Compensation Information

Compensation is an area that is difficult to accurately project across the fiscal year. As a school division, July and August payroll is relatively small since teaching staff does not receive their first paycheck until September. In general teaching staff are on a 10 month contract (Sept-June), however the vast majority have opted to receive 12 paychecks (Sept-Aug). This means the school Division has 14 monthly payroll runs; 12 regular months and then a June/July and June/August payrolls for 10 month staff that chose to receive 12 paychecks. More than 28% of total salaries are expended in the final 2 months of the fiscal year. Therefore, the full effects of variances in staffing costs are not reflected until the end of a fiscal year.

As part of the budget process, compensation is estimated based upon existing staff and then a negative adjustment is made to account for lapse. Lapse is an estimate of savings due to staff turnover (example: T30 teacher retiring and T6 hired on average to replace), lag in hiring (example: staff member leaves and a replacement is hired 45 days later), and other changes that occur during a fiscal year. The current FY budget assumed a 1.25% of payroll or ~-$1.2M to account for lapse savings. This 1.25% lapse estimate is based upon historical trend information and is utilized by both Local Government and our Division. Based upon November payroll/personnel information, preliminary indications are that this budgeted lapse will be fully recovered and additional savings of ~$880K may be available. Multiple factors are responsible for this savings including; stronger retirement than anticipated, lower enrollment than anticipated so fewer teachers hired, and a highly individualized process to allocate teaching staff.