

***Board of Education: Committee of the Whole Meeting
NWSS Library, Tuesday, December 11th, 2012***

Deficit Recovery Options for 2012-13

1. Background/Context – Consultant's Recommendations
2. Board Motion re: Deficit Recovery for 2012-13
3. Deficit Recovery Plan – Guiding Principles
4. Presentation of Deficit Recovery Strategies
5. Consultation Process and Timeline
6. Table-talk; Discussion; Feedback re: Proposed Strategies.



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Financial Consultant's Recommendations

- Due to the difficulty in making mid-year service adjustments, that the Board request senior staff to prepare a list of options for consultation by the Board (to be presented tonight);
- The Board proceed immediately to a consultation process to determine the changes in expenditures needed to avoid a 2012/13 operating deficit;
- After consultation, incorporate changes into the Amended 2012/13 Operating Budget;
- The Board proceed to meet with the Minister of Education and outline the requested deficit repayment plan and approved actions to address the structural shortfall within the school district.



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Board Motion Following Consultant's Report

- *THAT the Board of Education of School District No. 40 (New Westminster), in response to the Financial and Operational Review Report, direct the Superintendent of Schools to prepare, for review and consultation, a list of expenditure reduction options for the 2012/13 Amended Budget totaling at least \$2.2 million along with implications for programs and services for presentation to the Board by December 11, 2012.*



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Deficit Recovery Plan: Guiding Principles

1. To eliminate the 2011-12 school year deficit in a manner that is manageable and sustainable;
2. To continue to create and to maintain a safe environment for students, staff and guests;
3. Within the resources available to achieve the best possible learning outcomes for all of our students;
4. To examine all component parts and operations of the district to maximize effectiveness and to achieve efficiencies;
5. To examine all component parts and operations of the district and where appropriate to increase revenues;
6. The Board recognizes that there may be instances that where long-term savings can be realized, short term costs may be necessary;
7. To be a fair and responsible employer; and
8. To communicate and consult effectively with all education stakeholders, with accountability and transparency.



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2012-13 Operating Budget (\$58.9 million)

■	Revenues:	
■	Ministry of Education Grants	(\$ 353,414)
■	Release of Holdback funds	?
■	Expenses:	
■	Average teacher salary cost from 2011/12	\$ 284,234
■	Teacher staffing over budget by 2.65 Full Time Equivalent	\$ 112,155
■	Average salary cost greater than budgeted 12/13	\$ 314,014
■	Teachers on Paid Leaves	\$ 686,633
■	Staff replacement costs from 2011/12	\$ 330,000
■	Employee benefits from 2011/12	\$ 584,825
■	Employee benefit costs less than 12/13 due to less staff	(\$240,000)
■	Equipment leases	\$ 293,491
■	Student transportation	\$ 46,870
■	Forecasted Shortfall for 2012/13	(\$2,212,198)



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2011-2012 Deficit: Causal Factors - Summary

• Revenue Reductions	\$168,463
• Salaries	\$886,939
• Employee Benefits	\$584,825
• Supplies and Services	\$1,600,601
• Difference job action grants and costs	\$(22,825)
• Revenue from Business Company	\$(427,951)
• Deficit at beginning of year	<u>\$521,237</u>
• Total Deficit at June 30, 2012	\$2,790,052



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Deficit Recovery Plan: Actions To Date

- 1. A ban on all overtime without the prior approval of the Secretary Treasurer.
- 2. All current job postings that remain unfilled will be reviewed by the Superintendent, Secretary Treasurer, and Director of Human Resources. Other members of the senior management team will be included in the review of postings that pertain to their areas of responsibility.
- 3. All future requests for job postings must be accompanied by a business case/justification and will be reviewed by the Superintendent, Secretary Treasurer, and Director of Human Resources. Other members of the senior management team will be included in the review of postings that pertain to their areas of responsibility.
- 4. All requests for detached duty/supplemental staffing require the prior approval of the Secretary Treasurer.



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Deficit Recovery Options

**Three Columns: 1. Options, 2. Cost, 3. Implications
(Target: \$2,212,198)**

Provincial Holdback	\$700,000	Offset deficit
Sale of Queensborough Property	\$450,000	Reduces amount available for future projects
Deferral of skate park/Board's contribution	\$250,000	Must be funded from future operating budget
Additional contribution of New West. Business Company	\$200,000	Positive impact: Offsets deficit
Additional rental revenue from for profit external groups	\$20,000	Additional source of revenue (from movie companies, etc.)
Additional revenue from Integrated Short Term Program	\$15,000	Reduction in short-term marketing initiatives
Local capital reserves	\$7,600	Positive impact
Contributions from community groups using school facilities	\$5,000	Community expectations re: service



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Deficit Recovery Options

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Conditional non-replacement of staff	\$100,000	Impact on service levels; subject to discussions with Unions
Ending partially funded extra year for students	\$80,000	Shift responsibility to external agencies
Deferral of equipment replacement	\$75,000	Further delay replacement of aging equipment
Move to 'Just in Time' procurement plan for Maintenance/Operat	\$50,000	Positive impact
Defer payout of support staff banked overtime	\$40,000	Subject to discussion with CUPE Local 409
Elimination of 'School Wide Read' conferences	\$20,000	Reduction in student achievement over time
Reduce discretionary spending district-wide	\$20,000	Reduces service levels over time (fewer learning activities)
Reduce May Day release costs	\$16,000	May require a different model for the current year
<u>Grade Group Cancellation</u>	\$15,000	Fewer learning opportunities for staff
Reduce use of outside consultants for Human Resources	\$15,000	Additional workload on senior staff



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Reduce other transportation costs (athletics, etc.)	\$10,000	Will impact some activities
Contribution from Superintendent's budget	\$10,000	Less capacity to respond to emergent needs
Savings from second semester	\$10,000	Will impact some activities
Charge back to capital for construction management	\$8,000	Positive impact
Reduce costs associated with field trips	\$5,000	Will impact some activities
Move all meetings to before or after the regular school day	\$5,000	Attendance likely to be affected
"Welcome to Kindergarten" Initiative	\$5,000	Fewer resources sent home with each child
Defer work on the Lunch Program motion	\$3,000	Defer decision on this item to later date
<u>Re-distribute responsibilities of Information Technology staff</u>	\$1,500	More even distribution of responsibilities



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Deficit Recovery Options

Summary

Item	Amount
Target	\$2,212,198
Proposed Reductions	\$2,136,100
Amount Remaining	\$ 76,098



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Consultation Process and Timeline

1. As per the recommendation in the Financial Consultant's report, the consultative process should be condensed in order facilitate the implementation of preferred options as quickly as possible;
2. The consultative process will involve an online response format (ThoughtStream) and specific portals will be developed for different stakeholder groups;
3. The timeline for consultation will be from Thursday, December 13th, 2012 until Thursday, January 10th, 2013;
4. Implementation of preferred options will take place following the closing date of January, 10/13
5. **Table-Talk; Discussion; Feedback to Proposed Options.**

