



BUSINESS AND FINANCE

Report to Committee of the Whole

Meeting: ☐ In Camera
☒ Open

Presented for: ☐ Information
☒ Approval

Meeting Date: June 10, 2024

Presented by: Sean Heuchert, Superintendent of Business and Finance

Submitted by: Sean Heuchert, Superintendent of Business and Finance &
Teri Smith, Chief Financial Officer

Subject: 2024-2025 Draft Budget Information

Recommended Action(s): That the Committee of the Whole recommend to the Board that the 2024-2025 Consolidated Expenses Budget, in the amount of \$221,823,763 be approved as presented.

Background:

On April 16, 2024, the Ministry of Education released the “Core Education Funding” and associated Technical Paper with funding guidance for 2024-2025. Since that time, administration has been reviewing its enrolment projections and related grant calculations, staffing allocations, resource needs and departmental requirements. The core objective of the 2024-25 budget process will be to match the Strategic and Operational priorities of the Peterborough Victoria Northumberland and Clarington Catholic District School Board with available resources, and consequently develop a budget that is compliant with the Education Act.

Addressing Our Strategic Priorities:

Actions planned for 2024-25 are intended to reflect the Board's vision: Creating a culture of faith, hope and love to ensure equity and well-being. The Board's vision and mission are operationalized via the 2022-23 strategic pillars, which are:

- Being Creative
- Being Well
- Being Community

Our Strategic Priorities are:

- Inspiring Faith
- Valuing Relationships
- Nurturing Mental Health & Well-being
- Excellence in Teaching & Learning
- Ensuring Equity
- Expanding Technology
- Protecting the Environment
- Maximizing Resources

The following reports and updates were brought forward to trustees this fiscal year:

12 February 2024	Committee of the Whole - Review of Budget Timelines - Key Milestones and Activities
18 March 2024	Committee of the Whole - School Renewal Timelines and Process
13 May 2024	Committee of the Whole - Core Education Funding (CEF) Update
3 June 2024	Draft Budget Report Distributed to Trustees
10 June 2024	Committee of the Whole: 2024-2025 Draft Budget Information

Key components and/or changes within the Core Education Funding for 2024-2025

Core Education Funding (CEF) is comprised of the former 18 grants and 77 allocations re-organized into six funding pillars and 28 allocations to streamline the funding formula, making it easier to understand and improve school board accountability.

In June 2023, the Better Schools and Student Outcomes Act, 2023 was passed to enhance the province's public education system, including ensuring transparency and

strengthening accountability for parents and families. As part of this work, the ministry undertook a review of education funding to support the goals of streamlining the funding formula to make it simpler to understand and strengthening school board accountability with minimal redistributive funding impacts to school boards. (Ministry Memorandum 2024:B05)

The five key pillars for the Ministry of Education (as in Bill 98) remain the same:

- Increase Accountability and Transparency
- Ensure Effective Governance
- Maximizing Capital Assets
- Strengthen Teacher Training and Oversight
- Consistent Information and Approaches to Student Learning

The Ministry of Education has chosen to focus on making key investments in the following areas (Ministry Memorandum 2024:B05):

- Labour Related Changes
- Census Update - Phasing in 2021 Census Data
- Student Transportation
- Professional Assessments
- Special Education - SIP and SEA
- Streamlining and Simplifying Education Funding
- Strengthening Transparency

Local Challenges for 2024-25

Recent economic factors have had significant impacts on education budgets. Inflation and rising costs of living have had a broad impact on Board expenses, including construction, fuel, technology and other supplies and services on which we rely. While the GSN included some support for inflation, shown as a 2% increase in the non-staff portion of the School Operations Allocation, there are many other areas of the budget which remained constant, not addressing these additional costs and thereby reducing the buying power for our budget. Other pressures are noted below:

- Transportation
 - Special Transportation has been added to the Student Transportation Fund (STF) but our Local Priorities for Transportation has been reduced by a corresponding amount.
 - The Ministry has increased our STF allotment by 3.1%
 - Operator agreements have not yet been signed. Elements of the STF will be incorporated into agreements but market rates may not match our funding allotment.
- Indigenous Education
 - The mitigation funding received in 2023-2024 has ended.

- Special Education
 - The Board continues to spend over our allocated budget for Special Education. The Ministry continues to use a table amount for 2024/2025 SIP funding which provided consistent funding from prior years.
- Sick Leave
 - Employee absences continue to put pressure on our budget. Our Employee Attendance Support Program has been updated for 2024-2025 and we expect to see savings on sick leave resulting from these changes.

In light of these challenges and throughout the budget process we have maintained school budgets to support schools and students. Central budget, particularly departmental budgets, have been reduced to meet these pressures. We are also working with the Ministry of Education in ensuring that some cost pressures are dealt with through our accumulated surplus (see below).

Expenditures in Support of Catholic Education

On an annual basis, budget decisions are made in support of the Board's mission to *accompany our students as we strive for excellence in Catholic Education* and to *...educate students in faith-filled, loving, safe, inclusive schools to develop the God-given abilities of each person.*

These expenditures are funded using components of the many allocations provided in the CEF. Some of these expenditures are explicitly organized as part of the Faith portfolio. The more significant of these are as follows:

Centrally assigned staff: Religion and Family Life Consultant \$133,856

Support for resources and professional development regarding Religion and Family Life, including Diocesan contract \$191,953

Secondary School Chaplaincy Leads \$549,363

Total \$875,172

In addition, there are many expenditures in support of Catholic education incurred at the school level that are not individually captured for reporting purposes.

Resources specifically related to the Religion and Family Life Program are being phased in over a number of years. The 2024-25 budget continues an allocation to purchase resources related to this implementation. Resources will continue to be needed in future years to provide the annual rollout of additional grades and for professional development to support the new resources.

Projected Enrolment

Panel	Budget 2023/24	Revised 2023/24	Projected 2024/25	+/- from Revised
-------	-------------------	--------------------	----------------------	---------------------

Elementary	10,163.00	10,172.00	10,194.00	+22.00
Secondary	4,733.50	4,664.00	4,858.00	+194.00
Total	14,896.50	14,836.00	15,052.00	+216.00

Projected 2024-2025 School Staffing Allocations

Funding for school boards through the Core Education Funding (CEF) is calculated using many different formulae to support particular components of classroom education. The Pupil Foundation Allocation formulae make significant use of benchmarks for staffing, salaries and benefits. The number of teaching staff allocated within the school system must conform to a number of regulatory requirements regarding Class sizes as follows:

- Full Day Kindergarten: class size average of 26
- Primary Classes: capped at 23, but 90% of classes must be 20 students or below
- Junior and Intermediate Classes: class size average of 24.5
- Secondary School: class size average of 23 except for E-learning classes which may have an average class size of 30.

The differences experienced between the number of teachers funded and the number of teachers allocated/staffed by boards is usually as a result of the pattern of dispersion of students within the board's geographic area.

School and System Organization

Schools are being organized for 2024-25 in a manner that will achieve the Ministry targets on class size, based on registration confirmed in the Spring 2024. Administration anticipates additional students will be enrolling prior to September, and changes may be necessary to reorganize classes at schools in September in order to meet the class size guidelines.

Staff allocations for central departments have been reviewed for the 2024-25 budget period in order to implement our Strategic Priorities, address the key Ministry initiatives, and meet legislative/operational due diligence and risk management. These changes affect the following areas for 2024-25:

Student Success:

- Re-allocation of existing SHSM funding to support an SHSM consultant

Learning Support Services:

- Continuation of Reading and Math Supports (REP Funding)
 - School Math Facilitators - 3.0 FTE
 - Staff to Support Reading Interventions - 4.0 FTE

Special Education Services:

- Addition of 1.0 FTE Speech Language Pathologist (Funding for Assessments in CEF)

Indigenous Education:

- Indigenous Lead and Coach (2.0 FTE)
- 2.0 FTE Consultants
- 1.0 FTE in Elementary for Indigenous Language
- 1.0 FTE in Secondary for Indigenous Language and Student Success
- 2.0 FTE Social Work

Labour Related Funding

The Ministry has made updates to the salary benchmarks, incorporating the following changes:

For CUPE staff, there was an increase of \$1 per hour in the 2023-2024 school year. Furthermore, there will be an additional \$1 per hour increase scheduled for the 2024-2025 school year. This funding allocation aligns with the CUPE central and local collective agreement.

Regarding teacher salary benchmarks, a provision for a 1.25% increase has been made for the 2022-23 and 2023-2024 school year. Additionally, there is another 1.25% increase set for the 2024-2025 school year. As the teacher collective agreement has not been finalized yet, this increase is accounted for as a contingent labor provision.

These adjustments to the salary benchmarks aim to address the evolving needs and agreements within the education sector, ensuring fair compensation for CUPE staff and teachers while taking into account the ongoing negotiations surrounding the teacher collective agreement.

The ministry is continuing to provide the Supports for Students Fund (SSF). The CUPE and OECTA portion of this funding is part of their respective collective bargaining agreements.

Accumulated Surplus

School boards are required to create budgets that are drafted in accordance with Public Sector Accounting Board (PSAB) reporting requirements, and which are in compliance with the Education Act. Generally, compliance with the Education Act requires total spending to be equal to or less than total revenue. There are circumstances where an in-year deficit is permissible if there were prior surpluses (called Accumulated Surplus).

The draw on the accumulated surplus is limited to ensure this action does not place the board in undue financial risk. The draw on accumulated surplus is limited to the lesser of:

- The board's Accumulated Surplus for the preceding year, and
- One percent of the board's operating revenue (approximately \$2.1 million)

For 2024-25, the draft budget is compliant with the above requirements, and will exceed revenue (i.e. deficit). Under new Ministry guidelines the Board may require the approval of the Minister of Education to be fully compliant.

The estimated opening balance of the Total Accumulated Surplus for the 2024-25 budget is \$29,216,072 and at year end we expect the balance to be \$28,850,832. The decrease in balance totals \$365,240.

Staff are recommending as part of this budget to highlight pressures we are experiencing. The first is Enterprise Resource Planning (ERP) software - the Board has engaged in a multi-year project with our ERP vendor to modernize the platform. We believe there is insufficient funding in the Core Education Funding for ERP software and are recommending we draw on accumulated surplus for 2024-2025. This will be a one-time draw on the internal restricted reserve fund that was set aside for this purpose. The second issue is related to a Capital Policy decision in 2019 where a portion of the Holy Cross field was deemed to be an unapproved Capital Project. Since that time we have taken \$131,075 each year from operating to cover the amortization expense of the unapproved portion of this project. Monies had been internally restricted to fund this project and hence we are reluctant to continue funding the amortization from operating. Staff are hopeful that by highlighting this as part of the deficit approval process we can expedite discussions to move this into compliance.

Concluding Comments

In conclusion, the 2024-2025 budget report reflects our unwavering commitment to providing a faith-filled, inclusive, and exceptional Catholic education for all students in the Peterborough Victoria Northumberland and Clarington Catholic District School Board. Despite the challenges posed by economic factors, changing funding, and ongoing pressures, we have remained steadfast in our pursuit of our strategic priorities. We have strived to align our budget with these priorities and minimize how the impact of these budget pressures is felt in the classroom.

We are grateful for the engagement and support of our dedicated trustees, senior administration and finance staff who have contributed their time, expertise, and passion to the budget development process. Together, we have carefully assessed the challenges and identified opportunities to enhance the educational experience for every student in our care.