

SCHOOL DISTRICT 63 (SAANICH)

FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE

Agenda

Committee Members: Trustee Martin, Chair
Trustee McMurphy
Trustee VanWell
Jason Reid, Secretary Treasurer
Dave Eberwein, Superintendent of Schools
Rob Lumb, Director of Facilities
Megan Cimaglia, Director of Finance
Cody Henschel, Director of Information Technology

November 10, 2020
10:30 am

A. PRESENTATIONS AND QUESTIONS

Energy Management Presentation – Rob Lumb

B. ITEMS FOR DISCUSSION

No Items.

C. ITEMS FOR RECOMMENDATION

1. Final Enrolment & Funding

Staff Recommendation:

That the Board approve allocation of \$1,133,661 from unrestricted accumulated surplus to fund operating expenditures, and that residual unrestricted accumulated surplus be allocated to increase the Contingency Reserve.

2. Catchment Boundary Review

Staff Recommendation:

That the following catchment boundary changes be implemented for the 2021/22 school year:

- move study areas A1 and A2 to the Lochside Elementary catchment;
- move study area C to the Brentwood Elementary catchment;
- move study area D to the Cordova Bay Elementary catchment; and
- move study area E to the Lochside Elementary catchment.

3. 2021/22 Budget Guiding Principles & Timelines/Process

Staff Recommendation:

That the 2021/22 Budget Guiding Principles and 2021/22 Timelines/Process be approved.

D. ITEMS FOR INFORMATION

1. Keating Fly-over Staff Report -
2. Statement of Financial Information (SOFI)

E. FUTURE AGENDA ITEMS

No Items.

To: Finance, Facilities and Technology Committee

Prepared By: Jason Reid

Subject: Final Enrolment and Funding

Date: November 4, 2020

Purpose

The purpose of this briefing note is to inform the committee and Board of final fall enrolment and related funding, and to recommend for the Board's approval allocation of additional funding available in forming the district's 2020/21 Amended Annual Budget.

Background

Each year the Board of Education approves a preliminary budget before the beginning of the July 1st to June 30th fiscal year. An amended annual budget is then completed during the year (before the end of February) reflecting changes that result from:

- analysis of prior year financial results and confirmation of available accumulated operating surplus;
- confirmation of fall enrolment and resulting funding and staffing costs; and
- other circumstances that have arisen subsequent to adoption of the preliminary budget.

Preliminary Budget

The Board approved the 2020/21 preliminary budget on June 10, 2020. The preliminary budget reflected the expectation that the pandemic would have a significant impact on the finances and operations of the school district.

The primary financial impact reflected in the preliminary budget was a reduction in forecasted international student enrolment from 320 FTE in 2019/20 to 150 FTE for 2020/21. The budget also reflected a reduction to investment income resulting from declining interest rates. Beyond these adjustments, it was also acknowledged that significant uncertainty existed regarding the potential financial impact of the pandemic. Areas of uncertainty included the possibility that international enrolment could fall to 100 FTE or lower; potential fluctuations in domestic enrolment; higher costs related to health and safety and/or staff replacement; the possibility of lower benefit costs (reduced access to or demand for services); and decreased school based and community use revenues.

To maintain programs stability, the preliminary budget was balanced by appropriating an additional \$1.8 million in accumulated operating surplus to offset the projected revenue decline. This consisted of a combination of allocating \$1.0 million from contingency reserve (i.e., reducing the contingency reserve from \$1.7 million to \$0.7 million) and \$0.8 million from recovery of school and district carry forward balances.

Following the onset of the pandemic in the spring of 2020, the district restricted non-essential expenditures to build accumulated surplus available for the 2020/21 fiscal year. In May 2020, the forecasted surplus relative to budget for 2019/20 had grown; however, to be conservative (reflecting the significant areas of uncertainty noted above) for the 2020/21 preliminary budget it was assumed that closing accumulated surplus would grow only modestly.

More information on the preliminary budget can be found in the final report on the [2020/21 Budget Consultation Process](#).

Actual 2019/20 (Prior Year) Financial Results

For the year ended 2019/20, operating surplus of \$1,437,525 resulted in accumulated operating surplus growing from \$5,240,553 at the beginning of the year to \$6,678,078 as at June 30, 2020. This growth exceeded the budget planning assumption (May 2020) that accumulated operating surplus would grow more modestly. This growth occurred primarily because employee benefit costs and service and supplies expenses were lower than budget and forecast, in part due to the pandemic.

In September 2020, the Board approved appropriation of accumulated surplus as presented below (with prior year comparatives):

	June 2020	June 2019	Change
District Activities (multi-year funding)	886,264	830,450	55,814
School Activities (multi-year funding)	868,429	983,039	(114,610)
District Priority/Contingency	-	886,914	(886,914)
Appropriated for Budget in following year	3,066,022	840,150	2,225,872
Total Internally Restricted	4,820,715	3,540,553	1,280,161
Contingency Reserve (Unappropriated Surplus)	700,000	1,700,000	(1,000,000)
Unrestricted Surplus	1,157,363	-	1,157,363
Total Accumulated Surplus	6,678,078	5,240,553	1,437,524

The 2019/20 Amended Budget (prior year) included appropriation of accumulated surplus of \$1,262,064 that funded continuing expenditures¹. This amount increased by \$1,803,958 in the 2020/21 preliminary budget to \$3,066,022. This included allocation of \$1 million from the contingency reserve (reducing the balance from \$1.7 million to \$0.7 million) and recovery of carry-forward balances by \$803,958.

Unrestricted operating surplus of \$1,157,363 resulted from actual results in 2019/20 exceeding budget and forecast. Consideration of allocation of this balance was deferred following confirmation of fall enrolment and funding. In September 2020, I reported it was likely international enrolment would decrease to 100 FTE or lower, and that fluctuations in domestic enrolment increased the risk that overall program costs would exceed enrolment based funding.

¹ The 2019/20 Preliminary Budget included appropriation of accumulated surplus of \$840,150 to fund continuing expenditures. This increased in the amended budget to \$1,262,064.

Confirmation of Fall Enrolment and Funding

The district experienced significant enrolment fluctuation prior to and following school start up (August and September), and by September 30th enrolment had declined in neighbourhood schools and had grown significantly at SIDES. Some students leaving neighbourhood schools enrolled at SIDES, and others opted for homeschool or left the school district. Most of the growth at SIDES was driven by students enrolling from outside the school district. School age enrolment grew by 229 FTE overall and adult enrolment (primarily SIDES) grew by a further 53 FTE.

	2019/20 Actual	2020/21 Preliminary Budget	2020/21 Actual	Variance Increase / (Decrease)
School Age Enrolment				
Elementary	2,813	2,877	2,783	-94
Middle	1,580	1,556	1,479	-77
Secondary	2,237	2,259	2,150	-109
Continuing Education	23	15	12	-3
Alternate Programs	182	185	182	-3
Distributed Learning	287	285	800	515
Total School Age Enrolment	7,122	7,177	7,406	229
Adult Enrolment (Primarily SIDES)				
Adult - Non-Graduated	26	35	44	9
Adult - Graduated	48	45	90	45
Total Adult Enrolment	74	80	133	53

In a normal year, staffing levels in neighbourhood schools would have been adjusted in response to enrolment declines this significant. Staffing levels were instead maintained because final enrolment was uncertain with numbers increasing and decreasing on a daily basis, and to maintain stability avoiding the heightening of anxiety that would result from re-organizing class structures following school start-up during a global pandemic (which would have likely reduced enrolment further). While staffing well in excess of funded enrolment is not sustainable, this approach reflects the extraordinary circumstances this year. This additional staffing has also helped with, and to an extent was necessary for, the successful implementation of new health and safety requirements.

Attachment 1 to this briefing note outlines the budgetary impact of enrolment changes on both funding and staffing costs, and other changes impacting the budget. Enrolment growth at SIDES increased grant revenues by approximately \$4.1 million (school age and adult enrolment growth, and unique needs designation growth). This was offset by decreased enrolment based funding at neighbourhood schools (\$2.2 million) and a further decrease in forecasted international enrolment relative to the preliminary budget (\$0.6 million).

In the 2020/21 preliminary budget, international student enrolment was forecasted at 150 FTE (compared to 320 FTE in 2019/20). With the restrictions on study permits continuing through the summer and into the fall, actual international enrolment is currently 108 FTE, however, some of these students will graduate mid-year. In October 2020 the federal government announced that restrictions on study permits would be eased, and the Ministry confirmed BC school districts could enrol new students with valid study permits. However, as the time required to process a study permit currently ranges between 14 to 30 weeks in most countries, we are not anticipating a significant increase in enrolment during the 2020/21 school year. Therefore, forecasted enrolment has been reduced from 150 FTE in the preliminary budget to 100 FTE.

With significant enrolment growth at SIDES, additional staffing allocations were required and are presented in Attachment 1. Additional budget pressure results from the net impact of enrolment and staffing growth at SIDES, enrolment decline in neighbourhood schools, and further enrolment decline in the international program. Other budget changes increasing this budget pressure are reduced budget for community use revenues and a recent announcement by WorkSafe BC of premium increases for the school district sector effective in calendar year 2021.

In September 2020, the Board approved the Federal Safe Return to Class Fund Allocation Plan as presented in Attachment 2. While the remote learning program was intended to be transitional, the allocation plan reflected potential continuation of this cost during the year due to uncertainty with how the fall would progress. When the allocation plan was approved, there were just over 600 students enrolled in remote learning. By the first return date (October 13th), this number declined to 525, and this number is expected to decline to 260 following the second return date (November 16th). With reduced enrolment in the program, cost savings relative to the approved plan are expected.

The federal funding can be used to fund additional staffing to meet health and safety guidelines, and to implement new learning models in schools. If neighbourhood schools had been staffed to historical ratios of staff to students, it would have been necessary to increase staffing in schools to implement health and safety guidelines and new learning models including organizing students into limited cohorts using the Copernican model in secondary schools. Re-allocation of federal funds (projected savings in remote learning and/or contingency) to cover a portion of the unfunded cost of staffing (i.e., staffing in excess of enrolment) is reflected in Attachment 1.

At this time, the district has not experienced a significant increase in replacement cost for illness. However, to the extent replacement costs exceed budget due to the implementation of health and safety guidelines (i.e., staff instructed to stay home if experiencing symptoms), federal funds may also be allocated to fund these costs. Actual costs including those for remote learning and staff replacement will be monitored and, if necessary adjustments will be made.

Staff Recommendation

That the Board approve allocation of \$1,133,661 from unrestricted accumulated surplus to fund operating expenditures, and that residual unrestricted accumulated surplus be allocated to increase the Contingency Reserve.

With Respect,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary Treasurer

JR/klg

Attachments: 1 – Net Funding Growth and Final Allocations for Amended Budget
2 – Federal Safe Return to Class Fund (FSRF) Allocation Plan

Appendix 1: Net Funding Growth and Final Allocations for Amended Budget

	2020/21 Preliminary Budget	2020/21 Final Enrolment	Difference	Rate	Incremental Funding
Basic Allocation	6,892.00	6,605.3750	-286.63	\$7,560	-2,166,885
Basic Allocation - Distributed Learning	285.00	800.3750	515.38	\$6,100	3,143,788
Homeschool	-	24.0000	24.00	\$250	6,000
Special Needs - Level 1	7.00	8.0000	1.00	\$43,000	43,000
Special Needs - Level 2	282.00	318.0000	36.00	\$20,400	734,400
Special Needs - Level 3	248.00	232.0000	-16.00	\$10,300	-164,800
English Language Learning	555.00	531.0000	-24.00	\$1,520	-36,480
Aboriginal Education	547.00	601.0000	54.00	\$1,500	81,000
Non-Graduated Adults	35.00	43.8125	8.81	\$4,823	42,503
Graduated Adult	45.00	89.5000	44.50	\$4,000	178,000
International program enrolment	150.00	100.0000	-50.00		-615,140

Enrolment Revenue growth relative to preliminary budget

1,245,385

Staffing allocations resulting from growth

Enrolling Teacher - 14.5 FTE increase (SIDES)	1,516,773
Enrolling Teacher Contingency (SIDES - Secondary)	719,682
Integration Support Teacher - 1.3 FTE increase (SIDES)	135,987
Learning Assistance Teacher - 0.2 FTE increase (SIDES)	20,921
Teacher Librarian - 0.4 FTE increase (SIDES)	41,842
Teacher Counsellor - 0.4 FT increase (SIDES)	41,842
Staffing - Education Assistants	140,000
School enrolment based funding decrease	-48,000
Reallocate federal funding budget savings to eligible staffing costs	-300,000

Staff Cost growth relative to preliminary budget

2,269,046

Other budget changes

Decrease - Community Use revenue budget	45,000
Increase - Worksafe BC premium increase	65,000
	110,000

Excess of expenditure growth relative to revenue growth

-1,133,661

Attachment 2: Federal Safe Return to Class Fund (FSRF) Allocation Plan

Category	SRSG Provincial Funding	FSRCF - 1st instalment	FSRCF - 2nd instalment (tentative only)	Annualized Allocation
Personal Protective Equipment (PPE) and plexiglass barriers	28,301	85,500	16,500	130,301
Improved Hand Hygiene (upgraded and new sinks/sanitization stations)	120,714	11,500	3,000	135,214
Cleaning Supplies	67,136	18,000	12,000	97,136
Cleaning Frequency (custodial staffing)	302,772	150,000	150,000	602,772
Cleaning Equipment (electrostatic sprayers)		41,630		41,630
Teacher Staffing (remote learning)		510,000	510,000	1,020,000
Instructional Support (remote learning)		50,000	50,000	100,000
Computers (remote learning)	43,729	40,000	40,000	123,729
Mid-Day Transportation at Secondary		90,200	90,200	180,400
Elementary/Middle Supervision (staffing)		102,000	102,000	204,000
Health and Safety Training (wages to attend)		65,000		65,000
Upgraded HVAC filters		35,000	35,000	70,000
Utility Cost Increase (reduced air re-circulation)		60,000	60,000	120,000
Secondary Timetabling (staffing)		55,000	55,000	110,000
CONTINGENCY		120,005	310,135	430,140
Total	562,652	1,433,835	1,433,835	3,430,322