



Supplement to: **BOARD OF EDUCATION OPEN MEETING**

Date: April 28, 2020

Submitted by: Bettina Ketcham, Secretary-Treasurer

Item: **Requiring Action** Yes No **For Information**

Subject: Budget 2020-21 Update

Background:

When the Board last met in March, scenario 4 of the structural surplus/deficit options was supported by the Board of Education as a way forward for the 2020-21 budget process. The document has been included (unchanged) in your packages for your convenience (The Secretary-Treasurer will provide a summary of the discussion at the April 28th Board meeting). Scenario 4 contemplated the reduction in the continuing education program to close both the day and late afternoon sessions and also included the reversal of the 2019-20 surplus initiatives along with several other significant adjustments. This left an estimated accumulated surplus balance of \$1.9M by the end of 2020-21 which utilizes a significant portion of the opening \$3.4M opening balance.

Starting from this position with the assumptions still in tow, we continue on the path of additional adjustments. The landscape for this year’s budget has substantially been impacted by the COVID 19 pandemic. Several assumptions have been incorporated in here which include the following:

- Reduction to international revenues of nearly \$600,000 to assume only 88 students enrolled as opposed to 130 originally planned. This is offset by some reductions to expenses.
- Reduction to facilities rental revenue of \$85,000
- Reduction to interest revenue of \$250,000

Along with the COVID 19 adjustments, the budget has also been adjusted for the announced 2020-21 revenues per the Ministry of Education. A full and detailed discussion was shared at the open April 21 operations and planning meeting detailing some significant changes and impacts to the funding for the current year. In addition to this, there have been some additional known costs and savings incorporated. Also included in the analysis is the Board’s investment of \$1M for NWSS furniture and equipment which will go to enhance a 21st century learning environment in the District’s flagship school.



Presently, under these assumptions, the operating shortfall stands at nearly \$2M, which after the \$1M investment in NWSS furniture and equipment would leave only \$417K of accumulated surplus – well below the \$2M balance considered healthy to maintain. **This does not yet contemplate any operational efficiencies currently being examined that will be presented during the May 12 operations and planning committee nor any savings from the 2019-20 fiscal year.**

The Ministry of Education has not stated they will be clawing back any savings experienced by school districts during the suspension of in-class instruction, however, there is no certainty in this regard as the COVID 19 pandemic continues to unfold.

Summary for April 28 Board meeting			
Anticipated opening 2020-21 surplus balance			3,393,884 A
Scenario 4 option supported by Board on March 10			
Revenue adjustment	-	1,587,038	
Portables	-	200,000	
Exempt staff and P/VP wage adjustment (unfunded)	-	290,009	
Reversal of 2019-20 surplus initiatives		825,655	
Reversal of 2019-20 one-time savings	-	279,450	
CE savings through program reduction		128,011	
Other adjustment	-	71,559	
Scenario 4 total adjustments proposed	-	1,474,390	B
Adjustments since March 10			
Funding grant adjustment and adjustment for interest and rent due to COVID	-	257,930	
Support staff wage settlement (2%/2%/2% - funded)	-	249,518	
Teacher wage settlement - PLACEHOLDER		-	
Benefit premium increases	-	255,133	
Benefit Premium holiday		627,850	
Service Improvement allocation costs	-	92,000	
International cost adjustments due to COVID	-	385,385	
Cancellation of International summer camp	-	86,026	
Miscellaneous service and supplies adjustment		195,640	
Total adjustments Since March 10		-502,502	C
Total Operating Adjustments	-	1,976,892	D = A+B+C
Anticipated closing 2020-21 surplus balance		1,416,992	E = A + D
LESS: Board approved reallocation of surplus funds to NWSS project	-	1,000,000	F
		416,992	G = E+F

Conclusion

The \$417K remaining in accumulated surplus for the 2020-21 leaves the district in a precarious situation. Efficiencies must be implemented in order to prevent the District from being in an operational deficit position which we are not by law allowed to be in. The May 12th operations meeting will outlay such recommendations.