

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

DATE: April 14, 2021
TO: Business Committee
FROM: Mark Walsh, Secretary-Treasurer
SUBJECT: 2021/22 Budget

Recommendation

The Business Committee recommends that the Board of Education of School District No. 68 (Nanaimo-Ladysmith) unrestrict \$500,000 from the 2020-21 amended budget to allow for the unrestricted amount to be used in the 2021-22 budget.

Background

This memo is intended to highlight a number of issues associated with the preparation of the 2021-22 budget including an update in the planning for the Information Technology Department, locally generated revenues (interest, lease and license and International Student Education) and a housekeeping motion to allow the continuation of Board supported multiyear programs.

Discussion

Information Technology

Currently, our Information Technology Department has 23.0 FTE. The positions are as follows:

1. 1.0 Exempt Director
2. 1.0 Admin Assistant IT
3. 1.0 Applications Programmer
4. 1.0 Computer Technologist
5. 1.0 Data Business Analyst
6. 1.0 IT Infrastructure Administrator
7. 3.0 System Application Specialists
8. 1.0 Network and Security Analyst
9. 13.0 System Support Specialist

This means that the Director is responsible for directly managing and supervising 22 employees.

The IT department provides a wide range of technology services to support the District's learning, instructional and business operational needs and strategic goals. The core IT processes involved in managing these services effectively include Strategy and Governance, Financial Management, People and Resources (HR), Infrastructure and Operations, Service Planning and Architecture, Applications and Software, Data and Business Intelligence, and Project/Portfolio Management– such as the Board's multimillion dollar IT data infrastructure upgrade project currently underway. To address recent, rapidly emerging demands of the District in serving new information service areas, IT has recently increased staffing with the support of the Board to include two positions: Data/Business Analyst and a Network and Security Analyst. These positions will serve to help fill these high demand gaps in the department's

portfolio of IT services. Further, IT today has had little involvement in our ERP (human resource, finance and payroll) information systems and anticipates a larger role in the very near future. This shift will require training, service planning, project and change management, new operational demands, etc.

Given these increased demands and significant number of FTE, it has become clear that IT requires additional management staff. Most districts have a number of managers to support their IT strategic and operational needs. Comox has recently hired an IT Manager, reporting to the IT Director, Victoria has 4 exempt staff in its IT department; and districts across BC that haven't yet augmented their IT department's management capacities to effectively respond to the modern service demands of today's technology-enabled environments have recognized this deficit area and are quickly acting to address it. In the last year alone: Comox Valley, Langley, Sooke and Abbotsford have added new management capacity to their IT departments.

IT has reviewed its budget and has determined that for 2021-22 it can reallocate approximately \$75,000 without impacting staffing, and then over the next two years will be able to create savings through in-housing a number of software products to decrease our overall external software budget. The \$75K savings this year will be obtained as a result of a combination of initiatives to modernize/virtualize department services (e.g. MyEd training) and to improve budget and procurement management practices (e.g. for supplies and equipment).

We also note that the District is currently in the processing of reviewing its website for an overhaul. While the work will be led by the communications department, IT will play a significant role and the new role will assist in this work (and/or remove work from the Director to assist).

When the budget is presented for the Board's consideration at the end of the month, a manager position will be within the budget without impacting existing staff.

Locally Generated Revenue

Interest

As the Board is likely aware, the current interest rate environment is at the lowest levels that this District has faced. Given that the Board strives to spend all of its yearly revenues, on its face a low interest environment should not have a significant impact on the District. However, the District holds significant cash balances to fund its various obligations. Some of the obligations are shorter term such as payroll. Some are of medium-term including capital items such as daycares and other local capital priorities. Some are longer term. These may include employee future benefits liabilities. Consistently, over the last decade the Board has had at least over \$10 million on deposit at any given time. Longer term funds are held in a provincial program called the Central Deposit Program. This provides a level of interest above that of a deposit account. However, the interest amount has declined and is likely to continue to do so. The remaining balance (payroll, school balances etc.) is held in a bank account which will also have a decreasing interest rate. For instance, in 2018/19 our interest revenue was \$604,675 and in 2019/20 it was \$430,431. For 2021-22 we are estimating this will be \$221,000.

We note that there is no statutory or regulatory impediment that prevents the District from finding an investment instrument that will garner a better return. We note that the municipal financing authority shows a product with a 2.5% interest rate. Even at 2.5% the District's longer term savings would garner enough to pay for multiple teacher salaries. Finance staff are actively investigating alternate investment options and will report to the Board at a future meeting if there are options to consider that appropriately balance risk with return to consider.

International Education

For the 2020-21 school year, the District budgeted in a conservative manner with respect to enrollment. We based our estimates on only students who were already in country. Ultimately, our revenues significantly outpaced our estimates which provided a large influx of cash to the District. For 2021-22 we are continuing to propose a conservative enrollment target as the effects of COVID on the upcoming school year are yet to be determined. However, given the demand this year, we are projecting enrollment on the basis of the number of students who have paid deposits. This estimate will impact staffing. If we chose a smaller number secondary schools would be asked to create timetables for students without staffing to provide the actual classes that would be required. Per the chart below, note we are budgeting for 160 Student FTE, but this is below the level of demand. It is our opinion that the enrollment estimate is a reasonable balance to reflect demand, the risks of continued COVID impacts and the impact on timetabling at our secondary schools. In the event that less students arrive, staffing will have to be adjusted and alternately, in the event that projections are exceeded and additional staffing is required, the extra revenue will fund the necessary educational supports.

We also note that with the exception of the required staffing, we are going to recommend that the excess revenue created by the additional enrollment be placed in a contingency to be spent when the numbers of students have been confirmed as a risk management strategy.

International Student Education Program			2021/22			2020/21		
<i>Budget 2021/22</i>			<i>Based on 13 Elementary and 147 Secondary = 160 Students</i>			<i>Based on 13 Elementary/34 Secondary = 67 Students per COVID - Added \$400K additional Rev for Amended per Q3/4 ISE student arrival in late Jan 2021</i>		
	Change	Annual Budget	Change	Amended Budget	Annual Budget	Change	Amended Budget	Annual Budget
Revenue								
Tuition	871,250	2,142,750	400,000	1,271,500	871,500			
Application and Homeschool Placement Fees	72,600	72,600						
Medical Fees	103,310	176,000	-	72,690	72,690			
Total Revenue	1,047,160	2,391,350	400,000	1,344,190	944,190			
Program Expenses								
Agent Fees	45,350	176,000	-	130,650	130,650			
Medical Expense	142,310	215,000	-	72,690	72,690			
Travel Budget	-	20,000	-	20,000	20,000			
Supply Budget	-	42,000	-	42,000	42,000			
Language support worker	739	51,025	79	50,286	50,207			
Program Coordinator	2,225	113,500	4,534	111,275	106,741			
Homestay Coordinators	9,076	165,596	2,376	156,520	154,144			
Clerical	2,106	107,025	166	104,919	104,753			
District Principal	2,838	168,645	5,618	165,807	160,189			
Misc. Expenses	-	39,434	-	39,434	39,434			
Total ISE Program Expense	204,644	1,098,225	12,773	893,581	880,808			
<i>Additional District Expenses</i>								
Secondary Staffing per 25:1 Ratio per Student HC	457,618	691,203	9,504	233,585	224,081			
Operating Budget Allocations per Student HC	17,100	33,600	-	16,500	16,500			
Total Expense	679,362	1,823,028	22,277	1,143,666	1,121,389			
Surplus(Deficit)		568,322		200,524	(177,199)			

* Recommended COVID Risk Management strategy - surplus placed into contingency until student numbers confirmed

Lease, Rental and License Revenue

Given that the vaccination program is progressing well in the province, we are predicting a return to a normal revenue stream with respect to the use of our facilities. However, due to current conditions we are hesitant to increase these revenues until such time as we are able to open our facilities to the public. An update will be provided to the Board in the fall, and any increase will be reflected in the Amended Budget. Further, although we note that we have childcare spaces coming online in 2021-22, no contracts have been finalized at this time. We do, however, anticipate additional revenue in 2021/22 but note that the revenue is intended to cover the costs of the facilities (operating and capital). Also, staff will present these estimates as part of the Amended Budget rather than the preliminary budget as the numbers are not final.

Restricted Surplus

The Board will recall that it supported restricting surplus for a variety of priorities including increased painting, environmental priorities, staffing contingencies for COVID, health and safety programming etc. In a number of cases, the priorities were meant to be spent over more than one year (e.g. the painting program). Further, due to increased revenue from ISE and support from the COVID special purpose funds,

some of the contingency was ultimately not required, despite increased spending in ICE and our outreach programs. In order to support the multi-year programs and plan a contingency in the 2021-22 year, we need the Board to unrestrict some of the funding in the 2020-21 budget to support the priorities in the 2021-22 budget. The recommended motion achieves this aim.