



Memorandum

To:	Trustees
From:	David DeSantis, Director of Education
Prepared by:	Breanne Bradshaw, Superintendent of Finance and Business Services
Date:	August 18, 2020
Subject:	2020-2021 Draft Budget

Issue:

In support of the pillar of Stewardship and ensuring fiscal responsibility, transparency and accountable decision making and resource allocation practices, the following report provides trustees with an overview of the 2020-2021 draft budget and provides a recommendation for approval of the 2020-2021 draft budget.

Background:

The *Education Act* requires that “every board, before the beginning of each fiscal year...shall prepare and adopt estimates of its revenues and expenses for the fiscal year”.

Ministry Memos – Appendix A

On June 19, 2020, the Ministry of Education released the following memoranda:

1. 2020:B08 2020-21 Grants for Student Needs (GSN) Funding
2. 2020:B09 Capital Funding for the 2020-21 School Year
3. 2020:B10 2020-21 Priorities and Partnerships Funding (PPF) and Criteria for repurposing 2019-20 PPF for COVID-10 related supports
4. 2020:SB06 Special Education Grant Funding Changes for 2020-21 and DSENA Tables
5. 2020:SB07 Student Transportation – Grants for Student Needs, 2020-21
6. 2020:SB08 2020-21 Estimates (District School Boards)

A summary of funding changes and highlights from these memos is included in Appendix A for information.

Subsequent to the release of the above memoranda, on July 30, 2020 the Ontario government announced \$309 million in new funding to support the re-opening of schools. These investments complement the additional \$25 million in new funding announced with the GSN. On August 4, 2020, the Ministry of Education released Memorandum 2020:B11 which provides additional information on these new investments and confirms that Algonquin and Lakeshore Catholic District School Board's share of this funding is in total \$756,079. The revenues and expenses related to this additional funding are not included in the figures in this report. We will include these amounts in the board's revised estimates submission when more details are known.

Enrolment Highlights – Appendices B1 and B2

Average daily enrolment (ADE) projections were arrived at predominantly based on input from school administrators. Preliminary forecasts presented a decline of 95 pupils in elementary and 102 pupils in secondary relative to the 2019-20 revised estimates. Adult and continuing education enrolment was estimated conservatively showing an overall decline of 67 pupils compared to the 2019-20 revised estimates.

Revenue Highlights – Appendix C

General Operating Allocation grants (prior to Capital Grants) are estimated to be \$143.7 million which is \$3.25 million (2.3%) higher than 2019-20 revised estimates. Most of this increase is attributable to the new Supports for Students Fund (SSF) of \$1.35 million, increased salary benchmarks as a result of centrally ratified collective agreements in addition to some PPF grants which are now included in GSN's (as per Appendix A). These increases are offset by a decrease in funding from a projected decline in enrolment as mentioned above.

The following other revenue changes are noteworthy when comparing the 2020-21 draft budget to the 2019-20 revised estimates:

- Other Provincial Grants declined \$397K mostly due to PPF's that were moved into GSN's.
- School Generated Fund (SGF) revenues declined to reflect a projected lower level of school field-trips, hot lunch programs, etc. projected for 2020-21 due to the COVID-19 pandemic. This decline is offset by a corresponding decline in SGF expenses (no net impact on overall surplus/deficit).
- Fees and Revenue from Other Sources declined \$1.3M due to Education Development Charges (EDC's) which were used in 2019-20 to purchase land for the construction of a new dual track elementary school in Kingston.

The draft 2020-21 revenue budget is \$163,552,650.

Expense Highlights – Appendix D

The draft 2020-21 operating expense budget is \$163,321,759 which is an increase of \$2 million (1.26%) relative to the 2019-20 revised estimates operating expense budget. As shown in Appendix D, most of this increase is due to an increase in salaries and wages and employee benefits because of centrally bargained labour agreements. Overall, the boards staffing levels are projected to remain fairly stable at 1,347 FTE when compared to 2019-20 revised estimates at 1,336 FTE (0.8% increase).

The decrease in the Supplies and Services budget is a result of some non-ministry grants not yet budgeted as they have yet to be confirmed for 2020-21, a decline in school budgets due to the decline in enrolment, some reductions in departmental budgets, and higher capital spending in Learning Technology Services (LTS) which has reduced the operating budget and revenue in this area.

The increase in Fees and Contracted Services relative to the 2019-20 revised estimates is mostly from higher projected transportation expenses.

Capital Summary – Appendix E

The total draft estimated capital spend in 2020-21 is \$21 million. Of this total, \$11.68 million is estimated to be the combined spending on the new elementary school in Kingston and on the major renovations at St. Joseph's Catholic Elementary School in Belleville.

Surplus/Deficit – Appendix F

The total projected draft surplus for 2020-21 is \$230,891. Of this amount, \$228,000 is revenue from EDC's recognized for the purchase land in Kingston leaving a surplus for compliance of \$2,891.

Recommendation:

That the Board approve the 2020-2021 Operating Budget (Estimates) of \$163,321,759 and the Capital Budget (Estimates) of \$21,000,000.
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Primary Responsibility for Follow-up

Chair of the Board

Vice-Chair of the Board

Senior Administration

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Breanne Bradshaw, Superintendent of Finance and Business Services

Other

Appendix A

Summary of Memo Highlights for 2020-21 Budget

- The 2020-21 Estimates submission is due to the Ministry of Education no later than August 19, 2020.
- School boards are expected to balance their budgets however a school board may incur an in-year deficit consistent with requirements as set out in the regulation Ontario Regulation 280/19.
- Given the uncertainty due to COVID-19, boards are being advised to be diligent in managing costs and carefully review all discretionary program spending as they develop their 2020-21 school year budgets.
- Average provincial per pupil funding is projected to increase by \$250 (2%) from 2019-20.
- The ministry will provide new funding for mental health supports (\$10 million provincially) and technology-related costs (\$15 million provincially) for extraordinary costs related to the COVID-19 outbreak. Information on this funding will be released at a later date.
- There is no projected adjustment for high-credit day school students, but the Ministry will monitor the number of eligible students enrolled with more than 34 credits to assess the financial implications for school boards.
- Salary benchmarks will be adjusted by 1% (except for Principals and Vice-Principals and Executives) and benefits funding will be provided by employee group, reflecting central agreements.
- No changes to funded or regulated class size averages for elementary.
- Funded average class size for secondary is 23.
- There is an adjustment for online learning based on historical uptake of online courses (\$4.3 million provincially).
- New funding for Supports for Students Fund as per centrally ratified collective agreements. This funding will be used to add OECTA and CUPE positions as agreed upon locally.
- The ministry has increased the supply teacher benchmarks by one day to recognize experience with sick leave usage.
- 2% benchmark increase for non-staff School Operations Allocation to assist with increases in commodity prices.
- Student Transportation grant will remain at the previous year's funding levels while the Ministry undertakes a funding formula review.
- The following Priorities and Partnerships Fund (PPF) Grants will be transferred to the GSN's:
 - Mental Health Workers in Schools
 - Experiential Learning
 - Northern Supports Initiative (n/a for ALCDSB)
 - Curriculum and Assessment Implementation
 - Executive Compensation
 - Additional Educational Software Licensing (as existing Ministry software licenses expire)
- The ministry will continue to review opportunities for additional transfers to GSN's.
- Special Incidence Portion (SIP) funding amount being increased by 2% (to \$28,235).

- The ministry is introducing a ministry-wide, multi-project Transfer Payment Agreement (TPA) for PPF grants. In 2020-21, ALCDSB will receive the following allocations:
 - After School Skills Development Programs \$63,800
 - Educators Autism AQ Subsidy \$25,000
 - Math Strategy \$394,500
 - Parents Reaching Out Grants \$8,500
 - Well-Being and Mental Health Bundle \$24,000
- Some school board PPF allocations will be confirmed at a later date.
- School Condition Improvement projected allocation is \$5,785,681.
- School Renewal projected allocation is \$2,203,977.

Appendix B1

Enrolment Comparison Estimates 2020-21 to Revised Estimates 2019-20

	Estimates 2020-21	Revised Estimates 2019-20	Increase (Decrease)	% Increase (Decrease)
Elementary	7,891.00	7,985.50	(94.50)	-1.18%
Secondary	3,454.82	3,556.71	(101.89)	-2.86%
Adult and Continuing Education	269.59	336.69	(67.10)	-19.93%
	11,615.41	11,878.90	(263.49)	-2.22%

Appendix B2

Historical Enrolment Comparison

	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19	Revised Estimates 2019-20	Estimates 2020-21
Junior Kindergarten	706.50	780.75	707.50	741.75	753.00	642.00
Senior Kindergarten	810.00	752.12	819.31	746.75	769.50	785.00
Grades 1 to 3	2,480.25	2,451.00	2,426.75	2,450.00	2,389.00	2,369.00
Grades 4 to 8	3,726.50	3,808.50	3,963.75	3,998.50	4,074.00	4,095.00
Elementary Subtotal	7,723.25	7,792.37	7,917.31	7,937.00	7,985.50	7,891.00
Secondary	3,669.77	3,610.20	3,566.69	3,512.28	3,556.71	3,454.82
Subtotal Under 21	11,393.02	11,402.57	11,484.00	11,449.28	11,542.21	11,345.82
% Increase (Decrease)	0.06%	0.08%	0.71%	-0.30%	0.81%	-1.70%
Pupils Over 21 Years	268.50	284.50	266.50	209.50	268.50	210.00
Continuing Education	50.89	46.81	47.57	47.69	49.60	46.45
Summer School	19.21	13.82	20.83	13.53	18.59	13.14
Subtotal Continuing Education and Summer School	338.60	345.13	334.90	270.72	336.69	269.59
% Increase (Decrease)	4.60%	1.93%	-2.96%	-19.16%	24.37%	-19.93%
Total Enrolment	11,731.62	11,747.70	11,818.90	11,720.00	11,878.90	11,615.41
Enrolment Increase (Decrease)	21.58	16.08	71.20	(98.90)	158.90	(263.49)
% Increase (Decrease)	0.18%	0.14%	0.61%	-0.84%	1.36%	-2.22%

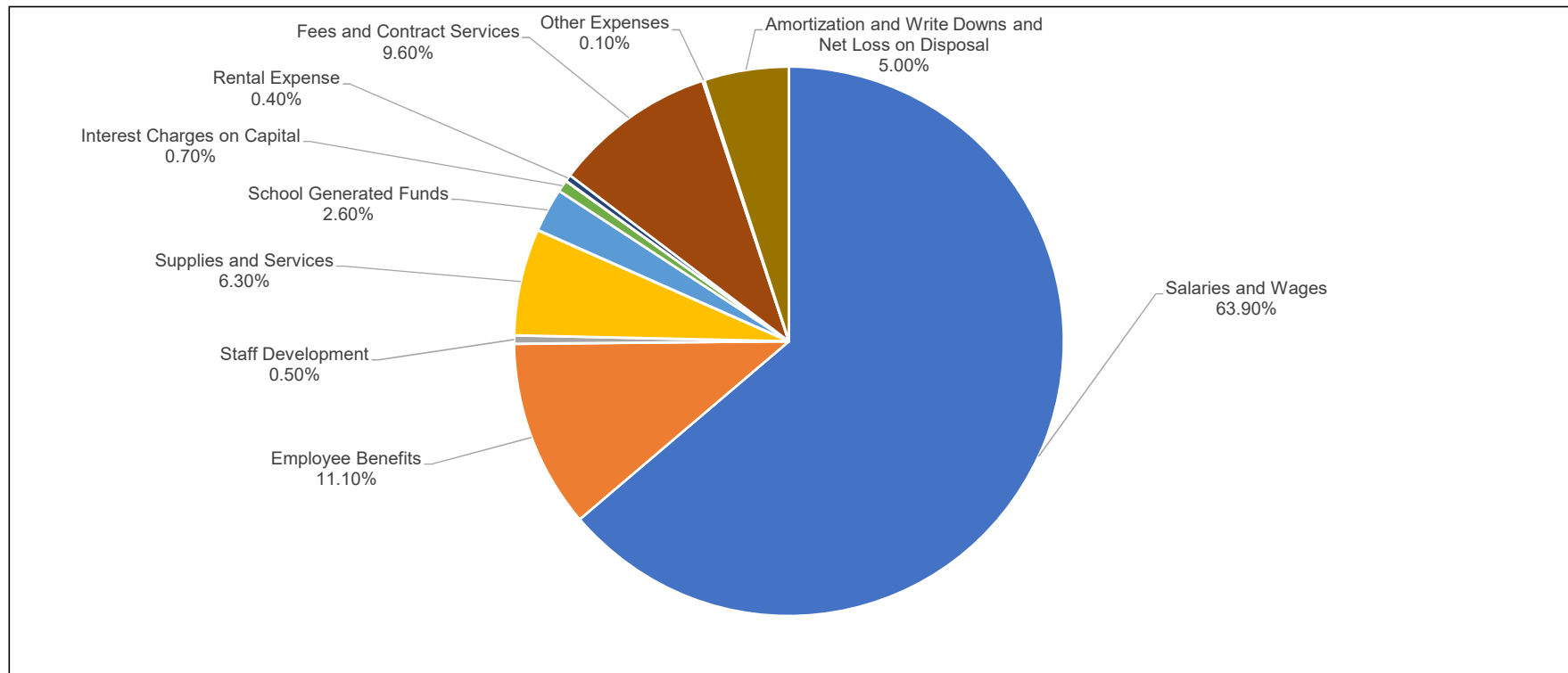
Revenue Summary

	Financial Statements 2018-19	Revised Estimates 2019-20	Estimates 2020-21	Increase (Decrease) from Revised Estimates	% Increase (Decrease)
General Operating Allocation Grants					
Pupil Foundation	63,775,398	60,300,097	63,388,275	3,088,178	5.12%
School Foundation	9,882,910	10,073,283	10,196,663	123,380	1.22%
Special Education	18,460,299	18,736,651	18,930,856	194,205	1.04%
Language	2,182,887	2,331,355	2,215,345	(116,010)	-4.98%
Supported Schools	1,263,806	1,233,112	1,165,865	(67,247)	-5.45%
Remote and Rural	2,107,999	2,110,780	2,166,735	55,955	2.65%
Rural and Northern Education	342,694	343,091	348,277	5,186	1.51%
Learning Opportunities	2,926,567	1,366,012	1,361,661	(4,351)	-0.32%
Continuing Education and Other Programs	1,050,806	1,413,943	1,211,442	(202,501)	-14.32%
Cost Adjustment and Teacher Qualification	11,394,574	14,120,777	12,202,509	(1,918,268)	-13.58%
New Teacher Induction Program	129,319	123,221	119,228	(3,993)	-3.24%
ECE Qualification and Experience	817,953	770,626	780,031	9,405	1.22%
Restraint Savings	(86,507)	(86,507)	(86,507)	-	0.00%
Transportation	10,789,374	11,484,541	11,488,441	3,900	0.03%
Administration and Governance	5,451,878	5,430,586	4,629,662	(800,924)	-14.75%
School Operations	11,847,424	12,061,678	11,947,985	(113,693)	-0.94%
Community Use of Schools	167,288	164,744	165,586	842	0.51%
Declining Enrolment Adjustment	137,339	18,887	537,954	519,067	2748.28%
Indigenous Education	815,017	1,613,461	1,647,969	34,508	2.14%
Mental Health and Well-Being (previously Safe and Accepting Schools)	275,937	281,522	551,795	270,273	96.00%
Supports for Students Fund	-	-	1,349,889	1,349,889	100.00%
Program Leadership Grant	-	-	905,864	905,864	100.00%
Permanent Financing of NPF	116,347	116,347	116,347	-	0.00%
Trustees' Association Fee	43,017	43,017	43,017	-	0.00%
Transfer to Deferred Revenue for Minor Capital	(3,596,233)	(3,600,205)	(3,683,547)	(83,342)	2.31%
	140,296,093	140,451,019	143,701,342	3,250,323	2.31%
Capital Grants Used for Operating Expenses					
Temporary Accommodation	413,748	435,381	368,781	(66,600)	-15.30%
Minor TCA	2,531,266	2,469,205	2,463,547	(5,658)	-0.23%
Interest on Capital	1,134,289	1,076,616	1,043,404	(33,212)	-3.08%
School Renewal	1,368,397	650,000	700,000	50,000	7.69%
	5,447,700	4,631,202	4,575,732	(55,470)	-1.20%
Transfer from Deferred Revenues	1,015,290	982,803	1,200,000	217,197	22.10%
Total Ministry of Education Legislative Grants	146,759,083	146,065,024	149,477,074	3,412,050	2.34%
Other Revenues					
Other Provincial Grants	3,506,089	2,067,350	1,670,744	(396,606)	-19.18%
School Generated Funds	4,045,032	4,157,829	3,197,775	(960,054)	-23.09%
Federal Grants and Fees	436,188	389,193	151,391	(237,802)	-61.10%
Investment Income	152,911	67,383	150,000	82,617	122.61%
Other Fees and Revenues from School Boards	76,350	69,000	69,000	-	0.00%
Fees and Revenues from Other Sources	1,356,869	2,035,926	700,659	(1,335,267)	-65.59%
Amortization of Deferred Capital Contributions	7,765,447	8,025,066	8,136,007	110,941	1.38%
	17,338,886	16,811,747	14,075,576	(2,736,171)	-16.28%
Total Revenue	164,097,969	162,876,771	163,552,650	675,879	2.06%

Appendix D

Expense Summary

	Financial Statements 2018-19		Revised Estimates 2019-20		Estimates 2020-21		Increase (Decrease) from Revised Estimates	% Increase (Decrease)
Salaries and Wages	102,992,483	63.91%	103,120,943	63.86%	105,570,352	63.90%	2,449,409	2.38%
Employee Benefits	17,970,924	11.15%	17,887,644	11.08%	18,849,630	11.10%	961,986	5.38%
Staff Development	953,218	0.59%	778,153	0.48%	753,143	0.50%	(25,010)	-3.21%
Supplies and Services	10,216,412	6.34%	10,115,535	6.26%	9,249,204	6.30%	(866,331)	-8.56%
School Generated Funds	3,898,443	2.42%	4,157,829	2.57%	3,197,775	2.60%	(960,054)	-23.09%
Interest Charges on Capital	1,095,497	0.68%	1,051,439	0.65%	995,650	0.70%	(55,789)	-5.31%
Rental Expense	543,214	0.34%	582,334	0.36%	566,302	0.40%	(16,032)	-2.75%
Fees and Contract Services	15,304,015	9.50%	15,493,182	9.59%	15,733,366	9.60%	240,184	1.55%
Other Expenses	362,107	0.22%	210,097	0.13%	210,097	0.10%	-	0.00%
Amortization and Write Downs and Net Loss on Disposal	7,825,680	4.86%	8,085,299	5.01%	8,196,240	5.00%	110,941	1.37%
Total Expenses	161,161,993	100.00%	161,482,455	100.00%	163,321,759	100.00%	2,039,615	1.26%



Appendix E

Capital Spend Summary

	Financial Statements 2018-19	Revised Estimates 2019-20	Estimates 2020-21
School Condition Improvement	6,339,808	3,500,000	6,500,000
School Renewal	1,095,347	1,825,190	1,600,000
Temporary Accommodation	3,440	174,810	-
Minor TCA	1,064,967	1,131,000	1,220,000
	<u>8,503,562</u>	<u>6,631,000</u>	<u>9,320,000</u>
Capital Priorities	1,061,850	5,300,000	6,800,000
Land Priorities	875,000	-	-
Full Day Kindergarten	-	-	900,000
Child Care	-	-	2,300,000
EarlyON Child and Family Centre	-	-	1,680,000
Education Development Charges	-	2,573,352	-
	<u>1,936,850</u>	<u>7,873,352</u>	<u>11,680,000</u>
Total Capital Spend	10,440,412	14,504,352	21,000,000

Appendix F

Surplus (Deficit) Available for Compliance

	Financial Statements 2018-19	Revised Estimates 2019-20	Estimates 2020-21
Total Grants and Revenues	164,097,969	162,876,771	163,552,650
Total Expenses	161,161,993	161,482,455	163,321,759
Total Surplus (Deficit)	2,935,976	1,394,316	230,891
Less Amounts Not Available for Compliance:			
Employee Future Benefits Retirement Gratuity Liability	(2,931,451)	-	-
Revenues Recognized for Land	(50,828)	(1,338,902)	(228,000)
Other (SGF, Interest, etc.)	(156,657)	-	-
Subtotal	(3,138,936)	(1,338,902)	(228,000)
Total Surplus (Deficit) Available for Compliance	(202,960)	55,414	2,891