



Supplement to: OPERATIONS POLICY & PLANNING COMMITTEE

Date: February 11, 2020

Submitted by: Bettina Ketcham, Secretary-Treasurer

Item: Requiring Action Yes  No  For Information

Subject: Amended Budget 2019-20

**Background:**

Annually, the amended budget is due at the end of February. In December of each year, the Ministry provides a grant recalculation based on the September 1701 enrolment capture. Below is an analysis of the various categories which have changed.

Revenues

Overall, the District anticipates an overall reduction in revenues of \$1,100,362. This is predominantly caused by a reduction in the operating grant of \$1.8M from the preliminary budget submitted offset by anticipated increases in international education where we are able to recognized deferred revenue balances (\$313K) in the year and increases anticipated for interest (\$100K) and rental income (\$55K) and funding received for the support staff labour settlement (\$294K). The reduction in the operating grant stems mainly from the decrease in FTE claimed in the area of continuing education and distributed learning.

Not reflected in operating revenues is additional funding the District received for 8.0 FTE in Classroom Enhancement Fund (CEF) staffing due to a previous under-claim (not due to enrolment growth). The net increase to funding from CEF, after a decrease in remedies funding was \$738,274. This effectively allows the district to charge staffing costs against this fund, which would have otherwise been charged to the operating fund.

Expenses

In November 2019, meetings were conducted with department leads for learning services, HR, TIS and maintenance to obtain a better understanding of needs for the remainder of the year. Adjustments as necessary were made to reflect anticipated results. The District also made every effort to ensure the special purpose grant funding was utilized – specifically, CEF, Community Link. The district also enhanced its precision of salaries and benefits and are able to capture true costs of staff in buildings rather than using average teacher costs.

<b>COST INCREASE / (DECREASE):</b>			
Board appropriated surplus expenditure (October 2019) - revenue related portion of \$291K captured in revenues		334,000	Note 1
Board Appropriated Surplus (October 2019)		30,962	Note 2
Increase in International Ed expenses		14,434	Note 3
Miscellaneous Adjustments to supplies		(190,371)	Note 4
Salaries Adjustment		(565,865)	Note 5
Benefits adjustment		(554,209)	Note 6
Technology adjustment		(47,864)	Note 7
Transfer Mental Health expenses to SPF		(28,500)	Note 8
<b>COST INCREASES/(DECREASES)</b>	<b>\$</b>	<b>-</b>	<b>\$ (1,007,413)</b>

Note 1/2– In October 2019 the Board approved \$625,000 in surplus appropriation as a result of increased costs for supports for students with special needs \$105,099, MSP payments for international students of \$136,000, and late 2018-19 carryforward balances of \$91,723. In addition to these cost pressures, \$291,000 related to enrolment funding pressures to revenue. The costs noted here represent these cost pressures. Note that the \$291K is reflected in the updates to revenues balances and is included in the overall revenue reduction of \$1,395,093.

Note 3 – Given the International program is undergoing changes due to space constraints in the district, we have made efforts to reduce the supplies and services costs. Offsetting reductions of over \$40,000, allocations were made to supplement learning resources to school sites in the amount of \$56,834 resulting in a net investment of \$14,434.

Note 4 – The largest adjustment made to supplies relates to natural gas. Last year, due to the ruptured pipe in Alberta, the cost of gas increased substantially. This year, the rates have returned to normal and we are able to realize a savings compared to the anticipated cost which were pegged to prior year expenses. The reduction in anticipated gas costs is \$160,000.

Note 5 – Salaries adjustments come from all groups – CUPE, Teachers, and Exempt staff. Due to the ability to utilize special purpose funds, we were able to optimize those accounts which had a positive effect on expenses.

Note 6 – Due to the adjustment in salaries we were able to realize a savings in benefits as well of approximately \$140,700. The remainder of the decrease is enhancing the overall precision of benefits calculations.

Note 7 – The District will revisit the implementation of multi-functional devices and digitization of workflows. The anticipated cost of this initiative was \$150,000 which represents a savings, however, an additional \$50,000 was required for IT infrastructure and another \$50,000 repurposed to hire an IT consultant to assess the district's state and assist in next steps.

Note 8 – The ministry would like us to report this as a special purpose fund. Both the revenue and expenses have been moved to a different fund.



Surplus

<b>Accumulated Surplus Beginning of Year</b>	<b>4,940,089</b>
Preliminary budget surplus appropriation	
Earthquake Emergency Provisions	100,000
Teacher Mentor 0.6 FTE	60,495
Digital Archive Filing	50,000
Paperless Workflow Project (A/Pay & Inclusion files)	100,000
Attendance Management Program Coop Student	20,000
Special Education Review	50,000
Strategic Plan Project	25,000
Cleanliness Review: Automation Equipment	20,000
	<b>425,495</b>
Additional preliminary surplus appropriation	
Fine Arts Surplus Appropriation	129,587
Fine Arts Surplus Appropriation - Staffing - Teaching - District 0.5 FTE	50,413
	<b>180,000</b>
2018-19 carry forward costs	
School 1819 Carry Forwards	27,183
Innovation Grant 1819 Carry Forward	17,184
Other 18-19 restricted balances	9,446
18/19 Year End Commitments (Open Purchase Orders)	269,524
	<b>323,337</b>
Mid-year budget surplus request	
Funding shortfall	292,178
MSP for International Students	136,000
EA supports for students with special needs	105,099
2018-19 late carryforwards	91,723
	<b>625,000</b>
"Return" of surplus dollars (amended budget 2020)	<b>(1,007,627)</b>
Other	
McBride contribution	1,000,000
<b>Anticipated Remaining Surplus end of year (4.57% of revenues)</b>	<b>3,393,884</b>
<b>Healthy Surplus Balance 3% of revenues</b>	<b>2,056,940</b>

Prior to the start of the school year, the board had approved to utilize \$928,932 of its accumulated surplus balance. An additional request was made in October 2019 for \$625,000. Given the above



savings realized of well over \$1M, the \$625,000 originally requested will no longer need to be utilized.

The district is still anticipating the use of accumulated surplus, however, rather than \$928,932, \$546,205 will be utilized for operating purposes.

Finally, the District is required to contribute \$1,000,000 to the McBride replacement project. This funding needs to come from the accumulated surplus reserve and is over and above the \$840,936 noted above. Please see below for the recommendation relating to this request. Not contemplated yet are the furniture and equipment that will need to be purchased for NWSS through the use of surplus funds.

**Recommendations:**

***THAT the Operations Policy and Planning Committee recommend to the Board of Education for School District No. 40 (New Westminister) that \$1,000,000 of surplus be appropriated and transferred to local capital for the contribution related to the Richard McBride Elementary seismic replacement project.***

*The School Act- Section 68 (4) states:*

*"The Board may not give a By-Law more than 2 readings at any one meeting unless the members of the Board who are present at the meeting unanimously agree to give the By-Law all 3 readings at that meeting"*

***THAT the Operations Policy and Planning Committee recommend to the Board of Education for School District No. 40 (New Westminister) adoption of the three readings of the amended budget bylaw for fiscal year 2019/20.***

***THAT the Operations Policy and Planning Committee recommend to the Board of Education for School District No. 40 (New Westminister) approval of first and second reading of the amended budget bylaw for fiscal year 2019/20.***

***THAT the Operations Policy and Planning Committee recommend to the Board of Education for School District No. 40 (New Westminister) approval of third reading, reconsideration and final adoption of the amended budget bylaw for fiscal year 2019/20.***