

**DATE:** June 19, 2018

**TO:** Board of Trustees

**FROM:** Darrel Robertson, Superintendent of Schools

**SUBJECT:** Implications of the 2017 Federal Budget on Trustee Remuneration

**ORIGINATOR:** Todd Burnstad, Chief Financial Officer

**RESOURCE**

**STAFF:** Ria Ames, Angela Anderson, Krista Brandon, Vanessa Crowell-Klettke, Michelle Gennaro, Madonna Proulx

**REFERENCE:** [Income Tax Act](#)  
[Allowances for Members of Legislative Assemblies and Certain Municipal Officers](#)  
[Trustees' Handbook](#)

---

## ISSUE

On March 22, 2017, as part of the Federal Budget it was announced that the non-taxable allowance for municipal officers (including school board trustees) be considered fully taxable effective January 1, 2019.

## BACKGROUND

Currently, in accordance with the *Income Tax Act*, one-third of school board trustee remuneration is non-taxable. As outlined in the Edmonton Public School Board Trustee Handbook (pages 58-60), this tax exemption is applied to both the base annum honorarium as well as the advance on travel expenses. With the 2017 Federal Budget announcement, effective January 1, 2019, the full amount of these types of allowances will be taxable, resulting in a reduction of Trustees' take-home remuneration.

As shown in Attachment I, in order for the Board of Trustees to maintain their current take-home remuneration, adjustments to the base-annum honorarium will be required.

## RELATED FACTS

- In April 2017, the City of Edmonton Council voted to make the necessary changes to adjust their base salaries so that their take-home pay remained unchanged.
- Elk Island Public Schools approved a motion on September 14, 2017, where after tax income in 2019 would be no less than current after tax income for their Trustees.
- The Town of Banff Council voted to make the necessary changes to adjust their base salaries so that their take-home pay was not impacted by the elimination of the tax exemption. The rationale was cited as 'while members of council may not necessarily anticipate a salary increase during their term of office, conversely they did not expect a decrease'.
- Through the Association of School Business Officials of Alberta (ASBOA) and the Urban Schools Insurance Consortium (USIC) membership listing, Administration has reached out to several other school jurisdictions to inquire how they are handling the elimination of the tax exemption. While many boards have not made final recommendations, the consensus to date is a desire to adjust trustee remuneration to offset the change in tax treatment.

## RECOMMENDATION

**That Trustee base annum honorarium be increased effective January 1, 2019, to offset the tax implications on both the current base annum honorarium and the advance on travel expenses.**

## OPTIONS

Based on the information provided in this report, the following options are considered most appropriate:

1. Make no changes to Trustee remuneration.
2. Adjust Trustee base annum honorarium effective January 1, 2019, to offset the tax implications on both the current base annum honorarium and the advance on travel expenses.
3. Adjust Trustee base annum honorarium effective January 1, 2019, to offset the tax implications on the current base annum honorarium.

## CONSIDERATIONS and ANALYSIS

- Board committee work resulting in additional per diem honorariums has not been factored into the calculations in Attachment I.
- Attachment II provides a comparison of the current Trustee honorariums for the three largest school districts in Alberta, compared to the three options presented for Edmonton Public.

## NEXT STEPS

- If option two or three is approved, the 2018-2019 Fall Revised Budget will be updated to reflect the required adjustments.
- The Trustee Handbook will be updated regardless of which option is approved to reflect the change in the *Income Tax Act*.

## ATTACHMENTS and APPENDICES

- ATTACHMENT I Trustee Tax Adjustment Options  
ATTACHMENT II Trustee Remuneration Comparison of Metro Boards

TB:ja

**Option 1: No changes to Trustee remuneration - (status quo)**

Trustee Wards	Base-Annum Honorarium	Advance on Travel Expenses	No Adjustment Required
Ward A	36,523	3,364	
Ward B (Board Chair)	46,831	3,364	
Ward C	36,523	3,364	
Ward D	36,523	3,364	
Ward E	36,523	3,364	
Ward F	36,523	3,364	
Ward G (Vice Chair)	41,426	3,364	
Ward H	36,523	3,364	
Ward I	36,523	3,364	
<b>Totals</b>	<b>\$ 343,918</b>	<b>\$ 30,277</b>	

**Option 2: Trustee Remuneration adjusted for tax implications on one-third of the base honorarium and the advance on travel expenses**

Trustee Wards	Base-Annum Honorarium	Advance on Travel Expenses	Adjustment required to Honorarium
Ward A	36,523	3,364	2,836
Ward B (Board Chair)	46,831	3,364	4,157
Ward C	36,523	3,364	2,836
Ward D	36,523	3,364	2,836
Ward E	36,523	3,364	2,836
Ward F	36,523	3,364	2,836
Ward G (Vice Chair)	41,426	3,364	3,418
Ward H	36,523	3,364	2,836
Ward I	36,523	3,364	2,836
<b>Totals</b>	<b>\$ 343,918</b>	<b>\$ 30,277</b>	<b>\$ 27,430</b>

**Option 3: Trustee Remuneration adjusted for tax implications on one-third of the base honorarium excluding the advance on travel expenses**

Trustee Wards	Base-Annum Honorarium	Advance on Travel Expenses	Adjustment required to Honorarium
Ward A	36,523	3,364	2,313
Ward B (Board Chair)	46,831	3,364	3,559
Ward C	36,523	3,364	2,313
Ward D	36,523	3,364	2,313
Ward E	36,523	3,364	2,313
Ward F	36,523	3,364	2,313
Ward G (Vice Chair)	41,426	3,364	2,862
Ward H	36,523	3,364	2,313
Ward I	36,523	3,364	2,313
<b>Totals</b>	<b>\$ 343,918</b>	<b>\$ 30,277</b>	<b>\$ 22,612</b>

**Metro Comparison - Trustee Annual Honorariums**

<b>School District</b>	<b>Chair</b>	<b>Vice Chair</b>	<b>Trustee</b>
Calgary Board of Education	55,000	50,000	45,000
Edmonton Catholic School Board	50,000	44,000	40,000
Calgary Roman Catholic Separate School District	45,723	41,054	36,389
Edmonton Public Schools:			
Option 1 - No changes	46,831	41,426	36,523
Option 2 - Adj. for tax (base & travel advance)	50,988	44,844	39,359
Option 3 - Adj. for tax (base only)	50,390	44,288	38,836