



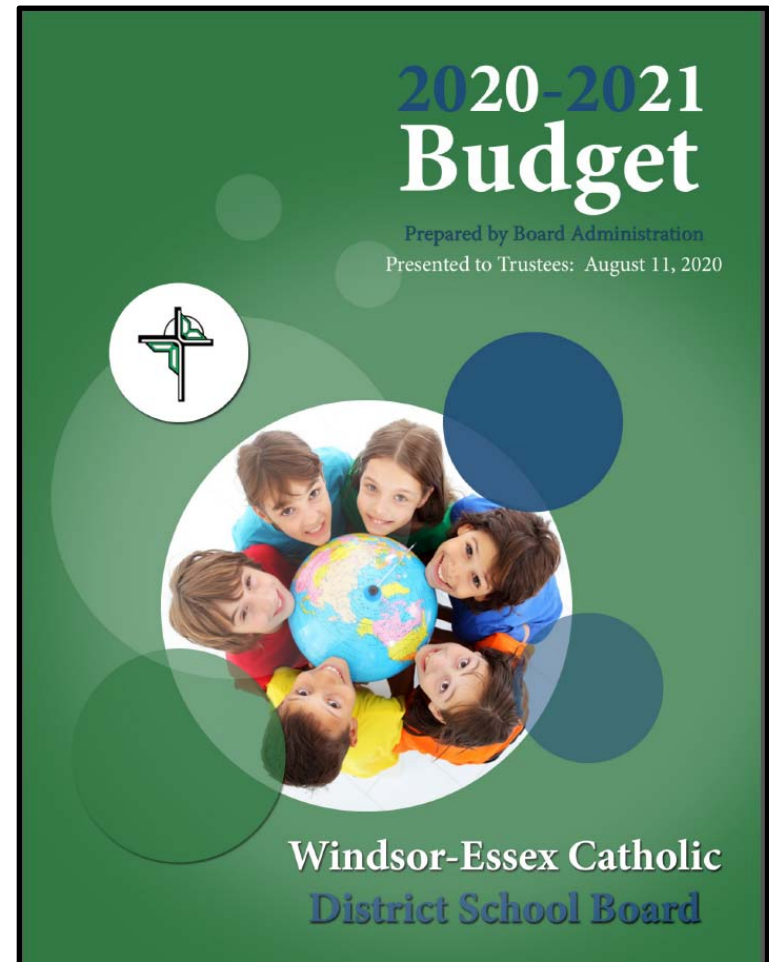
WINDSOR-ESSEX CATHOLIC  
DISTRICT SCHOOL BOARD

# 2020-21 Budget Presentation

## August 11, 2020

# Annual Budget Report

- ▶ Accompanying document to the presentation
- ▶ Available to all stakeholders
- ▶ Meant to serve as a reference to assist stakeholders in understanding the contents of the budget, as well as the process followed by senior admin to prepare the budget
- ▶ All budget materials available on-line at [www.wecdsb.on.ca](http://www.wecdsb.on.ca)



# GSN Overview

- ▶ Announced June 19, 2020
- ▶ Total sector funding estimated at \$25.52B (2% increase over prior year)
- ▶ No new initiatives identified
- ▶ No cost saving measures cited
- ▶ Several allocations transferred into the GSN
- ▶ Includes support for centrally negotiated collective agreements
- ▶ **COVID -19 support announced in GSN:**
  - \$25M provincially including...
    - \$10M for mental health support for students
    - \$15M for technology-related costs



# GSN Overview continued....

- ▶ **Class Size Changes & Online Learning:**
  - **Elementary (grades JK-8):**
    - No changes to the funded class size averages
  - **Secondary (grades 9 – 12):**
    - Funded average class size change from 28 to 23
  - **Online Learning:**
    - Adjustment to support the requirement for secondary students to take two online credits to graduate from secondary school
    - Reflects funded average online class size of 30

# GSN Overview continued...

## ▶ Targeted Investments:

### ○ **Supports for Students Fund:**

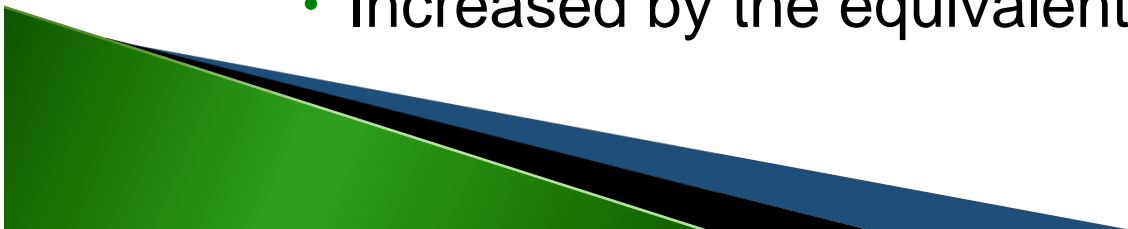
- Flexible funding that replaces Local Priority Funding
- For CUPE, referred to as “Investments in System Priorities”

### ○ **School Operations Allocation:**

- Cost benchmark increases of 2% provided to help manage increases in commodity prices

### ○ **Supply Teacher Benchmarks:**

- Increased by the equivalent of one extra day



# COVID-19 Budget Assumptions

- ▶ Budget development occurred simultaneously with Return to School planning.
- ▶ Limited to no information with respect to how incremental COVID-19 related costs would be funded.
- ▶ Problematic to cost incremental expenses as the exact learning model, and price points and necessity of certain supplies (i.e. masks for students) were undetermined.
- ▶ As a result, budget was developed assuming school would resume as normal, without including incremental COVID-19 costs.



# COVID-19 Ministry Funding

## ▶ New Investments:

- On July 30, 2020, the Ministry announced \$309M of incremental provincial funding. Board allocations were provided August 4<sup>th</sup>.

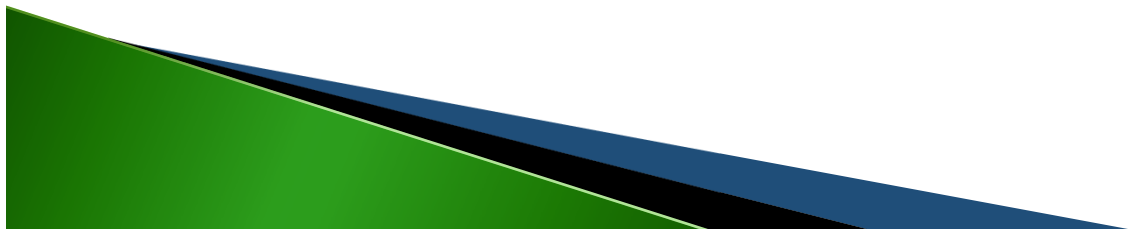
	Provincial Amount (\$M)	WECD Amount (\$)
Health & Safety Training	10	92,691
Mental Health Supports	10	126,943
Support for Students with Special Needs	10	115,912
Additional Staffing - Custodians	50	494,897
Additional Staffing - Teachers	30	?
Masks and PPE	60	?
Cleaning Supplies	25	?
Transportation - Cleaning Supplies & PPE	40	?
Public Health Nurses	50	?
Lab Testing Capacity	24	?
<b>TOTAL</b>	<b>309</b>	<b>830,443</b>

# COVID-19 Ministry Funding

## ▶ Previously Announced Investments:

- On August 4, 2020, the Ministry also confirmed Board allocations of previously announced funding as follows:

	Provincial Amount (\$M)	WECDSB Amount (\$)	
Technology	15	144,008	GSN
Mental Health	10	126,943	GSN
Enhanced Cleaning in Schools & on Buses	4	40,910	PPF
<b>TOTAL</b>	<b>29</b>	<b>311,861</b>	





# COVID-19 – EFIS Reporting

- ▶ On August 5<sup>th</sup>, Ministry directed Boards who have not yet submitted EFIS to:
  - report the additional funding as revenue in EFIS, and
  - report COVID-19 related expenses in EFIS

	Provincial Amount (\$M)	WECDSB Amount (\$)
Total new investments	309	830,443
Total investments announced previously	29	311,861
<b>TOTAL COVID-19 FUNDING</b>	<b>338</b>	<b>1,142,304</b>
	Revenue (\$M)	Gross Expense (\$M)
Existing budget amounts as presented	266.993	268.709
To be added to EFIS per Ministry	1.142	1.142
<b>TOTAL REPORTED IN EFIS</b>	<b>268.135</b>	<b>269.851</b>

# Budget Process & Timelines

## FIVE-STAGE STRATEGIC BUDGET DEVELOPMENT PROCESS



# Budget Process continued...

## 1. Calculate Estimated Revenue Entitlements

- Forecast student enrolment
- Calculate estimated grant entitlements

## 2. Calculate Estimated Expenses

- Based on enrolment, estimate staffing requirements, salaries & benefits to meet contractual and legislative requirements
- Estimate balance of expenditures
- Calculate Board by-law contingency reserve

## 3. Calculate In-year surplus (deficit)

- If deficit exists, accumulated surplus to a maximum of 1.0% of operating revenue can be used to balance the budget, with Board of Trustee approved recovery plan. Any deficit in excess of this requires Ministry approval.

# Budget Consultation

## Structure:

- ▶ Online and phone survey

## Content:

- ▶ Focused on Board priorities

## Results:

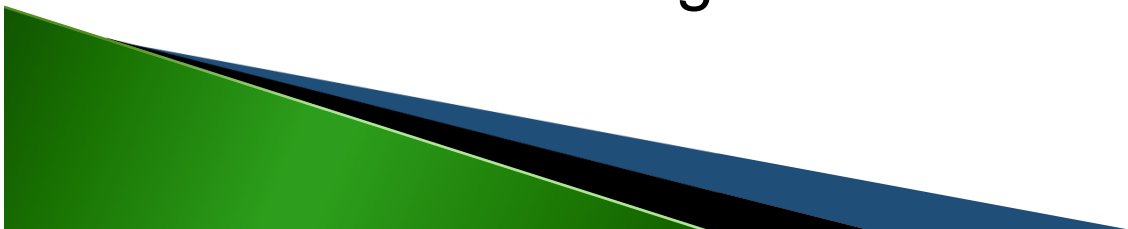
- ▶ 2,049 responses received  
(vs. 1,299 in 2019-20)
- ▶ Detailed responses: Appendix II



# Budget Challenges & Risks

## Prevalent in 2020-21:

- ▶ COVID-19 safety
- ▶ Uncertainty of cost of return to school plans and impact of COVID-19 pandemic
- ▶ Replacement costs
- ▶ WSIB costs
- ▶ International Education revenues if travel restrictions remain in place
- ▶ Local labour agreements



# Budget Challenges & Risks

## Ongoing:

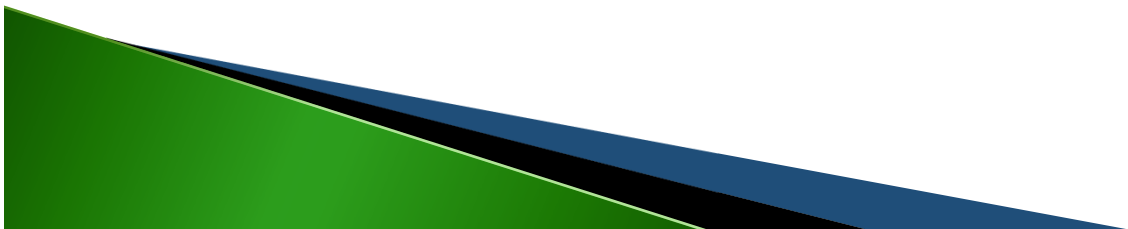
- ▶ Cost of phasing-in post age 65 retirement benefit liability
- ▶ Projecting enrolment
- ▶ Managing costs for students with individual needs
- ▶ Aging infrastructure and renewal needs
- ▶ No direct funding for Faith initiatives
- ▶ Controlling staffing costs (80% of total budget)
- ▶ Capital deficit
- ▶ Providing for a 0.5% contingency with available funds

# Enrolment

- ▶ Key driver for most Ministry grants ~ 2/3 of grants vary with enrolment
- ▶ Challenging to project as actual results will differ

## **Projected enrolment for 2020-21 was...**

- ▶ Prepared by Human Resources
- ▶ Based on historical data updated for current circumstances
- ▶ Presented to and approved by Executive Council for use in budget development



# Enrolment continued...

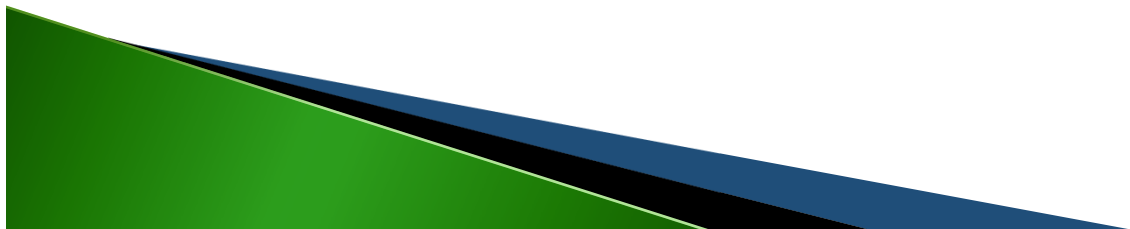
## Summary of Enrolment

Full-Time Equivalent (FTE) Average Daily Enrolment (ADE)	2018-19 Financial Statements	2019-20 Budget Estimates	2020-21 Budget Estimates	Change (2019-20 Budget to 2020-21 Budget)	
				#	%
<b>Elementary</b>					
JK-K	2,389	2,299	2,334	35	1.5%
1-3	3,851	3,931	3,916	(15)	(0.4%)
4-8	7,120	7,020	6,950	(70)	(1.0%)
<b>Total Elementary</b>	<b>13,359</b>	<b>13,250</b>	<b>13,200</b>	<b>(50)</b>	<b>(0.4%)</b>
<b>Secondary &lt; 21</b>					
Grade 9 to 12	6,899	6,825	7,000	175	2.6%
<b>Total Secondary &lt; 21</b>	<b>6,899</b>	<b>6,825</b>	<b>7,000</b>	<b>175</b>	<b>2.6%</b>
<b>TOTAL DAY SCHOOL</b>	<b>20,258</b>	<b>20,075</b>	<b>20,200</b>	<b>125</b>	<b>0.6%</b>
Secondary > 21	141	140	180	40	28.6%
High Credit	4	8	9	1	19.5%
Visa (Tuition Paying)	147	151	75	(76)	(50.2%)
<b>TOTAL BOARD</b>	<b>20,550</b>	<b>20,373</b>	<b>20,464</b>	<b>91</b>	<b>0.4%</b>

Day School Enrolment projected to be 20,200 pupils.

This is an increase of 125 pupils over 2019-20 Estimates.

Tuition paying pupils projected to decrease by 76 pupils from 2019-20 budget due to the closure of the Canadian border.





# Staffing Highlights

## Summary of Staffing

Full-Time Equivalent (FTE)	2018-19 Financial Statements	2019-20 Budget Estimates	2020-21 Budget Estimates	Change (2019-20 Budget to 2020-21 Budget)	
				#	%
<b>Classroom</b>					
Teachers	1,224	1,191	1,206	15	1.2%
Non-Teachers	639	637	654	17	2.7%
<b>Total Classroom</b>	<b>1,863</b>	<b>1,828</b>	<b>1,860</b>	<b>32</b>	<b>1.7%</b>
<b>Non-Classroom</b>					
Admin, Governance & Transportation*	59	52	51	(1)	(1.9%)
School Operations	169	176	175	(0)	(0.2%)
<b>Total Non-Classroom</b>	<b>228</b>	<b>228</b>	<b>226</b>	<b>(1)</b>	<b>(0.6%)</b>
<b>TOTAL BOARD</b>	<b>2,091</b>	<b>2,056</b>	<b>2,087</b>	<b>30</b>	<b>1.5%</b>

\* Includes 9 Trustees + 2 Student Trustees

Salaries & benefits comprise 79.5% of the total Board budget.

Total salaries and benefits for 2020-21 is \$213.7M.

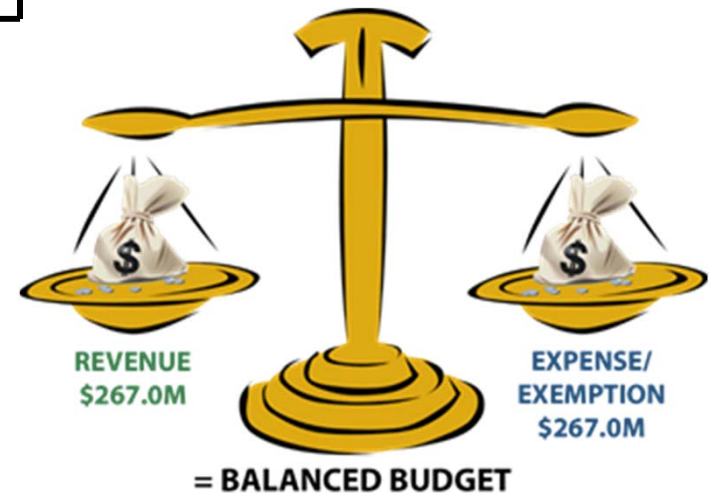
- ▶ **Teacher** increase mainly due to positions added with Supports for Students Funding.
- ▶ **Non-Teacher** increase due to CYW, Psychotherapist, EA positions added as a result of Investment of System Priorities and Education Worker Protection Funding. Additionally, ECE and School Office positions were added.
- ▶ **Administration** decrease due to reallocation to School Support category.

# Budget Overview

▶ Revenue	\$267.0M
▶ Gross Expense	\$268.7M
Less: Exemptions	<u>(1.7M)</u>
▶ Net Expense	\$267.0M

Balanced & compliant

- ▶ Budget contains provision for contingency = 0.5% of operating allocation or \$1.2M



# Adjustment for Exemptions

## Background:

- ▶ First introduced to Trustees in November Interim Financial report (January 2020)
- ▶ O.Reg. 280/19 *Calculation of Maximum In-Year Deficit* came into effect on August 22, 2019
- ▶ Introduced the concept of “adjusted in-year deficit” which allows for the following 3 exemptions from the deficit for compliance purposes:
  - 1) Adjustment for specific committed capital projects
  - 2) Adjustment for committed sinking fund interest
  - 3) Adjustment for amortization of employee future benefits

# Adjustment for Exemptions con't...

- ▶ In 2018-19, \$4.5M of Accumulated Surplus was internally appropriated to fund future years employee benefit amortization expenses.
- ▶ Surplus and exemptions used in 19-20 Revised Budget and 2020-21 budget to balance

(\$Thousands)	2019-20 Budget Estimates	2019-20 Revised Estimates	2020-21 Budget Estimates
Revenue	259,633	261,733	266,993
Less: Gross Expenses	259,633	263,866	268,710
<b>In- Year Surplus (Deficit) Available for Compliance</b>	<b>-</b>	<b>(2,133)</b>	<b>(1,717)</b>
<u>Adjustment for exemptions:</u>			
(1) Adjustment for specific committed capital projects	n/a	-	-
(2) Adjustment for committed sinking fund interest	n/a	<b>64</b>	<b>64</b>
(3) Adjustment for amortization of employee future benefits	n/a	<b>2,797</b>	<b>1,653</b>
Subtotal Exemptions	-	<b>2,860</b>	<b>1,717</b>
<b>Adjusted In-Year Surplus/(Deficit)</b>	<b>-</b>	<b>727</b>	<b>0</b>

# Financial Summary

(\$Thousands)	2018-19 Financial Statements	2019-20 Budget Estimates	2020-21 Budget Estimates	Change (2019-20 Budget to 2020-21 Budget)	
				\$	%
<b>Revenue</b>					
Operating	236,292	232,408	239,686	7,278	3.1%
Capital	20,951	21,110	23,361	2,252	10.7%
Other	6,287	6,116	3,946	(2,170)	(35.5%)
<b>TOTAL REVENUE</b>	<b>263,530</b>	<b>259,633</b>	<b>266,993</b>	<b>7,359</b>	<b>2.8%</b>
<b>Expenses</b>					
Instruction	198,563	195,803	200,967	5,164	2.6%
Administration	7,884	7,048	7,085	37	0.5%
Transportation	9,190	9,281	9,302	21	0.2%
Pupil Accommodation & Other	44,817	46,340	50,158	3,817	8.2%
Provision for Contingency	-	1,161	1,197	36	3.1%
<b>TOTAL EXPENSES</b>	<b>260,454</b>	<b>259,633</b>	<b>268,709</b>	<b>9,076</b>	<b>3.5%</b>
<b>In-Year Surplus/(Deficit)</b>	<b>3,075</b>	<b>0</b>	<b>(1,717)</b>	<b>(1,717)</b>	<b>-</b>
Adjustment for exemptions	-	-	1,717	1,717	
<b>Adjusted In-Year Surplus/(Deficit)</b>	<b>3,075</b>	<b>0</b>	<b>0</b>	<b>0</b>	

0.5% of 2020-21 operating revenue

# Revenue Highlights

- ▶ Total estimated revenue for 2020-21 is \$267.0M
- ▶ Increase of \$7.4M from prior year budget.
- ▶ Main contributors include increased enrolment, continued Ministry investments and an increase in benchmarks, primarily to fund negotiated rate increases.

	Amount (\$M)
<b>2019-20 Budget Estimates</b>	<b>259.63</b>
New and increased funding investments (i.e., Supports for Students Funds)	2.05
Decreased funding (reduction in Temporary Accommodation Grant)	(0.20)
Net change in benchmarks, including class size changes net of attrition protection impact	2.39
Increased grant revenue due to increase in enrolment	1.17
Increased grant revenue due to increase in other enrolment (ESL/FSL, Continuing Education, Indigenous)	0.70
DCC revenue increase, offset by increase in amortization expense	2.65
VISA tuition revenue decrease, net of International Student Recovery change	(0.73)
Decrease in Priorities and Partnerships Funding - offset by decrease in PPF Expenses	(0.59)
Decrease in interest income	(0.14)
Other net revenue changes	0.06
<b>2020-21 Budget Estimates</b>	<b>266.99</b>

# Expenditure Highlights

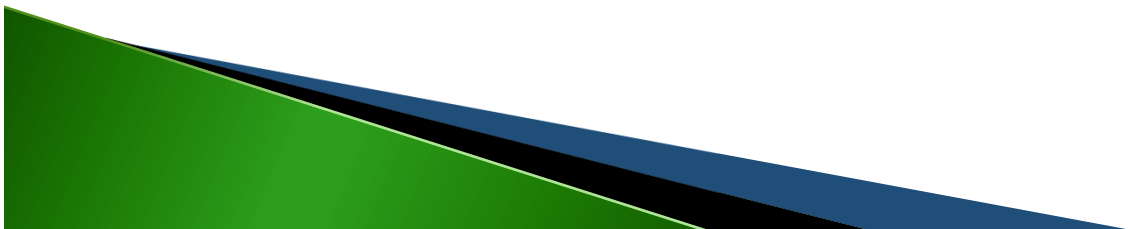
- ▶ Total estimated gross expenses for 2020-21 is \$268.7M
- ▶ Increase of \$9.1M over prior year budget.

	Amount (\$M)
<b>2019-20 Budget Estimates</b>	<b>259.63</b>
Negotiated increase in salaries, net supported by increased benchmark funding	2.23
Increase staffing, funded by Student Supports Funding and other	3.15
Benefit expense phase-in increase, net	1.50
Expenditure additions	0.65
Expenditure reductions	(0.40)
Debenture interest decrease	(0.40)
Amortization expense increase, offset by increase in DCC revenue	2.65
Decrease in PPF expenses, offset by decrease in PPF revenue	(0.52)
Other net expenses	0.21
<b>2020-21 Budget Estimates</b>	<b>268.71</b>

# Expenditure Highlights continued...

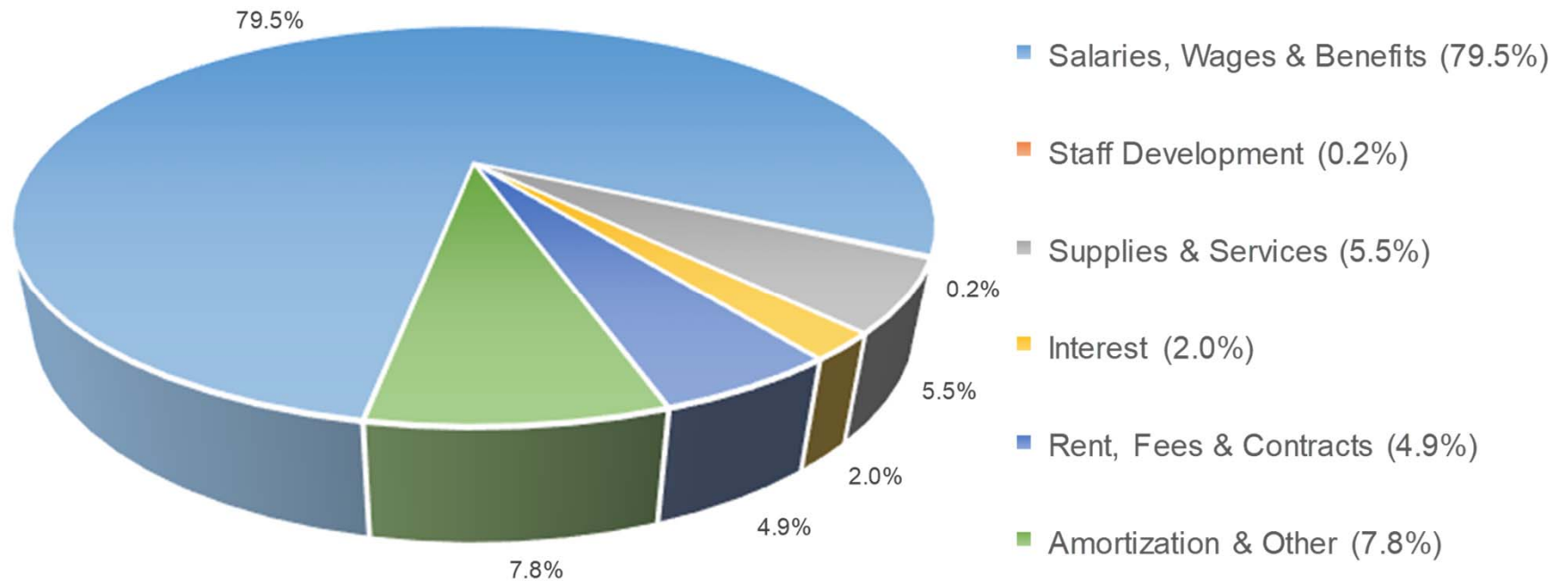
## ▶ **Notable increases relate to:**

- Salary benchmark increases to reflect 2019-22 central labour agreements.
- Additional staffing positions funded by the Supports for Students Fund.
- PSAB Benefit expense increase.

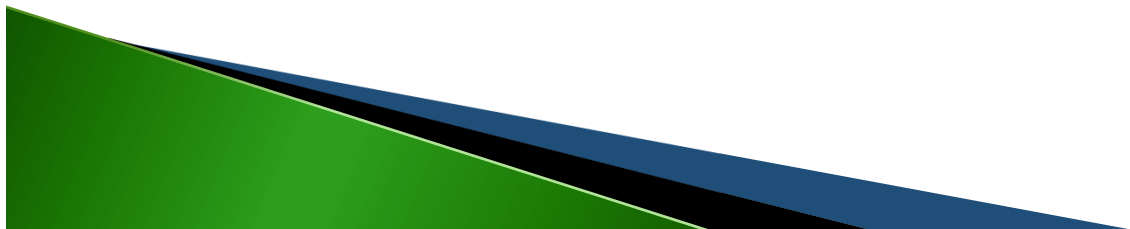




# Expenditure Highlights continued...

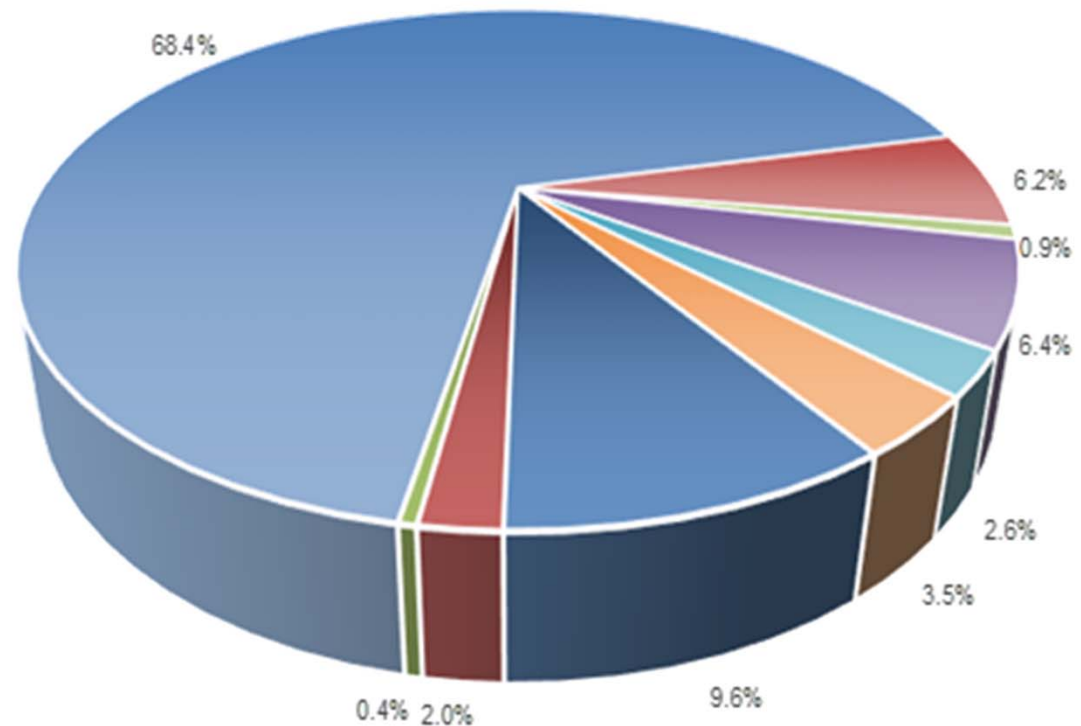


Labour related costs represent 79.5% of total expenses.



# Expenditure Highlights continued...

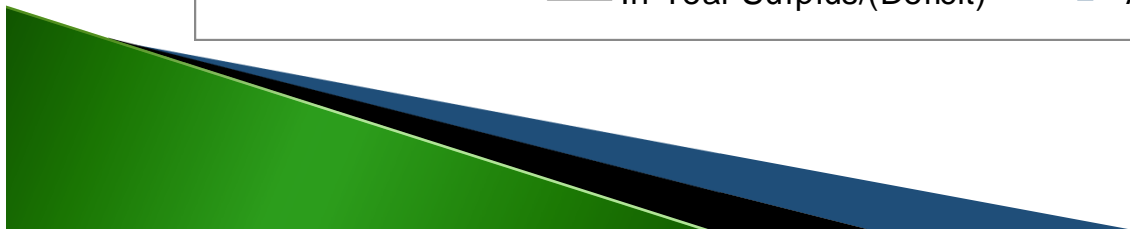
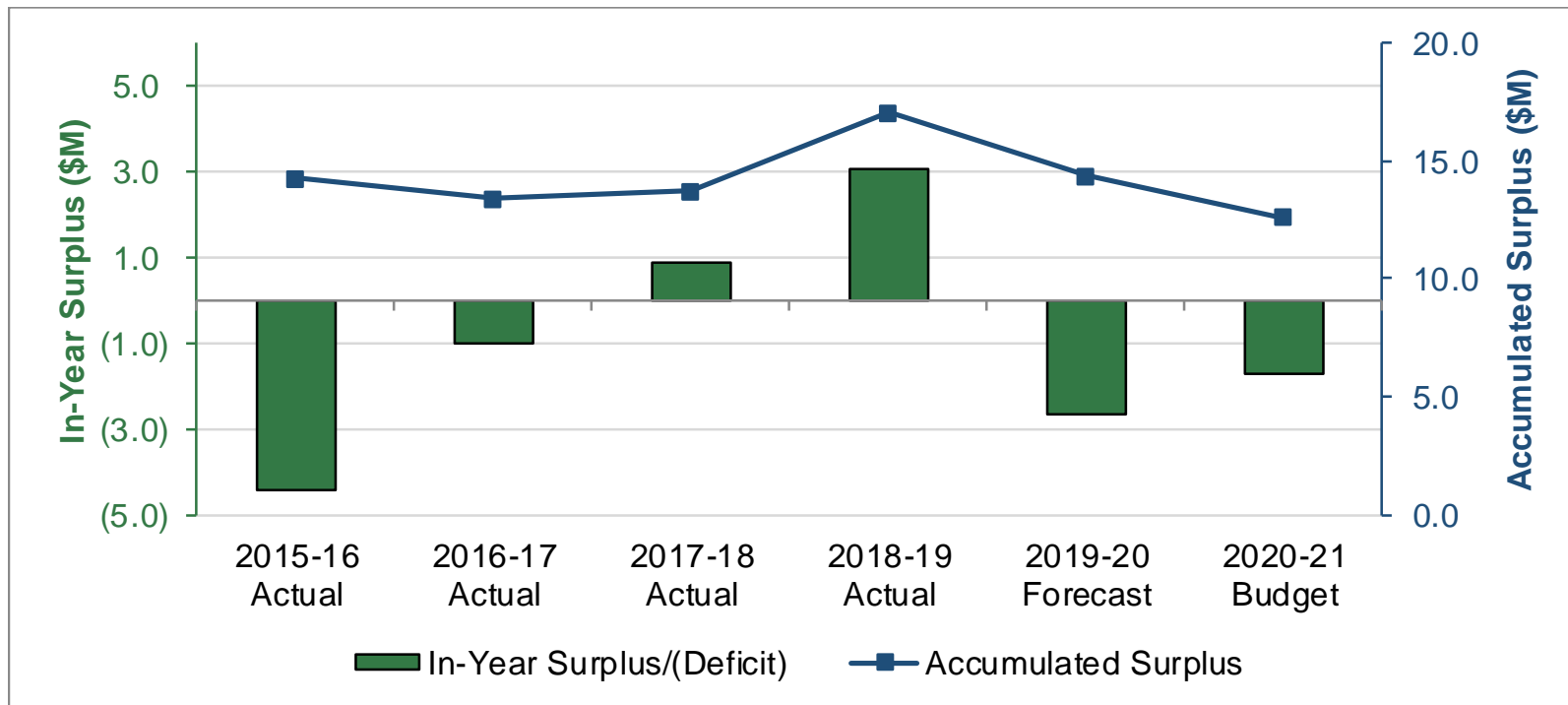
- Instructional Support (68.4%)
- In-School Administration (6.2%)
- Other Non-Operating (0.9%)
- Amortization of Tangible Capital Assets (6.4%)
- Board Administration (2.6%)
- Transportation (3.5%)
- School Operations & Renewal (9.6%)
- Interest on Capital (2.0%)
- Provision for Contingencies (0.4%)



- ▶ Instruction Support is the largest spend at 68.4%
- ▶ Board administration costs are 2.6% of total expenses

# Accumulated Surplus

- ▶ The Board continues to have a healthy total surplus at \$12.6M projected at 2020-21 year-end



# Accumulated Surplus continued..

## Components of Accumulated Surplus

(\$Thousands)	2020-21 Estimates	
Operating surplus	5,421	unrestricted
Amortization of Employee Future Benefit Expenses	50	restricted
School Renewal	172	restricted
Benefit Plan	932	restricted
Unfunded Post Age 65 Retirement Benefit Liability Phase-In (2012-13 to 2015-16)	5,145	restricted
Sinking fund interest	902	restricted
<b>TOTAL</b>	<b>12,622</b>	

- ▶ \$5.4M of the \$12.6M projected accumulated surplus is unrestricted for use in operations

# Faith Centered Learning

- ▶ 2020-21 budget reflects commitment to our Catholic distinctiveness
- ▶ In 2020-21, \$1.0M unfunded specialized resources are allocated to assist classroom teachers and provide system-wide retreats and activities, which ensure the delivery of faith-oriented programming



# International Education

- ▶ Closure of the Canadian borders has directly impacted the Board's ability to recruit and enroll students, reducing the number of students in the program considerably

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget (restated)	2020-21 Budget
<b>Enrolment</b>					
Elementary	12	9	12	12	10
Secondary	86	111	135	139	65
<b>Total Enrolment (FTE)</b>	<b>98</b>	<b>120</b>	<b>147</b>	<b>151</b>	<b>75</b>
Revenues	981,174	1,430,644	1,572,890	1,675,802	855,475
Expenses	721,694	899,898	1,059,020	1,144,141	835,842
<b>NET CONTRIBUTION</b>	<b>259,480</b>	<b>530,746</b>	<b>513,870</b>	<b>531,661</b>	<b>19,633</b>

# Special Education

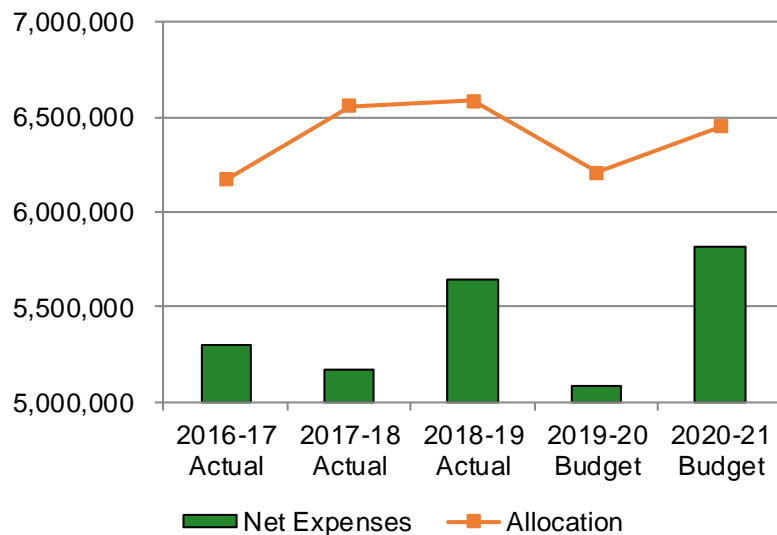
- ▶ Funding must be used solely for the purposes of supporting students with special needs

(\$Thousands)	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget	2020-21 Budget
Funding	26,162	27,297	29,020	27,861	29,426
Net Expenses	30,738	31,474	32,270	31,431	33,193
In-Year Surplus/(Deficit)	(4,576)	(4,177)	(3,249)	(3,570)	(3,768)

- ▶ **2020-21 funding** increased by \$1.6M (5%)
- ▶ **2020-21 net expenses** increased by \$1.8M (5%) mainly due to negotiated salary increases and additional positions added utilizing the Supports for Students Fund.
- ▶ **2020-21 projected deficit** supported by funding redirected from other programs and services

# Board Administration

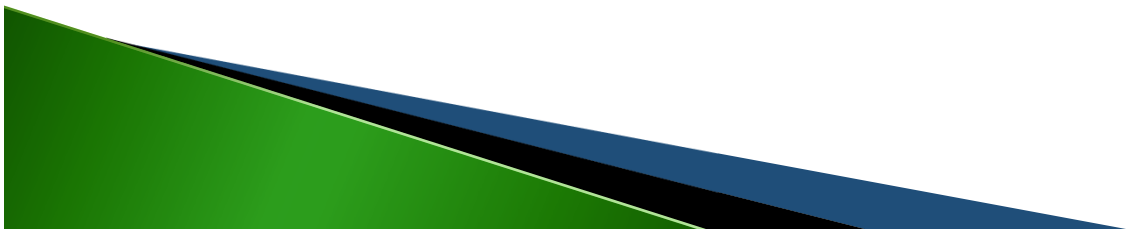
- Board's net administration and governance expenses in a fiscal year cannot exceed the administration and governance grant



## Board Admin Compliance (\$Thousands)

	2020-21 Budget
Net Expenses	5,819
Funding	6,452
<b>SURPLUS</b>	<b>632</b>

- 2020-21 Funding > Net Expenses by \$0.6M ∴ Compliant





# Capital and Debt

- ▶ 2020-21 capital asset additions of \$35.9M

	Amount (\$)
Buildings	31,833,214
Land Improvements	3,850,000
Computer hardware and software	169,500
<b>TOTAL PLANNED ASSET ADDITIONS</b>	<b>\$35,852,714</b>

- ▶ Funding for additions is available from multiple sources
- ▶ \$268.7M gross expenditure budget includes:
  - ▶ Depreciation of capital assets (\$17.1M)
  - ▶ Interest on long-term debt (\$5.4M)
    - ▶ continues to be reduced annually

# Summary

- ▶ The budget is balanced consisting of \$267.0M of revenues and expenditures after exemptions.
- ▶ The budget is compliant with Education Act.
- ▶ There is inherent risk in some areas of the budget.
- ▶ Budget approval date: August 11, 2020
- ▶ Budget submission date to Ministry: August 19, 2020
- ▶ Submitted budget in EFIS will be grossed up by \$1.142M for COVID-19 funding and expenses.
  
- ▶ Any questions???

