SCHOOL DISTRICT NO. 43 (COQUITLAM)

FINANCIAL SERVICES DEPARTMENT

MEMORANDUM

TO:	Lorcan O'Melinn
FROM:	Bob Janzen
DATE:	March 27, 2009
SUBJECT:	**2009/10 Preliminary Budget Position**
COPIED TO:	DLT, Margaret Otto

Recommended Action: That the Board receive the following report for information.

The Province released the 2009/10 preliminary funding information late on the afternoon of Friday March 13, 2009. The information in the provincial press release shows our funding increasing by $1.39 million dollars based on our enrolment declining 400 fte K-12 students in schools. However our analysis of the funding announcement shows the following:

1. **Provincial Allocations:**
   a. The per pupil allocation remains at $5,581. It has not increased since 2007/08.
   b. Funding for education has increased by $84.6 million dollars.
   c. Labour settlement funding increased by $100 million dollars.
   d. The enrolment reserve was decreased by $15 million dollars.
   e. While the Province announced the labour settlement funding was fully funded, a portion of the funding comes from a reallocation of monies within the block funding for school districts.

2. **Coquitlam's Situation (refer to attached schedule):**
   a. Our enrolment is declining by 400 ftes K-12 students in schools, resulting in a decline in revenue of $2.001 million
   b. We received $4.324 million in labour settlement funding to cover the costs of the provincially negotiated wage settlements with employee groups.
   c. Our funding increased $2.32 million; however the money is needed to cover the labour settlements.
   d. We had $1.364 million in onetime funding in the 2008/09 budget
   e. After removing one time expenditures and covering the cost of labour settlements the district has an opening deficit of $1.356 million dollars, before considering cost pressures or new initiatives.
   f. Our cost pressures total $2.785 million

The funding announcement leaves the district facing a financial shortfall. The funding shortfall is currently estimated at $4.141 million dollars. There are a number of factors that contribute to the shortfall, which include:

1. We balanced the budget for our current fiscal year using $1.364 million in one-time funds, which needs to be replaced.

2. We are facing costs pressures of $2.783 million. These include a $960,000 increase in Board contributions to the non-teaching pension plan; and increases in other benefit costs including CPP, WCB, employee future benefits, and non statutory benefits such as extended health and dental plans. As well, electricity costs are all forecasted to increase, along with some other contractual obligations.

A detailed worksheet is attached, outlining the estimated financial position of the district.

The combination of no increase in funding to cover cost pressures and the use of one time money to balance the 2008/09 budget results in a shortfall of approximately $4.141 million dollars.

2009/10 Budget Process
Determination of Financial Position

1	**Changes in Revenue**		
2	Reduction in Grant due to 400 fte decline		(2,001,940)
3	Labour settlement funding received		4,324,761
4	**Net increase in provincial grant**		2,322,821
5			
6	**Other Revenue Changes**		
7	2007/08 Operating surplus not available	(98,098)	
8	Second semester International Education	(477,000)	
9	Second count C/E	(789,000)	(1,364,098)
10	**Estimated change in revenue**		958,723
11			
12	**Change in expenses**		
13	Teaching staff reduction due to 400 fte decline at		
14	an SER of 17.05, including supplies	(2,080,350)	
15	Snow removal	(200,000)	
16	BCeSIS savings	(62,000)	
17	Estimated cost of labour settlement	4,659,088	2,316,738
18	**Opening Financial position (shortfall)**		(1,358,015)
19			
20	**Cost Pressures 2009/10**		
21	Non-Teaching Pension Plan	960,000	
22	Extended Health - rate increase by 10%	530,000	
23	Dental - rate increase by 2.7%	130,000	
24	CPP rate increase by 3.12%	500,000	
25	WCB - rate increase by 10%	130,000	
26	Employee Future Benefits - Service & Interest Cost	109,000	
27	Maternity Leaves	43,000	
28	Consulting Services - Non-Teaching Pension Plan	25,000	
29	Criminal Records Check	15,000	
30	Leave Management System	11,000	
31	Teacher/CUPE First Aid	10,000	
32	Board Office/Winslow Telephone system	60,000	
33	Info Services - Networks - Year 2 and Year 3	50,000	
34	Facilities - Loss Prevention	20,000	
35	Facilities - Sidewalk and Ice Clearing	20,000	
36	Electricity	170,000	2,783,000
37	**Estimated financial position (shortfall)**		**(4,141,015)**