



**NANAIMO LADYSMITH PUBLIC SCHOOLS  
BUSINESS COMMITTEE MEETING  
INFORMATION SHEET**

DATE: April 12, 2023  
TO: Business Committee  
FROM: Mark Walsh, Secretary-Treasurer and Taunia Sutton, Director of Finance  
SUBJECT: 2023/24 Overview of the Preliminary Annual Base Budget

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### Background

This information sheet will outline the basis for how the preliminary budget will be built. It includes the assumptions that have been included in the creation of the budget as well as highlights any gaps in information that may remain that could have an impact on the actual preliminary budget.

It should be noted that at this time, staff are optimistic that with the exception of formula driven changes (e.g., school staffing movements associated with enrolment and the reversal of one time supports) that the District will not be facing reductions and anticipate at minimum a balanced budget.

### Discussion

At this time district staff have prepared the 2023-24 Preliminary Annual Budget, which as a reminder to the Board, is a direct reflection of the 2022-23 Amended Annual Budget as approved late February, then adjusted to account for all known or anticipated changes required for the coming fiscal year. Note that for the purpose of this report, only the Operating Budget is being discussed. Information relating to Special Purpose Funds, Capital and Local Capital will be provided at subsequent meetings.

With regards to Operating Revenue, notable changes include the following:

- All items within the 2022-23 Amended Annual budget that were funded by Restricted or Unrestricted Surplus have been removed
- The internal transfer from Operating to Local Capital has been removed
- The Ministry of Education and Child Care Operating Grant has been updated per projected student enrolment
- Any one-time Grants have been removed, along with their associated expenditures
- Rental, Lease and Investment income levels have been adjusted per 2023-24 estimates
- International Student Tuition has been adjusted per anticipated enrolment for 2023-24
- All other miscellaneous revenues have been audited and adjusted where necessary

Operating Expense changes relate predominately to staffing and benefits as they represent approximately 91% of our overall operating costs. Budgeted expense adjustments include:

- Average Teacher Salary has been adjusted to account for the 2023-24 General Wage Increase (GWI) and estimated cost of wage scale increments over the fiscal year.
- CUPE hourly rates have been increased to include the 2023-24 GWI
- Benefit rates have been increased per projected costs
- Replacement costs have been increased based on current and ongoing estimates

- School based staff allocations and operating budgets have been adjusted based on projected student enrolment
- All one-time staffing and supply increases provided in 2022-23 have been removed
- Budget has been updated per the 2023-24 School Calendar where the number of days in session increased 10-month employees from 39.4 working weeks per year to 39.8 weeks due to an additional negotiated paid Non-Instructional Day and the additional legislated National Day for Truth and Reconciliation Statutory Holiday
- A salary contingency has been placed within budget to account for the 2023-24 GWI for Administrative and Exempt Staff but as the grid amounts are still TBD, per position rates cannot be adjusted so contingency reserves the anticipated expense
- The International Student Education budget has been realigned pursuant to estimated student enrolment in 2023-24
- Other minor miscellaneous expense adjustments per internal departmental audits

The majority of the District’s Operating Fund is provided under the Ministry of Education and Child Care Operating Grant which is based on our projected student enrolment, and pursuant to factors and supplements determined by Ministry. As a reminder to the Board, the original estimated funding change from our 2022-23 Amended Annual Budget to our 2023-24 Annual Budgeted was (\$574,551) as reflected below:

**NLPS - Financial Impact of 2023/24 Enrolment Projection Vs. the 2022/23 Amended Annual Budget**

	Funded FTE			RATES	Funding		
	Estimated 23/24 Annual Budget	2022/23 Amended Budget	Change		Estimated 23/24 Annual Budget	2022/23 Amended Budget	Change
<b>September Enrolment</b>							
Standard (Regular) Schools	14,405,226	14,342,938	62.29	7,885	113,585,207	113,094,062	491,145
Alternate Schools	285,000	285,000	-	7,885	2,247,225	2,247,225	-
Distributed Learning	258,168	282,563	(24.39)	6,360	1,641,948	1,797,098	(155,149)
Adult Education (Non-Graduates)	4,000	4,875	(0.88)	5,030	20,120	24,521	(4,401)
<b>Total September Enrolment</b>	<b>14,952,394</b>	<b>14,915,375</b>	<b>37.019</b>		<b>117,494,500</b>	<b>117,162,906</b>	<b>331,595</b>
<b>Unique Student Supplements</b>							
Home Schooling	65.00	79.00	(14.00)	250	16,250	19,750	(3,500)
Course Challenges	4.00	20.00	(16.00)	246	984	4,920	(3,936)
Level 1 Special Needs	18,000	20,000	(2.00)	44,850	807,300	897,000	(89,700)
Level 2 Special Needs	567,000	585,000	(18.00)	21,280	12,065,760	12,448,800	(383,040)
Level 3 Special Needs	172,000	188,000	(16.00)	10,750	1,849,000	2,021,000	(172,000)
English Language Learning	925,000	927,000	(2.00)	1,585	1,466,125	1,469,295	(3,170)
Indigenous Education	2,450,000	2,511,000	(61.00)	1,565	3,834,250	3,929,715	(95,465)
<b>Total Unique Student Supplements</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>20,039,669</b>	<b>20,790,480</b>	<b>(750,811)</b>
<b>Other Funding Categories</b>							
Equity of Opportunity Supplement					834,424	834,424	-
Salary Differential Supplement					3,355,081	3,355,081	-
Unique Geographic Factor Supplement					3,493,625	3,493,625	-
Education Plan Supplement					132,911	132,911	-
February Data Count (New SPED/DL/ELL)	97,911	119,000	(21.09)		723,962	1,006,675	(282,713)
Jan 2023 ADJ to Op Grant for Feb/May					-	(280,360)	280,360
May Data Count (New DL Only)	58,110	59,000	(0.89)		369,578	522,560	(152,982)
<b>Total Other Funding Supplements</b>	<b>156,021</b>	<b>178,000</b>	<b>(21.979)</b>		<b>8,909,581</b>	<b>9,064,916</b>	<b>(155,335)</b>
<b>Total September Enrolment</b>	<b>14,952,394</b>	<b>14,915,375</b>	<b>37.019</b>		<b>117,494,500</b>	<b>117,162,906</b>	<b>331,595</b>
<b>Total Unique Student Supplements</b>					<b>20,039,669</b>	<b>20,790,480</b>	<b>(750,811)</b>
<b>Total Other Funding Categories</b>	<b>156,021</b>	<b>178,000</b>	<b>21.979</b>		<b>8,909,581</b>	<b>9,064,916</b>	<b>(155,335)</b>
<b>Grand Total - FTE and Revenue</b>	<b>15,108,415</b>	<b>15,093,375</b>	<b>15.040</b>		<b>146,443,750</b>	<b>147,018,302</b>	<b>(574,551)</b>

However, on March 15<sup>th</sup> Ministry confirmed our Operating block and due to the negotiated wage increases for staff in 2023-24 the per student rates were increased substantially, providing the District with an additional \$12.589 million over our 2022-23 Amended Budget to cover the increased cost of salaries and benefits.

### **NLPS - MOECC Confirmation of the 2023-24 Operating Block Vs the Amended Annual Budget**

	Funded FTE			23/24 Rates	22/23 RATES	Funding		
	23/24 Annual Budget	22/23 Amended Budget	Change			23/24 Annual Budget	22/23 Amended Budget	Change
<b>September Enrolment</b>								
Standard (Regular) Schools	14,405.226	14,342.938	62.29	8,625	7,885	124,245,074	113,094,062	11,151,012
Alternate Schools	285.000	285.000	-	8,625	7,885	2,458,125	2,247,225	210,900
Distributed Learning	258.168	282.563	(24.39)	6,960	6,360	1,796,849	1,797,098	(248)
Adult Education (Non-Graduates)	4.000	4.875	(0.88)	5,505	5,030	22,020	24,521	(2,501)
<b>Total September Enrolment</b>	<b>14,952.394</b>	<b>14,915.375</b>	<b>37.019</b>			<b>128,522,069</b>	<b>117,162,906</b>	<b>11,359,163</b>
<b>Unique Student Supplements</b>								
Home Schooling	79.00	79.000	-	250	250	19,750	19,750	-
Course Challenges	20.00	20.000	-	270	246	5,400	4,920	480
Level 1 Special Needs	18.000	20.000	(2.00)	49,070	44,850	883,260	897,000	(13,740)
Level 2 Special Needs	567.000	585.000	(18.00)	23,280	21,280	13,199,760	12,448,800	750,960
Level 3 Special Needs	172.000	188.000	(16.00)	11,760	10,750	2,022,720	2,021,000	1,720
English Language Learning	925.000	927.000	(2.00)	1,735	1,585	1,604,875	1,469,295	135,580
Indigenous Education	2,450.000	2,511.000	(61.00)	1,710	1,565	4,189,500	3,929,715	259,785
<b>Total Unique Student Supplements</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>21,925,265</b>	<b>20,790,480</b>	<b>1,134,785</b>
<b>Other Funding Categories</b>								
Equity of Opportunity Supplement						893,901	834,424	59,477
Salary Differential Supplement						3,388,329	3,355,081	33,248
Unique Geographic Factor Supplement						3,546,944	3,493,625	53,319
Education Plan Supplement						134,195	132,911	1,284
February Data Count (New SPED/DL/ELL)	97.911	119.000	(21.09)			792,221	863,575	(71,354)
May Data Count (New DL Only)	58.110	59.000	(0.89)			404,446	385,300	19,146
<b>Total Other Funding Supplements</b>	<b>156.021</b>	<b>178.000</b>	<b>(21.979)</b>			<b>9,160,036</b>	<b>9,064,916</b>	<b>95,120</b>
<b>Total September Enrolment</b>	<b>14,952.394</b>	<b>14,915.375</b>	<b>37.019</b>			<b>128,522,069</b>	<b>117,162,906</b>	<b>11,359,163</b>
<b>Total Unique Student Supplements</b>						<b>21,925,265</b>	<b>20,790,480</b>	<b>1,134,785</b>
<b>Total Other Funding Categories</b>	<b>156.021</b>	<b>178.000</b>	<b>(21.98)</b>			<b>9,160,036</b>	<b>9,064,916</b>	<b>95,120</b>
<b>Grand Total - FTE and Revenue</b>	<b>15,108.415</b>	<b>15,093.375</b>	<b>15.040</b>			<b>159,607,369</b>	<b>147,018,302</b>	<b>12,589,068</b>

Important to note that since this information was put together the Public Sector Employees Council (PSEC) has confirmed that the negotiated COLA (Cost of Living Adjustment) which was pending calculation of the Consumer Price Index (CPI) at March 21<sup>st</sup> has now been approved. The additional wage increase is 1.25% on top of the General Wage Increase (GWI) of 5.5% which has already been funded and accounted for in the 2023-24 Preliminary Annual Base Budget.

Staff are seeking confirmation from Ministry as to when the additional funding will flow to determine whether or not it will be reflected in the Annual Budget, or if the wage adjustment will have to wait until the Amended Annual Budget as we cannot account for the increased expense until we can record the additional revenue.

Below is a summary of the adjustments made to the 2022-23 Amended Budget in order to account for all necessary and known changes relevant to the 2023-24 fiscal year.

<b>Operating Fund Summary - Revenue/Expense Changes</b>	
<b>Opening is the 2022-23 Amended Annual Budgeted Revenue amount of</b>	<b>157,402,439</b>
<i>Changes in Revenue for the 2023-24 Annual Base Budget include:</i>	
Removal of Restricted/Unrestricted Surplus	(1,881,138)
International Student Education increase per projected student enrolment	44,235
Removal of the Seat Belt Pilot Project funding	(66,862)
Adjustment to the CSF Contract amount estimated for 23-24 (a portion of the reduction now funded by CEF)	(144,680)
Adjustment to Rentals and Community Use revenue per current/coming year preliminary estimates	70,000
Adjustment to Cafeteria revenue per current/coming year preliminary estimates	55,000
Adjustment Interest revenue per current/coming year preliminary estimates	200,000
Removal of Miscellaneous grants not applicable to 23-24	(74,633)
Updated Operating Grant based on our estimated Student Enrolment and Ministry funding levels	12,591,141
<b>Total Operating Revenue Adjustments</b>	<b>10,793,063</b>
<b>2022-23 Operating Revenue - Preliminary Annual Budget</b>	<b>168,195,502</b>
<b>learning and working</b>	
<b>Opening is the 2022-23 Amended Annual Budgeted Expense amount of</b>	<b>157,402,439</b>
<i>Changes in Expense for the 2023-24 Annual Base Budget include:</i>	
Removal of Restricted/Unrestricted Surplus	(1,881,138)
CUPE Wage Increase (5.5%) - Includes CUPE negotiated LMA's and additional hour for Library Clerk/Computer Assist Learn Tutor	3,084,884
Average Teacher Salary adjustment for General Wage Increase (5.5%) plus estimated wage scale increments	8,000,833
Trustee Wage Update (Dec 2022 CPI increase was not updated in 22-23 Amended Budget in January - now corrected)	40,206
Exempt Compensation general wage increase of 5.5% estimated for 23-24 (amount over 22/23 budgeted figure)	303,753
School Calendar adjustment for 23-24 to include negotiated paid Non-Instructional Day and additional Stat for CUPE 10 month Employees	196,566
School based secondary staffing adjusted due to projected student enrolment	661,510
Program based staffing adjusted due to projected student enrolment - Island Connect Ed	(377,411)
School based elementary staffing adjustment due to projected student enrolment	316,850
Removal of miscellaneous grants/allocations not applicable to 23-24	(30,480)
Adjustment to Cafeteria Expense (historic expense was \$5K over revenue so adj only \$50K vs Revenue increase of \$55K)	50,000
Removal of Trustee election expense budgets	(150,000)
Removal of the Seat Belt Pilot Project staffing as no longer applicable (Diff to funding per 22-23 wage increase (3.24% + .25c)	(72,628)
Elementary Prep increase per BCTF contractual negotiations (from 110 to 120 mins)	397,310
School based Operating Budget update	6,927
Increased Utilities Expense	50,000
Increase to the Indigenous Education Target per student enrolment and per student funding levels	259,785
One-time staffing additions in 22-23 not applicable per updated enrolment/formula based staffing now removed	(99,636)
EA Staffing ADJ per estimated Special Ed enrolment (always less than prior yr. Amended Budget, then ADJ each Fall per actual enrolment)	(190,673)
CUPE Negotiated EA LOU for supplemental hours	193,872
CUPE negotiated shoe/boot allowance expense	29,450
<b>Total Operating Expense Adjustments</b>	<b>10,789,980</b>
<b>2022-23 Total Operating Expense - Preliminary Annual Budget</b>	<b>168,192,419</b>
<b>Current Budgeted Surplus/Deficit</b>	<b>3,083</b>

A very high-level summary of change in FTE in the Operating Fund is provided below, however, be reminded that we are still working on the 2023-24 Annual Base Budget to ensure all necessary adjustments are captured and accounted for. Additionally, there are still departmental shifts and changes pending as per planned expenditures for the coming year.

2023-24 OPERATING FUND FTE Summary			
Category	23/24 Annual Budget	Change	22/23 Amended Budget
Teachers	796.551	6.978	789.573
Administrative Officers	67.000	-1.000	68.000
Education Assistants	272.033	-2.143	274.176
Support Staff	237.847	-2.048	239.895
Other Professionals	49.500	0.000	49.500
<b>Total FTE</b>	<b>1422.931</b>	<b>1.787</b>	<b>1421.144</b>

- Teacher staffing has increased per projected student enrolment
- Administrative Officer staffing has decreased by 1 per VP per lower enrolment at Rock City
- Education Assistant FTE is always lower in the Annual Budget due to conservative enrolment projections vs. staffing levels in the prior year's Amended Budget based on actual enrolment. Note however that this year the impact is minimal due to the additional staffing added through CUPE bargaining where an EA Supplemental Hour Fund has been established to top-up 25 hour/week EA's by 1 hour each - as well, enrolment projections were slightly less conservative in the Special Ed category this year
- Support Staff reduction includes 2.553 Bus Driver FTE returned from the BCTEA Special Purpose Fund, (1.561FTE) Seat Belt Monitors (2) removed per discontinued funding, (1.606FTE) Caretakers (2) removed as were funded by Surplus and not being continued, .258FTE additional Library time per CUPE negotiated increase in hours for this position, and (1.692) Temp Clerical Time not applicable to 2023/24

At this time, it is still unknown what amount of funding will be provided for exempt compensation increases applicable to the 2023-24 fiscal year per direction of PSEC and BCPSEA. Once funding levels and compensation guidance have been provided, we may be in a surplus or deficit position as compared to what is currently budgeted for this expense, which would require deficit mitigation or allow for resource allocation. Further updates will be provided through the budget process as the information is known.

Of additional note, although this financial report is focused on the Operating Budget, we did want to advise the Board that we have now received confirmation of an additional Special Purpose Fund coming in 2023-24. The "Feeding Futures Fund" will be an ongoing allocation intended to address food security by way of school food programs. The District's 2023-24 allocation is \$1.664 Million, announced April 4<sup>th</sup>, and planning is now underway. This new fund will replace the current Student Family Affordability Fund and also has an initial Capital envelope for small renovations or equipment but the parameters and funding available to our District is still to be determined. Again, we will keep the Board updated as we receive information from the Ministry of Education and Child Care.

The Board should also be aware that our estimated interest revenue remains extremely high as we must account for what our cash balances will earn at current interest rates during the next fiscal year. However, we are monitoring interest rates and if there are any impactful changes, we may need to reduce this revenue which would require an offsetting expense, or an alternate revenue source such as additional funding for increased student enrolment.

We are also watching our International Student Program enrolment closely. For 2023-24 we have projected less conservatively in an effort to stabilize the program and staffing levels. However, we have been advised that there is global uncertainty with international student enrolment and that agents are seeing a "softening of



interest” over last year. This rising trend has us somewhat concerned we may not hit our projected student enrolment and tuition revenue, but we are still optimistic that interest in our program will continue and although we may not exceed projections as we did this year, we’d at least meet them. If we do miss our targets, we may need to appropriate surplus to offset the loss in revenue, staff will be monitoring this closely and will provide updates as applicable. Staff do recommend that the Board maintains a healthy surplus balance in September 2023 in order to mitigate this potential risk.

It should also be noted that during local CUPE bargaining there is an amount of money provided ‘to the table’ to fund negotiated items as determined by the parties during the bargaining process. Each district is allocated a particular amount from the overall provincial funding envelope. The amount of funding and approval of the negotiated items is provided by BCPSEA, and the funding itself is provided by the Ministry. It was our understanding that this prescribed “table money” amount (a particular amount for each year of the Collective Agreement) was flowing to the District as a distinct transfer of funds this fall. However, we have recently been advised that this funding has been rolled into the Operating Grant which means we had to shift priorities and embed the additional expenses without further dollars forthcoming. Further, it means that the prescribed amount, although it’s not identified anywhere on the Operating Grant schedule, must be set aside each year to fund the negotiated items.

### Summary

Overall, the District is in a favorable and balanced budgeted position at this time, however, there are no additional resources available to invest in additional programming due to the increased cost in wages and benefits, the ongoing inflated cost of sick leave replacement staffing, and lack of inflationary funding from the Ministry of Education and Child Care. Note that the Annual Facilities Grant has seen a significant bump in funding, however, that will not appear in the operating budget.

Also note that estimated student enrolment although somewhat conservative is relatively flat this year and is therefore providing for fairly consistent staffing across our schools. If actual student enrolment in September exceeds our preliminary estimates, additional staffing may be provided. District staff will be tracking student enrolment over the spring and summer and will respond to needs as they arise.

Finally, other than the aforementioned areas of risk, revenue and expense are anticipated to be predominantly status-quo for the 2023-24 fiscal year.