

MAY 25, 2020

2020-21 Budget Report

The 2020-21 Budget Report for Elk Island Public Schools (EIPS) was presented to the Board for information. Every spring, the Division prepares a budget for the upcoming school year, which is based on funding from the province, projected student-enrolment numbers and corresponding staffing estimates. Similar to the 2019-20 school year, the Division is facing significant funding challenges.

The 2020-21 EIPS budget is based on the 2020 provincial budget announced on Feb. 27, 2020. However, because of the recent cancellation of in-school classes; related funding cuts for the 2019-20 school year; Bill 5, which places new restrictions on how school divisions use operating reserves; and anticipated impacts from COVID-19, there are still a lot of unknowns related to the 2020-21 budget. As such, EIPS has developed a conservative budget to allow schools and departments to begin planning for the 2020-21 school year. In the fall, EIPS will update its 2020-21 Budget—no longer a provincial requirement—with the final student-enrolment numbers, revenue and expense variations, carryforward amounts and any reserve spending changes. Overall, the EIPS 2020-21 Budget supports the mission, values and priorities of EIPS.

OVERVIEW

EIPS' total operating budget for the 2020-21 school year is \$196.11 million—a \$3.22-million decrease from the previous year. Of that, \$191.39 million is projected to come from the Division's annual revenue and \$4.72 million from operating reserves. In 2019-20, EIPS offset the decrease in funding by using a substantial amount of its reserves (\$7.96 million). As a result, the Division Unallocated Reserve dipped to be below the Board's target amount—two per cent of the budget.

The cancellation of in-school classes and provincial restrictions related to COVID-19 created some savings in the 2019-20 school year—reduced travel costs associated with professional learning and lower certificated substitute expenses. EIPS will transfer some of those savings to its operating reserves in the current year and propose to use them in 2020-21 to support schools and departments, for one-time provisions for students, and for the purchase of supplies and equipment. As well, EIPS is introducing a \$1-million emergent fund. The Division will use the fund, with Board approval, to offset any potential negative impacts that arise after the completion of the budget.

Without the ability to offset the entire shortfall by drawing on operating reserves, EIPS must adjust the programs and services it offers to students to ensure a balanced 2020-21 budget. Strategies the Division will use to deal with the shortfall, include reducing allocation amounts for schools and Central Services departments, restructuring the Supports for Students department, eliminating Continuing Education's non-credit and Home Education programs, and lowering carryforward amounts for schools and departments to one per cent—from two per cent. The impact to students: larger classroom sizes, changes to programming and less supports.

ACCUMULATED SURPLUS

The Division's accumulated surplus is projected to be \$10.82 million as of Aug. 31, 2021, which includes operating reserves (\$4.66 million), capital reserves (\$103,000) and investment in tangible capital assets (\$6.06 million). In addition, the Division expects its Unallocated Reserve to again be below the two per cent target—estimated at 1.92 per cent—meaning EIPS can't access its reserves to fund any revenue shortfalls in the 2021-22 school year.



BOARD HIGHLIGHTS

REVENUES AND EXPENSES

The Division's projected annual revenue for the 2020-21 school year is \$191.39 million, up by \$22,000 from the year previous. The primary reasons for the change in revenue include changes to various education grants, Alberta Infrastructure supported amortization, school fee programming and investment income. Similarly, budgeted expenses are expected to decrease by \$3.22 million—related to significant cuts to the number of full-time equivalent employees working within the Division and reductions related to services, contracts and supplies. However, the reductions were offset by substantial increases for insurance and Infrastructure Renewal and Maintenance.

In terms of compensation, the Division expects costs to stay relatively the same, meaning all staff salaries have a projected zero per cent economic increase. However, it does anticipate some inflationary costs—related to grid movement and benefit costs. Overall, instructional costs are expected to comprise 77.5 per cent of the total budget, which equates to \$9,018 per student. In addition, the system administration spending is projected to equal 2.5 per cent (\$4.82 million) of total expenses, which is below the \$6.30-million grant provided by Alberta Education. EIPS will use the additional funds for other Divisional uses—as per guidelines listed within the *Funding Manual for 2020-21*.

Overall, the funding situation EIPS is experiencing is not unique to EIPS. It's felt by all school divisions across the province. Looking ahead to 2021-22, further reductions are expected—estimated at 50 per cent of the bridge funding (\$3.81 million)—if the province maintains the \$8.2 billion cap on education. At the regular Board meeting on May 28, Trustees will discuss the 2020-21 Budget Report further and vote to approve or amend it. To read complete EIPS 2020-21 Budget Report visit, www.eips.ca/download/270374.

BUDGET REPORT: ALBERTA EDUCATION

The Board received for information the Alberta Education Budget Report 2020-21. The report takes the 2020-21 Budget information and consolidates it into a standardized format, which is submitted to the province (see pg. 69, "Budget Report For the Year Ending August 31, 2021").

Board Members

Trina Boymook, *Chair* | Heather Wall, *Vice-Chair* | Randy Footz | William (Skip) Gordon
Colleen Holowaychuk | Annette Hubick | Don Irwin | Jim Seutter | Harvey Stadnick

FOR MORE INFORMATION CONTACT:

Trina Boymook, *Board Chair* | P 780 417 8101

Laura McNabb, *Director, Communication Services* | P 780 417 8204

www.eips.ca | Twitter: [@eips](https://twitter.com/eips) | Facebook: [elkislandpublicschools](https://www.facebook.com/elkislandpublicschools)