budget projections for the Maple Ridge – Pitt Meadows School District. The projections are high-level estimates based on assumptions about major budget change factors over the next three years. These assumptions are:

- that there will be no change in the per student operating grants from the province;
- that there will be no change in other provincial funding (AFG, Community Link, Pay Equity);
- that general student enrolment will decline by 150 FTE in both 2014/15 and 2015/16;
- that the decline in general student enrolment will result in a 6.0 FTE reduction in teacher staffing;
- that there will be continued cost increases for employee benefits that will not be provincially funded;
- that there will be CPI inflation for supplies and services, and rate increases for utilities, amounting to approximately \$160,000 for 2014/15 and 2015/16;
- that there will be no net cost increases for future labour settlements, or that any increases will be funded by the Province.

OPERATING BUDGET THREE YEAR PROJECTIONS (\$ millions)

	2013/14	2014/15	2015/16
Costs Not Funded by the Province			
Salary and employee benefits increase ¹	(1.89)	(0.88)	(0.88)
Inflation and other costs ²	(0.61)	(0.16)	(0.16)
	(2.50)	(1.04)	(1.04)
Enrolment Driven Changes ³	(1.17)	(0.89)	(1.12)
Other Factors			
2011/12 Net surplus carry forward ⁴	1.63	-	-
Other provincial grants	(0.19)		
Other revenue	(0.17)	-	-
Total Projected Operating Surplus / (Shortfall)	(5.66)	(1.93)	(2.16)
Budget Balancing Proposals			
Use of reserves	1.52	(1.52)	
One-time savings	0.22	(0.22)	
Ongoing savings	3.93		
Adjusted Projected Surplus / (Shortfall)		(3.67)	(2.16)

¹ Includes cost increases for salary increments (for teachers, administrators and exempt staff) and employee benefits, teacher turnover savings.

² Based on CPI inflation % per year for services, supplies and \$100,000 for utilities/transportation, and estimated costs associated with transitioning from HST back to GST-PST as of April 1, 2013.

³ Projected enrolment decline as of February 2012 of 197.5 FTE students decline projected for 2013/14 and another 150 FTE students decline for both 2014/15 and 2015/16.

⁴ Board approved carry forward of surplus from 2011/12 Financial Statements to 2012/13 Budget reversed in 2013/14 (4.14 mil) less one-time revenue and expenses (2.51 mil).

PRELIMINARY OPERATING BUDGET BALANCING PROPOSALS

- REVISED -

The proposals contained in this section are presented in order to achieve a balanced operating budget for 2013/14. In total, these proposals would result in increased revenues or decreased expenditures of \$5.66 million in order to balance the budget given the projected funding shortfall.

The preliminary budget proposals have been developed based on the feedback received from meetings with partner groups and the results of the public budget survey. The preliminary proposals were revised based on input received from education partner groups and the public.

Proposed Use of Reserves

The estimated shortfall of \$5.66 million represents 4.36% of operating expenditures. A reduction of this magnitude in any given year cannot be achieved without significant changes to the way a district operates. While changes that are consistent with established practice can be implemented in a relatively short time frame, strategic initiatives take multiple years to be realized.

In order to allow for time to research and implement strategic initiatives, it is proposed that \$1.52 million of the available contingency reserve be used to assist in offsetting the \$5.66 million shortfall. The funds remaining in the contingency reserve will constitute a provision for the implementation of 2013/14 Budget decisions. Any additional savings realized in 2012/13 or 2013/14 will be used to replenish the contingency reserve.

Proposed Staffing Changes

In order to achieve a balanced budget, all areas of staffing have been reviewed by management committees.

In the administration area, a proposed reorganization will include changes to the education leadership model and changes to the administration leadership model with a focus on providing effective and efficient support to schools and programs in our district. The elementary and secondary administrator allocation formulas will be adjusted to ensure that all elementary schools receive a minimum of 0.8 FTE administrators and all secondary schools receive a minimum of two administrators. At the elementary level this will result in increased teaching time for administrators and at the secondary level the formula changes coupled with the projected enrolment decline for the upcoming year will result in a decrease of 2.0 FTE Vice Principals offset by an increase of 1.6 FTE teachers. Combined savings of \$0.32 million will be achieved through attrition.

The change in the administration model will also encompass changes in staffing allocated to facilities operations and maintenance, school clerical extra staffing formula, summer hours allocation formula, and the support staff replacement model. Custodial and grounds staffing will be reduced by 2.0 FTE, maintenance staffing will be reduced by 1.0 FTE, clerical staffing will be reduced by 1.27 FTE and other casual support costs will decrease for total estimated savings of \$0.43 million. The decision on the implementation of changes to the secondary day time custodian model has been deferred to the end of the trial period for the conversion of custodial staff from 10 months to 12 months.

The change in the education leadership model will also involve changes in the district support model for learning. Student Support Services staffing will be reduced by 2.0 FTE across all schools and helping teachers will be reduced by 2.95 FTE for combined savings of \$0.47 million.

The elementary and secondary teacher allocation formulas will be adjusted to bring class size averages in line with surrounding school districts. At the elementary level this will result in a reduction of 11.70 FTE teachers and at the secondary level this will result in a reduction of 9.20 FTE (4.80 FTE plus 4.4 FTE base budget adjustment) teachers for combined savings of \$1.56 million.

	2012/13	2013/14	LEGISLATIVE LIMIT
K	1:19.00	1:19.75	1:22.00
1-3	1:21.00	1:21.75	1:24.00
4-7	1:26.50	1:27.50	1:30.00
8-12	1:26.00	1:27.10	1:30.00

Also, at the secondary level the library support model is proposed to be changed from full time librarians in every school to full time library operations shared between teacher librarians (0.625 FTE) and library clerks (20 hours/week). This will result in savings of \$0.14 million (2.22 FTE teachers reduction offset by 1.35 FTE library clerks increase). The current and proposed allocations by school are detailed below.

	2012/13			2013/14		
	Teacher	Clerical		Teacher	Clerical	
	Blocks	FTE	HRS	Blocks	FTE	HRS
Maple Ridge Secondary	8	1.00	10	5	0.625	20
Pitt Meadows Secondary	8	1.00	10	5	0.625	20
Samuel Robertson Technical	8	1.00	10	5	0.625	20
Thomas Haney Secondary	8	1.00	10	5	0.625	20
Westview Secondary	8	1.00	10	5	0.625	20
Garibaldi Secondary	8	1.00	10	5	0.625	20

To ensure that the proposed library model is effective in the upcoming year the Board will review library operations and the role of teacher librarians and library clerks in secondary schools and if required revise this model in future years.

Proposed Utilities, Supplies and Services Changes

Services, supplies and utilities budgets were reviewed and opportunities for savings were identified. These opportunities included: leveraging centralized purchasing opportunities, reducing contracted services for facilities maintenance, reducing utility costs by promoting energy conservation in our facilities and funding utility conservation projects, reducing printing and photocopying costs by minimizing single sided and colour print jobs, rationalizing bus routes. Total proposed reductions amount to \$1.23 million. Some of the proposed reductions will have to be closely monitored during the year and budgets might need to be reinstated if savings cannot be achieved.

Proposed Revenue Changes

Identifying new revenue sources or increasing existing revenue streams requires significant effort and in some cases upfront capital investment. Numerous revenue generation opportunities were evaluated by management committees and the consensus was that most opportunities require multi-year time frame to develop. Only two areas were identified as 2013/14 opportunities for increased revenue: facilities rentals and investments.

In the area of facilities rentals, the focus will be on increasing the availability of our facilities, marketing our facilities, and reviewing and implementing rental fees that ensure, at a minimum, full cost recovery. In the area of investment income, the opportunity lies in improved cash management and in investment of available cash at both district and school level. The estimated additional revenue to be generated is \$0.04 million.

Strategic Budget Planning

The continued operating budget shortfall pattern under the current funding model requires the Board to adopt a multi-year strategic approach to budget planning. Over the next year, it is proposed that the Board engage in a strategic planning process that will guide the efficient and effective allocation of resources so as to ensure that the Board's vision is realized.

Figure 1 provides a summary of staffing changes. Figure 2 provides a summary of the budget proposals by major area (see page 16). Figure 3 provides a summary of operating revenue and expense, and the effect of the budget balancing proposals on the base budget (see page 17).

FIGURE 1 EFFECT OF BUDGET BALANCING PROPOSALS ON STAFFING

STAFFING	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 proposed	2013/14 proposed with LIF/LSC
Teachers	825.21	819.53	818.42	825.41	813.40	779.34	788.46
Principals/Vice-Principals	59.20	56.25	55.43	55.68	56.00	54.00	54.00
Other Professionals/Exempt	32.00	32.25	31.27	30.19	30.00	30.00	30.00
Education Assistants	260.00	268.00	272.00	280.20	297.00	297.00	324.57
Support Staff	318.48	318.70	324.00	330.40	323.40	320.48	320.48
Trustees	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Total	1,501.89	1,501.73	1,508.12	1,528.88	1,526.80	1,487.82	1,524.51

STUDENT/STAFF RATIOS	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 proposed	2013/14 proposed with LIF/LSC
Teachers	17.88	17.85	18.07	18.00	17.71	18.23	18.01
Principals/Vice-Principals	249.23	260.01	266.78	266.75	257.15	263.02	263.02
Other Professionals/Exempt	461.08	453.50	472.96	492.00	480.03	473.44	473.44
Education Assistants	56.75	54.57	54.37	53.01	48.49	47.82	43.76
Support Staff	46.33	45.89	45.64	44.96	44.53	44.32	44.32
Trustees	2,107.78	2,089.36	2,112.60	2,121.98	2,057.26	2,029.04	2,029.04
	9.82	9.74	9.81	9.72	9.43	9.55	9.32

Source: Restated 1530 submissions and enrolment based on full-year funding allocation system and projected enrolment for 2013/14.

FIGURE 2 BUDGET BALANCING PROPOSALS

PROPOSAL	STAFFING IMPACT	BUDGET IMPACT			
	REDUCTION (INCREASE)	SALARIES & BENEFITS	SUPPLIES	REVENUE	TOTAL
USE OF RESERVES (revised)				1,514,837	1,514,837
STAFFING					
ADMINISTRATION					
Education and Administration Leadership Restructure		19,564			19,564
Elementary Administrator Formula	0.60	55,372			55,372
Secondary Administrator Formula	2.00	247,650			247,650
SUPPORT STAFF					
Secondary Library Model (revised)	(1.35)	(69,204)			(69,204)
School Clerical Allocation Formula		43,733			43,733
General Clerical Reduction	1.27	62,068			62,068
Staff Replacement Model Change		150,000			150,000
Maintenance Staff Reduction	1.00	75,000			75,000
Maintenance Grounds Staff Reduction	1.00	53,305			53,305
Maintenance Custodial Staff Reduction (revised)	1.00	52,430			52,430
TEACHERS					
Secondary Administrator Formula	(1.60)	(147,707)			(147,707)
Helping Teachers	2.95	279,194			279,194
Student Support Services	2.00	189,284			189,284
Secondary Library Model (revised)	2.22	210,105			210,105
Alignment of Class Size Ratio (revised)	16.50	1,561,593			1,561,593
Other - JECIC for One Year		33,000			33,000
SUBTOTAL STAFFING (revised)	27.59	2,815,387	-	-	2,815,387
UTILITIES, SUPPLIES & SERVICES					
General Services and Supplies Reduction			328,000		328,000
Board Operations, Finance, Secretary Treasurer's Office			57,000		57,000
Superintendent, Communications, HR, IT, Pro-D Meals			118,200		118,200
Printing and Copying Costs			10,000		10,000
Transportation			80,000		80,000
Maintenance, Supplies, and Services Reduction			177,484		177,484
Efficient Use of District Facilities			192,000		192,000
Basic Supply, Learning Resources & School Fees Allocations - Secondary			132,512		132,512
Eliminate Financial Support for Other Organizations			10,000		10,000
School Equipment Budget for One Year			170,000		170,000
Other - JECIC for One Year			12,000		12,000
SUBTOTAL SUPPLIES	-	-	1,287,196	-	1,287,196
REVENUE					
Facilities Rental				14,080	14,080
Investment Income				24,570	24,570
SUBTOTAL REVENUE	-	-	-	38,650	38,650
GRAND TOTAL	27.59	2,815,387	1,287,196	1,553,487	5,656,070

FIGURE 3 SUMMARY OF OPERATING REVENUE AND EXPENSE
Operating Revenue by Source

	Base Budget	Proposals	Preliminary Budget	% Change
Grants				
Provincial Grants - Ministry of Education	113,816,390		113,816,390	0.00%
Other Ministry of Education Grants	1,710,548		1,710,548	0.00%
Provincial Grants - Other	359,663		359,663	0.00%
Total Grants	115,886,601	0	115,886,601	0.00%
Tuition	6,816,825		6,816,825	0.00%
Other Revenue	606,086		606,086	0.00%
Rentals & Leases	305,000	14,080	319,080	4.62%
Investment Income	300,000	24,570	324,570	8.19%
Total Operating Revenue	123,914,512	38,650	123,953,162	0.03%

Operating Expense by Source

Salaries				
Teachers	59,456,808	(1,639,426)	57,817,382	-2.69%
Principals and Vice-Principals	5,723,261	(242,894)	5,480,367	-4.24%
Education Assistants	9,072,287	0	9,072,287	0.00%
Support Staff	10,554,234	(177,099)	10,377,135	-2.03%
Other Professionals/Exempt	2,888,789	(15,714)	2,873,075	-0.54%
Substitutes	3,976,464	(188,083)	3,788,381	-4.76%
Total Salaries	91,671,843	(2,263,216)	89,408,627	-2.47%
Employee Benefits	23,104,996	(552,171)	22,552,825	-2.39%
Total Salaries and Benefits	114,776,839	(2,815,387)	111,961,452	-2.45%
Services and Supplies				
Services	4,660,152	(320,841)	4,339,311	-6.88%
Student Transportation	1,274,055	(80,000)	1,194,055	-6.28%
Professional Development	749,357	(58,500)	690,857	-7.81%
Rentals and Dues	314,469	0	314,469	0.00%
Insurance	319,514	0	319,514	0.00%
Supplies	3,882,548	(581,855)	3,300,693	-14.99%
Utilities	2,657,026	(192,000)	2,465,026	-7.23%
Total Services and Supplies	13,857,121	(1,233,196)	12,623,925	-8.90%
Total Operating Expenses	128,633,960	(4,048,583)	124,585,377	-3.15%
Interfund & Local Capital				
Interfund	249,999		249,999	0.00%
Local Capital	686,623	(54,000)	632,623	-7.86%
Total Interfund and Local Capital	936,622	(54,000)	882,622	-5.77%
Total Expenses	129,570,582	(4,102,583)	125,467,999	-3.16%
Use of Prior Year Surplus or Reserves	-	1,514,837	1,514,837	
Projected Operating Surplus/(Deficit)	\$(5,656,070)	\$5,656,070	\$ -	



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