



# BRANDON SCHOOL DIVISION

## Finance and Facilities Committee Minutes

Monday, November 28, 2022 – 6:00 p.m.  
Boardroom, Administration Office

Present: C. Cramer C. Ekenna (by phone)  
K. Fallis B. Foley  
J. Gobeil J. Murray  
D. Ross B. Sieklicki

Also Present: D. Labossiere  
M. Gustafson  
S. Gilleshammer  
J. Zilkey

Regrets: L. Ross

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### 1. COMMITTEE ITEMS

#### A. **2023-2024 Budget Preparations**

##### Consumer Price Indexes: January to October 2022 and Yearly Comparison – October 2022

Mr. Denis Labossiere, Secretary-Treasurer, reviewed the Consumer Price Index 2022 for January to October 2022, noting that the average CPI for Manitoba was 7.8%. Canada's average CPI for 2022 is 6.9%.

Mr. Labossiere reviewed the 5-year CPI averages and past budget increases for controllable expenditures.

##### 2023-2024 Budget Preparation Memo

Mr. Labossiere reviewed the memo he provided to the Committee, which noted the following factors that will be taken into consideration while building the budget:

##### Expenses:

- **Inflation impact** on expenses – Manitoba Consumer Price Index (CPI) average increase for the months of January to October 2022 was 7.8% exceeding the 5-year average of 2.0% and the 10-year average of 1.8% and the 20-year average of 1.9%. This CPI increase will have implications on:
  - controllable expenditures – less buying power
  - non-controllable expenditures – higher costs
  - salaries/benefits – higher costs

- **Enrollment** has steadily increased over the years, except for the 2020/2021 school year due to COVID-19. In 2022/2023, the Division has experienced the largest yearly student increase in over 10 years (295 additional students (3.3%) as of September 30<sup>th</sup>) and exceeded the budgeted enrollment estimate by 257 students. Costs for supplies, staffing, and services are impacted by enrollment changes.
- **Non-controllable expenditures** such as:
  - Utilities – water, natural gas, hydro – utility rates continue to increase and are subject to usage of our building and number of students and staff. The natural gas rate increased by 11.5% on November 1, 2022, and Manitoba Hydro is seeking a hydro rate increase of 3.5% in each of the next 2 years.
  - Fuel / Propane for buses and vehicles – The price of propane in October decreased by 10% compared to 2021, however it is still 41% higher than in 2020.
  - Property & vehicle insurance – Property and Liability Insurance increased by 24% (\$84,137) for 2022-2023, it also increased 20% (\$59,000) for 2021-2022 and is anticipated to increase further for 2023-2024.
  - Expenses related to grants
  - Fees for items such as MSBA, MUST fund, legal
  - Contracts for IT software/hardware support agreements, AFM, RHA, audit, janitorial, garbage, leases
- **Controllable expenditures** consist of expenditures such as professional development, office supplies, cleaning supplies, information technology and equipment.
  - Over the past 5 years (2017-2021 calendar year) the Board has provided direction to increase the associated budgets by a total of 3.9% (0.8% yearly average - no increase in last 3 years) whereas the CPI increased by 10.1% (2.0% yearly average) during that time.
  - The budget line that has felt the largest impact from inflation and increased students is the cleaning supplies, last year the Division spent \$431,123 on cleaning supplies compared to \$359,938 in 2020-2021, based on current expenditures we are projecting that these costs may hit \$453,229 for 2022-2023. The following are examples of inflation increases on cleaning supplies compared to prior year:
    - Paper Towels – 35%, Toilet Paper – 42%
    - Mops, brooms, floor pads, ice melt – average 18%
    - Garbage bags – 18.5%,
    - Chemical Solution, cleaner – 8.0%
  - Laptops have increased between 6.6%-8.5%
  - Other controllable expenditure such as office supplies, accessible learning resources, workplace safety and health supplies and student services/special needs supplies have also been impacted by inflation
- **School instructional budgets** provide funds to schools for items such as learning resources, teaching supplies, photocopiers, school PD and field trips.
  - These budgets are mainly based on enrollment and vocational programs.
  - There's been no increase to the instructional budgets for the last 3 years with the exception for increases due to student enrollment.

- The purchasing power of schools have been impacted by the following examples of inflation increases compared to prior year:
  - Supplies – average 20%
  - Learning Resources – up to 20%
  - Field trips – increase from \$0.45 to \$1.00/km for use of buses
- **Capital Maintenance budget** is approximately 1.2% of the total budget and is used to maintain and keep the Division's buildings functional. This includes general maintenance, emergency repairs, school requests, vehicle replacement and funds to address infrastructure items regarding our aging buildings and identified in the Ameresco report.
  - This budget has not changed over the past 3 years except for enrollment changes and the removal for the vehicle replacement for the 2022-2023 budget (to be funded through accumulated surplus).
  - It is recommended that the vehicle replacement costs be added back to the 2023-2024 budget to maintain the minimum replacement of 1 vehicle/year of the Division's 16 vehicles. Furthermore, the Division has experienced an increase of 27.0% (\$12,400) over 2 years for the same truck due to inflation.
  - Examples of items impacted by inflation compared to prior year:
    - Paint – 15%
    - Furnace Filters – average 28%
    - Mechanical Contractors – 4-6%
    - Construction Material Costs (March 2022 report – Statistics Canada's Industrial Product Price Index):
      - Metal windows/doors – 33.1%
      - Hardware – 13.1%
      - Softwood lumber – 27.0%
      - Communication and electric wire and cable – 57.3%
      - Construction of a school – 9.0%
- **Salaries:**
  - The Collective Agreements with BTA and CUPE expired June 30, 2022. Salary provisions for settlements need to be factored into budget.
  - Provincial Bargaining for teachers (Bill 45) – impact of harmonization costs.
  - Staff increments for years of experience must also be factored into budget.
  - Costs for maternity/parental leaves, personal leaves, illness, substitutes, and casuals.
- **Staff Benefits** consist of employers' costs for Canada Pension Plan (CPP), Employment Insurance (EI), Workers' Compensation, group health and life insurance, long service, and the pension plan for non-teaching employees. Benefits are expected to increase due to collective agreement provisions, CPP increases in employer contribution and yearly maximum pensionable earnings (2023 - 7.28%) and EI increases in maximum premiums (2023 - 5.22%).

**Revenue:**

- **Funding Model Review:** At this time, the impact of the new funding model on the Division is unknown.
- **Enrollment:** Changes in enrollment impacts funding to the Division.

- **Provincial Funding**: Grants, Equalization (based on non-supportable expenditures and property tax base), Tax Incentive Grant (TIG) phased out over 6 years (reduction of \$308,002 annually) was suspended for 2021-2022 and 2022-2023.
- **Revenue from other sources**: Revenue from other School Divisions, First Nations, International Students and Private Organizations.
- **Special Requirement**: For the last several years the Special Requirement has been capped at 2%, if it remains at 2% this would amount to a budget increase of \$1,023,442.
- **Special Levy**: Local property taxes collected through the Municipal Government and implications of budget increases from prior years (43.5% in current year, 56.5% in following year). For 2022-2023, the Minister directed school divisions to freeze their education property taxes at 2020 levels and provided a Property Tax Offset Grant equivalent to a 2% increase (\$1,003,374) on the Special Requirement.
- **Property Assessment and Growth** in Brandon affects the mill rate/school taxes paid by property owner. If the special levy is frozen (0% change) and there is an increase in school assessment, annual school taxes will decrease for the average homeowner.

#### **Other Factors:**

- **Accumulated Surplus**: The unallocated surplus balance as of June 30, 2022, is \$1,744,614 or 1.52% of the 2022-2023 Operating Budget. This amount is lower than the 2% requirement of operating budget as set out in Board Motion 129/2012.
- **Capital Reserves**: The Division currently has \$4.2 million in Capital Reserve Accounts.
- **Comparisons** to Provincial Average and Similar Divisions. The Division's budgeted operating fund expenditure/pupil for 2021-2022 was \$12,491, the 8<sup>th</sup> lowest in the province, whereas the Provincial Average was \$13,608, Seven Oaks SD was \$12,705 and St. James SD was \$13,549. For 2022-2023, the average cost per student is \$13,028 (FRAME Budget reports have not been released at this time for comparisons).

#### **Budget Breakdown**

Mr. Labossiere reviewed the Budget Breakdown of the current budget and the proposed inflationary impact on the upcoming budget.

Trustees asked questions for clarification.

The Committee agreed to the following recommendation for the 2023-2024 preliminary budget preparation:

#### **Recommendation:**

That the following guidelines be initiated for the 2023-2024 Preliminary Budget Preparation:

- a) Inflationary increases be provided as advised by suppliers for non-controllable expenditures, e.g.: employee benefits, insurance, fuel/propane, support agreements and utilities;
- b) A 6.1% increase for controllable expenditures;
- c) A 3.7% increase for the school instructional budgets;
- d) An 8% increase for the capital and maintenance budget;
- e) Replacement of a maintenance vehicle be added back to budget;
- f) The 2023-2024 budget provide for enrollment change.

**2. OPERATIONS INFORMATION**

**A. The Secretary-Treasurer provided information on the following:**

Capital Projects:

- i. Maryland Park School – Modular Classrooms

Respectfully submitted,

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K. Fallis