

Creating Futures

May 10, 2021

Mark Harris, Chairperson
Hay River District Education Authority
58 Woodland Drive
Hay River, NT
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re: The Future of Hay River Bussing

I have received your letter of request for a special meeting between the HRDEA and the SSDEC to discuss your bussing issue.

From conversations over the past 20 years, I understand the HRDEA and the community of Hay River has benefitted from comprehensive bussing and high quality secretary-treasurer services for decades. This is despite rising costs for both, compounded by Hay River school enrollment and funding significantly dropping over the years (over 900 students enrolled 20 years ago in 2000-2001 to 500 students last year and only 490 students this year); the HRDEA has managed to maintain this level of service by redistributing funds from school allocations each year. This is admirable, but I understand that taking more from school allocations is not only undesirable but now also unsustainable.

There have been numerous discussions about bussing and other unfunded and underfunded costs (salary increments, casuals over-expenditures, technicians, inclusive schooling, etc.) at the SSDEC table over the past few decades, and you should know that your DEA representatives, including your current rep Pennie Pokiak, have done an admirable job of representing your DEA's views and requests, most recently and specifically in regards to bussing and COVID related expenses. I understand that ECE's bussing funding formula takes into account the distance of homes from the school, but I think we all agree that it is inadequate for the level of bussing services the HRDEA has and wishes to continue. Bussing is not only an issue for Hay River, but Fort Smith as well, and a lack of bussing services has also been raised as a complaint from the smaller community reps too over the years. As a member of the Fort Smith DEA I can confirm that we are also struggling with this issue and we are again raising the per student fees for next year in order to stay within annual ECE allocations. Like you and Pennie, I too have on numerous occasions, and with multiple Ministers over the years, lobbied for an increase in funding for bussing and the other underfunded areas. The SSDEC can again advocate to the Minister and ECE to revisit the bussing formula in light of your reference to the unique situation in Hay River (and Fort Smith) where families live in developments well out of town.

That said, at the Council table, we've most often come back to the realization that while we all believe that ECE's funding formula is inadequate—we are underfunded and unfunded in several areas—we do also believe that the funding formula does provide a mostly equitable distribution

of funding to schools and communities across the NWT. The SSDEC's decentralized budgeting model then allows each DEA the further flexibility to decide whether or not to spend the money as allocated or whether to redistribute some of it for other priorities.

As you may know, "The South Slave has the most de-centralised budgeting system of any DEC in the Northwest Territories. Very few resources are held at the SSDEC level with most flowing directly, under formula, to the community level. (P. 10, *GNWT Consultation Report*, 2001). The reason for this, and why this process has continued to this day, is due to your HRDEA predecessors who were adamant that individual DEA requests to the SSDEC should not be considered and approved as it reduces each DEA getting their full share as allocated through the ECE funding formula, and detracts from the ability of each DEA to then redistribute those allocations at the community level based on local priorities.

The HRDEA has been allocated over \$7.5 million for 2021-22, as a result of this decentralized budgeting process. There was significant flexibility, and there still is flexibility for the Hay River DEA and schools to determine how best to spend that money depending on the priorities you identify (such as Intensive French, computers, and comprehensive bussing services as examples).

When you and your HRDEA rep Pennie Pokiak raised concern about bussing costs in 2019, the SSDEC was in a positive financial position and was able to allocate \$1 million from the SSDEC's surplus to the South Slave DEAs and schools, of which over \$390,000 of that went to the HRDEA for bussing. Then again, this past September, the SSDEC allocated another \$500,000 of its surplus to DEAs, of which another \$195,000 went to the HRDEA. Unfortunately, the SSDEC is not expecting to be in an excess surplus situation for 2021-22, largely as a result of these previous surplus distributions to the DEAs/schools.

Note as well that the majority of the SSDEC's remaining surplus is made up of DEA and school surpluses totaling more than \$1.5 million on June 30, 2020. Although rolled up and recorded as part of the SSDEC's total surplus in the audited financial statements, these are surplus moneys that have already been allocated to South Slave DEAs and schools. For example, the HRDEA and Hay River schools had combined surpluses of over \$650,000 on June 30, 2020 (see schedule 27 of the 2019-20 financial statements). We understand that like the SSDEC, it is likely that your surpluses will be below the 7% maximum by June 30, 2021 as well, however, I understand this will still leave your DEA and schools with a combined surplus upwards of \$400,000 for next year.

The SSDEC's current year deficit budget and surplus spending plan is expected to put our consolidated surplus at less than 7% of annual allocations by this June 30, 2021, even with all of the DEA and school surpluses included. Add to that the SSDEC's decision to approve a deficit budget for 2021-22, is projecting the SSDEC's surplus to be reduced to less than \$500,000 by the end of next school year. This is very low and already puts the SSDEC at risk of not being able to meet payroll in months when ECE contributions are smaller than payroll (cash flow issue), and/or in the case of unexpected and uncontrollable costs next year (such as casuals/substitute teacher over-expenditures).

The SSDEC does not anticipate having flexibility to further allocate surplus funding at this time. That said, if the 2020-21 financial audit reveals a higher surplus than we were expecting (we will know in September), the SSDEC will once again consider allocating any excess to the respective DEAs/schools for DEAs to choose how they might want to spend.

As we've discussed at the Council table, neither the SSDEC nor the HRDEA can count on the surpluses any longer. Despite sound financial management, including conservative budgeting, frugal spending, and remarkable success with fundraising over the years, the SSDEC has still found itself with unexpected costs and having to reduce DEA/school allocations in following year(s) in order to rebuild the surplus several times over the past 20 years. We have learned the hard way not to allow ourselves to get into that situation again in future.

Downsizing is difficult, particularly when the community is used to a level of service that was available in the past, but that cannot be sustained without an influx of new moneys (increase in student enrollment), or a cut to other programs and services going forward. These kinds of decisions are extremely difficult as well considering the impact of retaining this enhanced service, as critical as it might be for some families, that is putting other program offerings at risk. It is a dilemma that other and smaller NWT/South Slave communities have to juggle as well (music? drama? shop? home ec? 2nd and 3rd languages? senior sciences every year or every 2nd year? bussing? school secretary? secretary treasurer? honoraria?...). Reducing programs and services are never easy nor popular decisions to have to make.

In regard to your considerations now, I encourage you to reconsider your 'all or nothing' stance and do what you can to bring your administration costs and bussing services in line with the allocations available to the HRDEA through ECE's funding formula (like we have done in Fort Smith). It might be helpful for you to know and consider that two of the other four South Slave DEAs have combined their school secretary and DEA secretary treasurer funding and positions in order to save costs. The Fort Smith DEA stays within ECE allocations by not giving members an honoraria, employing a secretary treasurer only part time, and staying within bussing allocations (no longer bussing to/from Bell Rock and Border Town, reduced to only one bus and it only does one run in the morning and one run after school [no lunch runs, no JK students, very few high school students], charging a higher monthly fee, and still helping disadvantaged families who cannot afford the fee with applications for third party funding], etc.) Note that Hay River student enrollment is similar to Fort Smith now (Fort Smith had a few more students than Hay River last year so is funded similarly and may be a good model to follow).

Below I summarize the key points from above:

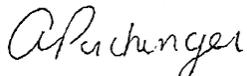
- The HRDEA is spending well over what it receives through ECE formula funding for both bussing and DEA administration each year, in comparison to the Fort Smith DEA that manages to keep their bussing and secretary treasurer costs within annual ECE allocations
- The SSDEC had the flexibility with its regional surplus in each of the past two years, to respond to the HRDEA's request for supplemental funding for bussing:
 - In the fall of 2019, the SSDEC distributed \$1 million from its surplus to DEAs and schools, of which over \$400,000 of that went to the HRDEA for bussing.

- This past September 2020, the SSDEC allocated another \$500,000 of its surplus to DEAs, of which \$195,000 went to the HRDEA to spend as it pleased. but the SSDEC surplus is expected to be depleted in 2021-22 to the lowest level that is still able to meet payroll
- The SSDEC budgeted a deficit in 2020-21, and has again for 2021-22, meaning that not only is the SSDEC surplus being depleted, each DEA is also receiving more money than the amount allocated by ECE funding formula in both this year and next
- The HRDEA and Hay River schools had combined surpluses of over \$650,000 on June 30, 2020 and should still have a surplus upwards of \$400,000 for next year as well
- Well over \$7.5 million has been allocated to the HRDEA for next year per ECE's funding formula, including over \$80,000 for bussing. The HRDEA continues to have the ability to redistribute some of the \$7.5 million or the \$400,000 surplus to top up the bussing budget if this is a DEA priority
- If the Hay River DEA chooses to cancel student bussing altogether, a decision consistent with what is done in Inuvik (larger NWT community with no bussing for students), the HRDEA can use that \$80,000 for other purposes of their choice each year (for as many years as the GNWT/ECE continues to provide such funding)

While sympathetic to the HRDEA and your bussing issue, I don't believe a special meeting of the SSDEC with the HRDEA is going to be helpful if you are looking for additional SSDEC funds at this time. In fact, such a special meeting would set precedence for other DEAs to do the same, and may be counterproductive given that each DEA feels they have a unique situation in their community that warrants a larger piece of the pie. For example, our smaller communities receive less than \$20,000 for DEA administration, so that is all there is for their DEA member honoraria and secretary treasurer services combined. Unfortunately, as indicated above, there is no longer any extra pie (surplus) to divvy up, meaning that approving one DEA's request can only occur if there are reductions elsewhere in order to fund it.

I hope that this response is understandable, and I sincerely wish you and the HRDEA all the best with your difficult decisions.

Sincerely,



Ann Pischinger
Chairperson

- c SSDEC Reps
Dr. Curtis Brown, SSDEC Superintendent
Rita Mueller, ECE Deputy Minister
Honourable Minister RJ Simpson
MLA Rocky Simpson