



Memorandum

To:	Trustees
From:	David DeSantis, Director of Education
Prepared by:	Kate Tindal, Superintendent of Finance & Business Services Breanne Bradshaw, Manager of Financial Services
Date:	June 24, 2019
Subject:	2019-20 Budget

Issue:

To provide Trustees with a budget overview and provide a recommendation for approval of the 2019-20 budget.

Background:

Staff have been working for several months to develop the 2019-20 budget. The information provided by the Ministry has been late this year resulting in a shortened timeframe to complete the budget work. The documents were released as follows:

- March 15, 2019 B08 New Vision for Education
- April 26, 2019 B14 Grants for Student Needs (GSN) Funding
- April 25, 2019 B15 2019-20 Priorities and Partnerships Fund
- May 10, 2019 SB06 2019-20 Estimates (EFIS forms)
- May 24, 2019 Technical Paper Released

The Grants for Student Needs (GSN) for 2019/20 is estimated at \$24.66 billion provincially, which is an increase of 1% or \$130 million over last year. The average provincial per-pupil funding is projected to be \$12,246 in 2019-20. The per-pupil amount for ALCDSB is estimated at \$11,500.

Grants for Student Needs (GSNs)

The Ministry of Education has proposed several reductions to Grants for Student Needs (GSNs) including the following:

- Local Priorities Fund (LPF). The LPF was first established in 2017-18 during the last round of collective bargaining and expires August 31, 2019. (\$1.6 million)
- Human Resources Transition Supplement. This funding was provided to assist school boards in managing the negotiated 2017-19 central agreements, and it expires August 31, 2019. (\$62,000)
- Cost Adjustment Allocation – Base Amount. This allocation provided supplemental funding for education worker benchmarks and has been discontinued for the 2019-20 year. (\$201,000)

The Ministry has also made changes to the funding and/or class sizes:

Grade	Change	Impact
Kindergarten	Funded ECE from 1.14 to 1.0	(\$323,000)
Kindergarten	New per-pupil amount \$87.32 per ADE for ECE supply costs	\$130,000
Primary	No change	n/a
Intermediate	Funded average class size from 23.84 to 24.5	(\$466,000)
Secondary	Funded average class size from 22 to 28	(\$3.4 million)

The Secondary Programming amount of \$1.02 staff per 1,000 ADE will no longer be provided, effective September 2019. (\$297,000) This was previously provided in the Pupil Foundation Grant.

Attrition Protection

This new funding allocation is included within the Cost Adjustment and Qualifications and Experience Grant. It is provided for up to four years to protect front line staff impacted by the proposed changes to class sizes and e-learning. This funding will top up school boards where the change in funded classroom teachers exceeds the actual attrition and other voluntary leaves. The 2019-20 funding is calculated using an estimated attrition number. This is staff's best guess at the number of retirements and voluntary leaves up to the end of August, 2019.

Special Education \$18.6 Million

The Education Act mandates all school boards to provide special education programs and/or services for students with special education needs. This includes students who have been identified as exceptional by an Identification, Placement and Review Committee (IPRC) and students receiving special education programs and/or services who have not been identified as exceptional by an IPRC. All students receiving special education programs and/or services, whether identified as exceptional or not, should have an Individual Education Plan.

The Special Education Grant is made up of six allocations:

1. **Special Education Per-Pupil Amount (SEPPA) Allocation \$8.9 Million**

The SEPPA allocation recognizes the cost of providing additional assistance to the majority of students with special education needs. SEPPA is allocated to the boards on the basis of total enrolment. These per pupil amounts have increased approximately 1% over the previous year.

2. **Differentiated Special Education Needs Amount (DSENA) Allocation \$8.2 million**

This allocation addresses the variation among school boards with respect to their population of students with special needs and school boards' ability to support these needs. This allocation includes four components:

- Special Education Statistical Prediction Model
- Measures of Variability
- Base Amount for Collaboration and Integration
- Multi Disciplinary Supports Amount

3. **Special Equipment Amount (SEA) Allocation \$547,500**

This funding supports the purchase of equipment that may be required by students with special education needs. There are two components to this allocation: a per-pupil amount and a claims-based process.

4. **Special Incidence Portion (SIP) Allocation \$600,000**

The SIP allocation supports pupils who require more than two full time staff to address the health and safety needs of both the students who have extraordinarily high needs related to their disabilities and/or exceptionalities, and others at their school. Funding is based on claims submitted by school boards. For 2019-20 the maximum SIP amount per eligible claim will increase by 1% over 2018-19.

5. **Care, Treatment, Custody and Correctional (CTCC) Amount \$165,000**

The CTCC Amount provides funding to school boards to provide education programs for school aged children and youth in care and/or treatment centres, and in custody and correctional facilities. Eligible facilities include hospitals, children's mental health centres, psychiatric institutions, detention and correctional facilities, community group homes, and social services agencies.

6. **Behaviour Expertise Amount (BEA) Allocation \$277,700**

The BEA allocation provides funding for school boards to hire board-level Applied Behaviour Analysis (ABA) expertise professionals. The ministry is investing \$15.2 million in the Behaviour Expertise Amount allocation, an increase of approximately 100% over the 2018-19 amount. The BEA allocation has two components:

- Applied Behaviour Analysis (ABA) Expertise Professionals Amount: funding to hire professional staff at the school board level.
- ABA Training Amount – building school board capacity in ABA.

Transportation \$11.8 Million

The total Student Transportation Grant is projected to be more than \$1 billion in 2019-20, which is an increase of 10% from the previous year. The cost update adjustment for 2019-20 will be four per cent (4%). Per agreements with bus operators, this amount is a flow through to the operators.

Standardized on-site school bus rider safety training for elementary students continues to be provided to primary students and junior/intermediate students.

In 2019-20 stabilization funding will be provided to school boards based on the board's deficit, if any, from the 2018-19 financial statements. A factor will be applied to the deficit amounts based on the most recent Effectiveness and Efficiency (E&E) review ratings.

For 2019-20 the ministry will continue to use the adjusted pegged price of \$0.936 per litre for southern school boards, the same as the previous year.

The ministry intends to undertake a review of the student transportation funding formula in order to achieve a more efficient and accountable student transportation system in Ontario. Additional details will be communicated in the near future.

Capital

The capital funding amount estimated for the 2019-20 budget year is inline with the funding received in 2018-19.

Funding for School Renewal

School Condition Improvement (SCI)

SCI is a capital renewal program that allows boards to revitalize and renew aged building components that have exceeded or will exceed their useful life cycles. Items eligible for this program will have been identified through the Ministry's School Facility Condition Assessment Program. Funding is allocated in proportion to a board's total assessed five year renewal needs and reflects assessment results from 2017. SCI funds are to be used 70% to address major building components and 30% can be used for interiors and surrounding site components.

School Renewal Allocation (SRA)

SRA is a multi faceted program that allows boards to revitalize and renew aged building systems and components. This includes roof replacement and replacing of aged HVAC systems. The program also allows boards to undertake capital improvements and maintenance requirements such as painting, roof patching, and pavement/parking repairs. The SRA should address facility condition, health and safety, and general code requirements, including accessibility.

School Operations Allocation

This allocation allows boards to address the cost of operating school facilities, such as heating, lighting, maintenance and cleaning. The 2019-20 school year includes a 2% increase to the non staff portion of the allocation to help manage the increase in commodity costs. There are also

revisions to the board specific elementary and secondary Supplementary Area Factors (SAFs) to use the most current facility data and to align with the proposed changes to class sizes. Changes will be phased in over five years.

Capital Planning Capacity

This program is intended to:

- Help boards develop capital plans
- Identify and develop potential facility partnership opportunities in underutilized schools
- Provide support to hire third-party mediation services to facilitate municipal/board planning discussions

Land Priorities Funding

The ministry will continue funding programs for school boards that require land purchases to support both approved and board-identified potential future capital projects.

Temporary Accommodation Allocation

The ministry will continue to fund for Temporary Accommodation in proportion to boards' share of temporary accommodation activity. This funding is used for portable moves, leases and purchases, lease costs for permanent instructional space.

International Student Recovery Amount (ISRA)

Beginning in 2019-20, a school board's total GSN operating grants shall be reduced by an amount equal to a flat fee of \$1,300 multiplied by the international student enrolment, pro-rated where the students are not full-time. For ALCDSB, this is projected to be approximately \$39,000.

Enrolment

The 2019-20 enrolment is projected to be down approximately 68 pupils.

Grade	2018-19 Revised Estimates	2019-20 Estimates	Increase/ (Decrease)
Junior Kindergarten	745.50	730	(15.50)
Kindergarten	749.50	752	2.5
Grades 1 to 3	2,452	2,372	(80)
Grades 4 to 8	4,003	4,134	131
Total Elementary Day School	7,950	7,988	38
Secondary	3,454.09	3,348.27	(105.82)
Total Day School	11,404.09	11,336.27	(67.82)

Projections tend to be conservative and staff anticipate enrolment numbers to increase in September, as has happened in past years.

The projected decrease in enrolment combined with the change in class sizes and funding amounts has had a significant impact on the 2019-20 budget. Staff worked with secondary principals to try to mitigate the impact to students by funding as many front line positions as possible.

Please refer to Appendix A1 and Appendix A2 for further details on enrolment.

Indigenous Funding

All students must take four compulsory English courses to complete their Ontario Secondary School Diploma; one in each year of secondary school. Traditionally, schools in ALCDSB offered an ENG 3 (at university, college and locally developed levels) as the compulsory English credit in grade 11 while other English courses could be offered as electives, including NBE English - Understanding Contemporary First Nation, Metis and Inuit Voices 3. All Indigenous Education courses (all coded N...) are provided with additional funding to support their ongoing implementation which often provides the opportunity to offer additional sections. With the new staffing model for secondary schools, all schools throughout the board were required to identify compulsory courses that were necessary for graduation. The use of the NBE, Understanding Contemporary First Nation, Metis and Inuit Voices, as the compulsory grade 11 English course, enabled schools to provide the necessary compulsory course for graduation requirements and generate additional sections to mitigate the changes to the staffing model.

This opportunity served a practical and moral move towards fuller implementation of the Indigenous Education Board Action plan and our obligations to the Truth and Reconciliation Commission Calls to Action. With this opportunity, the board is able to provide system wide implementation of the new NBE curriculum released in June 2019. Professional development and implementation support have already begun with in-services in May and June 2019; staff are also planning an August workshop and a school year plan to support school teams with the new curriculum.

Revenue and Expense Summary (Appendix B)

Revenue

The total GSN revenue estimated for 2019-20 is in line with the revised estimate revenue for 2018-19. The "*Total Operating Grants*" has decreased \$498,288 or approximately -0.3%. There are some significant variances when comparing the two years, because of many of the funding changes made by the provincial government as outlined earlier in this memorandum.

- The Pupil Foundation grant has decreased because of the change in funding for secondary classes from 22:1 to 28:1. This amount has also decreased due to the decreasing enrolment projected for 2019-20 as well as the change in intermediate class size funding.
- The declining enrolment adjustment has increased due to the projected decrease in enrolment.
- The Learning Opportunity Allocation has decreased due to the Local Priorities Fund expiring at August 31, 2019.
- The Cost Adjustment and Teacher/ECE Qualification & Experience allocation has increased as this includes the new funding for attrition protection.

- The Transportation grant has increased as a result of the 4% cost update adjustment and the new Stabilization funding amount.
- Indigenous Education has increased due to the change in programming to implement compulsory Indigenous English classes in grade 11.

The significant unknown component of the Board's revenue for 2019-20 are the Priorities and Partnerships Fund allocations (formerly EPO grants). The Board has received one Transfer Payment Agreement (TPA) so far for 2019-20. The Revenue and Expense Summary includes "*Transfers from Deferred Revenues Non-Legislative Grants*", in the amount of \$317,078 compared with \$2,897,701 in 2018-19. The large reduction in revenue is because of the lack of information with respect to this funding.

The "*Total Grants and Revenues*" amount is \$3.2 million less than 2018-19 Revised Estimates.

Expense Summary (Appendix C)

Salaries and wages are down approximately \$2 million or 2%. This is mainly due to reductions in staff through attrition and voluntary leaves, as well as reductions in temporary staffing positions that were previously funded by the Local Priorities Fund.

Staff Development, Supplies & Services and many of the expense lines have decreased because of budget cuts staff made to respond to limited funding.

The benefit expense as a percentage of total salaries expenses was 17.5% in 2018-19. The benefit expense as a percentage of salaries in 2019-20 has increased slightly to 18.8%. This increase is mainly due to increases in statutory benefits and benefit trust costs. The salaries and benefits budgets continue to make up approximately 78% of the total expense budget.

Capital (Appendix D)

The total capital spend budgeted for 2019/20 is approximately \$11.3 million. Almost half of this budget is allocated to capital priorities. The capital priorities funding program serves as the primary means for funding capital projects that address school boards' pupil accommodation needs including enrolment pressures, supporting the consolidation of underutilized facilities, providing facilities for French-language rights holders and replacing facilities in poor repair.

ALCDSB currently has two large capital projects underway:

1. \$14.3 million to construct a new dual track English and French Immersion Catholic Elementary School on an EDC funded site in the Woodhaven subdivision in Kingston, including space to accommodate 481 students, four child care rooms and three EarlyON child and family rooms.
2. \$7.3 million to redevelop St. Joseph Catholic School in Belleville by replacing a significant portion of the older building and constructing additional space. Subsequent to the original funding announcement, the Board was invited to make a submission to the Ministry for the inclusion of new licensed child care spaces and EarlyON child and family rooms at St. Joseph Catholic School. Additional funding was granted for these purposes, increasing the total project funding to \$9.9 million.

The Controller of Plant & Planning Services will continue to provide updates on these projects to the Board as they become available.

Deficit (Appendix E)

The 2019-20 budget is estimated at a deficit of (\$958,475). Please refer to Appendix E for further details. This is mainly due to the reductions in provincial funding and the current uncertainty regarding the Partnerships and Priorities funding. Decreasing enrolment, increasing sick time costs and other budgetary pressures have also contributed to the budgeted deficit.

The budgeted deficit is within compliance. A board may incur an in-year deficit up to the lower of 1 per cent of the school board's operating revenue or the accumulated surplus for the preceding school year, consistent with the requirements as they are currently set out in the Education Act. New for 2019-20 is a requirement for a plan/resolution to be submitted by a school board showing the elimination of the in-year deficit within two years. On June 14, 2019 the Ministry provided additional information regarding this new requirement including a template, which staff are currently reviewing.

Staff are continuing to monitor developments from the Provincial Government and Ministry of Education. Staff are hopeful that enrolment will exceed projections, additional funding will become available and other efficiencies can be realized to reach a balanced budget for the 2019-20 Revised Estimates.

Operating Budget

Estimated Grant Revenue	\$153.8 million
Estimated Other Revenue	<u>\$ 1.5 million</u>
Estimated Revenues	\$155.3 million
Estimated Expenditures	<u>(\$156.2 million)</u>
Deficit	(\$958,475)

Recommendation:

That the Board approve the 2019-20 Operating Budget (Estimates) of \$156,189,204 and the Capital Budget (Estimates) of \$11,251,000.

Attachments

Primary Responsibility for Follow-up

Chair of the Board

Vice-Chair of the Board

Senior Administration

✓ Kate Tindal, Superintendent of Finance & Business Services

✓ Breanne Bradshaw, Manager of Financial Services

Other

Enrolment Comparison
Revised Estimates 2018-19 to Estimates 2019-20

	Revised Estimates 2018-19	Estimates 2019-20	Increase/ (Decrease)	% Increase /(Decrease)
Elementary	7,950.00	7,988.00	38.00	0.5%
Secondary	3,454.09	3,348.27	(105.82)	(3.1%)
Adult and Continuing Education	299.84	274.72	(25.12)	(8.4%)
Total ADE (Average Daily Enrolment)	11,703.93	11,610.99	-92.94	(0.8%)

Historical Enrolment Comparison

Pupils of the Board	2002-03	2014-15	2015-16	2016-17	2017-18	2018-19 Revised Estimates	2019-20 Estimates
ADE (Average Daily Enrolment)	Actual	Actual	Actual	Actual	Actual		
Elementary Sub-Total	8,430.75	7,739.50	7,723.25	7,792.37	7,917.31	7,950.00	7,988.00
Secondary	4,266.14	3,646.82	3,669.77	3,610.20	3,566.69	3,454.09	3,348.27
	<i>Sub-Total</i>	<i>12,696.89</i>	<i>11,386.32</i>	<i>11,393.02</i>	<i>11,402.57</i>	<i>11,404.09</i>	<i>11,336.27</i>
	<i>% Increase (Decrease)</i>	<i>0.4%</i>	<i>1.5%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.7%</i>	<i>(0.6%)</i>
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Pupils Over 21 years	384.75	269.00	268.50	284.50	266.50	239.50	213.50
Continuing Education	596.50	38.99	50.89	46.81	47.57	46.81	47.69
Summer School	73.87	15.73	19.21	13.82	20.83	13.53	13.53
	<i>Sub-Total</i>	<i>1,055.12</i>	<i>323.72</i>	<i>338.60</i>	<i>345.13</i>	<i>299.84</i>	<i>274.72</i>
	<i>% Increase (Decrease)</i>	<i>-23.8%</i>	<i>(3.1%)</i>	<i>4.6%</i>	<i>1.9%</i>	<i>(3.0%)</i>	<i>(8.4%)</i>
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Total Enrolment including	13,752.01	11,710.04	11,731.62	11,747.70	11,818.90	11,703.93	11,610.99
ADE Difference Year Over Year	(281.82)	155.82	21.58	16.08	71.20	(114.97)	(92.94)
% ADE Difference	(2.0%)	1.3%	0.2%	0.1%	0.6%	(1.0%)	(0.8%)

Notes:

1. GSN funded full day JK/SK commenced for the 2010/11 school year and fully implemented in 2014-15.
2. High School Credit - over 34 credit limit commenced for the 2013-14 school year and is included in ADE for Secondary.

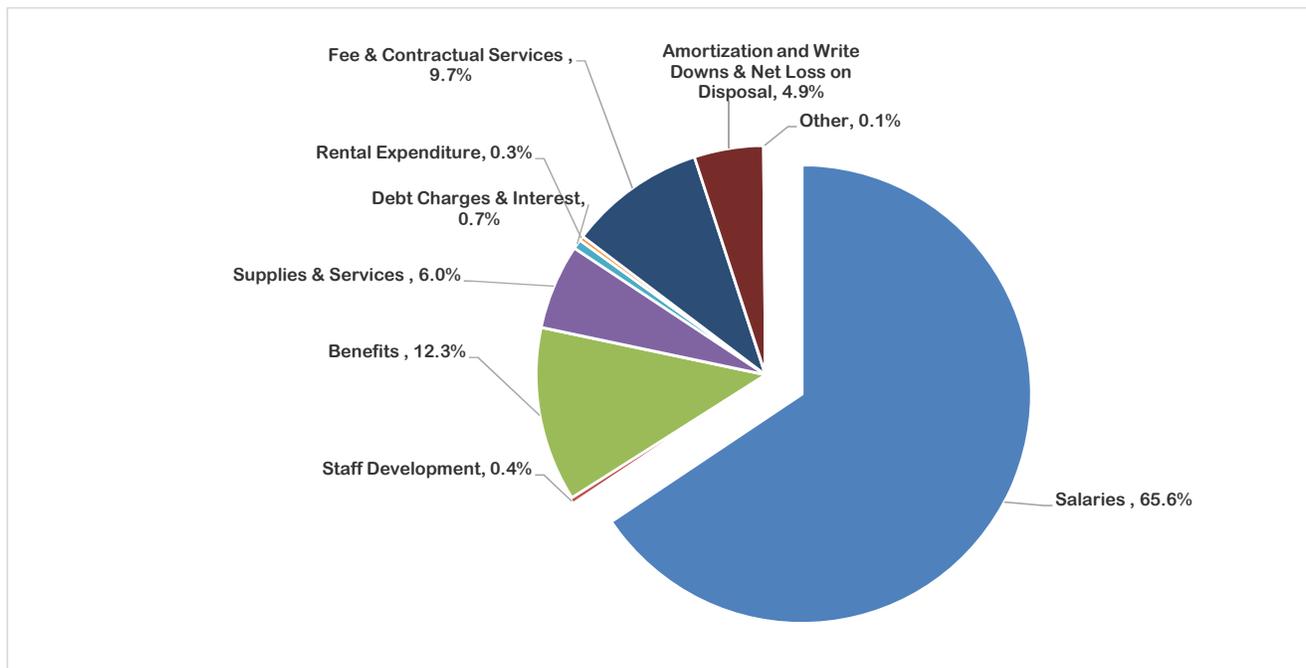


REVENUE and EXPENSE SUMMARY - 2019-20 ESTIMATES

	Revised Estimates 2018-19	Estimates 2019-20	Increase (Decrease) Column (2) - (1)	% Increase (Decrease) in Grants
	1	2	3	4
General Operating Allocation Grants				
Pupil Foundation	\$63,913,955	\$59,513,687	(\$4,400,268)	-6.9%
Declining Enrolment Adjustment	\$43,141	\$241,313	\$198,172	459.4%
School Foundation	\$9,868,926	\$9,952,423	\$83,497	0.8%
Special Education	\$18,606,624	\$18,641,258	\$34,634	0.2%
Language	\$2,107,997	\$2,089,590	(\$18,407)	-0.9%
Supported Schools	\$1,262,061	\$1,237,516	(\$24,545)	-1.9%
Remote & Rural	\$2,449,183	\$2,463,174	\$13,991	0.6%
Learning Opportunity	\$2,915,472	\$1,346,700	(\$1,568,772)	-53.8%
Administration and Governance	\$5,352,260	\$5,316,219	(\$36,041)	-0.7%
School Operations	\$11,883,026	\$11,818,511	(\$64,515)	-0.5%
Cost Adjustment and Teacher/ECE Qualification & Experience	\$9,799,328	\$13,003,877	\$3,204,549	32.7%
Benefit Trust Funding	\$2,331,807	\$2,263,984	(\$67,823)	-2.9%
New Teacher Induction Program (NTIP)	\$128,023	\$123,221	(\$4,802)	-3.8%
Continuing Education and Other Programs	\$1,135,267	\$1,205,751	\$70,484	6.2%
Transportation	\$10,664,479	\$11,755,432	\$1,090,953	10.2%
Indigenous Education	\$792,426	\$1,625,048	\$832,622	105.1%
Community Use of Schools	\$167,288	\$164,744	(\$2,544)	-1.5%
Safe and Accepting Schools	\$276,558	\$276,703	\$145	0.1%
Trustees Association Fee	\$43,017	\$43,017	\$0	0.0%
Permanent Financing of NPF	\$116,347	\$116,347	\$0	0.0%
Sub-Total: General Operating Allocation (Prior to Capital Adjustment)	\$143,857,185	\$143,198,515	(\$658,670)	-0.5%
Temporary Accommodation	\$368,368	\$410,474	\$42,106	11.4%
Transfer to Deferred Revenues for Minor Capital	(\$3,595,354)	(\$3,578,887)	\$16,467	-0.5%
Sub-Total: Operating Allocation	\$140,630,199	\$140,030,102	(\$600,097)	-0.4%
Amortization of Deferred Capital Contributions	\$7,306,462	\$7,584,497	\$278,035	3.8%
Capital Debt Support Payments - interest portion	\$1,120,293	\$1,076,616	(\$43,677)	-3.9%
School Renewal funded through operating	\$934,026	\$850,000	(\$84,026)	-9.0%
Net Transfer from (to) Deferred Revenues Operating Legislative Grants	\$1,024,756	\$976,233	(\$48,523)	-4.7%
Total Operating Grants	\$151,015,736	\$150,517,448	(\$498,288)	-0.3%
Transfer from Deferred Revenues for Minor Capital	\$2,853,354	\$2,927,887	\$74,533	2.6%
Transfers from Deferred Revenues Non-Legislative Grants	\$2,897,701	\$317,078	(\$2,580,623)	-89.1%
Sub-Total	\$156,766,791	\$153,762,413	(\$3,004,378)	-1.9%
Fee and Other Revenues	\$1,741,020	1,468,316	(\$272,704)	-15.7%
TOTAL GRANTS and REVENUES	\$158,507,811	\$155,230,729	(\$3,277,082)	-2.1%
NET OPERATING EXPENSE	\$159,095,448	\$156,189,204	(\$2,906,244)	-1.8%
SURPLUS (DEFICIT) Available for Compliance	(\$587,637)	(\$958,475)		

EXPENSE SUMMARY

	2018-19 Revised Estimates	% of Total Expenses	2019-20 Estimates	% of Total Expenses	Increase/ (Decrease)	% Increase/ (Decrease)
Salaries	\$104,530,500	65.7%	\$102,474,958	65.6%	(\$2,055,542)	(2.0%)
Staff Development	\$966,082	0.6%	\$605,690	0.4%	(\$360,392)	(37.3%)
Benefits	\$18,296,335	11.5%	\$19,226,339	12.3%	\$930,004	5.1%
Supplies & Services	\$10,719,129	6.7%	\$9,383,881	6.0%	(\$1,335,248)	(12.5%)
Debt Charges & Interest	\$1,105,566	0.7%	\$1,051,439	0.7%	(\$54,127)	(4.9%)
Rental Expenditure	\$506,116	0.3%	\$515,720	0.3%	\$9,604	1.9%
Fee & Contractual Services	\$15,394,928	9.7%	\$15,076,350	9.7%	(\$318,578)	(2.1%)
Amortization and Write Downs & Net Loss on Disposal	\$7,366,695	4.6%	\$7,644,730	4.9%	\$278,035	3.8%
Other	\$210,097	0.1%	\$210,097	0.1%	\$0	0.0%
TOTAL NET OPERATING EXPENSE	\$159,095,448	100.0%	\$156,189,204	100.0%	-\$ 2,906,244	(1.8%)



Capital Spend 2019/2020 Estimates

Funding Source

Capital Priorities	\$	5,300,000	Kingston West and St. Joseph projects
Minor Tangible Capital Asset	\$	651,000	Computer replacement project
School Condition	\$	3,500,000	Roof replacements, mechanical upgrades, boilers, HVAC
School Renewal	\$	1,600,283	Betterment projects, interior renovations, windows, flooring ceilings
Temp Accommodation	\$	199,717	New portables

Total Capital Spend	\$	11,251,000
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	Revised Estimates 2018-19	Estimates 2019-20
	1	2
TOTAL GRANTS AND REVENUES	\$158,507,811	\$155,230,729
NET OPERATING EXPENSE	\$159,095,448	\$156,189,204
Surplus (Deficit) Available for Compliance	(\$587,637)	(\$958,475)