

2023-24 Budget Pre-Consultation

In preparation for the 2023-24 budget process, staff have provided an information report that outlines the environment from which the budget will be addressed. In terms of priorities for this budget cycle, trustees will need to consider their objectives for the upcoming school year given Bluewater District School Board's (BWDSB) fiscal environment.

BWDSB approaches the 2023-24 budget process from a strong position. This provides the ability to realize opportunities while still maintaining a focus on long-term financial sustainability and risk mitigation.

Economic Outlook

For the budget development process, it is important to evaluate inherent risk that exists within the economic environment of Ontario. Staff have identified the following economic factors to consider:

- economic uncertainty resulting from COVID-19 continues, including unstable markets and supply chain challenges
- inflation rates in 2022 have been reported as high as 8.1%, a significant increase from an annual average of 3.4% in 2021 and 0.7% in 2020
- to combat inflation, the Bank of Canada interest rate has increased by 4% since the beginning of 2022, increasing the cost of borrowing for individuals and organizations

The economic factors listed above are beyond the board's control. As such, it is important for BWDSB to continue to promote flexibility through long-term financial sustainability within the budget in response to inherent risk.

Maintaining Balance

BWDSB has positioned itself for long-term financial sustainability by:

- responding to changes in funding levels while ensuring student achievement and well-being
- managing costs related to changes in provincial collective agreements, replacement costs, and benefits
- continuing the management of school spaces
- decreasing unsupported debt balances
- increasing reserve contributions to mitigate risk related to cost and funding changes

Through targeted and fiscally responsible decisions, BWDSB has increased its fiscal strength building reserves for contingencies and funding uncertainty. Moving forward, the board will continue to focus on producing a balanced budget and contributions to reserves.

A balanced budget with reserves provides the ability to respond to unexpected events, without reducing programs or services. Additionally, recent decisions to invest in capital and technology reserves has provided the ability to support targeted investments to improve the educational experience of BWDSB students

Education Sector Landscape

Ontario school boards continue to balance funding changes with increased student needs and labour-related pressures. Below are specific challenges that will impact BWDSB leading into the 2023-24 school year:

- funding uncertainty related to inherent risk identified above
- cost pressures and uncertainty related to ministry directed education planning for 2023-24
- presumed discontinuation of pandemic targeted investments
- impacts of ongoing collective bargaining at a local level
- learning recovery and re-engaging students who continue to feel the impact of learning disruptions due to the pandemic
- increasing number of students with high needs, while funding does not meet the need of the student's complexities
- increasing staff absences in combination with the limited supply of qualified replacements
- increasing reliance on technology by students and staff without sufficient increases in funding
- capital and renewal costs for aging schools, with changes needed to meet current program requirements or to close classrooms that are no longer needed
- recruiting qualified staff for new and replacement positions
- capacity constraints in areas with high enrolment growth
- ensuring the ability and resources required to adhere to current health and safety protocol to keep students and staff safe in schools and on buses
- increasing risk of cyber-attacks on the education sector achieved through phishing schemes and ransomware
- limited resources to implement and manage projects
- increasing focus on organizational health and wellness

Many challenges for BWDSB are present in every school year. It is important for the board to be made aware of these pressures in a mannered and measured approach.

Managing the Pressure

The board continues to promote long-term financial sustainability through the effective management of school spaces, reserve contributions and the effective stewardship of financial resources. This will need to continue to effectively manage current budget pressures and allow for the flexibility to respond to uncertainty.

BWDSB is in a position of fiscal strength and has benefitted from enrolment growth in recent years. This provides opportunities to enhance the education experience for students and mitigate the impact of budget pressures. Using prudent financial planning and effective resource management, the board can enhance the educational experience by closing technology gaps and increasing learning recovery and re-engagement efforts.

Finally, the board must continue to recognize the importance of long-term financial sustainability and continue to approach a budget plan based on the effective management of school spaces, reserve contributions, and the responsible stewardship of financial resources.

Expected Outcomes

The steps taken to date have resulted in a strong financial position for BWDSB. This provides the ability for the board to realize opportunities effectively and efficiently. To address inherent risk that exists outside and inside the education sector, BWDSB should maintain a focus on long-term sustainability to ensure student achievement and well-being is optimized in 2023-24 and beyond.

Consultation

BWDSB is committed to consultations with its stakeholders. As part of the budget consultation process, an online survey will be sent out to gather feedback.

Furthermore, at an upcoming Business Committee of the Whole, the senior team will bring forward budget ideas to trustees for discussion and consideration.

Timeline

The Ministry of Education requires the board approve the 2023-24 budget by June 30, 2023. Staff will provide a draft balanced budget for board consideration. Staff will continue to keep the Trustees informed at Business Committee meetings throughout the budget development process.

Recommendation:

That the Business Committee of the Whole receive the '2023-24 Budget Pre-Consultation' report for information.

Submitted to
Bluewater District School Board
Business Committee of the Whole
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