



Saskatoon Public Schools 2019-2020 Budget Report

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PROPOSED RESOLUTION

That the Board approve its annual operating and capital budget estimates for the fiscal year September 1, 2019 to August 31, 2020 as detailed in the *Budget Report* September 1, 2019 to August 31, 2020 subject to minor final edits.

STRATEGIC PLAN

Saskatoon Public Schools
STRATEGIC PLAN 2019-2024

OUR VISION
Every Student is
Known • Valued • Believed In

 ACADEMIC EXCELLENCE Students will achieve success in their learning goals	 CHARACTER Students will demonstrate respect, responsibility, and perseverance	 ENGAGEMENT Students will actively participate in relevant and meaningful learning	 WELL-BEING Students will develop the skills to make healthy choices
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OUR COMMITMENT
We will create learning experiences that inspire all students to reach their potential.

 Saskatoon Public Schools
Inspiring Learning

Saskatoon Public Schools **STRATEGIC PLAN 2019-2024**

FULFILLING OUR COMMITMENT

- RELATIONSHIPS** We will
- foster caring and supportive relationships
 - honour diversity
 - create welcoming and joyful spaces
 - develop and grow community partnerships

- EQUITY** We will
- be open to all
 - maintain high expectations for all
 - enact anti-racist/anti-oppressive practices
 - pursue a representative workforce

- ACCOUNTABILITY** We will
- respond to student needs through evidence-based practices
 - focus on Indigenous student success
 - pursue continuous improvement
 - ensure safe, caring, and accepting environments



GOVERNANCE

- A fiscally responsible budget will be established.
- An annual audited financial statement will be presented to the Board.
- The Annual Report will be submitted by the Board to the Minister of Education in accordance with Section 283(1) of The Education Act.
- The 2019-2020 budget will be submitted to the Minister of Education in accordance with Section 278(1) of The Education Act.
- Saskatoon Public Schools is committed to continuous improvement in processes to ensure we are operating efficiently, effectively and economically.
- Joint partnerships will be sought out when advantageous.
- Relocatables will be used to accommodate enrolment and program growth.
- Initiatives designed to help build a representative workforce will be continued (staff development, cultural competency training, and hiring practices).
- A Balanced Scorecard will be initiated to demonstrate progress towards achieving the Strategic Plan.
- The Board will continue to advocate for a sustainable, properly funded education system to support successful outcomes for students.

BUDGETARY IMPACTS

The March 20, 2019 Provincial Budget increased operating funding by 1.5% or \$3.5 million, with an operating grant of \$229.8 million¹ compared to \$226.3 million in 2018-19. While funding has increased in 2019-20 compared to 2018-19, it is only 0.7% (\$1.57 million) more than 2016-17 levels.

Saskatoon Public Schools September 2019 projected enrolment is 26,182, students representing an increase of 448 students or 1.7% compared to September 2018. Enrolment has increased by 752 students or 3% from September 2017 to projected enrolment for September 2019. These enrolment increases and the addition of four new schools have added operating costs that were not adequately covered by funding increases over this same period.

To work towards the outcomes associated with the Board's priorities and the Education Sector Strategic Plan, the Board will draw approximately \$1.5 million dollars from operating reserves to continue with current programming.

Major budget additions and reductions for 2019-2020 are outlined below:

- Class size ratios remain unchanged at elementary and secondary schools.
- To accommodate enrolment growth and student need, there is an increase of:
 - 15.0 FTE teaching positions
 - 17.5 FTE educational assistant positions
 - 21.5 FTE educational assistant positions added in January 2019
 - 1.0 FTE special education consultant added mid-year
 - 4.0 FTE resource room teachers
 - 1.0 FTE staff nurse for John Dolan
 - 2.0 FTE special education program teachers
 - 1.0 FTE rotational library technician
- To balance the budget, the following reductions have been made:
 - 18.8 FTE teacher librarians
 - 15.0 FTE EAL teachers
 - The current Home Economics/Industrial Arts grade 8 program is eliminated with a net decrease of 4.0 FTE positions.

¹ Excluding associate schools, debt funding and funding for First Nations, Métis, Education Achievement Fund.

- All secretary 1 positions in elementary schools are eliminated, leaving a 1.0 administrative assistant in all elementary schools for a reduction of 8.9 FTE positions.
- Central office budget includes a reduction of five positions.
- Non-salary budgets across the division have been reduced, including school budgets by 6%.
- Facilities operating budget lines have been reduced and offset by an increase in funding provided for Preventative Maintenance and Renewal

With the financial challenges currently experienced by the Saskatoon Public School Division, the focus of our budget priorities will be to allocate available resources to give the school division the best opportunity to achieve the goals outlined in the new strategic plan.

FISCAL ISSUES THAT NEED TO BE ADDRESSED WITH THE MINISTRY

1. Ensure adequate funding of the Board's Strategic Plan and to meet the outcomes detailed in the Education Sector Strategic Plan. These priorities will continue to require sufficient funding in future budgets.
2. Advocate for adequate funding from the Ministry of Education in areas with known funding shortfalls including:
 - a. Supports for Learning for students with special needs
 - b. English as an additional language (EAL) supports
 - c. Supports for the elimination of the learning disparity for First Nation, Inuit, and Métis students
 - d. Existing locally negotiated and provincial collective agreements
 - e. Taxation changes including carbon tax and Canada Pension Plan increases
3. The board will advocate that the Ministry of Education finish the work of the provincial funding review committee on funding for intensive needs students.
4. Secure long-term sustainable funding of the capital budget to address the backlog of work identified in the facility audits.
5. Work with our educational partners to identify risks currently being faced in the education sector.
6. Continue to work with our partners in our joint use projects.

HIGHLIGHTS OF THE EDUCATION SECTOR STRATEGIC PLAN

Saskatoon Public Schools participates in the development of the Education Sector Strategic Plan as part of the Provincial Leadership Team (PLT). The PLT is comprised of directors of education from the 27 school divisions, First Nation and Métis educational organization representatives, and Ministry of Education personnel. It guides sector planning, implementation, monitoring and reporting processes.

Key elements of the Education Sector Strategic Plan (ESSP) are described below:

Project Plan Outcomes

- By June 30, 2020, 80% of students will be at grade level or above in reading, writing, and mathematics.
- By June 30, 2020, collaboration between First Nation and Métis and non-First Nation and Métis partners will result in significant improvement in First Nation and Métis student engagement and will increase three-year graduation rate from 35% in June 2012 to at least 65% and the five-year graduation rate to at least 75%.
- By June 30, 2020, Saskatchewan will achieve an 85% three-year graduation rate and a 90% five-year graduation rate.
- By June 30, 2020, children aged 0-6 will be supported in their development to ensure that 90% of students exiting kindergarten are ready for learning in the primary grades.

FINANCIAL ASSUMPTIONS

The following are the most significant assumptions:

1. The Ministry will approve the 2019-2020 budget as presented.
2. The 2019-2020 budget includes an increase in enrolment of 448 students when comparing the enrolment for September 2018 to the projected enrolment for September 2019.
3. The Federal Government will return a portion of the proceeds collected through the Carbon Tax to help schools take climate action and help lower energy costs. Carbon Tax is included in utilities costs (estimated increase of \$250,000).

FINANCIAL INFORMATION

Statement of Operations

	Budget 2019-20	Budget 2018-19
<u>Revenues</u>		
Property taxes	\$ 200,845	\$ -
Provincial grants	237,152,498	232,513,613
Tuition and related fees	2,110,235	1,731,325
Complementary services	4,458,674	4,368,234
External services	5,314,272	6,998,836
School generated	4,955,000	4,955,000
Other	1,570,506	1,412,000
Total revenues	\$ 255,762,030	\$ 251,979,008

	Budget 2019-20	Budget 2018-19
<u>Expenses</u>		
Governance	\$ 722,550	\$ 684,181
Administration	6,195,410	5,991,750
Instruction	197,375,125	194,063,556
Plant	44,608,436	43,452,730
School generated	4,955,000	4,955,000
Transportation	6,503,739	6,374,545
Tuition and related fees	391,982	346,000
Complementary services	4,240,783	4,331,719
External services	6,265,626	7,195,286
Interest	385,393	278,765
Total expenses	\$ 271,644,044	\$ 267,673,533
Surplus/(deficit)	\$ (15,882,014)	\$ (15,694,525)

Cash Flow Requirements

	Budget 2019-20	Budget 2018-19
Total revenues	255,762,030	251,979,008
Total expenses	271,644,044	267,673,533
Surplus/(deficit)	(15,882,014)	(15,694,525)
<i>Tangible capital assets:</i>		
Purchases	(6,545,750)	(1,061,000)
<i>Long-term debt:</i>		
Debt issued	4,300,000	
Debt repayments	(1,537,505)	(958,996)
<i>Non-cash items:</i>		
Amortization expense	15,530,000	15,530,000
Employee future benefits expenses	366,750	362,500
<i>Reserves:</i>		
Use capital reserves (note 1)	2,245,750	250,000
Use of operating reserves (note 2)	1,522,769	1,572,021
Surplus/deficit	\$ -	\$ -

Notes:

1. The use of the capital reserves relates to the timing of the projects. Funding for portables will be allocated in 2018-19; however, the work will be completed during 2019-20. Therefore, funding will be drawn from capital reserves.
2. Operating reserves include both internally restricted and unrestricted reserves.

REVENUES

In 2019-2020, revenues are estimated to be \$255.8 million, an increase of 1.5% compared to the previous year's budget.

	Budget 2019-20	Budget 2018-19	\$ Change	% Change
<u>Revenues</u>				
Property taxes (note 1)	\$ 200,845	\$ -	\$ 200,845	100.0%
Provincial grants (note 2)	\$ 237,152,498	\$ 232,513,613	4,638,885	2.0%
Tuition and related fees (note 3)	\$ 2,110,235	\$ 1,731,325	378,910	21.9%
Complementary services	\$ 4,458,674	\$ 4,368,234	90,440	2.1%
External services (note 3)	\$ 5,314,272	\$ 6,998,836	(1,684,564)	-24.1%
School generated	\$ 4,955,000	\$ 4,955,000	-	0.0%
Other (note 4)	\$ 1,570,506	\$ 1,412,000	158,506	11.2%
Total Revenues	\$ 255,762,030	\$ 251,979,008	\$ 3,783,022	1.5%

Notes:

1. Property tax revenues are received from the Treaty Land Entitlement agreement over eight years expiring on October 24, 2025.
2. Increases to the provincial grant funding for education and projected enrolment growth in the division and Preventative Maintenance and Renewal funding. Also included is Alternate Format Library Grant Revenue of \$265,000 and an increase to P3 operating grants of \$124,000.
3. Tuition and related fees increased mainly due to funding changes for the alliance school at Whitecap Dakota First Nation (WDFN). WDFN now receives funding directly from the federal government and reimburses SPSD for teaching expenses. This funding is now received under Tuition and Related fees as opposed to External Services accounts. This is partly offset by a decrease in International Student Program fees as this program is being phased out.
4. Other revenues increased primarily due to a new Joint Use Agreement with the City of Saskatoon for community association rentals.

EXPENSES

In 2019-2020, expenses are estimated to be \$271.6 million, an increase of 1.5% compared to the previous year's budget.

	Budget 2019-20	Budget 2018-19	\$ Change	% Change
<u>Expenses</u>				
Governance (note 1)	\$ 722,550	\$ 684,181	\$ 38,369	5.6%
Administration (note 2)	\$ 6,195,410	5,991,750	203,660	3.4%
Instruction (note 3)	\$ 197,375,125	194,063,556	3,311,569	1.7%
Plant (note 4)	\$ 44,608,436	43,452,730	1,155,706	2.7%
School generated	\$ 4,955,000	4,955,000	-	0.0%
Transportation (note 5)	\$ 6,503,739	6,374,545	129,194	2.0%
Tuition and related fees	\$ 391,982	346,000	45,982	13.3%
Complementary services	\$ 4,240,783	4,331,719	(90,936)	-2.1%
External services (note 6)	\$ 6,265,626	7,195,286	(929,661)	-12.9%
Interest/allowances (note 7)	\$ 385,393	278,765	106,628	38.3%
Total expenses	\$ 271,644,044	\$ 267,673,533	\$ 3,970,511	1.5%

Notes:

1. In 2019-20 increases for governance costs include increased trustee indemnity costs, increased membership fees for Saskatchewan School Boards Association and added funds for First Nations, Inuit and Métis awards.
2. Administration costs increased due to salary cost increases and benefits.
3. Instruction costs increased due to enrolment increases and student needs. Salary increases reflect the collective bargaining agreement increases of 1% for teachers and 2% for CUPE. Benefits costs increased mainly due to Canada Pension Plan rate increases of 6%.
4. Plant costs increased mainly due to increased Preventative Maintenance and Renewal funding and salary and benefits cost increases offset by reduction to facilities operating expenses. Utilities costs increased by \$410,000 mainly due to the estimated impact of the carbon tax and contract rate increases.
5. Transportation costs increased mainly due to contract cost inflation.
6. External services have decreased mainly due to funding changes for the alliance school at Whitecap Dakota First Nation (WDFN). WDFN now receives funding directly from the federal government and reimburses SPSD for teaching expenses.
7. Interest expense has increased due to estimated cost for technology capital loans.

SALARIES AND BENEFITS

In 2019-2020, salaries and benefits are expected to cost \$210.9 million, an increase of approximately \$4.3 million or 2.1% compared to the 2018-2019 budget. The increase is due to additional staff being added to the budget for the projected increase in enrolment of approximately 448 students. Salary cost increases of 1% for teachers, 1% for out-of-scope employees, and 2% for CUPE are included in the 2019-20 budget. Canada Pension Plan remittance costs increased by 6% or \$400,000. Staffing reductions were made in certain teaching roles including teacher librarians, EAL teachers, home economics/industrial arts teachers, central office staff and elementary school secretaries.

CAPITAL EXPENDITURES

The 2019-2020 capital projects will be funded as follows:

Capital Reserves (allocations made by the Board and Ministry funding during 2018-19)	\$ 1,080,000
Allocation to Capital Projects by Saskatoon Public Schools	<u>1,165,750</u>
Total Capital Expenditures in 2019-2020	<u><u>\$ 2,245,750</u></u>

Capital Plan

Source of Funding and Total Cost of Annual and Multi-Year Projects

Source of Funding					
	Funding from the Ministry	2018-19 Capital Reserves	Capital Plan 2019-20	Long-term Debt	Total Capital Costs
<i>Facilities department:</i>					
Portables:					
École Forest Grove School (1) & Willowgrove School (2)	-	1,080,000	-	-	\$ 1,080,000
Ernest Linder School	465,000				\$ 465,000
Subtotal	\$ 465,000	\$ 1,080,000	\$ -	\$ -	\$ 1,545,000
<i>Other departments:</i>					
Technology	-	-	923,000	4,300,000	5,223,000
Drivers Education			42,750		42,750
Special education - technical aids	-	-	200,000	-	200,000
Total capital projects - all departments	\$ 465,000	\$ 1,080,000	\$ 1,165,750	\$ 4,300,000	\$ 7,010,750

RESERVE TRANSFERS

	Unrestricted Operating Reserves	Internally Restricted Operating Reserves	Capital Reserves
Reserve transfers to/(from) the Operating Reserves: To Technology Replacement Capital Reserve	(600,000)		600,000
Total transfers	\$ (600,000)	\$ -	\$ 600,000

\$600,000 has been allocated towards technology replacement in 2019-20.

ACTUAL RESERVE FUNDS AND LONG TERM DEBT

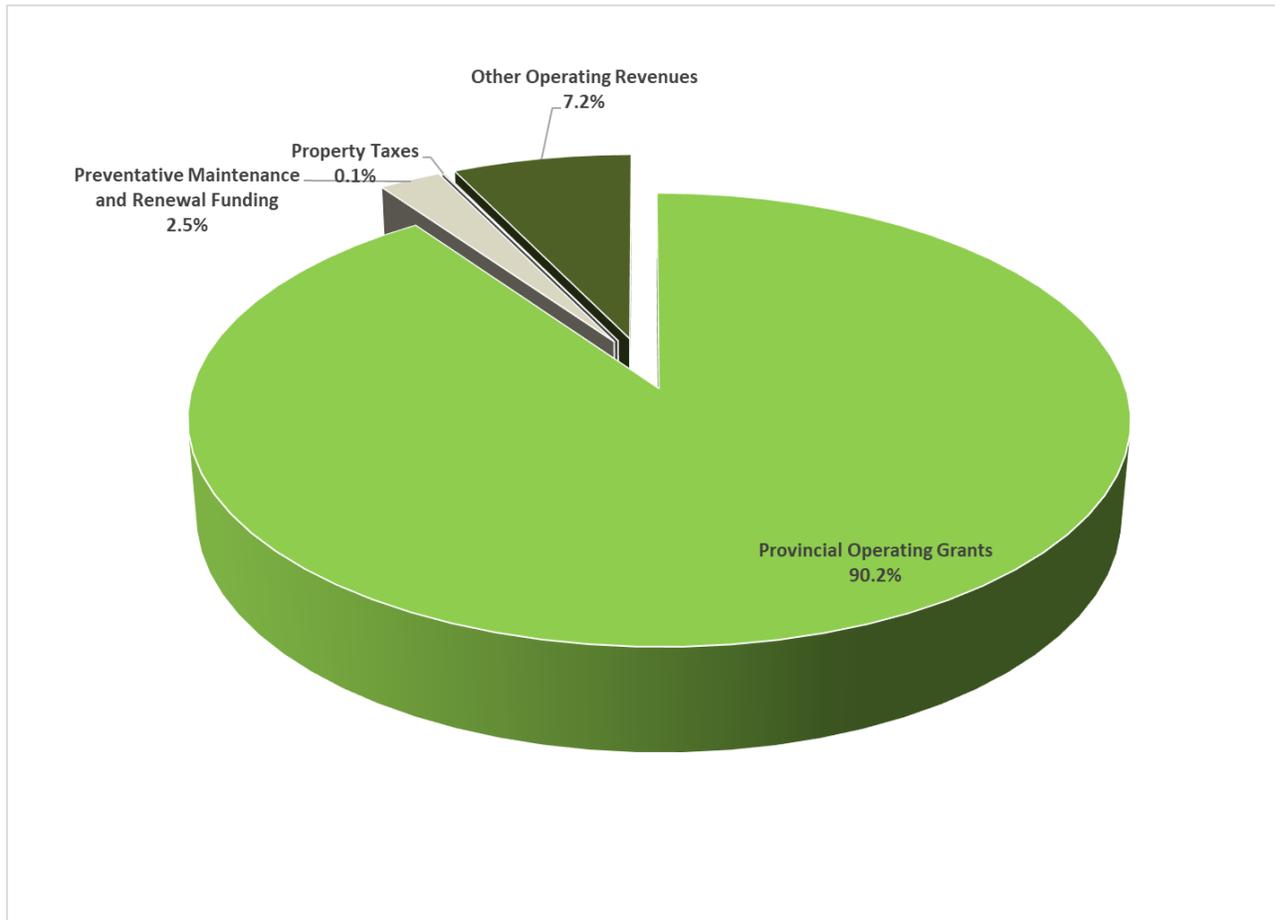
The Board's operating reserves from Unrestricted Accumulated Surplus and Internally Restricted Surpluses totaled approximately \$13.9 million as at August 31, 2018 (compared to \$16.5 million at August 31, 2017).

At August 31, 2018, capital loans of the Board totaled \$8.0 million (compared to \$9.8 million at August 31, 2017):

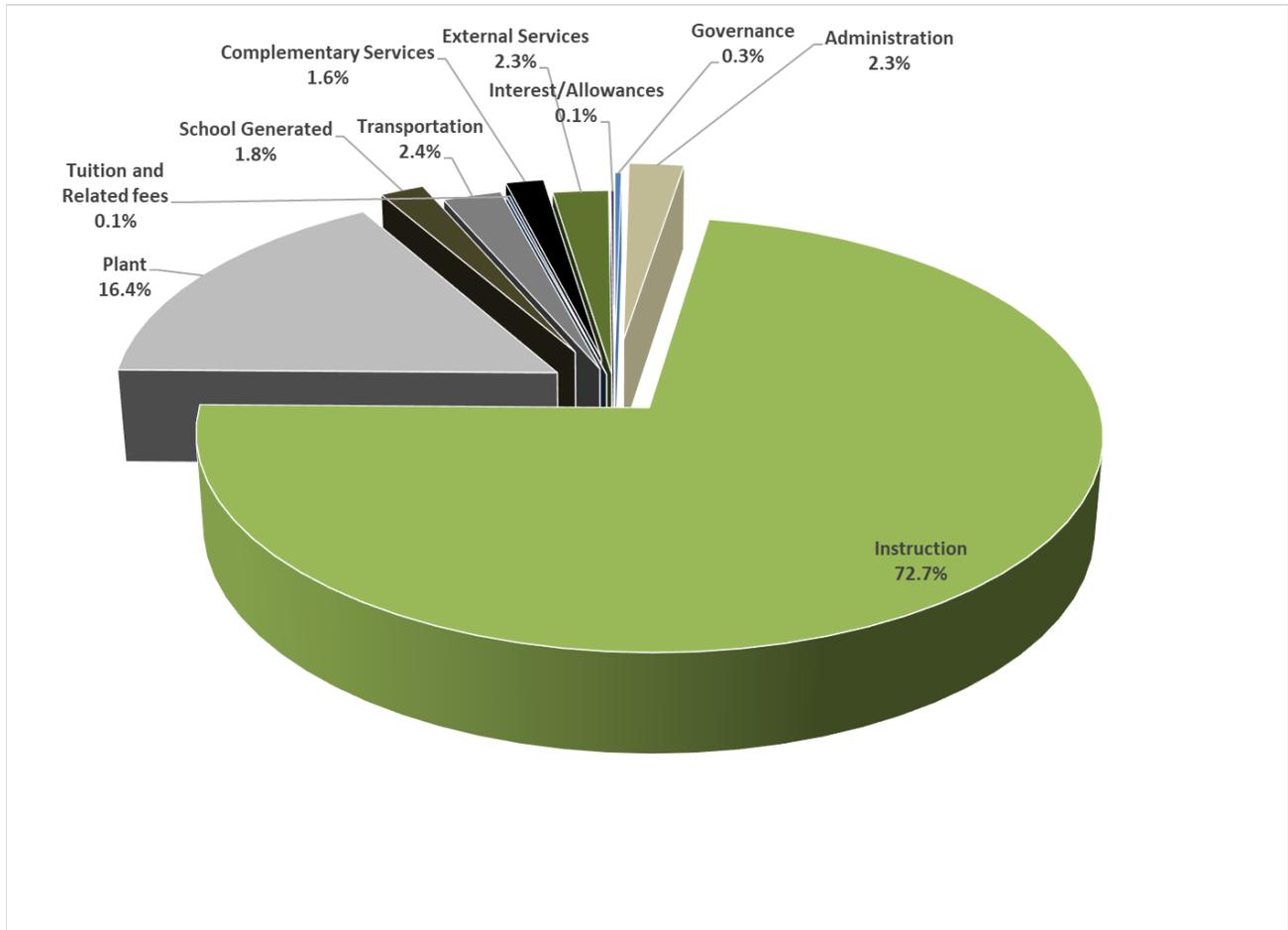
Willowgrove School – construction	\$ 5,737,103
City Park Collegiate – repurposing loan	1,794,783
Technology	314,901
Portables	<u>143,063</u>
	<u>\$ 7,989,850</u>

APPENDIX – ADDITIONAL FINANCIAL INFORMATION

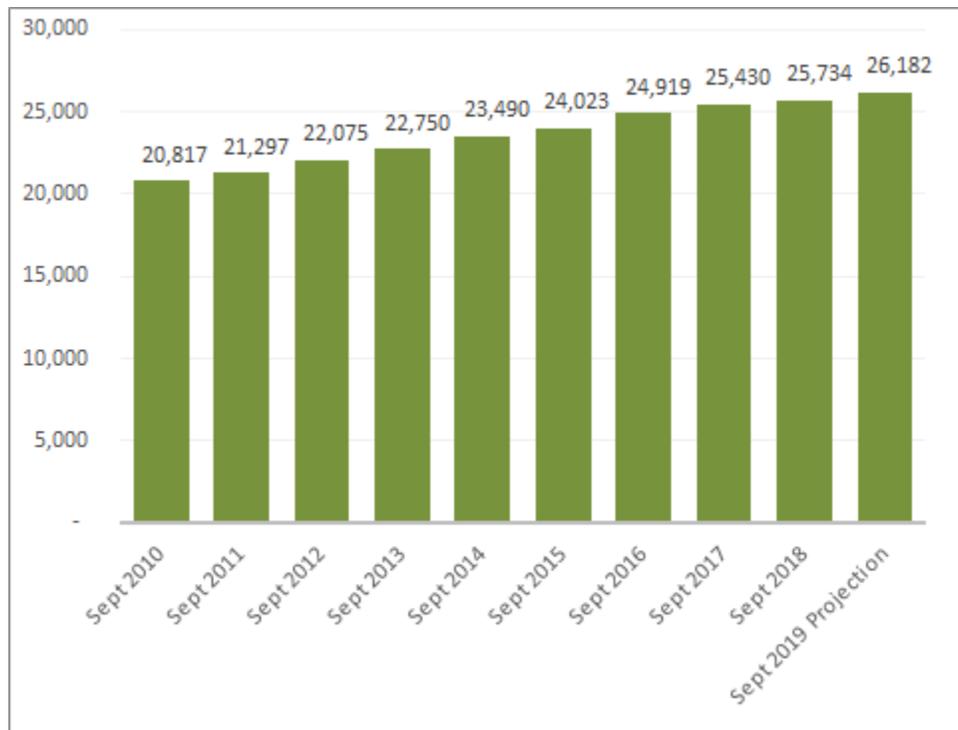
Total Revenue Sources for the Year Ending August 31, 2020



Total Expenses for the Year Ending August 31, 2020



Student Enrolment 2010-2019*



* Enrolment numbers are based on the total number of students, pre-kindergarten to grade 12. Funding is based on student FTE's which is lower than the total enrolment number.