



Report to Committee of the Whole

August 10, 2020

Subject: 2020-21 Budget Recommendations

Recommendation

That the Waterloo Region District School Board (Board) approve the budget as presented in this report—with revenues of \$808,639,639 and expenses of \$805,147,626 with the difference of \$3,492,013 attributed as follows:

Excess of Revenue over Expenditures *\$3,492,013*

LESS:

As required by Ministry of Education (Ministry) budget compliance regulations, this budget includes the following appropriations of accumulated surplus:

Increase/ (Decrease) in Unavailable for Compliance - Accumulated Surplus

- PSAB Adjustment for Interest Accrual* *\$295,999*
- Revenues recognized for Land* *\$10,363,236*

\$10,659,235

SUB-TOTAL – (Deficit) for Compliance before additional appropriations *(\$7,167,222)*

PLUS:

Increase/ (Decrease) in Internally Appropriated - Accumulated Surplus

- In-Year Committed Capital Projects*
 - Amortization of committed capital projects* *\$746,482*
 - Education Centre Maintenance* *(\$710,000)*
 - Future offset (Sinking Fund Interest earned)* *\$4,740*
 - School Reopening (COVID-19)* *\$7,126,000*

\$7,167,222

Difference

\$0

Status

The development of the Waterloo Region District School Board's (board's) operating budget includes many underlying assumptions which, over the course of a school year, can change. The process used in the development of the annual operating budget for the board has evolved over the years but the underlying factors that influence its development continue to be:

- Ministry funding and directives;
- The board's underlying financial position (accumulated surplus/ deficit); and,
- The board's [strategic plan and operational goals](#);

In addition to the above, ongoing efforts to plan for a safe return to school for our students and staff will have a material impact on the board's 2020-21 budget. The uncertainty regarding COVID-19 and how it will impact the 2020-21 school year has introduced an increased level of financial risk for the organization, and will need to be monitored closely.

On March 13, 2020, the Government of Ontario announced the closure of all publicly funded schools in the Province. While schools have remained closed since that time, the Ministry, the Board and staff have been working diligently to support students through remote learning, and have been collaboratively planning for the safe return of students and staff to our buildings in September 2020. On July 30, 2020, the Ministry announced its [return to school plan](#), as well as \$309M in additional funding to support the implementation of public health protocols to keep students and staff safe when they return to school in September. Further details regarding this incremental funding are provided below, but due to the timing of the announcement (July 30) and the receipt of [board by board allocations](#) (August 4), these additional revenues are not reflected in the budget being presented. They will be added prior to submission of our 2020-21 budget to the Ministry.

In addition to the above, the Ministry has enacted a number of changes within the Grants for Student Needs (GSN) that will impact the board's budget in 2020-21. These changes were outlined in the [2020-21 GSN](#), [2020-21 Priorities and Partnerships Fund](#) and [GSN Technical Paper](#) announcements, which were made on June 19, 2020. While a delayed announcement from the Ministry was expected, as a result of COVID-19, the compressed timelines and ever changing direction for back-to-school plans have made this budget process more challenging and placed additional pressure on staff to deliver a budget to Trustees. Despite these shortened timelines and the challenges associated with COVID-19, a thorough analysis was led by Financial Services and supported by other departments to ensure spending trends were analyzed and the appropriate adjustments were made to base budget.

Overall, the board is well positioned to address fiscal challenges which may arise over the coming year. In summary, the budget complies with provincial legislation and will support a safe return to school for our students and staff without jeopardizing the long term financial stability of the organization. It also helps ensure that our system will remain focused on achieving the [strategic priorities and operational goals](#) set by the Board.

Key Budget Risks

The budget has been developed using the most current information available. However, given the unprecedented situation before us, it must be noted that the number of budget risks facing the board are far greater than in previous years, and this is compounded by our inability to confidently forecast the financial impact of the risks that have been identified. As such, our plan is to present the budget based on best available evidence, and to report back to Trustees after the first quarter of operations (September-November 2020). This will allow us to assess expenditure patterns and adjust our forecast for the remainder of the year. This timeline also aligns with the submission of our Revised Estimates (Revised Budget Forecast) to the Ministry of Education in December 2020.

As noted during the budget presentation to Trustees on [July 20, 2020](#), there are a number of risks that may impact the board and will require monitoring. These include:

- Downside Enrolment Risk (Pupils of the Board)
 - Type(s) of Risk: Financial, Operational
 - Description: There's a risk that a material number of families will decide to keep their students out of publicly funded educational settings in September 2020. Based on the re-opening survey conducted by staff in July 2020, 8% of respondents indicated their child would not attend in September and a further 24% indicated they were unsure. The [Student Confirmation of Attendance Form](#), which is due August 11, will provide a clearer picture of the number of students planning to return to school in September 2020.
 - Impact: Student enrolment is the primary driver of funding through the Grants for Student Needs (GSN). Any material change in our student enrolment has an impact on our funding through the Pupil Foundation Grant (primarily), as well as other supporting grants. Decreases in enrolment also have operational impacts, as they put pressure on the Board to realign classes to meet Ministry class size targets and funding.
- International Student Enrolment
 - Type(s) of Risk: Financial
 - Description: Because of COVID-19, the Government of Canada has restricted travel into the country; only students with travel permits issued prior to March 18, 2020, are permitted to enter the country under the current restrictions. This [policy change](#) applies to international fee-paying students who would attend our schools, as well as post-secondary students who travel to Canada for their studies and have their children attend our schools as pupils of the board under Ministry guidelines.
 - Impact: Student enrolment is the primary driver of funding through the Grants for Student Needs (GSN), and international tuition revenue adds to the funds available to the board to manage operations. Any material change in student enrolment has an impact on funding through the Pupil Foundation Grant (primarily), as well as other supporting grants.

- Short-term Supply Costs
 - Type(s) of Risk: Financial, Operational
 - Description: Over the past number of years there has been a consistent upward trend in supply costs. During the first four months of the 2019-20 school year, this trend continued and as of December 31, 2019, staff forecasted short-term supply costs would exceed the budgeted amount by approximately \$1.0M, or 4.97%. As we prepare for a return to school for students and staff in September 2020, it is unreasonable to expect that short-term supply costs will decline; rather, it is highly likely that we will see a significant increase in the demand for short-term supply staff. Staff will continue to analyze short-term supply cost trends in the first quarter of the school year and revise our estimates as appropriate in December 2020.
 - Impact: Short-term supply costs will represent a budget pressure in the 2020-21 school year. In addition to the financial risk this represents, there is an operational risk to the Board if we are unable to meet the demand for short-term supply staff—this applies to all job categories.
- Personal Protective Equipment (PPE) and Cleaning
 - Type(s) of Risk: Compliance, Financial, Operational, Reputational
 - Description: As part of its return to school plan, the Ministry of Education outlined a number of [protection strategies](#) that Boards will need to implement to ensure schools are healthy and safe environments for students and staff. While staff will continue to work with the Ministry and our supply chain vendors to procure the necessary PPE, there is a risk that any disruption to the provincial supply chain would impede our ability to maintain the level of PPE we need safely operate our schools.
 - Impact: The ability of school boards, with assistance from the Ministry, to provide the necessary PPE and cleaning required to maintain the safety and well-being of students and staff is fundamental to the return to school plan. Any deficiencies could have compliance, operational and reputational impacts; the cost of the required PPE represents a financial risk to the board if Ministry funding is not sufficient.
- Transportation
 - Type(s) of Risk: Financial, Operational
 - Description: Student Transportation Services of Waterloo Region (STSWR) has been working throughout the summer to ensure that our transportation system is as safe, efficient and effective as possible. This will include enhanced cleaning protocols and PPE for drivers. The additional cleaning requirements, as well as mid-day routing for secondary students, will have a significant financial impact on the Board. Furthermore, the health risk category of our school bus driver workforce (who tend to be older than the median age in Canada) may make it

difficult to attract and retain qualified drivers given the health risks presented to them by COVID-19.

- Impact: The financial and operational risks to the board, as it relates to student transportation, are material. STSWR will continue to work with operators to ensure that cleaning protocols are implemented effectively, and that drivers are provided with the PPE they require to safely operate school buses.
- Extended Day Revenue
 - Type of Risk: Financial
 - Description: The Extended Day rate for 2020-21 was approved on [March 9, 2020](#); as such it does not account for additional costs related to COVID-19 and cannot be increased. There is also a risk that enrolment will be lower than forecast.
 - Impact: The Extended Day Program (EDP) fee regulations ([O. Reg. 221/11](#)) continue to require boards to establish fees that bear a reasonable relationship to operating costs. When functioning as the operator of the program, the Board should make every effort to operate on a cost-recovery basis in delivering the EDP. We anticipate additional costs will be incurred to deliver the program, in light of requirements for PPE and cleaning protocols; there's also a material risk that enrolment in the program will be lower than forecast, making it difficult to cover fixed overhead costs (staffing) based on the approved rate.

Revenues

Key Changes- Ministry Funding

As noted above, the Ministry has introduced a number of changes within the GSN for 2020-21. In particular, the following key changes will have a material impact on the board's funding envelope for 2020-21.

- COVID-19 Response
 - As part of the 2020-21 GSN announcement, the Ministry announced \$25M in additional funding to cover extraordinary costs related to COVID-19 and a safe return to school for students and staff.
 - \$10M in additional mental health funding to support continued learning and well-being of students; as per the [Ministry announcement on August 4th](#), the Board is projected to receive \$186 thousand in additional funding through this grant. This amount is not reflected in the revenue figures provided in this report.
 - \$15M in additional funding to support technology related costs; as per the Ministry announcement on August 4th, the Board is projected to receive \$461 thousand in additional funding through

this grant. This amount is not reflected in the revenue figures provided in this report.

- Subsequent to the 2020-21 GSN announcements in June, the Ministry announced [additional investments](#) to support school reopening. Targeted investments, in the form of Priorities and Partnerships Funding, are being made in the following areas:
 - Additional Staffing (Teachers & Custodians)
 - Teachers- To support pressures related to supervision, class size, remote learning and other safety related measures, the ministry will be providing up to \$30M (provincially) in 2020-21 to support the hiring of additional teachers, where needed. Funding will be on an application basis and is subject to specific requirement set out by the ministry.
 - Custodians- The Ministry is providing \$50M (provincially) in one-time funding to support the hiring of additional custodians to meet cleaning protocols in our schools.
 - The Board is projected to receive \$1.58M in funding through this allocation, which equates to roughly 32.5 custodial staff (FTE). Facility Services will work in close collaboration with Human Resource Services to utilize these funds in the most effective way to support our schools. This amount is not reflected in the revenue figures provided in this report.
 - Health and Safety Training
 - The Ministry is allocating \$10M (provincially) to allow school boards to extend health and safety training to all occasional teachers and casual education workers who could be required to cover absences in our schools.
 - The Board is projected to receive \$298 thousand in funding through this allocation. This amount is not reflected in the revenue figures provided in this report.
 - Personal Protective Equipment
 - The Ministry is allocating an additional \$60M in funding for PPE, and is supporting school boards through centralized procurement of PPE and cleaning supplies.
 - Board by board funding allocations have not yet been determined.
 - Cleaning Supplies

- Pupil Foundation Grant (Secondary Class Size)
 - As per ratified collective agreements, the funded average class size for grades 9-12 has decreased from 28:1 in 2019-20 to 23:1 in 2020-21, excluding online courses. This will increase the number of secondary teachers (per 1,000 students) funded through the Pupil Foundation Grant from 45.58 to 55.29. This figure includes student success and preparation time.
 - Financial Impact: \$16.2M
- Attrition Protection Funding
 - Attrition protection funding, which was introduced in 2019-20 to minimize teacher layoffs, continues to be available. However, the change in the average secondary class size noted above effectively eliminates the Board's eligibility for this funding moving forward.
 - Financial Impact: (\$19.6M)
- Pupil Foundation Grant (Short-term Supply Costs)
 - The Ministry is increasing short-term supply benchmarks by the equivalent of one additional day, plus negotiated salary and benefit increases, in recognition of the fact that short-term supply costs continue to rise on a year-over-year basis.
 - Financial Impact: \$1.1M
- School Operations (Non-Staff) Benchmark
 - In recognition of the upward pressure on non-salary costs in school operations (i.e. electricity, natural gas, facility insurance), the ministry has provided a two per cent cost benchmark update to the non-staff portion of the School Operations Allocation. Facility Services is actively working with staff across the region to reduce consumption. These efforts are helping the board manage this cost pressure. In addition to the non-staff component of the school operations allocation, there are a variety of factors (e.g. enrolment, on-the-ground capacity, age of facilities) which contribute to the increase noted.
 - Financial Impact: \$1.2M
- Support for Students Fund
 - During the last round on collective bargaining (2017-18), the Ministry established a Local Priorities Fund (LPF) to allow Boards, in consultation with labour partners, to address local needs through additional staffing. This approach has been continued with the ratification of new collective agreements (2019-20), in the form of the Supports for Students Fund (SSF)/ Investments in System Priorities (ISP). This flexible funding is intended to support the learning needs of students, which may include special education, mental health and well-being, language instruction, Indigenous education and STEM programming.

- Financial Impact: \$6.1M, this will result in roughly 89.55 additional FTE to support the system.

The impact of the changes noted above, as well as other changes not specifically identified, are reflected in the revenue amounts outlined in [Appendix B](#).

Key Changes- Board Inputs

Although the 2020-21 GSN has been presented as “status quo” by the Ministry, excluding COVID-19 funding, staff anticipate mid-year adjustments will be required due to the ongoing impact of reopening schools during the COVID-19 pandemic. In addition to the changes noted above, which are determined by the Ministry, the key drivers of our revenue forecast for the 2020-21 school year are as follows:

- Student Enrolment (Pupils of the Board)
 - Year-over-Year Change: Total enrolment (pupils of the board) is projected to be higher than the 2019-20 budget forecast by 286 students, or 0.44% of total enrolment. As noted previously in this report, staff are signaling enrolment as a key risk area for the budget and will continue to monitor as we progress into the fall. The financial impact of this increase in enrolment is estimated to be \$3.1M for 2020-21.
 - Impact: Student enrolment is the primary driver of funding through the Grants for Student Needs (GSN). Any material change in our student enrolment will impact our funding through the Pupil Foundation Grant (primarily), as well as other supporting grants.
 - Reference: Additional information related to student enrolment, including historical and multi-year forecasts, is provided in [Appendix A](#).
- Student Enrolment (International Students)
 - Year-over-Year Change: Total enrolment of international fee-paying students is projected to be lower than the 2019-20 budget forecast by 36 students, or 31.30% of our international fee paying enrolment. As noted previously in this report, staff are signaling enrolment as a key risk area for the budget and will continue to monitor as we progress into the fall. The financial impact of this decrease in enrolment is estimated to be \$620 thousand for 2020-21.
 - Impact: International fee-paying students represent an additional source of revenue for the Board, in addition to contributing to the cultural and linguistic diversity of our schools. The net effect to the Board is negative, as these students are integrated into existing classrooms and the incremental cost to the Board is less than the revenue being received.
 - Reference: The impact of reduced student enrolment (international fee-paying students) is reflected in the enrolment information provided in [Appendix A](#) and the other revenue amounts identified in [Appendix B](#).

In summary, total revenues are forecast to be \$808,639,639, which is an increase of \$33.1M, or 4.26%, compared to the 2019-20 budget. A year over year comparison of all grant allocations is provided in [Appendix B](#).

Expenditures

Our fiscal strategy continues to be one of stabilization through the matching of our expenses to the available revenue on an annual basis. Understandably, the 2020-21 school year will challenge this approach given the unique circumstances we must deal with to ensure the safety and well-being of both students and staff. That being said, when a change to Ministry funding is announced, offsetting expense adjustments have been made wherever possible. Key components of our expenditure forecast for the 2020-21 school year include:

- Instructional Salaries and Benefits
 - Year-over-Year Change: Total expenditures on salaries and benefits for instructional staff (Principals and Vice-Principals, Classroom Teachers, Early Childhood Educators, Library and Guidance, Educational Assistants, Professionals and Paraprofessionals) are forecast to increase by \$26.4M, or 4.64%.
 - Impact: Staff salaries and benefits represent the single largest expenditure item for the board. The increase noted above is the result of a variety of factors including negotiated salary increases, class size changes, the addition of positions funded through the Support for Students Fund, the hiring of additional staff (instructional) and placement on the salary grid for all groups.
 - Reference: Instructional salary and benefit costs are outlined in [Appendix C](#).
- Administration and Governance
 - Year-over-Year Change: Total expenditures on school board administration and governance are projected to increase by \$776 thousand, or 4.22%.
 - Impact: The increase in expenditures is attributable to negotiated salary and benefit increases for unionized central staff, the addition of central positions to support COVID-19, as well as some increases to fees and contracts. The Ministry has also introduced changes to the Program Leadership Grant which remove this funding (and associated expenses) from the Administration & Governance reporting line. This grant and associated expenses will now be reported under coordinators and consultants (e.g. instruction: administration).
 - Reference: The expense related to school board administration and governance can be found in [Appendix C](#).

- Supply Staff (Teachers, DECEs, EAs)
 - Year-over-Year Change: Total expenditures on supply staff are projected to be \$22.6M in 2020-21; this represents an increase of \$1.6M, or 7.39%, compared to 2019-20.
 - Impact: As noted previously in this report, expenditures on short-term supply staff represent a material risk to the 2020-21 budget. Staff have analyzed existing expenditure patterns and adjusted the base budget accordingly. We anticipate further adjustments will be required in-year, but will rely on information gathered within the first quarter of operations (September-November) to make those adjustments.
 - Reference: While not explicitly identified in the table, the expense related to supply costs is included in the Classroom Instruction figures provided in [Appendix C](#).
- School Operations
 - Year-over-Year Change: School operations expenditures are forecast to increase by \$2.7M, or 4.38%.
 - Impact: The increases in school operations expenditures can be attributed to a variety of factors including centrally negotiated increases for staff (\$1.5M), reductions to our utilities budget to account for ongoing savings that are being achieved through building environmental controls (\$651 thousand) and anticipated costs related to COVID-19 (\$1.85M).
 - Reference: The expense related to school operations is outlined in [Appendix C](#).
- Student Transportation
 - Year-over-Year Change: Expenditures are projected to be \$1.6M higher than the 2019-20 budget forecast, an increase of 8.80%.
 - Impact: The primary drivers of the year-over-year change noted above are contractual increases for operators, negotiated increases for STSWR staff and anticipated costs related to COVID-19. Aside from additional PPE and cleaning protocols, mid-day routing for secondary students is expected to cost an additional \$660 thousand for the first three months of operations. As noted previously in this report, the Ministry has allocated an additional \$40M to support school boards in covering these additional costs, but it is unlikely that this funding will be sufficient to cover the full cost of the items noted above.
 - Reference: The expense related to student transportation is outlined in [Appendix C](#).

In summary, total expenditures are forecast to be \$805,147,626 which is an increase of \$39.9M, or 5.22%, compared to the 2019-20 budget. A year over year comparison of expenditures, by Ministry reporting category, is provided in [Appendix C](#).

Targeted Ministry Investments

As the sole funding agent for education in Ontario, the Ministry of Education annually identifies and allocates funding for key priorities that align with the government's [vision for education in Ontario](#). These investments are made through Priority and Partnership Funds and change from year-to-year based on Ministry priorities and the availability of financial resources. For the 2020-21 school year, a number of [targeted investments have been announced](#) by the Ministry, totaling \$300M across the sector; while some are new for the 2020-21 school year, others (math) continue previously announced programs. As previously noted, the Ministry has identified an additional \$309M to support [COVID-19 response efforts in the 2020-21 school year](#).

In all cases, the funding the board receives for these initiatives is enveloped, meaning that the Ministry has restricted what these funds can be used for.

The key Ministry investments for 2020-21 (non COVID) include:

- Math (*Continuing*)
 - This funding allows boards to hire central and school based positions, as well as support release time, to enhance student math performance.
 - Provincial allocation is \$40.26M
 - This allocation remains unchanged from the 2019-20 school year, \$1.2M.
- Mental Health and Well-Being (*Continuing*)
 - This allocation will enable school boards to support activities that promote well-being and mental health, as well as foster safe, healthy, inclusive and accepting learning environments. Funding can also be used to support activities identified in the Action Plan for Mental Health.
 - Provincial allocation is \$9.67M; however, only \$3M is allocated to amongst all school boards, with the remainder being allocated to School Mental Health Ontario
 - This allocation remains unchanged from the 2019-20 school year, \$77 thousand.
- After School Skills Development Program (*Continuing*)
 - This allocation will provide funding to support students with Autism Spectrum Disorder (ASD) in social, communication, self-regulation and life-planning skills development.
 - Provincial allocation is \$6.1M
 - This allocation remains unchanged from the 2019-20 school year, \$127 thousand.
- Supporting Students with Severe Learning Disabilities (LD) (*Continuing*)
 - This allocation provides funding to support an intensive reading intervention pilot project in eight district school boards across the province

by enhancing educator capacity to support students with LD and increasing the availability of supports for students with LD.

- Provincial Allocation is \$1.75M
 - This allocation remains unchanged from the 2019-20 school year, \$198 thousand.
- Educators Autism Additional Qualification (AQ) Subsidy (*New*)
 - This funding will support teacher participation in the Teaching Students with Communication Needs (Autism Spectrum Disorder) AQ Course.
 - Provincial allocation is \$1.0M
 - The Board has been allocated \$13 thousand through this initiative.
- Student Pathways- Specialist High Skills Major (*Continuing*)
 - The funding allows students in grades 11 and 12 to focus their learning on one of 19 economic sectors while meeting the requirements of the Ontario Secondary School Diploma and assists in their transition from secondary school to apprenticeship training, college, university, or the workplace.
 - Provincial allocation is \$23.7M; proportion of allocation assigned to the Board is unknown at this time.
- Human Rights and Equity Advisors (*Continuing*)
 - This allocation will enable school boards to retain the services of Human Rights and Equity Advisors (HREAs). It's the Ministry's expectation that HREAs will work with the Director and senior team to foster a culture of respect for human rights and equity, help identify and address systemic human rights and equity issues, and increase the board's compliance with human rights law.
 - Provincial Allocation is \$2.4M
 - This allocation remains unchanged from the 2019-20 school year, \$170 thousand.

Base Budget Enhancements

As our system continues to grow, there's a need for ongoing base budget enhancements in order to sustain the high levels of service and support we have always provided to our students, staff and community. Never has this been more important than in 2020-21, as our communities and system deal with the ongoing challenges of COVID-19 and return to school. The following items represent the key changes to base budget that have been enacted for 2020-21, and will allow us to continue moving towards the achievement of the Board's [strategic priorities and operational goals](#).

- Additions
 - Behaviour Management Systems- Supervisor (1.0 FTE)
 - The Board has implemented a new incident reporting system which has led to a substantial increase in reports of student aggression,

as well as an increase in external health-care reported incidents by employees. External health care and lost time incidents are WSIB-reportable, and as a [Schedule 2 employer](#), this increases costs for the organization.

- The Behaviour Management System proactively prevents student aggression to ensure the health, safety, and wellness of our students and employees.
- This position will support the Board's Strategic Plan, Equity and Indigenous Action Plan by:
 - Building the capacity of school staff to deal with incidents of aggression; and,
 - Supporting student and staff wellness by proactively preventing acts of aggression; and,
- Addition to base budget: \$12,000; remainder of funding to offset the position has been re-allocated from within existing departmental budget.
- Human Rights and Equity Department (2.0 FTE + Professional Development)
 - The Province has provided the board with funding to employ a senior leader with human rights expertise to continue to build capacity to foster a culture of human rights, maintain welcoming, respectful working and learning environments, and meet their obligations under the Human Rights Code. The Human Rights and Equity Advisor (HREA) acts in a non-partisan capacity to protect and advance human rights as they are articulated in the Human Rights Code and school board policies.
 - These positions will support the HREA role's two main objectives:
 - Building and maintaining a culture of respect for human rights through leadership, education and training, relationship-building, and participating in system-level decision-making, the HREA supports the Board to identify and address systemic human rights and equity issues and build the Board's capacity to ensure compliance with the Ontario Human Rights Code.
 - Supporting the resolution of human rights complaints by using their expertise and proven experience in human rights investigations, complaint resolution and restorative justice to oversee the Board's internal human rights complaints.
 - These positions support the Board's Strategic Plan and Equity and Indigenous Action Plan by:
 - Building system capacity, including formal and informal complaint resolution processes, to reduce the institutional

risk of complaints being brought to the Ontario Human Rights Tribunal; and,

- Assisting system leaders and instructional staff in the identification and redressing of systemic barriers that prevent students from realizing their full potential
- Addition to base budget: \$496,212
- Kindergarten Self-Regulation Initiative (KSI) (1.0 FTE)
 - The optimal development of inclusive and equitable learning environments begins with early identification and intervention in the Kindergarten and primary grades.
 - Students who develop age appropriate self-regulation, oral language, literacy and mathematics skills in the primary years are more likely to become resilient, self-confident and academically successful along their pathway to graduation and success.
 - The Kindergarten Self-Regulation (KSR) tool provides information on individual students as well as develops a class profile (in real time) providing information to inform the instruction of Kindergarten Educators.
 - These positions support the Board's Strategic Plan and Equity and Indigenous Action Plan by:
 - Schools with support of their school MDT will successfully develop and implement goals for their primary division, using data to inform decision making and monitoring progress
 - Schools will have more students achieving literacy, self-regulation and oral language targets at the end of Kindergarten, as well as the possibility of better performance on the Grade 3 EQAO assessment
 - Addition to base budget: \$120,900

Special Projects

Formerly referred to as “New Initiatives”, special projects represent one-time investments to support system objectives, and in particular, the strategic priorities established by the Board. As we prepare for a safe return to school in September, actions taken to prevent the transmission of COVID-19, support our students and staff, and maintain public confidence, represent the single most important challenge (project) facing the board. Therefore, as presented on July 27, 2020, staff are recommending that the Board approve the special project “COVID-19- September 2020 School Reopening”, at a projected cost of \$7,126,000. The special project costs can be broken down as follows:

• Non-Operating (Personal Protective Equipment)-	\$4,366,000
• School Operations (Supplies and Services)-	\$1,560,000
• Transportation (Secondary routing)-	\$660,000
• School Operations (Signage and wayfinding)-	\$290,000
• Professional Development (COVID-19)-	<u>\$250,000</u>
	\$7,126,000

No additional projects are being presented to the Board for consideration as part of the 2020-21 budget. Should circumstances materially change within the year, staff will be in a position to reconsider projects that align with program and business needs.

Capital Budget

The Ministry of Education provides capital funding to the board through a variety of programs, including the School Renewal Allocation (SRA) and the School Condition Improvement Grant (SCI). A summary of the capital budget allocations and expenditures is provided in [Appendix E](#). Plans to expend these funds were presented during the Committee of the Whole meeting on [July 27, 2020](#).

- School Renewal Allocation (SRA)
 - The school renewal allocation addresses the costs of repairing and renovating schools. The largest component is based on a benchmark renewal cost associated with a standard floor area for each elementary and secondary pupil. Funding is also adjusted to reflect the renewal needs of older schools and regional variations in construction costs.
 - The school renewal allocation for the 2020-21 school year is \$10.3M; this is an increase of 2.73% compared to the prior year. Under the SRA, school boards have the flexibility to assign up to 20% of their school renewal allocation to operating expenses. For the 2020-21 school year, our Facility Services team has determined that we will assign a larger portion of our School Renewal Allocation to operating (maintenance) expenses than the prior year; in part, this aligns with anticipated needs arising from COVID-19 and broader system needs.
- School Condition Improvement Grant (SCI)
 - The SCI grant is a capital renewal program intended to help boards revitalize and renew aged building components that have exceeded or will exceed their useful life cycle.
 - As per Ministry requirements, 70% of this funding must be directed to building components and systems (roofs, HVAC, building foundations), while remaining 30% can be used to address locally identified needs.
 - For the 2020-21 school year, SCI funding is estimated to be \$24.4M, which is an increase of \$1.2M compared to the 2019-20 budget.
 - While the age and condition of our schools likely has an impact on this allocation, details regarding the calculation are not provided by the Ministry.

Additional information related to the capital programs highlighted above are provided in [Ministry Memorandum 2020:B9](#).

Balanced Budget Compliance

In accordance with [Ontario Regulation 280/19](#), and as outlined in [Ministry Memo 2020:SB08](#), school boards must seek the Minister's approval for any in-year deficit that exceeds the lesser of:

- 1) the accumulated surplus available for compliance from the preceding year or
- 2) one percent of a board's operating allocation

The approval from the Ministry must be obtained at any point during the fiscal year when it becomes known to the board that its projected in-year deficit will exceed the threshold set out in Ontario Regulation 280/19.

In 2019-20, the Ministry instituted a new requirement whereby school boards must submit a deficit recovery plan with its estimates submission, showing the elimination of the in-year deficit within two years. As the in-year deficit being reported for 2020-21 can be attributed to re-opening schools during the COVID-19 pandemic, the deficit recovery plan will be to eliminate this spending by August 31, 2021. Staff will provide these details to the Ministry as part of the 2020-21 Estimates submission.

The 2020-21 budget, as presented, is compliant with provincial legislation.

Additional Information

Information regarding the 2020-21 budget is attached as follows:

- [Appendix A](#) Enrolment Projections
- [Appendix B](#) Analysis of Provincial Grant Allocations and Other Revenues
- [Appendix C](#) 2020-21 Budget Detail
- [Appendix D](#) 2020-21 Staffing
- [Appendix E](#) 2020-21 Capital Budget

Background

On June 19, 2020, the Ministry of Education issued [Memorandum 2020:B08](#), entitled "2020-21 Grants for Student Needs Funding". Total funding to be allocated through the GSN for the 2020-21 school year is estimated at \$25.52B. The main changes being introduced in 2020-21 include:

- Supports COVID-19 and return to school;
- Benchmark increases to reflect centrally negotiated salary and benefit increases;
- Secondary Class Size Adjustments;
- Support for Students Fund;
- Additional Support for Sick Leave;
- Transfers of various PPF allocations into the GSN; and,
- Investments to assist school boards in keeping up with costs.

It is the sole responsibility of the Board to approve the annual operating budget and it is the responsibility of staff to oversee and monitor day-to-day spending within the budget framework. The Trustees play a key role in the budget process, ensuring that funding is aligned with the Board's strategic priorities and legislative requirements.

Financial Implications

As outlined in the recommendation and supporting budget documentation.

Communications

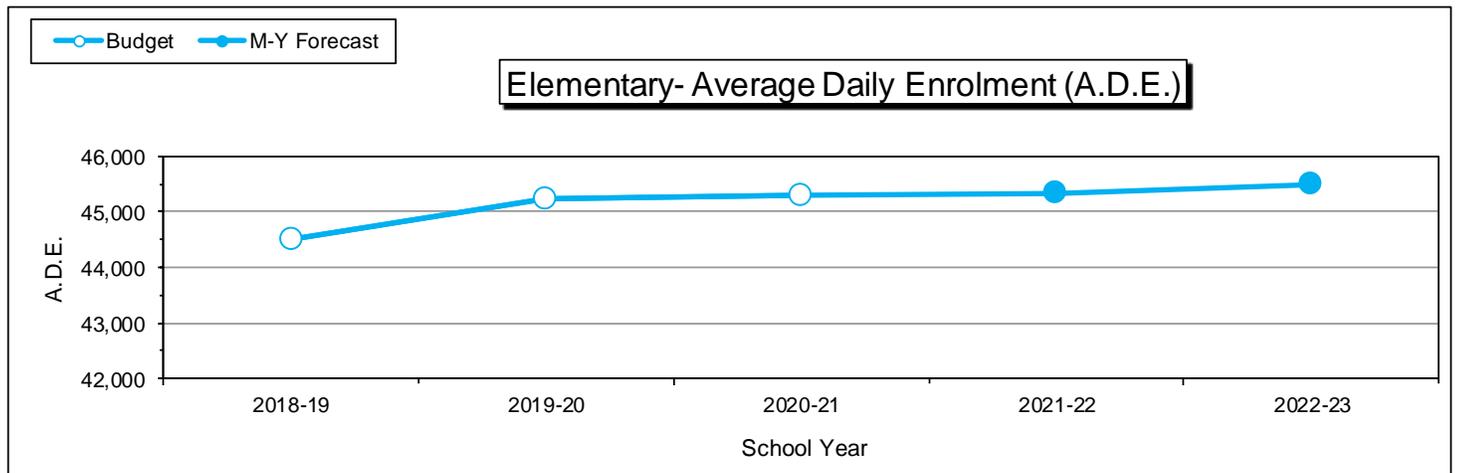
Following approval of the 2020-21 budget, the detailed estimates package will be completed and submitted to the Ministry by the reporting deadline (August 19).

Prepared by: Matthew Gerard, Coordinating Superintendent, Business Services
& Treasurer of the Board
Nick Landry, Controller, Financial Services
Wendy Jocques, Manager, Budget Services
Sharon Uttley, Manager, Accounting Services
Fabiana Frasher, Officer, Budget Services
Wenqi Zhou, Officer, Budget Services
in consultation with Coordinating Council

APPENDIX A- Enrolment Projections

ELEMENTARY SCHOOLS

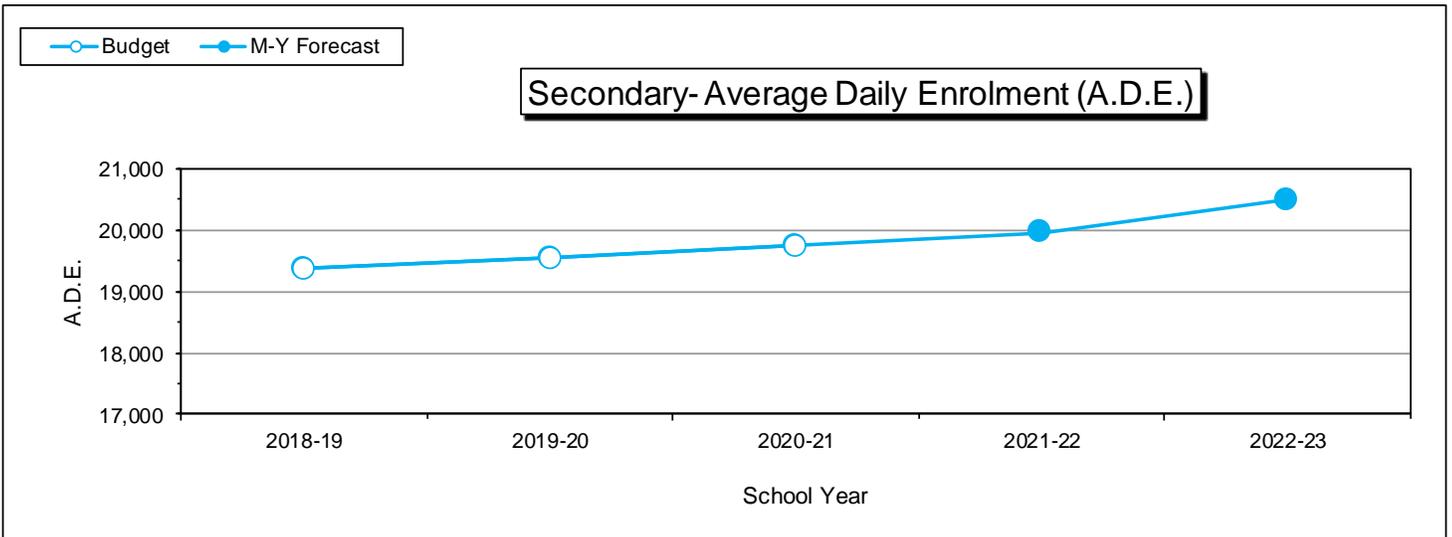
GRADE	2018-19 ADE (Budget)	2019-20 ADE (Budget)	2020-21 ADE (Budget)	2021-22 ADE (M-Y Forecast)	2022-23 ADE (M-Y Forecast)
Junior Kindergarten (JK)	3,767	4,055	4,029	-	-
Kindergarten (SK)	4,319	4,582	4,555	-	-
Grades 1 to 3	13,543	13,374	13,439	-	-
Grades 4 to 6	13,746	14,145	13,791	-	-
Grades 7 to 8	9,116	9,063	9,464	-	-
Other	18	20	11	-	-
Total Elementary	44,510	45,239	45,290	45,322	45,475
Change (Budget to Budget)	711	729	51	33	153



SECONDARY SCHOOLS

GRADE	2018-19 ADE (Budget)	2019-20 ADE (Budget)	2020-21 ADE (Budget)	2021-22 ADE (M-Y Forecast)	2022-23 ADE (M-Y Forecast)
Grades 9 to 12 < 21 years	19,223	19,414	19,641	-	-
High Credit	28	27	26	-	-
Grades 9 to 12 >21 years	8	9	8	-	-
Other Pupils	114	95	68	-	-
Total Secondary	19,373	19,544	19,743	19,953	20,481
<i>Change (Budget to Budget)</i>	<i>353</i>	<i>171</i>	<i>199</i>	<i>210</i>	<i>528</i>

TOTAL ADE	63,883	64,783	65,033	65,275	65,956
<i>Change from Previous Year (Budget)</i>	<i>1,064</i>	<i>900</i>	<i>250</i>	<i>242</i>	<i>681</i>



APPENDIX B- Analysis of Provincial Grant Allocations and Other Revenues

Grants for Student Needs (GSN)	2019/20 Budget	2020/21 Budget	Budget Variance
Pupil Foundation Allocation	\$339,439,588	\$364,381,310	24,941,722
School Foundation Amount	44,779,533	45,494,854	715,321
Special Education Allocation	91,040,745	92,401,305	1,360,560
French Language Allocation	9,216,819	9,508,841	292,022
English as a Second Language Allocation	12,149,984	13,064,721	914,737
Rural and Northern Education	58,525	59,999	1,474
Learning Opportunities	7,339,301	7,479,814	140,513
Adult Education, Summer School	1,588,451	1,479,640	(108,811)
High Credit	92,512	92,657	145
Cost Adjustment and Teacher Qualification and Experience Allocation	61,421,967	68,823,830	7,401,863
Teacher Job Protection Funding Allocation	19,557,693	0	(19,557,693)
Designated Early Childhood Educator Qualifications and Experience Allocation	3,793,636	4,041,642	248,006
New Teacher Induction Program	265,446	296,915	31,469
Public Sector Compensation Restraint related to non-unionized staff	(129,030)	(129,030)	0
Transportation	18,875,602	18,748,359	(127,243)
Administration & Governance	18,205,780	17,713,262	(492,518)
Trustees' Association Fee	43,316	43,316	0
School Operations	62,170,932	63,324,200	1,153,268
Community Use of Schools	845,602	852,357	6,755
Temporary Accommodation	1,868,727	1,671,529	(197,198)
Indigenous Education	1,047,026	1,060,206	13,180
Safe Schools	1,343,358	0	(1,343,358)
Mental Health and Well-Being	0	1,861,895	1,861,895
Program Leadership		905,864	905,864
Support for Students Fund		6,099,255	6,099,255
School Renewal	10,046,086	10,320,788	274,702
Other Capital	104,872	104,872	0
Debt Charges - Interest Portion	6,514,084	5,964,280	(549,804)
Sub-total GSN	\$711,680,555	\$735,666,681	\$23,986,126
Less:			
Amount Transferred to Deferred Capital Contributions (DCC)	(16,025,399)	(14,077,700)	1,947,699
Day School Fees - Ont. Residents	(10,000)	(10,000)	0
Transfers from Deferred Revenue	25,543	(23,274)	(48,817)
Total Grants for Student Needs	\$695,670,699	\$721,555,707	\$25,885,008

Other Grants- Priorities and Partnerships Fund	2019/20 Budget	2020/21 Budget	Budget Variance
Unchanged Grant Amount			
Literacy & Basic Skills	\$370,900	\$370,900	\$0.00
Change to Grant Amount			
Ontario Youth Apprenticeship Program (OYAP)	254,434	237,434	(17,000)
Grant Amounts			
Math*	-	1,196,000	1,196,000
Educators Autism AQ Subsidy	-	13,300	13,300
Mental Health and Well-Being Bundle*	-	77,432	77,432
Special Education: After School Skills Development Program*	-	127,325	127,325
Supporting Students with Severe Learning Disabilities	-	198,000	198,000
Human Rights and Equity Advisors*	-	170,430	170,430
Parents Reaching Out*	-	36,000	36,000
New Grants (2020-21)			
DECE Professional Development	-	448,321	448,321
EWAO Student Support	-	677,194	677,194
Eliminated Grants (Transferred to GSN)			
Mental Health Workers in School*	-	-	-
Experiential Learning*	-	-	-
Canada-Ontario Agreement on Minority Language Education (Non-PPF)			
Official Languages in Education Program: French as a Second Language	-	183,710	183,710
Total- Other Grants	\$625,334	\$3,736,046	\$3,110,712
Other Revenue			
Investment Income	\$589,360	\$1,137,405	\$548,045
Fees (Ontario Residents, Foreign Students)	2,040,200	1,105,800	(934,400)
Rental Revenue	1,799,900	2,034,500	234,600
Amounts from Deferred Revenue - Other third party	0	0	0
Amounts from Deferred Revenue - Education Development Charges	10,637,407	10,638,975	1,568
Extended Day Program Revenue	10,656,900	10,704,400	47,500
Other (insurance proceeds, recoverable)	3,877,600	4,074,400	196,800
Total Other Revenue	\$29,601,367	\$29,695,480	\$94,113
Reconciliation of Total Revenues			
Grants for Student Needs (GSN)	\$695,730,699	\$721,555,708	\$25,825,009
Other Grants- Priorities and Partnerships Fund (PPF)	625,334	3,736,046	3,110,712
School Generated Funds	14,000,000	14,000,000	0
Investment Income	589,360	1,137,405	548,045
Other Revenue	29,012,007	28,880,675	(131,332)
Amortization of Deferred Capital Contributions	35,617,847	39,329,805	3,711,958
Total Revenue	\$775,575,247	\$808,639,639	\$33,064,392

***Note: 2019-20 grant amounts were announced after 2019-20 budget was submitted; as such, they are not included in the 2019-20 budget figures.**

APPENDIX C- 2020-21 Budget Detail

**WATERLOO REGION DISTRICT SCHOOL BOARD
2020/2021 BUDGET
REVENUE & EXPENSE SUMMARY**

	2019/2020 Budget	2020/2021 Budget	Budget Variance	% Change
REVENUE CATEGORIES				
A. Provincial Grant Allocation	\$695,730,699	\$721,555,708	\$25,825,009	3.71%
B. Provincial Grants - Other	625,334	3,736,046	3,110,712	497.45%
C. School Generated Funds	14,000,000	14,000,000	0	0.00%
D. Investment Income	589,360	1,137,405	548,045	92.99%
E. Other Fees & Revenues	29,012,007	28,880,675	-131,332	-0.45%
F. Amortization of Deferred Capital Contributions	35,617,847	39,329,805	3,711,958	10.42%
TOTAL REVENUES	\$775,575,247	\$808,639,639	\$33,064,392	4.26%
EXPENSE CATEGORIES				
A. Instruction - Classroom	\$544,239,734	\$567,162,909	\$22,923,175	4.21%
B. Instruction - Administration	54,237,092	57,252,772	3,015,680	5.56%
C. Administration & Governance	18,389,036	19,164,823	775,787	4.22%
D. School Operations	63,301,041	66,076,304	2,775,263	4.38%
E. Continuing Education	2,077,387	1,906,364	-171,023	-8.23%
F. Transportation	18,637,932	20,278,908	1,640,976	8.80%
G. Pupil Accommodation (Operating)	37,522,477	41,943,274	4,420,797	11.78%
H. Other	26,794,072	31,362,272	4,568,200	17.05%
TOTAL EXPENSES	\$765,198,771	\$805,147,626	\$39,948,855	5.22%
PSAB Annual Surplus/(Deficit) before transfers	\$10,376,476	\$3,492,013		
Less: Externally Appropriated Surplus	-10,281,257	-10,659,235		
Plus/Less: Internally Appropriated Surplus	-95,219	41,222		
Plus/Less: Amounts from Accumulated Surplus	0	7,126,000		
NET BUDGET BALANCE	\$0	\$0		

**WATERLOO REGION DISTRICT SCHOOL BOARD
2020/21 BUDGET
EXPENSE FUNCTIONS**

	2019/2020 Budget	2020/2021 Budget	Budget Variance	% Change
A. INSTRUCTION: CLASSROOM				
Salaries & Benefits	\$516,835,911	\$540,176,358	\$23,340,447	4.52%
Supplies & Services	21,832,202	21,460,885	-371,317	-1.70%
Contracts for Services	5,170,800	4,916,745	-254,055	-4.91%
Amortization Expense	6,379,421	6,587,521	208,100	3.26%
Less Minor Tangible Capital Assets	-5,978,600	-5,978,600	0	0.00%
TOTAL	\$544,239,734	\$567,162,909	\$22,923,175	4.21%
B. INSTRUCTION: ADMINISTRATION				
Salaries & Benefits	\$52,365,382	\$55,461,653	\$3,096,271	5.91%
Supplies & Services	1,474,864	1,665,773	190,909	12.94%
Contracts for Services	472,746	193,246	-279,500	-59.12%
Transfers to Other Boards (e-Learning)	45,000	53,000	8,000	17.78%
Less Minor Tangible Capital Assets	-120,900	-120,900	0	0.00%
TOTAL	\$54,237,092	\$57,252,772	\$3,015,680	5.56%
C. ADMINISTRATION & GOVERNANCE				
Salaries & Benefits	\$12,728,841	\$13,252,384	\$523,543	4.11%
Supplies & Services	1,618,088	1,730,336	112,248	6.94%
Utilities	423,500	367,000	-56,500	-13.34%
Contracts for Service	2,950,146	3,086,147	136,001	4.61%
Other	36,269	36,269	0	0.00%
Capital - Ed. Centre Building Repairs	710,000	710,000	0	0.00%
Amortization Expense	703,892	764,387	60,495	8.59%
Less Tangible Capital Assets-Building	-710,000	-710,000	0	0.00%
Less Minor Tangible Capital Assets	-71,700	-71,700	0	0.00%
TOTAL	\$18,389,036	\$19,164,823	\$775,787	4.22%
D. SCHOOL OPERATIONS				
Salaries & Benefits	\$38,231,141	\$39,748,736	\$1,517,595	3.97%
Supplies & Services	7,119,755	8,357,244	1,237,489	17.38%
Utilities	13,621,700	12,971,000	-650,700	-4.78%
Contracts for Service	4,274,200	5,194,400	920,200	21.53%
Amortization Expense	180,745	106,424	-74,321	-41.12%
Less Minor Tangible Capital Assets	-126,500	-301,500	-175,000	138.34%
TOTAL	\$63,301,041	\$66,076,304	\$2,775,263	4.38%

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**WATERLOO REGION DISTRICT SCHOOL BOARD
2020/21 BUDGET
EXPENSE FUNCTIONS**

	2019/2020 Budget	2020/2021 Budget	Budget Variance	% Change
E. CONTINUING EDUCATION				
Salaries & Benefits	\$1,948,687	\$1,779,964	-\$168,723	-8.66%
Supplies & Services	66,400	66,100	-300	-0.45%
Contracts for Service	62,300	60,300	-2,000	-3.21%
TOTAL	\$2,077,387	\$1,906,364	(\$171,023)	-8.23%
F. TRANSPORTATION				
Salaries & Benefits	\$686,304	\$892,343	\$206,039	30.02%
Supplies & Services	207,068	228,910	21,842	10.55%
Contracts for Service	17,743,358	19,156,721	1,413,363	7.97%
Amortization Expense	1,202	934	-268	-22.30%
TOTAL	\$18,637,932	\$20,278,908	\$1,640,976	8.80%
G. PUPIL ACCOMMODATION (OPERATING)				
School Renewal	\$538,387	\$2,270,788	\$1,732,401	321.78%
Other Capital: Building Repairs	0	0	0	0.00%
Instructional Facility Rentals	1,868,727	1,671,529	-197,198	-10.55%
Debt Charges - Interest	6,042,983	5,326,940	-716,043	-11.85%
Amortization Expense	29,072,380	32,674,017	3,601,637	12.39%
Less Tangible Capital Assets-Building	0	0	0	0.00%
TOTAL	\$37,522,477	\$41,943,274	\$4,420,797	11.78%
H. OTHER				
School Generated Funds	\$14,000,000	\$14,000,000	\$0	0.00%
Non-Operating: 55 School Board Trust, Extended Day, Recoverable Salaries & COVID	12,794,072	17,362,272	4,568,200	35.71%
TOTAL	\$26,794,072	\$31,362,272	\$4,568,200	17.05%
TOTAL EXPENSE BUDGET	765,198,771	805,147,626	39,948,855	5.22%

APPENDIX D- 2020-21 Staffing

WATERLOO REGION DISTRICT SCHOOL BOARD							
2020-21 BUDGET							
STAFFING COMPARISON							
MINISTRY CATEGORIES	2019/20 BUDGET			2020/21 BUDGET			Budget Variance
	REGULAR PROGRAM	SPECIAL EDUCATION	TOTAL	REGULAR PROGRAM	SPECIAL EDUCATION	TOTAL	
Classroom Teachers -Elementary	2,375	310	2,685	2,389	322	2,711	25
Classroom Teachers -Secondary	1,057	100	1,157	1,066	98	1,164	7
Total Classroom Teachers	3,432	410	3,843	3,455	420	3,875	32
Teacher Assistants - Elementary	8	448	455	8	475	483	27
Teacher Assistants - Secondary	26	110	136	26	108	134	(2)
Total Teacher Assistants (Educational Assistants)	34	558	592	34	583	617	25
Early Childhood Educators - Elementary	361	0	361	354	0	354	(6)
Student Support - Professionals, Para-Professionals & Technicians (e.g. Child & Youth Workers and Professional Student Services Personnel (PSSP))	189	148	337	197	160	356	20
Library & Guidance Staff (Teachers & Library Clerks)	169	0	169	169	0	169	1
School Administration (Principals, VPs, Administrative Support Staff)	457	3	460	464	3	467	7
Coordinators and Consultants (Program coordinators & consultants and administrative support staff)	46	24	70	58	25	83	14
Continuing Education	31	0	31	35	0	35	3
Total Instructional Staff	4,718	1,143	5,861	4,766	1,191	5,957	96
Administration & Governance	135	0	135	137	0	137	2
Pupil Transportation**	0	0	0	0	0	0	0
School Operations	561	0	561	576	0	576	15
Non-Operating (Extended Day Program)	124	20	144	131	12	143	(1)
Total Non-instructional Staff	820	20	840	844	12	856	17
Grand Total Staff	5,538	1,162	6,701	5,610	1,203	6,813	112

** As a result of changes that have been made for Employee Life and Health Trusts (ELHT), the Ministry requires that the Board who issues the payroll remittances to employees report them in EFIS. Under our agreement with the Waterloo Catholic District School Board, they fulfill this function and have reported STSWR employees.

Note: All staffing figures are reported as full-time equivalent (FTE). The number of persons working in each category may be different.

APPENDIX E- 2020-21 Capital Budget

Waterloo Region District School Board 2020/2021 Capital Budget

Funding Source	2019-20 Budget	2020-21 Budget	Budget Variance	% Change
New Schools and Additions	\$1,572,067	\$14,765,633	\$13,193,566	839.25%
Committed Capital Projects	\$3,300,000	\$710,000	(\$2,590,000)	(78.48%)
School Condition Improvement	\$23,198,009	\$22,385,828	(\$812,181)	(3.50%)
Full Day Kindergarten	\$267,219	\$2,042,960	\$1,775,741	664.53%
School Renewal	\$9,507,699	\$7,550,000	(\$1,957,699)	(20.59%)
Education Development Charges	\$12,221,847	\$5,861,228	(\$6,360,619)	(52.04%)
Proceeds of Disposition	\$329,361	\$1,250,000	\$920,639	279.52%
Child Care Capital	\$127,178	\$8,278,580	\$8,151,402	6409.44%
Child and Family Centers	\$192,019	\$1,077,664	\$885,645	461.23%
Rural and Northern Education Fund	\$60,000	\$55,000	(\$5,000)	(8.33%)
Minor Tangible Capital Assets	\$6,457,700	\$6,472,700	\$15,000	0.23%
Other	\$0	\$20,000	\$20,000	N/A
TOTAL	\$57,233,099	\$70,469,593	\$13,236,494	23.13%
Expenditure				
Buildings (new, additions, & renewal)	\$37,043,552	\$56,910,665	\$19,867,113	53.63%
Land	\$12,221,847	\$5,861,228	(\$6,360,619)	(52.04%)
Land Improvements	\$1,350,000	\$1,020,000	(\$330,000)	(24.44%)
Leasehold Improvements	\$0	\$0	\$0	0.00%
Moveable Assets	\$6,617,700	\$6,677,700	\$60,000	0.91%
TOTAL	57,233,099	70,469,593	\$13,236,494	23.13%

**Waterloo Region District School Board
2020/2021 Summary of Capital Budget**

New Capital Priorities	2020-2021 Projects	2020-2021 Additions	Land Purchases
New Tartan PS (\$11.7M)	School Renewal Projects(\$7.6M)	Saginaw Child Care Addition (\$2.3M)	Land Acquisition (\$5.9M)
New Southeast Cambridge (Greengate) PS (\$9.9M)	School Condition Improvement (\$22.3M)	Lackner Woods Child Care Addition (\$2.2M)	2020-2021 Minor Capital Assets
	Proceeds of Disposition (\$1.3M)		
	Education Centre Renewal (\$0.7M)		Vehicle and Equipment (\$6.5M)
	Rural & Northern Education (\$0.06M)		
	Other, JHSS Sport field(\$0.02M)		