
Administrative Memorandum

Regular Board Meeting

Date: February 10, 2021
Topic: 2020-2021 Amended Annual Budget
Submitted by: Trustee Terry Allen, Finance Committee Chairperson

Last June, the Surrey Board of Education approved the 2020-2021 annual budget recommendations put forth by the district's Finance Committee. In accordance with statutory requirements, the Finance Committee is now bringing forward an amended 2020-2021 budget for the Board's consideration and approval.

The amended budget has been prepared to reflect actual student enrolment, as well as updated forecasts for other sources of revenue and revised projected expenditures for the 2020-2021 school fiscal year. The budget continues to deliver on the district's mandate to provide quality education, with investments in student achievement and well-being in a long-term, financially sustainable manner through the following measures:

- Responding to changes in funding while ensuring student achievement and well-being;
- Reinvesting in technology and schools;
- Focusing on efficiencies and effectiveness in the stewardship of financial resources.

The Board continues to address significant funding and cost challenges since the adoption of the 2020-2021 annual budget, including:

- The continued implications of the COVID-19 pandemic:
 - Reduced enrolment of international students and related revenue
 - Ongoing cancellations of facility rentals and related rental revenue
 - Lower actual student enrolment counts than originally projected
 - Increased costs for cleaning and other health and safety measures for staff and students
 - Budget risks due to unknown factors, including continued restrictions on international travel and immigration and the complexity of providing education service delivery models.
- Funding model changes by the Ministry of Education to the Operating Grants allocated to school districts.

This year, projected expenses will exceed revenues from all sources resulting in a budget shortfall of \$21 million. The net shortfall in revenues will be offset by an existing prior years' Operating Fund Balance as of June 30, 2020 (see schedule 1). The Operating Fund Balance for June 30, 2021 is projected to be \$9.4 million, consisting of \$3.5 million Internally Restricted funds and \$5.9 million Unrestricted funds to address unforeseen budgetary risk and events.

The Internally Restricted funds are committed for the anticipated year end roll over of Aboriginal Education, Learning Resources, School Operating fund balances, as well as unspent Early Career Mentorship funds. The Unrestricted Fund balance of \$5.9 million will be allocated to support spending in the 2021-2022 year.

Operating Fund (Schedule 2)

Highlights of the 2020-2021 Operating Fund as reflected in the amended budget include:

Total Operating Revenues are projected to be \$739.5 million (see schedule 2) a decrease of \$10.8 million over the preliminary budget, highlights include:

- Ministry of Education Operating Grant projected to be \$690.1 million; a net decrease of \$10.2 million, based on a total school age enrolment of 73,263 FTE students.

Specific highlights include:

- School Age enrolment decreased 817 FTE over preliminary budget - \$8 million
- Total Unique Student Needs funding decreased, primarily as the result of decreased enrolment of Special Needs and English Language Learner Students - \$3.1 million
- Other Revenues are projected to be \$49.3 million, a net decrease of \$0.7 million over the preliminary budget, primarily due to the following factors:
 - Early Career Mentorship funds, \$1.5 million
 - Federal Grants increase, \$0.1 million
 - International Education Enrolment decline of 81 FTE, decrease \$0.9 million
 - Rental and Leases Revenue decrease \$1 million
 - Other revenues sources net decrease of \$0.4 million

Total Operating Expenditures, including capital purchases, are projected to be \$760.4 million, a decrease of \$6.4 million

- Salaries decreased \$6.2 million
- Benefits decreased \$1.3 million
- Increased supply and services costs \$1.5 million
- Capital Purchases decreased \$0.4 million

Expenditures by Major Functions

Budgeted expenditures allocated by functional areas include:

- Instruction 86.2%
- Maintenance and Operations 10.4%
- Administration 2.5%
- Transportation 0.9%

Schedule 2C of the financial statement package provides a more detailed description of the expenditure distribution by major function and programs.

Net Changes to the Operating Fund Position Control for 2020-2021

Position Control	2020-2021 Amended	2020-2021 Preliminary	Change
Principals and Vice Principals	260	260	0
Teachers (see note below)	4,064	4,121	-57
Support Staff	1194	1196	-2
Education Assistants	1,841	1,875	-34
Other Professional Staff	112	112	0
Total:	7,471	7,564	-93

Please note: the above table excludes:

- 497 teachers that are hired through the Classroom Education Fund, and
- A total of 306 staff funded from the Provincial and Federal governments “Safe Return to School” funds; see Special Purpose Funds section of this report.

Special Purpose Funds (Schedule 3)

Safe Return to School supplemental funds: In the fall of 2020, the district received notice of one-time “Safe Return to School” supplemental funds from the Provincial and Federal Governments totalling \$5.2 million and \$28.2 million, respectively. These funds allowed the district to enhance and strengthen health and safety protocols, including enhanced cleaning and the delivery of quality education for our students. These funds also allowed the district to avoid any potential staff lay-offs and support 130 teachers, 27 educational assistants, 140 custodial staff and 6 other support staff. This funding also provided flexibility to address unforeseen factors and budgetary risks as we navigate through this pandemic.

The Classroom Enhancement Fund (“CEF”): This fund was provided to districts to cover the cost of implementing the Memorandum of Understanding (“MOU”) related to class size/composition and non-enrolling teacher ratios. The CEF funding allocation to Surrey is estimated at \$43.6 million and is restricted for the purpose of adding 497 FTE teachers and other associated costs related to the MOU.

Other: Other restricted special purpose funds received by the district include; Annual Facility Grants, Learning Improvement Funds, Community Link Funds, Strong Start, Ready, Set, Learn, Provincial Resource Programs, Parent Advisory Councils Funds, Scholarships and other specifically targeted funds. More details of these funds can be found on Schedule 3 and 3A of the financial statement package.

Capital Funds (Schedule 4)

Schedule 4 of the financial statement package outlines the anticipated change in Investment in Capital and Local Capital Reserve funds.

Revenue and Expenditure Budgets

The attached Statements and Schedules provide the revenue and expenditure estimates distributed in accordance with Public Sector Accounting Standards and as prescribed by the Ministry of Education account structure and presentation format.

Statements

- 2 Revenue and Expense
- 4 Change in Net Financial Assets (Debt)

Schedules

- 1 Change in Accumulated Surplus
- 2 Operating Revenue and Expense
- 2A Operating Revenue by Source
- 2B Operating Expense by Source
- 2C Operating Expense by Function and Program
- 3 Special Purpose Revenue and Expense
- 3A Change in Special Purpose Funds
- 4 Capital Revenue and Expense

Summary

The Board's sound and prudent fiscal management policies and practices have enabled the district to continue to put the needs of our students first. Despite continuing funding and cost pressures, the district continues to remain in a very strong financial position for this school year.

However, with the federal and provincial supplemental funding being only available for the current fiscal year, the Board will need to consider the ramifications of the prolonged effects of the pandemic into future years and how to prioritize resources to continue to deliver quality education services for all our students.

It is recommended:

Amended Annual Budget Bylaw No. 1 (Teachers)

1. THAT all decisions taken by the Finance Committee during its deliberations regarding Teacher costs totaling \$508,687,188 and summarized in this report, be approved by the Board for implementation.
2. THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 1 (Teachers) be given three (3) readings at this meeting (vote must be unanimous).
 - (a) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 1 (Teachers) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 1 (Teachers) be approved as read a second time.
 - (c) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 1 (Teachers) be approved as read a third time and finally adopted.

Amended Annual Budget Bylaw No. 2 (Other)

1. THAT all decisions taken by the Finance Committee during its deliberations regarding all Other costs totaling \$406,469,778 and summarized in this report, be approved by the Board for implementation.
2. THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 2 (Other) be given three (3) readings at this meeting (vote must be unanimous).
 - (a) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 2 (Other) be approved as read a first time.
 - (b) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 2 (Other) be approved as read a second time.
 - (c) THAT the attached School District No. 36 (Surrey) 2020-2021 Amended Annual Budget Bylaw No. 2 (Other) be approved as read a third time and finally adopted.