



The Board of Education of School District No. 83 (North Okanagan-Shuswap)

BRIEFING NOTE

TO: The Board of Education
FROM: Dale Culler, Secretary Treasurer
RE: 2023-24 Annual Budget

DATE: May 16, 2023

Purpose

As per Section 113 (2) of the *School Act*, the Minister of Education and Child Care requires that Annual Budgets are prepared, adopted by bylaw, and submitted on or before June 30th each fiscal year. The 2023-24 Annual Budget Bylaw for School District No. 83 (North Okanagan-Shuswap) is presented to the Board of Education for first reading.

Background

The 2023-24 proposed Annual Budget, as presented, has been prepared in accordance with Public Sector Accounting Standards and includes the Operating Fund, Special Purpose Funds, and the Capital Fund. School districts operate on a fiscal year of July 1 to June 30.

The 2023-24 Annual Budget Report included in this briefing note outlines the Board's budget development process, provides a summary of the 2023-24 projected operational revenues and proposed changes recommended for Board consideration.

Supporting Documentation

1. 2023-24 Annual Budget PowerPoint
2. Draft Annual Budget - School District No. 83 (North Okanagan-Shuswap) - June 30, 2024

Annual Budget Report

❖ **BUDGET DEVELOPMENT PROCESS**

One of the primary responsibilities of an elected school board is to pass, by bylaw, a balanced annual budget for each school year on or before June 30 of the year prior. The Minister requires revenues and related expenditures to be tracked in three major categories:

- Operating Funds
- Special Purpose Funds
- Capital Funds

Operating Funds are intended to provide for the day-to-day operations of the school district, including instructional programs, school and district administration, facilities operations and maintenance, and transportation. Apart from targeted Indigenous Education funding, Boards have the autonomy to allocate operational funding as they deem appropriate. Though districts have the ability to generate operating funds locally, through ventures such as facility rentals, interest

generation, international student programs, and transportation fees, the bulk of operating funds are provided by the Ministry.

Special Purpose Funds are typically allocated on an annual basis and are provided for very specific purposes or initiatives. The Board has little autonomy on how these funds are spent (e.g., Classroom Enhancement Fund, Annual Facilities Grant, Community LINK, Ready Set Learn, School Generated Funds).

Capital Funds are provided by the Ministry in response to the Board's approved 5-Year Major and Minor Capital Plan submission. These funds are allocated specifically for the purchase and long-term maintenance of the District's major capital assets.

To advise and assist with the 2023-24 operational budget development, the Board held three meetings with its Budget Advisory Committee. The committee consists of representation from the following partner and leadership groups:

- Teachers
- Support staff
- First Nations
- Principals and Vice Principals
- Parents
- Students
- District staff

The purpose of this committee is to provide the Board with representative advice on budget issues and feedback on proposed changes, and to allow for an interactive forum for open communication and understanding of the budget.

At its Regular Meeting of January 17, 2023, the Board of Education adopted the **2023-24 Annual Budget Development Timeline and Process**. The committee held its meetings in person at the District Education Support Centre (DESC) with opportunities for members to attend the meetings virtually. The meetings provided an opportunity for:

- Trustees to hear directly from the field through a facilitated interactive group discussion around key educational topics/issues;
- partner groups to share values and perspectives directly with trustees and the senior leadership team;
- discussion and consideration of the implications of the preliminary operating grant announcement and any potential budget shortfall or enhancement; and
- direct interaction and communication with senior leadership staff.

The Board engaged the services of Thought Exchange who developed an interactive software that recorded a total of 306 thoughts from 379 participants with 11,765 ratings on these thoughts. The open-ended question posed in the exchange for feedback was: *What programs or resources should be prioritized for a sustainable delivery of quality education for our students?* The exchange was open to the public from April 18 to 30, 2023. A summary of themes, in no particular order, are as follows:

- Teachers (support & retention);
- Literacy support;
- Mental health supports;

- In-service (teachers & support staff);
- Early intervention;
- Numeracy support;
- District staff/management;
- CEAs;
- Learning Resource Teachers;
- Equipment/furniture/learning resources;
- Bridge/Alternate programs; and
- Career planning/work experience/life skills.

A dot exercise was conducted with senior leadership and the principal and vice-principal groups. The results and rankings from those exercises were provided to the Board to communicate priorities that formulate creation of the budget. At the May 10, 2023 Budget Advisory Committee meeting, the partner groups declined the opportunity to participate in the dot exercise, and instead provided verbal input for the Board to consider. The Board held a Committee of the Whole meeting following the Budget Advisory Committee meeting held on May 10, 2023 to consider all the input and information provided up to that point.

At the Regular Meeting of the Board being held on May 16, 2023 a complete draft of the preliminary annual budget will be presented along with the preliminary budget development process, how funding is allocated, budget risks, enrolment trends, detail of known or anticipated budget changes, and the three-year budget projection. The Board will be given an opportunity to provide feedback and ask questions during the meeting; and any recommended changes can be considered for inclusion for second and third reading at the June 20, 2023 Regular Meeting of the Board.

❖ **OPERATING FUNDS**

Boards hold autonomy and responsibility to allocate operating funds as they deem appropriate within their individual districts.

The operating revenue and expenditure budgets include:

1. the known or anticipated changes in revenues, including the Ministry of Education and Child Care Block Funding resulting from anticipated changes in student enrolment and other;
2. the known, anticipated cost pressures and/or savings;
3. the anticipated increase/decrease in equipment replacement costs and/or initiatives; and
4. the anticipated appropriated/unappropriated surplus carry-forward from the 2022-23 fiscal year.

➤ **2023-24 OPERATING REVENUES**

Ministry of Education and Child Care Provincial Operating Grant

The Board of Education's annual budget process begins each year in February. A three-year student full-time enrolment (FTE) projection summary for the following school year is required to be submitted to the Ministry by mid-February.

Based on these projections and the funding rates established by government, a preliminary summary of operating grants is provided to all districts by mid-March.

The Ministry announced the Operating Grant block funding rates on March 15th, 2023, and the resulting effects of these per student rates along with our projected increase in student enrolment

of 120.765 full time equivalent (FTE) students, combined with other Ministry of Education and Child Care grant allocation changes for 2023-24 are as follows:

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN SHUSWAP)					
2023 - 2024 MINISTRY OPERATING GRANTS SUMMARY					
FUNDING SOURCE	2022/23	2023/24	Change from 2022/23	Rate Change	Enrolment Change
FTE September Enrolment	6,789.0625	6,909.8280	120.7655	-	120.7655
Enrollment Based Funding					
Standard (Regular) Schools	52,910,814	58,997,829	6,087,015	5,061,843	1,025,172
Continuing Education	-	-	-	-	-
Alternate Schools	354,825	379,500	24,675	32,560	(7,885)
Online Learning	214,650	177,480	(37,170)	15,300	(52,470)
Home Schooling	5,750	5,750	-	-	-
Course Challenges	1,722	1,890	168	168	-
SUBTOTAL	53,487,761	59,562,449	6,074,688	5,109,871	964,817
Special Education					
Level 1	313,950	196,280	(117,670)	16,880	(134,550)
Level 2	9,576,000	10,685,520	1,109,520	918,000	191,520
Level 3	1,655,500	1,811,040	155,540	155,540	-
SUBTOTAL	11,545,450	12,692,840	1,147,390	1,090,420	56,970
Online Learning Enrolment Based					
July (Summer Learning)	2,240	2,450	210	210	-
Feb	374,320	435,465	61,145	37,465	23,680
May	103,880	113,680	9,800	9,800	-
SUBTOTAL	480,440	551,595	71,155	47,475	23,680
Equity of Opportunity Supplement	263,487	291,029	27,542	27,542	-
English Language Learning	112,535	123,185	10,650	10,650	-
Indigenous Education	1,985,985	2,161,440	175,455	183,280	(7,825)
Adult Education	2,515	2,753	238	238	-
Supplement for Salary Differential	553,704	538,214	(15,490)	(15,490)	-
Supplement for Unique Geographic Factors	9,984,156	10,471,208	487,052	487,052	-
Curriculum and Learning Support Fund	60,962	61,102	140	140	-
TOTAL	78,476,995	86,455,815	7,978,820	6,941,178	1,037,642

The over-all impact of all funding changes including other Ministry grants will result in an expected increase of \$6,072,343 in operating funding from the Ministry of Education and Child Care for 2023-24. This increase was largely due to labour settlement increases in the range of 6.75% which required \$4,865,841 of the increased funding.

Provincial Grants – Other

We are not predicting a change in Industry Training Authority (ITA) funding at this point. This will be reviewed further in the amended budget when we have more information.

Tuition

International Student Program has undergone some changes and is currently working very hard to recruit students to experience the beautiful North Okanagan-Shuswap area of British Columbia. Enrolment has decreased from prior years, but it is expected that the program will operate at a breakeven for 2023-24. Revenue is expected to be \$440,080 which is a decrease in tuition fees of \$139,720.

Other Revenue

We will update the Board once we are able to confirm the status of Physical Literacy Grant application. At this point we have not recorded an amount for the grant.

Rentals and Leases

Rental agreements for school district facilities are expected to return to normal and renewals of lease agreements are resulting in an increase of \$13,500 in rental revenue for 2023-24.

Investment Income

Investment return rates increased last year, and the Central Deposit Program rate is currently 5.20%. This rate is expected to remain at this level into the 2023-24 fiscal year.

The total over-all anticipated operating revenue increase for 2023-24 is estimated to be **\$5,876,657** as follows:

	2024 Annual Budget	2023 Amended Budget	Change
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	87,711,775	81,639,432	6,072,343
Other	231,250	231,250	-
Federal Grants	-	-	-
Tuition	444,080	583,800	(139,720)
Other Revenue	1,153,464	1,222,930	(69,466)
Rentals and Leases	132,000	118,500	13,500
Investment Income	300,000	300,000	-
Total Revenue	89,972,569	84,095,912	5,876,657

The total budgeted operating revenues of \$89,972,569 can be referenced on **Schedule 2A – “Total Operating Revenue”** in the attached budget document.

➤ **2023-24 BUDGET ASSUMPTIONS**

	Revenues	Expenses	Capital/ Transfers	Surplus (Deficit) Change
2023 Amended Budget	\$ 84,095,912	\$ (83,003,997)	\$ (1,729,541)	\$ (637,626)
<u>Changes</u>				
Enrolment	6,145,843			6,145,843
Unique Student	1,185,820			1,185,820
Indigenous Education	175,455	(127,288)		48,167
Unique District	471,702			471,702
Other MOE Funding	(1,906,476)			(1,906,476)
Other Revenues	(55,966)			(55,966)
Wage/Collective <u>Agrmt</u> Increases		(3,764,417)		(3,764,417)
Staffing Changes		966,831		966,831
Substitutes		(497,143)		(497,143)
Benefits		(811,564)		(811,564)
One Time Items			99,788	99,788
International Program	(139,720)	105,467		(34,253)
School Budgets		197,293		197,293
Parts, Fuel, and Oil		-		-
Utilities		(375,000)		(375,000)
Other Expenses		(381,557)		(381,557)
2024 Annual Budget	\$ 89,972,569	\$ (87,691,375)	\$ (1,629,753)	\$ 651,441

➤ **2023-24 APPROPRIATED OPERATING SURPLUS**

Based on actual expenses to March 31st, 2023, Jeremy Hunt, Director of Finance, has projected an operating year-end surplus of approximately \$200,000 as at June 30th, 2023.

There will be no required “**Budgeted Prior Year Surplus Appropriation**” and the proposed Budget includes a surplus which will then be used to establish a reasonable accumulated surplus balance. The Ministry requires all Boards to have an Accumulated Surplus Policy and our Board’s policy is to maintain an accumulated surplus of up to 2% of actual operating expenditures of that fiscal year.

❖ **PROPOSED CHANGES REQUIRED TO BUILD A SUSTAINABLE MULTI-YEAR BUDGET**

➤ **Staffing Impacts**

	2024 Annual Budget	2023 Amended Budget	FTE Change	Rate Change	Benefits	Change
	\$	\$				\$
Teachers						
Schools	40,285,451	38,242,779	(403,911)	2,174,579	272,004	2,042,672
District Support	3,916,617	3,766,847	(78,570)	211,680	16,660	149,770
	<u>44,202,068</u>	<u>42,009,626</u>	<u>(482,481)</u>	<u>2,386,259</u>	<u>288,664</u>	<u>2,192,442</u>
Principals and Vice Principals						
Schools	5,957,530	5,650,200	6,331	257,579	43,420	307,330
District Support	618,826	680,501	(77,402)	26,716	(10,989)	(61,675)
	<u>6,576,356</u>	<u>6,330,701</u>	<u>(71,071)</u>	<u>284,295</u>	<u>32,431</u>	<u>245,655</u>
Educational Assistants	9,162,432	8,840,462	(188,227)	427,863	82,334	321,970
Support Staff	10,803,204	10,117,568	(109,034)	479,088	315,582	685,636
Other Professionals	3,641,811	3,553,017	(116,018)	186,912	17,900	88,794
Substitutes						
TTOC	2,938,761	2,254,579	488,832	97,881	97,469	684,182
CUPE	1,172,143	1,284,529	(147,562)	57,992	(22,816)	(112,386)
	<u>4,110,904</u>	<u>3,539,108</u>	<u>341,270</u>	<u>155,873</u>	<u>74,653</u>	<u>571,796</u>
Total Salaries and Benefits	78,496,775	74,390,482	(625,561)	3,920,290	811,564	4,106,293

➤ **Services & Supplies Impacts**

	2024 Annual Budget	2023 Amended Budget	Change
	\$	\$	\$
Services and Supplies			
Services	2,475,484	2,408,137	67,347
Student Transportation	4,500	4,500	-
Professional Development and Travel	588,398	680,256	(91,858)
Rentals and Leases	36,400	36,400	-
Dues and Fees	112,020	112,020	-
Insurance	261,015	283,855	(22,840)
Interest	-	-	-
Supplies	3,778,783	3,525,347	253,436
Utilities	1,938,000	1,563,000	375,000
Total Services and Supplies	9,194,600	8,613,515	581,085

Recommendation

That School District No. 83 (North Okanagan-Shuswap) Annual Budget Bylaw for fiscal year 2023-24 be given first reading.

The total amount of **\$106,241,564** for the fiscal year 2023-24 can be referenced in “***Total Budget Bylaw Amount***” on **Statement 2** on page 2.

Respectfully submitted,

Dale Culler

Dale Culler
Secretary Treasurer